
SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
(UN – AUDITED)
31 March 2013

SHARJAH ISLAMIC BANK

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 March 2013.

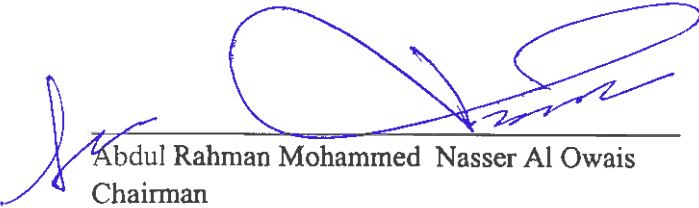
Financial Highlights

The Group has reported a net profit of AED 84.8 million for the three -month period ended 31 March 2013 compared to AED 82.7 million for the corresponding prior year period, an increase of 2.5%.

Compared to December 2012, total assets increased by AED 472.1million to reach AED 18.8 billion, an increase of 2.6%, financing receivables and ijarah receivable increased by 1.1% (AED 119.6 million) to reach AED 10.9 billion, investment securities increased by 36.5% (AED 312.7 million) to reach AED 1.2 billion and customer deposits experienced a growth of 1.6 % (AED 184.2 million) to reach AED 11.5 billion.

Directors:-

H.E. Abdul Rahman Mohammed Nasser Al Owais	Chairman
Mr. Ahmed Mohamed Obaid Al Shamsi	Vice Chairman
Mr. Othman Mohammed Sharif Zaman	Member
Mr. Ahmed Ghanim Al Suwaidi	Member
Mr. Ali Bin Salim Al Mazrou	Member
Mr. Emad Yousef Abdulla Saleh Al Monayea	Member
Mr. Mohammad N. Al Fouzan	Member



Abdul Rahman Mohammed Nasser Al Owais
Chairman
21 April 2013



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United Arab Emirates

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

**To the shareholders of
SHARJAH ISLAMIC BANK PJSC**

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Sharjah Islamic Bank PJSC ("the Bank") and its subsidiaries (collectively referred as "the Group") as at 31 March 2013, the condensed consolidated interim statements of comprehensive income (comprising a separate condensed consolidated interim statement of income and a condensed consolidated interim statement of comprehensive income), changes in equity and cash flows for the three-month period then ended, and notes to the condensed consolidated interim financial information ("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 condensed consolidated 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 condensed consolidated 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

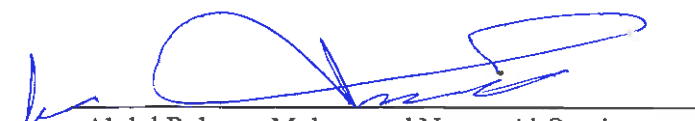
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 31 March 2013 is not prepared, in all material respects, in accordance with IAS 34, "*Interim Financial Reporting*".

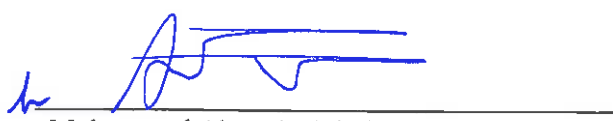
KPMG
Vijendra Nath Malhotra
Registration No: 48B
21 April 2013

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 March 2013
(Currency: Thousands of U.A.E Dirhams)

	31 March 2013 <u>Un-audited</u>	31 December 2012 <u>Audited</u>
Assets		
Cash and balances with banks and financial institutions	1,975,598	1,783,237
International murabaha and wakalah with financial institutions	2,052,982	2,372,410
Financing receivables	3,081,291	2,778,882
Ijarah receivable	7,787,686	7,970,489
Investment securities	1,169,377	856,681
Investment properties	225,407	223,288
Properties held-for-sale	1,111,475	1,083,034
Other assets	520,066	394,381
Property and equipment	864,420	853,827
Total assets	<u>18,788,302</u>	<u>18,316,229</u>
Liabilities		
Customers deposits	11,518,766	11,334,541
Due to banks	622,777	470,190
Sukuk payable	1,464,810	1,464,457
Other liabilities	741,410	523,377
Zakat payable	70,829	79,766
Total liabilities	<u>14,418,592</u>	<u>13,872,331</u>
Shareholders' equity		
Share capital	2,425,500	2,425,500
Legal reserve	1,328,226	1,328,226
Statutory reserve	89,008	89,008
Fair value reserve	(45,536)	(34,470)
Retained earnings	572,512	635,634
Total shareholders' equity	<u>4,369,710</u>	<u>4,443,898</u>
Total liabilities and shareholders' equity	<u>18,788,302</u>	<u>18,316,229</u>

These condensed consolidated interim financial statements were authorised for issue in accordance with a resolution of the Directors on 21 April 2013.


