

**Liquidity Management Centre B.S.C. (c)**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

**30 SEPTEMBER 2017**



Building a better  
working world

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## **REVIEW REPORT TO THE BOARD OF DIRECTORS OF LIQUIDITY MANAGEMENT CENTRE B.S.C. (c)**

### **Introduction**

We have reviewed the accompanying interim condensed consolidated financial statements of Liquidity Management Centre B.S.C. (c) (the "Bank") and its subsidiary (the "Group") as at 30 September 2017, comprising of the interim consolidated statement of financial position as at 30 September 2017 and the related interim consolidated statements of income, cash flows and changes in owners' equity for the nine-month period then ended and other explanatory information. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the accounting policies disclosed in note 2. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### **Scope of review**

We conducted our review in accordance with 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with the accounting policies set out in note 2.

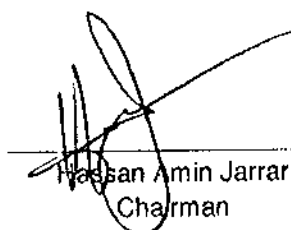
2 November 2017  
Manama, Kingdom of Bahrain

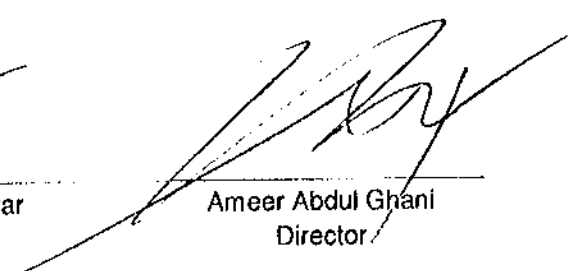
Liquidity Management Centre B.S.C. (c)

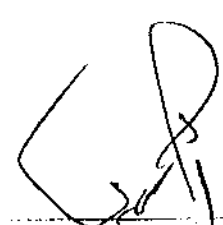
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2017

		<i>Reviewed</i> 30 September 2017 US\$ '000	<i>Audited</i> 31 December 2016 US\$ '000
<b>ASSETS</b>			
Cash and balances with banks		2,692	2,079
Murabaha receivables		13,006	-
Due from banks		21,500	8,500
Mudaraba receivables		5,046	5,022
Financing receivables		5,851	7,362
Investment in sukuks	3	64,691	73,548
Investment in equities and funds	3	5,921	5,924
Investment in real estate	4	27,726	28,265
Equipment		141	145
Other assets		1,194	1,887
<b>TOTAL ASSETS</b>		<b>147,768</b>	<b>132,732</b>
<b>LIABILITIES AND OWNERS' EQUITY</b>			
<b>Liabilities</b>			
Due to short term sukuk investors and banks		91,970	76,046
Staff payables		888	3,923
Other liabilities		817	739
<b>Total liabilities</b>		<b>93,675</b>	<b>80,708</b>
<b>Owners' Equity</b>			
Share capital	6	59,039	59,039
Reserves		8,355	8,355
(Accumulated deficit)		(13,301)	(15,370)
<b>Total owners' equity</b>		<b>54,093</b>	<b>52,024</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>147,768</b>	<b>132,732</b>

  
Hassan Amin Jarrar  
Chairman

  
Ameer Abdul Ghani  
Director

  
Ahmed Abbas  
Chief Executive Officer

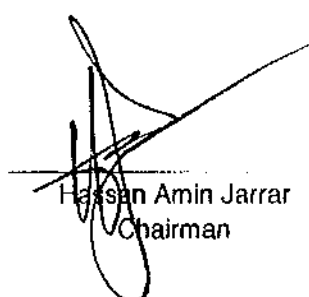
The attached explanatory notes 1 to 11 form part of these interim condensed consolidated financial statements.

