

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ
Al Baraka Islamic Bank B.S.C. (c)

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

31 March 2016 (REVIEWED)

**REVIEW REPORT TO THE BOARD OF DIRECTORS OF
AL BARAKA ISLAMIC BANK B.S.C. (c)**

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of Al Baraka Islamic Bank B.S.C.(c) (the "Bank") and its subsidiary ("the Group") as of 31 March 2016, and the related interim consolidated statements of income, cash flows, changes in owners' equity and changes in off-balance sheet equity of investment accountholders for the three month period then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the accounting policies disclosed in note 2. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with the accounting policies disclosed in note 2.

The logo for Ernst & Young, featuring the company name in a stylized, cursive script font.


11 May 2016
Manama, Kingdom of Bahrain


Al Baraka Islamic Bank B.S.C. (c)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2016 (Reviewed)

	Notes	31 March 2016 BD '000	Audited 31 December 2015 BD '000
ASSETS			
Cash and balances with banks and financial institutions		67,760	89,303
Sales receivables		218,154	229,851
Ijara Muntahia Bittamleek		102,685	100,432
Musharaka		78,398	58,156
Investments	3	170,490	169,957
Investments in real estate	4	2,252	2,252
Ijara income receivables		10,052	8,847
Premises and equipment		9,452	9,456
Goodwill		6,656	6,657
Other assets	5	24,410	24,263
TOTAL ASSETS		690,309	699,174
LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS, SUBORDINATED DEBT AND OWNERS' EQUITY			
Liabilities			
Due to banks and financial institutions		45,977	42,275
Current accounts		76,398	87,685
Other liabilities	6	27,089	25,842
Total liabilities		149,464	155,802
Equity of investment accountholders		457,451	469,212
Subordinated debts	7	17,355	8,566
Owners' Equity			
Share capital		46,167	46,167
Reserves		7,621	7,643
Retained earnings		5,322	4,874
Equity attributable to parent's shareholders		59,110	58,684
Non-controlling interest		6,929	6,910
Total owners' equity		66,039	65,594
TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS, SUBORDINATED DEBT AND OWNERS' EQUITY		690,309	699,174
OFF-BALANCE SHEET ITEMS:			
EQUITY OF INVESTMENT ACCOUNTHOLDERS		34,137	39,261
CONTINGENCIES AND COMMITMENTS	8	117,577	81,803


Khalid Rashid Al-Zayani
Chairman


Adnan Ahmed Yousif
Deputy Chairman


Mohammed Essa Al Mutaweh
Chief Executive Officer & Board Member

The attached explanatory notes 1 to 15 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the three months period ended 31 March 2016 (Reviewed)

	Notes	Three months ended 31 March	
		2016 BD '000	2015 BD '000
INCOME			
Income from jointly financed sales		2,848	4,126
Income from jointly financed, other financings and investments	9	3,490	4,036
Income from jointly financed assets		6,338	8,162
Return on equity of investment accountholders before Group's share as a Mudarib		(5,117)	(7,474)
Group's share as a Mudarib		1,508	1,736
Return on equity of investment accountholders		(3,609)	(5,738)
Group's share as a Mudarib and Rabalmal		2,729	2,424
Group's income from self financed sales		112	291
Group's income from self financed, other financings and investments	9	1,179	1,424
Revenue from banking services	10	1,057	647
Other income	11	342	273
Group's Mudarib/Agency fee from off-balance sheet equity of investment account holders		9	9
TOTAL OPERATING INCOME		5,428	5,068
OPERATING EXPENSES			
Staff expenses		(2,656)	(2,358)
Depreciation		(282)	(285)
Profit on due to banks and financial institutions		(66)	(1)
Other operating expenses		(2,097)	(1,805)
TOTAL OPERATING EXPENSES		(5,101)	(4,449)
NET INCOME FOR THE PERIOD BEFORE PROVISION FOR IMPAIRMENT AND TAXATION		327	619
Reversal of impairment - net	12	171	269
NET INCOME BEFORE TAXATION		498	888
Taxation		(18)	(217)
INCOME FOR THE PERIOD		480	671
Attributable to:			
Equity shareholders of the Parent		449	504
Non-controlling interest		31	167
		480	671



