

INVESTORS BANK B.S.C. (c)
KINGDOM OF BAHRAIN

INTERIM CONDENSED
FINANCIAL INFORMATION
JUNE 30, 2015

INVESTORS BANK B.S.C. (c)
INTERIM CONDENSED FINANCIAL INFORMATION
JUNE 30, 2015

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REVIEW REPORT

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To the Board of Directors
Investors Bank B.S.C. (c)
Manama, Kingdom of Bahrain

We have reviewed the accompanying interim statement of financial position of Investors Bank B.S.C. (c), Bahrain (the "Bank") as at June 30, 2015 and the related interim statements of income, cash flows and changes in equity for the three-month and six-month period then ended. The Bank's management is responsible for the preparation and fair presentation of this interim condensed financial information in accordance with the basis of preparation disclosed in Note 2. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of Review

We conducted our review in accordance with 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 financial information is not prepared, in all material respects, in accordance with the basis of preparation disclosed in note 2.

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 1 to the interim condensed financial information which indicates that the Bank incurred significant accumulated losses as at June 30, 2015. This situation, along with other matters as set forth in Note 1 to the interim condensed financial information, indicate the existence of a material uncertainty that may cast significant doubt about the Bank's ability to continue as a going concern. The accompanying interim condensed financial information has been prepared assuming that the Bank will continue as a going concern.

Other Matters

The Bank is not in compliance with certain regulatory requirements as mentioned in Note 1 to the interim condensed financial information.

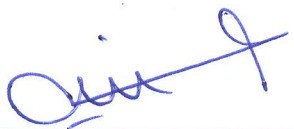
Manama, Kingdom of Bahrain,
March 24, 2016

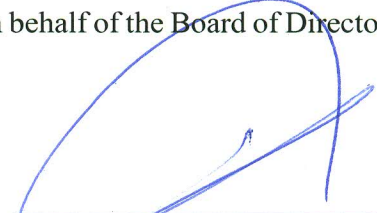

Deloitte & Touche – Middle East
Partner Registration No. 184

INVESTORS BANK B.S.C. (c)
INTERIM STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015

		(Unaudited) June 30, 2015 US\$	December 31, 2014 US\$
	Notes		
<u>ASSETS</u>			
Cash and balances with banks		1,482,751	4,120,830
Due from a financial institution	4	2,654,509	-
Equity investments	3	5,832,095	6,345,135
Deferred payment sale receivable	5	3,680,203	3,680,203
Investment in real estate	6	24,106,130	23,616,756
Other assets		954,590	952,330
Fixed assets		53,976	66,819
		-----	-----
Total Assets		38,764,254	38,782,073
		=====	=====
<u>LIABILITIES AND EQUITY</u>			
<u>Liabilities</u>			
Due to a financial institution	5	3,670,202	3,670,202
Murabaha payable	7	3,229,064	3,229,064
Provision against lease commitment	8	7,531,122	6,944,282
Other liabilities		487,736	546,084
		-----	-----
Total Liabilities		14,918,124	14,389,632
		-----	-----
<u>Equity</u>			
Share capital		80,000,000	80,000,000
Statutory reserve		7,409,515	7,409,515
Investments fair value reserve		1,874,544	2,316,221
Properties fair value reserve		554,027	117,805
Accumulated losses		(65,991,956)	(65,451,100)
		-----	-----
Total equity		23,846,130	24,392,441
		-----	-----
Total Liabilities and Equity		38,764,254	38,782,073
		-----	=====
<u>OFF-BALANCE SHEET ITEMS:</u>			
Equity of investment accountholders		-	-
		=====	=====

The interim condensed financial information was approved on behalf of the Board of Directors on March 24, 2016 and signed on its behalf by:

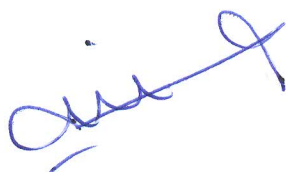

 Mr. Ali Saleh Ayesh Al Rashidi
 Chairman


 Mr. Majed Yousef Ahmed Al-Ali
 Director

The attached Notes from 1 to 14 form an integral part of this interim condensed financial information.