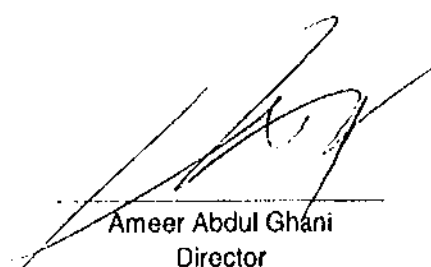
Liquidity Management Centre B.S.C. (c)

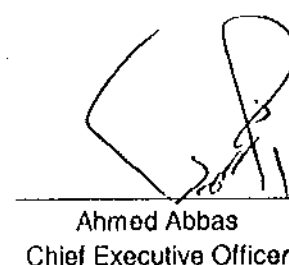
**INTERIM CONSOLIDATED STATEMENT OF INCOME**

For the nine months ended 30 September 2017 (Reviewed)

	Note	Three months ended		Nine months ended	
		30 September		30 September	
		2017	2016	2017	2016
		US\$ '000	US\$ '000	US\$ '000	US\$ '000
<b>Income</b>					
Investment in sukuk	7	1,751	1,004	4,617	3,287
Investment in equities and funds		9	103	38	955
Due from banks		35	6	62	48
Financing receivables		98	69	285	216
Mudaraba receivables		36	14	87	44
Less: Return to short term sukuk investors and banks		(493)	(355)	(1,296)	(1,305)
		<b>1,436</b>	<b>841</b>	<b>3,793</b>	<b>3,245</b>
Investment banking fees		81	104	346	119
Ijarah income		366	429	1,147	1,205
Foreign exchange (loss) gain		(1)	2	20	4
Other income		2	-	116	281
<b>OPERATING INCOME</b>		<b>1,884</b>	<b>1,376</b>	<b>5,422</b>	<b>4,854</b>
Staff costs		589	686	2,004	2,104
General and administrative expenses		270	304	773	840
Depreciation		181	183	543	544
<b>OPERATING EXPENSES</b>		<b>1,040</b>	<b>1,173</b>	<b>3,320</b>	<b>3,488</b>
<b>NET PROFIT FOR THE PERIOD BEFORE IMPAIRMENT PROVISION</b>		<b>844</b>	<b>203</b>	<b>2,102</b>	<b>1,366</b>
Impairment provision - net	5	-	(1,924)	(33)	(4,757)
<b>NET PROFIT (LOSS) FOR THE PERIOD</b>		<b>844</b>	<b>(1,721)</b>	<b>2,069</b>	<b>(3,391)</b>

  
Hassan Amin Jarrar  
Chairman

  
Ameer Abdul Ghani  
Director

  
Ahmed Abbas  
Chief Executive Officer

The attached explanatory notes 1 to 11 form part of these interim condensed consolidated financial statements.

Liquidity Management Centre B.S.C. (c)

**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**

For the nine months ended 30 September 2017 (Reviewed)

	Note	Nine months ended 30 September	
		2017 US\$ '000	2016 US\$ '000
<b>OPERATING ACTIVITIES</b>			
Net profit (loss) for the period		2,069	(3,391)
Adjustments for:			
Depreciation		543	544
Amortisation of discount on investments		(525)	(363)
Net gain on sale of investment at fair value through equity		-	(1,261)
Net loss on liquidation of investment at fair value through equity		-	318
Net gain from sale of investments at amortised cost		(1,669)	(283)
Impairment provision - net	5	33	4,757
Operating profit before changes in operating assets and liabilities		451	321
Changes in:			
Mudaraba receivables		(24)	(2,483)
Financing receivables		1,511	1,072
Other assets		693	(52)
Due to short term sukuk investors and banks		15,924	(24,130)
Staff payables		(3,035)	5
Other liabilities		78	8
Purchase of investments at amortised cost		(57,033)	(16,337)
Sale / redemption proceeds of investments at amortised cost		68,051	18,467
Capital redemption / sale of investments at fair value through equity		3	3,584
Net cash from (used in) operating activities		26,619	(19,545)
<b>INVESTING ACTIVITY</b>			
Purchase of equipment		-	(15)
Net cash used in investing activity		-	(15)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		26,619	(19,560)
Cash and cash equivalents at 1 January		10,579	27,451
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>		37,198	7,891
<b>Cash and cash equivalents comprise:</b>			
Cash and balances with banks		2,692	2,391
Murabaha receivables		13,006	
Due from banks with original maturity of 90 days or less		21,500	5,500
		37,198	7,891

The attached explanatory notes 1 to 11 form part of these interim condensed consolidated financial statements.

