
SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
(UN – AUDITED)
30 JUNE 2014

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") and its subsidiaries (together referred as the "Group") for the Six-month period ended 30 June 2014.

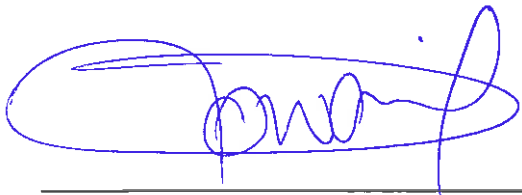
Financial Highlights

The Group has reported a profit of AED 202.1 million for the six-month period ended 30 June 2014 compared to AED 134.7 million for the corresponding prior year period, an increase of 50%.

Compared to December 2013, total assets increased by AED 1.7 billion to reach AED 23.4 billion, an increase of 7.7%, financing receivables and ijarah receivable increased by 15.7% (AED 2.0 billion) to reach AED 14.5 billion and customer deposits experienced a growth of 14.8 % (AED 1.8 billion) to reach AED 13.7 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
16 July 2014



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

The Shareholders of Sharjah Islamic Bank

Introduction

We have reviewed the accompanying 30 June 2014 condensed consolidated interim financial information of Sharjah Islamic Bank ("the Bank") and subsidiaries (collectively referred as the "Group"), which comprises:

- the condensed consolidated statement of financial position as at 30 June 2014;
- the condensed consolidated statements of comprehensive income (comprising a condensed consolidated income statement and a separate condensed consolidated statement of the comprehensive income) for the three month and six-month period ended 30 June 2014;
- the condensed consolidated statement of changes in equity for the six-month period ended 30 June 2014;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2014; and
- notes to the interim financial statements.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with 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 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 30 June 2014 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Lower Gulf Limited
Muhammad Tariq
Registration No: 793

16 JUL 2014

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SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 June 2014
(Currency: Thousands of U.A.E Dirhams)

	30 June 2014 Un-audited	31 December 2013 Audited
Assets		
Cash and balances with banks and financial institutions	2,045,060	2,260,757
International murabaha and wakalah with financial institutions	2,273,159	2,876,670
Financing receivables	4,700,173	3,961,401
Ijarah receivables	9,789,284	8,558,005
Investment securities	1,448,244	1,243,649
Investment properties	340,307	339,352
Properties held-for-sale	1,213,196	1,120,268
Other assets	669,640	461,992
Property and equipment	928,104	909,807
Total assets	23,407,167	21,731,901
Liabilities		
Customers deposits	13,668,130	11,901,007
Due to banks	999,723	1,306,433
Sukuk payable	3,297,432	3,295,889
Other liabilities	868,777	588,730
Zakat payable	86,586	103,935
Total liabilities	18,920,648	17,195,994
Shareholders' equity		
Share capital	2,425,500	2,425,500
Legal reserve	1,330,233	1,330,233
Statutory reserve	89,008	89,008
Fair value reserve	(48,136)	(42,693)
Retained earnings	689,914	733,859
Total shareholders' equity	4,486,519	4,535,907
Total liabilities and shareholders' equity	23,407,167	21,731,901

These condensed consolidated interim financial statements were authorised for issue in accordance with a resolution of the Directors on 16 July 2014.

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 SIX-MONTH PERIOD ENDED 30 JUNE 2014 (Un- audited)
(Currency: Thousands of U.A.E. Dirhams)

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2014	2013	2014	2013
Income from murabaha and leasing	201,266	168,963	413,206	345,399
Profit paid on Sukuks	(31,649)	(29,506)	(63,290)	(47,177)
Investments, fees and other income	63,170	30,843	131,152	79,436
Income from subsidiary companies	11,263	5,453	24,997	13,083
Total income	244,050	175,753	506,065	390,741
General and administrative expenses	(100,364)	(87,524)	(200,841)	(170,844)
Net operating income	143,686	88,229	305,224	219,897
Provisions - net of recoveries	(23,915)	(8,713)	(45,939)	(18,665)
Profit before distribution to depositors	119,771	79,516	259,285	201,232
Distribution to depositors	(27,695)	(29,630)	(57,180)	(66,538)
Profit for the period	92,076	49,886	202,105	134,694
(Attributable to the shareholders of the Bank)				
Earning per share (U.A.E. Dirhams)	0.04	0.02	0.08	0.06