INVESTORS BANK B.S.C. (c)
INTERIM STATEMENT OF INCOME
PERIOD ENDED JUNE 30, 2015

		(Unaudited) Three-month ended June 30		(Unaudited) Six-month ended June 30	
	Notes	2015 US\$	2014 US\$	2015 US\$	2014 US\$
Revenues					
Rental income from investments in real estate		378,183	405,064	772,428	809,758
Net fair value gain / (loss) on investments at fair value through statement of income	3	26,793	(16,466)	5,904	79,034
Other income	9	7,790	11,119	20,076	69,229
		-----	-----	-----	-----
Operating income		412,766	399,717	798,408	958,021
		-----	-----	-----	-----
Expenses					
Staff and related costs	10	(350,886)	(189,957)	(452,625)	(377,620)
Administrative and general expenses		(135,912)	(86,519)	(262,841)	(175,750)
Depreciation		(6,421)	(99,600)	(12,843)	(199,193)
		-----	-----	-----	-----
Operating expenses		(493,219)	(376,076)	(728,309)	(752,563)
		-----	-----	-----	-----
Net (loss) / income before provision and impairment		(80,453)	23,641	70,099	205,458
Provision for impairment of financial assets		(77,267)	-	(77,267)	-
Provison on investment in real estate written back - net		53,152	-	53,152	-
Provision for lease commitment	8	(293,420)	-	(586,840)	-
		-----	-----	-----	-----
Net (loss)/profit for the period		(397,988)	23,641	(540,856)	205,458
		-----	-----	-----	-----



Mr. Ali Saleh Ayesh Al Rashidi
Chairman

Mr. Majed Yousef Ahmed Al-Ali
Director

INVESTORS BANK B.S.C. (c)
INTERIM STATEMENT OF CASH FLOWS
PERIOD ENDED JUNE 30, 2015

	<u>(Unaudited)</u> <u>Six-Month</u> <u>Period Ended June 30,</u>	
	<u>2015</u>	<u>2014</u>
	US\$	US\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) / profit for the period	(540,856)	205,458
Adjustments for non-cash items:		
Depreciation	12,843	199,193
Provision for lease commitment	586,840	-
Provision for impairment of financial assets	77,267	-
Provision on investment in real estate written back - net	(53,152)	-
Dividend income	(6,197)	(44,830)
Fair value gain on investments at fair value through statement of income	(5,904)	(79,034)
	-----	-----
Operating profit before changes in operating assets and liabilities	70,841	280,787
Working capital adjustments:		
(Increase) / decrease in other assets	(2,260)	434,016
Decrease in other liabilities	(58,348)	(29,092)
	-----	-----
Net cash from operating activities	10,233	685,711
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Dividends received	6,197	6,197
Additions to fixed assets	-	(219)
	-----	-----
Net cash from investing activities	6,197	5,978
	-----	-----
Net increase in cash and cash equivalents	16,430	691,689
Cash and cash equivalents at beginning of the period	4,120,830	3,425,418
	-----	-----
Cash and cash equivalents at the end of the period	4,137,260	4,117,107
	-----	-----
Cash and cash equivalents comprise:		
Cash and balances with banks	1,482,751	1,463,261
Due from a financial institution with original maturity of ninety days or less	2,654,509	2,653,846
	-----	-----
	4,137,260	4,117,107
	=====	=====

The attached Notes from 1 to 14 form an integral part of this interim condensed financial information.