Liquidity Management Centre B.S.C. (c)  
**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY**  
For the nine months ended 30 September 2017 (Reviewed)

	Reserves					Total owners' equity US\$ '000	
	Share capital US\$ '000	Statutory reserve US\$ '000	General reserve US\$ '000	Investment fair value reserve US\$ '000	Total reserves US\$ '000		(Accumulated deficit) US\$ '000
Balance at 1 January 2017	59,039	3,669	2,226	2,460	8,355	(15,370)	52,024
Net profit for the period	-	-	-	-	-	2,069	2,069
<b>Balance at 30 September 2017</b>	<b>59,039</b>	<b>3,669</b>	<b>2,226</b>	<b>2,460</b>	<b>8,355</b>	<b>(13,301)</b>	<b>54,093</b>
Balance at 1 January 2016	56,228	3,669	2,226	3,799	9,694	5,045	70,967
Cumulative changes in fair value - net	-	-	-	(1,333)	(1,333)	-	(1,333)
Net loss for the period	-	-	-	-	-	(3,391)	(3,391)
Transfer to paid-up capital	2,811	-	-	-	-	(2,811)	-
<b>Balance at 30 September 2016</b>	<b>59,039</b>	<b>3,669</b>	<b>2,226</b>	<b>2,466</b>	<b>8,361</b>	<b>(1,157)</b>	<b>66,243</b>

The attached explanatory notes 1 to 11 form part of these interim condensed consolidated financial statements.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

At 30 September 2017

**1 INCORPORATION AND ACTIVITIES**

Liquidity Management Centre B.S.C. (c) (the "Bank") is a closed joint stock company incorporated in the Kingdom of Bahrain on 31 July 2002, under Commercial Registration (CR) number 49092. The Bank operates under an Islamic Wholesale Banking license issued by the Central Bank of Bahrain (the "CBB"). The Bank's registered office is Building 852, Road 3618, Block 436, Seef District, Kingdom of Bahrain.

The principal activities of the Bank and its wholly owned subsidiary (the "Group") include the following:

- Facilitating the creation of an Islamic inter-bank money market that will allow Islamic Financial Services Institutions ("IFSI") to effectively manage their assets and liabilities;
- Providing short-term liquid, tradable asset-backed treasury instruments (Sukuk) based on Islamic Shari'a principles where IFSI can invest their surplus liquidity; and
- Providing short-term investment opportunities based on Islamic Shari'a principles.

The Bank is regulated by the CBB and supervised by the Shari'a Supervisory Board for compliance with Shari'a rules and principles.

The interim condensed consolidated financial statements have been authorised for issue by the Board of Directors on 2 November 2017.

**2 BASIS OF PREPARATION AND ACCOUNTING POLICIES**

**2.1 Basis of preparation**

The interim condensed consolidated financial statements of the Group have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not contain all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2016. In addition, the results for the nine-month period ended 30 September 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

**2.2 Statement of compliance**

The interim condensed consolidated financial statements have been prepared on a historical cost basis, except for equity type instruments carried at fair value through equity and equity type instruments carried at fair value through statement of income that have been measured at fair value. The interim condensed consolidated financial statements have been presented in United States Dollar ("US\$"), being the reporting and functional currency of the Group's operations. All values are rounded to the nearest thousand (US\$ '000) unless otherwise indicated.

**2.3 Basis of consolidation**

These interim condensed consolidated financial statements comprise the financial statements of the Bank and its subsidiary for the nine month period ended 30 September 2017. The financial statements of the subsidiary are prepared for the same reporting year as the Bank, using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

The Bank has the following subsidiary:

	<u>Ownership</u> <u>2017 and 2016</u>	<u>Year and country of</u> <u>incorporation</u>	<u>Activity</u>
The Short Term Sukuk Center B.S.C. (c)	100%	2003 Kingdom of Bahrain	Investments in Sukuk





## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2017

**3 INVESTMENTS (continued)**

Investments include an amount of US\$ 63 million (31 December 2016: US\$ 69.7 million) representing the underlying assets of the secured Short Term Sukuk Program (STS Program) of The Short Term Sukuk Center B.S.C. (c) managed by the Bank. The maturities of these investments range from 1 to 36 years and the effective profit rate on these investments range between 2.7 % to 7.9 % per annum (31 December 2016: 2.7 % to 7.9 % per annum).

