

CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(All amounts expressed in thousands of Bahraini Dinars unless otherwise stated)

	At 31 December	
	2013 (Audited)	2012 (Audited)
ASSETS		
Cash and balances with banks and central banks	224,568	204,864
Commodity and other placements with banks, financial and other institutions	187,867	169,328
Murabaha and other financings	1,188,924	1,184,004
Musharaka financing	23,412	15,765
Investment in mudaraba	7,842	8,164
Investment in associates	250,730	257,298
Investment securities	492,392	397,024
Restricted investment accounts	29,390	81,438
Assets acquired for leasing	24,236	22,934
Investment in real estate	133,197	151,383
Other assets	100,731	97,148
Fixed assets	43,417	43,947
Intangible assets	84,276	90,806
Total assets	2,790,982	2,724,103
LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNTHOLDERS, MINORITY INTEREST AND OWNERS' EQUITY		
Customers' current accounts	479,002	450,034
Due to banks, financial and other institutions	490,674	495,070
Due to investors	699,625	718,797
Other liabilities	89,094	90,622
Total liabilities	1,758,395	1,754,523
Equity of unrestricted investment accountholders	748,522	660,173
Minority interest	83,664	87,311
Total liabilities, equity of unrestricted investment accountholders and minority interest	2,590,581	2,502,007
Share capital	285,649	264,281
Treasury shares	(11,366)	(11,366)
Reserves	95,166	105,349
Accumulated losses	(169,048)	(136,168)
Total owners' equity	200,401	222,096
Total liabilities, equity of unrestricted investment accountholders, minority interest and owners' equity	2,790,982	2,724,103

CONSOLIDATED INCOME STATEMENT

(All amounts expressed in thousands of Bahraini Dinars unless otherwise stated)

	Year ended 31 December	
	2013 (Audited)	2012 (Audited)
INCOME		
Income from unrestricted investment accounts	38,000	35,139
Less: return to unrestricted investment accounts and impairment provisions	(29,079)	(26,686)
Group's share of income from unrestricted investment accounts as a Mudarib	8,921	8,453
Group's share of income from restricted investment accounts as a Mudarib	226	305
Income from murabaha and other financings	79,669	90,181
Share of profit after tax from associates	14,503	20,266
Income from other investments	36,692	44,185
Other income	15,379	20,012
Total income	155,390	183,402
Less: profit paid to banks, financial and other institutions - net	(80,028)	(95,893)
Operating income	75,362	87,509
EXPENSES		
Administrative and general expenses	(61,747)	(62,340)
Depreciation and amortization	(11,803)	(12,374)
Total expenses	(73,550)	(74,714)
Net income before provision for impairment and overseas taxation	1,812	12,795
Provision for impairment - net	(30,989)	(20,401)
Net loss before overseas taxation	(29,177)	(7,606)
Overseas taxation	(729)	(2,508)
NET LOSS FOR THE YEAR	(29,906)	(10,114)
Attributable to:		
Equity holders of the Bank	(30,300)	(11,491)
Minority interests	394	20,401
	(29,906)	(10,114)
Basic and diluted earnings per share	Fils (10.41)	Fils (4.28)

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

(All amounts expressed in thousands of Bahraini Dinars unless otherwise stated)