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 COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014(Un- audited)
(Currency: Thousands of U.A.E. Dirhams)

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2014	2013	2014	2013
Profit for the period	92,076	49,886	202,105	134,694
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Net change in fair value reserve	(994)	2,398	(5,443)	(8,668)
Total comprehensive income for the period	91,082	52,284	196,662	126,026

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 SIX-MONTH PERIOD ENDED 30 JUNE 2014 (Un- audited)
(Currency: Thousands of U.A.E. Dirhams)

	For the six-month period ended 30 June	
	2014	2013
Cash flows from operating activities:		
Profit for the period	202,105	134,694
Adjustments:		
Depreciation	15,956	11,561
Amortisation of sukuk issuance cost	1,543	1,253
Provision on financing and ijarah receivables	32,393	26,741
Fair value change on FVTPL financial assets	13,882	-
Revaluation gain on investment properties	-	(4,450)
Operating profit before changes in operating assets and liabilities	265,879	169,799
Changes in operating assets and liabilities:		
in reserve with Central Bank	(139,026)	(75,120)
in international murabaha and wakalah arrangement with financial institutions	(80,351)	(715,276)
in financing receivables and leased assets	(2,002,444)	(171,084)
in other assets, net	(207,649)	(130,776)
in customers' deposits	1,767,123	1,430,103
in due to banks	(306,710)	(455,895)
in zakat	(17,349)	(12,254)
in other liabilities	33,997	(22,548)
Net cash flows (used in) /from operating activities	(686,530)	16,949
Cash flows from investing activities:		
Change in Properties and equipment	(34,253)	(36,223)
Change in Investments properties - net	(955)	(5,131)
Change in Properties held-for-sale -net	(92,928)	(45,582)
Change in investments securities	(223,920)	(400,201)
Net cash used in investing activities	(352,056)	(487,137)
Cash flows from financing activities:		
Proceeds from Sukuk	-	1,829,145
Fair value adjustment IFRS 9	-	(7,838)
Net cash from / (used in) financing activities	-	1,821,307
Net (decrease) / increase in cash and cash equivalents	(1,038,586)	1,351,119
Cash and cash equivalents, beginning of the period	3,566,961	2,955,505
Cash and cash equivalents, end of period	2,528,375	4,306,624
Cash and cash equivalents comprise of:-		
Cash and balances with banks and financial institutions (excluding cash reserve with central bank)	1,003,651	1,912,214
International murabaha and wakalah with financial institutions: less than 3 months maturity	1,524,724	2,394,410
	2,528,375	4,306,624

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 SIX-MONTH PERIOD ENDED 30 JUNE 2014 (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 2013	2,425,500	1,328,226	89,008	(34,470)	635,634	4,443,898
Fair value adjustment-IFRS9				-	(7,837)	(7,837)
Total comprehensive income for the period						
Profit for the period	-	-	-	-	134,694	134,694
Other comprehensive income						
Net change in fair value reserve	-	-	-	(8,668)	-	(8,668)
Total comprehensive income for the period	-	-	-	(8,668)	126,857	118,189
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 30 June 2013	2,425,500	1,328,226	89,008	(43,138)	614,561	4,414,157
As at 1 January 2014	2,425,500	1,330,233	89,008	(42,693)	733,859	4,535,907
Total comprehensive income for the period						
Profit for the period	-	-	-	-	202,105	202,105
Other comprehensive income						
Net change in fair value reserve	-	-	-	(5,443)	-	(5,443)
Total comprehensive income for the period	-	-	-	(5,443)	202,105	196,662
Transactions with owners recorded directly in equity						
Dividends paid	-	-	-	-	(242,550)	(242,550)
Board of directors' fees - paid	-	-	-	-	(3,500)	(3,500)
Total transactions with owners	-	-	-	-	(246,050)	(246,050)
As at 30 June 2014	2,425,500	1,330,233	89,008	(48,136)	689,914	4,486,519

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 AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014 (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 27 branches (2013: 27 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 2013. 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 2013.

