

# INTERIM CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2011

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (All amounts expressed in thousands of United States Dollars unless otherwise stated)

	At 31 March 2011 (Reviewed)	At 31 December 2010 (Audited and Restated)
<b>ASSETS</b>		
Cash, balances with banks and central bank	736,299	732,683
Commodity placements with banks, financial and other institutions	185,253	176,408
Murabaha and other financing	2,520,944	2,530,094
Investments:		
Mudaraba	23,443	26,911
Investment in associates	652,932	664,988
Investment securities	1,072,934	1,246,750
Restricted investment accounts	201,936	204,278
Assets acquired for leasing	67,271	70,536
Investment in real estate	396,647	389,592
Intangible assets	270,802	274,590
Other assets	311,637	283,975
Fixed assets	145,610	145,382
<b>Total assets</b>	<b>6,585,708</b>	<b>6,746,187</b>
<b>LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS, MINORITY INTEREST AND OWNERS' EQUITY</b>		
Customers' current accounts	740,398	684,162
Due to banks, financial and other institutions	1,539,146	1,714,025
Due to investors	1,905,743	1,970,795
Other liabilities	279,229	288,516
<b>Total liabilities</b>	<b>4,464,516</b>	<b>4,657,498</b>
Equity of unrestricted investment account holders	1,227,303	1,195,963
Minority interest	237,275	236,987
<b>Total liabilities, equity of unrestricted investment account holders and minority interest</b>	<b>5,929,094</b>	<b>6,090,448</b>
Share capital	671,254	671,254
Reserves	(14,640)	(15,515)
<b>Total owners' equity</b>	<b>656,614</b>	<b>655,739</b>
<b>Total liabilities, equity of unrestricted investment account holders, minority interest and owners' equity</b>	<b>6,585,708</b>	<b>6,746,187</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY (All amounts expressed in thousands of United States Dollars unless otherwise stated)

	Share capital	Reserves							Total owners' equity	
		Share premium	Statutory reserve	General reserve	Investments fair value reserve	Investment property fair value reserve	Foreign currency translation	Accumulated losses		
At 1 January 2011 (Restated)	671,254	149,967	38,090	50,726	2,669	1,015	9,606	(267,588)	(15,515)	655,739
Net profit for the period	-	-	-	-	-	-	-	3,542	3,542	3,542
Movement in fair value of investment securities	-	-	-	-	(3,096)	-	-	-	(3,096)	(3,096)
Transfer to income statement due to impairment of investment securities	-	-	-	-	(1,069)	-	-	-	(1,069)	(1,069)
Transfer to income statement due to disposal of investment securities	-	-	-	-	603	-	-	-	603	603
Movement in fair value of investment property	-	-	-	-	-	(50)	-	-	(50)	(50)
Foreign currency translation adjustment	-	-	-	-	(7)	-	1,148	(196)	945	945
<b>At 31 March 2011</b>	<b>671,254</b>	<b>149,967</b>	<b>38,090</b>	<b>50,726</b>	<b>(900)</b>	<b>965</b>	<b>10,754</b>	<b>(264,242)</b>	<b>(14,640)</b>	<b>656,614</b>
At 1 January 2010 (Audited and Restated)	568,832	161,132	38,090	54,616	10,665	-	(224)	(121,676)	142,603	711,435
Increase in share capital	103,025	-	-	-	-	-	-	-	103,025	103,025
Costs related to rights issue	-	(10,000)	-	-	-	-	-	-	(10,000)	(10,000)
Treasury shares purchased	(1,008)	203	-	-	-	-	-	-	203	(805)
Treasury shares sold	460	(86)	-	-	-	-	-	-	(86)	374
Net profit for the period	-	-	-	-	-	-	-	4,263	4,263	4,263
Movement in fair value of investment securities	-	-	-	-	7,986	-	-	-	7,986	7,986
Movement in deferred tax relating to investment securities	-	-	-	-	1,111	-	-	-	1,111	1,111
Transfer to income statement due to disposal of investment securities	-	-	-	-	(15,018)	-	-	-	(15,018)	(15,018)
Foreign currency translation adjustment	-	-	-	-	33	-	(4,228)	-	(4,195)	(4,195)
Transfer from general reserve	-	-	-	12,188	-	-	-	(12,188)	-	-
<b>At 31 March 2010 (Reviewed and Restated)</b>	<b>671,309</b>	<b>151,249</b>	<b>38,090</b>	<b>66,804</b>	<b>4,777</b>	<b>-</b>	<b>(4,452)</b>	<b>(129,601)</b>	<b>126,867</b>	<b>798,176</b>

The above Interim Condensed Consolidated Statement of Financial Position, Interim Condensed Consolidated Statement of Income, Interim Condensed Consolidated Statement of Changes in Owners' Equity and Interim Condensed Consolidated Statement of Cash Flows have been extracted from the Interim Condensed Consolidated Financial Information of Ithmaar Bank B.S.C. for the three month period ended 31 March 2011, which were approved for issue by the Board of Directors on 14 May 2011 and reviewed by PricewaterhouseCoopers, Kingdom of Bahrain.

