
SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
(UN – AUDITED)
30 SEPTEMBER 2013

SHARJAH ISLAMIC BANK

Directors' Report

The Directors have pleasure in presenting their report together with the condensed consolidated interim financial statements of SHARJAH ISLAMIC BANK ("the Bank") and its subsidiaries together referred as a "Group" for the nine-month period ended 30 September 2013.

Financial Highlights

The Group has reported a net profit of AED 221.0 million for the nine-month period ended 30 September 2013 compared to AED 208.7 million for the corresponding prior year period, an increase of 5.9%.

Compared to December 2012, total assets increased by AED 2.1 billion to reach AED 20.4 billion, an increase of 11.5%, financing receivables and ijarah receivable increased by 9% (AED 970.6 million) to reach AED 11.7 billion, investment securities increased by 51.6% (AED 442.3 million) to reach AED 1.3 billion and customer deposits experienced a growth of 1.2 % (AED 135 million) to reach AED 11.5 billion.

Directors:-

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



Abdul Rahman Mohammed Nasser Al Owais
Chairman
21 October 2013



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

The Shareholders of Sharjah Islamic Bank

Introduction

We have reviewed the accompanying 30 September 2013 condensed consolidated interim financial information of Sharjah Islamic Bank ("the Bank") and subsidiaries (collectively referred as the "Group"), which comprises:

- the condensed consolidated statement of financial position as at 30 September 2013;
- the condensed consolidated statements of comprehensive income (comprising a condensed comprehensive income statement and a separate condensed consolidated statement of the comprehensive income) for the three-month and nine-month periods ended 30 September 2013;
- the condensed consolidated statement of changes in equity for the nine-month period ended 30 September 2013;
- the condensed consolidated statement of cash flows for the nine-month period ended 30 September 2013; and
- notes to the interim financial statements.

Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2013 condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.



KPMG

Name: Vijendranath Malhotra
Registration No: 48B

21 October 2013

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 September 2013
(Currency: Thousands of U.A.E Dirhams)

	30 September 2013 Un-audited	31 December 2012 Audited
Assets		
Cash and balances with banks and financial institutions	2,455,146	1,783,237
International murabaha and wakalah with financial institutions	2,103,657	2,372,410
Financing receivables	3,099,357	2,778,882
Ijarah receivables	8,620,639	7,970,489
Investment securities	1,298,993	856,681
Investment properties	248,452	223,288
Properties held-for-sale	1,155,842	1,083,034
Other assets	519,915	394,381
Property and equipment	928,448	853,827
Total assets	20,430,449	18,316,229
Liabilities		
Customers deposits	11,469,520	11,334,541
Due to banks	545,431	470,190
Sukuk payable	3,295,140	1,464,457
Other liabilities	564,592	523,377
Zakat payable	56,708	79,766
Total liabilities	15,931,391	13,872,331
Shareholders' equity		
Share capital	2,425,500	2,425,500
Legal reserve	1,328,226	1,328,226
Statutory reserve	89,008	89,008
Fair value reserve	(44,523)	(34,470)
Retained earnings	700,847	635,634
Total shareholders' equity	4,499,058	4,443,898
Total liabilities and shareholders' equity	20,430,449	18,316,229

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

Abdul Rahman Mohammed Nasser Al Owais
Chairman

Mohammed Ahmed Abdullah
Chief Executive Officer

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

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2013 (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	
	2013	2012	2013	2012
Income from murabaha and leasing	179,286	159,151	524,687	502,486
Profit paid on Sukuk	(31,657)	(17,673)	(78,834)	(53,033)
Fees, commission and other income	69,170	44,914	148,609	125,150
Income from subsidiary companies	6,788	3,377	19,871	15,937
Total income	223,587	189,769	614,333	590,540
General and administrative expenses	(98,494)	(79,431)	(269,339)	(237,886)
Net operating income	125,093	110,338	344,994	352,654
Provisions - net of recoveries	(8,666)	(9,059)	(27,332)	(20,777)
Net profit before distribution to depositors	116,427	101,279	317,662	331,877
Distribution to depositors	(30,141)	(41,745)	(96,682)	(123,147)
Net profit for the period	86,286	59,534	220,980	208,730
(Attributable to the shareholders of the Bank)				
Earning per share (U.A.E. Dirhams)	0.04	0.02	0.09	0.09

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 2013 (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	
	2013	2012	2013	2012
Net profit for the period	86,286	59,534	220,980	208,730
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Net change in fair value reserve	<u>(1,385)</u>	<u>759</u>	<u>(17,890)</u>	<u>(25,728)</u>
Total comprehensive income for the period	<u>84,901</u>	<u>60,293</u>	<u>203,090</u>	<u>183,002</u>

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 2013 (Un- audited)
(Currency: Thousands of U.A.E. Dirhams)

