

## Interim Consolidated Statement of Financial Position

	30 June 2013 BD 000	Audited 31 Dec 2012 BD 000
<b>ASSETS</b>		
Cash and balances with banks and Central Bank of Bahrain	48,953	41,525
Murabaha and due from banks	127,854	100,672
Financing contracts with customers	561,487	551,717
Investments	273,877	258,475
Investment in joint ventures and associates	167,775	167,749
Investment in real estate	152,515	153,498
Receivables, prepayments and other assets	123,268	124,525
Goodwill and intangibles	23,256	28,497
Premises and equipment	12,938	46,824
	<b>1,491,923</b>	<b>1,473,482</b>
Assets of disposal group classified as held for sale	43,979	-
<b>TOTAL ASSETS</b>	<b>1,535,902</b>	<b>1,473,482</b>
<b>LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND OWNERS' EQUITY</b>		
<b>LIABILITIES</b>		
Customers' current accounts	68,639	51,561
Murabaha and due to banks	230,952	213,078
Murabaha due to non-banks	243,622	235,861
Other liabilities	42,119	40,109
Subordinated murabaha payable	97,813	99,197
	<b>683,145</b>	<b>639,806</b>
Liabilities associated with disposal group classified as held for sale	4,483	-
<b>EQUITY OF INVESTMENT ACCOUNT HOLDERS</b>	<b>687,628</b>	<b>639,806</b>
<b>OWNERS' EQUITY</b>	<b>464,720</b>	<b>451,870</b>
<b>Equity attributable to shareholders of the parent</b>		
Share capital	177,140	177,140
Share premium	71,403	71,403
Statutory reserve	15,316	15,316
General reserve	28,236	28,236
Fair value through equity reserve	1,557	62
Investment revaluation reserve	36,879	37,718
Foreign currency translation reserve	(1,765)	(1,456)
Retained earnings	32,905	31,622
	<b>361,671</b>	<b>360,041</b>
<b>Non-controlling stakeholders</b>	<b>21,883</b>	<b>21,765</b>
	<b>383,554</b>	<b>381,806</b>
<b>TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND OWNERS' EQUITY</b>	<b>1,535,902</b>	<b>1,473,482</b>
<b>OFF-BALANCE SHEET:</b>		
<b>EQUITY OF INVESTMENT ACCOUNT HOLDERS</b>	<b>97,565</b>	<b>95,200</b>
<b>COMMITMENTS AND CONTINGENT ITEMS</b>	<b>50,888</b>	<b>44,918</b>

## Interim Consolidated Statement of Income

	Three months ended 30 June		Six months ended 30 June	
	2013 BD 000	2012 BD 000	2013 BD 000	2012 BD 000
Income from retail and corporate banking activities	10,356	10,468	20,686	21,240
Income from investment activities	1,332	1,199	2,728	5,614
Share of (loss) income of joint ventures and associates	(26)	(80)	698	69
Other income	477	2,425	2,989	4,946
<b>Operating income</b>	<b>12,139</b>	<b>14,012</b>	<b>27,101</b>	<b>31,869</b>
Return on equity of investment account holders, net of mudarib share	(2,797)	(2,257)	(4,697)	(4,448)
Profit on murabaha and due to banks, murabaha due to non-banks, and subordinated murabaha payable	(3,819)	(2,924)	(7,382)	(7,297)
<b>Net operating income</b>	<b>5,523</b>	<b>8,831</b>	<b>15,022</b>	<b>20,124</b>
Staff costs	3,268	3,207	6,977	6,628
Depreciation	444	141	939	1,158
Provisions, net	(1,592)	-	(1,592)	-
Other expenses	2,876	3,693	6,458	7,766
<b>Operating expenses</b>	<b>4,996</b>	<b>7,041</b>	<b>12,782</b>	<b>15,552</b>
Net income from continuing operations	527	1,790	2,240	4,572
Net (loss) income from assets classified as held for sale	(1,587)	17	(2,587)	117
Net (loss) profit for the period before adjustment for non-controlling stakeholders	(1,060)	1,807	(347)	4,689
Adjustment attributable to non-controlling stakeholders	460	118	791	(254)
<b>NET (LOSS) INCOME ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT</b>	<b>(600)</b>	<b>1,925</b>	<b>444</b>	<b>4,435</b>

