

CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(All amounts expressed in thousands of United States Dollars unless otherwise stated)

	At 31 December 2017 (Audited)	At 31 December 2016 (Audited)
ASSETS		
Cash and balances with banks and central banks	701,938	736,033
Commodity and other placements with banks, financial and other institutions	261,392	142,607
Murabaha and other financings	3,575,633	3,444,588
Musharaka financing	369,369	229,960
Investment in mudaraba	5,760	14,425
Sukuk and investment securities	1,862,885	1,874,782
Investment in associates	186,207	668,403
Restricted investment accounts	74,896	79,852
Assets acquired for leasing	347,760	256,204
Investment in real estate	247,902	242,594
Other assets	196,239	361,654
Assets classified as held-for-sale	478,432	-
Fixed assets	140,820	112,981
Intangible assets	162,126	177,227
Total assets	8,611,359	8,341,310
LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNTHOLDERS, MINORITY INTEREST AND OWNERS' EQUITY		
Customers' current accounts	1,781,493	1,581,113
Due to banks, financial and other institutions	1,143,964	1,141,513
Due to investors	1,907,971	1,903,612
Other liabilities	431,645	342,622
Total liabilities	5,265,073	4,968,860
Equity of unrestricted investment accountholders	2,827,915	2,769,694
Minority interest	163,041	175,341
Total liabilities, equity of unrestricted investment accountholders and minority interest	8,256,029	7,913,895
Share capital	757,690	757,690
Treasury shares	(30,149)	(27,802)
Reserves	233,761	218,788
Accumulated losses	(605,972)	(521,261)
Total owners' equity	355,330	427,415
Total liabilities, equity of unrestricted investment accountholders, minority interest and owners' equity	8,611,359	8,341,310

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

(All amounts expressed in thousands of United States Dollars unless otherwise stated)

	Share capital	Treasury shares	Reserves						Accumulated losses	Total owners' equity	
			Share premium	Statutory reserve	General reserve	Investments in fair value reserve	Investment in real estate fair value reserve	Foreign currency translation			Total reserves
At 1 January 2017 (Audited)	757,690	(27,802)	148,662	38,418	50,727	25,711	2,648	(47,378)	218,788	(521,261)	427,415
Net loss for the year	-	-	-	-	-	-	-	-	-	(84,711)	(84,711)
Employee share incentive scheme	-	(2,347)	423	-	-	-	-	-	423	-	(1,924)
Movement in fair value of sukuk and investment securities	-	-	-	-	-	5,061	-	-	5,061	-	5,061
Movement in fair value of investment in real estate	-	-	-	-	-	-	938	-	938	-	938
Movement in fair value of associates	-	-	-	-	-	8,009	-	-	8,009	-	8,009
Foreign currency translation adjustments	-	-	-	-	-	(8)	(136)	686	542	-	542
At 31 December 2017 (Audited)	757,690	(30,149)	149,085	38,418	50,727	38,773	3,450	(46,692)	233,761	(605,972)	355,330

	Share capital	Treasury shares	Reserves						Accumulated losses	Total owners' equity	
			Share premium	Statutory reserve	General reserve	Investments in fair value reserve	Investment in real estate fair value reserve	Foreign currency translation			Total reserves
At 1 January 2016 (Audited)	757,690	(30,149)	149,692	38,090	50,727	9,212	1,586	(38,413)	210,894	(524,212)	414,223
Net income for the year	-	-	-	-	-	-	-	-	-	3,279	3,279
Employee share incentive scheme	-	2,347	(1,030)	-	-	-	-	-	(1,030)	-	1,317
Transfer to statutory reserve	-	-	-	328	-	-	-	-	328	(328)	-
Movement in fair value of sukuk and investment securities	-	-	-	-	-	18,227	-	-	18,227	-	18,227
Movement in fair value of investment in real estate	-	-	-	-	-	-	657	-	657	-	657
Movement in fair value of associates	-	-	-	-	-	(1,739)	-	-	(1,739)	-	(1,739)
Foreign currency translation adjustments	-	-	-	-	-	11	405	(8,965)	(8,549)	-	(8,549)
At 31 December 2016 (Audited)	757,690	(27,802)	148,662	38,418	50,727	25,711	2,648	(47,378)	218,788	(521,261)	427,415

The above Consolidated Statement of Financial Position, Consolidated Income Statement, Consolidated Statement of Changes in Owners' Equity and Consolidated Statement of Cash Flows have been extracted from the Consolidated Financial statement of Ithmaar Holding B.S.C. (formerly Ithmaar Bank B.S.C.) for the year ended 31 December 2017, which were approved for issue by the Board of Directors on 26 February 2018 and audited by PricewaterhouseCoopers ME Limited, Kingdom of Bahrain, who expressed an unqualified opinion.

