

**IBDAR BANK B.S.C. (c)**  
**CONDENSED CONSOLIDATED INTERIM  
FINANCIAL INFORMATION**

**31 March 2014**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the three months ended 31 March 2014**

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**KPMG Fakhro  
Audit**  
12th Floor  
Fakhro Tower  
PO Box 710, Manama  
Kingdom of Bahrain

CR No. 6220  
Tel +973 17 224807  
Fax +973 17 227443  
Internet www.kpmg.com.bh

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

The Board of Directors  
Ibdar Bank BSC (c)  
Manama  
Kingdom of Bahrain

8 May 2014

### **Introduction**

We have reviewed the accompanying 31 March 2014 condensed consolidated interim financial information of Ibdar Bank BSC (c) (the "Bank") and its subsidiaries (the "Group"), which comprises:

- the condensed consolidated statement of financial position as at 31 March 2014;
- the condensed consolidated income statement for the three month period ended 31 March 2014;
- the condensed consolidated statement of changes in owners' equity for the three month period ended 31 March 2014;
- the condensed consolidated statement of cash flows for the three month period ended 31 March 2014;
- the condensed consolidated statement of changes in restricted investment accounts for the three month period ended 31 March 2014; and
- notes to the condensed consolidated interim financial information.

The Board of Directors of the Bank is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions. 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 Auditing Standards for Islamic Financial Institutions 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 31 March 2014 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions.

### **Other matter**

The comparatives for the condensed consolidated statement of financial position as at 31 December 2013 were extracted from the audited consolidated financial statements for the year ended 31 December 2013, which were audited by another auditor who expressed an unmodified opinion on 19 February 2014. The comparatives for the condensed consolidated statements of income, changes in owners' equity, cash flows and changes in restricted investment accounts were extracted from the reviewed condensed consolidated interim financial information for the three months ended 31 March 2013 which were reviewed by the same auditor who issued an unmodified conclusion on 14 May 2013.



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**as at 31 March 2014**

US\$ 000's

	note	31 March 2014 (reviewed)	31 December 2013 (audited)
<b>ASSETS</b>			
Cash and balances with banks		14,968	16,239
Placements with financial institutions		14,220	15,591
Financing receivables		12,232	12,232
Musharaka financing		838	787
Receivable from Ijarah investors		14,801	14,801
Investment in Ijarah asset		4,618	4,792
Ijarah muntahia bittamleek		1,128	1,283
Investment securities	6	212,363	228,867
Equity-accounted investees		11,453	11,372
Investment in real estate	7	44,080	44,080
Development properties		5,432	6,164
Other assets	8	24,898	3,852
<b>Total assets</b>		<b>361,031</b>	<b>360,060</b>
<b>LIABILITIES</b>			
Due to financial institutions	9	21,302	22,785
Due to investors		165	165
Other liabilities	10	8,096	8,456
<b>Total liabilities</b>		<b>29,563</b>	<b>31,406</b>
<b>Equity of investment account holders</b>		<b>2,305</b>	<b>498</b>
<b>OWNERS' EQUITY</b>			
Share capital		300,000	300,000
Share premium		16,385	16,385
Statutory reserve		676	676
Accumulated losses		(144)	(1,100)
Investment fair value reserve		3,315	3,348
Property fair value reserve		2,089	2,089
General reserve		4,618	4,618
<b>Equity attributable to shareholders of Parent</b>		<b>326,939</b>	<b>326,016</b>
Non-controlling interests		2,224	2,140
<b>Total owners' equity</b>		<b>329,163</b>	<b>328,156</b>
<b>Total liabilities, equity of investment account holders and owner's equity</b>		<b>361,031</b>	<b>360,060</b>

The Board of Directors approved the condensed consolidated interim financial information consisting of pages 2 to 15 on 8 May 2014.



Paul Mercer  
Chairman



Mohamed Al Adsani  
Vice Chairman

The accompanying notes 1 to 16 form an integral part of these condensed consolidated interim financial information.



