

INTERIM CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2017

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

	At 31 March 2017 (Reviewed)	At 31 December 2016 (Audited)	At 31 March 2016 (Reviewed)
ASSETS			
Cash and balances with banks and central banks	628,463	736,033	587,228
Commodity and other placements with banks, financial and other institutions	72,335	142,607	314,008
Murabaha and other financings	3,396,647	3,444,588	3,376,945
Musharaka financing	254,859	229,960	156,939
Investment in mudaraba	14,425	14,425	16,147
Investment in associates	666,938	668,403	633,670
Sukuk and investment securities	2,010,574	1,874,782	1,534,591
Restricted investment accounts	80,065	79,852	80,146
Assets acquired for leasing	278,742	256,204	194,060
Investment in real estate	246,102	242,594	259,212
Other assets	365,275	361,654	330,148
Fixed assets	113,702	112,981	107,738
Intangible assets	174,061	177,227	191,409
Total assets	8,302,188	8,341,310	7,782,241
LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNTHOLDERS, MINORITY INTEREST AND OWNERS' EQUITY			
Customers' current accounts	1,589,799	1,581,113	1,443,578
Due to banks, financial and other institutions	1,157,770	1,141,513	1,134,565
Due to investors	1,948,338	1,903,612	1,780,231
Other liabilities	331,323	342,622	324,034
Total liabilities	5,027,230	4,968,860	4,682,408
Equity of unrestricted investment accountholders	2,654,588	2,769,694	2,514,508
Minority interest	177,866	175,341	177,773
Total liabilities, equity of unrestricted investment accountholders and minority interest	7,859,684	7,913,895	7,374,689
Share capital	757,690	757,690	757,690
Treasury shares	(30,149)	(27,802)	(30,149)
Reserves	235,649	218,788	203,007
Accumulated losses	(520,686)	(521,261)	(522,996)
Total owners' equity	442,504	427,415	407,552
Total liabilities, equity of unrestricted investment accountholders, minority interest and owners' equity	8,302,188	8,341,310	7,782,241

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

	Three months ended	
	31 March 2017 (Reviewed)	31 March 2016 (Reviewed)
INCOME		
Income from unrestricted investment accounts	26,965	24,934
Less: return to unrestricted investment accounts and impairment provisions	(18,407)	(18,164)
Group's share of income from unrestricted investment accounts as a Mudarib	8,558	6,770
Group's share of income from restricted investment accounts as a Mudarib	-	41
Income from murabaha and other financings	42,664	37,285
Share of profit after tax from associates	11,690	9,202
Income from other investments	38,819	36,980
Other income	8,623	12,044
Total income	110,354	102,322
Less: profit paid to banks, financial and other institutions - net	(42,015)	(40,845)
Operating income	68,339	61,477
EXPENSES		
Administrative and general expenses	(40,050)	(38,259)
Depreciation and amortization	(8,035)	(7,358)
Total expenses	(48,085)	(45,617)
Net income before provision for impairment and overseas taxation	20,254	15,860
Provision for impairment - net	(4,133)	(3,852)
Net income before overseas taxation	16,121	12,008
Overseas taxation	(10,331)	(7,183)
NET INCOME FOR THE PERIOD	5,790	4,825
Attributable to:		
Equity holders of Ithmaar	575	1,216
Minority interests	5,215	3,609
	5,790	4,825
Basic and diluted earnings per share	US Cts 0.02	US Cts 0.04

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 income for the period	-	-	-	-	-	-	-	-	-	575	575
Employee share incentive scheme	-	(2,347)	423	-	-	-	-	-	423	-	(1,924)
Movement in fair value of sukuk and investment securities	-	-	-	-	-	4,574	-	-	4,574	-	4,574
Movement in fair value of associates	-	-	-	-	-	11,063	-	-	11,063	-	11,063
Foreign currency translation adjustments	-	-	-	-	-	(9)	(38)	848	801	-	801
At 31 March 2017 (Reviewed)	757,690	(30,149)	149,085	38,418	50,727	41,339	2,610	(46,530)	235,649	(520,686)	442,504

	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	-	-	-	-	-	-	-	-	-	1,216	1,216
Movement in fair value of sukuk and investment securities	-	-	-	-	-	392	-	-	392	-	392
Movement in fair value of associates	-	-	-	-	-	(10,907)	-	-	(10,907)	-	(10,907)
Foreign currency translation adjustments	-	-	-	-	-	(20)	20	2,628	2,628	-	2,628
At 31 March 2016 (Reviewed)	757,690	(30,149)	149,692	38,090	50,727	(1,323)	1,606	(35,785)	203,007	(522,996)	407,552

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

	Three months ended	
	31 March 2017 (Reviewed)	31 March 2016 (Reviewed)
OPERATING ACTIVITIES		
Net income before overseas taxation	16,121	12,008
Adjustments for:		
Depreciation and amortization	8,035	7,358
Share of profit after tax from associates	(11,690)	(9,202)
Provision for impairment - net	4,133	3,852
Gain on sale of fixed assets	-	(868)
Operating income before changes in operating assets and liabilities	16,599	13,148
Balances with banks maturing after ninety days and including with central banks relating to minimum reserve requirement	(1,126)	(1,445)
(Increase)/decrease in operating assets:		
Murabaha and other financings	42,792	22,078
Musharaka financing	(25,720)	(6,977)
Other assets	(7,652)	(1,170)
Increase/(decrease) in operating liabilities:		
Customers' current accounts	12,332	5,571
Due to banks, financial and other institutions	18,008	(506,789)
Due to investors	51,330	46,330
Other liabilities	(17,999)	(2,987)
Increase/(decrease) in equity of unrestricted investment accountholders	(114,146)	94,003
Taxes paid	(9,761)	3,891
Net cash used in operating activities	(35,343)	(334,347)
INVESTING ACTIVITIES		
Net (increase)/decrease:		
Investment in mudaraba	-	5,201
Investment in restricted investment accounts	(141)	(1,553)
Assets acquired for leasing	(22,538)	(24,578)
Sukuk and investment securities	(139,558)	387,125
Sale/(purchase) of fixed assets	(1,854)	4,453
Net cash (used in)/provided by investing activities	(164,091)	370,648
Foreign currency translation adjustments	20,466	2,043
Net (decrease)/increase in cash and cash equivalents	(178,968)	38,344
Cash and cash equivalents at the beginning of the period	716,782	586,495
Cash and cash equivalents at the end of the period	537,814	624,839

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 three month period ended 31 March 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 14 May 2017.

HRH Prince Amr Mohamed Al Faisal
Chairman

Dr. Amani Khaled Bouresli
Director

Ahmed Abdul Rahim
CEO

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