

Consolidated Statement of Financial Position

	31 Dec 2014 BD 000	31 Dec 2013 BD 000
ASSETS		
Cash and balances with banks and Central Bank of Bahrain	55,431	54,490
Due from banks	125,106	117,902
Financing contracts with customers	559,879	600,544
Investments	254,315	268,276
Investment in joint ventures and associates	160,826	168,669
Investment in real estate	186,179	147,785
Receivables, prepayments and other assets	94,284	117,743
Intangibles	3,760	3,987
Premises and equipments	42,264	50,458
	1,482,044	1,529,854
Assets of disposal group classified as held for sale	-	35,293
TOTAL ASSETS	1,482,044	1,565,147
LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND OWNERS' EQUITY		
LIABILITIES		
Customers' current accounts	105,242	77,293
Due to banks	140,068	217,770
Murabaha due to non-banks	244,236	300,490
Other liabilities	27,214	36,283
Subordinated murabaha payable	95,349	98,790
	612,109	730,626
Liabilities of disposal group classified as held for sale	-	14,235
	612,109	744,861
EQUITY OF INVESTMENT ACCOUNT HOLDERS	509,044	452,504
OWNERS' EQUITY		
Equity attributable to shareholders of the Parent		
Share capital	177,140	177,140
Share premium	71,403	71,403
Treasury shares	(21,923)	(21,923)
Statutory reserve	16,568	16,053
General reserve	28,237	28,237
Fair value through equity reserve	(1,978)	977
Property fair value reserve	32,759	35,540
Foreign currency translation reserve	29	(1,448)
Retained earnings	47,865	40,454
	350,100	346,433
Non-controlling stakeholders	10,791	17,900
Non-controlling stakeholders of disposal group classified as held for sale	-	3,449
	360,891	367,782
TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND OWNERS' EQUITY	1,482,044	1,565,147
OFF-BALANCE SHEET:		
EQUITY OF INVESTMENT ACCOUNT HOLDERS	107,546	99,176
CONTINGENT LIABILITIES AND COMMITMENTS	49,192	57,952

Consolidated Statement of Income

	Year ended 31 Dec 2014 BD 000	Year ended 31 Dec 2013 BD 000
Income from retail and corporate banking activities	40,081	41,619
Income from investment activities	29,203	8,948
Share of (loss) income of joint ventures and associates	(1,641)	1,943
Revenue from non-banking business entities	31,692	51,538
OPERATING INCOME	99,335	104,048
Direct cost of non-banking business entities	(15,571)	(39,994)
OPERATING INCOME AFTER DIRECT COSTS	83,764	64,054
Return on equity of investment account holders, net of mudarib share	(6,092)	(7,745)
Profit on due to banks, murabaha due to non-banks and subordinated murabaha payable	(11,521)	(11,991)
Profit paid by non-banking business entities	(1,744)	(2,309)
NET OPERATING INCOME	64,407	42,009
Staff costs	12,238	11,613
Depreciation	1,538	1,556
Provisions - net	6,905	(1,217)
Other expenses	10,762	10,047
Operating expenses of non-banking business entities	27,847	14,265
TOTAL OPERATING EXPENSES	59,290	36,264
NET INCOME FOR THE YEAR	5,117	5,745
ATTRIBUTABLE TO:		
Shareholders of the Parent	5,145	7,392
Non-controlling stakeholders	(28)	(2,214)
Non-controlling stakeholders of disposal group classified as held for sale	-	567
	5,117	5,745