**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**for the three months ended 31 March 2014**

US\$ 000's

	note	Three months ended	
		31 March 2014 (reviewed)	31 March 2013 (reviewed)
<b>INCOME</b>			
Finance income		208	1,128
Income from investment securities	11	2,665	2,775
Share of profit of equity accounted investees		79	-
Income from investment banking services		55	171
Other income		791	1,204
<b>Total income</b>		<b>3,798</b>	<b>5,278</b>
<b>EXPENSES</b>			
Staff cost		1,480	2,017
Finance expense		38	176
Depreciation and amortisation		46	25
Other expenses		1,183	1,096
<b>Total expenses</b>		<b>2,747</b>	<b>3,314</b>
<b>Profit before impairment allowances</b>		<b>1,051</b>	<b>1,964</b>
Impairment allowances		(11)	(403)
<b>PROFIT FOR THE PERIOD</b>		<b>1,040</b>	<b>1,561</b>
Attributable to:			
Shareholders of Parent		956	1,645
Non-controlling interests		84	(84)
		<b>1,040</b>	<b>1,561</b>



Paul Mercer  
Chairman



Mohamed Al Adsani  
Vice Chairman

The condensed consolidated interim financial information consists of pages 2 to 15.



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY**  
for the three months ended 31 March 2014

US\$ 000's

	Equity attributable to shareholders of Parent							Non-controlling interests	Total owners' equity	
	Share capital	Share premium	Statutory reserve	Accumulated losses	Investment fair value reserve	Property fair value reserve	General reserve			Total
31 March 2014 (reviewed)										
Balance at 1 January 2014	300,000	16,385	676	(1,100)	3,348	2,089	4,618	326,016	2,140	328,156
Profit for the period	-	-	-	956	-	-	-	956	84	1,040
Cumulative changes in fair value	-	-	-	-	(33)	-	-	(33)	-	(33)
<b>Balance at 31 March 2014</b>	<b>300,000</b>	<b>16,385</b>	<b>676</b>	<b>(144)</b>	<b>3,315</b>	<b>2,089</b>	<b>4,618</b>	<b>326,939</b>	<b>2,224</b>	<b>329,163</b>

	Equity attributable to shareholders of Parent							Non-controlling interests	Total owners' equity	
	Share capital	Share premium	Statutory reserve	Accumulated losses	Investment fair value reserve	Property fair value reserve	General reserve			Total
31 March 2013 (reviewed)										
Balance at 1 January 2013	300,000	16,385	676	-	796	-	4,618	322,475	3,914	326,389
Profit for the period	-	-	-	1,645	-	-	-	1,645	(84)	1,561
Cumulative changes in fair value	-	-	-	-	(1,525)	-	-	(1,525)	-	(1,525)
<b>Balance at 31 March 2013</b>	<b>300,000</b>	<b>16,385</b>	<b>676</b>	<b>1,645</b>	<b>(729)</b>	<b>-</b>	<b>4,618</b>	<b>322,595</b>	<b>3,830</b>	<b>326,425</b>

The condensed consolidated interim financial information consists of pages 2 to 15.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**for the three months ended 31 March 2014**