Abdul Rahman Mohammed Nasser Al Owais
Chairman


Mohammed Ahmed Abdullah
Chief Executive Officer

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

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME
FOR THE THREE-MONTH PERIOD ENDED 31 March 2013 (Un- audited)
(Currency: Thousands of U.A.E. Dirhams)

	Three month period ended 31 March 2013 Un-audited	Three month period ended 31 March 2012 Un-audited
Income from murabaha and leasing	176,436	181,220
Profit paid on sukuk	(17,671)	(17,685)
Fees, commission and other income	48,593	40,111
Income from subsidiaries	7,630	7,759
Total income	214,988	211,405
General and administrative expenses	(83,320)	(78,729)
Net operating income	131,668	132,676
Provisions - net of recoveries	(9,952)	(8,968)
Profit before distribution to depositors	121,716	123,708
Distribution to depositors	(36,908)	(40,972)
Profit for the period	84,808	82,736
Earnings per share (U.A.E. Dirhams)	0.03	0.03

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

S H A R J A H I S L A M I C B A N K A N D I T S S U B S I D I A R I E S
C O N D E N S E D C O N S O L I D A T E D I N T E R I M S T A T E M E N T O F C O M P R E H E N S I V E I N C O M E
F O R T H E T H R E E - M O N T H P E R I O D E N D E D 3 1 M a r c h 2 0 1 3 (U n - a u d i t e d)
(Currency: Thousands of U.A.E. Dirhams)

	Three month period ended 31 March 2013 Un-audited	Three month period ended 31 March 2012 Un-audited
Profit for the period	84,808	82,736
Other comprehensive income		
Net changes in fair value reserve	(11,066)	(25,859)
Total comprehensive income for the period (attributable to the shareholders of the Bank)	73,742	56,877

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



SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 31 March 2013 (Un- audited)
(Currency: Thousands of U.A.E. Dirhams)

	Three month period ended 31 March 2013 Un-audited	Three month period ended 31 March 2012 Un-audited
Cash flows from operating activities		
Profit for the period	84,808	82,736
Adjustments for:		
- Depreciation	5,711	6,234
- Amortisation of sukuk issuance costs	353	367
- Provision on financing and Ijarah receivable	10,982	15,765
- Unrealised loss on financial assets at fair value through profit or loss	-	441
Operating profit before changes in operating assets and liabilities	101,854	105,543
Changes in:		
- Reserve with Central Bank	(97,967)	(1,871)
- International murabaha and wakalah with financial institutions	(101,008)	136,241
- Financing receivables and Ijarah receivable	(130,588)	(39,184)
- Customers' deposits	(110,583)	(3,819)
- Other assets, net	184,225	131,531
- Due to banks	152,587	(156,346)
- Zakat	(8,937)	(76,598)
- Other liabilities	55,001	(44,312)
Net cash flows from operating activities	44,584	51,185
Cash flows from investing activities		
Properties and equipment - net	(16,303)	(24,683)
Change in investment properties	(2,119)	-
Change in properties held-for-sale	(28,441)	(6,120)
Investment securities	(323,764)	(10,281)
Net cash used in investing activities	(370,627)	(41,084)
Net (decrease) / increase in cash and cash equivalents	(326,043)	10,101
Cash and cash equivalents at the beginning of the period	2,955,505	3,099,539
Cash and cash equivalents at the end of the period	2,629,462	3,109,640
Cash and cash equivalents comprise of:		
Cash and balances with banks and financial institutions	1,169,686	964,001
International murabaha and wakalah with financial institutions	1,459,776	2,145,639
	2,629,462	3,109,640

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

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2013 (Un- audited)
(Currency: Thousands of U.A.E. Dirhams)

	ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE BANK					
	Share capital	Legal reserves	Statutory reserves	Fair value reserve	Retained earnings	Total shareholders' equity
As at 1 January 2012	2,425,500	1,327,617	89,008	(20,481)	584,514	4,406,158
Total comprehensive income for the period						
Profit for the period	-	-	-	-	82,736	82,736
Other comprehensive income						
Net change in fair value reserve	-	-	-	(25,859)	-	(25,859)
Total comprehensive income for the period	-	-	-	(25,859)	82,736	56,877
Transactions with owners recorded directly in equity						
Dividends paid	-	-	-	-	(145,530)	(145,530)
Board of directors' fees - paid	-	-	-	-	(2,400)	(2,400)
Total transactions with owners	-	-	-	-	(147,930)	(147,930)
As at 31 March 2012	2,425,500	1,327,617	89,008	(46,340)	519,320	4,315,105
As at 1 January 2013	2,425,500	1,328,226	89,008	(34,470)	635,634	4,443,898
Total comprehensive income for the period						
Profit for the period	-	-	-	-	84,808	84,808
Other comprehensive income						
Net change in fair value reserve	-	-	-	(11,066)	-	(11,066)
Total comprehensive income for the period	-	-	-	(11,066)	84,808	73,742
Transactions with owners recorded directly in equity						
Dividends paid	-	-	-	-	(145,530)	(145,530)
Board of directors' fees - paid	-	-	-	-	(2,400)	(2,400)
Total transactions with owners	-	-	-	-	(147,930)	(147,930)
As at 31 March 2013	2,425,500	1,328,226	89,008	(45,536)	572,512	4,369,710

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.

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

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIOD ENDED 31 March 2013 (Un-audited)

(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 and is listed on the Abu Dhabi Securities Exchange. The Bank is engaged in banking, financing and investing activities in accordance with its articles of incorporation, Islamic Shari'a principles and regulations of the UAE Central Bank, which are carried out through its 26 branches (2011: 25 branches) established in United Arab Emirates.

At an extraordinary shareholder's meeting held on 18 March 2001, a resolution was passed to transform the Bank's activities to be in full compliance with Islamic Shari'a rules and principles. The entire process was completed on 30 June 2002 ("the transformation date"). As a result the Bank transformed its conventional banking products into Islamic banking products during the six month period ended 30 June 2002 after negotiation and agreement with its customers.

The condensed consolidated interim financial statements of the Bank comprise the Bank and its fully owned subsidiaries incorporated in United Arab Emirates, Sharjah National Hotels (SNH), Sharjah Islamic Financial Services LLC (SIFS), Contact Marketing and ASAS (all together referred to as "the Group"), 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 and ASAS is involved in the management of the Bank's real estate portfolio.

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

2. Basis of preparation

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2012. These condensed consolidated interim financial statements do not include all of the information required for a full set of annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2012.

b) Basis of measurement

The condensed consolidated interim financial statements have been prepared on a historical basis except for the following material items in the consolidated statement of financial position:

- financial assets at fair value through profit or loss (FVTPL);
- financial assets at fair value through other comprehensive income (FVTOCI); and
- investment properties at fair value.

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 March 2013 (Un- audited)
(Currency: Thousands of U.A.E. Dirhams)

2. Basis of preparation (continued)

c) Functional and reporting currency

These condensed consolidated interim financial statements have been prepared in UAE Dirhams (AED), which is the Group's functional currency. All information presented in AED has been rounded to the nearest thousand, except when otherwise stated.

d) Key accounting estimates & judgment

The preparation of condensed consolidated interim financial statements requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, significant judgments made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2012.

e) Financial risk management

The Group's financial risk management objectives, policies and procedures are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2012.

3. Summary of significant accounting policies

The accounting policies applied by the Group in preparation of these condensed consolidated interim financial statements are consistent with those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2012 except for the adoption of new IFRSs which became effective as of 1 January 2013.

The adoption of the new and amended standards and interpretations have been reflected in these condensed interim financial statements as appropriate in terms of disclosures but do not have an impact on the financial position or performance of the Group during the period.

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 March 2013 (Un- audited)
(Currency: Thousands of U.A.E. Dirhams)

4. Segment reporting

The Group'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 wakalah deals with other financial institutions, investments of the Bank and other money market activities.

d) Hospitality and brokerage

The Bank through its subsidiaries SNH and SIFS provides hospitality and brokerage services respectively.

