

# FINANCIAL RESULTS

30 September 2010 (unaudited)

## Interim Condensed Consolidated Statement of Financial Position

	30 Sept 2010 BD 000	Audited 31 Dec 2009 BD 000
<b>ASSETS</b>		
Cash and balances with banks and Central Bank of Bahrain	44,375	41,111
Murabaha due from banks	42,453	24,612
Financing contracts with customers	641,824	658,748
Investments	227,877	227,381
Investment in associates	88,329	77,569
Investment properties	140,104	136,920
Receivables, prepayments and other assets	157,586	124,549
Goodwill and intangibles	24,863	25,172
Premises and equipment	22,942	24,358
	1,390,353	1,340,420
Assets of disposal group classified as held for sale	36,538	32,959
<b>TOTAL ASSETS</b>	<b>1,426,891</b>	<b>1,373,379</b>
<b>LIABILITIES, UNRESTRICTED INVESTMENT ACCOUNTS AND EQUITY</b>		
<b>LIABILITIES</b>		
Murabaha and due to banks	182,031	152,738
Murabaha and due to non-banks	227,167	183,948
Customers' current accounts	51,679	52,155
Other liabilities	43,633	35,052
Subordinated murabaha payable	98,094	97,189
	602,604	521,082
Liabilities associated with disposal group classified as held for sale	3,339	1,890
Total liabilities excluding unrestricted investment accounts	605,943	522,972
Unrestricted investment accounts	457,850	499,293
Total liabilities including unrestricted investment accounts	1,063,793	1,022,265
<b>EQUITY ATTRIBUTABLE TO SHARE HOLDERS OF THE PARENT</b>		
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	(4,325)	(5,984)
Investment revaluation reserve	43,155	37,043
Foreign currency translation reserve	(1,678)	(1,688)
Retained earnings	12,206	6,239
	338,557	324,809
<b>NON-CONTROLLING INTERESTS</b>	24,541	26,305
	363,098	351,114
<b>TOTAL LIABILITIES, UNRESTRICTED INVESTMENT ACCOUNTS AND EQUITY</b>	<b>1,426,891</b>	<b>1,373,379</b>
<b>RESTRICTED INVESTMENT ACCOUNTS</b>	93,819	74,196
<b>COMMITMENTS AND CONTINGENT ITEMS</b>	48,882	80,610

## Interim Condensed Consolidated Statement of Income

	Three months ended 30 Sept		Nine months ended 30 Sept	
	2010 BD 000	2009 BD 000	2010 BD 000	2009 BD 000
Income from retail and corporate banking activities	14,148	14,314	38,566	40,704
Income from investment activities	1,483	1,694	13,897	5,462
Share of (loss) income of associates	(708)	85	(2,076)	9,392
Other income	754	107	2,284	5,314
	15,677	16,200	52,671	60,872
Less: Profit on murabaha and due to banks, non-banks and subordinated murabaha payable	3,275	2,062	9,130	6,766
	12,402	14,138	43,541	54,106
Staff costs	3,030	2,997	9,016	8,494
Depreciation	1,042	1,159	3,214	3,494
Provisions	-	74	113	1,489
Other operating expenses	3,333	5,099	9,622	16,014
	7,405	9,329	21,965	29,491
<b>NET INCOME BEFORE PROFIT ON UNRESTRICTED INVESTMENT ACCOUNTS</b>	<b>4,997</b>	<b>4,809</b>	<b>21,576</b>	<b>24,615</b>
Less: Profit on unrestricted investment accounts	3,169	4,668	10,225	16,074
<b>Net income for the period from continuing operations</b>	<b>1,828</b>	<b>141</b>	<b>11,351</b>	<b>8,541</b>
Gain (loss) for the period from discontinued operations	78	-	(658)	-
Net income for the period	1,906	141	10,693	8,541
Attributable to non-controlling interests	418	756	1,386	2,461
<b>NET INCOME ATTRIBUTABLE TO THE SHARE HOLDERS OF THE PARENT</b>	<b>2,324</b>	<b>897</b>	<b>12,079</b>	<b>11,002</b>