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 SIX-MONTH PERIOD ENDED 30 JUNE 2014 (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 thousands, 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 2013.

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 2013.

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 2013 except for the adoption of new IFRSs which became effective as of 1 January 2014.

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 SIX-MONTH PERIOD ENDED 30 JUNE 2014 (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 SIX-MONTH PERIOD ENDED 30 JUNE 2014 (Un-audited)

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

4. Segment reporting (continued)

	Corporate and government	Retail	Investment and treasury	Hospitality and brokerage	Total
Consolidated statement of income:					
For the six-month period ended 30 June 2014					
(un-audited):					
Income from murabaha and leasing	197,133	187,836	28,237	-	413,206
Profit paid on sukuk	-	-	(63,290)	-	(63,290)
Investments, fees and other income	36,464	23,901	44,964	-	105,329
Income for subsidiaries	-	-	-	24,997	24,997
Unallocated income	-	-	-	-	25,823
Total income	233,597	211,737	9,911	24,997	506,065
General and administrative expenses	-	-	-	(18,525)	(18,525)
General and administrative expenses - unallocated	-	-	-	-	(182,316)
Net operating income	233,597	211,737	9,911	6,472	305,224
Provisions- net of recoveries	(11,849)	(14,530)	(19,759)	199	(45,939)
Profit before distribution to depositors	221,748	197,207	(9,848)	6,671	259,285
Distribution to depositors	(34,483)	(21,887)	(810)	-	(57,180)
Profit for the year	187,265	175,320	(10,658)	6,671	202,105
Consolidated statement of financial position:					
As at 30 June 2014(un-audited):					
Assets					
Segment assets	9,181,374	5,592,747	7,052,119	690,560	22,516,800
Unallocated assets	-	-	-	-	890,367
Total assets	9,181,374	5,592,747	7,052,119	690,560	23,407,167
Liabilities					
Segment liabilities	8,286,921	5,749,503	4,297,154	(1,398)	18,332,180
Unallocated liabilities	-	-	-	-	588,468
Total liabilities	8,286,921	5,749,503	4,297,154	(1,398)	18,920,648

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014 (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 six-month period ended 30 June 2013 (un-audited)					
Income from murabaha and leasing	195,267	120,925	29,207	-	345,399
Profit paid on sukuk	-	-	(47,177)	-	(47,177)
Fees, commission and other income	21,360	20,839	6,084	-	48,283
Income from subsidiaries	-	-	-	13,083	13,083
Unallocated income	-	-	-	-	31,153
Total income	216,627	141,764	(11,886)	13,083	390,741
General and administrative expenses	-	-	-	(9,672)	(9,672)
General and administrative expenses - unallocated	-	-	-	-	(161,172)
Net operating income	216,627	141,764	(11,886)	3,411	219,897
Provisions - net of recoveries	(3,876)	(33,779)	10,932	8,058	(18,665)
Profit before distribution to depositors	212,751	107,985	(954)	11,469	201,232
Distribution to depositors	(41,726)	(24,652)	(160)	-	(66,538)
Net profit for the period	171,025	83,333	(1,114)	11,469	134,694

Condensed consolidated interim statement of financial position

As at 31 December 2013 (audited)

