

# CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	At 31 December	
	2012 (Audited)	2011 (Audited)
<b>ASSETS</b>		
Cash and balances with banks and central banks	204,864	142,770
Commodity and other placements with banks, financial and other institutions	169,328	190,088
Murabaha and other financings	1,184,004	1,030,350
Musharaka financing	15,765	16,029
Investment in mudaraba	8,164	8,857
Investment in associates	257,298	245,109
Investment securities	397,024	461,594
Restricted investment accounts	81,438	75,067
Assets acquired for leasing	22,934	22,402
Investment in real estate	151,383	147,095
Other assets	97,148	114,589
Fixed assets	43,947	49,918
Intangible assets	90,806	97,213
<b>Total assets</b>	<b>2,724,103</b>	<b>2,601,081</b>
<b>LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNTHOLDERS, MINORITY INTEREST AND OWNERS' EQUITY</b>		
Customers' current accounts	450,034	298,613
Due to banks, financial and other institutions	495,070	609,730
Due to investors	718,797	727,778
Other liabilities	90,622	103,084
<b>Total liabilities</b>	<b>1,754,523</b>	<b>1,739,205</b>
Equity of unrestricted investment accountholders	660,173	556,691
Minority interest	87,311	87,721
<b>Total liabilities, equity of unrestricted investment accountholders and minority interest</b>	<b>2,502,007</b>	<b>2,383,617</b>
Share capital	252,915	252,915
Reserves	105,349	89,126
Accumulated losses	(136,168)	(124,577)
<b>Total owners' equity</b>	<b>222,096</b>	<b>217,464</b>
<b>Total liabilities, equity of unrestricted investment accountholders, minority interest and owners' equity</b>	<b>2,724,103</b>	<b>2,601,081</b>

## CONSOLIDATED INCOME STATEMENT

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

	Year ended 31 December	
	2012 (Audited)	2011 (Audited)
<b>INCOME</b>		
Income from unrestricted investment accounts	35,139	25,608
Less: return to unrestricted investment accounts and impairment provisions	(26,686)	(24,512)
<b>Group's share of income from unrestricted investment accounts as a Mudarib</b>	<b>8,453</b>	<b>1,096</b>
Group's share of income from restricted investment accounts as a Mudarib	305	1,061
Income from murabaha and other financings	90,181	97,702
Share of profit after tax from associates	20,266	6,717
Income from other investments	44,185	42,765
Other income	20,012	20,697
<b>Total income</b>	<b>183,402</b>	<b>170,038</b>
Less: profit paid to banks, financial and other institutions - net	(95,893)	(104,109)
<b>Operating income</b>	<b>87,509</b>	<b>65,929</b>
<b>EXPENSES</b>		
Administrative and general expenses	(62,340)	(63,489)
Depreciation and amortization	(12,374)	(16,753)
<b>Total expenses</b>	<b>(74,714)</b>	<b>(80,242)</b>
<b>Net income/(loss) before provision for impairment and overseas taxation</b>	<b>12,795</b>	<b>(14,313)</b>
Provision for impairment - net	(20,401)	(8,232)
<b>Net loss before overseas taxation</b>	<b>(7,606)</b>	<b>(22,545)</b>
Overseas taxation	(2,508)	(792)
<b>NET LOSS FOR THE YEAR</b>	<b>(10,114)</b>	<b>(23,337)</b>
<b>Attributable to:</b>		
Equity holders of the Bank	(11,491)	(23,708)
Minority interests	1,377	371
	<b>(10,114)</b>	<b>(23,337)</b>
<b>Basic and diluted earnings per share</b>	<b>Fils (4.28)</b>	<b>Fils (8.72)</b>

## CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

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

	Share capital	Reserves						Total 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			
At 1 January 2012 (Audited)	252,915	56,434	14,360	19,124	(4,226)	357	3,077	89,126	(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)
<b>At 31 December 2012</b>	<b>252,915</b>	<b>56,434</b>	<b>14,360</b>	<b>19,124</b>	<b>15,752</b>	<b>389</b>	<b>(710)</b>	<b>105,349</b>	<b>(136,168)</b>	<b>222,096</b>

