



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 30 June 2014

The Board of Directors approved the condensed consolidated interim financial information on 13 August 2014.

Ahmed Al Mutawa
Chairman

Mosab Saif Al Mautariy
Vice Chairman

Hisham Alrayes
CEO

The Condensed Consolidated Financial Statements have been extracted from the Interim Condensed Consolidated Financial Statements, which were reviewed by KPMG, who expressed an unqualified opinion.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 30 June 2014 / US\$ 000's	30 June 2014 (reviewed)	31 December 2013 (audited)	30 June 2013 (reviewed)
ASSETS			
Cash and bank balances	53,109	21,847	33,452
Placements with financial institutions	4,995	-	692
Investment securities	177,566	196,141	175,300
Investment property	259,404	259,404	259,404
Development properties	44,172	-	-
Assets held-for-sale	160,252	184,076	22,246
Equity-accounted investees	17,706	73,417	236,480
Intangible assets	125,220	-	-
Property, plant and equipment	135,138	299	-
Other assets	241,211	172,669	144,653
Total assets	1,218,773	907,853	872,227
LIABILITIES			
Investors' funds	11,035	19,166	14,437
Placements from financial and other institutions	101,352	93,511	110,435
Financing liabilities	253,484	207,767	215,538
Other liabilities	134,708	60,408	70,978
Total liabilities	500,579	380,852	411,388
Equity of investment account holders	1,655	2,155	2,139
OWNERS' EQUITY			
Share capital	837,901	972,281	770,061
Treasury shares	(912)	(912)	(912)
Capital adjustment account	(229,656)	(229,656)	(91,296)
Statutory reserve	68,146	68,146	67,519
Accumulated losses	(144,408)	(286,255)	(287,713)
Other reserves	1,442	1,242	1,041
Foreign currency translation reserve	(471)	-	-
Total equity attributable to shareholders of the Bank	532,042	524,846	458,700
Non controlling interests	184,497	-	-
Total owners' equity	716,539	524,846	458,700
Total liabilities, equity of investment account holders and owners' equity	1,218,773	907,853	872,227

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY for the six months ended 30 June 2014 / US\$ 000's (reviewed)	Attributable to shareholders of the Bank								Non- controlling interests	Total equity
	Share Capital	Treasury shares	Capital adjust- ment account	Statutory reserve	Accum- ulated losses	Other reserves	Foreign currency transla- tion reserve	Total		
Balance at 1 January 2014	972,281	(912)	(229,656)	68,146	(286,255)	1,242	-	524,846	-	524,846
Profit for the period	-	-	-	-	7,467	-	-	7,467	3,113	10,580
Foreign currency translation differences	-	-	-	-	-	-	(471)	(471)	(915)	(1,386)
Total recognised income and expense	-	-	-	-	7,467	-	(471)	6,996	2,198	9,194
Capital reduction	(134,380)	-	-	-	134,380	-	-	-	-	-
Share grants vesting expense, net of forfeitures	-	-	-	-	-	200	-	200	-	200
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	182,299	182,299
Balance at 30 June 2014	837,901	(912)	(229,656)	68,146	(144,408)	1,442	(471)	532,042	184,497	716,539

30 June 2013 / US\$ 000's (reviewed)	Attributable to shareholders of the Bank								Non- controlling interests	Total equity
	Share capital	Treasury shares	Capital adjust- ment account	Statutory reserve	Accumulated losses	Other reserves	Foreign currency transla- tion reserve	Total		
Balance at 1 January 2013	595,087	(2,995)	-	-	13,235	66,356	-	(291,280)	903	381,306
Profit for the period	-	-	-	-	-	-	-	4,182	-	4,182
Total recognised income and expense	-	-	-	-	-	-	-	4,182	-	4,182
Transfer to statutory reserve	-	-	-	-	-	1,003	-	(1,003)	-	-
Conversion of murabaha to capital	174,974	(8,528)	(91,296)	-	(13,235)	-	-	-	-	61,915
Purchase of treasury shares	-	(1,192)	-	-	-	-	-	-	-	(1,192)
Sale of treasury shares	-	10,997	-	-	-	-	-	-	-	10,997
Gain on sale of treasury shares	-	-	-	-	-	286	-	-	-	286
Share grants vesting expense, net of forfeitures	-	806	-	-	-	-	(126)	-	138	818
Gain on partial disposal of assets held-for-sale	-	-	-	-	-	-	-	388	-	388
Balance at 30 June 2013	770,061	(912)	(91,296)	-	67,519	(287,713)	1,041	458,700	-	458,700