Khalid Rashid Al-Zayani
Chairman



Adnan Ahmed Yousif
Deputy Chairman



Mohammed Essa Al Mutaweh
Chief Executive Officer & Board Member

The attached explanatory notes 1 to 15 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months period ended 31 March 2016 (Reviewed)

	<i>Three months ended</i>	
	<i>31 March</i>	
	2016	2015
	BD '000	BD '000
OPERATING ACTIVITIES		
Net income before taxation	498	888
Adjustments for :		
Depreciation	282	285
Reversal of impairment - net	(172)	(269)
Gain on sale of premises and equipment	-	(14)
Gain on sale of investments	(21)	(264)
Operating profit before changes in operating assets and liabilities	587	626
Net changes in operating assets and liabilities:		
Balances with central banks in mandatory reserves	3,229	(13,381)
Sales receivables	13,924	16,401
Ijara Muntahia Bittamleek	(2,253)	(7,925)
Musharaka	(20,230)	(2,523)
Ijara income receivables	(1,016)	(2,006)
Other assets	(116)	1,407
Other liabilities	1,252	2,087
Due to banks and financial institutions	3,702	12,434
Current accounts	(11,287)	(3,955)
Equity of investment accountholders	(11,761)	8,371
Tax paid	(47)	(65)
Net cash (used in) from operating activities	(24,016)	11,471
INVESTING ACTIVITIES		
Purchase of investments	(2,091)	(28,161)
Sale of investments	1,677	30,838
Net purchase of premises and equipment	(277)	(364)
Net cash (used in) from investing activities	(691)	2,313
FINANCING ACTIVITY		
Subordinated debts	8,789	(854)
Net cash from (used in) financing activity	8,789	(854)
Foreign currency translation adjustments	(9)	(284)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(15,927)	12,646
Cash and cash equivalents at 1 January	103,424	118,369
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	87,497	131,015
For the purpose of the interim cash flows statement, cash and cash equivalents comprise the following:		
Cash in hand	9,067	8,668
Balances with central banks	4,326	8,318
Balances with other banks and financial institutions	17,508	50,855
Sales receivables - international commodities	56,596	63,174
	87,497	131,015

The attached explanatory notes 1 to 15 form part of these interim condensed consolidated financial statements.

Al Baraka Islamic Bank B.S.C. (c)
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY
For the three months period ended 31 March 2016 (Reviewed)

	<i>Equity attributable to shareholders of the Parent</i>										
	<i>Reserves</i>										
	<i>Share capital</i>	<i>Statutory</i>	<i>General</i>	<i>Employee</i>	<i>Cumulative</i>	<i>Revaluation</i>	<i>Foreign</i>	<i>Retained</i>	<i>Total</i>	<i>Non-</i>	<i>Total owners'</i>
<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>reserve of</i>	<i>exchange</i>	<i>earnings</i>	<i>BD '000</i>	<i>controlling</i>	<i>equity</i>	
<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>premises</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>interest</i>	<i>BD '000</i>	
<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>and</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	
<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>equipment</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	
Balance at 1 January 2016	46,167	8,474	3,275	(65)	(46)	450	(4,444)	4,873	58,684	6,910	65,594
Cumulative changes in fair value	-	-	-	-	(21)	-	-	-	(21)	(12)	(33)
Foreign currency translation reserve	-	-	-	-	-	-	(7)	-	(7)	(3)	(10)
Remeasurement gains on defined benefit plan	-	-	-	5	-	-	-	-	5	3	8
Net income for the period	-	-	-	-	-	-	-	449	449	31	480
Balance at 31 March 2016	46,167	8,474	3,275	(60)	(67)	450	(4,451)	5,322	59,110	6,929	66,039
Balance at 1 January 2015	46,167	8,287	3,275	(52)	(17)	-	(3,630)	3,187	57,216	6,828	64,044
Cumulative changes in fair value	-	-	-	-	(23)	-	-	-	(23)	(13)	(36)
Foreign currency translation reserve	-	-	-	-	-	-	(283)	-	(283)	(100)	(383)
Net income for the period	-	-	-	-	-	-	-	504	504	167	671
Balance at 31 March 2015	46,167	8,287	3,275	(52)	(40)	-	(3,913)	3,691	57,414	6,882	64,296

The attached explanatory notes 1 to 15 form part of these interim condensed consolidated financial statements.