The Group is party to a long term financing arrangement with a third party international financial institution for which certain of the Group's investments amounting to US\$ 53 million (31 December 2016: US\$ 61 million) have been pledged as collateral as of 30 September 2017.

**4 INVESTMENT IN REAL ESTATE**

This mainly represents the Bank's headquarters building, the majority of which is leased under an operating Ijarah:

	<i>Reviewed</i> 30 September 2017 US\$ '000	<i>Audited</i> 31 December 2016 US\$ '000
Cost	31,963	31,943
Addition	-	20
	<u>31,963</u>	<u>31,963</u>
Accumulated depreciation	(4,237)	(3,698)
	<u>27,726</u>	<u>28,265</u>

As at 30 September 2017, the Bank's headquarters had a fair value of US\$ 24.4 million (31 December 2016: US\$ 24.4 million) and its other investment property had a fair value of US\$ 3.7 million (31 December 2016: US\$ 3.7 million).

**5 IMPAIRMENT PROVISION**

	<i>Reviewed</i> 30 September 2017				
	<i>Investments</i> <i>at fair</i>				
	<i>Investments</i> <i>at amortised</i> <i>cost</i> US\$ 000	<i>value</i> <i>through</i> <i>equity</i> US\$ 000	<i>Investments</i> <i>in real -</i> <i>estate</i> US\$ 000	<i>Other</i> <i>receivables</i> US\$ 000	<i>Total</i> US\$ 000
<b>Specific provision</b>					
At 1 January	19,949	2,842	298	581	23,670
Charge for the period / year	17	-	-	16	33
Write offs	-	-	-	(318)	(318)
	<u>19,966</u>	<u>2,842</u>	<u>298</u>	<u>279</u>	<u>23,385</u>
<b>Collective provision</b>					
At 1 January	2,476	-	-	-	2,476
<b>TOTAL</b>	<u>22,442</u>	<u>2,842</u>	<u>298</u>	<u>279</u>	<u>25,861</u>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2017

## 5 IMPAIRMENT PROVISION (continued)

	<i>Audited</i>				<i>Total</i>
	<i>31 December 2016</i>				
	<i>Investments</i>	<i>at fair</i>	<i>Investments</i>	<i>Other</i>	
	<i>at amortised</i>	<i>value</i>	<i>in real -</i>	<i>receivables</i>	<i>Total</i>
	<i>cost</i>	<i>through</i>	<i>estate</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
	<i>US\$ '000</i>	<i>equity</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
<b>Specific provision</b>					
At 1 January	5,807	5,504	80	302	11,693
Charge for the period / year	13,392	2,364	218	279	16,253
Reclassification	750	-	-	-	750
Write offs	-	(5,026)	-	-	(5,026)
	<u>19,949</u>	<u>2,842</u>	<u>298</u>	<u>581</u>	<u>23,670</u>
<b>Collective provision</b>					
At 1 January	991	-	-	-	991
Charge for the period / year	2,192	-	-	-	2,192
Reclassification	(707)	-	-	-	(707)
	<u>2,476</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,476</u>
<b>TOTAL</b>	<u>22,425</u>	<u>2,842</u>	<u>298</u>	<u>581</u>	<u>26,146</u>
				<b>2017</b>	<b>2016</b>
				<b>US\$ '000</b>	<b>US\$ '000</b>
<b>Charge for the period/ year</b>					
Investments at fair value through equity				-	2,364
Investments at amortised cost				17	13,392
Investments in real estate				-	218
Other receivables				16	279
General provision				-	2,192
				<u>33</u>	<u>18,445</u>