HRH Prince Amr Mohamed Al Faisal
Chairman

Dr. Amani Khaled Bouresli
Director

Ahmed Abdul Rahim
CEO

CONSOLIDATED INCOME STATEMENT

(All amounts expressed in thousands of United States Dollars unless otherwise stated)

	Year ended	
	31 December 2017 (Audited)	31 December 2016 (Audited)
INCOME		
Income from unrestricted investment accounts	164,961	143,535
Less: return to unrestricted investment accounts and impairment provisions	(88,100)	(98,938)
Group's share of income from unrestricted investment accounts as a Mudarib	76,861	44,597
Group's share of income from restricted investment accounts as a Mudarib	68	81
Income from murabaha and other financings	141,549	132,902
Share of profit after tax from associates	22,995	46,481
Income from other investments	123,139	136,811
Other income	27,847	52,294
Total income	392,459	413,166
Less: profit paid to banks, financial and other institutions - net	(161,898)	(151,018)
Operating income	230,561	262,148
EXPENSES		
Administrative and general expenses	(180,850)	(162,614)
Depreciation and amortization	(27,651)	(29,489)
Total expenses	(208,501)	(192,103)
Net income before provision for impairment and overseas taxation	22,060	70,045
Provision for impairment - net	(67,588)	(33,302)
Net income/(loss) before overseas taxation	(45,528)	36,743
Overseas taxation	(26,873)	(22,945)
NET PROFIT/(LOSS) FOR THE YEAR	(72,401)	13,798
Attributable to:		
Equity holders of the Ithmaar	(84,711)	3,279
Minority interests	12,310	10,519
	(72,401)	13,798
Basic and diluted earnings per share	USCts(2.91)	USCts0.11

CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts expressed in thousands of United States Dollars unless otherwise stated)

	Year ended	
	31 December 2017 (Audited)	31 December 2016 (Audited)
OPERATING ACTIVITIES		
Net income/(loss) before overseas taxation	(45,528)	36,743
Adjustments for:		
Depreciation and amortization	27,651	29,489
Share of profit after tax from associates	(22,995)	(46,481)
Provision for impairment - net	67,588	33,302
Gain on sale of fixed assets	(545)	(877)
Operating income before changes in operating assets and liabilities	26,171	52,176
(Increase)/decrease in balances with banks maturing after ninety days and including with central banks relating to minimum reserve requirement	(9,255)	113,110
Changes in operating assets and liabilities:		
Murabaha and other financings	(1,200)	(56,878)
Musharaka financing	(159,370)	(79,243)
Other assets	(62,703)	(51,564)
Customers' current accounts	166,353	139,577
Due to banks, financial and other institutions	31,121	(501,758)
Due to investors	113,940	140,885
Other liabilities	91,210	16,514
Increase in equity of unrestricted investment accountholders	77,951	370,840
Taxes paid	(22,731)	(14,791)
Net cash provided by operating activities	251,487	128,868
INVESTING ACTIVITIES		
Net (increase)/decrease:		
Investment in mudaraba	8,665	6,923
Investment in restricted investment accounts	-	(1,129)
Assets acquired for leasing	(91,869)	(86,722)
Sukuk and investment securities	(116,368)	57,236
Dividend received from associates	28,730	18,202
Purchase of fixed assets	(11,398)	(4,724)
Net cash used in investing activities	(182,240)	(10,214)
FINANCING ACTIVITIES		
Minority interest	(1,326)	(12,490)
Net cash used in financing activities	(1,326)	(12,490)
Foreign currency translation adjustments	7,515	24,123
Net increase in cash and cash equivalents	75,436	130,287
Cash and cash equivalents at the beginning of the year	716,782	586,495
Cash and cash equivalents at the end of the year	792,218	716,782