

# INTERIM CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

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

	At 30 June 2017 (Reviewed)	At 31 December 2016 (Audited)	At 30 June 2016 (Reviewed)
<b>ASSETS</b>			
Cash and balances with banks and central banks	645,476	736,033	600,353
Commodity and other placements with banks, financial and other institutions	202,401	142,607	286,264
Murabaha and other financings	3,641,657	3,444,588	3,443,292
Musharaka financing	304,512	229,960	167,433
Investment in mudaraba	5,657	14,425	14,850
Investment in associates	663,553	668,403	647,307
Sukuk and investment securities	2,105,459	1,874,782	2,097,647
Restricted investment accounts	80,121	79,852	80,005
Assets acquired for leasing	292,107	256,204	208,270
Investment in real estate	252,962	242,594	255,879
Other assets	237,837	361,654	373,857
Fixed assets	114,537	112,981	108,302
Intangible assets	170,133	177,227	187,821
<b>Total assets</b>	<b>8,716,412</b>	<b>8,341,310</b>	<b>8,471,280</b>
<b>LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNTHOLDERS, MINORITY INTEREST AND OWNERS' EQUITY</b>			
Customers' current accounts	1,733,272	1,581,113	1,500,673
Due to banks, financial and other institutions	1,293,946	1,141,513	1,596,929
Due to investors	1,909,466	1,903,612	1,839,538
Other liabilities	380,959	342,622	345,318
<b>Total liabilities</b>	<b>5,317,643</b>	<b>4,968,860</b>	<b>5,282,458</b>
Equity of unrestricted investment accountholders	2,781,045	2,769,694	2,593,872
Minority interest	180,115	175,341	182,637
<b>Total liabilities, equity of unrestricted investment accountholders and minority interest</b>	<b>8,278,803</b>	<b>7,913,895</b>	<b>8,058,967</b>
Share capital	757,690	757,690	757,690
Treasury shares	(30,149)	(27,802)	(30,149)
Reserves	240,577	218,788	204,581
Accumulated losses	(530,509)	(521,261)	(519,809)
<b>Total owners' equity</b>	<b>437,609</b>	<b>427,415</b>	<b>412,313</b>
<b>Total liabilities, equity of unrestricted investment accountholders, minority interest and owners equity</b>	<b>8,716,412</b>	<b>8,341,310</b>	<b>8,471,280</b>

## 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 2017 (Reviewed)	30 June 2016 (Reviewed)	30 June 2017 (Reviewed)	30 June 2016 (Reviewed)
<b>INCOME</b>				
Income from unrestricted investment accounts	77,797	67,295	40,845	34,401
Less: return to unrestricted investment accounts and impairment provisions	(43,407)	(45,914)	(21,133)	(23,801)
<b>Group's share of income from unrestricted investment accounts as a Mudarib</b>	<b>34,390</b>	<b>21,381</b>	<b>19,712</b>	<b>10,600</b>
Group's share of income from restricted investment accounts as a Mudarib	-	81	-	40
Income from murabaha and other financings	72,082	66,900	36,410	33,655
Share of profit after tax from associates	21,616	19,624	9,926	10,422
Income from other investments	67,568	79,068	31,242	43,328
Other income	12,417	22,800	4,295	11,120
<b>Total income</b>	<b>208,073</b>	<b>209,854</b>	<b>101,585</b>	<b>109,165</b>
Less: profit paid to banks, financial and other institutions - net	(80,860)	(77,196)	(42,711)	(37,984)
<b>Operating income</b>	<b>127,213</b>	<b>132,658</b>	<b>58,874</b>	<b>71,181</b>
<b>EXPENSES</b>				
Administrative and general expenses	(81,642)	(80,971)	(41,592)	(42,712)
Depreciation and amortization	(15,739)	(15,021)	(7,704)	(7,663)
<b>Total expenses</b>	<b>(97,381)</b>	<b>(95,992)</b>	<b>(49,296)</b>	<b>(50,375)</b>
<b>Net income before provision for impairment and overseas taxation</b>	<b>29,832</b>	<b>36,666</b>	<b>9,578</b>	<b>20,806</b>
Provision for impairment - net	(12,786)	(9,111)	(8,653)	(5,259)
<b>Net income before overseas taxation</b>	<b>17,046</b>	<b>27,555</b>	<b>925</b>	<b>15,547</b>
Overseas taxation	(18,631)	(15,595)	(8,300)	(8,412)
<b>NET INCOME/(LOSS) FOR THE PERIOD</b>	<b>(1,585)</b>	<b>11,960</b>	<b>(7,375)</b>	<b>7,135</b>
<b>Attributable to:</b>				
Equity holders of Ithmaar	(9,248)	4,403	(9,823)	3,187
Minority interests	7,663	7,557	2,448	3,948
	<b>(1,585)</b>	<b>11,960</b>	<b>(7,375)</b>	<b>7,135</b>
<b>Basic and diluted earnings per share</b>	<b>USCts (0.32)</b>	<b>USCts 0.15</b>	<b>USCts (0.34)</b>	<b>USCts 0.11</b>