	For the nine -month period ended 30 September	
	2013	2012
Cash flows from operating activities:		
Net profit for the period	220,980	208,730
Adjustments:		
Depreciation	19,550	18,151
Amortisation of sukuk issuance cost	1,787	1,078
Provision on financing and ijarah receivables	38,086	27,330
Provision for impairment on FVTPL financial assets	-	389
Revaluation gain on investment properties	(4,450)	-
Operating profit before changes in operating assets and liabilities	275,953	255,678
Changes in operating assets and liabilities:		
in reserve with Central Bank	(263,656)	(55,069)
in international murabaha and wakalah arrangement with financial institutions	(229,779)	211,211
in financing receivables and leased assets	(1,008,711)	(120,419)
in other assets, net	(125,534)	17,262
in customers' deposits	134,979	795,251
in due to banks	75,241	(627,086)
in zakat	(23,058)	(108,982)
in other liabilities	38,815	24,406
Net cash flows (used in)/from operating activities	(1,125,750)	392,252
Cash flows from investing activities:		
Acquisition of properties and equipment	(94,171)	(43,935)
Acquisition in investments properties - net	(20,714)	(29,034)
Acquisition in properties held-for-sale -net	(72,808)	(20,158)
Change in investments securities	(460,202)	(201,528)
Net cash used in investing activities	(647,895)	(294,655)
Cash flows from financing activities:		
Proceeds from sukuk	1,828,896	-
Cash dividends	(145,530)	(145,530)
Net cash from / (used in) financing activities	1,683,366	(145,530)
Net decrease in cash and cash equivalents	(90,279)	(47,933)
Cash and cash equivalents, beginning of the period	2,955,505	3,099,539
Cash and cash equivalents, end of period	2,865,226	3,051,606
Cash and cash equivalents comprise of:-		
Cash and balances with banks and financial institutions (excluding cash reserve with central bank)	1,483,546	982,473
International murabaha and wakalah with financial institutions: less than 3 months maturity	1,381,680	2,069,133
	2,865,226	3,051,606

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 2013 (Un- audited)

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

	ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE BANK					
	Share capital	Legal reserves	Statutory reserves	Fair value reserve	Retained earnings	Total shareholders' equity
As at 1 January 2012	2,425,500	1,327,617	89,008	(20,481)	584,514	4,406,158
Total comprehensive income for the period						
Profit for the period	-	-	-	-	208,730	208,730
Other comprehensive income						
Net change in fair value reserve	-	-	-	(25,728)	-	(25,728)
Total comprehensive income for the period	-	-	-	(25,728)	208,730	183,002
Transactions with owners recorded directly in equity						
Dividends paid	-	-	-	-	(145,530)	(145,530)
Board of directors' fees - paid	-	-	-	-	(2,400)	(2,400)
Total transactions with owners	-	-	-	-	(147,930)	(147,930)
As at 30 September 2012	2,425,500	1,327,617	89,008	(46,209)	645,314	4,441,230
As at 1 January 2013	2,425,500	1,328,226	89,008	(34,470)	635,634	4,443,898
Total comprehensive income for the period						
Profit for the period	-	-	-	-	220,980	220,980
Other comprehensive income						
Net change in fair value reserve	-	-	-	(17,890)	-	(17,890)
Realised loss on financial assets through other comprehensive income transferred to retained earnings				7,837	(7,837)	-
Total comprehensive income for the period	-	-	-	(10,053)	213,143	203,090
Transactions with owners recorded directly in equity						
Dividends paid	-	-	-	-	(145,530)	(145,530)
Board of directors' fees - paid	-	-	-	-	(2,400)	(2,400)
Total transactions with owners	-	-	-	-	(147,930)	(147,930)
As at 30 September 2013	2,425,500	1,328,226	89,008	(44,523)	700,847	4,499,058

In accordance with the Ministry of Economy & Commerce interpretation of Article 118 of Commercial Companies Law No. 8 of 1984, Directors' remuneration has been treated as an appropriation from equity.

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

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2013 (Un-audited)
(Currency: Thousands of U.A.E. Dirhams)

1. Legal status and activities

SHARJAH ISLAMIC BANK ("the Bank") was incorporated in 1975 as a public joint stock company by Emiri Decree issued by His Highness the Ruler of Sharjah, United Arab Emirates and is listed on the Abu Dhabi Securities Exchange. The Bank is engaged in banking, financing and investing activities in accordance with its articles of incorporation, Islamic Shari'a principles and regulations of the UAE Central Bank, which are carried out through its 26 branches (2012: 25 branches) established in United Arab Emirates.