US\$ 000's

	Three months ended	
	31 March 2014 (reviewed)	31 March 2013 (reviewed)
<b>OPERATING ACTIVITIES</b>		
Profit for the period	1,040	1,561
Adjustment for:		
Depreciation and amortisation	46	25
Share of profit of equity-accounted investees	(79)	-
Gain on sale of investment securities	(780)	(1,676)
Gain on sale of development properties	(454)	-
Gain on sale of investment in real estate	-	(857)
Gain on sale of fixed assets	-	(15)
Impairment allowance	11	403
Net amortisation of discount/ premium	123	150
Operating loss before changes in operating assets and liabilities	(93)	(409)
Changes in operating assets and liabilities:		
Murabaha receivables	-	1,466
Placements with financial institutions	3,274	4,536
Placements from financial institutions	(1,483)	-
Musharaka financing	-	358
Investment in Ijarah assets	174	-
Ijarah muntahia bittamleek	155	-
Other assets	(375)	539
Other liabilities	(421)	(4,223)
Equity of investment accounts holders	1,807	(391)
<b>Net cash generated from operating activities</b>	<b>3,038</b>	<b>1,876</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of investment securities	(1,508)	(19,507)
Proceeds from sale of investment securities	18,158	21,383
Proceeds from sale of development properties	1,186	-
Proceeds from sale of investment in real estate	-	857
Sale of fixed assets	-	15
Project related advances	(20,236)	-
Purchase of fixed assets, net	(6)	(204)
<b>Net cash (used in) / generated from investing activities</b>	<b>(2,406)</b>	<b>2,544</b>
<b>FINANCING ACTIVITIES</b>		
Wakala payable	-	(7,139)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(7,139)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>632</b>	<b>(2,719)</b>
Cash and cash equivalents at 1 January	27,294	43,534
<b>CASH AND CASH EQUIVALENTS AT 31 March</b>	<b>27,926</b>	<b>40,815</b>
<b>CASH AND CASH EQUIVALENTS comprise:</b>		
Cash and bank balances	14,968	16,255
Placement with financial institutions (with original maturity of 90 days or less)	12,958	24,560
	<b>27,926</b>	<b>40,815</b>

The condensed consolidated interim financial information consists of pages 2 to 15.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN RESTRICTED INVESTMENT ACCOUNTS**

for the three months ended 31 March 2014

US\$ 000's

	Cash	Marketable equity securities portfolio	Unlisted securities portfolio	Real estate portfolio	Total
<b>31 March 2014 (reviewed)</b>					
Balance at 1 January 2014	-	2,832	67,044	42,538	112,414
Repurchased investment units and withdrawal	-	(2,340)	-	-	(2,340)
Fair valuation and foreign exchange revaluation	-		51		51
Balance at 31 March 2014	-	492	67,095	42,538	110,125

	Cash	Marketable equity securities portfolio	Unlisted securities portfolio	Real estate portfolio	Total
<b>31 March 2013 (reviewed)</b>					
Balance at 1 January 2013	1,264	1,756	66,250	42,725	111,995
Deposits and issues	1,652	-	613	-	2,265
Repurchased investment units and withdrawal	(2,043)	(443)	-	-	(2,486)
Fair valuation and foreign exchange revaluation	-	(26)	(286)	-	(312)
Balance at 31 March 2013	873	1,287	66,577	42,725	111,462

The condensed consolidated interim financial information consists of pages 2 to 15.



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
for the three months ended 31 March 2014**

US\$ 000's

**1 REPORTING ENTITY**

Ibdar Bank B.S.C. (c) ("the Bank" / "Parent") (formerly known as Elaf Bank BSC (c)), is a closed joint stock company incorporated in the Kingdom of Bahrain on 12 June 2007 under commercial registration (CR) number 65549. The Bank operates as an Islamic Wholesale Investment Bank under a license issued by the Central Bank of Bahrain ("the CBB"). The Bank's registered office is Zamil Tower, 6th Floor, Al Khalifa Avenue, Block 305, Manama, Kingdom of Bahrain.

The Bank's activities are regulated by the CBB and supervised by a Shari'a Supervisory Board.

The principal activities of the Bank include investment advisory services and investment transactions, which comply with Islamic rules and principles according to the opinion of the Bank's Shari'a Supervisory Board.

The Bank carries out its business activities through its registered office in the Kingdom of Bahrain and its branch in Malaysia. The branch was granted a license to perform Islamic Banking Business on 15 June 2011 under Islamic Banking Act 1983.

The condensed consolidated interim financial information for the three months ended 31 March 2014 comprise the financial information of the Bank and its subsidiaries (together referred as "the Group").

**2 BASIS OF PREPARATION**

The condensed consolidated interim financial information has been prepared in accordance with Financial Accounting Standards ('FAS') issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI). In line with the requirement of AAOIFI and the CBB Rule Book, for matters that are not covered by FAS, the Group uses guidance from the relevant International Financial Reporting Standards. Accordingly, the condensed consolidated interim financial information has been presented in condensed form in accordance with the guidance provided by International Accounting Standard 34 – 'Interim Financial Reporting'. The condensed consolidated interim financial information does not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2013. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2013.

