

INTERIM CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018

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

	At 30 September 2018 (Reviewed)	At 31 December 2017 (Audited)	At 30 September 2017 (Reviewed)
ASSETS			
Cash and balances with banks and central banks	665,559	701,938	579,887
Commodity and other placements with banks, financial and other institutions	80,852	261,392	269,451
Murabaha and other financings	3,649,627	3,577,871	3,583,572
Musharaka financing	455,875	367,131	347,283
Investment in mudaraba	5,760	5,760	5,570
Sukuk and investment securities	1,260,413	1,862,885	2,047,219
Investment in associates	586,426	186,207	259,492
Restricted investment accounts	72,104	74,896	80,218
Assets acquired for leasing	415,395	347,760	292,051
Investment in real estate	247,523	247,902	257,263
Other assets	227,263	196,239	231,151
Assets classified as held-for-sale	57,690	478,432	399,077
Fixed assets	113,697	140,820	116,324
Intangible assets	154,710	162,126	166,443
Total assets	7,992,894	8,611,359	8,635,001
LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNTHOLDERS, MINORITY INTEREST AND OWNERS' EQUITY			
Customers' current accounts	1,618,320	1,781,493	1,695,418
Due to banks, financial and other institutions	1,077,809	1,143,964	1,200,678
Due to investors	1,894,054	1,907,971	1,935,207
Other liabilities	384,638	431,645	373,431
Total liabilities	4,974,821	5,265,073	5,204,734
Equity of unrestricted investment accountholders	2,670,554	2,827,915	2,827,490
Minority interest	160,234	163,041	180,514
Total liabilities, equity of unrestricted investment accountholders and minority interest	7,805,609	8,256,029	8,212,738
Share capital	757,690	757,690	757,690
Treasury shares	(30,149)	(30,149)	(30,149)
Reserves	184,508	233,761	242,698
Accumulated losses	(724,764)	(605,972)	(547,976)
Total owners' equity	187,285	355,330	422,263
Total liabilities, equity of unrestricted investment accountholders, minority interest and owners' equity	7,992,894	8,611,359	8,635,001

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY (Expressed in thousands of United States Dollars unless otherwise stated)

	Share capital		Reserves						Accumulated losses	Total owners' equity	
	Share capital	Treasury shares	Share premium	Statutory reserve	General reserve	Investments in real estate fair value reserve	Investment in real estate fair 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	-	-	-	-	-	-	-	-	-	2,730	2,730
Movement in fair value of sukuk and investment securities	-	-	-	-	-	(23,992)	-	-	(23,992)	-	(23,992)
Movement in fair value of investment in real estate	-	-	-	-	-	-	596	-	596	-	596
Movement in fair value of associates	-	-	-	-	-	(2,071)	-	-	(2,071)	-	(2,071)
Foreign currency translation adjustments	-	-	-	-	-	57	(925)	(22,918)	(23,786)	-	(23,786)
At 30 September 2018 (Reviewed)	757,690	(30,149)	149,085	38,418	50,727	12,767	3,121	(69,610)	184,508	(724,764)	187,285
At 1 January 2017 (Audited)	757,690	(27,802)	148,662	38,090	50,727	25,711	2,648	(47,378)	218,460	(520,933)	427,415
Net loss for the period	-	-	-	-	-	-	-	-	-	(27,043)	(27,043)
Employee share incentive scheme	-	(2,347)	423	-	-	-	-	-	423	-	(1,924)
Movement in fair value of sukuk and investment securities	-	-	-	-	-	4,734	-	-	4,734	-	4,734
Movement in fair value of associates	-	-	-	-	-	8,009	-	2,670	10,679	-	10,679
Foreign currency translation adjustments	-	-	-	-	-	(11)	(193)	8,606	8,402	-	8,402
At 30 September 2017 (Reviewed)	757,690	(30,149)	149,085	38,090	50,727	38,443	2,455	(36,102)	242,698	(547,976)	422,263

