
SHARJAH ISLAMIC BANK

CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
(UN – AUDITED)
30 SEPTEMBER 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 nine-month period ended 30th September 2010.

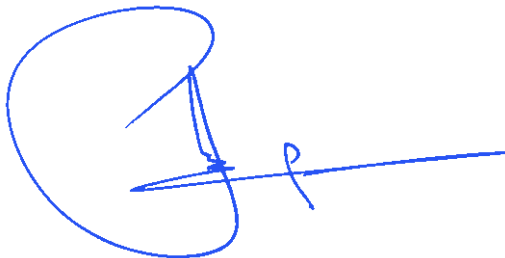
Financial Highlights

The Group has reported a net profit of AED 191.60 million for the nine-month period ended 30th September 2010 compared to AED 227.6 million for the corresponding prior year period.

Compared to December 2009, total assets increased by AED 362.0 million to reach AED 16.30 billion, an increase of 2.30 %, financing receivables and leased assets decreased by 1.0 % (AED 101.0 million) to reach AED 9.9 billion, and customer deposits experienced a growth of 1.20 % (AED 113.50 million) to reach AED 10.0 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



Sultan Bin Mohammed Bin Sultan Al Qassimi
Chairman
13th October 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 to as "the Group") as at 30 September 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 nine-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 30 September 2010 is not prepared, in all material respects, in accordance with IAS 34, "*Interim Financial Reporting*".

KPMG

Name: Munther Dajani

Registration No: 268

Date: 13 OCT 2010

SHARJAH ISLAMIC BANK

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2010 (Un-audited) (Currency: Thousands of U.A.E Dirhams)

	30 September 2010 Un-audited	31 December 2009 Audited
Assets		
Cash and balances with banks and financial institutions	1,336,237	1,419,663
International murabaha and wakalah with financial institutions	2,256,330	1,762,707
Financing receivables	2,223,002	2,619,361
Leased assets	7,697,790	7,402,327
Investments securities	486,174	521,758
Investment properties	156,636	156,636
Properties held for sale	1,016,675	1,008,613
Other assets	340,779	353,899
Property and equipment	822,875	729,584
Total assets	16,336,498	15,974,548
Liabilities		
Customers' deposits	9,973,858	9,860,321
Due to banks	818,887	643,656
Sukuk payable	825,668	825,094
Other liabilities	297,514	257,926
Accrued zakat	93,958	123,240
Total liabilities	12,009,885	11,710,237
Shareholders' equity		
Share capital	2,425,500	2,310,000
Legal reserve	1,327,617	1,443,117
Statutory reserve	89,008	89,008
Revaluation reserve	(10,197)	883
Retained earnings	494,685	421,303
Total shareholders' equity	4,326,613	4,264,311
Total liabilities and shareholders' equity	16,336,498	15,974,548
Contingent Liabilities		
Letters of credit	89,636	70,178
Letters of guarantee	630,395	659,218
	720,031	729,396

These condensed consolidated interim financial statements were authorized for issue in accordance with a resolution of the Directors on 13th October 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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2010 (Un-audited) (Currency: Thousands of U.A.E. Dirhams)

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2010	2009	2010	2009
Continuing operations				
Income from murabaha and leasing	179,888	193,168	542,040	560,818
Profit paid on sukuk	(2,629)	(2,824)	(6,863)	(12,159)
Fees, commission and other income	27,249	20,929	78,979	78,808
Income from subsidiaries	5,277	9,299	22,541	38,120
Total income	209,785	220,572	636,697	665,587
General and administrative expenses	(72,102)	(66,184)	(210,656)	(198,163)
Net operating income	137,683	154,388	426,041	467,424
Provisions - net of recoveries	5,582	(1,908)	(20,013)	(5,666)
Net profit from continuing operations before distribution to depositors	143,265	152,480	406,028	461,758
Distribution to depositors	(70,135)	(76,591)	(214,446)	(234,138)
Net profit for the period	73,130	75,889	191,582	227,620
Earnings per share – continuing operations (U.A.E. Dirhams)	0.03	0.03	0.08	0.09

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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2010 (Un- audited)
(Currency: Thousands of U.A.E. Dirhams)

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2010	2009	2010	2009
Net profit for the period	73,130	75,889	191,582	227,620
Other comprehensive income / (expense)				
Net change in revaluation reserve	<u>1,445</u>	<u>2,635</u>	<u>(11,080)</u>	<u>3,958</u>
Total comprehensive income for the period	<u>74,575</u>	<u>78,524</u>	<u>180,502</u>	<u>231,578</u>

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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2010 (Un- audited)
(Currency: Thousands of U.A.E. Dirhams)