## 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 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 period	-	-	-	-	-	-	-	-	-	(9,248)	(9,248)
Employee share incentive scheme	-	(2,347)	423	-	-	-	-	-	423	-	(1,924)
Movement in fair value of sukuk and investment securities	-	-	-	-	-	5,294	-	-	5,294	-	5,294
Movement in fair value of associates	-	-	-	-	-	8,009	-	-	8,009	-	8,009
Foreign currency translation adjustments	-	-	-	-	-	(23)	(216)	8,302	8,063	-	8,063
<b>At 30 June 2017 (Reviewed)</b>	<b>757,690</b>	<b>(30,149)</b>	<b>149,085</b>	<b>38,418</b>	<b>50,727</b>	<b>38,991</b>	<b>2,432</b>	<b>(39,076)</b>	<b>240,577</b>	<b>(530,509)</b>	<b>437,609</b>

	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 period	-	-	-	-	-	-	-	-	-	4,403	4,403
Movement in fair value of sukuk and investment securities	-	-	-	-	-	448	-	-	448	-	448
Movement in fair value of associates	-	-	-	-	-	(5,535)	-	-	(5,535)	-	(5,535)
Foreign currency translation adjustments	-	-	-	-	-	92	50	(1,368)	(1,226)	-	(1,226)
<b>At 30 June 2016 (Reviewed)</b>	<b>757,690</b>	<b>(30,149)</b>	<b>149,692</b>	<b>38,090</b>	<b>50,727</b>	<b>4,217</b>	<b>1,636</b>	<b>(39,781)</b>	<b>204,581</b>	<b>(519,809)</b>	<b>412,313</b>

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

	Six months ended	
	30 June 2017 (Reviewed)	30 June 2016 (Reviewed)
<b>OPERATING ACTIVITIES</b>		
Net income before overseas taxation	17,046	27,555
<b>Adjustments for:</b>		
Depreciation and amortization	15,739	15,021
Share of profit after tax from associates	(21,616)	(19,624)
Provision for impairment - net	12,786	9,111
Gain on sale of fixed assets	(106)	(845)
<b>Operating income before changes in operating assets and liabilities</b>	<b>23,849</b>	<b>31,218</b>
Balances with banks maturing after ninety days and including with central banks relating to minimum reserve requirement	(43,425)	(6,556)
(Increase)/decrease in operating assets:		
Murabaha and other financings	(47,031)	(46,495)
Musharaka financing	(75,429)	(17,311)
Other assets	(90,759)	(66,807)
Increase/(decrease) in operating liabilities:		
Customers' current accounts	205,117	61,719
Due to banks, financial and other institutions	154,363	(45,424)
Due to investors	12,591	119,222
Other liabilities	30,929	17,438
Increase/(decrease) in equity of unrestricted investment accountholders	12,265	157,844
Taxes paid	(18,393)	(1,511)
<b>Net cash provided by operating activities</b>	<b>164,077</b>	<b>203,337</b>
<b>INVESTING ACTIVITIES</b>		
Net (increase)/decrease:		
Investment in mudaraba	8,769	6,499
Investment in restricted investment accounts	-	(1,378)
Assets acquired for leasing	(35,903)	(38,788)
Sukuk and investment securities	(243,685)	(176,174)
Dividend received from associates	27,029	18,202
Sale/(purchase) of fixed assets	(3,011)	2,055
<b>Net cash used in investing activities</b>	<b>(246,801)</b>	<b>(189,584)</b>
Foreign currency translation adjustments	8,568	4,088
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(74,156)</b>	<b>17,841</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>716,782</b>	<b>586,495</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>642,626</b>	<b>604,336</b>

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 Holding B.S.C. (formerly Ithmaar Bank B.S.C.) for the six month period ended 30 June 2017, 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 10 August 2017.

HRH Prince Amr Mohamed Al Faisal  
Chairman

Dr. Amani Khaled Bouresli  
Director

Ahmed Abdul Rahim  
CEO

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Ithmaar Holding

