INVESTORS Bank B.S.C. (C)

بنك المستثمرون ش.م.ب (مقفلة)

Licensed as an Islamic Wholesale Bank by the CBB

INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 June 2013

INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2013 (Unaudited)

	(Unaudited) 30 June 2013 US$	(Audited) 31 December 2012 US$
ASSETS		
Cash and balances with banks	**1,493,337**	993,440
Investments	**15,165,993**	14,252,457
Deferred payment sale receivables	**3,680,203**	3,680,203
Investment in real estate	**19,649,337**	20,020,180
Other assets	**2,095,468**	1,403,831
Fixed assets	**87,194**	53,650
TOTAL ASSETS	**42,171,532**	40,403,761
LIABILITIES AND OWNERS' EQUITY		
Liabilities		
Due to a financial institution	**3,670,202**	3,670,202
Murabaha payable	**3,229,064**	3,229,064
Other liabilities	**600,952**	697,194
Total liabilities	**7,500,218**	7,596,460
Owners' Equity		
Share capital	**80,000,000**	80,000,000
Statutory reserve	**7,409,515**	7,409,515
Investments fair value reserve	**4,767,766**	2,988,199
Accumulated losses	**(57,505,967)**	(57,590,413)
Total owners' equity	**34,671,314**	32,807,301
TOTAL LIABILITIES AND OWNERS' EQUITY	**42,171,532**	40,403,761
OFF-BALANCE SHEET ITEMS:		
EQUITY OF INVESTMENT ACCOUNTHOLDERS	**16,289,222**	16,440,667

INTERIM STATEMENT OF INCOME

For the six months ended 30 June 2013 (Unaudited)

	(Unaudited) Three months ended		(Unaudited) Six months ended	
	30 June 2013 US$	30 June 2012 US$	**30 June 2013 US$**	30 June 2012 US$
Rental income from investment in real estate	**416,678**	347,391	**784,003**	720,846
Gain on disposal of investments at fair value through equity	**468**	-	**270,468**	-
Fair value gain / (loss) on investments at fair value through statement of income, net	**32,170**	(28,357)	**28,701**	(9,253)
Other income, net	**4,561**	30,906	**82,569**	61,054
Operating income	**453,877**	349,940	**1,165,741**	772,647
EXPENSES				
Staff costs	**216,720**	238,068	**436,754**	432,550
Administrative and general expenses	**189,880**	161,101	**406,214**	285,013
Depreciation	**113,010**	197,864	**226,907**	396,991
Operating expenses	**519,610**	597,033	**1,069,875**	1,114,554
Net (loss) / income before provision for impairment	**(65,733)**	(247,093)	**95,866**	(341,907)
Provision for impairment	-	-	**(11,420)**	(185,231)
NET (LOSS) / INCOME FOR THE PERIOD	**(65,733)**	(247,093)	**84,446**	(527,138)

INTERIM STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013 (Unaudited)

	(Unaudited) *Six months ended* **30 June 2013 US$**	*30 June 2012 US$*
OPERATING ACTIVITIES		
Net income / (loss) for the period	**84,446**	(527,138)
Adjustments for non-cash items:		
Depreciation	**226,907**	396,991
Provision for impairment	**11,420**	185,231
Gain on disposal of investments at fair value through equity	**(270,468)**	-
Gain on disposal of investment in real estate	**(50,935)**	(30,117)
Fair value (gain) / loss on investments at fair value through statement of income	**(28,701)**	9,253
Operating (loss) / gain before changes in operating assets and liabilities:	**(27,331)**	34,220
Working capital adjustments:		
Other assets	**(53,057)**	(93,564)
Other liabilities	**(96,242)**	50,584
Net cash used in operating activities	**(176,630)**	(8,760)
INVESTING ACTIVITIES		
Proceeds from disposal of investments at fair value through equity	**515,200**	-
Proceeds from disposal of investment in real estate	**204,221**	190,606
Purchase of fixed assets	**(42,894)**	(4,347)
Net cash from investing activities	**676,527**	186,259
NET INCREASE IN CASH AND CASH EQUIVALENTS	**499,897**	177,499
Cash and cash equivalents at beginning of the period	**993,440**	158,912
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**1,493,337**	336,411
Non-cash activity		
Proceeds from disposal of investments at fair value through equity	**650,000**	-

INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY

For the six months ended 30 June 2013 (Unaudited)

	Share capital US$	*Statutory reserve US$*	*Investments fair value reserve US$*	*Accumulated losses US$*	*Total Owners' equity US$*
Balance at 1 January 2013	80,000,000	7,409,515	2,988,199	(57,590,413)	32,807,301
Net income for the period	-	-	-	84,446	84,446
Other comprehensive income fair value gain on investment at fair value through equity	-	-	1,779,567	-	1,779,567
Balance as at 30 June 2013	**80,000,000**	**7,409,515**	**4,767,766**	**(57,505,967)**	**34,671,314**
Balance at 1 January 2012	80,000,000	7,409,515	3,679,690	(56,105,725)	34,983,480
Net loss for the period	-	-	-	(527,138)	(527,138)
Other comprehensive loss fair value loss on investment at fair value through equity	-	-	(757,912)	-	(757,912)
Balance as at 30 June 2012	80,000,000	7,409,515	2,921,778	(56,632,863)	33,698,430

These statements were extracted from the interim condensed financial statements on which Ernst & Young issued a qualified review report dated 25 July 2013 on the basis that the Bank holds an equity investment, with a carrying value of US$ 5,760,487 as at 30 June 2013, pledged in respect of a financing obtained by a related party from a financial institution. Following the default by the related party, the financial institution had filed a legal case in court and the court ruled in favor of the financial institution. Since, the claim that could be made on the Bank is uncertain and dependent on the selling price of the pledged shares; Ernst & Young are unable to determine the adjustment that maybe required to these financial statements, if any.

The interim condensed financial statements were authorised for issue in accordance with approval of the Board of Directors on 25 July 2013.

Mr. Ghassan Al Sultan
Chairman

Mr. Ebrahim Al Shaikh
Director

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