## 6 SHARE CAPITAL

	<i>Reviewed</i>	<i>Audited</i>
	<i>30 September</i>	<i>31 December</i>
	<b>2017</b>	<b>2016</b>
	<b>US\$ '000</b>	<b>US\$ '000</b>
<b>Authorised:</b>		
200,000,000 ordinary shares of US\$ 1 each	<u>200,000</u>	<u>200,000</u>
<b>Issued, subscribed and paid-up:</b>		
At the beginning of the year: 59,038,875 (2016: 56,227,500) ordinary shares of US\$ 1 (2016: US\$ 1) each	<u>59,039</u>	56,228
Issued during the period: nil (2016: 2,811,375) ordinary shares of US\$ 1 (2016: US\$ 1) each	-	2,811
At the end of the year: 59,038,875 (2016: 59,038,875) ordinary shares of US\$ 1 (2016: US\$ 1) each	<u>59,039</u>	<u>59,039</u>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2017

## 7 INCOME FROM INVESTMENT IN SUKUK

	Reviewed Three months ended 30 September		Reviewed Nine months ended 30 September	
	2017	2016	2017	2016
	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Income from sukuk	1,003	1,009	2,948	3,004
Gain on sale of sukuk	748	(5)	1,669	283
	<b>1,751</b>	<b>1,004</b>	<b>4,617</b>	<b>3,287</b>

## 8 GENERAL AND ADMINISTRATIVE EXPENSES

	Reviewed Three months ended 30 September		Reviewed Nine months ended 30 September	
	2017	2016	2017	2016
	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Legal and professional fees	56	45	174	146
Premises expenses	67	90	163	189
Board remuneration	82	43	212	209
Others	65	86	224	296
	<b>270</b>	<b>264</b>	<b>773</b>	<b>840</b>

## 9 RELATED PARTY TRANSACTIONS AND BALANCES

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, external auditors and executive management of the Group entities over which they exercise control and significant influence.

The related party balances included in these interim condensed consolidated financial statements are as follows:

	Reviewed 30 September 2017			Audited 31 December 2016		
	Board members/ key management personnel/ Shari'a board members/ external auditors US\$ '000	Significant shareholders / entities in which directors are interested US\$ '000	Total US\$ '000	Board members/ key management personnel/ Shari'a board members/ external auditors US\$ '000	Significant shareholders / entities in which directors are interested US\$ '000	Total US\$ '000
<b>Assets</b>						
Cash and balances with banks	-	185	185	-	234	234
Due from banks and financial institutions	-	-	-	-	2,000	2,000
Investment in sukuks	-	5,283	5,283	-	10,905	10,905
Other assets	19	49	68	106	191	297
<b>Liabilities</b>						
Due to short term sukuk investors and banks	-	20,003	20,003	-	20,010	20,010
Staff payables	667	-	667	2,894	-	2,894
Other liabilities	337	-	337	283	-	283

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2017

**9 RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

The related party transactions included in these interim condensed consolidated financial statements are as follows:

	Reviewed 30 September 2017			Reviewed 30 September 2016		
	Board members/ key management personnel/ Shari'a board members/ external auditors US\$ '000	Significant shareholders / entities in which directors are interested US\$ '000	Total US\$ '000	Board members/ key management personnel/ Shari'a board members/ external auditors US\$ '000	Significant shareholders / entities in which directors are interested US\$ '000	Total US\$ '000
<b>Income</b>						
Income from investments in sukuk	-	(594)	(594)	-	605	605
Income from Mudaraba receivables	-	-	-	-	2	2
Return to short term sukuk investors and banks	-	285	285	-	639	639
<b>Expenses</b>						
Staff costs	1,164	-	1,164	1,352	-	1,352
General and administrative expenses	303	-	303	301	-	301

Key management personnel of the Group comprise of the key members of management having authority and responsibility for planning, directing and controlling the activities of the Bank. The key management personnel compensation is as follows:

	Reviewed Nine months ended 30 September	
	2017 US\$ '000	2016 US\$ '000
Salary and other benefits	<b>1,164</b>	<b>1,352</b>

**10 FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and fair value estimates.

*Fair value hierarchy*

Fair values of quoted securities are derived from quoted market prices in active markets, if available. For unquoted securities, fair value is estimated using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same and discounted cash flow analysis or other valuation models.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2017

