

Al Baraka Islamic Bank B.S.C. (c)
INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

30 SEPTEMBER 2014 (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 30 September 2014, 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 nine 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.



12 November 2014
Manama, Kingdom of Bahrain

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

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2014 (Reviewed)

	Notes	30 September 2014 BD	Audited 31 December 2013 BD
ASSETS			
Cash and balances with banks and financial institutions		103,991,135	120,504,546
Sales receivables		210,849,087	238,904,043
Mudaraba financing		-	651,856
Ijara Muntahia Bittamleek		68,979,327	47,720,628
Musharaka		38,463,552	27,315,723
Investments	3	158,550,420	126,480,900
Investments in real estate	4	2,205,079	2,091,979
Ijara income receivables		7,835,832	6,503,775
Premises and equipment		8,573,676	8,800,010
Goodwill		6,794,024	6,620,472
Other assets	5	37,308,783	29,371,174
TOTAL ASSETS		643,550,915	614,965,106
LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND OWNERS' EQUITY			
Liabilities			
Due to banks and financial institutions		25,359,141	48,632,362
Current accounts		65,030,199	63,298,267
Subordinated loan	6	7,357,989	-
Other liabilities	7	18,418,028	19,130,756
Total liabilities		116,165,357	131,061,385
Equity of investment accountholders		463,711,119	421,774,380
Owners' Equity			
Share capital		46,166,591	46,166,591
Reserves		7,448,758	6,965,951
Retained earnings		3,425,537	2,729,896
Equity attributable to parent's shareholders		57,040,886	55,862,438
Non-controlling interest		6,633,553	6,266,903
Total owners' equity		63,674,439	62,129,341
TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND OWNERS' EQUITY		643,550,915	614,965,106
OFF-BALANCE SHEET ITEMS:			
EQUITY OF INVESTMENT ACCOUNTHOLDERS		43,261,168	51,565,127
CONTINGENCIES AND COMMITMENTS	8	91,910,896	101,216,130


Khalid Rashid Al-Zayani
Chairman


Adnan Ahmed Yousif
Deputy Chairman

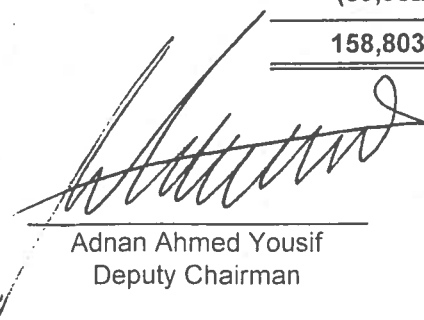

Mohammed Essa Al Mutaweh
Chief Executive Officer & Board Member

The attached explanatory notes 1 to 16 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the nine months period ended 30 September 2014 (Reviewed)

	Notes	Three months ended		Nine months ended	
		30 September		30 September	
		2014	2013	2014	2013
		BD	BD	BD	BD
INCOME					
Income from jointly financed sales		4,118,472	3,257,502	12,380,126	11,077,490
Income from jointly financed, other financings and investments	9	3,598,149	3,844,334	9,691,531	11,257,616
Joint investment income		7,716,621	7,101,836	22,071,657	22,335,106
Return on equity of investment accountholders before Group's share as a Mudarib		(7,189,221)	(6,326,862)	(20,173,649)	(19,641,650)
Group's share as a Mudarib		1,351,328	1,112,076	4,123,420	4,193,435
Return on equity of investment accountholders		(5,837,893)	(5,214,786)	(16,050,229)	(15,448,215)
Group's share of income from equity of investment accountholders (as a Mudarib and Rabalmaal)		1,878,728	1,887,050	6,021,428	6,886,891
Group's income from self financed sales		100,254	162,631	717,307	860,485
Group's income from self financed, other financings and investments	9	1,835,409	687,452	4,243,451	2,293,177
Revenue from banking services	10	646,320	666,391	2,063,053	1,812,704
Other income	11	159,922	370,473	938,089	774,157
Group's Mudarib/agency fee from off-balance sheet equity of investment account holders		14,519	6,559	37,298	12,444
TOTAL OPERATING INCOME		4,635,152	3,780,556	14,020,626	12,639,858
OPERATING EXPENSES					
Staff expenses		(2,251,035)	(1,890,106)	(6,651,914)	(6,041,274)
Depreciation		(264,458)	(259,702)	(820,353)	(785,494)
Profit on due to banks and financial institutions		148	(443)	(873)	(4,599)
Other operating expenses		(1,674,749)	(1,435,768)	(5,215,706)	(4,353,085)
TOTAL OPERATING EXPENSES		(4,190,094)	(3,586,019)	(12,688,846)	(11,184,452)
NET INCOME FOR THE PERIOD BEFORE PROVISION FOR IMPAIRMENT AND TAXATION		445,058	194,537	1,331,780	1,455,406
Provision for impairment - net	12	(393,683)	(1,120,670)	(281,856)	(2,371,803)
NET INCOME / (LOSS) BEFORE TAXATION		51,375	(926,133)	1,049,924	(916,397)
Taxation		107,428	257,210	(156,803)	452,345
INCOME / (LOSS) FOR THE PERIOD		158,803	(668,923)	893,121	(464,052)
Attributable to:					
Equity shareholders of the parent		198,785	(447,947)	695,639	(136,445)
Non-controlling interest		(39,982)	(220,976)	197,482	(327,607)
		158,803	(668,923)	893,121	(464,052)


