

Al Salam Bank-Bahrain B.S.C.

**INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

30 JUNE 2015



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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF AL SALAM BANK-BAHRAIN B.S.C.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Al Salam Bank-Bahrain B.S.C. ("the Bank") and its subsidiaries (together "the Group") as at 30 June 2015, comprising of the interim consolidated statement of financial position as at 30 June 2015 and the related interim consolidated statements of income, changes in owners' equity and cash flows for the six month period then ended and explanatory notes. 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. Consequently, it 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 aspects, in accordance with the accounting policies disclosed in note 2.

12 August 2015

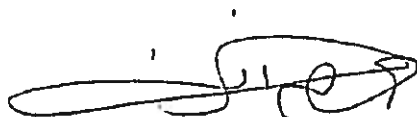
Manama, Kingdom of Bahrain

Al Salam Bank-Bahrain B.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2015 (reviewed)

		<i>(Reviewed)</i>	<i>(Audited)</i>
		<i>30 June</i>	<i>31 December</i>
		<i>2015</i>	<i>2014</i>
	<i>Note</i>	<i>BD '000</i>	<i>BD '000</i>
ASSETS			
Cash and balances with banks and Central Bank of Bahrain		256,791	277,751
Central Bank of Bahrain Sukuk		146,613	94,678
Murabaha and Wakala receivables from banks		107,321	182,110
Corporate Sukuk		136,689	139,304
Murabaha financing		337,307	270,428
Mudaraba financing		204,943	189,601
Ijarah Muntahia Bittamleek		169,888	141,052
Musharaka		11,146	10,851
Assets under conversion	3	121,336	308,659
Non-trading investments	4	150,848	147,096
Investments in real estate		63,889	65,149
Development properties		58,924	59,262
Investment in associates		10,460	10,492
Other assets	5	39,054	32,893
Goodwill	6.1	25,971	25,971
Assets held-for-sale		54,445	-
TOTAL ASSETS		1,895,625	1,955,297
LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND OWNERS' EQUITY			
LIABILITIES			
Murabaha and Wakala payables to banks		136,844	121,266
Wakala payables to non-banks		1,034,582	1,034,052
Customers' current accounts		193,797	226,648
Term financing		19,899	21,337
Liabilities under conversion	3	5,971	149,621
Other liabilities		54,556	45,418
Liabilities relating to assets classified as held-for-sale		37,147	-
TOTAL LIABILITIES		1,482,796	1,598,342
EQUITY OF INVESTMENT ACCOUNTHOLDERS		81,845	28,152
OWNERS' EQUITY			
Share capital	6	214,093	214,093
Reserves and retained earnings		101,671	93,777
Proposed appropriations		-	10,705
Total equity attributable to shareholders of the Bank		315,764	318,575
Non-controlling interest		15,220	10,228
TOTAL OWNERS' EQUITY		330,984	328,803
TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND OWNERS' EQUITY		1,895,625	1,955,297



Sh. Hessa Bint Khalifa Al Khalifa
Chairperson of the Board



Yousif A. Taqi
Director & Chief Executive Officer

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

Al Salam Bank-Bahrain B.S.C.

INTERIM CONSOLIDATED INCOME STATEMENT

For the period ended 30 June 2015 (reviewed)

