



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the nine months ended 30 September 2014

The Board of Directors approved the condensed consolidated interim financial information on 11 November 2014.

Ahmed Al Mutawa
Chairman

Mosabah Saif Al Mautairy
Vice Chairman

Hisham Alrayes
CEO

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 30 September 2014 / US\$ 000's	30 September 2014 (reviewed)	31 December 2013 (audited)	30 September 2013 (reviewed)
ASSETS			
Cash and bank balances	51,350	21,847	81,663
Placements with financial institutions	8,601	-	692
Investment securities	221,906	196,141	171,818
Investment property	259,404	259,404	259,404
Development properties	45,501	-	-
Assets held-for-sale	195,179	184,076	22,246
Equity-accounted investees	18,152	73,417	236,108
Intangible assets	125,220	-	-
Property, plant and equipment	135,760	299	340
Other assets	239,902	172,669	143,834
Total assets	1,300,975	907,853	916,105
LIABILITIES			
Investors' funds	15,617	19,166	11,506
Placements from financial and other institutions	90,871	93,511	110,047
Financing liabilities	219,448	207,767	203,989
Liabilities related to assets held-for-sale	22,364	-	-
Other liabilities	99,630	60,408	68,935
Total liabilities	447,930	380,852	394,477
Equity of investment account holders	1,659	2,155	2,148
OWNERS' EQUITY			
Share capital	1,133,959	972,281	972,281
Treasury shares	(912)	(912)	(912)
Capital adjustment account	(395,114)	(229,656)	-
Statutory reserve	68,146	68,146	67,519
Accumulated losses	(141,098)	(286,255)	(520,528)
Other reserves	666	1,242	1,120
Foreign currency translation reserve	(678)	-	-
Total equity attributable to shareholders of the Bank	664,969	524,846	519,480
Non-controlling interests	186,417	-	-
Total owners' equity	851,386	524,846	519,480
Total liabilities, equity of investment account holders and owners' equity	1,300,975	907,853	916,105

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY for the nine months ended 30 September 2014 / US\$ 000's (reviewed)	Attributable to shareholders of the Bank							Non-controlling interests	Total owners' equity	
	Share capital	Treasury shares	Capital adjustment account	Statutory reserve	Accumulated losses	Other reserves	Foreign currency translation reserve			
Balance at 1 January 2014	972,281	(912)	(229,656)	68,146	(286,255)	1,242	-	524,846	524,846	
Profit for the period	-	-	-	-	10,777	-	-	10,777	4,827	15,604
Foreign currency translation differences	-	-	-	-	-	-	(678)	(678)	(709)	(1,387)
Total recognised income and expense	-	-	-	-	10,777	-	(678)	10,099	4,118	14,217
Conversion of murabaha to capital	296,058	-	(165,458)	-	-	-	-	130,600	-	130,600
Capital reduction	(134,380)	-	-	-	134,380	-	-	-	-	-
Share grants vesting expense, net of forfeitures	-	-	-	-	-	(576)	-	(576)	-	(576)
Acquisition of subsidiaries	-	-	-	-	-	-	-	182,299	182,299	182,299
Balance at 30 September 2014	1,133,959	(912)	(395,114)	68,146	(141,098)	666	(678)	664,969	186,417	851,386

30 September 2013 (reviewed)	Share capital	Treasury shares	Share premium	Statutory reserve	Accumulated losses	Other reserves	Total owners' equity
Balance at 1 January 2013	595,087	(2,995)	13,235	66,356	(291,280)	903	381,306
Profit for the period	-	-	-	-	1,023	-	1,023
Total recognised income and expense	-	-	-	-	1,023	-	1,023
Transfer to statutory reserve	-	-	-	1,003	(1,003)	-	-
Conversion of murabaha to capital	377,194	(8,528)	(13,235)	-	(229,656)	-	125,775
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)	-	217	897
Gain on partial disposal of assets held-for-sale	-	-	-	-	388	-	388
Balance at 30 September 2013	972,281	(912)	-	67,519	(520,528)	1,120	519,480

