

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
(UN – AUDITED)
30 SEPTEMBER 2011

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 2011.

Financial Highlights

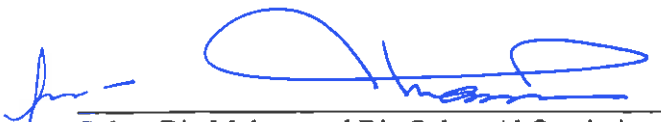
The Group has reported a net profit of AED 204.7 million for the nine-month period ended 30th September 2011 compared to AED 191.6 million for the corresponding prior year period, an increase of 6.9%.

Compared to December 2010, total assets increased by AED 2.2 billion to reach AED 18.9 billion, an increase of 13.4%, financing receivables and leased assets increased by 7.4 % (AED 715.2 million) to reach AED 10.4 billion, and customer deposits experienced a growth of 6.8 % (AED 707.2 million) to reach AED 11.1 billion.

During the period, the Bank successfully issued a Sukuk of US\$ 400 million (equivalent to AED 1.5 billion) through a Shari'a compliant structure. The Sukuk will be maturing in 5 years i.e May 2016.

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
16th October 2011

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 30 September 2011 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 2011 is not prepared, in all material respects, in accordance with IAS 34, "*Interim Financial Reporting*".



By: Vijendra Nath Malhotra
Registration No.: 48B
Date:

16th October 2011

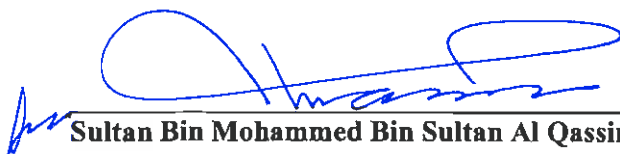
SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2011

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

	30 September 2011 <u>Un-audited</u>	31 December 2010 <u>Audited</u>
Assets		
Cash and balances with banks and financial institutions	2,480,693	1,921,694
International murabaha and wakalah with financial institutions	3,092,873	2,242,617
Financing receivables	2,265,058	2,118,142
Leased assets	8,103,893	7,535,640
Investments securities	516,043	471,664
Investment properties	179,076	179,076
Properties held-for-sale	1,022,499	1,016,675
Other assets	417,463	360,777
Property and equipment	832,364	820,876
Total assets	<u>18,909,962</u>	<u>16,667,161</u>
Liabilities		
Customers' deposits	11,085,335	10,378,134
Due to banks	637,458	677,089
Sukuks	2,289,852	825,831
Other liabilities	372,257	300,578
Accrued zakat	111,676	137,664
Total liabilities	<u>14,496,578</u>	<u>12,319,296</u>
Shareholders' equity		
Share capital	2,425,500	2,425,500
Legal reserve	1,327,617	1,327,617
Statutory reserve	89,008	89,008
Revaluation reserve	(18,763)	(15,426)
Retained earnings	590,022	521,166
Total shareholders' equity	<u>4,413,384</u>	<u>4,347,865</u>
Total liabilities and shareholders' equity	<u>18,909,962</u>	<u>16,667,161</u>
Contingent Liabilities		
Letters of credit	146,917	136,647
Letters of guarantee	580,380	607,164
	<u>727,297</u>	<u>743,811</u>

These condensed consolidated interim financial statements were authorised for issue in accordance with a resolution of the Directors on 16th October 2011.


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 AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2011 (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	
	2011	2010	2011	2010
Income from murabaha and leasing	191,387	179,888	541,923	542,040
Profit paid on Sukuks	(19,726)	(2,629)	(31,099)	(6,863)
Fees, commission and other income	27,098	27,249	90,616	78,979
Income from subsidiaries	3,598	5,277	16,292	22,541
Total income	202,357	209,785	617,732	636,697
General and administrative expenses	(74,058)	(72,102)	(222,180)	(210,656)
Net operating income	128,299	137,683	395,552	426,041
Provisions - net of recoveries	5,179	5,582	(17,508)	(20,013)
Net profit before distribution to depositors	133,478	143,265	378,044	406,028
Distribution to depositors	(52,019)	(70,135)	(173,316)	(214,446)
Net profit for the period	81,459	73,130	204,728	191,582
Earnings per share (U.A.E. Dirhams)	0.03	0.03	0.08	0.08