		<i>Three months ended 30 June 2015</i>	<i>Three months ended 30 June 2014</i>	<i>Six months ended 30 June 2015</i>	<i>Six months ended 30 June 2014</i>
	<i>Note</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
OPERATING INCOME					
Income from financing contracts		11,062	15,289	24,805	21,310
Income from Sukuk		2,688	1,657	5,421	2,917
Gains on sale of investments and Sukuk	7	1,353	232	1,508	2,399
Income from investments	8	1,667	405	2,343	1,009
Fair value changes on investments		550	494	824	2,105
Dividend income		86	27	464	324
Foreign exchange gains		570	453	453	686
Fees, commission and other income - net		1,375	2,960	2,862	3,399
		<u>19,351</u>	<u>21,517</u>	<u>38,680</u>	<u>34,149</u>
Profit on Murabaha and Wakala payables to banks		(174)	(270)	(360)	(479)
Profit on Wakala payables to non-banks		(6,516)	(7,904)	(13,953)	(12,013)
Profit on term financing		(227)	(263)	(450)	(497)
Profit relating to equity of investment accountholders		(194)	(48)	(248)	(90)
Total operating income		<u>12,240</u>	<u>13,032</u>	<u>23,669</u>	<u>21,070</u>
OPERATING EXPENSES					
Staff cost		2,900	3,998	6,135	5,667
Premises and equipment cost		698	719	1,391	977
Depreciation		383	883	950	949
Other operating expenses		2,301	2,671	4,964	3,972
Total operating expenses		<u>6,282</u>	<u>8,271</u>	<u>13,440</u>	<u>11,565</u>
PROFIT BEFORE PROVISIONS AND RESULTS					
OF ASSOCIATES AND JOINT VENTURES					
Provision for impairment - net		(838)	(446)	(2,050)	(1,329)
Share of (loss) profit from associates and joint venture		-	(89)	855	143
NET PROFIT FOR THE PERIOD		<u>5,120</u>	<u>4,226</u>	<u>9,034</u>	<u>8,319</u>
<i>Attributable to:</i>					
- Shareholders of the Bank		5,152	4,151	8,945	8,167
- Non-controlling interest		(32)	75	89	152
		<u>5,120</u>	<u>4,226</u>	<u>9,034</u>	<u>8,319</u>
WEIGHTED AVERAGE NUMBER OF SHARES (in '000)		<u>2,140,931</u>	<u>2,135,882</u>	<u>2,140,931</u>	<u>1,821,521</u>
BASIC AND DILUTED EARNINGS PER SHARE (FILS)		<u>2.4</u>	<u>2.0</u>	<u>4.2</u>	<u>4.6</u>



Sh. Hessa Bint Khalifa Al Khalifa
Chairperson of the Board



Yousif A. Taqi
Director & Chief Executive Officer

Al Salam Bank-Bahrain B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2015 (reviewed)

	<i>Six months ended 30 June 2015 BD '000</i>	<i>Six months ended 30 June 2014 BD '000</i>
OPERATING ACTIVITIES		
Net profit for the period	9,034	8,319
Adjustments:		
Depreciation	950	949
Amortisation of premium on Sukuk	906	1,129
Fair value changes on investments	(824)	(2,105)
Provision for impairment - net	2,050	1,329
Share of profit from associates and joint venture	(855)	(143)
Income from assets classified as held-for-sale	(1,695)	-
Operating income before changes in operating assets and liabilities	<u>9,566</u>	<u>9,478</u>
Changes in operating assets and liabilities:		
Mandatory reserve with Central Bank of Bahrain	3,577	(2,093)
Central Bank of Bahrain Sukuk	(52,233)	16,003
Murabaha and Wakala receivables from banks with original maturities of 90 days or more	1,005	8,272
Corporate Sukuk	2,008	(13,952)
Murabaha financing	23,711	(6,754)
Mudaraba financing	6,094	(676)
Ijarah Muntahia Bittamleek	6,766	1,700
Musharaka financing	152	7,247
Assets under conversion	35,876	51,674
Non-trading investments and investment in associates, net	(3,213)	(21,678)
Investments in real estate and development properties, net	1,618	5,346
Assets and liabilities held-for-sale	(15,603)	(508)
Other assets	(5,119)	(2,579)
Murabaha and Wakala payables to banks	15,578	(21,867)
Wakala from non-banks	(52,987)	86,675
Customers' current accounts	(32,851)	97,679
Liabilities under conversion	(61,971)	(74,845)
Other liabilities	9,137	3,085
Net cash (used in) from operating activities	<u>(108,889)</u>	<u>142,207</u>
INVESTING ACTIVITIES		
Cash flow arising on acquisition of a subsidiary	-	127,670
Sale of treasury stock	-	1,754
Purchase of premises and equipment	(569)	(906)
Net cash (used in) from investing activities	<u>(569)</u>	<u>128,518</u>
FINANCING ACTIVITIES		
Term financing	(1,438)	159
Equity of investment accountholders	25,531	2,273
Share issue expenses	-	(125)
Dividends paid	(10,993)	(7,446)
Net movements in non-controlling interest	5,191	(4,137)
Net cash from (used in) financing activities	<u>18,291</u>	<u>(9,276)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(91,167)</u>	<u>261,449</u>
Cash and cash equivalents at 1 January	<u>408,535</u>	<u>171,040</u>
CASH AND CASH EQUIVALENTS AT 30 JUNE	<u><u>317,368</u></u>	<u><u>432,489</u></u>
Cash and cash equivalents comprise of:		
Cash and other balances with Central Bank of Bahrain	175,202	180,611
Balances with other banks	42,816	34,979
Murabaha and Wakala receivables from banks with original maturities of less than 90 days	99,350	216,899
	<u><u>317,368</u></u>	<u><u>432,489</u></u>
Non cash transaction comprises:		
Conversion of loans and advances to Islamic assets	151,447	-
Conversion of customer deposits to Islamic liabilities	81,679	-

