

---

**SHARJAH ISLAMIC BANK**

**CONDENSED CONSOLIDATED**  
**INTERIM FINANCIAL STATEMENTS**  
**(UN – AUDITED)**  
**31 MARCH 2010**

---

---

## Directors' Report

The Directors have pleasure in presenting their report together with the condensed consolidated interim financial statements of SHARJAH ISLAMIC BANK ("the Bank") for the three-month period ended 31<sup>st</sup> March 2010.


### **Financial Highlights**

The Group has reported a net profit of AED 67.5 million for the three-month period ended 31<sup>st</sup> March 2010 compared to AED 85.0 million for the corresponding prior year period.

Compared to December 2009, total assets increased by AED 198.3 million to reach AED 16.20 billion, an increase of 1.2%, financing receivables and leased assets decreased by 3.3% (AED 329.4 million) to reach AED 9.7 billion, and customer deposits experienced a growth of 2.5% (AED 242.1 million) to reach AED 10.1 billion.

### **Directors:-**

H.H. Shaikh Sultan Bin Mohammed Bin Sultan Al Qassimi	Chairman
H.E. Abdul Rahman Mohammed Nasser Al Owais	Vice Chairman
Mr. Othman Mohammed Sharif Zaman	Member
Mr. Ahmed Ghanim Al Suwaidi	Member
Mr. Ali Bin Salim Al Mazrou	Member
Mr. Ahmed Mohamed Obaid Al Shamsi	Member
Mr. Jassar Dakhil Al Jassar	Member
Mr. Mohammad N. Al Fouzan	Member



---

*for* Sultan Bin Mohammed Bin Sultan Al Qassimi  
Chairman  
13<sup>th</sup> April 2010



P. O. Box 28653  
2002, Al Batha Tower  
Buhaira Corniche  
Sharjah  
United Arab Emirates

Telephone +971 (6) 517 0700  
Fax +971 (6) 572 3773  
Website www.ae-kpmg.com

## **Independent auditors' report on review of condensed consolidated interim financial information**

### **The Shareholders SHARJAH ISLAMIC BANK**

#### *Introduction*

We have reviewed the accompanying condensed consolidated interim statement of financial position of Sharjah Islamic Bank ("the Bank") and its subsidiaries (collectively referred as "the Group") as at 31 March 2010 and the related condensed consolidated interim statements of comprehensive income (comprising a condensed consolidated interim statement of comprehensive income and a separate condensed consolidated interim statement of income), condensed consolidated interim statement of cash flows and condensed consolidated interim statement of changes in equity for the three-month period then ended ("the condensed consolidated interim financial information). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Financial Reporting Standards IAS 34, "Interim financial reporting". Our responsibility is to express a conclusion on this interim financial information 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 condensed consolidated interim financial information as at 31 March 2010 is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting".

KPMG

By: Munther Dajani  
Registration No.: 268  
Date:

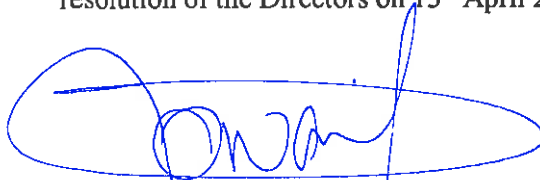
13 APR 2010


# SHARJAH ISLAMIC BANK

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2010 (Un – audited) (Currency: Thousands of U.A.E. Dirhams)