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

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

**Level 1:** quoted (unadjusted) prices in active markets for identical assets or liabilities;

**Level 2:** other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

**Level 3:** techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy at 30 September 2017:

	<i>Level 1</i> US\$ '000	<i>Level 2</i> US\$ '000	<i>Level 3</i> US\$ '000	<i>Total</i> US\$ '000
<b>Investments carried at fair value through statement of income</b>				
Equities and funds	-	4,935	-	4,935
<b>Investments carried at fair value through equity</b>				
Equities and funds	-	270	-	270
	<u>-</u>	<u>5,205</u>	<u>-</u>	<u>5,205</u>

Under unquoted investments which are held at fair value through equity are investments amounting to US\$ 0.716 million (31 December 2016: US\$ 0.719 million) which are held at cost less provision for impairment due to the unpredictable nature of their future cash flows and the lack of other suitable methods for arriving at a reliable fair value for these investments (note 3).

The fair values of the Group's other financial instruments are not significantly different from their carrying values as at 30 September 2017 and 31 December 2016.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2017

## 11 SEGMENTAL INFORMATION

## (a) Industry sector

The industrial distribution of the Group's assets and liabilities as of 30 September 2017 is as follows:

	<i>Reviewed</i>				
	<i>30 September 2017</i>				
	<i>Banks and financial institutions</i>	<i>Government</i>	<i>Real estate</i>	<i>Others</i>	<i>Total</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
<b>Assets</b>					
Cash and balances with banks	2,683	-	-	9	2,692
Murabaha receivables	13,006	-	-	-	13,006
Due from banks	21,500	-	-	-	21,500
Mudaraba receivables	5,046	-	-	-	5,046
Financing receivables	2,963	-	2,888	-	5,851
Investment in sukuk	25,842	29,219	4,776	4,854	64,691
Investment in equities and funds	497	-	5,424	-	5,921
Investment in real estate	-	-	27,726	-	27,726
Equipment	-	-	-	141	141
Other assets	331	395	266	202	1,194
<b>Total assets</b>	<b>71,868</b>	<b>29,614</b>	<b>41,080</b>	<b>5,206</b>	<b>147,768</b>
<b>Liabilities</b>					
Due to short term sukuk investors and banks	91,970	-	-	-	91,970
Staff payables	-	-	-	888	888
Other liabilities	7	5	-	805	817
<b>Total liabilities</b>	<b>91,977</b>	<b>5</b>	<b>-</b>	<b>1,693</b>	<b>93,675</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2017

## 11 SEGMENTAL INFORMATION (continued)

## (a) Industry sector (continued)

The industrial distribution of the Group's income and expenses as of 30 September 2017 is as follows:

	<i>Reviewed</i>				
	<i>30 September 2017</i>				
	<i>Banks and financial institutions</i>	<i>Government</i>	<i>Real estate</i>	<i>Others</i>	<i>Total</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
<b>Income</b>					
Income from:					
Investment in sukuk	1,964	1,578	913	162	4,617
Investment in equities and funds	20	-	18	-	38
Due from banks and Financial institutions	62	-	-	-	62
Financing Receivables	120	-	165	-	285
Mudaraba receivables	87	-	-	-	87
Less: Return to short term sukuk investors and banks	(1,296)	-	-	-	(1,296)
Investment banking fees	-	-	331	15	346
Ijarah income	-	672	-	475	1,147
Foreign exchange gain	20	-	-	-	20
Other income	26	-	62	28	116
<b>Total income</b>	<b>1,003</b>	<b>2,250</b>	<b>1,489</b>	<b>680</b>	<b>5,422</b>
<b>Expenses</b>					
Staff costs	-	-	-	2,004	2,004
General and administrative expenses	43	86	-	644	773
Depreciation	-	-	-	543	543
<b>Total expenses</b>	<b>43</b>	<b>86</b>	<b>-</b>	<b>3,191</b>	<b>3,320</b>
<b>Impairment provision</b>	<b>(24)</b>	<b>-</b>	<b>(9)</b>	<b>-</b>	<b>(33)</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2017

## 11 SEGMENTAL INFORMATION (continued)

## (a) Industry sector (continued)

The industrial distribution of the Group's assets and liabilities as of 31 December 2016 is as follows:

	<i>Audited</i>				
	31 December 2016				
	<i>Banks and financial institutions</i>	<i>Government</i>	<i>Real estate</i>	<i>Others</i>	<i>Total</i>
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
<i>Assets</i>					
Cash and bank balances	2,074	-	-	5	2,079
Due from banks	8,500	-	-	-	8,500
Mudaraba receivables	5,022	-	-	-	5,022
Financing receivables	-	-	7,362	-	7,362
Investment in sukuk	25,205	34,817	13,526	-	73,548
Investment in equities and funds	500	-	5,424	-	5,924
Investment in real estate	-	-	28,265	-	28,265
Equipment	-	-	-	145	145
Other assets	545	337	614	391	1,887
<b>Total assets</b>	<b>41,846</b>	<b>35,154</b>	<b>55,191</b>	<b>541</b>	<b>132,732</b>
<i>Liabilities</i>					
Due to short term sukuk investors and banks	76,046	-	-	-	76,046
Staff payables	-	-	-	3,923	3,923
Other liabilities	87	-	-	652	739
<b>Total liabilities</b>	<b>76,133</b>	<b>-</b>	<b>-</b>	<b>4,575</b>	<b>80,708</b>



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2017

## 11 SEGMENTAL INFORMATION (continued)

## (a) Industry sector (continued)

The industrial distribution of the Group's income and expenses as of 30 September 2016 is as follows:

	<i>Reviewed</i> 30 September 2016				
	<i>Banks and financial institutions</i> US\$ '000	<i>Government</i> US\$ '000	<i>Real estate</i> US\$ '000	<i>Others</i> US\$ '000	<i>Total</i> US\$ '000
<i>Income</i>					
Income from:					
Investment in sukuk	1,611	1,204	472	-	3,287
Investment in equities and funds	-	-	(207)	1,162	955
Due from banks	48	-	-	-	48
Financing receivables	-	-	216	-	216
Mudaraba receivables	44	-	-	-	44
Less: Return to short term sukuk investors and banks	(1,305)	-	-	-	(1,305)
Investment banking fees	-	-	-	119	119
Ijarah income	-	687	-	518	1,205
Foreign exchange gain	4	-	-	-	4
Other income	-	-	-	281	281
<b>Total income</b>	<b>402</b>	<b>1,891</b>	<b>481</b>	<b>2,080</b>	<b>4,854</b>
<i>Expenses</i>					
Staff costs	-	-	-	2,104	2,104
General and administrative expenses	33	80	-	727	840
Depreciation	-	-	-	544	544
<b>Total expenses</b>	<b>33</b>	<b>80</b>	<b>-</b>	<b>3,375</b>	<b>3,488</b>
<b>Impairment provision</b>	<b>(1,432)</b>	<b>-</b>	<b>(3,125)</b>	<b>(200)</b>	<b>(4,757)</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2017

## 11 SEGMENTAL INFORMATION (continued)

## (b) Geographic sector

The geographical distribution of the Group's assets and liabilities as of 30 September 2017 is as follows:

	<i>Reviewed</i> 30 September 2017			
	<i>Kingdom of Bahrain</i> US\$ '000	<i>Other GCC countries</i> US\$ '000	<i>Others</i> US\$ '000	<i>Total</i> US\$ '000
<b>Assets</b>				
Cash and balances with banks	1,381	-	1,311	2,692
Murabaha receivables	13,006	-	-	13,006
Due from banks	21,500	-	-	21,500
Mudaraba receivables	5,046	-	-	5,046
Financing receivables	2,888	2,963	-	5,851
Investment in sukuks	16,890	42,712	5,089	64,691
Investment in equities and funds	5,102	219	600	5,921
Investment in real estate	27,726	-	-	27,726
Equipment	141	-	-	141
Other assets	491	703	-	1,194
<b>Total assets</b>	<b>94,171</b>	<b>46,597</b>	<b>7,000</b>	<b>147,768</b>
<b>Liabilities</b>				
Due to short term sukuk investors and banks	33,770	20,003	38,197	91,970
Staff payables	888	-	-	888
Other liabilities	810	-	7	817
<b>Total liabilities</b>	<b>35,468</b>	<b>20,003</b>	<b>38,204</b>	<b>93,675</b>