*Accounting policies*

The accounting policies and methods of computation applied by the Group in the preparation of the condensed consolidated interim financial information are the same as those used in the preparation of the audited consolidated financial statements for the year ended 31 December 2013.

*Judgements and estimates*

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

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainties were the same as those applied to the audited consolidated financial statements for the year ended 31 December 2013.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the three months ended 31 March 2014**

US\$ 000's

**2 BASIS OF PREPARATION (continued)**

*Financial risk management*

The Group's financial risk management objectives and policies are consistent with that disclosed in the audited consolidated financial statements for the year ended 31 December 2013.

3 The condensed consolidated interim financial information is reviewed, not audited. The comparatives for the condensed consolidated statement of financial position has been extracted from the audited consolidated financial statements for the year ended 31 December 2013 and comparatives for the condensed consolidated statements of income, changes in owners' equity, cash flows and changes in restricted investment accounts have been extracted from the condensed consolidated interim financial information for the three months ended 31 March 2013.

**4 SEASONALITY**

Due to nature of the Bank's business, the three months' results reported in this condensed consolidated interim financial information may not represent a proportionate share of the overall annual results.

5 Appropriations of net profit, if any, are made only at the year end.

**6 INVESTMENT SECURITIES**

	31 March 2014 (reviewed)	31 December 2013 (audited)
<b>Debt type instruments</b>		
<i>At amortised cost</i>		
- <i>Quoted sukuk</i>	65,395	79,863
<b>Equity type instruments</b>		
<i>At fair value through income statement</i>		
- <i>Unquoted equity securities</i>	17,271	17,271
<i>At fair value through equity</i>		
- <i>Quoted equity securities</i>	32,713	34,803
- <i>Unquoted equity securities (at fair value)</i>	4,370	4,370
- <i>Unquoted equity securities (at cost)</i>	92,614	92,560
	<b>212,363</b>	<b>228,867</b>

The Group's investments in sukuk held at amortised cost amounting to US\$ 65,395 thousand (2013: US\$ 79,863 thousand) has a fair value amounting to US\$ 73,806 thousand (2013: US\$ 80,885 thousand). Unquoted equity securities of US\$ 92,614 thousand (31 December 2013: US\$ 92,560 thousand) are carried at cost less impairment in the absence of reliable measure of fair value.

**7 INVESTMENT IN REAL ESTATE**

	31 March 2014 (reviewed)	31 December 2013 (audited)
Lands	28,355	28,355
Buildings	15,725	15,725
	<b>44,080</b>	<b>44,080</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the three months ended 31 March 2014**

US\$ 000's

**8 OTHER ASSETS**

	<b>31 March 2014 (reviewed)</b>	<b>31 December 2013 (audited)</b>
Project related advances	20,236	-
Sukuk accrued profit	1,420	1,365
Ijarah receivable	564	621
Staff receivable	375	423
Prepaid expenses	317	213
Dividend receivable	441	-
Fixed assets	689	726
Others	856	504
	<b>24,898</b>	<b>3,852</b>

Project related advances are payments made on behalf of projects which would be classified to investment / financing receivables on conclusion of the deal structure.

**9 DUE TO FINANCIAL INSTITUTIONS**

	<b>31 March 2014 (reviewed)</b>	<b>31 December 2013 (audited)</b>
Placements from financial institutions	9,540	11,020
Financing from financial institution	11,762	11,765
	<b>21,302</b>	<b>22,785</b>

Financing from financial institution is due in May 2014 and secured against investment properties of carrying value US\$ 29,580 thousands held on behalf of project investors.