Consolidated Statement of Cash Flows

	Year ended 31 Dec 2014 BD 000	Year ended 31 Dec 2013 BD 000
OPERATING ACTIVITIES		
Net income for the year	5,117	5,745
Adjustments for:		
Share of loss (income) of joint ventures and associates	1,641	(1,943)
Depreciation and amortization	11,417	2,703
Provisions - net	11,601	(1,217)
Net unrealised loss (gain) on investments	1,086	(967)
Net gain on sale of investments	(1,353)	(3,452)
Net unrealised loss on investment in real estate	41	-
Net gain on sale of investment in real estate	(2,852)	(1,151)
Dividend Income	(22,844)	-
Operating income (loss) before changes in operating assets and liabilities	3,854	(282)
Changes in operating assets and liabilities:		
Mandatory reserve with Central Bank of Bahrain	(4,875)	(3,340)
Financing contracts with customers	37,828	(42,733)
Receivables, prepayments and other assets	14,960	8,897
Due to banks	(77,702)	3,285
Murabaha due to non-banks	(56,254)	64,629
Subordinated murabaha payable	(3,441)	(407)
Customers' current accounts	27,949	25,732
Other liabilities	(9,973)	(7,280)
Net cash flows (used in) from operating activities	(67,654)	48,501
INVESTING ACTIVITIES		
Purchase of investments	(35,287)	(18,702)
Proceeds from sale / maturity of investments	12,712	11,116
Distribution from investments in joint ventures	5,119	647
Purchase of investment in real estate	-	(1,300)
Proceeds from sale of investment in real estate	17,775	10,355
Purchase of equipment	(3,320)	(1,342)
Proceeds from disposal of held for sale subsidiary	17,905	-
Net cash flows from investing activities	14,904	774
FINANCING ACTIVITIES		
Net movement in equity of investment account holders	56,540	634
Net movement in share of non-controlling stakeholders	-	(1,651)
Purchase of treasury shares	-	(21,923)
Net cash flows from (used in) financing activities	56,540	(22,940)
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,790	26,335
Cash and cash equivalents at 1 January	142,797	116,462
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	146,587	142,797

Consolidated Statement of Changes in Owners' Equity

	Equity attributable to Shareholders of the Parent											Non-controlling stakeholders of disposal group classified as held for sale	Total equity	
	Share capital	Share premium	Treasury shares	Statutory reserve	General reserve	Fair value through equity reserve	Property fair value reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling stakeholders			
	BD 000	BD 000	BD 000	BD 000	BD 000	BD 000	BD 000	BD 000	BD 000	BD 000	BD 000	BD 000	BD 000	BD 000
Balance at 1 January 2014	177,140	71,403	(21,923)	16,053	28,237	977	35,540	(1,448)	40,454	346,433	17,900	3,449	367,782	
Net income (loss) for the year	-	-	-	-	-	-	-	-	5,145	5,145	(28)	-	5,117	
Other comprehensive loss for the year	-	-	-	-	-	(2,955)	-	1,477	-	(1,478)	-	-	(1,478)	
Total comprehensive (loss) income for the year	-	-	-	-	-	(2,955)	-	1,477	5,145	3,667	(28)	-	3,639	
Net transfer from property fair value reserve	-	-	-	-	-	-	(2,781)	-	2,781	-	-	-	-	
Transfer to statutory reserve	-	-	-	515	-	-	-	-	(515)	-	-	-	-	
Net movement in share of non-controlling stakeholders	-	-	-	-	-	-	-	-	-	-	(7,081)	(3,449)	(10,530)	
Balance at 31 December 2014	177,140	71,403	(21,923)	16,568	28,237	(1,978)	32,759	29	47,865	350,100	10,791	-	360,891	
Balance at 1 January 2013	177,140	71,403	-	15,314	28,237	61	37,719	(1,455)	31,622	360,041	21,765	-	381,806	
Net income (loss) for the year	-	-	-	-	-	-	-	-	7,392	7,392	(2,214)	567	5,745	
Other comprehensive income for the year	-	-	-	-	-	916	-	7	-	923	-	-	923	
Total comprehensive income (loss) for the year	-	-	-	-	-	916	-	7	7,392	8,315	(2,214)	567	6,668	
Repurchase of shares	-	-	(21,923)	-	-	-	-	-	-	(21,923)	-	-	(21,923)	
Net transfer from property fair value reserve	-	-	-	-	-	-	(2,179)	-	2,179	-	-	-	-	
Transfer to statutory reserve	-	-	-	739	-	-	-	-	(739)	-	-	-	-	
Net movement in share of non-controlling stakeholders	-	-	-	-	-	-	-	-	-	-	(1,651)	2,882	1,231	
Balance at 31 December 2013	177,140	71,403	(21,923)	16,053	28,237	977	35,540	(1,448)	40,454	346,433	17,900	3,449	367,782	

These statements have been extracted from the consolidated financial statements for the year ended 31 December 2014, audited by Ernst & Young. These financial statements were approved by the Board of Directors on 2nd March 2015. Kuwait Finance House (Bahrain) B.S.C. (c) is licensed by CBB as an Islamic retail bank.

Ahmed Mohammad Al Aiban
Chairman of the Board of Directors

Abdulhakeem Yaqoub Alkhayat
Managing Director and Chief Executive Officer