

INTERIM CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013

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

	At 30 September 2013 (Reviewed)	At 31 December 2012 (Audited)	At 30 September 2012 (Reviewed)
ASSETS			
Cash and balances with banks and central banks	229,319	204,864	217,517
Commodity and other placements with banks, financial and other institutions	172,952	169,328	117,752
Murabaha and other financings	1,179,641	1,184,004	1,208,839
Musharaka financing	16,630	15,765	16,530
Investment in mudaraba	7,842	8,164	8,678
Investment in associates	245,866	257,298	250,978
Investment securities	342,652	397,024	363,601
Restricted investment accounts	78,088	81,438	72,928
Assets acquired for leasing	24,553	22,934	22,585
Investment in real estate	135,926	151,383	143,732
Other assets	98,940	97,148	121,329
Fixed assets	40,278	43,947	50,147
Intangible assets	85,253	90,806	92,479
Total assets	2,657,940	2,724,103	2,687,095
LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNTHOLDERS, MINORITY INTEREST AND OWNERS' EQUITY			
Customers' current accounts	443,414	450,034	462,729
Due to banks, financial and other institutions	459,584	495,070	502,357
Due to investors	650,996	718,797	713,252
Other liabilities	88,627	90,622	97,349
Total liabilities	1,642,621	1,754,523	1,775,687
Equity of unrestricted investment accountholders	708,061	660,173	607,430
Minority interest	83,107	87,311	88,238
Total liabilities, equity of unrestricted investment accountholders and minority interest	2,433,789	2,502,007	2,471,355
Share capital	285,649	264,281	264,281
Treasury shares	(11,366)	(11,366)	(11,366)
Reserves	93,437	105,349	94,480
Accumulated losses	(143,569)	(136,168)	(131,655)
Total owners' equity	224,151	222,096	215,740
Total liabilities, equity of unrestricted investment accountholders, minority interest and owners' equity	2,657,940	2,724,103	2,687,095

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

	Nine months ended		Three months ended	
	30 September 2013 (Reviewed)	30 September 2012 (Reviewed)	30 September 2013 (Reviewed)	30 September 2012 (Reviewed)
INCOME				
Income from murabaha and other financings	60,170	68,806	20,703	23,538
Share of profit after tax from associates	10,496	8,807	2,979	2,085
Income from other investments	28,330	33,933	8,358	10,543
Group's share of income from unrestricted investment accounts as a Mudarib	6,590	6,055	2,026	2,552
Group's share of income from restricted investment accounts as a Mudarib	168	254	71	63
Other income	12,243	16,666	4,627	6,050
Total income	117,997	134,521	38,764	44,831
Less: profit paid to banks, financial and other institutions - net	(61,234)	(73,463)	(18,802)	(24,085)
Operating income	56,763	61,058	19,962	20,746
EXPENSES				
Administrative and general expenses	(44,938)	(46,023)	(14,839)	(14,813)
Depreciation and amortization	(8,770)	(9,413)	(2,906)	(2,987)
Total expenses	(53,708)	(55,436)	(17,745)	(17,800)
Net income before provision for impairment and overseas taxation	3,055	5,622	2,217	2,946
Provision for impairment - net	(6,272)	(9,023)	(2,453)	(7,656)
Net loss before overseas taxation	(3,217)	(3,401)	(236)	(4,710)
Overseas taxation	(1,294)	(2,487)	(1,442)	(1,761)
NET LOSS FOR THE PERIOD	(4,511)	(5,888)	(1,678)	(6,471)
Attributable to:				
Equity holders of the Bank	(4,821)	(7,080)	(1,942)	(7,294)
Minority interests	310	1,192	264	823
	(4,511)	(5,888)	(1,678)	(6,471)
Basic and diluted earnings per share	Fils (1.66)	Fils (2.64)	Fils (0.67)	Fils (2.72)

