

Financial Results

30 June 2010 (unaudited)

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Interim Condensed Consolidated Statement of Financial Position

	30 June 2010 BD 000	Audited 31 Dec 2009 BD 000
ASSETS		
Cash and balances with banks and Central Bank of Bahrain	47,774	41,111
Murabaha due from banks	43,406	24,612
Financing contracts with customers	640,964	658,748
Investments	234,046	227,381
Investment in associates	74,741	77,569
Investment properties	138,375	136,920
Receivables, prepayments and other assets	146,291	124,549
Goodwill and intangibles	22,778	25,172
Premises and equipment	23,067	24,358
	1,371,442	1,340,420
Assets of disposal group classified as held for sale	35,986	32,959
TOTAL ASSETS	1,407,428	1,373,379
LIABILITIES, UNRESTRICTED INVESTMENT ACCOUNTS & EQUITY LIABILITIES		
Murabaha and due to banks	195,656	152,738
Murabaha and due to non-banks	201,337	183,948
Customers' current accounts	65,421	52,155
Other liabilities	41,149	35,052
Subordinated Murabaha payable	95,952	97,189
	599,515	521,082
Liabilities associated with disposal group classified as held for sale	2,839	1,890
Total liabilities excluding unrestricted investment accounts	602,354	522,972
UNRESTRICTED INVESTMENT ACCOUNTS	445,337	499,293
Total liabilities including unrestricted investment accounts	1,047,691	1,022,265
EQUITY ATTRIBUTABLE TO SHARE HOLDERS OF THE PARENT		
Share capital	177,140	177,140
Share premium	71,403	71,403
Statutory reserve	12,420	12,420
General reserve	28,236	28,236
Available for sale reserve	(5,298)	(5,984)
Investment revaluation reserve	41,509	37,043
Foreign currency translation reserve	(2,067)	(1,688)
Retained earnings	11,528	6,239
	334,871	324,809
NON-CONTROLLING INTERESTS	24,866	26,305
	359,737	351,114
TOTAL LIABILITIES, UNRESTRICTED INVESTMENT ACCOUNTS & EQUITY	1,407,428	1,373,379
RESTRICTED INVESTMENT ACCOUNTS	93,664	74,196
COMMITMENTS AND CONTINGENT ITEMS	68,074	80,610

Interim Condensed Consolidated Statement of Income

	Three months ended 30 June		Six months ended 30 June	
	2010 BD 000	2009 BD 000	2010 BD 000	2009 BD 000
Income from retail and corporate banking activities	11,757	12,246	24,418	25,770
Income from investment activities	2,901	2,942	12,414	4,388
Share of (loss) / income of associates	(899)	9,218	(1,368)	9,307
Other income	1,325	2,720	1,530	5,925
	15,084	27,126	36,994	45,390
Less: Profit on Murabaha and due to banks, non-banks and subordinated Murabaha payable	3,048	2,047	5,855	4,704
	12,036	25,079	31,139	40,686
Staff costs	2,741	3,879	5,986	6,651
Depreciation	1,091	1,677	2,172	2,335
Provisions	113	1,315	113	1,415
Other operating expenses	3,729	6,313	6,289	10,479
	7,674	13,184	14,560	20,880
NET INCOME BEFORE PROFIT ON UNRESTRICTED INVESTMENT ACCOUNTS	4,362	11,895	16,579	19,806
Less: Profit on unrestricted investment accounts	3,242	6,460	7,056	11,406
Net income for the period from continuing operations	1,120	5,435	9,523	8,400
Loss for the period from discontinued operations	(190)	-	(736)	-
Net income for the period	930	5,435	8,787	8,400
Attributable to non-controlling interests	377	1,363	968	1,705
NET INCOME ATTRIBUTABLE TO THE SHARE HOLDERS OF THE PARENT	1,307	6,798	9,755	10,105

Interim Condensed Consolidated Statement of Comprehensive Income

	Three months ended 30 June		Six months ended 30 June	
	2010 BD 000	2009 BD 000	2010 BD 000	2009 BD 000
Net income for the period	930	5,435	8,787	8,400
Other comprehensive income:				
Net unrealized gain / (loss) on available for sale investments	(1,001)	1,590	978	245
Net movement in foreign currency translation reserve	(547)	33	(379)	33
Share of other comprehensive income of associate	(846)	2,285	(292)	530
Other comprehensive income for the period	(2,394)	3,908	307	808
Total comprehensive income for the period	(1,464)	9,343	9,094	9,208
Attributable to non-controlling interests	377	1,363	968	1,705
ATTRIBUTABLE TO THE SHARE HOLDERS OF THE PARENT	(1,087)	10,706	10,062	10,913

None of the comprehensive income for the period is attributable to the discontinued operations.