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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2011 (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	
	2011	2010	2011	2010
Net profit for the period	81,459	73,130	204,728	191,582
Other comprehensive income				
Net change in fair value reserve	175	1,445	(3,337)	(11,080)
Total other comprehensive income for the period	175	1,445	(3,337)	(11,080)
Total comprehensive income for the period	81,634	74,575	201,391	180,502

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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2011 (Un- audited)
(Currency: Thousands of U.A.E. Dirhams)

	For the nine-month period ended 30 September	
	2011	2010
Cash flows from operating activities:		
Net profit for the period	204,728	191,582
Adjustments:		
Depreciation	18,900	20,844
Amortisation of sukuk issuance cost	1,027	574
Provision on customer receivables	12,094	(2,065)
Unrealised loss on financial assets at fair value through profit or loss	411	-
Impairment loss on available-for-sale investments	-	(2,405)
Operating profit before changes in operating assets and liabilities	237,160	208,530
Changes in operating assets and liabilities:		
Change in reserve with Central Bank	(71,410)	17,063
Change in international murabaha and wakalah with financial institution	(126,628)	(29,385)
Change in financing receivables	(159,010)	398,423
Change in leased assets	(568,253)	(295,463)
Change in other assets	(56,686)	13,121
Change in customers' deposits	707,201	113,537
Change in due to banks	(39,631)	175,231
Zakat	(25,988)	(29,282)
Change in other liabilities	71,679	39,588
Net cash (used in) / provided by operating activities	(31,566)	611,363
Cash flows from investing activities:		
Acquisition of property and equipment	(30,388)	(114,135)
Acquisition in properties held for sale	(5,824)	(8,062)
Change in investments securities	(48,127)	26,909
Net cash used in investing activities	(84,339)	(95,288)
Cash flows from financing activity:		
Proceeds from Sukuk	1,462,994	-
Board of Directors' fees paid	(2,470)	(2,700)
Cash dividends	(133,402)	(115,500)
Net cash provided by / (used in) financing activity	1,327,122	(118,200)
Net increase in cash and cash equivalents	1,211,217	397,875
Cash and cash equivalents, beginning of the period	3,297,124	2,607,973
Cash and cash equivalents, end of period	4,508,341	3,005,848
Cash and cash equivalents comprise of:-		
Cash and balances with banks and financial institutions (excluding cash reserve with central bank)	1,829,230	778,903
International murabaha and wakalah with financial institutions: less than 3 months maturity	2,679,111	2,226,945
	4,508,341	3,005,848

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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2011 (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 2010	2,310,000	1,443,117	89,008	883	421,303	4,264,311
Total comprehensive income for the period						
Net profit for the period	-	-	-	-	191,582	191,582
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
As at 1 January 2011	2,425,500	1,327,617	89,008	(15,426)	521,166	4,347,865
Total comprehensive income for the period						
Net profit for the period	-	-	-	-	204,728	204,728
Other comprehensive income						
Net change in fair value of financial assets - FVTOCI	-	-	-	(3,337)	-	(3,337)
Total comprehensive income for the period	-	-	-	(3,337)	204,728	201,391
Transactions with owners recorded directly in equity						
Cash dividends paid	-	-	-	-	(133,402)	(133,402)
Issue of bonus shares	-	-	-	-	-	-
Board of directors' fees - paid	-	-	-	-	(2,470)	(2,470)
Total transactions with owners	-	-	-	-	(135,872)	(135,872)
As at 30 September 2011	2,425,500	1,327,617	89,008	(18,763)	590,022	4,413,384

The accompanying notes 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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2011 (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. 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), 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. Basis of preparation

a) Statement of compliance

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 Group for the year ended 31st December 2010.

b) Key accounting estimates & judgment

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, provisions for doubtful debts, valuation of investment properties, investments and impairment on assets held-for-sale.

c) Changes in accounting policies

Overview

Effective 1 January 2011, the Group has changed its accounting policies in the following areas:

- Early adoption of IFRS 9 – 'Financial Instruments'
- Disclosure pertaining to Related parties – IAS 24 (revised)

i) Early adoption of IFRS 9 – 'Financial Instruments'

Effective 1 January 2011, the Group has early adopted IFRS 9 Financial Instruments issued in October 2010.

