

INTERIM CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

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

	At 30 June 2014 (Reviewed)	At 31 December 2013 (Audited)	At 30 June 2013 (Reviewed)
ASSETS			
Cash and balances with banks and central banks	668,199	595,671	540,337
Commodity and other placements with banks, financial and other institutions	383,352	498,321	407,477
Murabaha and other financings	3,306,155	3,153,645	3,154,350
Musharaka financing	75,238	62,101	42,387
Investment in mudaraba	17,711	20,801	21,111
Investment in associates	680,197	665,066	658,260
Investment securities	1,376,997	1,306,080	1,211,318
Restricted investment accounts	77,049	77,958	206,822
Assets acquired for leasing	64,187	64,286	65,427
Investment in real estate	347,236	353,308	356,987
Other assets	295,802	267,191	263,239
Fixed assets	118,699	115,164	111,268
Intangible assets	223,829	223,544	233,814
Total assets	7,634,651	7,403,136	7,272,797
LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNTHOLDERS, MINORITY INTEREST AND OWNERS' EQUITY			
Customers' current accounts	1,494,291	1,270,562	1,254,894
Due to banks, financial and other institutions	1,208,958	1,301,523	1,424,745
Due to investors	1,885,662	1,855,769	1,724,371
Other liabilities	303,310	236,325	222,257
Total liabilities	4,892,221	4,664,179	4,626,267
Equity of unrestricted investment accountholders	1,965,623	1,985,469	1,801,703
Minority interest	230,468	221,920	224,082
Total liabilities, equity of unrestricted investment accountholders and minority interest	7,088,312	6,871,568	6,652,052
Share capital	757,690	757,690	757,690
Treasury shares	(30,149)	(30,149)	(30,149)
Reserves	267,313	252,430	268,873
Accumulated losses	(448,515)	(448,403)	(375,669)
Total owners' equity	546,339	531,568	620,745
Total liabilities, equity of unrestricted investment accountholders, minority interest and owners' equity	7,634,651	7,403,136	7,272,797

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

	Six months ended		Three months ended	
	30 June 2014 (Reviewed)	30 June 2013 (Reviewed)	30 June 2014 (Reviewed)	30 June 2013 (Reviewed)
INCOME				
Income from murabaha and other financings	113,012	104,687	57,224	52,355
Share of profit after tax from associates	22,276	19,939	10,625	8,379
Income from other investments	58,986	52,976	31,142	27,626
Group's share of income from unrestricted investment accounts as a Mudarib	9,336	12,106	5,734	5,756
Group's share of income from restricted investment accounts as a Mudarib	108	257	54	199
Other income	23,002	20,202	10,794	9,936
Total income	226,720	210,167	115,573	104,251
Less: profit paid to banks, financial and other institutions - net	(111,843)	(112,553)	(57,823)	(57,965)
Operating income	114,877	97,614	57,750	46,286
EXPENSES				
Administrative and general expenses	(85,538)	(79,838)	(44,581)	(41,978)
Depreciation and amortization	(15,025)	(15,554)	(7,628)	(7,828)
Total expenses	(100,563)	(95,392)	(52,209)	(49,806)
Net income/(loss) before provision for impairment and overseas taxation	14,314	2,222	5,541	(3,520)
Provision for impairment - net	(10,925)	(10,130)	(6,707)	(5,483)
NET INCOME/(LOSS) BEFORE OVERSEAS TAXATION	3,389	(7,908)	(1,166)	(9,003)
Overseas taxation	(1,615)	393	828	56
NET INCOME/(LOSS) FOR THE PERIOD	1,774	(7,515)	(338)	(8,947)
Attributable to:				
Equity holders of the Bank	(112)	(7,637)	(614)	(9,488)
Minority interests	1,886	122	276	541
	1,774	(7,515)	(338)	(8,947)
Basic and diluted earnings per share	US Cts (0.00)	US Cts (0.26)	US Cts (0.02)	US Cts (0.33)