INVESTORS BANK B.S.C. (c)
INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY
PERIOD ENDED JUNE 30, 2015

	<u>Share Capital</u> US\$	<u>Statutory Reserve</u> US\$	<u>Investments fair value reserve</u> US\$	<u>Properties fair value reserve</u> US\$	<u>Accumulated Losses</u> US\$	<u>Total</u> US\$
Balance as at January 1, 2015 (Audited)	80,000,000	7,409,515	2,316,221	117,805	(65,451,100)	24,392,441
Net loss for the period	-	-	-	-	(540,856)	(540,856)
Other comprehensive loss for the period * (Note 3)	-	-	(441,677)	-	-	(441,677)
Fair value gain on investment in real estate (Note 6)	-	-	-	436,222	-	436,222
Balance as at June 30, 2015 (Unaudited)	<u>80,000,000</u>	<u>7,409,515</u>	<u>1,874,544</u>	<u>554,027</u>	<u>(65,991,956)</u>	<u>23,846,130</u>
Balance as at January 1, 2014 (Audited)	80,000,000	7,409,515	1,964,534	-	(67,024,045)	22,350,004
Net profit for the period	-	-	-	-	205,458	205,458
Other comprehensive income for the period *	-	-	775,475	-	-	775,475
Balance as at June 30, 2014 (Unaudited)	<u>80,000,000</u>	<u>7,409,515</u>	<u>2,740,009</u>	<u>-</u>	<u>(66,818,587)</u>	<u>23,330,937</u>

* Other comprehensive (loss) / income for the period represents the unrealised fair value (loss) / gain on investments classified at fair value through equity.

The attached Notes from 1 to 14 form an integral part of this interim condensed financial information.

PERIOD ENDED JUNE 30, 2015

	Balance at January 1, 2015 (Audited)	Movements during the period	Balance at June 30, 2015 (Unaudited)
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The attached Notes from 1 to 14 form an integral part of this interim condensed financial information.

INVESTORS BANK B.S.C. (c)
INTERIM STATEMENT OF CHANGES IN OFF-BALANCE SHEET
INVESTMENT ACCOUNT HOLDERS (CONTINUED)
PERIOD ENDED JUNE 30, 2015

(Unaudited)

-
- a. Off-balance sheet investment accounts represent amounts received from and transactions entered on behalf of related parties.
- b. On the instructions of an off-balance sheet investment account holder, a related party, the Bank has entered into a deferred payment purchase agreement with a financial institution to acquire shares of International Investment Group K.S.C.C ("IIG"). The Bank then entered into a deferred payment sale agreement with the off-balance sheet investment account holder for sale of these shares. However, due to a legal dispute with the financial institution, the Bank could not effect the transfer of the IIG shares to the off-balance sheet investment account holder (note 5). The Bank's Board of Directors had resolved to write down the value of these shares to zero during 2013 based on the performance of these shares and / or the lack of information to support the carrying value of these shares.

The attached Notes from 1 to 14 form an integral part of this interim condensed financial information.

INVESTORS BANK B.S.C. (c)
INTERIM STATEMENT OF SOURCES AND USES OF CHARITY FUND
JUNE 30, 2015

	(Unaudited)	
	<u>June 30,</u>	<u>December 31,</u>
	<u>2015</u>	<u>2014</u>
	US\$	US\$
Undistributed charity fund at the beginning of the period	17,513	17,513
Payments made during the period	-	-
	-----	-----
Undistributed charity fund at the period end	17,513	17,513
	=====	=====

The attached Notes from 1 to 14 form an integral part of this interim condensed financial information.

INVESTORS BANK B.S.C. (c)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
PERIOD ENDED JUNE 30, 2015

1. INCORPORATION AND ACTIVITIES

Investors Bank B.S.C. (c) (the “Bank”) was established in the Kingdom of Bahrain as an exempt company on 26 October 1997 and operates under an investment banking license [Wholesale Bank (Islamic principles)] granted by the Central Bank of Bahrain (the “CBB”). The Bank commenced commercial operations on June 15, 1998. The legal status of the Bank was changed to a closed Bahraini joint stock company on July 3, 2005. The postal address of the registered office of the Bank is Seef Star Building, Seef District, P.O. Box 11818, Manama, Kingdom of Bahrain.

The Bank’s activities are regulated by the CBB and supervised by a Shari’a Supervisory Board.