CONDENSED CONSOLIDATED INCOME STATEMENT for the six months ended 30 June 2014 / US\$ 000's	Six months ended		Three months ended	
	30 June 2014 (reviewed)	30 June 2013 (reviewed)	30 June 2014 (reviewed)	30 June 2013 (reviewed)
Management and other fees	623	5,244	119	503
Income from placements with financial institutions	117	251	50	14
Share of profits of equity-accounted investees	2,635	1,096	-	554
Income from investment securities, net	2,025	343	1,189	343
Foreign exchange gain, net	94	341	88	(4)
Other income	37,347	17,214	34,176	11,972
Income from investment banking business	42,841	24,489	35,622	13,382
Revenue from industrial business	45,322	-	22,857	-
Total income	88,163	24,489	58,479	13,382
Staff cost	6,842	4,404	4,742	3,250
Investment advisory expenses	2,738	1,630	2,022	848
Finance expense	7,073	8,559	3,453	4,167
Other expenses	10,839	4,990	8,427	3,002
Total expenses of investment banking business	27,492	19,583	18,644	11,267
Cost of sales	37,742	-	19,976	-
Other operating expenses	2,349	-	331	-
Total expenses of industrial business	40,091	-	20,307	-
Total expenses	67,583	19,583	38,951	11,267
Profit from continuing operations before impairment allowances	20,580	4,906	19,528	2,115
Impairment allowances	(10,000)	(1,500)	(10,000)	(500)
Profit from continuing operations	10,580	3,406	9,528	1,615
Gain from discontinued operations, net	-	776	-	1,080
PROFIT FOR THE PERIOD	10,580	4,182	9,528	2,695
Attributable to:				
Shareholders of the Bank	7,467	4,182	7,161	2,695
Non-controlling interests	3,113	-	2,367	-
10,580	4,182	9,528	2,695	
Earnings per share				
Basic and diluted earnings per share (US cents)	0.24	0.19	0.23	0.12
Earnings per share – continuing operations				
Basic and diluted earnings per share (US cents)	0.24	0.16	0.23	0.07

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS for the six months ended 30 June 2014 / US\$ 000's	30 June 2014 (reviewed)	30 June 2013 (reviewed)
OPERATING ACTIVITIES		
Profit for the period	10,580	4,182
Adjustments for:		
Impairment in investment securities	9,000	1,500
Gain on sale of investment securities	(2,025)	(343)
Gain from discontinued operations	-	(776)
Share of profit of equity-accounted investees	(2,635)	(1,096)
Foreign exchange gain	(94)	(341)
Finance expenses	7,073	8,559
Other income	(37,342)	(16,186)
Depreciation and amortisation	62	993
	15,381	(3,508)
Changes in:		
Placement with financial institutions	7,841	-
Investors' funds	(8,131)	(1,923)
Other assets	(3,954)	(4,699)
Other liabilities	1,880	(2,984)
Net cash used in operating activities	(9,837)	(13,114)
INVESTING ACTIVITIES		
Payment for purchase of equipment, net	(824)	-
Proceeds from assets held-for-sale	9,890	-
Purchase of investment securities	(30,420)	(153)
Net cash flows on disposal of assets held for sale	-	(1,889)
Advance paid for acquisition of investments	(2,696)	(1,904)
Proceeds from sale of investment securities	35,115	2,063
Net cash flow on acquisition of subsidiaries	7,341	-
Advance paid for project	(2,696)	-
Net cash generated from / (used in) investing activities	18,406	(1,883)
FINANCING ACTIVITIES		
Financing liabilities, net	(7,379)	(10,345)
Finance expense paid	(1,614)	(8,006)
Proceeds from issue of convertible murabaha	-	51,915
Proceeds from sale of treasury shares	-	10,074
Dividends paid	(10)	(80)
Payment to investment account holders	-	(214)
Net cash (used in) / generated from financing activities	(9,003)	43,344
Net (decrease)/increase in cash and cash equivalents during the period	(434)	28,347
Cash and cash equivalents at 1 January	21,847	5,105
CASH AND CASH EQUIVALENTS AT 30 June	21,413	33,452
Cash and cash equivalents comprise:		
Cash and balances with banks	21,413	33,452
	21,413	33,452