INTERIM CONDENSED 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 fair value reserve	Investment in real estate fair value reserve	Foreign currency translation			Total reserves
At 1 January 2014 (Audited)	757,690	(30,149)	149,692	38,090	50,727	29,027	1,103	(16,209)	252,430	(448,403)	531,568
Net loss for the period	-	-	-	-	-	-	-	-	-	(112)	(112)
Movement in fair value of investment securities	-	-	-	-	-	1,113	-	-	1,113	-	1,113
Movement in fair value of associates	-	-	-	-	-	6,606	-	-	6,606	-	6,606
Movement in deferred tax relating to investment securities	-	-	-	-	-	(159)	-	-	(159)	-	(159)
Transfer to income statement due to disposal of investment securities	-	-	-	-	-	(1,472)	-	-	(1,472)	-	(1,472)
Foreign currency translation adjustments	-	-	-	-	-	82	38	8,675	8,795	-	8,795
At 30 June 2014 (Reviewed)	757,690	(30,149)	149,692	38,090	50,727	35,197	1,141	(7,534)	267,313	(448,515)	546,339
At 1 January 2013 (Audited)	701,013	(30,149)	149,692	38,090	50,727	41,782	1,032	(1,883)	279,440	(361,188)	589,116
Increase in share capital	56,677	-	-	-	-	-	-	-	-	-	56,677
Net loss for the period	-	-	-	-	-	-	-	-	-	(7,637)	(7,637)
Movement in fair value of investment securities	-	-	-	-	-	(1,154)	-	-	(1,154)	-	(1,154)
Movement in fair value of associates	-	-	-	-	-	(1,390)	-	-	(1,390)	-	(1,390)
Movement in deferred tax relating to investment securities	-	-	-	-	-	382	-	-	382	-	382
Transfer to income statement due to impairment of investment securities	-	-	-	-	-	21	-	-	21	-	21
Transfer to income statement due to disposal of investment securities	-	-	-	-	-	870	-	-	870	-	870
Foreign currency translation adjustments	-	-	-	-	-	29	(29)	(9,296)	(9,296)	(6,844)	(16,140)
At 30 June 2013 (Reviewed)	757,690	(30,149)	149,692	38,090	50,727	40,540	1,003	(11,179)	268,873	(375,669)	620,745

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

	Six months ended	
	30 June 2014 (Reviewed)	30 June 2013 (Reviewed)
OPERATING ACTIVITIES		
Net income/(loss) before overseas taxation	3,389	(7,908)
Adjustments for:		
Depreciation and amortization	15,025	15,554
Share of profit after tax from associates	(22,276)	(19,939)
Provision for impairment - net	10,925	10,130
Gain on sale of fixed assets	(338)	(157)
Operating income/(loss) before changes in operating assets and liabilities	6,725	(2,320)
Balances with banks maturing after ninety days and including with central banks relating to minimum reserve requirement	7,653	(62,302)
(Increase)/decrease in operating assets:		
Murabaha and other financings	(47,563)	(15,271)
Musharaka financing	(13,137)	(570)
Other assets	(13,198)	(3,199)
Increase/(decrease) in operating liabilities:		
Customers' current accounts	169,728	61,170
Due to banks, financial and other institutions	(117,405)	121,536
Due to investors	(91,042)	(182,255)
Other liabilities	56,651	12,528
Increase/(decrease) in equity of unrestricted investment accountholders	(19,846)	93,233
Net cash provided by/(used in) operating activities	(61,434)	22,550
INVESTING ACTIVITIES		
Net (increase)/decrease:		
Investment in mudaraba	3,090	544
Investment in associates	1,440	-
Investment in restricted investment accounts	1,134	6,578
Assets acquired for leasing	99	6,692
Investment securities	(2,083)	(141,920)
Dividend received from associates	6,304	5,732
Sale of fixed assets	761	1,194
Investment in real estate	3,327	(93)
Net cash provided by/(used in) investing activities	14,072	(121,273)
FINANCING ACTIVITIES		
Taxes paid	(8,019)	(1,451)
Net cash used in financing activities	(8,019)	(1,451)
Foreign currency translation adjustments	20,593	(6,866)
Net decrease in cash and cash equivalents	(34,788)	(107,040)
Cash and cash equivalents at the beginning of the period	901,804	771,358
Cash and cash equivalents at the end of the period	867,016	664,318

The above Interim Condensed Consolidated Statement of Financial Position, Interim Condensed Consolidated Income Statement, 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 six month period ended 30 June 2014, which were approved for issue by the Board of Directors and reviewed by PricewaterhouseCoopers ME Limited, Kingdom of Bahrain, who expressed an unqualified review conclusion on 14 August 2014.

HRH Prince Amr Mohamed Al Faisal
Chairman

Abdullah Ebrahim Al-Qassimi
Director

Ahmed Abdul Rahim
CEO

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