

Al Baraka Islamic Bank B.S.C. (c)
INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
31 MARCH 2015 (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 2015, 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.



24 April 2015
Manama, Kingdom of Bahrain

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

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2015 (Reviewed)

	Notes	31 March 2015 BD	Audited 31 December 2014 BD
ASSETS			
Cash and balances with banks and financial institutions		106,301,862	113,102,269
Sales receivables		250,034,118	234,113,368
Ijara Muntahia Bittamleek		91,258,806	83,332,277
Musharaka		47,521,248	44,975,915
Investments	3	163,906,650	165,523,548
Investments in real estate	4	2,252,041	2,252,041
Ijara income receivables		6,888,686	4,955,375
Premises and equipment		8,867,028	8,774,018
Goodwill		6,840,002	6,939,461
Other assets	5	26,266,905	27,834,656
TOTAL ASSETS		710,137,346	691,802,928
LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS, SUBORDINATED MUDARABA SUKUK AND OWNERS' EQUITY			
Liabilities			
Due to banks and financial institutions		46,517,377	34,083,711
Current accounts		75,897,708	79,852,371
Other liabilities	6	21,958,621	19,873,177
Total liabilities		144,373,706	133,809,259
Equity of investment accountholders		494,589,141	486,218,081
Subordinated mudaraba sukuk	7	6,878,275	7,731,680
Owners' Equity			
Share capital		46,166,591	46,166,591
Reserves		7,556,633	7,862,702
Retained earnings		3,690,686	3,186,766
Equity attributable to parent's shareholders		57,413,910	57,216,059
Non-controlling interest		6,882,314	6,827,849
Total owners' equity		64,296,224	64,043,908
TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS, SUBORDINATED MUDARABA SUKUK AND OWNERS' EQUITY		710,137,346	691,802,928
OFF-BALANCE SHEET ITEMS:			
EQUITY OF INVESTMENT ACCOUNTHOLDERS		41,407,349	42,091,402
CONTINGENCIES AND COMMITMENTS	8	103,747,786	102,814,596


Khalid Rashid Al-Zayani
Chairman


Adnan Ahmed Yousif
Deputy Chairman


Mohammed Essa Al Mutaweh
Chief Executive Officer & Board Member

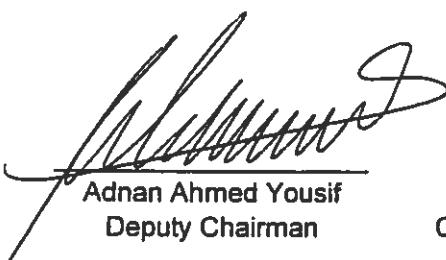
The attached explanatory notes 1 to 16 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the three months period ended 31 March 2015 (Reviewed)

	Notes	Three months ended	
		31 March	
		2015	2014
		BD	BD
INCOME			
Income from jointly financed sales		4,125,427	4,076,904
Income from jointly financed, other financings and investments	9	4,036,344	3,061,988
Joint investment income		8,161,771	7,138,892
Return on equity of investment accountholders before Group's share as a Mudarib		(7,474,190)	(6,564,356)
Group's share as a Mudarib		1,736,036	1,495,410
Return on equity of investment accountholders		(5,738,154)	(5,068,946)
Group's share of income from equity of investment accountholders (as a Mudarib and Rabalmaal)		2,423,617	2,069,945
Group's income from self financed sales		291,358	208,751
Group's income from self financed, other financings and investments	9	1,424,391	1,454,177
Revenue from banking services	10	647,249	752,971
Other income	11	273,025	475,086
Group's Mudarib/agency fee from off-balance sheet equity of investment account holders		9,153	9,153
TOTAL OPERATING INCOME		5,068,793	4,970,083
OPERATING EXPENSES			
Staff expenses		(2,358,096)	(2,253,272)
Depreciation		(284,952)	(278,507)
Profit on due to banks and financial institutions		(190)	(523)
Other operating expenses		(1,805,946)	(1,613,916)
TOTAL OPERATING EXPENSES		(4,449,184)	(4,146,218)
NET INCOME FOR THE PERIOD BEFORE PROVISION FOR IMPAIRMENT AND TAXATION		619,609	823,865
Writeback / (provision) for impairment - net	12	268,960	(432,868)
NET INCOME BEFORE TAXATION		888,569	390,997
Taxation		(217,161)	(55,750)
INCOME FOR THE PERIOD		671,408	335,247
Attributable to:			
Equity shareholders of the parent		503,918	278,441
Non-controlling interest		167,490	56,806
		671,408	335,247