	For the nine-month period ended 30 September	
	2010	2009
Cash flows from operating activities:		
Net profit for the period	191,582	227,620
Adjustments:		
Depreciation	20,844	12,576
Amortization of sukuk issuance cost	574	575
Provision on customer receivables	(2,065)	36,039
Impairment loss on available-for-sale investments	(2,405)	3,561
Board of Directors' fees paid	(2,700)	(1,800)
	<u>205,830</u>	<u>278,571</u>
Changes in operating assets and liabilities:		
Change in reserve with central bank	17,063	89,898
Change in international murabaha and wakalah with financial institution	(29,385)	-
Change in financing receivables	398,423	479,527
Change in leased assets	(295,463)	(294,276)
Change in other assets	13,121	(161,426)
Change in customers' deposits	113,537	305,295
Change in due to banks	175,231	104,131
Change in other liabilities	10,306	(21,246)
Net cash provided by operating activities	<u>608,663</u>	<u>780,474</u>
Cash flows from investing activities:		
Acquisition of property and equipment	(114,135)	(65,189)
Acquisition in properties held for sale	(8,062)	(2,908)
Change in investments securities	26,909	80,455
Net cash (used in) / provided by investing activities	<u>(95,288)</u>	<u>12,358</u>
Cash flows from financing activity:		
Cash dividends	(115,500)	(110,000)
Net cash used in financing activity	<u>(115,500)</u>	<u>(110,000)</u>
Net increase in cash and cash equivalents	<u>397,875</u>	<u>682,832</u>
Cash and cash equivalents, beginning of the period	<u>2,607,973</u>	<u>1,923,122</u>
Cash and cash equivalents, end of period	<u>3,005,848</u>	<u>2,605,954</u>
Cash and cash equivalents comprise of:-		
Cash and balances with banks and financial institutions (excluding cash reserve with central bank)	778,903	1,311,219
International murabaha and wakalah with financial institutions: less than 3 months maturity	2,226,945	1,294,735
	<u>3,005,848</u>	<u>2,605,954</u>

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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2010 (Un- audited) (Currency: Thousands of U.A.E. Dirhams)

	ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE BANK					
	Share capital	Legal reserves	Statutory reserves	Revaluation reserve	Retained earnings	Total Shareholders' equity
Balance as at 1 January 2009	2,200,000	1,551,843	89,008	802	320,283	4,161,936
Total comprehensive income for the period	-	-	-	-	227,620	227,620
Profit for the period						
Other comprehensive income						
Net change in fair value of available – for – sale investment	-	-	-	3,958	-	3,958
Total comprehensive income for the period	-	-	-	3,958	227,620	231,578
Transactions with owners recorded directly in equity						
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 transactions with owners	110,000	(110,000)	-	-	(111,800)	(111,800)
As at 30 September 2009	2,310,000	1,441,843	89,008	4,760	436,103	4,281,714
As at 1 January 2010	2,310,000	1,443,117	89,008	883	421,303	4,264,311
Total comprehensive income for the period	-	-	-	-	191,582	191,582
Profit for the period						
Other comprehensive income						
Net change in fair value of available – for – sale investment	-	-	-	(11,080)	-	(11,080)
Total comprehensive income for the period	-	-	-	(11,080)	191,582	180,502
Transactions with owners recorded directly in equity						
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 Transactions with owners	115,500	(115,500)	-	-	(118,200)	(118,200)
As at 30 September 2010	2,425,500	1,327,617	89,008	(10,197)	494,685	4,326,613

In accordance with the Ministry of Economy and 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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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.

During the period the Group formed a fully owned subsidiary ("ASAS LLC" or "ASAS") incorporated in United Arab Emirates. The principle objective of the ASAS is to manage the real estate assets of the Bank. The operations of ASAS are yet to commence.

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), Contact Marketing and ASAS (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.

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, valuation of investment properties 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.

SHARJAH ISLAMIC BANK

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2010

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

2. **Summary of significant accounting policies (continued)**
- 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.

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, investments at fair value through profit or loss and available-for-sale investments 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-recognized 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 expires.

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 investments are stated at their fair value. All other financial assets are measured at amortised cost less impairment loss, if appropriate.

SHARJAH ISLAMIC BANK

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2010

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

2. Summary of significant accounting policies (continued)

c) Key accounting policies adopted by the Group are as below (continued)

i) Investment securities (continued)

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 statement of 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 investments are re-measured to fair value directly through statement of other comprehensive income.

The recoverable amount of any equity instrument is its fair value. Where an asset measured to fair value directly recognized in other comprehensive 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.

iii) Inventories

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

SHARJAH ISLAMIC BANK

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2010

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

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 wakalah 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 SIFS is offering Brokerage services for trading in Islamic Sharia'a Compliant shares. ASAS is yet to commence its operations.

