

INTERIM CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	At 30 June 2011 (Reviewed)	At 31 December 2010 (Audited and Restated)
ASSETS		
Cash, balances with banks and central bank	729,264	732,683
Commodity placements with banks, financial and other institutions	148,244	176,408
Murabaha and other financing	2,643,218	2,515,480
Musharaka financing	36,719	14,614
Investments:		
Mudaraba	23,151	26,911
Investment in associates	657,966	664,988
Investment securities	1,422,168	1,247,441
Restricted investment accounts	199,932	204,278
Assets acquired for leasing	66,444	70,536
Investment in real estate	402,726	389,592
Other assets	331,950	284,564
Fixed assets	144,774	145,382
Intangible assets	266,944	274,590
Total assets	7,073,500	6,747,467
LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS, MINORITY INTEREST AND OWNERS' EQUITY		
Customers' current accounts	730,301	684,162
Due to banks, financial and other institutions	1,840,543	1,714,025
Due to investors	1,967,170	1,970,795
Other liabilities	287,284	288,516
Total liabilities	4,825,298	4,657,498
Equity of unrestricted investment account holders	1,347,634	1,195,963
Minority interest	239,748	237,428
Total liabilities, equity of unrestricted investment account holders and minority interest	6,412,680	6,090,889
Share capital	671,254	671,254
Reserves	(10,434)	(14,676)
Total owners' equity	660,820	656,578
Total liabilities, equity of unrestricted investment account holders, minority interest and owners' equity	7,073,500	6,747,467

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

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

	Share capital	Reserves								Total owners' equity
		Share premium	Statutory reserve	General reserve	Investments fair value reserve	Investment property fair value reserve	Foreign currency translation	Accumulated losses	Total reserves	
At 1 January 2011 (Restated)	671,254	149,967	38,090	50,726	2,964	1,015	9,606	(267,044)	(14,676)	656,578
Net income for the period	-	-	-	-	-	-	-	4,341	4,341	4,341
Movement in fair value of investment securities	-	-	-	-	(2,562)	-	-	-	(2,562)	(2,562)
Movement in fair value of associates	-	-	-	-	(2,418)	-	-	-	(2,418)	(2,418)
Movement in deferred tax relating to investment securities	-	-	-	-	257	-	-	-	257	257
Transfer to income statement due to disposal of investment securities	-	-	-	-	(1,717)	-	-	-	(1,717)	(1,717)
Transfer to income statement due to impairment of investment securities	-	-	-	-	163	-	-	-	163	163
Movement in fair value of investment property	-	-	-	-	-	25	-	-	25	25
Foreign currency translation adjustment	-	-	-	-	(29)	-	6,182	-	6,153	6,153
At 30 June 2011	671,254	149,967	38,090	50,726	(3,342)	1,040	15,788	(262,703)	(10,434)	660,820
At 1 January 2010 (Restated)	568,832	161,132	38,090	54,616	12,022	(224)	(121,676)	143,960	712,792	712,792
Increase in share capital	103,025	-	-	-	-	-	-	-	103,025	103,025
Costs related to rights issue	-	(10,000)	-	-	-	-	-	(10,000)	(10,000)	(10,000)
Treasury shares purchased	(2,961)	682	-	-	-	-	-	682	(2,279)	(2,279)
Treasury shares sold	545	(112)	-	-	-	-	-	(112)	433	433
Net income for the period	-	-	-	-	-	-	4,595	4,595	4,595	4,595
Movement in fair value of investment securities	-	-	-	-	3,025	-	-	-	3,025	3,025
Movement in fair value of associates	-	-	-	-	(7,054)	-	-	-	(7,054)	(7,054)
Movement in deferred tax relating to investment securities	-	-	-	-	1,076	-	-	-	1,076	1,076
Transfer to income statement due to disposal of investment securities	-	-	-	-	(13,230)	-	-	-	(13,230)	(13,230)
Foreign currency translation adjustment	-	-	-	-	(129)	(3,865)	2,158	(1,836)	(1,836)	(1,836)
At 30 June 2010 (Reviewed)	669,441	151,702	38,090	54,616	(4,290)	(4,089)	(114,923)	121,106	790,547	