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 three months period ended 31 March 2015 (Reviewed)

	<i>Three months ended</i>	
	<i>31 March</i>	
	2015	2014
	BD	BD
OPERATING ACTIVITIES		
Net income before taxation	888,569	390,997
Adjustments for :		
Depreciation	284,952	278,507
Writeback / (provision) for impairment - net	(268,961)	432,868
Gain on sale of premises and equipment	(13,768)	(3,174)
Gain on sale of investments	(263,571)	(659,694)
Unrealised remeasurement gain	-	(113,100)
Operating profit before changes in operating assets and liabilities	627,221	326,404
Net changes in operating assets and liabilities:		
Balances with central banks in mandatory reserves	(13,380,676)	(20,429,574)
Sales receivables	16,401,518	(13,213,438)
Mudaraba financing	-	647,939
Ijara Muntahia Bittamleek	(7,926,529)	(2,460,229)
Musharaka	(2,523,102)	(3,627,581)
Ijara income receivables	(2,006,162)	(2,340,924)
Other assets	1,407,324	(1,590,984)
Other liabilities	2,085,444	152,275
Due to banks and financial institutions	12,433,666	(13,024,572)
Current accounts	(3,954,663)	(2,611,870)
Equity of investment accountholders	8,371,060	17,137,386
Taxation paid	(64,883)	(8,256)
Net cash from (used in) operating activities	11,470,218	(41,043,424)
INVESTING ACTIVITIES		
Purchase of investments	(28,161,278)	(22,831,259)
Sale of investments	30,838,010	43,407,218
Net purchase of premises and equipment	(364,194)	(543,378)
Net cash from investing activities	2,312,538	20,032,581
FINANCING ACTIVITY		
Subordinated mudaraba sukuk	(853,405)	-
Net cash used in financing activity	(853,405)	-
Foreign currency translation adjustments	(283,571)	1,267,876
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	12,645,780	(19,742,967)
Cash and cash equivalents at 1 January	118,369,011	190,129,921
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	131,014,791	170,386,954
For the purpose of the interim cash flows statement, cash and cash equivalents comprise the following:		
Cash in hand	8,668,524	7,251,197
Balances with central banks	8,318,134	6,763,457
Balances with other banks and financial institutions	50,854,548	77,091,548
Sales receivables - international commodities	63,173,585	79,280,752
	131,014,791	170,386,954

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 three months period ended 31 March 2015 (Reviewed)

Equity attributable to shareholders of the parent

	Reserves										Total owners' equity BD
	Share capital BD	Statutory BD	General BD	Employee defined benefit plan BD	Cumulative changes in fair value BD	Foreign exchange BD	Retained earnings BD	Total BD	Non-controlling interest BD	Total owners' equity BD	
Balance at 1 January 2015	46,166,591	8,286,598	3,275,053	(52,136)	(17,114)	(3,629,699)	3,186,768	57,216,062	6,827,846	64,043,908	
Cumulative changes in fair value	-	-	-	-	(23,310)	-	-	(23,310)	(12,751)	(36,061)	
Foreign currency translation reserve	-	-	-	-	-	(282,759)	-	(282,759)	(100,271)	(383,030)	
Net income for the period	-	-	-	-	-	-	503,918	503,918	167,490	671,408	
Balance at 31 March 2015	46,166,591	8,286,598	3,275,053	(52,136)	(40,424)	(3,912,458)	3,690,686	57,413,911	6,882,314	64,296,225	
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	-	-	-	-	2,075	-	-	2,075	1,135	3,210	
Foreign currency translation reserve	-	-	-	-	-	1,276,122	-	1,276,122	448,320	1,724,442	
Net income for the period	-	-	-	-	-	-	278,441	278,441	56,806	335,247	
Balance at 31 March 2014	46,166,591	8,235,835	3,275,053	-	(27,667)	(3,239,073)	3,008,339	57,419,078	6,773,162	64,192,240	

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 three months period ended 31 March 2015 (Reviewed)

	<i>Balance at 1 January 2015 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 31 March 2015 BD</i>
Sales						
receivables	38,427,710	-	(773,348)	201,360	(9,153)	37,846,569
Investments	3,663,691	-	(102,911)	-	-	3,560,780
	42,091,401	-	(876,259)	201,360	(9,153)	41,407,349
	<i>Balance at 1 January 2014 BD</i>	<i>Cumulative changes in fair value BD</i>	<i>Net deposits BD</i>	<i>Gross income BD</i>	<i>Mudarib's/ agency fee BD</i>	<i>Balance at 31 March 2014 BD</i>
Sales						
receivables	40,195,274	-	15,998,731	210,513	(9,153)	56,395,365
Investments	11,369,853	(445,079)	434,674	-	-	11,359,448
	51,565,127	(445,079)	16,433,405	210,513	(9,153)	67,754,813

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 31 March 2015 (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 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 24 April 2015.