The geographical distribution of the Group's income and expenses as of 30 September 2017 is as follows:

	<i>Reviewed</i> 30 September 2017			
	<i>Kingdom of Bahrain</i> US\$ '000	<i>Other GCC countries</i> US\$ '000	<i>Others</i> US\$ '000	<i>Total</i> US\$ '000
<b>Income</b>				
Income from:				
Investment in sukuks	737	3,155	725	4,617
Investment in equities and funds	-	18	20	38
Due from banks and Financial institutions	62	-	-	62
Financing Receivables	165	120	-	285
Mudaraba receivables	87	-	-	87
Less: Return to short term sukuk investors and banks	(306)	(285)	(705)	(1,296)
Investment banking fees	346	-	-	346
Ijarah income	1,147	-	-	1,147
Foreign exchange loss	20	-	-	20
Other income	28	62	26	116
<b>Total income</b>	<b>2,286</b>	<b>3,070</b>	<b>66</b>	<b>5,422</b>
<b>Expenses</b>				
Staff costs	2,004	-	-	2,004
General and administrative expenses	739	-	34	773
Depreciation	543	-	-	543
<b>Total expenses</b>	<b>3,286</b>	<b>-</b>	<b>34</b>	<b>3,320</b>
<b>Impairment provision</b>	<b>(6)</b>	<b>(27)</b>	<b>-</b>	<b>(33)</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2017

## 11 SEGMENTAL INFORMATION (continued)

## (b) Geographic sector (continued)

The geographical distribution of the Group's assets and liabilities as of 31 December 2016 is as follows:

	<i>Audited</i> 31 December 2016			
	<i>Kingdom of Bahrain US\$ '000</i>	<i>Other GCC countries US\$ '000</i>	<i>Others US\$ '000</i>	<i>Total US\$ '000</i>
<i>Assets</i>				
Cash and bank balances	1,216	1	862	2,079
Due from banks and financial institutions	8,500	-	-	8,500
Mudaraba receivables	5,022	-	-	5,022
Financing receivables	4,088	3,274	-	7,362
Investment in sukuk	14,742	48,216	10,590	73,548
Investment in equities and funds	5,705	219	-	5,924
Investment in real estate	28,265	-	-	28,265
Equipment	145	-	-	145
Other assets	770	840	277	1,887
<b>Total assets</b>	<b>68,453</b>	<b>52,550</b>	<b>11,729</b>	<b>132,732</b>
<i>Liabilities</i>				
Due to short term sukuk investors and banks	54,036	22,010	-	76,046
Staff payables	3,923	-	-	3,923
Other liabilities	739	-	-	739
<b>Total liabilities</b>	<b>58,698</b>	<b>22,010</b>	<b>-</b>	<b>80,708</b>

The geographical distribution of the Group's income and expenses as of 30 September 2016 is as follows:

	<i>Reviewed</i> 30 September 2016			
	<i>Kingdom of Bahrain US\$ '000</i>	<i>Other GCC countries US\$ '000</i>	<i>Others US\$ '000</i>	<i>Total US\$ '000</i>
<i>Income</i>				
Income from:				
Investment in sukuk	652	1,801	834	3,287
Investment in equities and funds	(62)	923	94	955
Due from banks	48	-	-	48
Financing Receivables	216	-	-	216
Mudaraba receivables	44	-	-	44
Less: Return to short term sukuk investors and banks	(271)	(638)	(396)	(1,305)
Investment banking fees	19	100	-	119
Ijarah income	1,205	-	-	1,205
Foreign exchange loss	-	-	4	4
Other income	-	281	-	281
<b>Total income</b>	<b>1,851</b>	<b>2,467</b>	<b>536</b>	<b>4,854</b>
<i>Expenses</i>				
Staff costs	2,104	-	-	2,104
General and administrative expenses	786	8	46	840
Depreciation	544	-	-	544
<b>Total expenses</b>	<b>3,434</b>	<b>8</b>	<b>46</b>	<b>3,488</b>
Impairment provision	-	(3,557)	(1,200)	(4,757)