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

Al Salam Bank-Bahrain B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

For the period ended 30 June 2015 (reviewed)

Amounts in BD '000s

	Attributable to shareholders of the Bank												
	Share capital	Treasury stock	Statutory reserve	Retained earnings	Changes in fair value	Real estate fair value reserve	Foreign exchange translation reserve	Share premium reserve	Total reserves	Proposed appropriations	Total	Non-controlling interest	Total owners' equity
Balance as of													
1 January 2015	214,093	-	12,481	46,497	1,287	22,704	(1,401)	12,209	93,777	10,705	318,575	10,228	328,803
Net profit for the period	-	-	-	8,945	-	-	-	-	8,945	-	8,945	89	9,034
Net changes in fair value	-	-	-	-	(247)	20	-	-	(227)	-	(227)	-	(227)
Foreign currency re-translation	-	-	-	-	-	-	(824)	-	(824)	-	(824)	(102)	(926)
Dividend paid	-	-	-	-	-	-	-	-	-	(10,705)	(10,705)	(288)	(10,993)
Net movements in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	5,293	5,293
Balance at 30 June 2015	214,093	-	12,481	55,442	1,040	22,724	(2,225)	12,209	101,671	-	315,764	15,220	330,984
Balance as of													
1 January 2014	149,706	(492)	10,926	43,272	651	21,659	(501)	2,573	78,580	7,485	235,279	10,818	246,097
Net profit for the period	-	-	-	8,167	-	-	-	-	8,167	-	8,167	152	8,319
Net changes in fair value	-	-	-	-	1,157	-	-	-	1,157	-	1,157	-	1,157
Foreign currency re-translation	-	-	-	-	-	-	(117)	-	(117)	-	(117)	-	(117)
Dividend paid	-	-	-	-	-	-	-	-	-	(7,446)	(7,446)	-	(7,446)
Shares issued on acquisition	64,387	-	-	-	-	-	-	8,499	8,499	-	72,886	-	72,886
Share issue expenses	-	-	-	-	-	-	-	(125)	(125)	-	(125)	-	(125)
Net movements in non-controlling interest	-	-	-	(158)	-	-	-	-	(158)	-	(158)	(3,757)	(3,915)
Sale of treasury stock	-	492	-	-	-	-	-	1,262	1,262	-	1,754	-	1,754
Transfer	-	-	-	39	-	-	-	-	39	(39)	-	-	-
Balance at 30 June 2014	214,093	-	10,926	51,320	1,808	21,659	(618)	12,209	97,304	-	311,397	7,213	318,610

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

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

30 June 2015 (reviewed)

1 INCORPORATION AND PRINCIPAL ACTIVITIES

Al Salam Bank-Bahrain B.S.C. ("the Bank") was incorporated in the Kingdom of Bahrain under the Bahrain Commercial Companies Law No. 21/2001 and is registered with Ministry of Industry and Commerce ("MOIC") under Commercial Registration Number 59308 on 19 January 2006. The Bank is regulated and supervised by the Central Bank of Bahrain ("the CBB") and has an Islamic retail banking license and is operating under Islamic principles, and in accordance with all the relevant regulatory guidelines for Islamic banks issued by the CBB. The Bank's registered office is P.O. Box 18282, Building 22, Avenue 58, Block 436, Al Seef District, Kingdom of Bahrain.

On 30 March 2014, the Bank acquired 100% stake in BMI Bank B.S.C.(c) ("BMI"), a closed shareholding company in the Kingdom of Bahrain, through exchange of shares. The current period numbers include the effect of consolidation of BMI and the comparatives include the results of BMI for the period from 1 April 2014 to 30 June 2014 as the acquisition was completed on 30 March 2014. BMI operates under a retail conventional banking license issued by the CBB. BMI's Shari'a Supervisory Board approved BMI to be an Islamic Bank effective 1 January 2015. BMI's operations are compliant with Shari'a principles effective 1 January 2015.

