

Financial Results

30 June 2009 (unaudited)

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Interim Condensed Consolidated Statement of Financial Position

	30 June 2009 BD 000s	Audited 31 Dec 2008 BD 000s
ASSETS		
Cash and balances with banks and Central Bank of Bahrain	56,402	69,791
Murabaha due from banks	66,083	64,421
Financing contracts with customers	615,381	578,482
Investments	226,249	204,643
Investment in associates	85,013	71,180
Investment properties	126,051	124,984
Receivables, prepayments and other assets	122,572	97,776
Goodwill and intangibles	33,461	10,599
Premises and equipment	48,395	31,409
	1,379,607	1,253,285
Assets of disposal group classified as held for sale	-	31,390
TOTAL ASSETS	1,379,607	1,284,675
LIABILITIES, UNRESTRICTED INVESTMENT ACCOUNTS & EQUITY LIABILITIES		
Murabaha and due to banks	230,634	301,452
Murabaha due to non-banks	152,968	224,880
Customers' current accounts	65,423	53,236
Other liabilities	32,555	26,268
	481,580	605,836
Liabilities directly associated with disposal group classified as held for sale	-	19,532
Total liabilities excluding unrestricted investment accounts	481,580	625,368
UNRESTRICTED INVESTMENT ACCOUNTS	534,897	310,474
Total liabilities including unrestricted investment accounts	1,016,477	935,842
EQUITY ATTRIBUTABLE TO SHARE HOLDERS OF THE PARENT		
Share capital	177,140	161,036
Share premium	71,403	71,403
Statutory reserve	11,807	11,807
General reserve	28,236	27,596
Investment revaluation reserve	33,006	32,995
Foreign currency translation reserve	(1,350)	(1,383)
Surplus on revaluation of premises	2,726	-
Retained earnings	10,872	16,743
	333,840	320,197
NON CONTROLLING INTEREST	29,290	26,997
NON CONTROLLING INTEREST IN DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE	-	1,639
	363,130	348,833
TOTAL LIABILITIES, UNRESTRICTED INVESTMENT ACCOUNTS & EQUITY	1,379,607	1,284,675
RESTRICTED INVESTMENT ACCOUNTS	67,656	93,269
COMMITMENTS AND CONTINGENT ITEMS	121,900	198,017

Interim Condensed Consolidated Statement of Income

	Three months ended 30 June		Six months ended 30 June	
	2009 BD 000s	2008 BD 000s	2009 BD 000s	2008 BD 000s
Income from retail and corporate banking activities	12,492	8,830	26,390	16,990
Income from investment activities	2,696	5,015	3,768	15,173
Share of income of associates	9,218	2,188	9,307	8,435
Other income	2,002	1,724	5,207	3,758
	26,408	17,757	44,672	44,356
Less: Profit on Murabaha due to banks and non-banks	2,047	2,987	4,704	6,817
	24,361	14,770	39,968	37,539
Staff costs	3,020	2,627	5,497	5,405
Depreciation	1,677	920	2,335	2,097
Provisions	1,315	695	1,415	1,324
Other operating expenses	6,454	2,794	10,915	5,712
	12,466	7,036	20,162	14,538
NET INCOME BEFORE PROFIT ON UNRESTRICTED INVESTMENT ACCOUNTS	11,895	7,734	19,806	23,001
Less: Profit on unrestricted investment accounts	6,460	1,984	11,406	2,833
INCOME FOR THE PERIOD	5,435	5,750	8,400	20,168
Attributable to:				
Share holders of the parent	6,798	4,290	10,105	18,201
Non controlling interests	(1,363)	1,460	(1,705)	1,967
	5,435	5,750	8,400	20,168

Interim Condensed Consolidated Statement of Comprehensive Income

	Three months ended 30 June		Six months ended 30 June	
	2009 BD 000s	2008 BD 000s	2009 BD 000s	2008 BD 000s
Income for the period	5,435	5,750	8,400	20,168
Other comprehensive income:				
Net unrealized gain on available for sale investments	1,590	-	245	-
Surplus on revaluation of premises	-	-	2,730	-
Net movement in foreign currency translation reserve	33	-	33	-
Share of other comprehensive income of associate	2,285	-	530	-
Other comprehensive income for the period	3,908	-	3,538	-
Total comprehensive income for the period	9,343	5,750	11,938	20,168
Attributable to:				
Share holders of the parent	10,706	4,290	13,643	18,201
Non controlling interests	(1,363)	1,460	(1,705)	1,967
	9,343	5,750	11,938	20,168