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

	Share capital	Treasury shares	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	Total reserves		
At 1 January 2013 (Audited)	264,281	(11,366)	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	-	-	-	-	-	-	-	-	-	(4,821)	(4,821)
Movement in fair value of investment securities	-	-	-	-	-	(1,120)	-	-	(1,120)	-	(1,120)
Movement in fair value of associates	-	-	-	-	-	(4,488)	-	-	(4,488)	-	(4,488)
Movement in deferred tax relating to investment securities	-	-	-	-	-	36	-	-	36	-	36
Transfer to income statement due to impairment of investment securities	-	-	-	-	-	7	-	-	7	-	7
Transfer to income statement due to disposal of investment securities	-	-	-	-	-	341	-	-	341	-	341
Foreign currency translation adjustments	-	-	-	-	-	16	(5)	(6,699)	(6,688)	-	(6,688)
At 30 September 2013 (Reviewed)	285,649	(11,366)	56,434	14,360	19,124	10,544	384	(7,409)	93,437	(143,569)	224,151

	Share capital	Treasury shares	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	Total reserves		
At 1 January 2012 (Audited)	264,281	(11,366)	56,434	14,360	19,124	(4,226)	357	3,077	89,126	(124,577)	217,464
Net loss for the period	-	-	-	-	-	-	-	-	-	(7,080)	(7,080)
Movement in fair value of investment securities	-	-	-	-	-	4,260	-	-	4,260	-	4,260
Movement in fair value of associates	-	-	-	-	-	4,782	-	-	4,782	-	4,782
Movement in deferred tax relating to investment securities	-	-	-	-	-	(758)	(30)	-	(788)	-	(788)
Transfer to income statement due to disposal of investment securities	-	-	-	-	-	8	-	-	8	-	8
Movement in fair value of investment in real estate	-	-	-	-	-	-	86	-	86	-	86
Foreign currency translation adjustments	-	-	-	-	-	27	(1)	(3,020)	(2,994)	2	(2,992)
At 30 September 2012 (Reviewed)	264,281	(11,366)	56,434	14,360	19,124	4,093	412	57	94,480	(131,655)	215,740

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

	Nine months ended	
	30 September 2013 (Reviewed)	30 September 2012 (Reviewed)
OPERATING ACTIVITIES		
Net loss before overseas taxation	(3,217)	(3,401)
Adjustments for:		
Depreciation and amortization	8,770	9,413
Share of profit after tax from associates	(10,496)	(8,807)
Provision for impairment - net	6,272	9,023
Operating income before changes in operating assets and liabilities	1,329	6,228
Balances with banks maturing after ninety days and including with central banks relating to minimum reserve requirement	6,176	6,456
(Increase)/decrease in operating assets		
Murabaha and other financings	(2,506)	(186,869)
Musharaka financing	(865)	(500)
Other assets	5,899	(12,094)
Increase/(decrease) in operating liabilities		
Customers' current accounts	(6,620)	76,935
Due to banks, financial and other institutions	(31,726)	(20,192)
Due to investors	(67,802)	(14,525)
Other liabilities	11,951	(5,692)
Increase in equity of unrestricted investment accountholders	63,967	49,962
Net cash used in operating activities	(20,197)	(100,291)
INVESTING ACTIVITIES		
Net (increase)/decrease		
Investment in mudaraba	322	130
Investment in restricted investment accounts	-	8,214
Assets acquired for leasing	1,144	(183)
Investment securities	59,298	102,842
Dividend received from associates	2,161	5,511
(Purchase)/sale of fixed assets	1,297	(2,366)
Investment in real estate	(217)	680
Net cash provided by investing activities	64,005	114,828
FINANCING ACTIVITIES		
Taxes paid	(4,996)	(2,613)
Net cash used in financing activities	(4,996)	(2,613)
Foreign currency translation adjustments	(4,557)	(3,057)
Net increase in cash and cash equivalents	34,255	8,867
Cash and cash equivalents at the beginning of the period	290,802	251,086
Cash and cash equivalents at the end of the period	325,057	259,953

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 nine month period ended 30 September 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 13 November 2013.

HRH Prince Amr Mohamed Al Faisal
Chairman

Ahmed Abdul Rahim
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