

**INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE PERIOD ENDED JUNE 30, 2016**

INTERIM STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2016

	(Unaudited) June 30, 2016 US\$	(Audited) December 31, 2015 US\$
ASSETS		
Cash and balances with banks	1,179,553	3,107,075
Equity Investments	3,179,209	3,738,763
Deferred payment sale receivable	3,680,203	3,680,203
Investment in real estate	24,290,910	24,265,592
Other assets	1,052,256	954,129
Fixed assets	36,310	41,350
Total Assets	33,418,441	35,787,112
LIABILITIES AND EQUITY		
Liabilities		
Due to a financial institution	3,670,202	3,670,202
Murabaha payable	3,229,064	3,229,064
Payable against lease commitment	1,193,634	3,580,902
Other liabilities	374,985	262,302
Total liabilities	8,467,885	10,742,470
Equity		
Share capital	80,000,000	80,000,000
Statutory reserve	7,561,420	7,561,420
Investments fair value reserve	360,854	909,705
Properties fair value reserve	657,476	657,476
Accumulated losses	(63,629,194)	(64,083,959)
Total equity	24,950,556	25,044,642
Total Liabilities and Equity	33,418,441	35,787,112
OFF-BALANCE SHEET ITEMS:		
Equity of investment accountholders	-	-

INTERIM STATEMENT OF INCOME

FOR THE PERIOD ENDED JUNE 30, 2016

	(Unaudited) Three-month ended June 30		(Unaudited) Six-month ended June 30	
	2016 US\$	2015 US\$	2016 US\$	2015 US\$
Revenues				
Rental income from investments in real estate	340,864	378,183	803,103	772,428
Fair value (loss) / gain on investments at fair value through statement of income, net	690	26,793	(583)	5,904
Other income, net	(78)	7,790	6,513	20,076
Operating income	341,476	412,766	809,033	798,408
Expenses				
Staff cost	(44,410)	(350,886)	(66,622)	(452,625)
Administrative and general expenses	(148,031)	(135,912)	(291,166)	(262,841)
Depreciation	(5,764)	(6,421)	(11,678)	(12,843)
Operating expenses	(198,205)	(493,219)	(369,466)	(728,309)
Net profit / (loss) before provision and impairment	143,271	(80,453)	439,567	70,099
Provision for impairment of financial assets	(3,003)	(77,287)	(10,120)	(77,267)
Write-back of impairment on real estate investment, net	25,318	53,152	25,318	53,152
Provision for lease commitment	-	(293,420)	-	(586,840)
Net profit / (loss) for the period	165,586	(397,988)	454,765	(540,856)

INTERIM STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED JUNE 30, 2016

	(Unaudited) Six-month period ended June 30	
	2016 US\$	2015 US\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit / (loss) for the period	454,765	(540,856)
Adjustments for non cash items:		
Depreciation	11,678	12,843
Provision for lease commitment	-	586,840
Provision for impairment of financial assets	10,120	77,267
Write-back of impairment on real estate investment, net	(25,318)	(53,152)
Dividend income	(6,197)	(6,197)
Fair value loss / (gain) on investments at fair value through statement of income, net	583	(5,904)
Operating profit before changes in operating assets and liabilities	445,631	70,841
Working capital adjustments:		
Increase in other assets	(98,127)	(2,260)
Increase / (decrease) in other liabilities	112,683	(58,348)
Net cash from operations	460,187	10,233
Payment of payable against lease commitments	(2,387,268)	-
Net cash (used in) / from operating activities	(1,927,081)	10,233
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	6,197	6,197
Additions to fixed assets	(6,638)	-
Net cash (used in) / from investing activities	(441)	6,197
Net (decrease) / increase in cash and cash equivalents	(1,927,522)	16,430
Cash and cash equivalents at beginning of the period	3,107,075	4,120,830
Cash and cash equivalents at the end of the period	1,179,553	4,137,260
Cash and cash equivalents comprise:		
Cash and balances with banks	1,179,553	1,482,751
Due from a financial institution with original maturity of ninety days or less	-	2,654,509
	1,179,553	4,137,260

INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY

FOR THE PERIOD ENDED JUNE 30, 2016 (Unaudited)

	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, 2016 (Audited)	80,000,000	7,561,420	909,705	657,476	(64,083,959)	25,044,642
Net profit for the period	-	-	-	-	454,765	454,765
Other comprehensive loss for the period	-	-	(548,851)	-	-	(548,851)
Balance as at June 30, 2016 (Unaudited)	80,000,000	7,561,420	360,854	657,476	(63,629,194)	24,950,556
Balance as at January 1, 2015 (Audited)	80,000,000	7,409,515	2,316,221	117,805	(65,451,100)	24,392,441
Net loss for the period	-	-	-	-	(540,856)	(540,856)
Other comprehensive loss for the period	-	-	(441,677)	-	-	(441,677)
Fair value gain on investment in real estate	-	-	-	436,222	-	436,222
Balance as at June 30, 2015 (Unaudited)	80,000,000	7,409,515	1,874,544	554,027	(65,991,958)	23,846,130

These statements were extracted from the interim condensed financial information on which Deloitte & Touche - Middle East issued an unqualified review report dated August 9, 2016.

Emphasis of Matter

The interim condensed financial information has been prepared using the going concern assumption, as management is satisfied that the Bank will continue in operation for the foreseeable future. As at June 30, 2016 the Bank's accumulated losses exceeded a substantial part 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 interim condensed financial information do not include any adjustments relating to the recoverability of assets and settlement of liabilities that might be necessary should the Bank be unable to continue as a going concern.

The interim condensed financial information was authorised for issue in accordance with approval of the Board of Directors on August 9, 2016.


Mr. Ali Saleh Ayesh Al Rashidi
Chairman


Mr. Majed Yousef Ahmed Al-Ali
Director

For Full financial information details, please visit our website: www.investorsb.com