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 16 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months period ended 30 September 2014 (Reviewed)

	<i>Nine months ended</i>	
	<i>30 September</i>	
	2014	2013
	BD	BD
OPERATING ACTIVITIES		
Net income / (loss) before taxation	1,049,924	(916,396)
Adjustments for :		
Depreciation	820,353	785,494
Provision for impairment - net	281,857	2,371,803
Gain on sale of premises and equipment	(13,768)	(12,878)
Gain on sale of investments	(1,224,142)	(1,396,635)
Unrealised remeasurement gain	(113,100)	-
Operating profit before changes in operating assets and liabilities	801,124	831,388
Net changes in operating assets and liabilities:		
Sales receivables	6,976,774	(4,171,815)
Mudaraba financing	651,856	5,589,245
Ijara Muntahia Bittamleek	(21,258,699)	(3,202,544)
Musharaka	(9,746,459)	(2,102,432)
Ijara income receivables	(1,355,946)	1,293,712
Other assets	(8,037,182)	858,330
Other liabilities	(712,728)	4,922,045
Due to banks and financial institutions	(23,273,221)	(20,586,144)
Current accounts	1,731,932	5,927,637
Equity of investment accountholders	41,957,036	49,686,742
Taxation paid	(117,953)	(176,070)
Net cash (used in) from operating activities	(12,383,466)	38,870,094
INVESTING ACTIVITIES		
Purchase of investments	(132,271,187)	(30,913,102)
Sale of investments	101,221,147	27,401,519
Net purchase of premises and equipment	(580,251)	(1,245,658)
Purchase of investment in real estate	-	(616)
Net cash used in investing activities	(31,630,291)	(4,757,857)
FINANCING ACTIVITY		
Subordinated loan	7,357,989	-
Net cash from financing activity	7,357,989	-
Foreign currency translation adjustments	444,614	(1,709,710)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(36,211,154)	32,402,527
Cash and cash equivalents at 1 January	190,129,921	108,578,391
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	153,918,767	140,980,918
For the purpose of the interim cash flows statement, cash and cash equivalents comprise the following:		
Cash in hand	6,486,155	7,003,754
Balances with central banks	31,504,695	23,417,266
Balances with other banks and financial institutions	66,000,285	63,211,805
Sales receivables - international commodities	49,927,632	47,348,093
	153,918,767	140,980,918

The attached explanatory notes 1 to 16 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 nine months period ended 30 September 2014 (Reviewed)