**10 OTHER LIABILITIES**

	<b>31 March 2014 (reviewed)</b>	<b>31 December 2013 (audited)</b>
Accounts payables	2,655	2,811
Due to Ijara investors	1,264	1,475
Restructuring provision	898	898
Provision for employee benefits	884	704
Directors' fee accrual	193	530
Others	2,202	2,038
	<b>8,096</b>	<b>8,456</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the three months ended 31 March 2014**

US\$ 000's

**11 INCOME FROM INVESTMENT SECURITIES**

	<b>31 March 2014 (reviewed)</b>	<b>31 March 2013 (reviewed)</b>
Income from sukuk	1,177	1,004
Dividend income	708	95
Gain on sale of sukuk	138	218
Gain on sale of investment securities	642	1,458
	<b>2,665</b>	<b>2,775</b>

**12 SEGMENT INFORMATION**

The Group's operates under one segment "Investment Banking", therefore no separate operating segment results and other disclosures are provided in these condensed consolidated interim financial information.

**13 RELATED PARTY TRANSACTIONS**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence or joint control over the other party in making financial and operating decisions. Related parties comprise major shareholders, directors, shari'a supervisory board and executive management of the Group and/or entities over which they exercise control and/or significant influence.

The related party balances and transactions included in these condensed consolidated interim financial information are as follows:

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
for the three months ended 31 March 2014**

US\$ 000's

**13 RELATED PARTY TRANSACTIONS (continued)**

	31 March 2014 (reviewed)				31 December 2013 (audited)				
	Associates	Directors / key management personnel Shar'i'a board members	Major shareholders / entities in which directors are interested	Assets under management	Total	Associates	Directors/ key management personnel Shar'i'a board members	Major shareholders / entities in which directors are interested	Assets under management
<b>Assets</b>									
Cash and balances with banks	-	-	14	-	14	-	-	-	35
Investment securities	8,504	-	-	13,786	22,290	8,504	-	18,498	27,002
Equity-accounted investees	11,453	-	-	-	11,453	11,372	-	-	11,372
Other assets	-	-	2	20,452	20,454	191	-	210	403
<b>Liabilities</b>									
Due to investors	-	-	157	-	157	-	-	-	157
Other liabilities	80	804	42	633	1,559	80	1,194	580	1,900
Equity of investment accountholders	-	-	-	2,030	2,030	-	131	-	131
Commitments	-	-	-	17,204	17,204	-	-	9,169	9,169

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
for the three months ended 31 March 2014

US\$ 000's

**13 RELATED PARTY TRANSACTIONS (continued)**

	31 March 2014 (reviewed)				31 March 2013 (reviewed)					
	Associates	Directors / key management personnel Shari'a board members	Major shareholders / entities in which directors are interested	Assets under management	Total	Associates	Directors / key management personnel Shari'a board members	Major shareholders / entities in which directors are interested	Assets under management	Total
<b>Income</b>										
Finance income	-	-	-	-	-	-	-	-	-	43
Share of profit of equity-accounted investees	79	-	-	-	79	-	-	-	-	-
Income from investments securities	-	16	89	-	105	-	-	-	-	-
Income from investment banking services	-	-	-	-	-	20	132	-	-	152
<b>Expenses</b>										
Staff cost	-	423	-	-	423	-	734	-	-	734
Finance expense	-	-	-	-	-	-	-	-	-	118
Other expenses	-	347	-	-	347	-	118	-	-	118

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the three months ended 31 March 2014**

US\$ 000's

**14 COMMITMENTS**

	<b>31 March 2014 (reviewed)</b>	<b>31 December 2013 (audited)</b>
Uncalled capital commitments in respect of investment	14,204	9,169
Commitment to finance	3,000	-
Commitment related to project developments	132	132
Operating lease commitments:		
- Within one year	61	80
- One to three years	36	36
	<b>17,433</b>	<b>9,417</b>

**15 FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Group's financial instruments are accounted for under the historical cost method with the exception of investment securities. By contrast, the fair value represents the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. Differences therefore can arise between book values under the historical cost method and fair value estimates. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms. Generally accepted methods of determining fair value include reference to quoted prices and the use of valuation techniques such as discounted cash flow analysis.