Al Baraka Islamic Bank B.S.C. (c)

INTERIM STATEMENT OF CHANGES IN OFF-BALANCE SHEET EQUITY OF INVESTMENT ACCOUNTHOLDERS

For the three months period ended 31 March 2016 (Reviewed)

	<i>Balance at 1 January 2016 BD '000</i>	<i>Net (withdrawals)/ deposits BD '000</i>	<i>Gross income BD '000</i>	<i>Mudarib's/ agency fee BD '000</i>	<i>Balance at 31 March 2016 BD '000</i>
Sales receivables	35,693	(5,345)	212	(9)	30,551
Investments	3,567	18	-	-	3,585
	39,260	(5,327)	212	(9)	34,136
	<i>Balance at 1 January 2015 BD '000</i>	<i>Net withdrawals BD '000</i>	<i>Gross income BD '000</i>	<i>Mudarib's/ agency fee BD '000</i>	<i>Balance at 31 March 2015 BD '000</i>
Sales receivables	38,428	(773)	201	(9)	37,847
Investments	3,664	(103)	-	-	3,561
	42,092	(876)	201	(9)	41,408

The attached explanatory notes 1 to 15 form part of these interim condensed consolidated financial statements.

1 INCORPORATION AND PRINCIPAL ACTIVITY

Al Baraka Islamic Bank B.S.C. (c) (the "Bank") is a closed shareholding company incorporated in the Kingdom of Bahrain on 21 February 1984. The Bank operates under a Retail Bank's licence number RB/025 issued by the Central Bank of Bahrain (CBB). The Bank has six commercial branches in the Kingdom of Bahrain. The Bank is 91% owned by Al Baraka Banking Group ("Ultimate Parent").

The principal activities of the Bank and its subsidiary (the "Group") are taking demand, saving and investment accounts, providing Murabaha finance, Ijara financing and other Shari'a compliant forms of financing as well as managing investors' money on the basis of Mudaraba or agency for a fee, providing commercial banking services and other investment activities. The Bank's registered office is at Building 238, Road 1704, Block 317, Manama, Kingdom of Bahrain.

These interim condensed consolidated financial statements were approved by the Board of Directors on 11 May 2016.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Basis of Preparation

The interim condensed consolidated financial statements for the three month period ended 31 March 2016 have been prepared in accordance with the guidance given by International Accounting Standard 34 "Interim Financial Reporting". The interim condensed consolidated financial statements do not contain all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2015. In addition, results for the three month period ended 31 March 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016.

2.2 Accounting convention

The interim condensed consolidated financial statements are prepared on historical cost basis, except for investment in real estate, debt-type instruments through profit or loss, equity-type instruments through equity and land owned by the Bank (classified as premises and equipment) that have been measured at fair value.

The interim condensed consolidated financial statements are presented in Bahraini Dinars, being the reporting currency of the Group. All values are rounded of nearest Bahraini Dinars (BD) thousand unless otherwise indicated.

2.3 Basis of consolidation

These interim condensed consolidated financial statements include the financial statements of the Bank and its subsidiary after elimination of inter company transactions and balances.

The following is the principle subsidiary of the Bank, which is consolidated in these interim consolidated financial statements:

<i>Bank</i>	<i>Ownership for 2016</i>	<i>Year of incorporation</i>	<i>Country of incorporation</i>	<i>No. of branches/offices at 31 March 2016</i>
<i>Held directly by the Bank</i>				
Al Baraka Bank (Pakistan) Limited*	64.64%	2004	Pakistan	150

*Al Baraka Bank (Pakistan) Limited became a subsidiary on 21 December 2010.