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 2015 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 2014. In addition, results for the three months period ended 31 March 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.

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 2014.

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 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 2015</i>	<i>Year of incorporation</i>	<i>Country of incorporation</i>	<i>No. of branches/offices at 31 March 2015</i>
<i>Held directly by the Bank</i>				
Al Baraka Bank (Pakistan) Limited*	64.64%	2004	Pakistan	135

*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 36.98 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 31 March 2015 (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 22.19 million) at all times and will have to meet the full MCR of Rs 10 billion (BD 36.98 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 7.76 million) by 31 December 2014 and Rs 2.8 billion (BD 10.35 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.

As of 31 March 2015, ABPL's MCR and CAR for regulatory purposes amounts to Rs 7.151 billion (BD 70.14 million) and 14.67% as against the required level of Rs 8 billion and 15% respectively. The ABPL's foreign currency sub-ordinated debt amounts to BD 11 million as against the requirement of Rs 2.1 billion (BD 20.59 million). In this regard the SBP has allowed extension in timeline for deposit of foreign currency sub-ordinated debt by 30 April 2015. Till such time ABPL is allowed to maintain the CAR level as of 31 December 2014 (i.e 14.24%), however, ABPL has been limited from undertaking related party exposures.

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. Thereafter, the subordinated qard hasan amounting to BD 10,053 thousand was capitalised increasing the equity share of the Bank effective from 31 October 2014. Accordingly, the ownership interest of the Bank has increased to 83.07%. 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 (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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2015 (Reviewed)

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.3 Basis of consolidation (continued)

Investment in Itqan Capital (continued)

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 2014, except for the adoption of new standards and interpretations effective as of 1 January 2015.

FAS 23 – Consolidation

The amendment introduced to FAS 23 is to give clarification on the way an Islamic financial institution (IFI) should determine if financial statements of an investee company, or a subsidiary, should be consolidated with its own. The amendment provides clarification that, in addition to the existing stipulations in the standard, control may also exist through rights arising from other contractual arrangement, voting rights of the Islamic financial institutions that give de facto power over an entity, potential voting rights, or a combination of these factors. In terms of voting rights, the amendment also clarifies that an Islamic financial institution shall consider only substantive voting rights in its assessment of whether the institution has power over an entity. In order to be substantive, the voting rights need to be exercisable when relevant decisions are required to be made and the holder of such rights must have the practical ability to exercise those rights. Determination of voting rights shall include current substantive voting rights and currently-exercisable voting rights.

The amendments and clarifications are effective for the annual financial periods ending on or after 31 December 2015. The transition provision requires retrospective application including restatement of previous period comparatives. The amendment had no impact on the consolidation of investments held by the Group.

3 INVESTMENTS

	31 March 2015			Audited 31 December 2014		
	Self financed BD	Jointly financed BD	Total BD	Self financed BD	Jointly financed BD	Total BD
i) Debt-type instruments at fair value through statement of income						
Quoted						
Sukuk	-	172,401	172,401	-	7,658,450	7,658,450
	-	172,401	172,401	-	7,658,450	7,658,450
i) Debt-type instruments at amortised cost						
Quoted						
Sukuk	46,177,621	3,822,602	50,000,223	38,522,922	13,283,848	51,806,770
Unquoted						
Sukuk	28,162,689	57,651,165	85,813,854	27,466,260	51,994,059	79,460,319
	74,340,310	61,473,767	135,814,077	65,989,182	65,277,907	131,267,089

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2015 (Reviewed)

3 INVESTMENTS (continued)

	31 March 2015			Audited 31 December 2014		
	Self financed BD	Jointly financed BD	Total BD	Self financed BD	Jointly financed BD	Total BD
ii) Equity-type instruments at fair value through equity						
Quoted						
Listed equity shares	1,191,902	89,669	1,281,571	791,202	86,924	878,126
Unquoted						
Equity Investments	21,906,377	193,041	22,099,418	21,880,930	195,848	22,076,778
Managed funds	377,000	1,894,022	2,271,022	377,000	1,893,093	2,270,093
Real estate related	3,320,506	329,900	3,650,406	3,272,438	329,900	3,602,338
	26,795,785	2,506,632	29,302,417	26,321,570	2,505,765	28,827,335
Less: Provision for impairment	(799,421)	(582,824)	(1,382,245)	(799,421)	(1,429,905)	(2,229,326)
Total investments	100,336,674	63,569,976	163,906,650	91,511,331	74,012,217	165,523,548