	31 March 2010 Un-audited	31 December 2009 Audited
<b>Assets:</b>		
Cash and balances with banks and financial institutions	1,462,560	1,419,663
International Murabaha and Wakalah with financial institutions	2,084,835	1,762,707
Financing receivables	2,277,643	2,619,361
Leased assets	7,414,614	7,402,327
Investments securities	515,886	521,758
Investment properties	156,636	156,636
Properties held – for- sale	1,008,613	1,008,613
Other assets	425,792	353,899
Property and equipment	826,281	729,584
<b>Total assets</b>	<b>16,172,860</b>	<b>15,974,548</b>
<b>Liabilities:</b>		
Customers' deposits	10,102,423	9,860,321
Due to banks	668,069	643,656
Sukuk payable	825,273	825,094
Other liabilities	263,306	257,926
Zakat payable	97,804	123,240
<b>Total Liabilities</b>	<b>11,956,875</b>	<b>11,710,237</b>
<b>Shareholders' Equity:</b>		
Share capital	2,425,500	2,310,000
Legal reserve	1,327,617	1,443,117
Statutory reserve	89,008	89,008
Revaluation reserve	3,288	883
Retained earnings	370,572	421,303
<b>Total Shareholders' Equity:</b>	<b>4,215,985</b>	<b>4,264,311</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>16,172,860</b>	<b>15,974,548</b>
<b>Contingent Liabilities:</b>		
Letters of credit	110,800	70,178
Letters of guarantee	673,748	659,218
	<b>784,548</b>	<b>729,396</b>

The condensed consolidated interim financial statements were authorized for issue in accordance with a resolution of the Directors on 13<sup>th</sup> April 2010.

  
Sultan Bin Mohammed Bin Sultan Al Qassimi  
Chairman

  
Mohammed Ahmed Abdullah  
Chief Executive Officer

The accompanying notes form an integral part of these condensed consolidated interim financial statements.



---

---

**SHARJAH ISLAMIC BANK****CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME****FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2010 (Un- Audited)**

(Currency: Thousands of U.A.E. Dirhams)

<b>Continuing operations</b>	<b>For the three-month period ended 31 March</b>	
	<b>Un – Audited 2010</b>	<b>Un - Audited 2009</b>
Income from Murabaha and leasing	176,903	186,031
Profit paid on Sukuk	(2,074)	(5,336)
Fees, commission and other income	22,854	28,898
Income from subsidiary companies	10,044	15,143
<b>Total income</b>	<b>207,727</b>	<b>224,736</b>
General and administrative expenses	(66,511)	(64,967)
<b>Net operating income</b>	<b>141,216</b>	<b>159,769</b>
Provisions - net of recoveries	(1,877)	(790)
<b>Net profit from continuing operations before distribution to depositors</b>	<b>139,339</b>	<b>158,979</b>
Distribution to depositors	(71,870)	(74,005)
<b>Net profit for the period</b>	<b>67,469</b>	<b>84,974</b>
Earning per share – continuing operations (U.A.E. Dirhams)	0.03	0.04

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

---

---

**SHARJAH ISLAMIC BANK****CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2010 (Un- Audited)****(Currency: Thousands of U.A.E. Dirhams)**

	<b>For the three-month period ended 31 March</b>	
	<b>Un – Audited 2010</b>	<b>Un – Audited 2009</b>
<b>Net profit for the period</b>	<b>67,469</b>	<b>84,974</b>
<b>Other comprehensive income / (expense)</b>		
Net changes in Fair value reserve	<b>2,405</b>	<b>(4,164)</b>
<b>Total comprehensive income for the year (attributable to the equity holders of the Bank)</b>	<b>69,874</b>	<b>80,810</b>

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

## SHARJAH ISLAMIC BANK

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2010 (Un- Audited)  
(Currency: Thousands of U.A.E. Dirhams)