The requirements of IFRS 9 represent a significant change from the classification and measurement requirements in IAS 39 Financial Instruments: Recognition and Measurement in respect of financial assets. IFRS 9 contains two primary measurement categories for financial assets: amortised cost and fair value.

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2011 (Un- audited)
(Currency: Thousands of U.A.E. Dirhams)

2. Basis of preparation (continued)

c) Changes in accounting policies (continued)

i) Early adoption of IFRS 9 – 'Financial Instruments' (continued)

Unless it is designated as measured at fair value, a financial asset is measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and profit on the principal outstanding. All other financial assets are measured at fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available-for-sale and loans and receivables.

IFRS 9 requires that derivatives embedded in contracts with a host that is a financial asset within the scope of the standard are not separated; instead the hybrid financial instrument is assessed in its entirety as to whether it should be measured at amortised cost or fair value.

For investments in equity instruments that are not held for trading, IFRS 9 allows an irrevocable election, on an investment-by-investment basis, to present fair value changes from the investment in other comprehensive income. Dividends on such investments are generally recognised in profit or loss.

IFRS 9 requires that the effects of changes in credit risk of liabilities designated as at fair value through profit or loss are presented in other comprehensive income unless such treatment would create or enlarge an accounting mismatch in profit or loss, in which case all gains or losses on that liability is presented in profit or loss.

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied on a retrospective basis except as described below from 1 January 2011 without restatement of prior periods.

- The changes are measured as at the first date of the current reporting period (1 January 2011).
 - The assessment of whether a financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
 - The designation of certain investments in equity instruments that are not held for trading as at fair value through other comprehensive income.
 - The determination of whether the existing designations of liabilities as at fair value through profit or loss would create or enlarge an accounting mismatch in profit or loss. As a result of this analysis no adjustments were required to be made.
- Change resulting from assessments made at the date of initial application (1 January 2011) and measured at the date of initial application - investments in unquoted equity instruments, which were previously accounted for at cost in accordance with IAS 39, are now measured at fair value.

Differences between the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in opening retained earnings for the year ended 31 December 2011, i.e. as at 1 January 2011. The provisions of IFRS 9 have not been applied to financial assets and financial liabilities derecognised before 31 December 2010.

The change in accounting policy does not have any material impact on basic and diluted earnings per share for the period.

ii) Disclosures pertaining to related parties - IAS 24 (Revised)

The Group adopted IAS 24 (Revised): Related Party Disclosures. The Group now discloses government related entities in accordance with the amended definition of related party.

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2011 (Un- audited)
(Currency: Thousands of U.A.E. Dirhams)

2. Basis of preparation (continued)

c) Change in accounting policies (continued)

ii) Disclosures pertaining to related parties - IAS 24 (Revised) (continued)

The change in accounting policy was recognised retrospectively in accordance with the transitional provisions of the IAS 24 (Revised): Related Party Disclosures.

3. Summary of significant accounting policies

Except as described in noted 2(c), the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2010. Policies for financial and liabilities are stated below.

a) Financial assets and liabilities (early adoption of IFRS 9)

i) Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as financial assets at fair value through profit or loss, unless the Group designates an investment that is not held for trading as at fair value through other comprehensive income (FVTOCI).

Financial assets measured at FVTPL are measured at fair value, with any gains or losses arising in re-measurement recognised in the condensed consolidated statement of income.

Dividend income on investments in equity instruments at FVTPL is recognised in the condensed consolidated statement of income.

ii) Financial assets at fair value through other comprehensive income (FVTOCI)

At initial recognition, the Group can make an irrevocable election (on instrument by instrument basis) to designate other investments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

Financial assets measured at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income.