Interim Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2009 BD 000s	2008 BD 000s
OPERATING ACTIVITIES		
Net Income for the period	8,400	20,168
Adjustments for:		
Provisions	1,415	1,324
Depreciation	2,335	2,097
Share of income of associates	(9,307)	(8,435)
Gain on sale of investments	(1,392)	(9)
Gain on sale of investment properties	-	(3)
Unrealised gain on investments	764	(651)
Unrealised gain on investment properties	-	(10,707)
Operating income before changes in operating assets and liabilities	2,215	3,784
Changes in operating assets and liabilities:		
Mandatory reserve with Central Bank of Bahrain	7,439	(15,667)
Financing contracts with customers	(37,495)	(114,678)
Receivables, prepayments and other assets	(18,192)	(17,478)
Murabaha and due to banks	(70,818)	94,995
Murabaha due to non-banks	(71,912)	(64,872)
Customers' current accounts	12,187	(14,995)
Other liabilities	(13,245)	(20,265)
Net cash flows used in operating activities	(189,821)	(149,176)
INVESTING ACTIVITIES		
Acquisition of a subsidiary – net of cash and bank balances acquired	-	(32,169)
Purchase of investments	(30,955)	(23,714)
Purchase of investment in associates	(850)	-
Refund of advance paid for purchase of investment	7,766	-
Proceeds from sale of investments	-	4,932
Purchase of investment properties	(1,067)	(13,088)
Proceeds from sale of investments properties	-	264
Purchase of intangibles	-	(2,674)
Purchase of premises and equipment	(13,783)	(4,346)
Net cash flows used in investing activities	(38,889)	(70,795)
FINANCING ACTIVITIES		
Increase in unrestricted investment accounts	224,423	182,990
Net movement in non controlling interests	-	2,102
Net cash flows from financing activities	224,423	185,092
DECREASE IN CASH AND CASH EQUIVALENTS	(4,287)	(34,879)
Cash and cash equivalents at 1 January	102,488	92,510
CASH AND CASH EQUIVALENTS AT 30 JUNE	98,201	57,631

Interim Condensed Consolidated Statement of Changes in Equity

	Attributable to Shareholders of the Parent											Non Controlling Interest in subsidiary held for sale BD 000s	Total equity BD 000s
	Share capital BD 000s	Share premium BD 000s	Statutory reserve BD 000s	General reserve BD 000s	Investment revaluation reserve BD 000s	Foreign currency translation reserve BD 000s	Surplus on revaluation of premises BD 000s	Retained Earnings BD 000s	Total BD 000s	Non Controlling Interests BD 000s			
Balance at 1 January 2009	161,036	71,403	11,807	27,596	32,995	(1,383)	-	16,743	320,197	26,997	1,639	348,833	
Total comprehensive income for the period	-	-	-	-	775	33	2,730	10,105	13,643	(1,980)	275	11,938	
Transfer to investment revaluation reserve	-	-	-	-	(764)	-	-	764	-	-	-	-	
Net movement in non controlling interest	-	-	-	-	-	-	-	-	-	4,273	(1,914)	2,359	
Transfer of incremental depreciation to retained earnings	-	-	-	-	-	-	(4)	4	-	-	-	-	
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	33,006	(1,350)	2,726	10,872	333,840	29,290	-	363,130	
Balance at 1 January 2008	70,016	15,040	8,238	20,173	22,390	-	-	17,925	153,782	10,479	-	164,261	
Total comprehensive income for the period	-	-	-	-	-	-	-	18,201	18,201	1,967	-	20,168	
Transfer to investment revaluation reserve	-	-	-	-	8,693	-	-	(8,693)	-	-	-	-	
Transfer to retained earnings on sale of investment property	-	-	-	-	(182)	-	-	182	-	-	-	-	
Net movement in non controlling interest due to new subsidiary	-	-	-	-	-	-	-	-	-	6,285	2,175	8,460	
Transfer to general reserve	-	-	-	17,926	-	-	-	(17,926)	-	-	-	-	
Bonus shares issued	10,502	-	-	(10,502)	-	-	-	-	-	-	-	-	
Balance at 30 June 2008	80,518	15,040	8,238	27,597	30,901	-	-	9,689	171,983	18,731	2,175	192,889	

These statements have been extracted from the interim condensed consolidated financial statements for the period ended 30 June 2009, reviewed by Ernst & Young.

Bader Abdul Muhsen Al-Mukhaizeem
Chairman

Mohamed AlShaikh Ishaq
Vice Chairman

Abdulhakeem Yaqoub Alkhayat
Managing Director and Chief Executive Officer

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Kuwait Finance House
البحرين ش.م.ب (م) (S.C.) (B.S.C.)