SHARJAH ISLAMIC BANK

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2010

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

3. Segment reporting

	Corporate and Government	Retail	Investment and treasury	Subsidiaries	Total
Condensed consolidated interim statement of income for the nine-month period ended 30 September 2010 (un-audited)					
Income from murabaha and leasing	273,697	221,673	46,670	-	542,040
Profit paid on sukuk	-	-	(6,863)	-	(6,863)
Fees, commission and other income	25,717	22,776	24,233	-	72,726
Income from subsidiaries	-	-	-	22,541	22,541
	299,414	244,449	64,040	22,541	630,444
Unallocated income	-	-	-	-	6,253
Total income	299,414	244,449	64,040	22,541	636,697
General and administrative expenses	-	-	-	(21,295)	(21,295)
General and administrative expenses - unallocated	-	-	-	-	(189,361)
Net operating income	299,414	244,449	64,040	1,246	426,041
Provisions - net of recoveries	2,137	(13,000)	(2,142)	(7,008)	(20,013)
Net profit before distribution to depositors	301,551	231,449	61,898	(5,762)	406,028
Distribution to depositors	(141,569)	(61,434)	(5,754)	-	(208,757)
Transfer from profit equalization reserve - unallocated	-	-	-	-	(5,689)
Net profit / (loss) for the period	159,982	170,015	56,144	(5,762)	191,582
Condensed consolidated interim statement of financial position As at 30 September 2010 (un-audited)					
Assets					
Segment assets	5,514,126	4,200,906	5,479,249	657,478	15,851,759
Unallocated assets	-	-	-	-	484,739
Total assets	5,514,126	4,200,906	5,479,249	657,478	16,336,498
Liabilities					
Segment liabilities	6,079,989	3,920,356	1,644,555	58,491	11,703,391
Unallocated liabilities	-	-	-	-	306,494
Total liabilities	6,079,989	3,920,356	1,644,555	58,491	12,009,885

SHARJAH ISLAMIC BANK

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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 includes:

Condensed consolidated interim statement of financial position	30 September 2010	31 December 2009
	(Un-audited)	(Audited)
Government of Sharjah receivables	871,214	645,734
Government departments and authorities receivables	2,379,832	2,676,950
Other financing receivables and investing activities	578,674	497,075
Government of Sharjah deposits	29,992	7,776
Government department & authority deposits	1,956,567	2,328,230
Other deposits	319,188	245,028
Contingent liabilities	77,130	70,992

Statement of income	30 September 2010	30 September 2009
	(Un-audited)	(Un-audited)
Income from financing and investing activities	194,375	159,275
Depositors' share of profit	27,078	39,574

Key management compensation includes salaries and other short term benefits of AED 10.4 million for the period ended 30 September 2010 (30 September 2009: AED 9.2 million) and post employment benefits of AED 0.5 million for the period ended 30 September 2010 (30 September 2009: AED 0.4 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. Condensed consolidated interim statement of financial position by geographical distribution

	30 September 2010	31 December 2009
	(Un-audited)	(Audited)
a) Cash and balances with banks and financial institutions		
Domestic	1,329,269	1,408,834
International	6,968	10,829
Total	<u>1,336,237</u>	<u>1,419,663</u>
b) International murabaha and wakalah with financial institutions		
Domestic	1,925,755	1,294,315
International	330,575	468,392
Total	<u>2,256,330</u>	<u>1,762,707</u>
c) Investments securities		
- Available-for-sale investments		
Domestic	42,427	48,266
International	366,107	372,152
Impairment provision	(94,089)	(86,089)
Total	<u>314,445</u>	<u>334,329</u>
- Held-to-maturity investments		
Domestic	47,129	-
International	123,943	186,772
Total	<u>171,072</u>	<u>186,772</u>

SHARJAH ISLAMIC BANK**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2010**

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

**6. Condensed consolidated interim statement of financial position by geographical distribution
(continued)**

	30 September 2010 (Un-audited)	31 December 2009 (Audited)
- Investment at fair value through profit and loss		
Domestic	657	657
Total	<u>657</u>	<u>657</u>
Total investment securities	<u>486,174</u>	<u>521,758</u>
d) Investment properties		
Domestic	148,929	148,929
International	7,707	7,707
Total	<u>156,636</u>	<u>156,636</u>
e) Properties held for sale		
Domestic	1,016,675	1,008,613
Total	<u>1,016,675</u>	<u>1,008,613</u>
f) Due to banks		
Domestic	579,864	488,138
International	239,023	155,518
Total	<u>818,887</u>	<u>643,656</u>
g) Sukuk payable		
International	825,668	825,094
Total	<u>825,668</u>	<u>825,094</u>

7. Proposed cash dividend and bonus share

In the Annual General Meeting of the Bank held on 8 March 2010 the shareholders amended the proposed dividend of 10% cash dividend for the year ended 31 December 2009. The dividends approved by the shareholders represented a cash dividend of 5% (AED 115.50 million) and a bonus issue 1 ordinary share for every 20 shares (amounting to AED 115.50 million).

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 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.

9. Comparatives

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