The principal activities of the Bank include investment banking and financial activities, investment transactions, participating in equity investments in projects in conformity with Shari’a. The Bank may, in particular, carry on the following business activities:

- a) Providing investment account facilities;
- b) Accepting off balance sheet investment accounts co-mingling the same with those of the Bank and investing them in accordance with Shari’a;
- c) Managing investments of third parties as an agent for a fixed fee as a Mudarib and any other banking activities not contravening the provisions of Shari’a;
- d) Industrial, commercial and agricultural business activities, either directly or through companies which the Bank may establish, or in which the Bank may acquire shares; and
- e) Purchasing, leasing and constructing buildings, and their renting thereof.

The Bank is subject to the requirements of the Bahrain Commercial Companies Law, the Central Bank of Bahrain and Financial Institutions Law, the Central Bank of Bahrain’s (the “CBB”) regulations (as contained in Volume 2 of the CBB rulebook) and directives and the memorandum and articles of association of the Bank. The Bank is not in compliance with the following requirements of the below mentioned laws:

- The Bank did not submit to the CBB, within two months of the periods ended March 31, 2015 and June 30, 2015, its interim condensed financial information nor publish its interim condensed financial information within 45 days of the periods ended March 31, 2015 and June 30, 2015 as required by the CBB. However, the CBB has granted an extension to the Bank until March 31, 2016 for the submission of the quarterly financial statements and exempt the Bank for publishing the quarterly financial statements.
- The Bank’s semi-annual public disclosures are required to be prepared for the review of external auditors within two months from June 30, 2015. However, the CBB has granted an extension to the Bank until February 18, 2016. The return was submitted within the extension period allowed by the CBB.

INVESTORS BANK B.S.C. (c)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
PERIOD ENDED JUNE 30, 2015

1. INCORPORATION AND ACTIVITIES (CONTINUED)

- The Bank's quarterly prudential information return is required to be prepared and submitted to the CBB within 20 days from March 31, 2015 and June 30, 2015 and is required to be reviewed by external auditors within two months from March 31, 2015 and June 30, 2015. However, the CBB has granted an extension to the Bank until February 18, 2016. These returns were submitted within the extension period allowed by the CBB.
- As of the date of issuance of these interim condensed financial information the Bank's key control positions such as the Chief Executive Officer, Financial Controller, Head of Operations, Head of Risk Management, Head of Compliance and Head of Shari'a Review are vacant.

1.1 Going concern

The interim condensed financial information has been prepared using the going concern assumption, as management is satisfied that the Bank will continue in operation for the foreseeable future. As at June 30, 2015, the Bank's accumulated losses exceeded a substantial part of its share capital. This situation, along with the current lack of adequate capitalization and the Bank's current limited sources of revenue and ability to generate cash flow from operations, raise significant doubts about its ability to continue as a going concern.

Management is of the opinion that the Bank has the ability to develop profitable operations, depending on securing adequate financial resources.

There can be no assurance that the Bank will be successful in achieving profitability or raising additional cash to finance operations. The financial statements do not include any adjustments relating to the recoverability of assets and settlement of liabilities that might be necessary should the Bank be unable to continue as a going concern.

2. BASIS OF PREPARATION

The interim condensed financial information has been prepared in accordance with the guidance given by the International Accounting Standard 34 "Interim Financial Reporting" (IAS 34). The same accounting policies, presentation and methods of computation are followed in the interim condensed financial information as were applied in the preparation of the Bank's financial statements for the year ended December 31, 2014, which were prepared in accordance with Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI"), the Shari'a Rules and Principles as determined by the Shari'a Supervisory Board of the Bank, the Bahrain Commercial Companies Law and Central Bank of Bahrain and Financial Institutions Law. For matters which are not covered by AAOIFI standards, including "Interim Financial Reporting", the Bank uses relevant International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB").

The interim condensed financial information does not contain all information and disclosures required in the annual financial statements, and should be read in conjunction with the Bank's annual financial statements as at December 31, 2014.

In addition, results for the six-month period ended June 30, 2015 are not necessarily indicative of the results that may be expected for the year ended December 31, 2015.