The State Bank of Pakistan (SBP) vide BSD Circular No. 7 of 2009 dated 15 April 2009 required the minimum paid up capital (free of losses) for banks / development financial institutions (DFI) to be raised to Rs. 10 billion (BD 35.99 million). Further the banks / DFIs are also required to maintain a capital adequacy ratio of 10% at all times.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.3 Basis of consolidation (continued)

In order to meet the regulatory capital requirements, Al Baraka Bank (Pakistan) Limited (ABPL) prepared a capitalization plan which was submitted to SBP. The SBP vide its letter no. BPRD/BA&CP/608/019652/2013 dated 28 December 2013 has allowed the Bank to proceed with the plan as follows:

i) The Bank is required to maintain a minimum paid up capital (net of losses) (MCR) of at least Rs 6 billion (BD 21.59 million) at all times and will have to meet the full MCR of Rs 10 billion (BD 35.99 million) by 31 December 2016.

ii) As a short term arrangement, ABPL has been allowed to raise a foreign currency sub-ordinated debt of BD 4.15 million from the Bank (Al Baraka Islamic Bank B.S.C. (c)). The said sub-ordinated debt is deposited with SBP as interest free deposit till the time ABPL fully meets the minimum paid up capital requirements.

iii) The above foreign currency deposit with the SBP shall be increased to Rs 2.1 billion (BD 7.56 million) by 31 December 2014 and Rs 2.8 billion (BD 10.08 million) by 31 December 2015. Accordingly the Bank has injected BD 4.15 million and BD 3.21 million on 30 December 2013 and 29 April 2015 respectively.

iv) The foreign currency sub-ordinated debt will not be withdrawn unless ABPL achieves full compliance with MCR. However any withdrawal will be subject to prior approval of the SBP. In the event ABPL is not MCR complaint by 31 December 2016, the sub-ordinated debt will be converted into the paid up capital of ABPL.

v) For regulatory purposes, the foreign currency sub-ordinated debt is allowed to be included in ABPL's capital and ABPL will be required to maintain a capital adequacy ratio (CAR) of at least 16% which may be reduced depending on the level of increase in the MCR.

Further, the Bank as the Parent is fully committed to comply with the current and future regulatory

Investment in Itqan Capital

The Bank has ownership interest of 83.07% with Itqan Capital (the "Company"). The Bank via a management agreement dated 1 July 2012 assigned the control to govern the financial and operating policies of the Company to the Ultimate Parent. The Bank has authorised the Ultimate Parent to represent it in the shareholders' meetings and to exercise control on the Company to do any or all acts and deeds and exercise all powers of the Bank pursuant to the Charter Document referred in the management agreement and or under any applicable laws.

The financial statements of the Company are not consolidated as it is controlled by the Ultimate Parent pursuant to the terms of the management agreement. The Ultimate Parent consolidates the financial statements of the Company in its consolidated financial statements which are prepared in accordance with AAOIFI standards and the same was approved by the CBB.

The investment acquired is initially recognised at cost, being the fair value of consideration given including acquisition charges associated with the investment. Subsequently, the investment is carried at cost less impairment losses, if any.

2.4 New standards, interpretations and amendments adopted by the Group

These interim condensed consolidated financial statements have been prepared using accounting policies, which are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2015.

FAS 27 – Investment Accounts

FAS 27 will replace FAS 5 - 'Disclosures of Bases for Profit Allocation between Owner's Equity and Investment Account Holders' and FAS 6 - 'Equity of Investment Account Holders and their Equivalent'. Upon adoption of this standard certain disclosures with respect to investment account holders and bases of profit allocation will be enhanced without having any significant impact on the financial statements of the Group.

