

INTERIM CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (All amounts expressed in thousands of Bahraini Dinars unless otherwise stated)

	At 30 June 2013 (Reviewed)	At 31 December 2012 (Audited)	At 30 June 2012 (Reviewed)
ASSETS			
Cash and balances with banks and central banks	203,707	204,864	158,430
Commodity and other placements with banks, financial and other institutions	153,619	169,328	176,008
Murabaha and other financings	1,189,190	1,184,004	1,170,453
Musharaka financing	15,980	15,765	13,422
Investment in mudaraba	7,959	8,164	8,808
Investment in associates	248,164	257,298	247,218
Investment securities	456,667	397,024	382,249
Restricted investment accounts	77,972	81,438	77,325
Assets acquired for leasing	24,666	22,934	22,646
Investment in real estate	134,584	151,383	145,030
Other assets	99,241	97,148	113,816
Fixed assets	41,948	43,947	50,065
Intangible assets	88,148	90,806	93,459
Total assets	2,741,845	2,724,103	2,658,929
LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNTHOLDERS, MINORITY INTEREST AND OWNERS' EQUITY			
Customers' current accounts	473,095	450,034	362,254
Due to banks, financial and other institutions	537,129	495,070	536,003
Due to investors	650,088	718,797	749,365
Other liabilities	83,791	90,622	108,905
Total liabilities	1,744,103	1,754,523	1,756,527
Equity of unrestricted investment accountholders	679,242	660,173	597,727
Minority interest	84,479	87,311	87,078
Total liabilities, equity of unrestricted investment accountholders and minority interest	2,507,824	2,502,007	2,441,332
Share capital	274,283	252,915	252,915
Reserves	101,365	105,349	89,045
Accumulated losses	(141,627)	(136,168)	(124,363)
Total owners' equity	234,021	222,096	217,597
Total liabilities, equity of unrestricted investment accountholders, minority interest and owners' equity	2,741,845	2,724,103	2,658,929

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT (All amounts expressed in thousands of Bahraini Dinars unless otherwise stated)

	Six months ended		Three months ended	
	30 June 2013 (Reviewed)	30 June 2012 (Reviewed)	30 June 2013 (Reviewed)	30 June 2012 (Reviewed)
INCOME				
Income from murabaha and other financings	39,467	45,268	19,738	23,643
Share of profit after tax from associates	7,517	6,722	3,159	2,880
Income from other investments	19,972	23,390	10,415	11,083
Group's share of income from unrestricted investment accounts as a Mudarib	4,564	3,503	2,170	1,948
Group's share of income from restricted investment accounts as a Mudarib	97	191	75	92
Other income	7,616	10,616	3,746	4,489
Total income	79,233	89,690	39,303	44,135
Less: profit paid to banks, financial and other institutions - net	(42,432)	(49,378)	(21,853)	(23,808)
Operating income	36,801	40,312	17,450	20,327
EXPENSES				
Administrative and general expenses	(30,099)	(31,210)	(15,826)	(16,112)
Depreciation and amortization	(5,864)	(6,426)	(2,951)	(3,186)
Total expenses	(35,963)	(37,636)	(18,777)	(19,298)
Net income / (loss) before provision for impairment and overseas taxation	838	2,676	(1,327)	1,029
Provision for impairment - net	(3,819)	(1,367)	(2,067)	368
Net income/(loss) before overseas taxation	(2,981)	1,309	(3,394)	1,397
Overseas taxation	148	(726)	21	(644)
NET INCOME/(LOSS) FOR THE PERIOD	(2,833)	583	(3,373)	753
Attributable to:				
Equity holders of the Bank	(2,879)	214	(3,577)	485
Minority interests	46	369	204	268
	(2,833)	583	(3,373)	753
Basic and diluted earnings per share	Fils (0.99)	Fils 0.08	Fils (1.23)	Fils 0.18

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY (All amounts expressed in thousands of Bahraini Dinars unless otherwise stated)