	For the three-month period ended 31 March	
	2010	2009
<b>Cash flows from operating activities:</b>		
Net profit for the period	67,469	84,974
Adjustments:		
Depreciation	6,503	4,204
Amortization of sukuk issuance cost	179	176
Provision on customer receivables	(2,064)	(872)
Impairment Losses on available-for-sale investment	107	14,775
Board of Directors' fees paid	(2,700)	(1,800)
<b>Operating profit before changes in operating assets and liabilities</b>	<b>69,494</b>	<b>101,457</b>
Changes in operating assets and liabilities:		
Change in reserve with Central Bank	19,012	53,093
Change in financing receivables	343,782	167,440
Change in leased assets	(12,287)	(36,372)
Change in other assets, net	(71,892)	(85,076)
Change in customers' deposits	242,102	416,452
Change in due to banks	24,413	(2,558)
Change in other liabilities	(20,058)	69,180
<b>Net cash provided by operating activities</b>	<b>594,566</b>	<b>683,616</b>
<b>Cash flows from investing activities:</b>		
Properties and equipment - net	(103,199)	(40,885)
Redemption of investments	18,865	18,792
Acquisition in properties held for sale – net	-	(2,908)
Investments securities	(10,695)	2,126
<b>Net cash used in investing activities</b>	<b>(95,029)</b>	<b>(22,875)</b>
<b>Cash flows from financing activity:</b>		
Cash dividends	(115,500)	(110,000)
<b>Net cash used in financing activity</b>	<b>(115,500)</b>	<b>(110,000)</b>
<b>Net increase in cash and cash equivalents</b>	<b>384,037</b>	<b>550,741</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>2,607,973</b>	<b>1,923,122</b>
<b>Cash and cash equivalents, end of period</b>	<b>2,992,010</b>	<b>2,473,863</b>

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

## SHARJAH ISLAMIC BANK

### CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2010 (Un- Audited)

(Currency: Thousands of U.A.E. Dirhams)

#### Attributable to the equity holders of the Bank

	Share capital	Legal & statutory reserves	Fair value reserve	Retained earnings	Total
Balance as at 1 January 2009	2,200,000	1,640,851	802	320,283	4,161,936
Cash dividends paid	-	-	-	(110,000)	(110,000)
Issue of bonus shares	110,000	(110,000)	-	-	-
Board of directors' fees - paid	-	-	-	(1,800)	(1,800)
Total comprehensive income for the period	-	-	(4,164)	84,974	80,810
As at 31 March 2009	<b>2,310,000</b>	<b>1,530,851</b>	<b>(3,362)</b>	<b>293,457</b>	<b>4,130,946</b>
Balance as at 1 January 2010	2,310,000	1,532,125	883	421,303	4,264,311
Cash dividends paid	-	-	-	(115,500)	(115,500)
Issue of bonus shares	115,500	(115,500)	-	-	-
Board of directors' fees - paid	-	-	-	(2,700)	(2,700)
Total comprehensive income for the period	-	-	2,405	67,469	69,874
As at 31 March 2010	<b>2,425,500</b>	<b>1,416,625</b>	<b>3,288</b>	<b>370,572</b>	<b>4,215,985</b>

In accordance with the Ministry of Economy & Commerce interpretation of Article 118 of Commercial Companies Law No. 8 of 1984, Directors' remuneration has been treated as an appropriation from equity.

The accompanying notes form an integral part of these condensed consolidated interim financial statements.



---

---

## SHARJAH ISLAMIC BANK

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2010

(Currency: Thousands of U.A.E. Dirhams)

#### 1. Legal status and activities

SHARJAH ISLAMIC BANK ("the Bank") was incorporated in 1975 as a public joint stock company by Emiri Decree issued by His Highness the Ruler of Sharjah, United Arab Emirates. The Bank is engaged in banking activities, financing and investing activities in accordance with its articles of incorporation, Islamic Shari'a principles and regulation of UAE Central Bank, which are carried out through its branches established in United Arab Emirates.

The condensed consolidated interim financial statements of the Bank comprise the Bank and its subsidiaries incorporated in United Arab Emirates, Sharjah National Hotels (SNH), Sharjah Islamic Financial Services LLC (SIFS) and Contact Marketing (all together referred to as "the Group", also refer note 3). SNH through its divisions is engaged in operating hotels and resorts, catering and related services, whereas SIFS is involved in conducting intermediation in dealing in local market Shari'a compliant shares. Contact Marketing provides certain support services to the Bank.