The Bank and its subsidiary BMI operate through eleven branches in the Kingdom of Bahrain and offers a full range of Shari'a-compliant banking services and products. The activities of the Bank include managing profit sharing investment accounts, offering Islamic financing contracts, dealing in Shari'a-compliant financial instruments as principal/agent, managing Shari'a-compliant financial instruments and other activities permitted for under the CBB's Regulated Islamic Banking Services as defined in the licensing framework. The Bank's ordinary shares are listed in the Bahrain Bourse and Dubai Financial Market.

The Bank together with its subsidiaries is referred to as "the Group".

These interim condensed consolidated financial statements have been authorised for issue in accordance with a resolution of the Board of Directors dated 12 August 2015.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

These interim condensed consolidated financial statements have been prepared in accordance with the guidance given by International Accounting Standard 34 - "Interim Financial Reporting". These interim condensed consolidated financial statements incorporate all assets, liabilities and off-balance sheet financial instruments held by the Group. The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2014, which were prepared in accordance with the Financial Accounting Standards (FAS) issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) and in conformity with the Bahrain Commercial Companies Law and the CBB and Financial Institutions Law. In accordance with AAOIFI, for matters for which no AAOIFI standards exist, including "Interim Financial Reporting", the Group uses the relevant International Financial Reporting Standard.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with AAOIFI. In addition, results for the six month period ended 30 June 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED

FINANCIAL STATEMENTS

30 June 2015 (reviewed)

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)**2.1 New standards, interpretations and amendments**

These interim condensed consolidated financial statements have been prepared using accounting policies, which are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2014, except for FAS 27 which has been issued by AAOIFI which is effective 1 January 2016.

- Amendment to FAS 23 – Consolidation

The amendment introduced to FAS 23 is to give clarification on the way an Islamic financial institution (IFI) should determine if financial statements of an investee company, or a subsidiary, should be consolidated with its own. The amendment provides clarification that, in addition to the existing stipulations in the standard, control may also exist through rights arising from other contractual arrangement, voting rights of the Islamic financial institutions that give de facto power over an entity, potential voting rights, or a combination of these factors.

In terms of voting rights, the amendment also clarifies that an Islamic financial institution shall consider only substantive voting rights in its assessment of whether the institution has power over an entity. In order to be substantive, the voting rights need to be exercisable when relevant decisions are required to be made and the holder of such rights must have the practical ability to exercise those rights. Determination of voting rights shall include current substantive voting rights and currently-exercisable voting rights.

The amendments and clarifications are effective for the annual financial periods ending on or after 31 December 2015. The transition provision requires retrospective application including restatement of previous period comparatives. The amendment had no impact on the interim condensed consolidated financial statements of the Group.

- FAS 27 – Investment Accounts

FAS 27 will replace FAS 5 - 'Disclosures of Bases for Profit Allocation between Owner's Equity and Investment Account Holders' and FAS 6 - 'Equity of Investment Account Holders and their Equivalent'. Upon adoption of this standard certain disclosures with respect to investment account holders and bases of profit allocation will be enhanced without having any significant impact on the financial statements of the Group.

3 ASSETS AND LIABILITIES UNDER CONVERSION

These represent interest bearing non-Shari'a compliant assets and liabilities of BMI. These assets and liabilities have been reported as separate line items on the face of the interim consolidated statement of financial position. The details of the assets and liabilities under conversion are as follows:

	<i>(Reviewed)</i> 30 June 2015 BD '000	<i>(Audited)</i> 31 December 2014 BD '000
Assets		
Due from banks and financial institutions	-	13,949
Loans and advances	46,452	215,438
Non-trading investments - debt	73,304	75,181
Non-trading investments - available-for-sale - equity *	8	8
Other assets	1,572	4,083
	<u>121,336</u>	<u>308,659</u>
Liabilities		
Customers' deposits	760	138,793
Other liabilities	5,211	10,828
	<u>5,971</u>	<u>149,621</u>

* The above available-for-sale equity investment is classified as Level 3 (2014: Level 3) in the fair value hierarchy (note 4).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED

FINANCIAL STATEMENTS

30 June 2015 (reviewed)

4 NON-TRADING INVESTMENTS

Non-trading investments are classified as available-for-sale or fair value through profit or loss.