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

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

	Six months ended		Three months ended	
	30 June 2011 (Reviewed)	30 June 2010 (Reviewed)	30 June 2011 (Reviewed)	30 June 2010 (Reviewed)
INCOME				
Income from unrestricted investment accounts	31,476	26,662	16,679	13,387
Less: return to unrestricted investment accounts and provisions	(29,322)	(23,890)	(15,279)	(11,830)
Group's share of income from unrestricted investment accounts as a Mudarib	2,154	2,772	1,400	1,557
Group's share of income from restricted investment accounts as a Mudarib	1,513	3,631	1,010	1,953
Total income from investment accounts (funds under management)	3,667	6,403	2,410	3,510
Income from financing and investments	75,309	79,838	36,404	33,356
Other income	24,993	20,926	15,248	12,244
Total income	103,969	107,167	54,062	49,110
EXPENSES				
Administrative and general expenses	(89,863)	(59,023)	(46,786)	(30,589)
Depreciation and amortisation	(18,907)	(14,909)	(9,296)	(7,427)
Total expenses	(108,770)	(73,932)	(56,082)	(38,016)
Net income/(loss) before provision for impairment and overseas taxation	(4,801)	33,235	(2,020)	11,094
Provision for impairment (net)	17,507	(28,174)	10,910	(20,137)
Net income/(loss) before overseas taxation	12,706	5,061	8,890	(9,043)
Overseas taxation	(4,545)	3,280	(5,521)	7,144
NET INCOME/(LOSS) FOR THE PERIOD	8,161	8,341	3,369	(1,899)
Attributable to:				
Equity holders of the Bank	4,341	4,595	799	332
Minority interests	3,820	3,746	2,570	(2,231)
	8,161	8,341	3,369	(1,899)
Basic and diluted earnings per share	US cts 0.16	US cts 0.19	US cts 0.03	US cts 0.01

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

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

	Six months ended	
	30 June 2011 (Reviewed)	30 June 2010 (Reviewed and Restated)
OPERATING ACTIVITIES		
Net profit before overseas taxation	12,706	5,061
Adjustments for:		
Depreciation and amortisation	18,907	14,909
Income from associated companies	(14,318)	(19,520)
Provision for impairment (net)	(17,507)	28,174
Operating profit/(loss) before changes in operating assets and liabilities	(212)	28,624
Balances with banks maturing after ninety days and with central bank relating to minimum reserve requirement	(34,912)	303,421
(Increase)/decrease in operating assets		
Murabaha and other financing	(126,648)	75,217
Other assets	(28,668)	(4,921)
Increase/(decrease) in operating liabilities		
Customers' current accounts	46,139	15,937
Due to banks, financial and other institutions	126,518	(557,589)
Due to investors	(3,625)	(205,196)
Other liabilities	4,540	(29,743)
Increase in equity of unrestricted investment account holders	151,671	252,633
Taxes paid	(5,571)	(20,882)
Net cash provided by/(used in) operating activities	129,232	(142,499)
INVESTING ACTIVITIES		
Net (increase)/decrease		
Mudaraba	232	(17,547)
Musharaka	(22,105)	-
Investment in restricted investment accounts	4,346	-
Assets acquired for leasing	4,092	(3,464)
Investment securities	(184,489)	(5,010)
Dividend received from associates	15,766	15,766
Purchase of fixed assets	(5,677)	(2,014)
Investment in real estate	(1,916)	(18,078)
Net cash used in investing activities	(189,751)	(30,347)
FINANCING ACTIVITIES		
Treasury shares purchased	-	(2,279)
Treasury shares sold	-	433
Share capital	-	103,025
Net cash provided by financing activities	-	101,179
Foreign currency translation adjustments	(5,976)	(4,930)
Net decrease in cash and cash equivalents	(66,495)	(76,597)
Cash and cash equivalents at the beginning of the period	702,526	620,191
Cash and cash equivalents at the end of the period	636,031	543,594

The above Interim Condensed Consolidated Statement of Financial Position, Interim Condensed Consolidated Statement of Income, 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 period ended 30 June 2011, which were approved for issue by the Board of Directors on 13 August 2011 and reviewed by PricewaterhouseCoopers, Kingdom of Bahrain.

HRH Prince Amr Mohamed Al Faisal
Chairman

Mohammed Bucheerei
CEO and Director

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