The registered office of the Bank is Post Box No.4, Sharjah, United Arab Emirates.

#### 2. Summary of significant accounting policies:

##### a) Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with International Financial reporting Standards ("IFRS") IAS 34, Interim financial reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Bank for the year ended 31st December 2009.

The condensed consolidated interim financial statements have been prepared under the historical cost convention, as modified for investments at fair value through profit or loss, available-for-sale investments and investment properties measured at fair value. The accompanying condensed consolidated interim financial statements represent condensed consolidated interim financial statements of the Group after elimination of material inter group transactions.

---

---

## SHARJAH ISLAMIC BANK

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2010  
(Currency: Thousands of U.A.E. Dirhams)

### 2. Summary of significant accounting policies (continued)

#### a) Basis of preparation (continued)

The preparation of condensed consolidated interim financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. In particular these estimates and judgments relate to impairment losses on financing receivables and leased assets, impairment of available-for-sale equity investments, held-to-maturity investments, provisions for doubtful debts and obsolete inventory.

#### b) Basis of consolidation

Subsidiaries are all entities over which the Bank has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Subsidiaries are consolidated on a line-by-line basis. The effects of intra group transactions are eliminated in preparing the Group condensed consolidated interim financial statements.

#### c) Key accounting policies adopted by the Group are as below:

##### i) Investment securities

###### *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payment and fixed maturities that the Bank's management has the positive intent and ability to hold to maturity. Were the bank to sell other than an insignificant amount of held-to-maturity assets, the entire category would be reclassified as available-for-sale.

###### *Investments at fair value through profit or loss*

An investment is classified in this category if acquired for the purpose of selling in the short term or if so designated by the management.

###### *Available-for-sale investments*

Available-for-sale investments are non-derivative investments that are not designated as another category of financial assets. Available-for-sale investments are carried at fair value.

###### *Recognition of financial instruments*

The Bank recognizes held-to-maturity investments at fair value through profit or loss and available-for-sale financial assets on the trade date on which the Bank commits to purchase the asset. Financing receivables and leased assets ("Ijarah") are recognized when cash is advanced.

Financial liabilities are recognized on the date that the Bank becomes a party to the contractual provisions of the instrument.

###### *Derecognition of financial instruments*

Financial assets are de-recognised when the right to receive cash flows from the financial assets have expired or where the Bank has transferred substantially all risks and rewards of ownership.

A financial liability is derecognized when the Bank's contractual rights obligations are discharged or cancelled or expire.

---

---

## SHARJAH ISLAMIC BANK

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2010

(Currency: Thousands of U.A.E. Dirhams)

#### 2. Summary of significant accounting policies (continued)

##### i) Investment securities (continued)

###### *Fair value measurement principles*

Fair value of investments at fair value through profit or loss and available-for-sale investments is based on quoted market price at the balance sheet date without any deduction for transaction costs. If quoted market price is not available, the fair value of the instrument is estimated using pricing models or appropriate discounted cash flow techniques. Investment in other unlisted investments funds are recorded at the net asset value per share as reported by the managers of such fund.

Unquoted investments whose fair value cannot be reliably measured are carried at cost less any impairment losses.

###### *Measurement of financial instruments*

The bank measures all financial instruments at cost, including transaction costs. Subsequent to the initial recognition, investments at fair value through profit or loss and available-for-sale financial assets are stated at their fair value. All other financial instruments are measured at amortised cost less impairment loss, if appropriate.

###### *Gains and losses on subsequent measurement*

Gains and losses arising in the fair value of investments at fair value through profit or loss are recognized in the statement of income.

Gains and losses arising in the fair value of available-for-sale investments are recognized in other comprehensive income, until the financial asset is derecognized or impaired at which time the cumulative gain or loss previously recognized in other comprehensive income is recognized in the consolidated statement of income.