Fair value hierarchy

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 that have a significant effect on the recorded fair value are observable, either directly or indirectly;

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

The following table shows an analysis of the financial instruments carried at fair value in the consolidated statement of financial position:

30 June 2015	(Reviewed)			Total
	Level 1	Level 2	Level 3	
	BD '000	BD '000	BD '000	BD '000
Financial assets at fair value through profit or loss	23,864	-	106,055	129,919
Available-for-sale financial assets	6,278	-	14,651	20,929
	30,142	-	120,706	150,848

31 December 2014	(Audited)			Total
	Level 1	Level 2	Level 3	
	BD '000	BD '000	BD '000	BD '000
Financial assets at fair value through profit or loss	18,476	-	107,303	125,779
Available-for-sale financial assets	6,730	-	14,587	21,317
	25,206	-	121,890	147,096

During the period ended 30 June 2015 and year ended 31 December 2014, there were no transfers between Level 1, Level 2, and Level 3 fair value measurements.

5 OTHER ASSETS

	(Reviewed)	(Audited)
	30 June 2015 BD '000	31 December 2014 BD '000
Assets under conversion		
Non-trading-investments - debt	2,233	3,848
Non-trading investments - available-for-sale - equity *	2,152	2,412
	4,385	6,260
Profit receivable	8,237	6,878
Premises and equipment	4,653	5,494
Prepayments	1,804	1,001
Repossessed assets	4,105	3,897
Rental receivable on Ijarah Muntahia Bittamleek assets	680	669
Other receivables and advances **	15,190	8,694
	39,054	32,893

* The above available-for-sale equity investments are classified as Level 3 (2014: Level 3) in the fair value hierarchy (note 4).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

30 June 2015 (reviewed)

5 OTHER ASSETS (continued)

** This includes BD 4,554 thousands (31 December 2014: 5,687 thousands) relating to receivable from sale of investments and advances to contractors.

6 SHARE CAPITAL

	<i>(Reviewed)</i> 30 June 2015 BD'000	<i>(Audited)</i> 31 December 2014 BD'000
Authorised:		
2,500,000,000 ordinary shares (2014: 2,500,000,000 shares) of BD 0.100 each	250,000	250,000
Issued and fully paid: (BD 0.100 per share)		
Balance at the beginning	214,093	149,706
Shares issued	-	64,387
	<u>214,093</u>	<u>214,093</u>

6.1 Business combination

During 2014, the Bank made an offer to acquire 100% of the issued and paid up shares of BMI, at an exchange ratio of eleven new shares of the Bank for each share of BMI. The acquisition through share exchange was approved by the shareholders of the Bank in their Extraordinary General Assembly Meeting held on 8 October 2013. The Bank issued 643,866,927 new shares of the Bank. This resulted in proceeds of BD 72,886 thousands from the new issue, including a share premium of BD 8,499 thousands. The goodwill arising out of above acquisition amounted to BD 25,971 thousands.

7 GAINS ON SALE OF INVESTMENTS AND SUKUK

	<i>Three months ended 30 June 2015 BD '000</i>	<i>Three months ended 30 June 2014 BD '000</i>	<i>Six months ended 30 June 2015 BD'000</i>	<i>Six months ended 30 June 2014 BD'000</i>
Gain (loss) on sale of:				
Development properties	484	231	675	1,636
FVTPL investments	(40)	-	(18)	-
Sukuk	909	1	909	763
Available-for-sale investments	-	-	(58)	-
	<u>1,353</u>	<u>232</u>	<u>1,508</u>	<u>2,399</u>

8 INCOME FROM INVESTMENTS

	<i>Three months ended 30 June 2015 BD '000</i>	<i>Three months ended 30 June 2014 BD '000</i>	<i>Six months ended 30 June 2015 BD'000</i>	<i>Six months ended 30 June 2014 BD'000</i>
Income from assets classified as held-for-sale	1,468	-	1,695	-
Rental income from investments in real estate	386	433	768	860
(Loss) income from FVTPL investments	(187)	(28)	(120)	149
	<u>1,667</u>	<u>405</u>	<u>2,343</u>	<u>1,009</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