CONDENSED CONSOLIDATED INCOME STATEMENT for the nine months ended 30 September 2014 / US\$ 000's	Nine months ended		Three months ended	
	30 September 2014 (reviewed)	30 September 2013 (reviewed)	30 September 2014 (reviewed)	30 September 2013 (reviewed)
Continuing operations				
Income from investment banking	4,476	-	4,476	-
Management and other fees	742	7,197	119	1,953
Income from placements with financial institutions	153	313	36	62
Share of profits of equity-accounted investees	2,635	723	-	(373)
Income from investment securities, net	1,854	537	(171)	194
Foreign exchange gain, net	77	1,037	(17)	696
Other income	43,163	19,894	5,816	2,680
Income from investment banking business	53,100	29,701	10,259	5,212
Revenue from industrial business	67,510	-	22,188	-
Total income	120,610	29,701	32,447	5,212
Staff cost	9,386	6,439	2,544	2,035
Investment advisory expenses	3,143	2,176	405	546
Finance expense	10,179	12,550	3,106	3,991
Other expenses	12,566	6,289	1,727	1,299
Total expenses of investment banking business	35,274	27,454	7,782	7,871
Cost of sales	57,259	-	19,517	-
Other operating expenses	2,963	-	614	-
Total expenses of industrial business	60,222	-	20,131	-
Total expenses	95,496	27,454	27,913	7,871
Profit from continuing operations before impairment allowances	25,114	2,247	4,534	(2,659)
Impairment allowances	(10,000)	(2,000)	-	(500)
Profit from continuing operations	15,114	247	4,534	(3,159)
Income from assets held-for-sale, net	490	776	490	-
PROFIT FOR THE PERIOD	15,604	1,023	5,024	(3,159)
Attributable to:				
Shareholders of the Bank	10,777	1,023	3,310	(3,159)
Non-controlling interests	4,827	-	1,714	-
	15,604	1,023	5,024	(3,159)
Earnings per share (US cents)				
Basic earnings per share	0.47	0.04	0.13	(0.11)
Diluted earnings per share	0.49	0.04	0.16	(0.11)
Earnings per share – continuing operations (US cents)				
Basic earnings per share	0.46	0.04	0.12	(0.11)
Diluted earnings per share	0.48	0.04	0.14	(0.11)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS for the nine months ended 30 September 2014 / US\$ 000's	30 September 2014 (reviewed)	30 September 2013 (reviewed)
OPERATING ACTIVITIES		
Profit for the period	15,604	1,023
Adjustments for:		
Impairment allowances	10,000	2,000
Gain on sale of investment securities	(1,498)	190
Income from assets held-for-sale	490	-
Share of profit of equity-accounted investees	(2,635)	(723)
Foreign exchange gain	(77)	(1,037)
Management and other fees	119	(4,665)
Finance expenses	10,179	12,550
Other income	(42,265)	(12,772)
Depreciation and amortisation	1,155	1,111
Changes in:		
Placements with financial institutions (original maturity of more than 90 days)	(3,600)	14,075
Placement from financial institutions	2,640	(15,971)
Investor's funds	(13,225)	(15,147)
Other assets	(9,663)	(1,472)
Other liabilities	2,015	(4,934)
Net cash used in operating activities	(37,259)	(25,772)
INVESTING ACTIVITIES		
Payment for purchase of equipment, net	(824)	-
Advance for acquisition of investments	(12,561)	(1,904)
Purchase of investment property held-for-sale	-	-
Purchase of investment securities	(81,575)	(153)
Dividends received	-	84
Net cash flows on disposal of assets held-for-sale	9,890	9,776
Proceeds from sale of investment securities	62,342	3,546
Net cash flow on acquisition of subsidiaries	7,341	-
Net cash (used in) / generated from investing activities	(15,387)	11,349
FINANCING ACTIVITIES		
Financing liabilities, net	(36,092)	(20,345)
Finance expense paid	(7,348)	(13,546)
Proceeds from issue of convertible murabaha	130,600	115,775
Proceeds from sale of treasury shares	-	10,074
Dividends paid	(10)	(80)
Payment to investment account holders	-	(205)
Net cash generated from financing activities	87,150	91,673
Net increase in cash and cash equivalents during the period	34,504	77,250
Cash and cash equivalents at 1 January	21,847	5,105
CASH AND CASH EQUIVALENTS at 30 September	56,351	82,355
Cash and cash equivalents comprise:		
Cash and balances with banks	51,350	81,663
Placements with financial institutions	5,001	692
	56,351	82,355