

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 2014

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2014

	December 31, 2014 US\$	(Restated) December 31, 2013 US\$	(Restated) January 1, 2013 US\$
ASSETS			
Cash and balances with banks	4,120,830	768,919	993,440
Due from a financial institution	-	2,656,499	-
Equity Investments	6,345,135	6,006,438	7,253,314
Deferred payment sale Receivable	3,680,203	3,680,203	3,680,203
Investment in real estate	23,616,756	21,562,357	22,232,566
Other assets	952,330	1,375,853	1,403,831
Fixed assets	66,819	85,124	53,650
TOTAL ASSETS	38,782,073	36,135,393	35,617,004
LIABILITIES AND EQUITY			
Liabilities			
Due to a financial institution	3,670,202	3,670,202	3,670,202
Murabaha payable	3,229,064	3,229,064	3,229,064
Provision against lease commitment	6,944,282	2,885,300	-
Other liabilities	546,084	694,238	697,194
Total liabilities	14,389,632	10,478,804	7,596,460
Equity			
Share capital	80,000,000	80,000,000	80,000,000
Statutory reserve	7,409,515	7,409,515	7,409,515
Investments fair value reserve	2,316,221	1,964,534	529,561
Properties fair value reserve	117,805	-	-
Accumulated losses	(65,451,100)	(63,717,460)	(59,918,532)
Total equity	24,392,441	25,656,589	28,020,544
TOTAL LIABILITIES AND EQUITY	38,782,073	36,135,393	35,617,004
OFF-BALANCE SHEET ITEMS:			
Equity of investment accountholders	-	-	16,440,667

STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2014

	2014 US\$	(Restated) 2013 US\$
Revenues		
Rental income from investment in real estate	1,545,274	1,517,984
Gain on disposal of investments at fair value through equity	-	293,845
Fair value loss on investments at fair value through statement of income, net	(12,990)	(1,601,027)
Other income, net	48,094	226,888
Operating income	1,580,378	437,690
Expenses		
Staff cost	(623,401)	(822,619)
Administrative and general expenses	(543,426)	(934,964)
Depreciation	(24,803)	(22,186)
Operating expenses	(1,191,630)	(1,779,769)
Net profit/(loss) before provision and impairment	388,748	(1,342,079)
Provision against lease commitment	(4,058,982)	(2,885,300)
Provision for impairment of financial assets	-	(521,217)
Provision on investment in real estate written back	1,936,594	949,668
Net loss for the year	(1,733,640)	(3,798,928)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2014

	2014 US\$	(Restated) 2013 US\$
Cash flows from operating activities:		
Net loss for the year	(1,733,640)	(3,798,928)
Adjustments for:		
Depreciation	24,803	22,186
Provision against lease commitment	4,058,982	2,885,300
Provision for impairment of financial assets	-	521,217
Write back of impairment on investment in real estate	(1,936,594)	(949,668)
Gain on disposal of investments at fair value through equity	-	(293,845)
Fair value loss on investments at fair value through statement of income, net	12,990	1,601,027
Gain on disposal of investments in real estate	-	(182,711)
Operating profit / (loss) before changes in operating assets and liabilities:	426,541	(195,422)
Working capital adjustments:		
Other assets*	423,523	(38,442)
Other liabilities	(148,154)	14,816
Payment to charities	-	(17,772)
Net cash from / (used in) from operating activities	701,910	(236,820)
Cash flows from investing activities:		
Proceeds from disposal of investments at fair value through equity	-	919,870
Proceeds from disposal of investment in real estate	-	1,802,588
Purchase of fixed assets	(6,498)	(53,660)
Net cash (used in) / from investing activities	(6,498)	2,668,798
Net increase in cash and cash equivalents	695,412	2,431,978
Cash and cash equivalents at January 1,	3,425,418	993,440
Cash and cash equivalents at December 31,	4,120,830	3,425,418
Cash and cash equivalents comprise:		
Cash and balances with banks	4,120,830	768,919
Due from a financial institution with original maturity of ninety days or less	-	2,656,499
Total	4,120,830	3,425,418
Non-cash activity:		
*Proceeds from disposal of investments at fair value through equity	-	420,000

STATEMENT OF CHANGES IN OWNERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2014

	Share capital US\$	Statutory reserve US\$	Investments fair value reserve US\$	Properties fair value reserve US\$	Accumulated losses US\$	Total US\$
Balance as at January 1, 2013 (as previously stated)	80,000,000	7,409,515	529,561	-	(62,130,918)	25,808,158
Adjustments	-	-	-	-	2,212,386	2,212,386
Balance as at January 1, 2013 (restated)	80,000,000	7,409,515	529,561	-	(59,918,532)	28,020,544
Net loss for the year (restated)	-	-	-	-	(3,798,928)	(3,798,928)
Other comprehensive gain:						
Fair value gain on equity investments at fair value through equity	-	-	1,446,415	-	-	1,446,415
Net amount transferred to statement of income on disposal of investment at fair value through equity	-	-	(11,442)	-	-	(11,442)
Balance as at December 31, 2013 (restated)	80,000,000	7,409,515	1,964,534	-	(63,717,460)	25,656,589
Net loss for the year	-	-	-	-	(1,733,640)	(1,733,640)
Other comprehensive gain:						
Fair value gain on equity investments at fair value through equity	-	-	351,687	-	-	351,687
Fair value gain on investment in real estate	-	-	-	117,805	-	117,805
Balance as at December 31, 2014	80,000,000	7,409,515	2,316,221	117,805	(65,451,100)	24,392,441

These statements were extracted from the audited financial statements on which Deloitte & Touche - Middle East issued an unqualified opinion dated May 23, 2015.

Emphasis of Matter

The financial statements have been prepared using the going concern assumption, as management is satisfied that the Bank will continue in operation for the foreseeable future. As at December 31, 2014 the Bank's accumulated losses exceeded a significant portion of its share capital. This situation along with the current lack of adequate capitalization and the Bank's current limited sources of revenue and inability to generate sufficient cash flows from operations raise significant doubts about its ability to continue as a going concern. Management is of the opinion that the Bank has the ability to develop profitable operations, depending on securing adequate financial resources. There can be no assurance that the Bank will be successful in achieving profitability or raising additional cash to finance operations. The financial statements do not include any adjustments relating to the recoverability of assets and liabilities that might be necessary should the Bank be unable to continue as a going concern.

The financial statements were authorised for issue in accordance with approval of the Board of Directors on May 23, 2015.

Mr. Falah Hajraf K. Al Hajraf
Vice - Chairman

Mr. Majed Yousef Ahmed Al-Ali
Director