

INTERIM CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	At 30 September 2011 (Reviewed)	At 31 December 2010 (Audited and Restated)
ASSETS		
Cash, balances with banks and central bank	741,400	732,683
Commodity placements with banks, financial and other institutions	148,803	176,408
Murabaha and other financing	2,713,714	2,515,480
Musharaka financing	43,007	14,614
Investments:		
Mudaraba	23,745	26,911
Investment in associates	649,612	664,988
Investment securities	1,104,632	1,247,441
Restricted investment accounts	199,197	204,278
Assets acquired for leasing	65,265	70,536
Investment in real estate	402,377	389,592
Other assets	313,090	284,564
Fixed assets	143,705	145,382
Intangible assets	263,067	274,590
Total assets	6,811,614	6,747,467
LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS, MINORITY INTEREST AND OWNERS' EQUITY		
Customers' current accounts	750,076	684,162
Due to banks, financial and other institutions	1,540,179	1,714,025
Due to investors	1,990,838	1,970,795
Other liabilities	278,504	288,516
Total liabilities	4,559,597	4,657,498
Equity of unrestricted investment account holders	1,371,718	1,195,963
Minority interest	236,711	237,428
Total liabilities, equity of unrestricted investment account holders and minority interest	6,168,026	6,090,889
Share capital	671,254	671,254
Reserves	(27,666)	(14,676)
Total owners' equity	643,588	656,578
Total liabilities, equity of unrestricted investment account holders, minority interest and owners' equity	6,811,614	6,747,467

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

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

	Nine months ended		Three months ended	
	30 September 2011 (Reviewed)	30 September 2010 (Reviewed)	30 September 2011 (Reviewed)	30 September 2010 (Reviewed)
INCOME				
Income from unrestricted investment accounts	50,298	43,886	18,822	17,224
Less: return to unrestricted investment accounts and provisions	(47,424)	(39,716)	(18,102)	(15,826)
Group's share of income from unrestricted investment accounts as a Mudarib	2,874	4,170	720	1,398
Group's share of income from restricted investment accounts as a Mudarib	1,732	4,161	219	530
Total income from investment accounts (funds under management)	4,606	8,331	939	1,928
Income from financing and investments	103,629	96,278	28,320	16,440
Other income	30,385	38,617	5,392	17,691
Total income	138,620	143,226	34,651	36,059
EXPENSES				
Administrative and general expenses	(120,920)	(84,071)	(31,057)	(25,048)
Depreciation and amortisation	(28,376)	(22,243)	(9,469)	(7,334)
Total expenses	(149,296)	(106,314)	(40,526)	(32,382)
Net income/(loss) before provision for impairment and overseas taxation	(10,676)	36,912	(5,875)	3,677
Provision for impairment (net)	22,536	(29,377)	5,029	(1,203)
Net income/(loss) before overseas taxation	11,860	7,535	(846)	2,474
Overseas taxation	(5,176)	5,861	(631)	2,581
NET INCOME/(LOSS) FOR THE PERIOD	6,684	13,396	(1,477)	5,055
Attributable to:				
Equity holders of the Bank	2,753	11,109	(1,588)	6,514
Minority interests	3,931	2,287	111	(1,459)
	6,684	13,396	(1,477)	5,055
Basic and diluted earnings per share	US cts 0.10	US cts 0.44	US cts (0.06)	US cts 0.24

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

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

	Share capital	Share premium	Statutory reserve	General reserve	Reserves				Total reserves	Total owners' equity
					Investments fair value reserve	Investment property fair value reserve	Foreign currency translation	Accumulated losses		
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	-	-	-	-	964	-	-	2,753	2,753	2,753
Movement in fair value of investment securities	-	-	-	-	(7,169)	-	-	-	(7,169)	(7,169)
Movement in fair value of associates	-	-	-	-	(12,026)	-	-	-	(12,026)	(12,026)
Movement in deferred tax relating to investment securities	-	-	-	-	2,010	-	-	-	2,010	2,010
Transfer to income statement due to disposal of investment securities	-	-	-	-	(111)	-	-	-	(111)	(111)
Transfer to income statement due to impairment of investment securities	-	-	-	-	217	-	-	-	217	217
Movement in fair value of investment property	-	-	-	-	-	(36)	-	-	(36)	(36)
Foreign currency translation adjustment	-	-	-	-	(51)	-	1,423	-	1,372	1,372
At 30 September 2011 (Reviewed)	671,254	149,967	38,090	50,726	(14,166)	979	11,029	(264,291)	(27,666)	643,588