INVESTORS BANK B.S.C. (c)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
PERIOD ENDED JUNE 30, 2015

2. BASIS OF PREPARATION: (CONTINUED)

None of the new Standards and revised Standards that have been adopted in the current period which are effective for annual periods beginning on or after January 1, 2015 had a significant effect on the interim condensed financial information of the Bank.

3. EQUITY INVESTMENTS

	(Unaudited) June 30, 2015 US\$	December 31, 2014 US\$
Investment at fair value through statement of income:		
Quoted equity securities	191,326	185,422
	-----	-----
Investments at fair value through equity:		
Quoted equity securities (note 3.1)	5,212,092	5,731,036
Unquoted equity security	428,677	428,677
	-----	-----
	5,640,769	6,159,713
	-----	-----
	5,832,095	6,345,135
	=====	=====

The movement of investments during the period is as follows:

	<u>Investments at</u> <u>fair value</u> <u>through</u> <u>statement of</u> <u>income</u> US\$	<u>Investments</u> <u>at fair value</u> <u>through</u> <u>equity</u> US\$
At January 1, 2014	198,412	5,808,026
Net unrealised (loss) / gain	(12,990)	351,687
	-----	-----
At December 31, 2014	185,422	6,159,713
Net unrealised gain / (loss)	5,904	(441,677)
Provision for impairment	-	(77,267)
	-----	-----
At June 30, 2015	191,326	5,640,769
	=====	=====

- 3.1 Quoted equity securities with a carrying value of US\$ 3,010,005 (December 31, 2014: US\$ 3,380,467) are under dispute and in custody of the court (Refer to Note 5).
- 3.2 The Bank's equity securities with a carrying value of US\$ 5,403,418 and US\$ 428,677 are categorised under Level 1 and Level 3 respectively in the fair value hierarchy (December 31, 2014: US\$ 5,143,793 and US\$ 1,201,342 under Level 1 and Level 3 respectively).

INVESTORS BANK B.S.C. (c)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
PERIOD ENDED JUNE 30, 2015

3. EQUITY INVESTMENTS: (CONTINUED)

- 3.3 One of the Bank's equity investment at fair value through equity moved from Level 3 in the fair value hierarchy as at December 31, 2014 to Level 1 in the fair value hierarchy on changing the basis of valuation of that investment from the using the auction price to using the quoted price.

4. DUE FROM A FINANCIAL INSTITUTION

	<u>March 31,</u> <u>2015</u>	<u>December 31,</u> <u>2014</u> <u>(Audited)</u>
	US\$	US\$
Commodity murabaha contract	2,654,804	-
Deferred profit	(295)	-
	----- 2,654,509 =====	----- - =====

5. DEFERRED PAYMENT SALE RECEIVABLE / DUE TO A FINANCIAL INSTITUTION

On March 7, 2004 the Bank entered into a sale and purchase agreement with a financial institution to purchase shares of a related party for a total consideration of US\$ 5,811,957 including six-month deferred payment costs of US\$ 141,755. Concurrently the Bank entered into an agreement with another related party to sell the same shares for a total consideration of US\$ 5,821,958 including deferred payment costs of US\$ 151,755, payable on September 30, 2004.

In accordance with the terms of the sale and purchase agreement, the Bank pledged certain own equity investments in addition to subsequent dividend shares received, in favour of the financial institution, the carrying value of which as at June 30, 2015 amounted to US\$ 3,010,005 (US\$ 3,380,467 as at December 31, 2014) and dividends receivable up to 2006 totalling US\$ 887,733.

At the date of signature of both agreements, the net remaining amounts due to the financial institution and due from the related party amounted to US\$ 3,670,202 and US\$ 3,680,203 respectively (excluding deferred payment costs). No further settlements were made and the agreement was terminated by the financial institution, which retained the Bank's pledged shares. The Bank's management considered that the agreement was wrongfully terminated and the pledged shares are unlawfully retained. The Bank has filed a legal case before the Courts of Bahrain against the financial institution for repossession of the pledged shares, which are currently under the custody of the Court with the related dividends discussed above. Further a cheque in the amount of US\$ 3,680,203 representing the amount due to the Bank on the deferred sale of shares, was drawn by that related party and deposited at the Court.