Equity attributable to shareholders of the parent

	Reserves							Non-controlling interest BD	Total owners' equity BD
	Share capital BD	Statutory BD	General BD	Cumulative changes in fair value BD	Foreign exchange BD	Retained earnings BD	Total BD		
Balance at 1 January 2014	46,166,591	8,235,835	3,275,053	(29,742)	(4,515,195)	2,729,898	55,862,440	6,266,901	62,129,341
Cumulative changes in fair value	-	-	-	21,856	-	-	21,856	11,955	33,811
Foreign currency translation reserve	-	-	-	-	460,951	-	460,951	157,215	618,166
Net income for the period	-	-	-	-	-	695,639	695,639	197,482	893,121
Balance at 30 September 2014	46,166,591	8,235,835	3,275,053	(7,886)	(4,054,244)	3,425,537	57,040,886	6,633,553	63,674,439
Balance at 1 January 2013	46,166,591	8,199,308	3,275,053	(319,191)	(2,948,793)	2,401,157	56,774,125	6,850,771	63,624,896
Cumulative changes in fair value	-	-	-	284,621	-	-	284,621	(14,256)	270,365
Foreign currency translation reserve	-	-	-	-	(1,708,337)	-	(1,708,337)	(604,554)	(2,312,891)
Net loss for the period	-	-	-	-	-	(136,445)	(136,445)	(327,607)	(464,052)
Balance at 30 September 2013	46,166,591	8,199,308	3,275,053	(34,570)	(4,657,130)	2,264,712	55,213,964	5,904,354	61,118,318

The attached explanatory notes 1 to 16 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 nine months period ended 30 September 2014 (Reviewed)

	<i>Balance at 1 January 2014 BD</i>	<i>Cumulative changes in fair value BD</i>	<i>Net withdrawals BD</i>	<i>Gross income BD</i>	<i>Mudarib's/ agency fee BD</i>	<i>Balance at 30 September 2014 BD</i>
Sales						
receivables	40,195,274	-	(1,132,242)	545,502	(37,298)	39,571,236
Investments	11,369,853	-	(7,679,921)	-	-	3,689,932
	51,565,127	-	(8,812,163)	545,502	(37,298)	43,261,168
	<i>Balance at 1 January 2013 BD</i>	<i>Cumulative changes in fair value BD</i>	<i>Net deposits (withdrawals) BD</i>	<i>Gross income BD</i>	<i>Mudarib's/ agency fee BD</i>	<i>Balance at 30 September 2013 BD</i>
Sales						
receivables	40,689,258	-	(25,171,409)	27,244	(12,444)	15,532,649
Investments	9,819,388	(185,394)	1,296,061	-	-	10,930,055
	50,508,646	(185,394)	(23,875,348)	27,244	(12,444)	26,462,704

The attached explanatory notes 1 to 16 form part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2014 (Reviewed)

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 principal activities of the Bank and its subsidiaries (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 12 November 2014.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Basis of Preparation

The interim condensed consolidated financial statements for the nine month period ended 30 September 2014 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 2013. In addition, results for the nine months period ended 30 September 2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2014.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements, for the year ended 31 December 2013.

2.2 Accounting convention

The interim condensed consolidated financial statements are prepared on historical cost basis, except for investment in real estate and equity-type instruments through equity that have been measured at fair value.

The interim condensed consolidated financial statements are presented in Bahraini Dinars (BD).

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 2014</i>	<i>Year of incorporation</i>	<i>Country of incorporation</i>	<i>No. of branches/offices at 30 September 2014</i>
Held directly by the Bank				
Al Baraka Bank (Pakistan) Limited*	64.64%	2004	Pakistan	110

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

Further, 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 36.73 million). Further the banks / DFIs are also required to maintain a capital adequacy ratio of 10% at all times.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2014 (Reviewed)

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 22.04 million) at all times and will have to meet the full MCR of Rs 10 billion (BD 36.73 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 4.147 million from the Bank (Al Baraka Islamic Bank B.S.C. (c)). The said sub-ordinated debt shall be deposited with the 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 7.71 million) by 31 December 2014 and Rs 2.8 billion (BD 10.28 million) by 31 December 2015.

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.

vi) SBP while approving the capital plan of the Bank vide its letter no. BPRD/BA&CP/608/019652/2013 dated 28 December 2013 required ABPL to maintain CAR of atleast 16% which may be reduced depending on the level of increase in MCR.