3 INVESTMENTS

	31 March 2016			Audited 31 December 2015		
	Self	Jointly	Total	Self	Jointly	Total
	financed	financed		financed	financed	
	BD '000	BD '000	BD '000	BD '000	BD '000	BD '000
i) Debt-type instruments at amortised cost						
Quoted						
Sukuk	23,762	38,269	62,031	23,424	37,274	60,698
Unquoted						
Sukuk	71,181	8,035	79,216	71,031	9,797	80,828
	94,943	46,304	141,247	94,455	47,071	141,526
ii) Equity-type instruments at fair value through equity						
Quoted						
Listed equity shares	987	104	1,091	1,060	104	1,164
Unquoted						
Equity investments	22,752	188	22,940	21,637	188	21,825
Managed funds	377	1,885	2,262	377	1,884	2,261
Real estate related	2,879	1,064	3,943	3,240	1,064	4,304
	26,995	3,241	30,236	26,314	3,240	29,554
Less: Provision for impairment	(620)	(373)	(993)	(752)	(371)	(1,123)
Total investments	121,318	49,172	170,490	120,017	49,940	169,957

Included in quoted equity type instruments, BD 1,012 thousand (2015: BD 1,088 thousand) of investments are fair valued using quoted prices in active markets.

Within unquoted investments which are held at fair value through equity are investments amounting to BD 28,417 thousand (2015: BD 27,531 thousand) which are held at cost less provision for impairment. These are investments in unlisted companies whose shares are not traded on active markets. The investments are primarily in closely-held companies located in the Gulf Co-operation Council ("GCC"). The investments are held at cost less provision for impairment due to the unpredictable nature of their future cash flows and the lack of other suitable methods for determining a reliable fair value.

The Group's investments in Sukuk held at amortised cost amounting to BD 141,058 thousand (2015: BD 141,337 thousand) has a fair value amounting to BD 140,411 thousand (2015: BD 140,050 thousand).

Investments stated at a carrying amount of BD 62,030 thousand (2015: BD 60,698 thousand) are placed in custody of a financial institution against a borrowing line.

4 INVESTMENTS IN REAL ESTATE

	31 March 2016 BD '000	Audited 31 December 2015 BD '000
Buildings	2,252	2,252
	2,252	2,252

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL

At 31 March 2016 (Reviewed)

5 OTHER ASSETS

	31 March	<i>Audited</i>
	2016	<i>31 December</i>
	BD '000	<i>2015</i>
		<i>BD '000</i>
Deferred tax (note 5.1)	5,059	5,013
Collaterals pending sale	6,507	6,508
Advance against financing transactions	4,366	4,761
Income receivable	308	317
Advance against capital expenditure	2,127	2,006
Accounts receivable	1,554	1,958
Advance tax	785	802
Others	4,794	3,988
	25,500	25,353
Less: Provision for impairment	(1,090)	(1,090)
	24,410	24,263

Note 5.1

The above net deferred tax asset has been recognised in accordance with the Group's accounting policy. The management based on financial projections prepared during the year, estimates that sufficient taxable profits would be available in future against which the deferred tax asset could be realised.

6 OTHER LIABILITIES

	31 March	<i>Audited</i>
	2016	<i>31 December</i>
	BD '000	<i>2015</i>
		<i>BD '000</i>
Margins received	6,372	6,593
Security deposit against Ijara Muntahia Bittamleek	5,273	4,804
Bills payable	3,406	3,181
Accounts payable	7,378	6,654
Provision for employees benefits	2,643	2,786
Charity fund	178	219
Others	1,838	1,605
	27,088	25,842

7 SUBORDINATED DEBT

During 2015, ABPL issued unsecured, sub-ordinated and privately placed Mudaraba Sukuk having a carrying value of BD 5,663 thousand as of 31 March 2016 (31 December 2015: BD 6,299 thousand). The issuance of Sukuk was to comply with regulatory requirements related to CAR as stated in note 2.3 to these interim consolidated financial statements. The tenor of the Sukuk is seven years maturing in 2021. The principal repayment, starting after six months of the drawdown date, would be made semi-annually on a straight line basis.