In the opinion of the Bank's management, no provision is required to be made in the interim condensed financial information against the pledged shares or against any contingent liabilities that might arise on the final settlement.

INVESTORS BANK B.S.C. (c)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
PERIOD ENDED JUNE 30, 2015

6. **INVESTMENTS IN REAL ESTATE**

	(Unaudited) June 30, 2015 US\$	December 31, 2014 US\$
At January 1,	23,616,756	21,562,357
Write back of provision for impairment	91,629	1,936,594
Change in fair value recognised in equity	436,222	117,805
Change in fair value recognised in profit and loss	(38,477)	-
	----- 24,106,130 =====	----- 23,616,756 =====

The fair value of investments in real estate at the period end is determined based on valuations performed by independent valuation experts as at June 30, 2015, except for freehold land in Burhama which is carried at cost less impairment in accordance with specific directives of the Regulator.

The carrying value and fair value of the Burhama land which is carried at cost as explained above are USD 7,161,804 and USD 8,209,549 (December 31, 2014: USD 7,161,804 and USD 8,209,549) respectively.

7. **MURABAHA PAYABLE**

In 2004, a related party entered into a Murabaha financing agreement with a financial institution against the pledge of 18,840,341 equity shares, of which 8,352,705 owned by the Bank with a carrying value at that time of US\$ 5,760,487, and the remaining 10,487,636 shares owned by the borrowing related party and another related party.

Also on November 1, 2004 the Bank obtained from the above related party a one year financing totalling US\$ 3,229,064 including financing cost of US\$ 134,295 by virtue of a Murabaha contract.

Following the default of the related party, the case was brought to Court, which ruled in favour of the financial institution and ordered the settlement of the outstanding balance of BD 2,236,191 (US\$ 5,931,541) in addition to annual profit of 3% effective April 2011 and settlement of legal costs.

As no settlement was made by any of the parties that had pledged the shares in guarantee of the financing agreement as stated above, the Court appointed in 2013 a broker to auction all the 18,840,341 pledged shares in one bulk. A number of unsuccessful auctions were held at varying starting prices, however no potential buyers indicated their interest.

INVESTORS BANK B.S.C. (c)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
PERIOD ENDED JUNE 30, 2015

7. MURABAHA PAYABLE (CONTINUED)

In recognition of the Bank's liability, the management had decided to write down to zero the value of its 8,352,705 pledged shares and had valued the remaining same shares (2,912,950 shares) in its portfolio at BD 0.100 (US\$ 0.2652) per share, being the lowest bidding price up to the 2014 year end. In April 2015, the 8,352,705 shares were liquidated at an auction price of BD 0.100 per share and the amount was directly awarded to the party to whom the shares were pledged to with no gain or loss being recognised by the Bank.

Subsequent to the auction, the remaining 2,912,950 unpledged shares were valued at BD 0.090 (US\$ 0.239) being the quoted price as at June 30, 2015.

8. PROVISION AGAINST LEASE COMMITMENT

During 2006, the Bank entered into a lease agreement for the lease of a land on behalf of a related party for a term of 29 years, with a grace period of 2.5 years. The Bank also entered into a back to back agreement with the related party in which both parties agreed that the ultimate lessee of the land is the Bank's related party and is liable to make the lease payment to the Bank who in turn will settle the lease payments to the lessor.

The related party had defaulted on its lease payments due to the delay in the execution of the planned project on the leased land. Since the lease agreement was signed between the Bank and the lessor, the Bank's Board of Directors acknowledged that the lessor may claim the outstanding lease payments from the Bank. Accordingly the Bank has fully provided for the unpaid lease obligations up to June 30, 2015 amounting to US\$ 7,531,122, being the total outstanding lease obligations as at that date.

The remaining contractual lease obligations to maturity are US\$ 22.6 million.

