

# INTERIM CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

	At 30 June 2018 (Reviewed)	At 31 December 2017 (Audited)	At 30 June 2017 (Reviewed)
<b>ASSETS</b>			
Cash and balances with banks and central banks	626,468	701,938	645,476
Commodity and other placements with banks, financial and other institutions	300,146	261,392	202,401
Murabaha and other financings	3,691,655	3,577,871	3,641,657
Musharaka financing	434,707	367,131	304,512
Investment in mudaraba	5,654	5,760	5,657
Sukuk and investment securities	1,684,324	1,862,885	2,105,459
Investment in associates	588,758	186,207	663,553
Restricted investment accounts	70,603	74,896	80,121
Assets acquired for leasing	414,502	347,760	292,107
Investment in real estate	250,517	247,902	252,962
Other assets	220,771	196,239	237,837
Assets classified as held-for-sale	59,252	478,432	-
Fixed assets	116,776	140,820	114,537
Intangible assets	154,207	162,126	170,133
<b>Total assets</b>	<b>8,618,340</b>	<b>8,611,359</b>	<b>8,716,412</b>
<b>LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNTHOLDERS, MINORITY INTEREST AND OWNERS' EQUITY</b>			
Customers' current accounts	1,735,677	1,781,493	1,733,272
Due to banks, financial and other institutions	1,597,489	1,143,964	1,293,946
Due to investors	1,784,551	1,907,971	1,909,466
Other liabilities	413,885	431,645	380,959
<b>Total liabilities</b>	<b>5,531,602</b>	<b>5,265,073</b>	<b>5,317,643</b>
Equity of unrestricted investment accountholders	2,741,932	2,827,915	2,781,045
Minority interest	159,621	163,041	180,115
<b>Total liabilities, equity of unrestricted investment accountholders and minority interest</b>	<b>8,433,155</b>	<b>8,256,029</b>	<b>8,278,803</b>
Share capital	757,690	757,690	757,690
Treasury shares	(30,149)	(30,149)	(30,149)
Reserves	180,288	233,761	240,577
Accumulated losses	(722,644)	(605,972)	(530,509)
<b>Total owners' equity</b>	<b>185,185</b>	<b>355,330</b>	<b>437,609</b>
<b>Total liabilities, equity of unrestricted investment accountholders, minority interest and owners' equity</b>	<b>8,618,340</b>	<b>8,611,359</b>	<b>8,716,412</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 value reserve	Foreign currency translation			Total reserves
At 1 January 2018 (Audited)	757,690	(30,149)	149,085	38,418	50,727	38,773	3,450	(46,692)	233,761	(605,972)	355,330
Impact of FAS 30	-	-	-	-	-	-	-	-	-	(121,522)	(121,522)
Revised balance at 1 January 2018	757,690	(30,149)	149,085	38,418	50,727	38,773	3,450	(46,692)	233,761	(727,494)	233,808
Net income for the period	-	-	-	-	-	-	-	-	-	4,850	4,850
Movement in fair value of sukuk and investment securities	-	-	-	-	-	(24,834)	-	-	(24,834)	-	(24,834)
Movement in fair value of investment in real estate	-	-	-	-	-	-	596	-	596	-	596
Movement in fair value of associates	-	-	-	-	-	(10,601)	-	-	(10,601)	-	(10,601)
Foreign currency translation adjustments	-	-	-	-	-	28	(905)	(17,757)	(18,634)	-	(18,634)
At 30 June 2018 (Reviewed)	757,690	(30,149)	149,085	38,418	50,727	3,366	3,141	(64,449)	180,288	(722,644)	185,185

	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 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
At 30 June 2017 (Reviewed)	757,690	(30,149)	149,085	38,418	50,727	38,991	2,432	(39,076)	240,577	(530,509)	437,609