Set out below is a comparison of the carrying amounts and fair values of financial instruments:

**31 March 2014 (reviewed)**

	<b>Carrying amount</b>	<b>Fair value</b>
<b>Financial assets:</b>		
Cash and balances with banks	14,968	14,968
Placements with financial institutions	14,220	14,220
Financing receivables	12,232	12,232
Musharaka financing	838	838
Receivable from Ijarah investors	14,801	14,801
Investment in Ijarah asset	4,618	4,618
Ijarah muntahia bittamleek	1,128	1,128
Investment securities	37,087	37,087
Other assets	23,893	23,893
	<b>123,785</b>	<b>123,785</b>
<b>Financial liabilities:</b>		
Due to financial institutions	21,302	21,302
Due to investors	165	165
Other liabilities	6,314	6,314
	<b>27,781</b>	<b>27,781</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the three months ended 31 March 2014**

US\$ 000's

**15 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

31 December 2013 (audited)

	Carrying amount	Fair value
<b>Financial assets:</b>		
Cash and balances with banks	16,239	16,239
Placements with financial institutions	15,591	15,591
Financing receivables	12,232	12,232
Musharaka financing	787	787
Receivable from Ijarah investors	14,801	14,801
Investment in Ijarah asset	4,792	4,792
Ijarah muntahia bittamleek	1,283	1,283
Investment securities	39,173	39,173
Other assets	2,913	2,913
	<b>107,811</b>	<b>107,811</b>
<b>Financial liabilities:</b>		
Due to financial institutions	22,785	22,785
Due to investors	165	165
Other liabilities	6,854	6,854
	<b>29,804</b>	<b>29,804</b>

**Valuation techniques**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

*Investment securities*

The Group measures the fair value of quoted investments using the market bid-prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active or the instrument is not quoted, the Group establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), discounted cash flow analyses and other valuation models with accepted economic methodologies for pricing financial instruments.

*Sensitivity analysis*

*Unquoted securities - Investment securities carried at fair value through income statement:*

The effect on profit as a result of a change in the fair value of equity instruments due to a reasonable possible change (i.e. +/-5%) in the value of individual investments, with all other variables held constant, is US\$ 864 thousands. The effect of decrease in the value of individual investments is expected to be equal and opposite to the effect of an increase.

*Islamic financing contracts*

The fair values of financing receivables are principally estimated their carrying amount less impairment provisions as these are for short term (i.e. less than 12 months). Hence, the present value of expected future cash flows is not expected to be different from their carrying values.



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
**for the three months ended 31 March 2014**

US\$ 000's

**15 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

*Other financial instruments*

Placements with financial institutions, Placement with financial institutions are for short term tenure hence their carrying value is not different from the fair value. Fair value of other financial assets and liabilities are not significantly different from their carrying values due to their short term nature.

**Fair value hierarchy**

The table below analyses the financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e.as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**31 March 2014**  
(reviewed)

Quoted equity securities  
Unquoted equity securities (at fair value)

	Level 1	Level 2	Level 3	Total
Quoted equity securities	32,713	-	-	32,713
Unquoted equity securities (at fair value)	-	-	4,370	4,370
	<b>32,713</b>	<b>-</b>	<b>4,370</b>	<b>37,083</b>

**31 December 2013**  
(audited)

Quoted equity securities  
Unquoted equity securities (at fair value)

	Level 1	Level 2	Level 3	Total
Quoted equity securities	34,803	-	-	34,803
Unquoted equity securities (at fair value)	-	-	4,370	4,370
	<b>34,803</b>	<b>-</b>	<b>4,370</b>	<b>39,173</b>

The following table analyses the movement in Level 3 financial assets during the period:

	31 March 2014 (reviewed)	31 December 2013 (audited)
At 1 January	4,370	4,370
Gains (losses) in income statement	-	-
Purchases	-	-
Settlements	-	-
Transfers into (out) of Level 3	-	-
<b>At 31 March / 31 December</b>	<b>4,370</b>	<b>4,370</b>

The fair values of other financial instruments on the interim consolidated statement of financial position are not significantly different from their carrying values, except as disclosed in note 3.

**16 COMPARATIVE FIGURES**

Certain of the prior period's figures have been restated to conform to the presentation adopted in the current period. Such reclassification did not affect previously reported profit or owner's equity.