###### *Impairment*

Financial assets are reviewed at each consolidated statement of position date to determine whether there is objective evidence of impairment for specific assets, or a group of similar assets. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of specific assets or a group of similar assets is calculated as the present value of the expected future cash flows.

Movement in provisions is recognized in the statement of income. Financial assets are written off only in circumstances where all reasonable restructuring and collecting activities have been exhausted.

Available-for-sale financial assets are re-measured to fair value in other comparative income.

The recoverable amount of any equity instrument is its fair value. Where an asset measured to fair value directly in other comparative income is impaired, and an increase in the fair value of the asset was previously recognized in equity, the increase in fair value of the asset recognized in equity is reversed to the extent the asset is impaired. Any additional impairment loss is recognized in the consolidated statement of income.

##### ii) Property and equipment and depreciation

Property and equipment are stated at cost less accumulated depreciation. Except for freehold land, property and equipment are depreciated on a straight-line basis over their estimated useful lives, using annual rates of 5% to 33% depending on the type of asset involved.

Property that is being constructed or developed for future use as investment property is classified as property and equipment and stated at cost until construction or development is complete, at which time it is reclassified as investment property.

---

---

## SHARJAH ISLAMIC BANK

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2010

(Currency: Thousands of U.A.E. Dirhams)

#### 2. Summary of significant accounting policies (continued)

##### iii) Revenue recognition

Revenue from provision of accommodation, food, beverages and other services is recognized on an accrual basis as the services are rendered. Revenue from brokerage business (commission) is recognized on an accrual basis.

##### iv) Inventories

Inventories (included in other assets) have been valued at the lower of cost and net realizable value.

##### v) Trade and other receivables

Trade and other receivables are stated at amortized cost net of provision for impairment, if any.

##### vi) Trade and other payables

Trade and other payable as stated at cost. Liabilities are recognized for amounts to be paid in the future for goods or services received, whether or not billed to the hotels. Payables are normally settled within 45 days from the end of the month.

##### vii) Operating leases

Leases of assets under which the lessor effectively retains all risks and rewards of ownership are classified as operating leases. Payment made under operating leases is recognized in the income statement on a straight-line basis over the term of the lease.

#### 3. Segment reporting

The Bank's activities comprise the following main business segments:

##### a. Government and Corporate

Within this business segment the Bank provides companies, institutions and government and government departments with a range of Islamic Financial products and services.

##### b. Retail

The retail segment provides a wide range of Islamic financial services to individuals.

##### c. Investment and Treasury

This segment mainly includes international Murabaha deals with other financial institutions, investments of the Bank and other money market activities.

##### d. Subsidiaries

SNH through its divisions is engaged in operating hotels and resorts, catering and related services and Sharjah Islamic Financial Service is offering Brokerage services for trading in Islamic Sharia'a Compliant shares.

# SHARJAH ISLAMIC BANK

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2010

(Currency: Thousands of U.A.E. Dirhams)

### 3. Segment reporting (continued):

	Corporate and Government	Retail	Investment and treasury	Subsidiaries	Total
<b>Consolidated statement of income – Un audited</b>					
<b>For the three-month period ended 31 March 2010</b>					
Income from Murabaha and leasing	86,325	75,245	15,333	-	176,903
Profit paid on Sukuk	-	-	(2,074)	-	(2,074)
Fees, commission and other income	8,679	7,357	6,657	(469)	22,224
Income from Subsidiaries	-	-	-	10,720	10,720
	<b>95,004</b>	<b>82,602</b>	<b>19,916</b>	<b>10,251</b>	<b>207,773</b>
Unallocated income	-	-	-	-	630
<b>Total income</b>	<b>95,004</b>	<b>82,602</b>	<b>19,916</b>	<b>10,251</b>	<b>208,403</b>
General and administrative expenses	-	-	-	(7,876)	(7,876)
General and administrative expenses - unallocated	-	-	-	-	(59,311)
<b>Net operating income</b>	<b>95,004</b>	<b>82,602</b>	<b>19,916</b>	<b>2,375</b>	<b>141,216</b>
Provisions - net of recoveries	2,044	(2,322)	(155)	(1,444)	(1,877)
<b>Net profit before distribution to depositors</b>	<b>97,048</b>	<b>80,280</b>	<b>19,761</b>	<b>931</b>	<b>139,339</b>
Distribution to depositors	(48,953)	(19,293)	(2,536)	-	(70,782)
Transfer to profit equalization reserve - unallocated	-	-	-	-	(1,088)
<b>Net profit for the period</b>	<b>48,095</b>	<b>60,987</b>	<b>17,225</b>	<b>931</b>	<b>67,469</b>