HRH Prince Amr Mohamed Al Faisal  
Chairman

Mohammed Bucheerei  
CEO and Director

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (All amounts expressed in thousands of United States Dollars unless otherwise stated)

	Three months ended	
	31 March 2011 (Reviewed)	31 March 2010 (Reviewed and Restated)
<b>INCOME</b>		
Income from unrestricted investment accounts	14,797	13,275
Less: return to unrestricted investment accounts and provisions	(14,043)	(12,060)
<b>Group's share of income from unrestricted investment accounts as a Mudarib</b>	<b>754</b>	<b>1,215</b>
Group's share of income from restricted investment accounts as a Mudarib	503	1,678
<b>Total income from investment accounts (funds under management)</b>	<b>1,257</b>	<b>2,893</b>
Income from financing and investments	38,905	46,482
Other income	9,745	8,923
<b>Total income</b>	<b>49,907</b>	<b>58,298</b>
<b>EXPENSES</b>		
Administrative and general expenses	(43,077)	(28,674)
Depreciation and amortisation	(9,611)	(7,482)
<b>Total expenses</b>	<b>(52,688)</b>	<b>(36,156)</b>
<b>Net income/(loss) before provision for impairment and overseas taxation</b>	<b>(2,781)</b>	<b>22,142</b>
Provision for impairment	(7,913)	(8,037)
Provision write back	14,510	-
<b>Provision for impairment (net)</b>	<b>6,597</b>	<b>(8,037)</b>
<b>Net income before overseas taxation</b>	<b>3,816</b>	<b>14,105</b>
Overseas taxation	976	(3,864)
<b>NET INCOME FOR THE PERIOD</b>	<b>4,792</b>	<b>10,241</b>
Attributable to:		
Equity holders of the Bank	3,542	4,264
Minority interests	1,250	5,977
	<b>4,792</b>	<b>10,241</b>
<b>Basic and diluted earnings per share</b>	<b>US cts 0.13</b>	<b>US cts 0.16</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (All amounts expressed in thousands of United States Dollars unless otherwise stated)

	Three months ended	
	31 March 2011 (Reviewed)	31 March 2010 (Reviewed and Restated)
<b>OPERATING ACTIVITIES</b>		
Net profit before overseas taxation	3,816	14,105
<b>Adjustments for:</b>		
Depreciation and amortisation	9,611	7,482
Income from associated companies	(6,568)	(11,626)
Provision for impairment (net)	(6,597)	8,037
<b>Operating profit before changes in operating assets and liabilities</b>	<b>262</b>	<b>17,998</b>
Balances with banks maturing after ninety days and with central bank relating to minimum reserve requirement	(27,535)	129,753
(Increase)/decrease in operating assets		
Murabaha and other financing	3,985	(127,900)
Other assets	(14,842)	(56,726)
Increase/(decrease) in operating liabilities		
Customers' current accounts	56,236	(20,303)
Due to banks, financial and other institutions	(174,879)	(268,038)
Due to investors	(65,052)	(234,128)
Other liabilities	(8,831)	4,522
Increase in equity of unrestricted investment account holders	31,340	112,121
Taxes paid	(103)	(11,557)
<b>Net cash used in operating activities</b>	<b>(199,419)</b>	<b>(454,258)</b>
<b>INVESTING ACTIVITIES</b>		
Net (increase)/decrease		
Mudaraba	3,468	2,344
Investment in restricted investment accounts	2,342	30,909
Assets acquired for leasing	3,265	(19,655)
Investment securities	168,757	(4,516)
Dividend received from associates	14,403	14,327
Purchase of fixed assets	(3,795)	(184)
Investment in real estate	(3,105)	11,333
<b>Net cash provided by investing activities</b>	<b>185,335</b>	<b>34,558</b>
<b>FINANCING ACTIVITIES</b>		
Treasury shares purchased	-	(805)
Treasury shares sold	-	374
Share capital	-	103,025
<b>Net cash provided by financing activities</b>	<b>-</b>	<b>102,594</b>
Foreign currency translation adjustments	(990)	(3,484)
<b>Net decrease in cash and cash equivalents</b>	<b>(15,074)</b>	<b>(320,590)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>702,526</b>	<b>818,216</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>687,452</b>	<b>497,626</b>