Assets					
Segment assets	7,959,594	4,681,058	7,595,136	705,016	20,940,804
Unallocated assets	-	-	-	-	791,097
Total assets	7,959,594	4,681,058	7,595,136	705,016	21,731,901
Liabilities					
Segment liabilities	6,571,526	5,546,898	4,602,321	19,764	16,740,509
Unallocated liabilities	-	-	-	-	455,485
Total liabilities	6,571,526	5,546,898	4,602,321	19,764	17,195,994

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014 (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:

	30 June 2014 Un-audited	31 December 2013 Audited
Condensed consolidated interim statement of financial position		
Government of Sharjah receivables	2,653,776	1,718,247
Government departments and authorities receivables	2,663,743	2,836,138
Other financing receivables and investing activities	804,575	915,239
Government of Sharjah deposits	111,745	31,759
Government department and authorities deposits	1,786,231	1,566,573
Other deposits	115,840	269,728
Contingent liabilities	173,746	173,264
	30 June 2014 Un-audited	30 June 2013 Un-audited
Condensed consolidated interim statement of income		
Income from financing and investing activities	158,971	136,980
Depositors' share of profit	7,411	9,191

Key management compensation includes salaries and other short term benefits of AED 8.9 million for the period ended 30 June 2014 (30 June 2013 AED 8.0 million) and post employment benefits of AED 3.4 million for the period ended 30 June 2014 (30 June 2013: AED 0.5 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 categorised:

	Level 1	Level 2	Level 3	Total
At 30 June 2014 (Un-audited)				
Financial assets				
FVTPL – investment securities	56,605	-	13,257	69,862
FVTOCI – investment securities	277,662	-	142,030	419,692
	334,267	-	155,287	489,554
Non financial assets				
Investment properties at fair value	-	-	340,307	340,307

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2014 (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 2013 (Audited)				
Financial assets				
FVTPL – investment securities	137,589	-	52,754	190,343
FVTOCI – investment securities	187,242	-	153,413	340,655
	324,831	-	206,167	530,998
Non financial assets				
Investment properties at fair value	-	-	339,352	339,352

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:

	30 June 2014		31 December 2013	
	FVTPL	FVTOCI	FVTPL	FVTOCI
Balance as at 1 January	52,754	153,413	53,117	171,876
Fair value movement	17,128	(4,037)	(363)	(10,625)
Disposals	(56,625)	(7,346)	-	(7,838)
Closing balance	13,257	142,030	52,754	153,413

Non financial assets

	30 June 2014	31 December 2013
Balance as at 1 January	339,352	223,288
Revaluation	-	62,140
Additions	955	53,924
Closing balance	340,307	339,352

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 2013.

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 SIX-MONTH PERIOD ENDED 30 JUNE 2014 (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

	30 June 2014 <u>Un-audited</u>	31 December 2013 <u>Audited</u>
a) Investment securities by geographical distribution		
Financial assets at fair value through profit or loss		
- Domestic	74,039	89,054
- International	44,209	101,289
	<u>118,248</u>	<u>190,343</u>
Financial assets at fair value through other comprehensive income		
- Domestic	277,662	187,242
- International	142,031	153,413
	<u>419,693</u>	<u>340,655</u>
Financial assets measured at amortised cost		
- Domestic	630,459	358,937
- International	279,845	353,714
	<u>910,304</u>	<u>712,651</u>
Total investment securities	<u>1,448,244</u>	<u>1,243,649</u>
b) Investment properties by geographical distribution		
- Domestic	334,105	333,150
- International	6,202	6,202
Total investment properties	<u>340,307</u>	<u>339,352</u>
c) Properties held-for-sale (domestic)	<u>1,213,196</u>	<u>1,120,268</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 SIX-MONTH PERIOD ENDED 30 JUNE 2014 (Un- audited)
(Currency: Thousands of U.A.E. Dirhams)

10. Dividends

During the annual general meeting of the shareholder's held on 11 March 2014 the shareholder's approved a dividend of AED 242.5 million (2013: AED 145.5 million).

11. Comparatives

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