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

The condensed consolidated interim financial statements of the Bank comprise the Bank and its fully owned subsidiaries incorporated in United Arab Emirates, Sharjah National Hotels (SNH), Sharjah Islamic Financial Services LLC (SIFS), Contact Marketing and ASAS (all together referred to as "the Group"), SNH through its divisions is engaged in operating hotels and resorts, catering and related services, whereas SIFS is involved in conducting intermediation in dealing in local market Shari'a compliant shares. Contact Marketing provides certain support services to the Bank and ASAS is involved in the management of the Bank's real estate portfolio.

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

2. Basis of preparation

a) Statement of compliance

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

b) Basis of measurement

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

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

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2013 (Un- audited)
(Currency: Thousands of U.A.E. Dirhams)

2. Basis of preparation (continued)

c) Functional and reporting currency

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

d) Key accounting estimates & judgment

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

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

e) Financial risk management

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

3. Summary of significant accounting policies

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

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

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2013 (Un- audited)
(Currency: Thousands of U.A.E. Dirhams)

4. Segment reporting

The Group's activities comprise the following main business segments:

a) Government and corporate

Within this business segment the Bank provides companies, institutions and government and government departments with a range of Islamic financial products and services.

b) Retail

The retail segment provides a wide range of Islamic financial services to individuals.

c) Investment and treasury

This segment mainly includes wakalah deals with other financial institutions, investments of the Bank and other money market activities.

d) Hospitality and brokerage

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

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2013 (Un-audited)

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

4. Segment reporting (continued)

	Corporate and government	Retail	Investment and treasury	Hospitality and brokerage	Total
Condensed consolidated interim statement of income for the nine-month period ended 30 September 2013 (un-audited)					
Income from murabaha and leasing	287,441	190,929	46,317	-	524,687
Profit paid on sukuk	-	-	(78,834)	-	(78,834)
Fees, commission and other income	57,392	31,133	31,338	-	119,863
Income from subsidiaries	-	-	-	19,871	19,871
Unallocated income	-	-	-	-	28,746
Total income	344,833	222,062	(1,179)	19,871	614,333
General & administrative expenses	-	-	-	(25,914)	(25,914)
General & administrative expenses – unallocated	-	-	-	-	(243,425)
Net operating income	344,833	222,062	(1,179)	(6,043)	344,994
Provisions – net of recoveries	(6,964)	(42,027)	10,932	10,727	(27,332)
Profit before distribution to depositors	337,869	180,035	9,753	4,684	317,662
Distribution to depositors	(56,431)	(33,299)	(395)	-	(90,125)
Distribution to depositors -unallocated	-	-	-	-	(6,557)
Profit for the period	281,438	146,736	9,358	4,684	220,980
Condensed consolidated interim statement of financial position As at 30 September 2013 (un-audited)					
Assets					
Segment assets	7,763,417	4,073,105	7,230,783	692,045	19,759,350
Unallocated assets	-	-	-	-	671,099
Total assets	7,763,417	4,073,105	7,230,783	692,045	20,430,449
Liabilities					
Segment liabilities	6,408,442	5,246,330	3,840,570	17,707	15,513,049
Unallocated liabilities	-	-	-	-	418,342
Total liabilities	6,408,442	5,246,330	3,840,570	17,707	15,931,391

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2013 (Un- audited)

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

4. Segment reporting (continued)

	Corporate and Government	Retail	Investment and treasury	Hospitality and brokerage	Total
Condensed consolidated interim statement of income for the nine-month period ended 30 September 2012 (un-audited)					
Income from murabaha and leasing	314,053	155,374	33,059	-	502,486
Profit paid on sukuk	-	-	(53,033)	-	(53,033)
Fees, commission and other income	26,748	27,035	53,125	-	106,908
Income from subsidiaries	-	-	-	15,937	15,937
Unallocated income	-	-	-	-	18,242
Total income	340,801	182,409	33,151	15,937	590,540
General and administrative expenses	-	-	-	(13,189)	(13,189)
General and administrative expenses - unallocated	-	-	-	-	(224,697)
Net operating income	340,801	182,409	33,151	2,748	352,654
Provisions - net of recoveries	(304)	(18,827)	(8,186)	6,540	(20,777)
Net profit before distribution to depositors	340,497	163,582	24,965	9,288	331,877
Distribution to depositors	(78,121)	(41,631)	(1,573)	-	(121,325)
Distribution to depositors - unallocated	-	-	-	-	(1,822)
Net profit for the period	262,376	121,951	23,392	9,288	208,730

**Condensed consolidated interim statement of
financial position
As at 31 December 2012 (audited)**

Assets					
Segment assets	6,626,698	4,227,248	6,210,208	715,740	17,779,894
Unallocated assets	-	-	-	-	536,335
Total assets	6,626,698	4,227,248	6,210,208	715,740	18,316,229
Liabilities					
Segment liabilities	6,485,172	4,896,662	1,934,647	61,932	13,378,413
Unallocated liabilities	-	-	-	-	493,918
Total liabilities	6,485,172	4,896,662	1,934,647	61,932	13,872,331