Interim Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2010 BD 000	2009 BD 000
OPERATING ACTIVITIES		
Net Income for the period	8,787	8,400
Adjustments for:		
Provisions	113	1,415
Depreciation	2,172	2,335
Share of loss / (income) of associates	1,368	(9,307)
Gain on sale of investments	(11,751)	(1,392)
Unrealised loss on investments	1,795	764
Operating income before changes in operating assets and liabilities	2,484	2,215
Changes in operating assets and liabilities:		
Mandatory reserve with Central Bank of Bahrain	695	7,439
Financing contracts with customers	17,671	(37,495)
Receivables, prepayments and other assets	(19,512)	(18,192)
Murabaha and due to banks	42,918	(70,818)
Murabaha and due to non-banks	17,389	(71,912)
Customers' current accounts	13,266	12,187
Other liabilities	7,331	(13,245)
Net cash flows from / (used in) operating activities	82,242	(189,821)
INVESTING ACTIVITIES		
Purchase of investments	(17,560)	(30,955)
Proceeds from sale / maturity of investments	17,761	-
Purchase of investment in associates	-	(850)
Refund of advance paid for purchase of investment	-	7,766
Purchase of investment properties	-	(1,067)
Construction of investment properties	(1,455)	-
Purchase of premises and equipment - net	(881)	(13,783)
Net cash flows used in investing activities	(2,135)	(38,889)
FINANCING ACTIVITY		
(Decrease) / Increase in unrestricted investment accounts	(53,956)	224,423
Net cash flows (used in) / from financing activity	(53,956)	224,423
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	26,151	(4,287)
Cash and cash equivalents at 1 January	41,493	102,488
CASH AND CASH EQUIVALENTS AT 30 JUNE	67,644	98,201

Interim Condensed Consolidated Statement of Changes in Equity

	Attributable to Shareholders of the Parent										Non-controlling Interest in subsidiary held for sale BD 000	Total equity BD 000
	Share capital BD 000	Share premium BD 000	Statutory reserve BD 000	General reserve BD 000	Available for sale reserve BD 000	Investment revaluation reserve BD 000	Foreign currency translation reserve BD 000	Retained Earnings BD 000	Total BD 000	Non-controlling Interests BD 000		
Balance at 1 January 2010	177,140	71,403	12,420	28,236	(5,984)	37,043	(1,688)	6,239	324,809	26,305	-	351,114
Income / (loss) for the period	-	-	-	-	-	-	-	9,755	9,755	(968)	-	8,787
Other comprehensive income for the period	-	-	-	-	686	-	(379)	-	307	-	-	307
Transfer from investment revaluation reserve	-	-	-	-	-	(1,795)	-	1,795	-	-	-	-
Transfer to retained eanings on sale of investment	-	-	-	-	-	6,261	-	(6,261)	-	-	-	-
Net movement in non-controlling interests	-	-	-	-	-	-	-	-	-	(471)	-	(471)
Balance at 30 June 2010	177,140	71,403	12,420	28,236	(5,298)	41,509	(2,067)	11,528	334,871	24,866	-	359,737
Balance at 1 January 2009	161,036	71,403	11,807	27,596	(4,769)	37,764	(1,383)	16,743	320,197	26,997	1,639	348,833
Income / (loss) for the period	-	-	-	-	-	-	-	10,105	10,105	(1,980)	275	8,400
Other comprehensive income for the period	-	-	-	-	775	-	33	-	808	-	-	808
Transfer to investment revaluation reserve	-	-	-	-	-	(763)	-	763	-	-	-	-
Net movement in non-controlling interests	-	-	-	-	-	-	-	-	-	4,273	(1,914)	2,359
Transfer to general reserve	-	-	-	16,744	-	-	-	(16,744)	-	-	-	-
Bonus shares issued	16,104	-	-	(16,104)	-	-	-	-	-	-	-	-
Balance at 30 June 2009	177,140	71,403	11,807	28,236	(3,994)	37,001	(1,350)	10,867	331,110	29,290	-	360,400

These statements have been extracted from the interim condensed consolidated financial statements for the period ended 30 June 2010, reviewed by Ernst & Young.

Bader Abdul Muhsen Al-Mukhaizeem
Chairman of the Board of Directors

Abdulhakeem Yaqoub Alkhayyat
Managing Director and Chief Executive Officer