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

	Nine months ended		Three months ended	
	30 September 2018 (Reviewed)	30 September 2017 (Reviewed)	30 September 2018 (Reviewed)	30 September 2017 (Reviewed)
INCOME				
Income from unrestricted investment accounts	132,818	119,176	45,515	41,379
Less: return to unrestricted investment accounts and impairment provisions	(77,490)	(67,243)	(25,414)	(23,836)
Group's share of income from unrestricted investment accounts as a Mudarib	55,328	51,933	20,101	17,543
Income from murabaha and other financings	113,343	108,371	41,988	36,289
Share of profit after tax from associates	50,249	27,338	9,883	5,722
Income from investments	74,964	95,281	22,574	27,713
Other income	40,635	19,419	14,544	7,002
Total income	334,519	302,342	109,090	94,269
Less: profit paid to banks, financial and other institutions - net	(123,045)	(121,262)	(46,298)	(40,402)
Operating income	211,474	181,080	62,792	53,867
EXPENSES				
Administrative and general expenses	(131,488)	(126,752)	(42,852)	(45,110)
Depreciation and amortization	(25,810)	(21,518)	(7,461)	(5,779)
Total expenses	(157,298)	(148,270)	(50,313)	(50,889)
Net income before loss from assets classified as held-for-sale, provision for impairment and overseas taxation	54,176	32,810	12,479	2,978
Impairment of assets classified as held-for-sale	-	(12,389)	-	(12,389)
Provision for impairment - net	(17,656)	(12,055)	(3,309)	731
Net income before overseas taxation	36,520	8,366	9,170	(8,680)
Overseas taxation	(25,184)	(24,615)	(8,656)	(5,984)
NET INCOME/(LOSS) FOR THE PERIOD	11,336	(16,249)	514	(14,664)
Attributable to:				
Equity holders of Ithmaar	2,730	(27,043)	(2,120)	(17,795)
Minority interests	8,606	10,794	2,634	3,131
	11,336	(16,249)	514	(14,664)
Basic and diluted earnings per share	US CTS 0.09	US CTS (0.93)	US CTS (0.07)	US CTS (0.61)

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

	Nine months ended	
	30 September 2018 (Reviewed)	30 September 2017 (Reviewed)
OPERATING ACTIVITIES		
Net income before overseas taxation	36,520	8,366
Adjustments for:		
Depreciation and amortization	25,810	21,518
Share of profit after tax from associates	(50,249)	(27,338)
Provision for impairment - net	17,656	12,055
Impairment of assets classified as held-for-sale	-	12,389
Loss/(gain) on sale of fixed assets	238	(163)
Operating income before changes in operating assets and liabilities	29,975	26,827
Balances with banks maturing after ninety days and including with central banks relating to minimum reserve requirement	(1,251)	(41,833)
Changes in operating assets and liabilities:		
Murabaha and other financings	(389,155)	(1,699)
Musharaka financing	(129,884)	(119,794)
Other assets	(46,572)	(40,164)
Customers' current accounts	(48,534)	123,731
Due to banks, financial and other institutions	(23,354)	63,695
Due to investors	186,050	48,075
Other liabilities	(34,387)	28,726
Increase/(decrease) in equity of unrestricted investment accountholders	(120,614)	60,518
Taxes paid	(24,842)	(18,834)
Net cash (used in) / provided by operating activities	(602,568)	129,248
INVESTING ACTIVITIES		
Net changes in:		
Investment in mudaraba	-	8,855
Assets acquired for leasing	(72,494)	(35,847)
Sukuk and investment securities	456,068	(204,550)
Dividend received from associates	44,080	28,730
Sale/(purchase) of fixed assets	1,415	(5,991)
Net cash provided by / (used in) investing activities	429,069	(208,803)
FINANCING ACTIVITIES		
Minority interest	-	(1,326)
Net cash used in financing activities	-	(1,326)
Foreign currency translation adjustments	(44,379)	9,912
Net decrease in cash and cash equivalents	(217,878)	(70,969)
Cash and cash equivalents at the beginning of the period	792,218	716,782
Cash and cash equivalents at the end of the period	574,340	645,813

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 nine month period ended 30 September 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 November 2018.

HRH Prince Amr Mohamed Al Faisal
Chairman

Dr. Amani Khaled Bouesli
Director

Ahmed Abdul Rahim
CEO

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Ithmaar Holding

