

Interim Consolidated Statement of Financial Position

	Reviewed 31 June 2015 BD 000	Audited 31 Dec 2014 BD 000
ASSETS		
Cash and balances with banks and Central Bank of Bahrain	63,582	55,431
Due from banks	140,743	125,106
Financing contracts with customers	586,768	559,879
Investments	239,006	254,315
Investment in joint ventures and associates	158,420	160,826
Investment in real estate	183,002	186,179
Receivables, prepayments and other assets	90,372	94,284
Intangibles	3,721	3,760
Premises and equipment	39,865	42,264
TOTAL ASSETS	1,505,479	1,482,044
LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND OWNERS' EQUITY		
LIABILITIES		
Customers' current accounts	112,896	105,242
Due to banks	159,149	140,068
Murabaha due to non-banks	282,463	244,236
Other liabilities	30,307	27,214
Subordinated murabaha payable	92,463	95,349
TOTAL LIABILITIES	677,278	612,109
EQUITY OF INVESTMENT ACCOUNT HOLDERS	468,255	509,044
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	16,568
General reserve	28,237	28,237
Fair value through equity reserve	(3,248)	(1,978)
Property fair value reserve	32,204	32,759
Foreign currency translation reserve	42	29
Retained earnings	48,693	47,865
	349,116	350,100
Non-controlling stakeholders	10,830	10,791
	359,946	360,891
TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND OWNERS' EQUITY	1,505,479	1,482,044
OFF-BALANCE SHEET		
EQUITY OF INVESTMENT ACCOUNT HOLDERS	131,955	107,546
CONTINGENT LIABILITIES AND COMMITMENTS	51,238	49,192

Interim Consolidated Statement of Income

	Three months ended 30 June		Six months ended 30 June	
	2015 BD 000	2014 BD 000	2015 BD 000	2014 BD 000
Income from retail and corporate banking activities	7,457	10,461	17,668	20,765
Income from investment activities	3,426	1,250	4,865	4,484
Share of loss from joint ventures and associates	(307)	(216)	(72)	(1,026)
Revenue from non-banking business entities	4,431	7,734	10,331	14,074
OPERATING INCOME	15,007	19,229	32,792	38,297
Direct cost of non-banking business entities	(2,203)	(3,022)	(5,571)	(5,539)
OPERATING INCOME AFTER DIRECT COSTS	12,804	16,207	27,221	32,758
Return on equity of investment account holders, net of mudarib share	(711)	(1,519)	(1,785)	(3,394)
Profit on due to banks, murabaha due to non-banks and subordinated murabaha payable	(2,716)	(2,891)	(5,254)	(5,693)
Profit paid by non-banking business entities	(132)	(576)	(262)	(1,332)
NET OPERATING INCOME	9,245	11,221	19,920	22,339
Staff costs	3,687	2,954	7,110	5,843
Depreciation	359	401	722	762
Provisions - net	(4)	(230)	(105)	(159)
Other expenses	2,627	3,071	5,382	5,516
Operating expenses of non-banking business entities	3,113	3,312	6,499	7,608
TOTAL OPERATING EXPENSES	9,782	9,508	19,608	19,570
NET INCOME FOR THE PERIOD	(537)	1,713	312	2,769
Attributable to:				
Shareholders of the Parent	(543)	1,279	273	2,774
Non-controlling stakeholders	6	434	39	(5)
	(537)	1,713	312	2,769

Interim Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2015 BD 000	2014 BD 000
OPERATING ACTIVITIES		
Net income for the period	312	2,769
Adjustments for:		
Provisions - net	130	432
Depreciation	3,564	807
Share of loss from joint ventures and associates	72	1,026
Net gain on sale of investment in real estate	(480)	(1,308)
Net gain on sale of investments	-	(1,255)
Dividend income	(1,050)	(1,050)
Foreign exchange (gain) loss	(391)	1,152
Net unrealised loss (gain) on investments	352	(335)
Operating income before changes in operating assets and liabilities	2,509	2,238
Changes in operating assets and liabilities:		
Mandatory reserve with Central Bank of Bahrain	2,755	(2,910)
Due from banks	(1,062)	-
Financing contracts with customers	(26,696)	7,475
Receivables, prepayments and other assets	3,934	(3,097)
Customers' current accounts	7,654	28,820
Due to banks	19,081	(4,033)
Murabaha due to non-banks	38,227	11,935
Other liabilities	3,093	2,967
Net cash flows from operating activities	49,495	43,395
INVESTING ACTIVITIES		
Purchase of investments	(17,458)	(35,456)
Proceeds from sale of investment in real estate	3,657	13,028
Proceeds from sale / maturity of investment	31,741	3,373
Purchase of premises and equipment - net	(1,165)	(1,369)
Proceeds from disposal of held for sale subsidiary	-	17,905
Net cash flows from (used in) investing activities	16,775	(2,519)
FINANCING ACTIVITY		
Net movement in equity of investment account holders	(40,789)	26,998
Cash flow (used in) from financing activity	(40,789)	26,998
NET INCREASE IN CASH AND CASH EQUIVALENTS	25,481	67,874
Cash and cash equivalents at 1 January	146,587	143,040
CASH AND CASH EQUIVALENTS AT 30 JUNE	172,068	210,914

Interim 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 owners' 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 2015	177,140	71,403	(21,923)	16,568	28,237	(1,978)	32,759	29	47,865	350,100	10,791	-	360,891	
Net income for the period	-	-	-	-	-	-	-	273	273	273	39	-	312	
Other comprehensive loss for the period	-	-	-	-	-	(1,270)	-	13	-	(1,257)	-	-	(1,257)	
Total comprehensive (loss) income for the period	-	-	-	-	-	(1,270)	-	13	273	(984)	39	-	(945)	
Net transfer from property fair value reserve	-	-	-	-	-	-	(555)	-	555	-	-	-	-	
Balance at 30 June 2015	177,140	71,403	(21,923)	16,568	28,237	(3,248)	32,204	42	48,693	349,116	10,830	-	359,946	
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 period	-	-	-	-	-	-	-	-	2,774	2,774	(5)	-	2,769	
Other comprehensive income (loss) for the period	-	-	-	-	-	(808)	-	1,532	-	724	-	-	724	
Total comprehensive income (loss) for the period	-	-	-	-	-	(808)	-	1,532	2,774	3,498	(5)	-	3,493	
Net transfer from property fair value reserve	-	-	-	-	-	-	(1,741)	-	1,741	-	-	-	-	
Net movement in share of non-controlling stakeholders	-	-	-	-	-	-	-	-	-	-	192	(3,449)	(3,257)	
Balance at 30 June 2014	177,140	71,403	(21,923)	16,053	28,237	169	33,799	84	44,969	349,931	18,087	-	368,018	

These statements have been extracted from the interim condensed consolidated financial statements for the six months ended 30 June 2015, reviewed by EY. These interim condensed consolidated financial statements were approved by the Board of Directors on 22 July 2015. Kuwait Finance House (Bahrain) B.S.C. (c) is licensed by CBB as an Islamic retail bank.

Hamad Abdulmohsen AlMarzouq
Chairman of the Board of Directors

Abdulhakeem Yaqoub Alkhatyat
Managing Director and Chief Executive Officer