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIOD ENDED 31 March 2013 (Un- audited)

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

4. Segment reporting (continued)

	Corporate and government	Retail	Investment and treasury	Hospitality and brokerage	Total
Condensed consolidated interim statement of income for the three-month period ended 31 March 2013 (un-audited)					
Income from murabaha and leasing	105,554	62,385	8,497	-	176,436
Profit paid on sukuk	-	-	(17,671)	-	(17,671)
Fees, commission and other income	10,012	9,630	5,494	-	25,136
Income from subsidiaries	-	-	-	7,630	7,630
Unallocated income	-	-	-	-	23,457
Total income	115,566	72,015	(3,680)	7,630	214,988
General & administrative expenses	-	-	-	(4,128)	(4,128)
General & administrative expenses – unallocated	-	-	-	-	(79,192)
Net operating income	115,566	72,015	(3,680)	3,502	131,668
Provisions – net of recoveries	508	(22,485)	10,932	1,021	(9,952)
Profit before distribution to depositors	116,146	49,530	7,252	4,523	121,716
Distribution to depositors	(24,349)	(12,517)	(42)	-	(36,908)
Profit for the period	91,797	37,013	7,210	4,523	84,808
Condensed consolidated interim statement of financial position as at 31 March 2013 (un-audited)					
Assets					
Segment assets	6,573,349	4,393,843	6,416,554	723,762	18,107,508
Unallocated assets	-	-	-	-	680,794
Total assets	6,573,349	4,393,843	6,416,554	723,762	18,788,302
Liabilities					
Segment liabilities	6,402,079	5,231,677	2,087,587	49,834	13,771,177
Unallocated liabilities	-	-	-	-	647,415
Total liabilities	6,402,079	5,231,677	2,087,587	49,834	14,418,592

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIOD ENDED 31 March 2013 (Un- audited)

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

4. Segment reporting (continued)

	Corporate and government	Retail	Investment and treasury	Hospitality and brokerage	Total
Condensed consolidated interim statement of income for the three-month period ended 31 March 2012 (un-audited)					
Income from murabaha and leasing	102,951	63,964	14,305	-	181,220
Profit paid on sukuk	-	-	(17,685)	-	(17,685)
Fees, commission and other income	10,015	8,632	15,379	-	34,026
Income from subsidiaries	-	-	-	7,759	7,759
Unallocated income	-	-	-	-	6,085
Total income	112,966	72,596	11,999	7,759	211,405
General & administrative expenses	-	-	-	(4,683)	(4,683)
General & administrative expenses – unallocated	-	-	-	-	(74,046)
Net operating income	112,966	72,596	11,999	3,076	132,676
Provisions – net of recoveries	243	(9,283)	(4,114)	4,186	(8,968)
Profit before distribution to depositors	113,209	63,313	7,885	7,262	123,708
Distribution to depositors	(26,915)	(13,350)	(707)	-	(40,972)
Profit for the period	86,294	49,963	7,178	7,262	82,736
Condensed consolidated interim statement of financial position as at 31 March 2012 (un-audited)					
Assets					
Segment assets	6,626,698	4,227,248	6,210,208	714,740	17,779,894
Unallocated assets	-	-	-	-	536,335
Total assets	6,626,698	4,227,248	6,210,208	714,740	18,316,229
Liabilities					
Segment liabilities	6,485,172	4,896,662	1,934,647	61,932	13,378,413
Unallocated liabilities	-	-	-	-	493,918
Total liabilities	6,485,172	4,896,662	1,934,647	61,932	13,872,331

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 March 2013 (Un- audited)
(Currency: Thousands of U.A.E. Dirhams)

5. 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 include:

	31 March 2013 Un-audited	31 December 2012 Audited
Condensed consolidated interim statement of financial position		
Government of Sharjah receivables	1,283,848	1,335,056
Government departments and authorities receivables	2,363,269	2,746,670
Other financing receivables and investing activities	743,551	757,856
Government of Sharjah deposits	99,918	24,964
Government department and authorities deposits	1,571,201	3,500,498
Other deposits	335,216	284,931
Contingent liabilities	121,720	159,121
	31 March 2013 Un-audited	31 March 2012 Un-audited
Condensed consolidated interim statement of income		
Income from financing and investing activities	72,187	72,673
Depositors' share of profit	(4,793)	(5,592)

Key management compensation includes salaries and other short term benefits of AED 3.9 million for the period ended 31 March 2013 (31 March 2012 AED 3.40 million) and post employment benefits of AED 0.3 million for the period ended 31 March 2013 (31 March 2012: AED 0.4 million).