9. OTHER INCOME

	<u>June 30,</u>	
	<u>2015</u>	<u>2014</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
	US\$	US\$
Dividend income	6,197	44,830
Income from commodity Murabaha facility	13,579	23,965
Foreign exchange loss	(655)	(264)
Miscellaneous income	955	698
	-----	-----
	20,076	69,229
	=====	=====

INVESTORS BANK B.S.C. (c)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
PERIOD ENDED JUNE 30, 2015

10. STAFF AND RELATED COSTS

	<u>June 30,</u>	
	<u>2015</u>	<u>2014</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
	<u>US\$</u>	<u>US\$</u>
Staff cost	179,338	377,620
Retrenchment cost (10.1)	273,287	-
	-----	-----
	<u>452,625</u>	<u>377,620</u>
	=====	=====

- 10.1 On May 31, 2015, six employees of the Bank resigned and were paid compensation for their services to the Bank. Further, two of these employees were hired on contractual basis as executive assistant and financial advisor from June 1, 2015.

INVESTORS BANK B.S.C. (C)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
PERIOD ENDED JUNE 30, 2015

11. RELATED PARTIES

Transactions with related parties are undertaken on terms which may not necessarily be on arm's length basis.

	Shareholders			Others		June 30, 2015	(Audited) December 31, 2014
	Gross US\$	Provision US\$	Net US\$	Gross US\$	Provision US\$	Total US\$	Total US\$
Assets							
Investments at fair value through statement of income	-	-	-	15,802,165	(15,802,165)	-	-
Investments at fair value through equity	307,176	(307,176)	-	6,074,183	(4,950,108)	1,124,075	1,201,342
Deferred payment sale receivable	3,680,203	-	3,680,203	-	-	3,680,203	3,680,203
Other assets	22,213,227	(22,213,227)	-	10,249,260	(10,249,260)	-	-
Liabilities							
Murabaha payable	3,229,064	-	3,229,064	-	-	3,229,064	3,229,064
Other liabilities	-	-	-	62,992	-	62,992	48,929
Off-Balance Sheet:							
Equity of investment accountholders	16,122,978	(16,122,978)	-	-	-	-	-

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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
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11. RELATED PARTIES (CONTINUED)

The income and expenses with related parties included in the interim condensed financial information are as follows:

	June 30, 2015			June 30, 2014
	Shareholders	Others	Total	Total
	US\$	US\$	US\$	US\$
Income				
Other income	-	-	-	38,633
Expense				
Provision for impairment	-	77,267	77,267	-
Board of Directors and Board Committees meeting expenses and attendance allowances	-	14,805	14,805	6,825
Shari'a Supervisory Board remuneration, meeting expenses and attendance allowances	-	14,505	14,505	13,926

Key management personnel of the Bank comprise key members of management having authority and responsibility for planning, directing and controlling the activities of the Bank. The key management personnel compensation is as follows:

	June 30, 2015	June 30, 2014
	US\$	US\$
Salaries and other short-term benefits	-	106,249
Post-employment benefits	-	9,639
	-----	-----
	-	115,888
	=====	=====

Further to the above, refer to Notes 5, 7 and 8 for outstanding issues with related parties.

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12. CONTINGENT LIABILITIES

Various parties have filed legal actions against the Bank with varying claims and associated legal costs. The outcome of the remaining actions cannot be presently determined. Accordingly the Bank has not made any provisions.

13. SEGMENT INFORMATION

The industrial distribution of the Bank's assets and liabilities as at June 30, 2015 is as follows:

	June 30, 2015 (Unaudited)			
	<u>Banks and financial institutions</u>	<u>Investment companies</u>	<u>Others</u>	<u>Total</u>
	US\$	US\$	US\$	US\$
Assets				
Cash and balances with banks	1,482,751	-	-	1,482,751
Due from a financial institution	2,654,509	-	-	2,654,509
Equity investments	5,768,435	-	63,660	5,832,095
Deferred payment sale receivable	-	3,680,203	-	3,680,203
Investment in real estate	-	-	24,106,130	24,106,130
Other assets	900,996	-	53,594	954,590
Fixed assets	-	-	53,976	53,976
	-----	-----	-----	-----
Total assets	10,806,691	3,680,203	24,277,360	38,764,254
	-----	-----	-----	-----
Liabilities				
Due to a financial institution	3,670,202	-	-	3,670,202
Murabaha payable	3,229,064	-	-	3,229,064
Provision against lease commitment	-	-	7,531,122	7,531,122
Other liabilities	2,748	-	484,988	487,736
	-----	-----	-----	-----
Total liabilities	6,902,014	-	8,016,110	14,918,124
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INVESTORS BANK B.S.C. (c)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
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13. **SEGMENT INFORMATION (CONTINUED)**