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

Investment in Itqan Capital

The Group's shareholders, in their Extra Ordinary General Assembly Meeting held on 25 January 2011, passed a resolution approving the sale of the Group's 5.88% stake in Al Tawfeeq Company for Investment Funds (ATCIF) and purchase of 60% stake in Itqan Capital (the "Company"), an investment firm based in the Kingdom of Saudi Arabia.

After obtaining all regulatory approvals, the Bank acquired 60% equity stake effective 1 July 2012 in the Company and sold 5.88% equity stake in ATCIF. Further the Bank via a management agreement dated 1 July 2012 assigned the control to govern the financial and operating policies of the Company to Al Baraka Banking Group B.S.C. (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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2014 (Reviewed)

3 INVESTMENTS

	30 September 2014			Audited 31 December 2013		
	Self financed	Jointly financed	Total	Self financed	Jointly financed	Total
	BD	BD	BD	BD	BD	BD
i) Debt-type instruments at amortised cost						
Quoted						
Sukuk	27,965,204	17,416,242	45,381,446	33,533,473	6,473,376	40,006,849
Unquoted						
Sukuk	56,727,316	42,314,138	99,041,454	21,801,489	51,735,333	73,536,822
	84,692,520	59,730,380	144,422,900	55,334,962	58,208,709	113,543,671
ii) Equity-type instruments at fair value through equity						
Quoted						
Listed equity shares	626,516	81,451	707,967	-	70,124	70,124
Unquoted						
Private equity	10,688,448	191,743	10,880,191	10,688,448	186,845	10,875,293
Managed funds	-	1,892,144	1,892,144	-	1,889,325	1,889,325
Real estate related	2,151,052	329,900	2,480,952	1,273,693	344,060	1,617,753
Others	377,000	-	377,000	377,000	-	377,000
	13,843,016	2,495,238	16,338,254	12,339,141	2,490,354	14,829,495
Less: Provision for impairment	(799,421)	(1,411,313)	(2,210,734)	(927,662)	(964,604)	(1,892,266)
Total investments	97,736,115	60,814,305	158,550,420	66,746,441	59,734,459	126,480,900

Included in quoted equity type instruments, BD 651 thousand (2013: BD 37 thousand) of investments are fair valued using quoted prices in active markets for identical instruments;

Within unquoted equity type instruments, BD 3,273 thousand (2013: BD 2,274 thousand) investments are fair valued using directly or indirectly observable inputs; and

Under unquoted equity type instruments which are held at fair value through equity are investments amounting to BD 11,256 thousand (2013: BD 11,256 thousand) which are held at cost less provision for impairment.

The Group's investments in sukuk held at amortised cost amounting to BD 143,370 thousand (2013: BD 112,913 thousand) has a fair value amounting to BD 143,132 thousand (2013: BD 112,374 thousand).

4 INVESTMENTS IN REAL ESTATE

	30 September 2014 BD	Audited 31 December 2013 BD
Buildings	2,091,979	1,208,092
Additions	-	779
Transfer from other assets	-	694,608
Changes in fair value	113,100	188,500
	2,205,079	2,091,979

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2014 (Reviewed)

5 OTHER ASSETS

	<i>30 September 2014 BD</i>	<i>Audited 31 December 2013 BD</i>
Subordinated qard hasan (note 5.1)	10,053,000	10,053,000
Advance against financing transactions	6,865,754	4,614,565
Deferred tax	5,336,458	5,155,072
Accounts receivable	2,337,388	2,565,465
Advance against capital expenditure	2,335,140	2,178,983
Advance tax	913,387	972,978
Receivable against sale of shares	297,533	289,932
Income receivable	242,023	255,272
Others	10,016,395	4,287,231
	38,397,078	30,372,498
Less: Provision for impairment	(1,088,295)	(1,001,324)
	37,308,783	29,371,174

Note 5.1

This represents profit free subordinated qard hasan granted to Itqan Capital a related party to support its financial and operating activities maturing on 28 February 2018.

6 SUBORDINATED LOAN

ABPL has issued unsecured, sub-ordinated and privately placed sukuk amounting to Rs 2,000 million (BD 7,358 thousand). The issuance of sukuk is intended to comply with regulatory requirements related to CAR as stated in note 2.3 to these interim condensed 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.