6. Fair Value Measurement

6.1 Fair value hierarchy

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized:

	Level 1	Level 2	Level 3	Total
At 31 March 2013 (Un-audited)				
Financial assets				
FVTPL – investment securities	727,592	-	54,468	782,060
FVTOCI – investment securities	4,269	-	160,949	165,218
	731,861	-	215,417	947,278
Non Financial assets				
Investment properties at fair value	-	-	225,407	225,407

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

FOR THE THREE-MONTH PERIOD ENDED 31 March 2013 (Un-audited)

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

6. Fair Value Hierarchy (continued)*6.1 Fair value hierarchy (continued)*

	Level 1	Level 2	Level 3	Total
At 31 December 2012 (Audited)				
Financial assets				
FVTPL – investment securities	405,515	-	53,117	458,632
FVTOCI – investment securities	4,408	-	171,876	176,284
	409,923	-	224,993	634,916
Non Financial assets				
Investment properties at fair value	-	-	223,288	223,288

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the hierarchy for investment securities and investment properties:

	31 March 2013 Un-audited	31 March 2012 Un-audited
Investment securities		
Balance at 1 January	224,993	262,900
Total gains or losses – net:		
- in the consolidated interim statement of income	(10,927)	459
- in the consolidated interim statement of other comprehensive income	1,352	(26,530)
Addition	-	22
Disposals	-	(249)
Balance at 31 March	215,418	236,602
Investment properties		
Balance at 1 January	223,288	191,044
Addition	2,119	11,780
Balance at 31 March	225,407	202,824

The valuation techniques and the inputs used in determining the fair values of level 3 assets is consistent with those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2012.

6.2 Fair values of financial assets and liabilities carried at amortised cost

Management believes that the fair values of financial assets and liabilities measured at amortised cost in the condensed consolidated interim statement of financial position are not significantly different from their carrying values in these condensed consolidated interim financial statements.

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 March 2013 (Un- audited)
(Currency: Thousands of U.A.E. Dirhams)

7. 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 realisable value.

8. Geographical distribution

	31 March 2013 Un-audited	31 December 2012 Audited
a) Investment securities by geographical distribution		
Financial assets at fair value through profit or loss		
- Domestic	415,574	73,460
- International	366,486	418,229
	<u>782,060</u>	<u>491,689</u>
Financial assets at fair value through other comprehensive income		
- Domestic	4,269	4,408
- International	160,949	138,819
	<u>165,218</u>	<u>143,227</u>
Financial assets measured at amortised cost		
- Domestic	174,121	174,121
- International	47,978	47,644
	<u>222,099</u>	<u>221,765</u>
Total investment securities	<u>1,169,377</u>	<u>856,681</u>
b) Investment properties by geographical distribution		
- Domestic	219,205	217,086
- International	6,202	6,202
Total investment properties	<u>225,407</u>	<u>222,388</u>
c) Properties held-for-sale (domestic)	<u>1,111,475</u>	<u>1,083,034</u>

9. 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 interim 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.

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****FOR THE THREE-MONTH PERIOD ENDED 31 March 2013 (Un- audited)**

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

10. Dividends

During the annual general meeting of the shareholder's held on 12 March 2013 the shareholder's approved a dividend of AED 145.5 million (2011: AED 145.5 million).

11. Subsequent events

On 16 April 2013, the Bank through a Shari'a compliant Sukuk Financing arrangement raised medium term finance amounting to US\$ 500 million (AED 1.8 billion). The Sukuk is listed on the Irish Stock Exchange.

The terms of the arrangement includes the transfer of certain Ijarah receivable of the Bank on a co-ownership basis to SIB Sukuk Company III Limited ("the Issuer"). The assets are under control of the Bank and shall be continued to be serviced by the Bank.

The Issuer will pay the quarterly distribution amount from the returns received in respect of the leased assets. Such proceeds are expected to be sufficient to cover the quarterly distribution amount payable to Sukuk holders on each quarterly distribution date. Upon expiry of this Sukuk the Bank has undertaken to repurchase the assets at the exercise price of US\$ 500 million (AED 1.8 billion).

12. Comparatives

Certain prior year/period comparatives have been reclassified to conform to the current period's presentation