	Share capital	Treasury shares	Reserves							Accumulated losses	Total owners' equity
			Share premium	Statutory reserve	General reserve	Investments fair value reserve	Investment in real estate fair value reserve	Foreign currency translation	Total reserves		
At 1 January 2013 (Audited)	264,281	(11,366)	56,434	14,360	19,124	15,752	389	(710)	105,349	(136,168)	222,096
Increase in share capital	21,368	-	-	-	-	-	-	-	-	-	21,368
Net loss for the year	-	-	-	-	-	-	-	-	-	(30,300)	(30,300)
Movement in fair value of investment securities	-	-	-	-	-	(2,325)	-	-	(2,325)	-	(2,325)
Movement in fair value of associates	-	-	-	-	-	(1,786)	-	-	(1,786)	-	(1,786)
Movement in deferred tax relating to investment securities	-	-	-	-	-	(218)	-	-	(218)	-	(218)
Transfer to income statement due to impairment of investment securities	-	-	-	-	-	(521)	-	-	(521)	-	(521)
Transfer to income statement due to disposal of investment securities	-	-	-	-	-	29	-	-	29	-	29
Movement in fair value of investment in real estate	-	-	-	-	-	-	36	-	36	-	36
Foreign currency translation adjustments	-	-	-	-	-	12	(9)	(5,401)	(5,398)	(2,580)	(7,978)
At 31 December 2013 (Audited)	285,649	(11,366)	56,434	14,360	19,124	10,943	416	(6,111)	95,166	(169,048)	200,401
At 1 January 2012 (Audited)	264,281	(11,366)	56,434	14,360	19,124	15,752	389	(710)	105,349	(124,577)	217,464
Net loss for the year	-	-	-	-	-	-	-	-	-	(11,491)	(11,491)
Movement in fair value of investment securities	-	-	-	-	-	13,530	-	-	13,530	-	13,530
Movement in fair value of associates	-	-	-	-	-	7,029	-	-	7,029	-	7,029
Movement in deferred tax relating to investment securities	-	-	-	-	-	(647)	(58)	-	(705)	-	(705)
Transfer to income statement due to disposal of investment securities	-	-	-	-	-	8	-	-	8	-	8
Movement in fair value of investment in real estate	-	-	-	-	-	-	94	-	94	-	94
Foreign currency translation adjustments	-	-	-	-	-	58	(4)	(3,787)	(3,733)	(100)	(3,833)
At 31 December 2012 (Audited)	264,281	(11,366)	56,434	14,360	19,124	15,752	389	(710)	105,349	(136,168)	222,096

CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts expressed in thousands of Bahraini Dinars unless otherwise stated)

	Year ended 31 December	
	2013 (Audited)	2012 (Audited)
OPERATING ACTIVITIES		
Net loss before overseas taxation	(29,177)	(7,606)
Adjustments for:		
Depreciation and amortization	11,803	12,374
Share of profit after tax from associates	(14,503)	(20,266)
Provision for impairment - net	30,989	20,401
Gain on sale of fixed assets	(448)	(217)
Operating income/(loss) before changes in operating assets and liabilities	(1,336)	4,686
Balances with banks maturing after ninety days and including with central banks relating to minimum reserve requirement	10,935	(1,617)
(Increase)/decrease in operating assets	(65,973)	(168,515)
Murabaha and other financings	(7,647)	264
Musharaka financing	(3,145)	8,967
Other assets	-	-
Increase/(decrease) in operating liabilities	50,142	65,061
Customer's current accounts	11,408	(21,339)
Due to banks, financial and other institutions	37,384	(8,981)
Due to investors	12,582	(8,841)
Other liabilities	104,429	100,119
Increase in equity of unrestricted investment accountholders	104,429	100,119
Net cash provided by/(used in) operating activities	148,779	(30,196)
INVESTING ACTIVITIES		
Net (increase)/decrease		
Investment in mudaraba	322	693
Investment in restricted investment accounts	7,743	8,000
Assets acquired for leasing	2,953	(532)
Investment securities	(81,735)	51,521
Dividend received from associates	2,161	5,543
Purchase/(Sale) of fixed assets	1,118	(5,817)
Investment in real estate	(239)	432
Net cash provided by/(used in) investing activities	(67,677)	59,840
FINANCING ACTIVITIES		
Taxes paid	(4,723)	(1,989)
Net cash used in financing activities	(4,723)	(1,989)
Foreign currency translation adjustments	(27,201)	12,062
Net increase in cash and cash equivalents	49,178	39,717
Cash and cash equivalents at the beginning of the year	290,802	251,085
Cash and cash equivalents at the end of the year	339,980	290,802

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 Statements of Ithmaar Bank B.S.C. for the year ended 31 December 2013, which were approved for issue by the Board of Directors on 2 March 2014 and audited by PricewaterhouseCoopers ME Limited, Kingdom of Bahrain, who expressed an unqualified opinion.

HRH Prince Amr Mohamed Al Faisal
Chairman

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CEO

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