On 3 June 2015, the Ultimate Parent provided subordinated Murabaha financing amounted of BD 2.26 million. The Murabaha facility availed is intended to support the capital adequacy ratio of the Group and is subordinated to all other liabilities. The tenor of the Murabaha is seven years maturing in 2022. The principal repayment of subordinated Murabaha will be upon maturity of the contract and is subject to CBB's prior approval.

On 01 March 2016, the Ultimate Parent provided subordinated Mudaraba financing amounted to BD 9.43 million. The Murabaha facility availed is intended to support the capital adequacy ratio of the Group and is subordinated to all other liabilities. Said borrowing is raised on a perpetual basis and can be matured only upon full compliance with minimum capital requirements after obtaining the approval from Central Bank of Bahrain.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL

At 31 March 2016 (Reviewed)

8 CONTINGENCIES AND COMMITMENTS

	31 March	<i>Audited</i> 31 December
	2016	2015
	BD '000	BD '000
Letters of credit	46,902	30,439
Guarantees	25,044	24,238
Foreign exchange contracts	31,971	14,874
Acceptances	12,591	11,029
Taxation	909	910
Others	160	313
	117,577	81,803

9 INCOME FROM JOINTLY AND SELF FINANCED, OTHER FINANCINGS AND INVESTMENTS

	<i>Three months ended</i> 31 March	
	2016	2015
	BD '000	BD '000
Income from investments	1,604	2,194
Ijara Muntahia Bittamleek (note 9.1) - net	1,766	1,558
Musharaka	1,258	1,110
Istisna financing	-	318
Gain on sale of investments	21	264
Rental income	20	17
	4,669	5,461

	<i>Three months ended</i> 31 March	
	2016	2015
	BD '000	BD '000
Income from jointly financed, other financings and investments	3,490	4,036
Income from self financed, other financings and investments	1,179	1,424
	4,669	5,460

9.1 Ijara Muntahia Bittamleek

	<i>Three months ended</i> 31 March	
	2016	2015
	BD '000	BD '000
Income from Ijara Muntahia Bittamleek	10,364	6,238
Depreciation on Ijara Muntahia Bittamleek	(8,598)	(4,680)
	1,766	1,558

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL

At 31 March 2016 (Reviewed)

10 REVENUE FROM BANKING SERVICES

	Three months ended	
	31 March	
	2016	2015
	BD '000	BD '000
Fees and commissions	554	347
Letters of credit and acceptances	446	170
Guarantees	57	130
	1,057	647

11 OTHER INCOME

	Three months ended	
	31 March	
	2016	2015
	BD '000	BD '000
Foreign exchange gain - net	210	154
Others	132	119
	342	273

12 REVERSAL OF IMPAIRMENT - NET

	Three months ended	
	31 March	
	2016	2015
	BD '000	BD '000
Writeback of specific provision against non-performing assets - net	234	383
General provision charge	(63)	(114)
	171	269

13 SEGMENTAL INFORMATION

Segmental information is presented in respect of the Group's geographical segments. The geographical segments are based upon the location of the units responsible for recording the transactions and reflects the manner in which financial information is evaluated by management and the Board of Directors.

For financial reporting purposes, the Group is divided into two geographical segments, Middle East and Other Asian Countries. Other Asian Countries predominantly includes operations in Pakistan.

The results reported for the geographic segments are based on the Group's internal financial reporting systems. The accounting policies of the segments are the same as those applied in the preparation of the Group's interim condensed consolidated financial statements. Transactions between segments are conducted at estimated market rates on an arm's length basis.