7 OTHER LIABILITIES

	<i>30 September 2014 BD</i>	<i>Audited 31 December 2013 BD</i>
Margins received	4,607,048	5,747,911
Security deposit against Ijara Muntahia Bittamleek	3,647,680	2,906,870
Accounts payable	3,516,955	4,398,164
Bills payable	3,131,529	2,597,252
Provision for employees benefits	1,620,675	1,635,055
Rental received in advance	730,345	812,004
Charity fund	425,836	518,544
Others	737,960	514,956
	18,418,028	19,130,756

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2014 (Reviewed)

8 CONTINGENCIES AND COMMITMENTS

	<i>Audited</i>	
	<i>30 September 2014</i>	
	<i>31 December 2013</i>	
	<i>BD</i>	
	<i>BD</i>	
Foreign exchange contracts	17,990,162	18,165,847
Guarantees	25,753,635	22,238,952
Letters of credit	28,877,435	49,888,330
Acceptances	18,256,299	9,952,722
Taxation	874,221	726,963
Others	159,144	243,316
	<u>91,910,896</u>	<u>101,216,130</u>

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

	<i>30 September 2014</i>	<i>30 September 2013</i>
	<i>BD</i>	<i>BD</i>
Ijara Muntahia Bittamleek (note 9.1) - net	3,706,570	3,021,431
Income from investments	6,092,470	7,831,887
Istisna financing	490,586	174,392
Mudaraba financing	1,718	342,681
Musharaka	2,350,363	1,338,603
Gain on sale of investments	1,224,142	785,182
Rental income	69,133	56,617
	<u>13,934,982</u>	<u>13,550,793</u>
	<i>30 September 2014</i>	<i>30 September 2013</i>
	<i>BD</i>	<i>BD</i>
Income from jointly financed, other financings and investments	9,691,531	11,257,616
Income from self financed, other financings and investments	4,243,451	2,293,177
	<u>13,934,982</u>	<u>13,550,793</u>

9.1 Ijara Muntahia Bittamleek

	<i>30 September 2014</i>	<i>30 September 2013</i>
	<i>BD</i>	<i>BD</i>
Income from Ijara Muntahia Bittamleek	13,762,814	10,590,388
Depreciation on Ijara Muntahia Bittamleek	(10,056,244)	(7,568,956)
	<u>3,706,570</u>	<u>3,021,432</u>

10 REVENUE FROM BANKING SERVICES

	<i>30 September 2014</i>	<i>30 September 2013</i>
	<i>BD</i>	<i>BD</i>
Fees and commissions	1,245,271	805,159
Letters of credit and acceptances	618,794	796,722
Guarantees	198,988	210,824
	<u>2,063,053</u>	<u>1,812,705</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2014 (Reviewed)

11 OTHER INCOME

	30 September 2014 BD	30 September 2013 BD
Foreign exchange gain - net	606,625	584,301
Fair value gain	113,100	-
Others	218,364	189,856
	<u>938,089</u>	<u>774,157</u>

12 PROVISION FOR IMPAIRMENT - NET

	30 September 2014 BD	30 September 2013 BD
Specific provision against non-performing assets - net	(225,306)	(2,371,803)
General provision	(56,550)	-
	<u>(281,856)</u>	<u>(2,371,803)</u>

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 as set out in note 2. Transactions between segments are conducted at estimated market rates on an arm's length basis.

The segmental results of the Group were as follows:

	<i>Middle East</i>		<i>Other Asian Countries</i>		<i>Total</i>	
	<i>30 September 2014 BD</i>	<i>31 December 2013 BD</i>	<i>30 September 2014 BD</i>	<i>31 December 2013 BD</i>	<i>30 September 2014 BD</i>	<i>31 December 2013 BD</i>
Assets	<u>319,024,703</u>	<u>304,043,783</u>	<u>324,526,212</u>	<u>310,921,323</u>	<u>643,550,915</u>	<u>614,965,106</u>
Liabilities and equity of investment accountholders	<u>278,608,857</u>	<u>264,127,142</u>	<u>301,267,619</u>	<u>288,708,623</u>	<u>579,876,476</u>	<u>552,835,765</u>
			<i>Middle East</i>		<i>Other Asian Countries</i>	
			<i>Nine months ended 30 September</i>		<i>Nine months ended 30 September</i>	
			<i>2014 BD</i>	<i>2013 BD</i>	<i>2014 BD</i>	<i>2013 BD</i>
Total operating income			<u>5,706,516</u>	<u>5,789,267</u>	<u>8,314,110</u>	<u>6,850,592</u>
Total operating expenses			<u>(5,654,593)</u>	<u>(5,285,844)</u>	<u>(7,034,253)</u>	<u>(5,898,608)</u>
Reversal of provision / (Provision for impairment) - net			<u>282,711</u>	<u>(40,983)</u>	<u>(564,567)</u>	<u>(2,330,820)</u>
Taxation			<u>-</u>	<u>-</u>	<u>(156,803)</u>	<u>452,345</u>
Net income / (loss) for the period			<u>334,634</u>	<u>462,440</u>	<u>558,487</u>	<u>(926,491)</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2014 (Reviewed)

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:

	Shareholders		Other Related Parties		Total	
	30 September	31 December	30 September	31 December	30 September	31 December
	2014	2013	2014	2013	2014	2013
	BD	BD	BD	BD	BD	BD
Assets:						
Cash and balances with banks and financial institutions	16,423	25,110	57,248	66,887	73,671	91,997
Sales receivables	-	-	19,165,985	18,745,496	19,165,985	18,745,496
Mudaraba financing	-	-	-	651,856	-	651,856
Ijara Muntahia Bittamleek	-	-	1,130,314	1,548,487	1,130,314	1,548,487
Musharaka	-	-	444,785	349,767	444,785	349,767
Ijara income receivables	-	-	391,633	17,124	391,633	17,124
Investments	-	-	16,307,415	10,531,017	16,307,415	10,531,017
Other assets	953,362	986,006	11,123,324	11,074,730	12,076,686	12,060,736
	969,785	1,011,116	48,620,704	42,985,364	49,590,489	43,996,480
Liabilities:						
Due to banks and other financial institutions	823,067	1,638,496	1,415,147	17,163,552	2,238,214	18,802,048
Current accounts	681,305	744,229	384,159	220,580	1,065,464	964,809
Other liabilities	7,707	7,511	1,536	2,266,637	9,243	2,274,148
	1,512,079	2,390,236	1,800,842	19,650,769	3,312,921	22,041,005
Equity of investment accountholders	4,546,083	5,996,352	24,800,927	24,732,526	29,347,010	30,728,878
OFF-BALANCE SHEET ITEMS:						
Equity of investment accountholders	3,065,010	3,065,010	30,040,376	32,699,421	33,105,386	35,764,431
Contingencies and commitments	333,562	-	4,557,352	5,936,271	4,890,914	5,936,271

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

	Nine months ended	
	30 September	
	2014	2013
	BD	BD
Income		
Income from jointly financed sales	389,419	145,646
Income from jointly financed, other financings and investments	82,498	384,648
Group's income from self financed, other financings and investments	118,353	57,816
Other revenues	162,416	162,416
Group's Mudarib/agency fee from off-balance sheet equity of investment accountholders	37,298	11,914
	789,984	762,440

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2014 (Reviewed)

14 RELATED PARTY TRANSACTIONS (continued)

	<i>Nine months ended</i>	
	<i>30 September</i>	
	2014	2013
	BD	BD
Expenses		
Return on equity of investment accountholders before Group's share as a Mudarib	359,212	719,875
Other expenses	246,058	209,907
	605,270	929,782

Compensation of key management personnel is as follows:

	<i>Nine months ended</i>	
	<i>30 September</i>	
	2014	2013
	BD	BD
Salaries	914,294	859,142
Other benefits	544,737	519,397
	1,459,031	1,378,539

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.
- (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.

16 COMPARATIVE FIGURES

Certain of the prior period's figures have been reclassified to confirm to the presentation adopted in the current period. Such reclassification did not affect previously reported net loss or owner's equity.