### Consolidated statement of financial position – Un audited

As at 31 March 2010

#### Assets

Segment assets	5,109,326	4,360,499	5,484,231	701,488	15,655,544
Unallocated assets	-	-	-	-	517,316
<b>Total assets</b>	<b>5,109,326</b>	<b>4,360,499</b>	<b>5,484,231</b>	<b>701,488</b>	<b>16,172,860</b>

#### Liabilities

Segment liabilities	6,269,855	3,869,367	1,493,342	63,102	11,695,666
Unallocated liabilities	-	-	-	-	261,209
<b>Total liabilities</b>	<b>6,269,855</b>	<b>3,869,367</b>	<b>1,493,342</b>	<b>63,102</b>	<b>11,956,875</b>

# SHARJAH ISLAMIC BANK

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2010

(Currency: Thousands of U.A.E. Dirhams)

### 3. Segment reporting (continued):

	Corporate and Government	Retail	Investment and treasury	Subsidiar ies	Total
<b>Consolidated statement of income – Un audited For the three-month period ended 31 March 2009</b>					
Income from Murabaha and leasing	79,825	89,700	16,506	-	186,031
Profit paid on Sukuk	-	-	(5,336)	-	(5,336)
Fees, commission and other income	6,540	9,110	13,241	-	28,891
Income from Subsidiaries	-	-	-	14,599	14,599
	<b>86,365</b>	<b>98,810</b>	<b>24,411</b>	<b>14,599</b>	<b>224,185</b>
Unallocated income	-	-	-	-	551
<b>Total income</b>	<b>86,365</b>	<b>98,810</b>	<b>24,411</b>	<b>14,599</b>	<b>224,736</b>
General and administrative expenses	-	-	-	(9,900)	(9,900)
General and administrative expenses - unallocated	-	-	-	-	(55,067)
<b>Net operating income</b>	<b>86,365</b>	<b>98,810</b>	<b>24,411</b>	<b>4,699</b>	<b>159,769</b>
Provisions - net of recoveries	854	1,266	(10,128)	7,218	(790)
<b>Net profit before distribution to depositors</b>	<b>87,219</b>	<b>100,076</b>	<b>14,283</b>	<b>11,917</b>	<b>158,979</b>
Distribution to depositors	(51,243)	(20,788)	(2,178)	-	(74,209)
Transfer to profit equalization reserve - unallocated	-	-	-	-	204
<b>Net profit for the period</b>	<b>35,976</b>	<b>79,288</b>	<b>12,105</b>	<b>11,917</b>	<b>84,974</b>

### Consolidated statement of financial position – Audited

As at 31 December 2009

#### Assets

Segment assets	5,231,185	4,542,571	5,147,031	556,658	15,477,445
Unallocated assets	-	-	-	-	497,103
<b>Total assets</b>	<b>5,231,185</b>	<b>4,542,571</b>	<b>4,147,031</b>	<b>556,658</b>	<b>15,974,548</b>

#### Liabilities

Segment liabilities	6,355,610	3,535,774	1,468,750	63,897	11,424,031
Unallocated liabilities	-	-	-	-	286,206
<b>Total liabilities</b>	<b>5,842,738</b>	<b>3,416,521</b>	<b>1,468,750</b>	<b>63,897</b>	<b>11,710,237</b>