	December 31, 2014			
	<u>Banks and financial institutions</u>	<u>Investment companies</u>	<u>Others</u>	<u>Total</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Assets				
Cash and balances with banks	4,120,830	-	-	4,120,830
Equity investments	6,256,806	-	88,329	6,345,135
Deferred payment sale receivable	-	3,680,203	-	3,680,203
Investments in real estate	-	-	23,616,756	23,616,756
Other assets	900,996	-	51,334	952,330
Fixed assets	-	-	66,819	66,819
	-----	-----	-----	-----
Total assets	11,278,632	3,680,203	23,823,238	38,782,073
	-----	-----	-----	-----
Liabilities				
Due to a financial institution	3,670,202	-	-	3,670,202
Murabaha payable	3,229,064	-	-	3,229,064
Provision against lease commitment	-	-	6,944,282	6,944,282
Other liabilities	3,610	-	542,474	546,084
	-----	-----	-----	-----
Total liabilities	6,902,876	-	7,486,756	14,389,632
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Geographical concentration

Assets and liabilities of the Bank as at June 30, 2015 and December 31, 2014 are primarily concentrated in the Middle East region.

INVESTORS BANK B.S.C. (c)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
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14. FINANCIAL INSTRUMENTS

Set out below is an overview of financial instruments, other than cash and cash equivalents, held by the Bank as at the reporting dates:

June 30, 2015 (Unaudited)				
	<u>Amortised</u>	<u>Fair value</u>	<u>Fair value</u>	
	<u>cost</u>	<u>through</u>	<u>through</u>	
	<u>US\$</u>	<u>equity</u>	<u>statement of</u>	<u>Total</u>
	<u>US\$</u>	<u>US\$</u>	<u>income</u>	<u>US\$</u>
Financial assets:				
Equity investments	-	5,640,769	191,326	5,832,095
Deferred payment sale receivable	3,680,203	-	-	3,680,203
Other assets	890,483	-	-	890,483
	=====	=====	=====	=====
	4,570,686	5,640,769	191,326	10,402,781
	=====	=====	=====	=====
Financial liabilities:				
Due to a financial institution	3,670,202	-	-	3,670,202
Murabaha payable	3,229,064	-	-	3,229,064
Provision against lease commitment	7,531,122	-	-	7,531,122
Other liabilities	487,736	-	-	487,736
	=====	=====	=====	=====
	14,918,124	-	-	14,918,124
	=====	=====	=====	=====
December 31, 2014 (Audited)				
	<u>Amortised</u>	<u>Fair value</u>	<u>Fair value</u>	
	<u>cost</u>	<u>through</u>	<u>through</u>	
	<u>US\$</u>	<u>equity</u>	<u>statement of</u>	<u>Total</u>
	<u>US\$</u>	<u>US\$</u>	<u>income</u>	<u>US\$</u>
Financial assets:				
Equity investments	-	6,159,713	185,422	6,345,135
Deferred payment sale receivable	3,680,203	-	-	3,680,203
Other assets	893,572	-	-	893,572
	=====	=====	=====	=====
	4,573,775	6,159,713	185,422	10,918,910
	=====	=====	=====	=====
Financial liabilities:				
Due to a financial institution	3,670,202	-	-	3,670,202
Murabaha payable	3,229,064	-	-	3,229,064
Provision against lease commitment	6,944,282	-	-	6,944,282
Other liabilities	546,084	-	-	546,084
	=====	=====	=====	=====
	14,389,632	-	-	14,389,632
	=====	=====	=====	=====