30 June 2015 (reviewed)

9 TOTAL COMPREHENSIVE INCOME

	<i>Three months ended 30 June 2015 BD '000</i>	<i>Three months ended 30 June 2014 BD '000</i>	<i>Six months ended 30 June 2015 BD'000</i>	<i>Six months ended 30 June 2014 BD '000</i>
Net profit for the period	5,120	4,226	9,034	8,319
Other comprehensive (loss) income:				
<i>Items to be reclassified to profit or loss in subsequent periods:</i>				
Net changes in fair value of available-for-sale investments	(1,192)	1,305	(247)	1,157
Changes in fair value of investments in real estate	4	-	20	-
Foreign currency re-translation	(237)	(85)	(926)	(117)
Other comprehensive (loss) income for the period	(1,425)	1,220	(1,153)	1,040
Total comprehensive income for the period	3,695	5,446	7,881	9,359
<i>Attributable to:</i>				
Equity holders of the Bank	3,829	5371	7,894	9,207
Non-controlling interest	(134)	75	(13)	152
	3,695	5,446	7,881	9,359

10 RELATED PARTY TRANSACTIONS

Related parties comprise major shareholders, directors of the Bank, senior management, close members of their families, entities owned or controlled by them and companies affiliated by virtue of common ownership or directors with that of the Bank. The transactions with these parties were approved by the Board of Directors.

The significant balances with related parties at 30 June 2015 were as follows:

	<i>June 2015 (reviewed)</i>				<i>Total BD '000</i>
	<i>Associates, and joint ventures BD '000</i>	<i>Major shareholders BD '000</i>	<i>Directors and related entities BD '000</i>	<i>Senior management BD '000</i>	
Assets:					
Cash and balances with banks and					
Central Bank of Bahrain	-	870	-	-	870
Murabaha financing	30,647	-	15	25	30,687
Mudaraba financing	14,310	-	40	-	14,350
Ijarah Muntahia Bittamleek	-	-	124	197	321
Musharaka financing	562	-	60	-	622
Assets under conversion	-	-	-	-	-
Other assets	2,285	-	45	3	2,333
Liabilities and equity of investment accountholders:					
Wakala payables to non-banks	7,376	99,841	3,078	778	111,073
Customers' current accounts	6,513	-	630	81	7,224
Equity of investment accountholders	-	-	880	109	989
Liabilities under conversion	-	-	-	-	-
Other liabilities	579	2,441	13	2	3,035
Contingent liabilities and commitments	2,628	-	-	-	2,628

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10 RELATED PARTY TRANSACTIONS (continued)

	December 2014 (audited)				Total BD '000
	Associates, and joint ventures BD '000	Major shareholders BD '000	Directors and related entities BD '000	Senior management BD '000	
Assets:					
Cash and balances with banks and					
Central Bank of Bahrain	-	28	-	-	28
Murabaha financing	30,160	-	20	49	30,229
Mudaraba financing	14,310	-	56	-	14,366
Ijarah Muntahia Bittamleek	-	-	1,007	207	1,214
Musharaka financing	843	-	65	-	908
Assets under conversion	243	-	404	74	721
Other assets	885	6	3	6	900
Liabilities and equity of investment accountholders:					
Wakala payables to non-banks	9,057	90,015	3,355	946	103,373
Customers' current accounts	941	3,905	1,980	55	6,881
Equity of investment accountholders	-	-	1,400	121	1,521
Liabilities under conversion	1,554	-	805	-	2,359
Other liabilities	129	4	17	4	154
Contingent liabilities and commitments	1,106	-	-	-	1,106

The income and expenses in respect of related parties included in the interim condensed consolidated financial statements are as follows:

	30 June 2015 (reviewed)				Total BD '000
	Associates and joint ventures BD '000	Major shareholders BD '000	Directors and related entities BD '000	Senior management BD '000	
Income:					
Income from financing contracts	26	11	26	2	65
Other income	96	-	-	1	97
Expenses:					
Profit on Wakala payables to non-banks	80	1,369	36	9	1,494
Share of profits on equity of investment account holders	-	-	2	-	2
Other operating expenses			315		

During the period, the Group sold development properties for BD945 thousands to a related party resulting in a gain of BD169 thousands.