## Interim Condensed Consolidated Statement of Comprehensive Income

	Three months ended 30 Sept		Nine months ended 30 Sept	
	2010 BD 000	2009 BD 000	2010 BD 000	2009 BD 000
<b>Net income for the period</b>	<b>1,906</b>	<b>141</b>	<b>10,693</b>	<b>8,541</b>
<b>Other comprehensive income:</b>				
Net unrealized gain (loss) on available for sale investments	413	(15)	1,391	230
Net movement in foreign currency translation reserve	389	(916)	10	(883)
Share of other comprehensive income of associate	560	(180)	268	350
Other comprehensive income (loss) for the period	1,362	(1,111)	1,669	(303)
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	<b>3,268</b>	<b>(970)</b>	<b>12,362</b>	<b>8,238</b>
Attributable to non-controlling interests	418	(756)	1,386	2,461
<b>ATTRIBUTABLE TO THE SHARE HOLDERS OF THE PARENT</b>	<b>3,686</b>	<b>(214)</b>	<b>13,748</b>	<b>10,699</b>

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

## Interim Condensed Consolidated Statement of Cash Flows

	Nine months ended 30 Sept	
	2010 BD 000	2009 BD 000
<b>OPERATING ACTIVITIES</b>		
Net income for the period	10,693	8,541
Adjustments for:		
Provisions	113	1,489
Depreciation	3,214	3,494
Share of loss (income) of associates	2,076	(9,392)
Gain on sale of investments	(11,751)	(1,392)
Unrealised loss (income) on investments	149	(484)
Operating income before changes in operating assets and liabilities	4,494	2,256
Changes in operating assets and liabilities:		
Mandatory reserve with Central Bank of Bahrain	15	6,969
Financing contracts with customers	16,811	(61,798)
Receivables, prepayments and other assets	(32,364)	(16,974)
Murabaha and due to banks	29,293	(173,268)
Murabaha and due to non-banks	43,219	(66,450)
Customers' current accounts	(476)	4,290
Other liabilities	8,581	(8,237)
Subordinated Murabaha payable	905	97,341
Net cash flows from (used in) operating activities	70,478	(215,871)
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	(19,215)	(33,147)
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	-	(4,925)
Construction of investment properties	(3,184)	-
Purchase of premises and equipment - net	(1,798)	(19,362)
Net cash flows used in investing activities	(6,436)	(50,518)
<b>FINANCING ACTIVITY</b>		
(Decrease) increase in unrestricted investment accounts	(41,443)	239,596
Net cash flows (used in) from financing activity	(41,443)	239,596
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>22,599</b>	<b>(26,793)</b>
Cash and cash equivalents at 1 January	41,493	102,488
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>	<b>64,092</b>	<b>75,695</b>

## Interim Condensed Consolidated Statement of Changes in Equity

	Attributable to share holders 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	
Balance at 1 January 2010	177,140	71,403	12,420	28,236	(5,984)	37,043	(1,688)	6,239	324,809	351,114
Income (loss) for the period	-	-	-	-	-	-	-	12,079	12,079	10,693
Other comprehensive income for the period	-	-	-	-	1,659	-	10	-	1,669	1,669
Transfer to investment revaluation reserve	-	-	-	-	-	(149)	-	149	-	-
Transfer to retained earnings on sale of investment	-	-	-	-	-	6,261	-	(6,261)	-	-
Net movement in non-controlling interests	-	-	-	-	-	-	-	-	(378)	(378)
<b>Balance at 30 September 2010</b>	<b>177,140</b>	<b>71,403</b>	<b>12,420</b>	<b>28,236</b>	<b>(4,325)</b>	<b>43,155</b>	<b>(1,678)</b>	<b>12,206</b>	<b>338,557</b>	<b>363,098</b>
Balance at 1 January 2009	161,036	71,403	11,807	27,596	(4,769)	37,764	(1,383)	16,743	320,197	348,833
Income (loss) for the period	-	-	-	-	-	-	-	11,002	11,002	8,541
Other comprehensive income (loss) for the period	-	-	-	-	580	-	(883)	-	(303)	(303)
Transfer to investment revaluation reserve	-	-	-	-	-	484	-	(484)	-	-
Net movement in non-controlling interests	-	-	-	-	-	-	-	-	4,004	2,090
Transfer to general reserve	-	-	-	16,743	-	-	-	(16,743)	-	-
Bonus shares issued	16,104	-	-	(16,104)	-	-	-	-	-	-
<b>Balance at 30 September 2009</b>	<b>177,140</b>	<b>71,403</b>	<b>11,807</b>	<b>28,235</b>	<b>(4,189)</b>	<b>38,248</b>	<b>(2,266)</b>	<b>10,518</b>	<b>330,896</b>	<b>359,161</b>

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

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

Abdulhakeem Yaqoub Alkhayyat  
Managing Director & Chief Executive Officer

Consumer Banking • Corporate Finance • Priority Banking • Investment

بيت التمويل الكويتي  
Kuwait Finance House  
Bahrain B.S.C.(c) (م.ب.ش.ب.م.)