	Share capital	Reserves						Total reserves	Accumulated losses	Total owners' equity
		Share premium	Statutory reserve	General reserve	Investments fair value reserve	Investment in real estate fair value reserve	Foreign currency translation			
At 1 January 2013 (Audited)	252,915	56,434	14,360	19,124	15,752	389	(710)	105,349	(136,168)	222,096
Increase in share capital	21,368	-	-	-	-	-	-	-	(2,580)	18,788
Net loss for the period	-	-	-	-	-	-	-	-	(2,879)	(2,879)
Movement in fair value of investment securities	-	-	-	-	(435)	-	-	(435)	-	(435)
Movement in fair value of associates	-	-	-	-	(524)	-	-	(524)	-	(524)
Movement in deferred tax relating to investment securities	-	-	-	-	144	-	-	144	-	144
Transfer to income statement due to impairment of investment securities	-	-	-	-	8	-	-	8	-	8
Transfer to income statement due to disposal of investment securities	-	-	-	-	328	-	-	328	-	328
Foreign currency translation adjustments	-	-	-	-	11	(11)	(3,505)	(3,505)	-	(3,505)
At 30 June 2013 (Reviewed)	274,283	56,434	14,360	19,124	15,284	378	(4,215)	101,365	(141,627)	234,021

	Share capital	Reserves						Total reserves	Accumulated losses	Total owners' equity
		Share premium	Statutory reserve	General reserve	Investments fair value reserve	Investment in real estate fair value reserve	Foreign currency translation			
At 1 January 2012 (Audited)	252,915	56,434	14,360	19,124	(4,226)	357	3,077	89,126	(124,577)	217,464
Net income for the period	-	-	-	-	-	-	-	-	214	214
Movement in fair value of investment securities	-	-	-	-	3,264	-	-	3,264	-	3,264
Movement in fair value of associates	-	-	-	-	1,838	-	-	1,838	-	1,838
Movement in deferred tax relating to investment securities	-	-	-	-	(433)	(30)	-	(463)	-	(463)
Movement in fair value of investment in real estate	-	-	-	-	-	82	-	82	-	82
Foreign currency translation adjustments	-	-	-	-	37	(2)	(4,837)	(4,802)	-	(4,802)
At 30 June 2012 (Reviewed)	252,915	56,434	14,360	19,124	480	407	(1,760)	89,045	(124,363)	217,597

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (All amounts expressed in thousands of Bahraini Dinars unless otherwise stated)

	Six months ended	
	30 June 2013 (Reviewed)	30 June 2012 (Reviewed)
OPERATING ACTIVITIES		
Net income/(loss) before overseas taxation	(2,981)	1,309
Adjustments for:		
Depreciation and amortization	5,864	6,426
Share of profit after tax from associates	(7,517)	(6,722)
Provision for impairment - net	3,819	1,367
Operating income/(loss) before changes in operating assets and liabilities	(815)	2,380
Balances with banks maturing after ninety days and including with central banks relating to minimum reserve requirement	(23,488)	(7,728)
(Increase)/decrease in operating assets		
Murabaha and other financings	(5,757)	(141,221)
Musharaka financing	(215)	2,608
Other assets	(1,206)	440
Increase/(decrease) in operating liabilities		
Customers' current accounts	23,061	63,641
Due to banks, financial and other institutions	45,819	(73,727)
Due to investors	(68,710)	21,587
Other liabilities	4,723	5,963
Increase in equity of unrestricted investment accountholders	35,149	41,037
Net cash provided by / (used in) operating activities	8,561	(85,020)
INVESTING ACTIVITIES		
Net (increase)/decrease		
Investment in mudaraba	205	-
Investment in restricted investment accounts	2,480	(3,018)
Assets acquired for leasing	2,523	(244)
Investment securities	(53,504)	83,754
Dividend received from associates	2,161	5,511
(Purchase) / sale of fixed assets	391	(1,350)
Investment in real estate	(35)	950
Net cash provided by / (used in) investing activities	(45,779)	85,603
FINANCING ACTIVITIES		
Taxes paid	(547)	(2,218)
Net cash used in financing activities	(547)	(2,218)
Foreign currency translation adjustments	(2,589)	(4,513)
Net decrease in cash and cash equivalents	(40,354)	(6,148)
Cash and cash equivalents at the beginning of the period	290,802	251,086
Cash and cash equivalents at the end of the period	250,448	244,938

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 Bank B.S.C. for the six month period ended 30 June 2013, 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 August 2013.

HRH Prince Amr Mohamed Al Faisal
Chairman

Mohammed Bucheerei
CEO and Director

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