	30 June 2014 (reviewed)				Total BD '000
	Associates and joint ventures BD '000	Major shareholders BD '000	Directors and related entities BD '000	Senior management BD '000	
Income:					
Income from financing contracts	200	-	149	2	351
Other income	97	-	-	2	99
Expenses:					
Profit on Wakala payables to non-banks	783	-	44	12	839
Share of profits on equity of investment account holders	-	-	2	-	2
Other operating expenses			385		385

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11 CONTINGENT LIABILITIES AND COMMITMENTS

	<i>(Reviewed)</i> 30 June 2015 BD'000	<i>(Audited)</i> 31 December 2014 BD'000
Contingent liabilities on behalf of customers		
Guarantees	30,158	37,077
Letters of credit	5,958	9,704
Acceptances	2,448	3,464
	<u>38,564</u>	<u>50,245</u>
Irrevocable unutilised commitments		
Unutilised financing commitments	59,623	87,337
Unutilised non-funded commitments	46,786	50,023
Commitments towards development cost	23,211	23,880
	<u>129,620</u>	<u>161,240</u>
Commitment relating to purchase of investment	<u>4,182</u>	<u>4,182</u>
Capital expenditure commitments		
Estimated capital expenditure contracted for at the consolidated statement of financial position date but not provided for	31	45
	<u>172,397</u>	<u>215,712</u>
Forward foreign exchange contracts - notional amount	<u>727</u>	<u>15,781</u>

Letters of credit, guarantees (including standby letters of credit) commit the Group to make payments on behalf of customers contingent upon their failure to perform under the terms of the contract.

Commitments generally have fixed expiration dates, or other termination clauses. Since commitment may expire without being utilized, the total contract amounts do not necessarily represent future cash requirements.

Operating lease commitment - Group as lessee

The Group has entered into various operating lease agreements for its premises. Future minimal rentals payable under the non-cancellable leases are as follows:

	<i>(Reviewed)</i> 30 June 2015 BD '000	<i>(Audited)</i> 31 December 2014 BD '000
Within 1 year	1,515	1,789
After one year but not more than five years	2,798	3,517

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12 SEGMENT INFORMATION

Primary segment information

For management purposes, the Group is organised into four major business segments:

- Banking** - Principally managing Shari'a compliant profit sharing investment accounts, and offering Shari'a compliant financing contracts and other Shari'a-compliant products. This segment comprises corporate banking, retail banking and private banking and wealth management.
- Treasury** - Principally handling Shari'a compliant money market, trading and treasury services including short-term commodity Murabaha.
- Investments** - Principally the Group's proprietary portfolio and serving clients with a range of investment products, funds and alternative investments.
- Capital** - Manages the undeployed capital of the Group by investing it in high quality financial instruments, incurs all expenses in managing such investments and accounts for the capital governance related expenses.

These segments are the basis on which the Group reports its primary segment information. Transactions between segments are conducted at estimated market rates on an arm's length basis. Transfer charges are based on a pool rate which approximates the cost of funds.

Segment information for the period ended 30 June 2015 was as follows:

	<i>30 June 2015 (reviewed)</i>				
	<i>Banking</i>	<i>Treasury</i>	<i>Investments</i>	<i>Capital</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Operating income	15,027	3,362	4,913	367	23,669
Segment result	4,625	2,650	4,100	(2,341)	9,034
Other Information					
Segment assets	773,039	537,318	422,509	162,759	1,895,625
Segment liabilities and equity	1,304,643	157,120	97,404	336,458	1,895,625

Goodwill resulting from BMI acquisition is allocated to banking segment.

Segment information for the period ended 30 June 2014 (reviewed) was as follows:

	<i>30 June 2014 (reviewed)</i>				
	<i>Banking</i>	<i>Treasury</i>	<i>Investments</i>	<i>Capital</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Operating income	12,965	2,114	5,497	494	21,070
Segment result	4,347	1,582	4,262	(1,872)	8,319

Segment information for the year ended 31 December 2014 (audited) was as follows:

Other information					
Segment assets	830,396	537,408	356,947	230,546	1,955,297
Segment liabilities and equity	1,444,201	121,549	62,258	327,289	1,955,297

Secondary segment information

The Group primarily operates in the GCC and derives substantially all its operating income and incurs all operating expenses in the GCC.