

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(All amounts expressed in thousands of United States Dollars unless otherwise stated)

	As at 31 December	
	2009	2008
ASSETS		
Cash and cash equivalents	665,697	1,257,132
Investments in financings	1,978,109	2,058,034
Investment securities	931,666	617,228
Investment properties	397,582	273,786
Accounts receivable	166,424	161,773
Investments in associates	702,366	612,602
Property, plant and equipment	107,745	124,119
Intangible assets	258,607	275,752
Deferred tax asset	5,665	-
Total assets	5,213,861	5,380,426
LIABILITIES		
Customer current accounts	455,265	470,602
Customer investment accounts	1,716,154	1,468,514
Due to banks and financial institutions	1,493,018	1,595,068
Other borrowings	259,438	410,074
Accounts payable	344,475	237,542
Current tax payable	8,112	7,137
Deferred tax liability	-	42,138
Total liabilities	4,276,462	4,231,075
EQUITY		
Capital and reserves attributable to the Bank's equity holders		
Share capital	568,832	527,956
Reserves	142,603	395,953
	711,435	923,909
Minority interests	225,964	225,442
Total equity	937,399	1,149,351
Total equity and liabilities	5,213,861	5,380,426
Funds under management	2,101,955	1,991,673

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts expressed in thousands of United States Dollars unless otherwise stated)

	Year ended 31 December	
	2009	2008
Profit/(loss) for the year	(233,369)	85,162
Other comprehensive income		
Movement in fair value of available-for-sale investments	11,025	(82,654)
Transfer to income statement due to disposal of available-for-sale investments	(3,193)	(8,167)
Transfer to income statement due to impairment of available-for-sale investments	42,925	-
Movement in deferred tax of available-for-sale investments	(1,801)	9,583
Foreign currency translation differences for foreign operations	(19,452)	(88,333)
Other comprehensive income/(loss) for the year	29,504	(169,571)
Total comprehensive loss for the year	(203,865)	(84,409)
Comprehensive income/(loss) attributable to:		
Equity holders of the Bank	(204,387)	(92,892)
Minority interests	522	8,483
	(203,865)	(84,409)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts expressed in thousands of United States Dollars unless otherwise stated)

	Share capital		Attributable to the Bank's equity holders				Retained earnings	Total reserves	Minority interests	Total equity
	Share capital	Share premium	Statutory reserve	General reserve	Fair Value reserve	Currency translation				
At 1 January 2009	527,956	209,541	38,090	107,679	(42,450)	(48,653)	131,746	395,953	225,442	1,149,351
Shares issued	54,362	(54,362)	-	-	-	-	-	(54,362)	-	-
Treasury shares purchased	(19,322)	5,973	-	-	-	-	-	5,973	-	(13,349)
Treasury shares sold	5,836	(20)	-	-	-	-	(20)	-	-	5,816
Total comprehensive income/(loss)	-	-	-	-	44,439	(13,261)	(235,565)	(204,387)	522	(203,865)
Transfer to general reserve	-	-	-	43,148	-	-	(43,148)	-	-	-
Appropriation to Ithmaar Education and Training Fund	-	-	-	-	-	-	(554)	(554)	-	(554)
At 31 December 2009	568,832	161,132	38,090	150,827	1,989	(61,914)	(147,521)	142,603	225,964	937,399
At 1 January 2008	537,474	216,026	35,873	68,327	27,170	(3,079)	206,017	550,334	196,589	1,284,397
Treasury shares purchased	(29,950)	(41,281)	-	-	-	-	-	(41,281)	-	(71,231)
Treasury shares sold	20,432	34,796	-	-	-	-	34,796	-	-	55,228
Total comprehensive income/(loss)	-	-	-	-	(69,620)	(45,574)	22,302	(92,892)	8,483	(84,409)
Dividend paid	-	-	-	-	-	-	(52,435)	(52,435)	-	(52,435)
Dividend paid by subsidiaries	-	-	-	-	-	-	-	-	(12,317)	(12,317)
Minority interests relating to new subsidiaries	-	-	-	-	-	-	-	-	32,687	32,687
Transfer to general reserve	-	-	-	39,352	-	-	(39,352)	-	-	-
Transfer to statutory reserve	-	-	2,217	-	-	-	(2,217)	-	-	-
Appropriation to Ithmaar Education and Training Fund	-	-	-	-	-	-	(2,569)	(2,569)	-	(2,569)
At 31 December 2008	527,956	209,541	38,090	107,679	(42,450)	(48,653)	131,746	395,953	225,442	1,149,351

The above Consolidated Statement of Financial Position, Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in 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 2009, which were approved for issue by the Board of Directors on 28 February 2010 and audited by PricewaterhouseCoopers, Kingdom of Bahrain.

