

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

	2016 US\$	2015 US\$
ASSETS		
Cash and balances with banks	516,088	3,107,075
Equity investments	5,095,937	3,738,763
Deferred payment sale receivable	3,680,203	3,680,203
Investment in real estate	25,627,992	24,265,592
Other assets	949,433	954,129
Fixed assets	24,826	41,350
Total Assets	36,794,479	35,787,112
LIABILITIES AND EQUITY		
Liabilities		
Due to a financial institution	3,670,202	3,670,202
Murabaha payable	3,229,064	3,229,064
Payable against lease commitment	-	3,580,902
Other liabilities	184,678	262,302
Total liabilities	7,083,944	10,742,470
Equity		
Share capital	80,000,000	80,000,000
Statutory reserve	8,027,709	7,561,420
Investments fair value reserve	583,792	909,705
Properties fair value reserve	986,388	657,476
Accumulated losses	(59,887,354)	(64,083,959)
Total equity	29,710,535	25,044,642
Total Liabilities and Equity	36,794,479	35,787,112
OFF-BALANCE SHEET ITEMS:		
Equity of investment accountholders	-	-

STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 US\$	2015 US\$
Revenues		
Rental income from investments in real estate	1,708,237	1,700,308
Fair value gain / (loss) on investments at fair value through statement of income, net	2,640,047	(45,727)
Other income, net	44,937	27,064
Operating income	4,393,221	1,681,645
Expenses		
Staff costs	(119,820)	(497,898)
Administrative and general expenses	(564,443)	(764,014)
Depreciation	(22,592)	(25,469)
Operating expenses	(706,855)	(1,287,381)
Net profit before provision and impairment	3,686,366	394,264
Write-back of provision against lease commitment	-	2,169,746
Provision for impairment of financial assets	(56,960)	(1,154,129)
Write-back of impairment on real estate investment, net	1,033,488	109,165
Net profit for the year	4,662,894	1,519,046

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 US\$	2015 US\$
Cash flows from operating activities:		
Net profit for the year	4,662,894	1,519,046
Adjustments for:		
Depreciation	22,592	25,469
Write-back of provision against lease commitment	-	(2,169,746)
Provision for impairment of financial assets	56,960	1,154,129
Write-back of impairment on real estate investment, net	(1,033,488)	(109,165)
Fair value (gain) / loss on investments at fair value through statement of income, net	(2,640,047)	45,727
Dividend income	(44,830)	(6,197)
	1,024,081	459,263
Decrease / (increase) in other assets	4,696	(1,799)
Decrease in other liabilities	(77,624)	(283,782)
Payment against lease commitment	(3,580,902)	(1,193,634)
Net cash used in operating activities	(2,629,749)	(1,019,952)
Cash flows from investing activities:		
Purchase of fixed assets	(6,068)	-
Dividends received	44,830	6,197
Net cash from investing activities	38,762	6,197
Net decrease in cash and cash equivalents	(2,590,987)	(1,013,755)
Cash and cash equivalents, beginning of year	3,107,075	4,120,830
Cash and cash equivalents, end of year	516,088	3,107,075

STATEMENT OF CHANGES IN OWNERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2016

	Share capital US\$	Statutory reserve US\$	Investments fair value reserve US\$	Properties fair value reserve US\$	Accumulated losses US\$	Total US\$
Balance as at December 31, 2014	80,000,000	7,409,515	2,316,221	117,805	(65,451,100)	24,392,441
Net profit for the year	-	-	-	-	1,519,046	1,519,046
Transfer to statutory reserve	-	151,905	-	-	(151,905)	-
Other comprehensive (loss) / income:						
Fair value loss on equity investments at fair value through equity	-	-	(1,406,516)	-	-	(1,406,516)
Fair value gain on investment in real estate	-	-	-	539,671	-	539,671
Balance as at December 31, 2015	80,000,000	7,561,420	909,705	657,476	(64,083,959)	25,044,642
Net profit for the year	-	-	-	-	4,662,894	4,662,894
Transfer to statutory reserve	-	466,289	-	-	(466,289)	-
Other comprehensive (loss) / income:						
Fair value loss on equity investments at fair value through equity	-	-	(325,913)	-	-	(325,913)
Fair value gain on investment in real estate	-	-	-	328,912	-	328,912
Balance as at December 31, 2016	80,000,000	8,027,709	583,792	986,388	(59,887,354)	29,710,535

These statements were extracted from the audited financial statements on which Deloitte & Touche - Middle East issued an unqualified opinion dated April 13, 2017.

Emphasis of Matter

1- The financial statements have been prepared using the going concern assumption, as management is satisfied that the Bank will continue in operation for the foreseeable future. As at December 31, 2016 the Bank's accumulated losses exceeded a substantial part of its share capital. This situation along with the current lack of adequate capitalization and the Bank's current limited sources of revenue and inability to generate sufficient cash flows from operations, raise significant doubts about its ability to continue as a going concern. Management is of the opinion that the Bank has the ability to develop profitable operations, depending on securing adequate financial resources. There can be no assurance that the Bank will be successful in achieving profitability or raising additional cash to finance operations. The financial statements do not include any adjustments relating to the recoverability of assets and settlement of liabilities that might be necessary should the Bank be unable to continue as a going concern.

2- The shareholders' extraordinary meeting held on September 22, 2016, resolved to surrender the Bank's banking license and to discontinue all its banking operations. The procedures to surrender the Banking license were completed. The CBS informed the Bank through its letter dated January 31, 2017 that the Wholesale Bank License of the Bank had been cancelled and its record has been removed from the CBB's register.

The financial statements were authorised for issue in accordance with approval of the Board of Directors on April 13, 2017.

or Full financial information details, please visit our website www.investorsb.com

Mr. Ali Saleh Ayesh Al Rashidi
Chairman

Mr. Majed Yousef Ahmed Al-Ali
Director