## Interim Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2013 BD 000	2012 BD 000
<b>OPERATING ACTIVITIES</b>		
Net (loss) profit for the period before adjustment for non-controlling stakeholders	(347)	4,689
Adjustments for:		
Provisions, net	(1,592)	-
Depreciation	939	2,666
Share of income of joint ventures and associates	(698)	(69)
Net unrealised gain on investment in real estate	-	(127)
Gain on sale of investment in real estate	(79)	(73)
Net gain on sale of investment	-	(2,699)
Net unrealised gain on investments	(707)	(417)
Operating (loss) income before changes in operating assets and liabilities	(2,484)	3,970
Changes in operating assets and liabilities:		
Mandatory reserve with Central Bank of Bahrain	845	935
Financing contracts with customers	(10,652)	(25,960)
Receivables, prepayments and other assets	1,257	12,615
Assets and liabilities of disposal group classified as held for sale	1,986	-
Customers' current accounts	17,078	(2,327)
Murabaha and due to banks	17,874	(11,166)
Murabaha due to non-banks	7,761	(26,903)
Other liabilities	2,010	(10,224)
Subordinated murabaha payable	(1,384)	(523)
Net cash flows from (used in) operating activities	<b>34,291</b>	<b>(59,583)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	(13,758)	(1,885)
Proceeds from sale of investment in real estate	3,440	10,430
Proceeds from sale of investments	-	6,501
Amount paid for the construction of investment in real estate	(128)	(1,415)
Cash contribution in joint venture	-	(789)
Purchase of premises and equipment - net	(1,240)	(1,780)
Net cash flows (used in) from investing activities	<b>(11,686)</b>	<b>11,062</b>
<b>FINANCING ACTIVITY</b>		
Net movement in equity of investment account holders	12,850	(2,374)
Net cash flows from (used in) financing activity	<b>12,850</b>	<b>(2,374)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>35,455</b>	<b>(50,895)</b>
Cash and cash equivalents at 1 January	116,462	120,767
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<b>151,917</b>	<b>69,872</b>

## Interim Consolidated Statement of Changes in Owners' Equity

	Attributable to shareholders of the parent										
	Share capital BD 000	Share premium BD 000	Statutory reserve BD 000	General reserve BD 000	Fair value through equity reserve BD 000	Investment revaluation reserve BD 000	Foreign currency translation reserve BD 000	Retained earnings BD 000	Total BD 000	Non-controlling stakeholders BD 000	Total equity BD 000
Balance at 1 January 2013	177,140	71,403	15,316	28,236	62	37,718	(1,456)	31,622	360,041	21,765	381,806
Net income (loss) for the period	-	-	-	-	-	-	-	444	444	(791)	(347)
Other comprehensive income (loss) for the period	-	-	-	-	1,495	-	(309)	-	1,186	-	1,186
Total comprehensive income (loss) for the period	-	-	-	-	1,495	-	(309)	444	1,630	(791)	839
Net transfer from investment revaluation reserve	-	-	-	-	-	(839)	-	839	-	-	-
Net movement in non-controlling stakeholders	-	-	-	-	-	-	-	-	-	909	909
<b>Balance at 30 June 2013</b>	<b>177,140</b>	<b>71,403</b>	<b>15,316</b>	<b>28,236</b>	<b>1,557</b>	<b>36,879</b>	<b>(1,765)</b>	<b>32,905</b>	<b>361,671</b>	<b>21,883</b>	<b>383,554</b>
Balance at 1 January 2012	177,140	71,403	14,312	28,236	333	43,661	(1,440)	16,640	350,285	22,639	372,924
Net income for the period	-	-	-	-	-	-	-	4,435	4,435	254	4,689
Other comprehensive loss for the period	-	-	-	-	(812)	-	(7)	-	(819)	-	(819)
Total comprehensive (loss) income for the period	-	-	-	-	(812)	-	(7)	4,435	3,616	254	3,870
Net transfer from investment revaluation reserve	-	-	-	-	-	(1,177)	-	1,177	-	-	-
Net movement in non-controlling stakeholders	-	-	-	-	-	-	-	-	-	1	1
Balance at 30 June 2012	177,140	71,403	14,312	28,236	(479)	42,484	(1,447)	22,252	353,901	22,894	376,795

These statements have been extracted from the interim condensed consolidated financial statements for the period ended 30 June 2013, reviewed by Ernst & Young. These financial statements were approved by the Board of Directors on 1 August 2013. Kuwait Finance House (Bahrain) B.S.C. (c) is licensed by CBB as an Islamic retail bank.

Yaqoob Yusuf Majed  
Chairman of the Board of Directors

Abdulhakeem Yaqoub Alkhayat  
Managing Director and Chief Executive Officer