Included in quoted equity type instruments, BD 1,215 thousand (2014: BD 815 thousand) of investments are fair valued using quoted prices in active markets for identical instruments;

Within unquoted investments which are held at fair value through equity are investments amounting to BD 26,920 thousand (2014: BD 26,847 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 135,600 thousand (2014: BD 130,203 thousand) has a fair value amounting to BD 134,816 thousand (2014: BD 129,744 thousand).

The investments stated at a carrying amount of BD 31,016 thousand (2014: BD 18,758 thousand) are given as collateral against the borrowing from a financial institution.

4 INVESTMENTS IN REAL ESTATE

	31 March	Audited
	2015	31 December
	BD	2014
		BD
Buildings	2,252,041	2,091,979
Changes in fair value	-	160,062
	2,252,041	2,252,041

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2015 (Reviewed)

5 OTHER ASSETS

	31 March 2015 BD	<i>Audited</i> 31 December 2014 BD
Deferred tax (note 5.1)	5,302,825	5,488,202
Advance against financing transactions	4,848,835	7,943,756
Accounts receivable	4,209,267	2,810,226
Advance against capital expenditure	2,360,551	2,312,991
Income receivable	1,454,246	705,235
Advance tax	873,209	932,129
Collaterals pending sale	4,394,578	4,459,438
Others	4,063,594	4,430,780
	27,507,105	29,082,757
Less: Provision for impairment	(1,240,200)	(1,248,101)
	26,266,905	27,834,656

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 2015 BD	<i>Audited</i> 31 December 2014 BD
Accounts payable	5,846,535	3,689,779
Margins received	4,221,804	5,816,515
Security deposit against Ijara Muntahia Bittamleek	4,111,245	3,842,865
Bills payable	3,504,930	2,550,563
Provision for employees benefits	1,906,972	2,103,788
Charity fund	344,555	385,301
Others	2,022,580	1,484,366
	21,958,621	19,873,177

7 SUBORDINATED MUDARABA SUKUK

ABPL has issued unsecured, sub-ordinated and privately placed mudaraba sukuks amounting to BD 6,878 thousand. The issuance of sukuk is intended 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2015 (Reviewed)

8 CONTINGENCIES AND COMMITMENTS

	<i>31 March 2015 BD</i>	<i>Audited 31 December 2014 BD</i>
Foreign exchange contracts	35,786,118	30,265,920
Letters of credit	30,404,032	32,043,431
Guarantees	27,602,384	25,372,728
Acceptances	8,843,816	13,973,963
Taxation	878,935	891,715
Others	232,501	266,839
	<u>103,747,786</u>	<u>102,814,596</u>

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

	<i>31 March 2015 BD</i>	<i>31 March 2014 BD</i>
Income from investments	2,193,681	1,919,894
Ijara Muntahia Bittamleek (note 9.1) - net	1,558,135	1,167,916
Musharaka	1,109,674	627,659
Istisna financing	318,349	135,847
Gain on sale of investments	263,571	659,694
Rental income	17,325	-
Mudaraba financing	-	5,155
	<u>5,460,735</u>	<u>4,516,165</u>
	<i>31 March 2015 BD</i>	<i>31 March 2014 BD</i>
Income from jointly financed, other financings and investments	4,036,344	3,061,988
Income from self financed, other financings and investments	1,424,391	1,454,177
	<u>5,460,735</u>	<u>4,516,165</u>

9.1 Ijara Muntahia Bittamleek

	<i>31 March 2015 BD</i>	<i>31 March 2014 BD</i>
Income from Ijara Muntahia Bittamleek	6,237,716	6,095,198
Depreciation on Ijara Muntahia Bittamleek	(4,679,581)	(4,927,282)
	<u>1,558,135</u>	<u>1,167,916</u>

10 REVENUE FROM BANKING SERVICES

	<i>31 March 2015 BD</i>	<i>31 March 2014 BD</i>
Fees and commissions	347,025	396,227
Letters of credit and acceptances	170,491	274,071
Guarantees	129,733	82,673
	<u>647,249</u>	<u>752,971</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2015 (Reviewed)

11 OTHER INCOME

	31 March 2015 BD	31 March 2014 BD
Foreign exchange gain - net	154,464	285,272
Fair value gain	-	113,100
Others	118,561	76,714
	273,025	475,086