HRH Prince Amr Mohamed Al Faisal
Chairman

Khalid Abdulla-Janahi
Executive Vice Chairman

Mohamed Hussain
CEO and Director

CONSOLIDATED INCOME STATEMENT

(All amounts expressed in thousands of United States Dollars unless otherwise stated)

	Year ended 31 December	
	2009	2008
INCOME		
Income from short term deposits	82,228	55,742
Income from investments in financings	181,419	191,521
Fee and commission income	34,825	46,166
Fund management and services	5,420	16,859
Gains from investment securities	9,258	4,093
Income from investment properties	2,833	114,268
Net trading income	4,858	4,061
Dividend income	9,912	27,962
Other income	6,185	5,089
	336,938	465,761
Distribution to investment account holders and borrowing costs	(230,888)	(185,898)
Operating income	106,050	279,863
Expenses		
Staff costs	(68,955)	(62,687)
General and administrative expenses	(52,836)	(52,416)
Depreciation and amortisation	(34,046)	(29,061)
Provision for impairment	(206,905)	(52,875)
Exchange (loss)/gain	(3,187)	5,291
Total expenses	(365,929)	(191,748)
Operating profit/(loss)	(259,879)	88,115
Share of profit of associated companies	27,072	6,325
Profit/(loss) before income taxes	(232,807)	94,440
Taxes	(562)	(9,278)
Profit/(loss) after income taxes	(233,369)	85,162
Attributable to:		
Equity holders of the Bank	(235,003)	22,168
Minority interests	1,634	62,994
	(233,369)	85,162
Basic and diluted earnings per share	US cts (10.26)	US cts 0.95

CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts expressed in thousands of United States Dollars unless otherwise stated)

	Year ended 31 December	
	2009	2008
Cash flows from operating activities		
Profit/(loss) before taxes and minority interests	(232,807)	94,440
Adjustments for:		
Reversal of provision for share based payments	-	(5,321)
Depreciation and amortisation	34,046	29,061
Changes in fair value of investment properties	(319)	(111,772)
Share of profit of associated companies	(27,072)	(6,325)
Provision for impairment	206,905	52,875
Operating (loss)/profit before changes in operating assets and liabilities	(19,247)	52,958
Increase in investments in financings	(3,965)	(151,326)
Increase in investment securities	(341,195)	(210,466)
Increase in accounts receivable	(66,993)	(59,881)
Increase/(decrease) in accounts payable, excluding taxes	78,251	(36,509)
Increase in customer accounts	232,303	974
(Decrease)/increase in due to banks and financial institutions	(102,050)	1,201,043
Taxes paid	(45,835)	(5,782)
Net cash (used in)/provided by operating activities	(268,731)	791,011
Cash flows from investing activities		
Dividends from associated companies	12,966	1,523
Investments in associated companies	(79,065)	(435,533)
Purchase of investment properties	(91,310)	(52,256)
Sale of investment properties	12,066	98,178
Purchase of property, plant and equipment	(8,076)	(11,539)
Sale of property, plant and equipment	4,289	2,722
Net cash used in investing activities	(149,130)	(396,905)
Cash flows from financing activities		
Other borrowings	(150,636)	286,835
Treasury shares purchased	(13,349)	(71,231)
Treasury shares sold	5,816	55,228
Dividends paid	-	(52,435)
Dividends paid to minority shareholders of subsidiaries	-	(12,317)
Net cash (used in)/provided by financing activities	(158,169)	206,080
Foreign currency translation adjustments	(15,405)	65,470
Net (decrease)/increase in cash and cash equivalents	(591,435)	665,656
Cash and cash equivalents at beginning of year	1,257,132	591,476
Cash and cash equivalents at end of year	665,697	1,257,132