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2013 (Un-audited)**

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

5. Related parties

The Bank has transactions in the ordinary course of business with directors, staff of the Bank and entities of which they are principal owners. At the reporting date, such significant balances include:

	30 September 2013 Un-audited	31 December 2012 Audited
Condensed consolidated interim statement of financial position		
Government of Sharjah receivables	1,738,214	1,335,056
Government departments and authorities receivables	2,794,521	2,649,513
Other financing receivables and investing activities	561,303	757,856
Government of Sharjah deposits	101,526	24,964
Government department and authorities deposits	1,866,649	1,485,718
Other deposits	91,921	284,931
Contingent liabilities	163,290	159,146
	30 September 2013 Un-audited	30 September 2012 Un-audited
Condensed consolidated interim statement of income		
Income from financing and investing activities	215,488	213,553
Depositors' share of profit	(15,506)	(20,852)

Key management compensation includes salaries and other short term benefits of AED 11.8 million for the period ended 30 September 2013 (30 September 2012 AED 11.1 million) and post employment benefits of AED 0.6 million for the period ended 30 September 2013 (30 September 2012: AED 0.7 million).

6. Fair Value Measurement*6.1 Fair value hierarchy*

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

	Level 1	Level 2	Level 3	Total
At 30 September 2013 (Un-audited)				
Financial assets				
FVTPL – investment securities	407,166	-	52,301	459,467
FVTOCI – investment securities	7,369	-	153,414	160,783
	414,535	-	205,715	620,250
Non Financial assets				
Investment properties at fair value	-	-	248,452	248,452

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2013 (Un- audited)**

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

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

	Level 1	Level 2	Level 3	Total
At 31 December 2012 (Audited)				
Financial assets				
FVTPL – investment securities	405,515	-	86,174	419,689
FVTOCI – investment securities	4,408	-	138,819	143,227
	409,923	-	224,993	634,916
Non Financial assets				
Investment properties at fair value	-	-	223,288	223,288

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

	30 September 2013 Un-audited	31 December 2012 audited
Investment securities		
Balance at 1 January	224,993	262,900
Total gains or losses – net:		
- in the consolidated interim statement of income	(817)	(2,334)
- in the consolidated interim statement of other comprehensive income	(7,535)	(15,227)
Addition	-	(20,346)
Disposals	(10,926)	-
Balance at 30 September	205,715	239,993
Investment properties		
Balance at 1 January	223,288	191,044
Revaluation	4,450	2,200
Addition	20,714	30,044
Balance at 30 September	248,452	223,288

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

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

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

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2013 (Un- audited)
(Currency: Thousands of U.A.E. Dirhams)

7. Properties held-for-sale

These are properties which have been acquired for the purpose of sale after re-development and are stated at the lower of cost or net realisable value.

8. Geographical distribution

	30 September 2013 <u>Un-audited</u>	31 December 2012 <u>Audited</u>
a) Investment securities by geographical distribution		
Financial assets at fair value through profit or loss		
- Domestic	347,672	73,460
- International	111,795	418,229
	<u>459,467</u>	<u>491,689</u>
Financial assets at fair value through other comprehensive income		
- Domestic	7,369	4,408
- International	153,414	138,819
	<u>160,783</u>	<u>143,227</u>
Financial assets measured at amortised cost		
- Domestic	358,741	174,121
- International	320,002	47,644
	<u>678,743</u>	<u>221,765</u>
Total investment securities	<u>1,298,993</u>	<u>856,681</u>
b) Investment properties by geographical distribution		
- Domestic	242,250	217,086
- International	6,202	6,202
Total investment properties	<u>248,452</u>	<u>223,288</u>
c) Properties held-for-sale (domestic)	<u>1,155,842</u>	<u>1,083,034</u>
9. Interim measurement		

The nature of the Group's business is such that income and expense are incurred in a manner, which is not impacted by any form of seasonality. These condensed consolidated interim financial statements were prepared based upon an accrual concept, which requires income and expense to be recorded as earned or incurred and not as received or paid throughout the year.

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2013 (Un- audited)**

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

10. Dividends

During the annual general meeting of the shareholder's held on 12 March 2013 the shareholder's approved a dividend of AED 145.5 million (2012: AED 145.5 million).

11. Sukuk payable

Name of issuer	Maturity date	30 September 2013 (Un-audited)		31 December 2012 (Audited)	
		Carrying value	Profit rate	Carrying value	Profit rate
SIB Sukuk Company II Limited	25 May 2016	1,465,514	4.715%	1,464,457	4.715%
SIB Sukuk Company III Limited (refer below)	15 April 2018	1,829,626	2.95%	-	-
Total		3,295,140		1,464,457	

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

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

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

12. Comparatives

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