The segmental results of the Group were as follows:

	Middle East		Other Asian		Total	
	31 March	31 December	31 March	31 December	31 March	31 December
	2016	2015	2016	2015	2016	2015
	BD '000	BD '000	BD '000	BD '000	BD '000	BD '000
Assets	381,096	382,294	309,213	316,880	690,309	699,174
Liabilities, equity of investment accountholders and Subordinated debt	349,022	350,612	275,248	282,968	624,270	633,580

13 SEGMENTAL INFORMATION (continued)

	<i>Middle East</i>		<i>Other Asian Countries</i>	
	<i>Three months ended</i>		<i>Three months ended</i>	
	<i>31 March</i>		<i>31 March</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Total operating income	2,901	2,379	2,527	2,689
Total operating expenses	(2,592)	(2,084)	(2,509)	(2,365)
Reversal of impairment - net	84	(97)	87	366
Taxation	-	-	(18)	(217)
Net income for the period	393	198	87	473

14 RELATED PARTY TRANSACTIONS

Related parties comprise major shareholders, directors of the Group, entities owned or controlled, jointly controlled or significantly influenced by them, companies affiliated by virtue of shareholding in common with that of the Group, Shari'a supervisory board and external auditors.

The significant balances with related parties were as follows:

	<i>Shareholders</i>		<i>Other Related Parties</i>		<i>Total</i>	
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>	<i>31 December</i>
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Assets:						
Cash and balances with banks and financial institutions	41	45	19	34	60	79
Sales receivables	-	-	17,003	13,383	17,003	13,383
Ijara Muntahia Bittamleek	-	-	271	279	271	279
Musharaka	-	-	586	535	586	535
Ijara income receivables	-	-	30	29	30	29
Investments	-	-	27,096	27,003	27,096	27,003
Other assets	976	1,007	10	-	986	1,007
	1,017	1,052	45,015	41,263	46,032	42,315
Liabilities:						
Due to banks and financial institutions	1,485	2,036	451	613	1,936	2,649
Current accounts	37	38	791	975	828	1,013
Other liabilities	2	2	601	793	603	795
	1,524	2,076	1,843	2,381	3,367	4,457
Equity of investment accountholders	2,444	6,400	20,382	20,426	22,826	26,826
Subordinated Debt	11,768	2,267	-	-	11,768	2,267
OFF-BALANCE SHEET ITEMS:						
Equity of investment accountholders	-	-	33,617	33,734	33,617	33,734
Contingencies and commitments	-	-	4,279	3,861	4,279	3,861

14 RELATED PARTY TRANSACTIONS (continued)

The transactions with the related parties included in the statement of income are as follows:

	Shareholders		Other Related Parties		Total	
	2016 BD '000	2015 BD '000	2016 BD '000	2015 BD '000	2016 BD '000	2015 BD '000
Income						
Income from jointly financed sales	-	-	96	151	96	151
Income from jointly financed, other financings and investments	-	-	103	18	103	18
Group's income from self financed, other financings	-	-	-	93	-	93
Other income	20	54	-	-	20	54
Group's Mudarib/agency fee from off-balance sheet equity of investment account holders	9	9	-	-	9	9
	29	63	199	262	228	325
Expenses						
Return on equity of investment accountholders before Group's share as a Mudarib	6	4	76	74	82	78
Other expenses	66	-	141	101	207	101
	72	4	217	175	289	179

Compensation of key management personnel is as follows:

	Three months ended 31 March	
	2016 BD '000	2015 BD '000
Salaries	377	354
Other benefits	189	199
	566	553

15 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date under current market conditions (i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

Fair value is determined for each financial asset individually in accordance with the valuation policies set out below:

- (i) For investments that are traded in organised financial markets, fair value is determined by reference to the quoted market bid prices prevailing on the consolidated statement of financial position date.
- (ii) For unquoted investments, fair value is determined by reference to recent significant buy or sell transactions with third parties that are either completed or are in progress. Where no recent significant transactions have been completed or are in progress, fair value is determined by reference to the current market value of similar investments. For others, the fair value is based on the net present value of estimated future cash flows, or other relevant valuation methods.

15 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

- (iii) For investments that have fixed or determinable cash flows, fair value is based on the net present value of estimated future cash flows determined by the Group using current profit rates for investments with similar terms and risk characteristics.
- (iv) Investments which cannot be remeasured to fair value using any of the above techniques are carried at cost, less provision for impairment.