	Share capital	Share premium	Statutory reserve	General reserve	Reserves				Total reserves	Total owners' equity
					Investments fair value reserve	Foreign currency translation	Accumulated losses	Total reserves		
At 1 January 2010 (Restated)	568,832	161,132	38,090	54,616	12,022	(224)	(121,676)	143,960	712,792	
Increase in share capital	103,025	-	-	-	-	-	-	-	103,025	
Costs related to rights issue	-	(10,000)	-	-	-	-	-	(10,000)	(10,000)	
Treasury shares purchased	(2,961)	682	-	-	-	-	-	682	(2,279)	
Treasury shares sold	545	(112)	-	-	-	-	-	(112)	433	
Net income for the period	-	-	-	-	-	-	11,109	11,109	11,109	
Movement in fair value of investment securities	-	-	-	-	3,482	-	-	3,482	3,482	
Disposal of subsidiaries	-	-	-	(4,797)	(1,082)	-	-	(5,879)	(5,879)	
Movements in fair value associates	-	-	-	-	(3,772)	-	-	(3,772)	(3,772)	
Movement in deferred tax relating to investment securities	-	-	-	-	2,016	-	-	2,016	2,016	
Transfer to income statement due to disposal of investment securities	-	-	-	-	(13,255)	-	-	(13,255)	(13,255)	
Foreign currency translation adjustment	-	-	-	-	(197)	1,526	(600)	729	729	
Transfer from general reserve	-	-	-	(4,391)	-	-	4,391	-	-	
At 30 September 2010 (Reviewed)	669,441	151,702	38,090	45,428	(786)	1,302	(106,776)	128,960	798,401	

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

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

	Nine months ended	
	30 September 2011 (Reviewed)	30 September 2010 (Reviewed and Restated)
OPERATING ACTIVITIES		
Net income before overseas taxation	11,860	7,535
Adjustments for:		
Depreciation and amortisation	28,376	22,243
Income from associated companies	(18,299)	(22,192)
Provision for impairment (net)	(22,536)	29,377
Operating income/(loss) before changes in operating assets and liabilities	(599)	36,963
Balances with banks maturing after ninety days and with central bank relating to minimum reserve requirement	41,480	298,153
(Increase)/decrease in operating assets		
Murabaha and other financing	(189,912)	69,810
Other assets	(8,306)	(47,314)
Increase/(decrease) in operating liabilities		
Customers' current accounts	65,914	16,646
Due to banks, financial and other institutions	(173,846)	(799,485)
Due to investors	20,043	(262,826)
Other liabilities	(10,353)	(33,269)
Increase in equity of unrestricted investment account holders	175,755	367,089
Taxes paid	(5,882)	(21,419)
Net cash used in operating activities	(85,706)	(375,652)
INVESTING ACTIVITIES		
Net (increase)/decrease		
Mudaraba	(362)	(2,611)
Musharaka	(28,393)	-
Investment in restricted investment accounts	5,081	(5,107)
Assets acquired for leasing	5,271	(5,513)
Investment securities	120,596	121,021
Dividend received from associates	15,915	15,766
Purchase of fixed assets	(10,626)	(2,919)
Investment in real estate	(3,278)	(19,130)
Net cash provided by investing activities	104,204	101,507
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	4,094	(3,313)
Net increase/(decrease) in cash and cash equivalents	22,592	(176,279)
Cash and cash equivalents at the beginning of the period	702,526	620,191
Cash and cash equivalents at the end of the period	725,118	443,912

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 nine month period ended 30 September 2011, which were approved for issue by the Board of Directors on 13 November 2011 and reviewed by PricewaterhouseCoopers, Kingdom of Bahrain.

HRH Prince Amr Mohamed Al Faisal
Chairman

Mohammed Bucheerei
CEO and Director

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