Dividends on these investments in equity instruments are recognised in the condensed consolidated statement of income.

iii) Financial assets measured at amortised costs

A financial asset shall be measured at amortised cost if both of the following conditions are met:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortised costs are initially measured at fair value plus transaction costs. Subsequently, they are measured at amortised costs using the effective yield method less any impairment, with profit recognised on effective yield basis in the condensed consolidated statement of income.

Subsequent to the initial recognition, the Group is required to reclassify investments from amortised costs to FVTPL, if the objective of the business model changes so that the amortised cost criteria is no longer met.

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2011 (Un- audited)
(Currency: Thousands of U.A.E. Dirhams)

3. Summary of significant accounting policies (continued)

- a) Financial assets and liabilities (early adoption of IFRS 9) (continued)
- iv) Financial assets and liabilities as per IAS 39 (for comparative purpose only)
- a. Classification of financial assets

Held-to-maturity financial assets

Held-to maturity financial assets 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.

Financial assets at fair value through profit or loss

Financial assets are classified in this category if acquired principally for the purpose of selling in the short term or if so designated by the management.

Available-for-sale financial assets

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

b. Recognition of financial instruments

Investments are recognised on the trade date which is the date on which the Group commits to purchase or sell the securities. Financing receivables and leased assets ("Ijarah") are recognised when cash is advanced to the borrowers.

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

c. Derecognition of financial instruments

The Group derecognises financial assets when the contractual right to the cash flows from the financial assets expire, or when it transfers the rights to receive the contractual cash flows on the financial assets in a transaction in which substantially all the risk and rewards of the ownership of the financial assets are transferred to other party.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

d. Fair value measurement principles

Fair value of financial assets at fair value through profit or loss and available-for-sale financial assets is based on quoted market price at the reporting 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. Investments in other unlisted investment funds are recorded at the net asset value per share as reported by the managers of such fund.

Unquoted financial assets whose fair value can not be reliably measured are carried at cost less any impairment losses.

e. Measurement of financial instruments

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Subsequent to the initial recognition, financial assets 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 amortized cost less impairment loss, if any.

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2011 (Un-audited)
(Currency: Thousands of U.A.E. Dirhams)

3. Summary of significant accounting policies (continued)

iv) Financial assets and liabilities as per IAS 39 (for comparative purpose only) (continued)

f. Impairment

Financial assets are reviewed at each reporting 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 recognised in the consolidated 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 the consolidated statement of comprehensive income through other comprehensive income.

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

4. Sukuks payable

Name of issuer	Maturity date	30 September 2011 (Un-audited)		31 December 2010 (Audited)	
		Carrying value	Profit rate	Carrying value	Profit rate
SIB Sukuk Company Limited	12 October 2011	826,425	3 months LIBOR +0.675%	825,831	3 months LIBOR +0.675%
SIB Sukuk Company II Limited (refer below)	25 May 2016	1,463,427	4.715%	-	-
Total		2,289,852		825,831	

On 26 May 2011, the Bank through a shari'a compliant Sukuk Financing arrangement raised medium term finance amounting to AED 1.47 billion (US\$ 400 million). The Sukuk is listed in London Stock Exchange PLC.

The terms of the arrangement includes the transfer of certain leased assets of the Bank on a co-ownership basis to 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\$ 400 million.

Furthermore, subsequent to 30 September 2011, the Bank redeemed the Sukuk matured on 12 October 2011 by repurchase of leased assets at an exercise price of US\$ 225 million.

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2011 (Un- audited)
(Currency: Thousands of U.A.E. Dirhams)

5. 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) 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.

	Corporate and Government	Retail	Investment and treasury	Subsidiaries	Total
Condensed consolidated interim statement of income for the nine-month period ended 30 September 2011 (un-audited)					
Income from murabaha and leasing	297,034	201,621	43,268	-	541,923
Profit paid on sukuk	-	-	(31,099)	-	(31,099)
Fees, commission and other income	28,530	23,893	21,761	-	74,184
Income from subsidiaries	-	-	-	16,292	16,292
Unallocated income	-	-	-	-	16,432
Total income	325,564	225,514	33,930	16,292	617,732
General and administrative expenses	-	-	-	(15,884)	(15,884)
General and administrative expenses - unallocated	-	-	-	-	(206,296)
Net operating income	325,564	225,514	33,930	408	395,552
Provisions - net of recoveries	(3,056)	(578)	(8,044)	(5,830)	(17,508)
Net profit before distribution to depositors	322,508	224,936	25,886	(5,422)	378,044
Distribution to depositors	(116,401)	(53,668)	(1,088)	-	(171,157)
Transfer from profit equalization reserve – unallocated	-	-	-	-	(2,159)
Net profit / (loss) for the period	206,107	171,268	24,798	(5,422)	204,728