# SHARJAH ISLAMIC BANK

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2010 (Currency: Thousands of U.A.E. Dirhams)

### 4. Related parties

The Bank has transactions in the ordinary course of business with directors, staff of the Bank and entities of which they are principal owners. At the reporting date, such significant balances included:

	31 March 2010 (Un-audited)	31 December 2009 (audited)
<b>Consolidated Statement of financial position</b>		
Government of Sharjah receivables	633,459	645,734
Government departments and authorities receivables	2,568,646	2,676,950
Other financing receivables and investing activities	503,937	497,075
Government of Sharjah deposits	26,694	7,776
Government department & authority deposits	2,122,882	2,328,230
Other deposits	226,556	245,028
<b>Contingent liabilities</b>	<b>87,911</b>	<b>70,992</b>
<b>Consolidated Statement of income</b>		
	31 March 2009 (Un-audited)	31 March 2009 (Un-audited)
Income from financing and investing activities	61,108	51,743
Depositors' share of profit	25,148	12,080

During the period the bank acquired piece of land from Government of Sharjah amounting to AED 100 million, the land will be utilized for future expansion of Sharjah National Hotel.

Key management compensation includes salaries and other short term benefits of AED 3.20 million in 2010 (2009: AED 3.1 million) and post employment benefits of AED 0.1 million (2009: AED 0.1 million).

### 5. Properties held - for - sale

These are properties which have been acquired for the purpose of sale after re-development and are stated at the lower of cost or net realizable value.

### 6. Consolidated Statement of financial position by geographical distribution:

	31 March 2010 (Un-audited)	31 December 2009 (Audited)
a) Cash and balances with banks and financial institutions		
Domestic	1,456,197	1,408,834
International	6,363	10,829
Total	<b>1,462,560</b>	<b>1,419,663</b>
b) International Murabaha and Wakalah with financial institutions		
Domestic	1,868,068	1,294,315
International	216,767	468,392
Total	<b>2,084,835</b>	<b>1,762,707</b>
c) Investments securities		
- Available-for-sale		
Domestic	48,282	48,266
International	371,070	372,152
Impairment Provision	(83,569)	(86,089)
Total	<b>335,783</b>	<b>334,329</b>
- Held-to-Maturity		
Domestic	37,006	25,232
International	142,440	161,540
Total	<b>179,446</b>	<b>186,772</b>

# SHARJAH ISLAMIC BANK

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2010

(Currency: Thousands of U.A.E. Dirhams)

### 6. Consolidated Statement of financial position by geographical distribution (continued):

	31 March 2010 (Un-audited)	31 December 2009 (Audited)
- Investment at fair value through profit or loss		
Domestic	657	657
Total	657	657
Total investment securities	515,886	521,758
d) Investment properties		
Domestic	148,929	148,929
International	7,707	7,707
Total	156,636	156,636
e) Properties held - for - sale		
Domestic	1,008,613	1,008,613
Total	1,008,613	1,008,613
f) Due to banks		
Domestic	541,844	488,138
International	126,225	155,518
Total	668,069	643,656
g) Sukuk payable		
International	825,273	825,094
Total	825,273	825,094

### 7. Proposed cash dividend and bonus share

On the Annual General Meeting of the Bank held on 8 March 2010 the holders amended the 10% cash dividend to 5% (1 bonus share for every 20 shares) amounting to AED 115.50 million by transfer from legal reserve also agreed to distribute a cash dividend of 5% (AED 0.05 per share) amounting to AED 115.50 million for the year 2009.

### 8. Interim measurement

The nature of the Group's business is such that income and expense are incurred in a manner, which is not impacted by any form of seasonality. These condensed consolidated financial statements were prepared based upon an accrual concept, which requires income and expense to be recorded as earned or incurred and not as received or paid throughout the year.

### 9. Comparatives

Certain prior year/period comparatives have been reclassified in order to conform to current period's presentation.