## 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 2018 (Reviewed)	30 June 2017 (Reviewed)	30 June 2018 (Reviewed)	30 June 2017 (Reviewed)
<b>INCOME</b>				
Income from unrestricted investment accounts	87,303	77,797	44,836	40,845
Less: return to unrestricted investment accounts and impairment provisions	(52,076)	(43,407)	(27,100)	(21,133)
<b>Group's share of income from unrestricted investment accounts as a Mudarib</b>	<b>35,227</b>	<b>34,390</b>	<b>17,736</b>	<b>19,712</b>
Income from murabaha and other financings	71,355	72,082	36,887	36,410
Share of profit after tax from associates	40,366	21,616	12,618	9,926
Income from investments	52,390	67,568	26,098	31,242
Other income	26,091	12,417	19,666	4,295
<b>Total income</b>	<b>225,429</b>	<b>208,073</b>	<b>113,005</b>	<b>101,585</b>
Less: profit paid to banks, financial and other institutions - net	(76,747)	(80,860)	(36,480)	(42,711)
<b>Operating income</b>	<b>148,682</b>	<b>127,213</b>	<b>76,525</b>	<b>58,874</b>
<b>EXPENSES</b>				
Administrative and general expenses	(88,636)	(81,642)	(45,655)	(41,592)
Depreciation and amortization	(18,349)	(15,739)	(7,256)	(7,704)
<b>Total expenses</b>	<b>(106,985)</b>	<b>(97,381)</b>	<b>(52,911)</b>	<b>(49,296)</b>
<b>Net income before provision for impairment and overseas taxation</b>	<b>41,697</b>	<b>29,832</b>	<b>23,614</b>	<b>9,578</b>
Provision for impairment - net	(14,347)	(12,786)	(8,349)	(8,653)
<b>Net income before overseas taxation</b>	<b>27,350</b>	<b>17,046</b>	<b>15,265</b>	<b>925</b>
Overseas taxation	(16,528)	(18,631)	(9,254)	(8,300)
<b>NET INCOME/(LOSS) FOR THE PERIOD</b>	<b>10,822</b>	<b>(1,585)</b>	<b>6,011</b>	<b>(7,375)</b>
Attributable to:				
Equity holders of Ithmaar	4,850	(9,248)	3,195	(9,823)
Minority interests	5,972	7,663	2,816	2,448
	10,822	(1,585)	6,011	(7,375)
<b>Basic and diluted earnings per share</b>	<b>USCts0.17</b>	<b>USCts(0.32)</b>	<b>USCts0.11</b>	<b>USCts(0.34)</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 2018 (Reviewed)	30 June 2017 (Reviewed)
<b>OPERATING ACTIVITIES</b>		
Net income before overseas taxation	27,350	17,046
Adjustments for:		
Depreciation and amortization	18,349	15,739
Share of profit after tax from associates	(40,366)	(21,616)
Provision for impairment - net	14,347	12,786
Loss/(gain) on sale of fixed assets	235	(106)
<b>Operating income before changes in operating assets and liabilities</b>	<b>19,915</b>	<b>23,849</b>
Balances with banks maturing after ninety days and including with central banks relating to minimum reserve requirement	(12,782)	(43,425)
Changes in operating assets and liabilities:		
Murabaha and other financings	(429,670)	(47,031)
Musharaka financing	(105,298)	(75,429)
Other assets	(32,240)	(90,759)
Customers' current accounts	62,011	205,117
Due to banks, financial and other institutions	520,865	154,363
Due to investors	53,352	12,591
Other liabilities	(2,201)	30,929
Increase/(decrease) in equity of unrestricted investment accountholders	(50,606)	12,265
Taxes paid	(14,982)	(18,393)
<b>Net cash provided by operating activities</b>	<b>8,364</b>	<b>164,077</b>
<b>INVESTING ACTIVITIES</b>		
Net changes in:		
Investment in mudaraba	-	8,769
Assets acquired for leasing	(68,550)	(35,903)
Sukuk and investment securities	30,136	(243,685)
Dividend received from associates	26,101	27,029
Sale/(purchase) of fixed assets	2,995	(3,011)
<b>Net cash used in investing activities</b>	<b>(9,318)</b>	<b>(246,801)</b>
Foreign currency translation adjustments	(44,008)	8,568
<b>Net decrease in cash and cash equivalents</b>	<b>(44,962)</b>	<b>(74,156)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>792,218</b>	<b>716,782</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>747,256</b>	<b>642,626</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. for the six month period ended 30 June 2018, which were approved for issue by the Board of Directors and reviewed by PricewaterhouseCoopers ME Limited, Kingdom of Bahrain, who expressed a qualified review conclusion on 13 August 2018.

HRH Prince Amr Mohamed Al Faisal  
Chairman

Dr. Amani Khaled Bouresli  
Director

Ahmed Abdul Rahim  
CEO

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Ithmaar Holding