	Share capital	Reserves						Total 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			
At 1 January 2011 (Audited)	253,063	56,538	14,360	19,124	1,117	383	3,621	95,143	(100,676)	247,530
Treasury shares purchased	(148)	(104)	-	-	-	-	-	(104)	-	(252)
Net loss for the year	-	-	-	-	-	-	-	-	(23,708)	(23,708)
Movement in fair value of investment securities	-	-	-	-	(3,365)	-	-	(3,365)	-	(3,365)
Movement in fair value of associates	-	-	-	-	(3,106)	-	-	(3,106)	-	(3,106)
Movement in deferred tax relating to investment securities	-	-	-	-	1,038	-	-	1,038	-	1,038
Transfer to income statement due to impairment of investment securities	-	-	-	-	829	-	-	829	-	829
Transfer to income statement due to disposal of investment securities	-	-	-	-	(789)	-	-	(789)	-	(789)
Movement in fair value of investment in real estate	-	-	-	-	-	(26)	-	(26)	-	(26)
Foreign currency translation adjustments	-	-	-	-	50	(544)	(494)	(193)	(687)	(687)
<b>At 31 December 2011</b>	<b>252,915</b>	<b>56,434</b>	<b>14,360</b>	<b>19,124</b>	<b>(4,226)</b>	<b>357</b>	<b>3,077</b>	<b>89,126</b>	<b>(124,577)</b>	<b>217,464</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

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

	Year ended 31 December	
	2012 (Audited)	2011 (Audited)
<b>OPERATING ACTIVITIES</b>		
Net loss before overseas taxation	(7,606)	(22,545)
<b>Adjustments for:</b>		
Depreciation and amortization	12,374	16,753
Share of profit after tax from associates	(20,266)	(6,717)
Provision for impairment - net	20,401	8,232
Gain on sale of fixed assets	(217)	(1,198)
<b>Operating profit/(loss) before changes in operating assets and liabilities</b>	<b>4,686</b>	<b>(5,475)</b>
Balances with banks maturing after ninety days and including with central banks relating to minimum reserve requirement	(1,617)	(3,898)
(Increase)/decrease in operating assets		
Murabaha and other financings	(168,515)	(80,867)
Musharaka financing	264	(10,520)
Other assets	8,967	(371)
Increase/(decrease) in operating liabilities		
Customer's current accounts	65,061	40,684
Due to banks, financial and other institutions	(21,339)	(36,457)
Due to investors	(8,981)	(15,212)
Other liabilities	(8,841)	(5,288)
Increase in equity of unrestricted investment accountholders	100,119	105,813
<b>Net cash used in operating activities</b>	<b>(30,196)</b>	<b>(11,591)</b>
<b>INVESTING ACTIVITIES</b>		
Net (increase)/decrease		
Investment in mudaraba	693	-
Investment in restricted investment accounts	8,000	1,946
Assets acquired for leasing	(532)	4,190
Investment securities	51,521	(12,049)
Dividend received from associates	5,543	6,000
Purchase of fixed assets	(5,817)	(3,771)
Investment in real estate	432	(1,444)
<b>Net cash provided by/(used in) investing activities</b>	<b>59,840</b>	<b>(5,128)</b>
<b>FINANCING ACTIVITIES</b>		
Taxes paid	(1,989)	(5,143)
<b>Net cash used in financing activities</b>	<b>(1,989)</b>	<b>(5,143)</b>
Foreign currency translation adjustments	12,062	8,095
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>39,717</b>	<b>(13,767)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>251,085</b>	<b>264,852</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>290,802</b>	<b>251,085</b>

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 2012, which were approved for issue by the Board of Directors on 28 February 2013 and audited by PricewaterhouseCoopers ME Limited, Kingdom of Bahrain, who expressed an unqualified opinion.

HRH Prince Amr Mohamed Al Faisal  
Chairman

Mohammed Buchereji  
CEO and Director

Ithmaar Bank B.S.C., C.R.: 15210, P.O. Box 2820, Seef Tower, Manama, Kingdom of Bahrain.  
Tel: (+973) 17584000, Fax: (+973) 17584017, Website: www.ithmaarbank.com

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