12 WRITEBACK / (PROVISION) FOR IMPAIRMENT - NET

	31 March 2015 BD	31 March 2014 BD
Writeback / (charge) of specific provision against non-performing assets - net	382,798	(414,018)
General provision charge	(113,838)	(18,850)
	268,960	(432,868)

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:

	<i>Middle East</i>		<i>Other Asian</i>		<i>Total</i>	
	<i>31 March 2015 BD</i>	<i>31 December 2014 BD</i>	<i>31 March 2015 BD</i>	<i>31 December 2014 BD</i>	<i>31 March 2015 BD</i>	<i>31 December 2014 BD</i>
Assets	373,718,659	340,291,835	336,418,687	351,511,093	710,137,346	691,802,928
Liabilities, equity of investment accountholders and Subordinated mudaraba sukuk	333,392,063	292,331,837	312,449,059	327,695,503	645,841,122	620,027,340
			<i>Middle East</i>		<i>Other Asian Countries</i>	
			<i>Three months ended 31 March</i>		<i>Three months ended 31 March</i>	
			<i>2015 BD</i>	<i>2014 BD</i>	<i>2015 BD</i>	<i>2014 BD</i>
Total operating income			2,379,151	2,062,760	2,689,642	2,907,323
Total operating expenses			(2,084,356)	(1,869,313)	(2,364,828)	(2,276,905)
(Provision for impairment) / reversal - net			(97,057)	(18,850)	366,017	(414,018)
Taxation			-	-	(217,161)	(55,750)
Net income for the period			197,738	174,597	473,670	160,650

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2015 (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:

	<i>Shareholders</i>		<i>Other Related Parties</i>		<i>Total</i>	
	<i>31 March 2015</i>	<i>31 December 2014</i>	<i>31 March 2015</i>	<i>31 December 2014</i>	<i>31 March 2015</i>	<i>31 December 2014</i>
	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>	<i>BD</i>
Assets:						
Cash and balances with banks and financial institutions	7,866	14,362	36,276	76,325	44,142	90,687
Sales receivables	-	-	18,762,107	18,713,233	18,762,107	18,713,233
Ijara Muntahia Bittamleek	-	-	795,832	919,355	795,832	919,355
Musharaka	-	-	416,375	491,991	416,375	491,991
Ijara income receivables	-	-	132,334	24,123	132,334	24,123
Investments	-	-	27,122,863	27,334,314	27,122,863	27,334,314
Other assets	917,456	956,565	1,294,069	1,783,767	2,211,525	2,740,332
	925,322	970,927	48,559,856	49,343,108	49,485,178	50,314,035
Liabilities:						
Due to banks and other financial institutions	1,308,813	1,693,126	1,371,676	1,209,483	2,680,489	2,902,609
Current accounts	27,754	29,176	895,885	1,080,238	923,639	1,109,414
Other liabilities	7,759	7,873	69,141	70,124	76,900	77,997
	1,344,326	1,730,175	2,336,702	2,359,845	3,681,028	4,090,020
Equity of investment accountholders	3,293,834	3,327,426	24,149,570	25,285,573	27,443,404	28,612,999
OFF-BALANCE SHEET ITEMS:						
Equity of investment accountholders	-	-	31,918,370	31,962,788	31,918,370	31,962,788
Contingencies and commitments	-	-	5,514,437	4,519,921	5,514,437	4,519,921

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2015 (Reviewed)

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	
	2015 BD	2014 BD	2015 BD	2014 BD	2015 BD	2014 BD
Income						
Income from jointly financed sales	-	-	151,226	118,747	151,226	118,747
Income from jointly financed, other financings and investment	-	-	17,820	27,498	17,820	27,498
Group's income from self financed, other financings	-	-	93,671	5,155	93,671	5,155
Other income	54,139	54,139	-	-	54,139	54,139
Group's Mudarib/agency fee from off-balance sheet equity of investment account holders	-	-	9,153	9,153	9,153	9,153
	54,139	54,139	271,870	160,554	326,009	214,692
Expenses						
Return on equity of investment accountholders before Group's share as a Mudarib	4,273	7,170	73,882	131,346	78,155	138,516
Other expenses	-	-	101,080	71,061	101,080	71,061
	4,273	7,170	174,962	202,408	179,235	209,577

Compensation of key management personnel is as follows:

	Three months ended 31 March	
	2015 BD	2014 BD
Salaries	353,556	302,153
Other benefits	199,046	217,107
	552,602	519,260

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2015 (Reviewed)

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.

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.