Condensed consolidated interim statement of financial position As at 30 September 2011 (un-audited)

Assets					
Segment assets	6,123,672	4,084,412	8,148,040	9,258	18,365,382
Unallocated assets	-	-	-	-	544,580
Total assets	6,123,672	4,084,412	8,148,040	9,258	18,909,962
Liabilities					
Segment liabilities	6,660,682	4,527,194	2,927,310	1,578	14,116,764
Unallocated liabilities	-	-	-	-	379,814
Total liabilities	6,660,682	4,527,194	2,927,310	1,578	14,496,578

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2011 (Un- audited)
(Currency: Thousands of U.A.E. Dirhams)

5. Segment reporting (continued)

	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
Consolidated statement of financial position – audited As at 31 December 2010					
Assets					
Segment assets	5,358,240	4,144,693	6,000,424	667,485	16,170,842
Unallocated assets	-	-	-	-	496,319
Total assets	5,358,240	4,144,693	6,000,424	667,485	16,667,161
Liabilities					
Segment liabilities	6,351,989	4,049,260	1,502,920	47,925	11,952,094
Unallocated liabilities	-	-	-	-	367,202
Total liabilities	6,351,989	4,049,260	1,502,920	47,925	12,319,296

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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(Currency: Thousands of U.A.E. Dirhams)

6. 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:

Condensed consolidated interim statement of financial position	30 September 2011 (Un-audited)	31 December 2010 (Audited)
Government of Sharjah receivables	930,982	865,113
Government departments and authorities receivables	2,859,410	2,288,786
Other financing receivables and investing activities	1,016,316	611,069
Government of Sharjah deposits	85,079	137,191
Government department & authority deposits	2,207,707	2,213,253
Other deposits	312,810	223,660
Contingent liabilities	56,522	42,845

Condensed consolidated statement of income	30 September 2011 (Un-audited)	30 September 2010 (Un-audited)
Income from financing and investing activities	204,723	194,375
Depositors' share of profit	30,463	27,078

Key management compensation includes salaries and other short term benefits of AED 9.9 million for the period ended 30 September 2011 (30 September 2010: AED 10.4 million) and post employment benefits of AED 0.7 million for the period ended 30 September 2011 (30 September 2010: AED 0.5 million).

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. Financial assets – accounting classification and fair values

The following table summarises the transitional classification and measurement adjustments to the Group's financial assets on 31 December 2010.

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2011 (Un- audited)
(Currency: Thousands of U.A.E. Dirhams)

8. Financial assets– accounting classification and fair values (continued)

Particulars	Original classification under IAS 39	New classification under IFRS 9	At 31 December 2010		At 1 January 2011	
			Original carrying amount under IAS 39	New carrying amount under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
<i>Investments securities</i>						
Available-for-sale financial assets	Available-for-sale	Fair value through profit or loss	210,208	210,208	210,208	210,208
Available-for-sale financial assets	Available-for-sale	Fair value through other comprehensive income	91,020	91,020	91,020	91,020
Held-to-maturity financial assets	Held-to-maturity	Amortised cost	169,779	169,779	169,779	169,779
Financial assets through profit or loss	Financial assets through profit or loss	Fair value through profit or loss	657	657	657	657
Total			471,664	471,664	471,664	471,664

9. Cash dividend and bonus share

In the Annual General Meeting of the bank held on 14th March 2011 the Shareholders amended the proposed dividend from 7% cash to 5.5% cash (AED 0.055 per share) amounting to AED 133.4 million for the year 2010, accordingly the accrued Zakat has been increased by AED 943 thousand to reach AED 48.3 million.

10. 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.

11. Comparatives

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