

Interim Consolidated Statement of Financial Position

	Reviewed 30 June 2016 BD 000	Audited 31 Dec 2015 BD 000
ASSETS		
Cash and balances with banks and Central Bank of Bahrain	57,420	54,142
Due from banks	95,576	77,966
Financing contracts with customers	569,218	535,395
Investments	146,835	166,412
Investment in sukuk	126,644	73,816
Investment in joint ventures and associates	130,348	130,340
Investment in real estate	300,810	301,758
Receivables, prepayments and other assets	96,414	81,075
Premises and equipment	29,087	29,400
TOTAL ASSETS	1,552,352	1,450,304
LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND OWNERS' EQUITY		
LIABILITIES		
Customers' current accounts	146,681	116,534
Due to banks	214,352	252,932
Due to non-banks	234,316	114,521
Other liabilities	37,989	48,453
Subordinated murabaha payable	92,426	91,753
TOTAL LIABILITIES	725,764	624,193
EQUITY OF INVESTMENT ACCOUNT HOLDERS	454,671	456,700
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	17,642	17,642
General reserve	28,237	28,237
Fair value through equity reserve	(2,579)	(1,876)
Property fair value reserve	31,236	31,501
Foreign currency translation reserve	243	232
Retained earnings	62,202	58,791
	363,601	361,147
Non-controlling shareholders	8,316	8,264
TOTAL OWNERS' EQUITY	371,917	369,411
TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND OWNERS' EQUITY	1,552,352	1,450,304
OFF-BALANCE SHEET		
EQUITY OF INVESTMENT ACCOUNT HOLDERS	134,980	135,210
CONTINGENT LIABILITIES AND COMMITMENTS	66,701	45,905

Interim Consolidated Statement of Income

	Three months ended 30 June		Six months ended 30 June	
	2016 BD 000	2015 BD 000	2016 BD 000	2015 BD 000
Income from retail and corporate banking activities	9,386	7,457	17,221	17,668
Income from investment activities	478	2,660	677	3,289
Income from sukuk	1,013	766	1,795	1,576
Share of income (loss) from joint ventures and associates	41	(307)	2,084	(72)
Revenue from non-banking business entities	3,829	4,052	7,675	9,621
OPERATING INCOME	14,747	14,628	29,452	32,082
Direct cost of non-banking business entities	(1,271)	(2,203)	(2,794)	(5,571)
OPERATING INCOME AFTER DIRECT COSTS	13,476	12,425	26,658	26,511
Return on equity of investment account holders, before Group's share as mudarib	(1,032)	(403)	(1,985)	(1,785)
Group's share as mudarib	-	(308)	-	-
Return on equity of investment account holders	(1,032)	(711)	(1,985)	(1,785)
Profit on due to banks, due to non-banks and subordinated murabaha payable	(2,891)	(2,716)	(5,174)	(5,254)
Profit paid by non-banking business entities	-	(132)	-	(262)
NET OPERATING INCOME	9,553	8,866	19,499	19,210
Staff costs	3,505	3,781	6,834	7,291
Depreciation	280	359	580	722
Provisions (write-back)	(351)	(4)	(336)	(105)
Other expenses	2,024	2,154	4,045	4,491
Operating expenses of non-banking business entities	2,346	3,113	5,194	6,499
TOTAL OPERATING EXPENSES	7,804	9,403	16,317	18,898
NET INCOME FOR THE PERIOD	1,749	(537)	3,182	312
Attributable to:				
Shareholders of the Parent	1,714	(543)	3,146	273
Non-controlling shareholders	35	6	36	39
	1,749	(537)	3,182	312

Interim Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2016 BD 000	2015 BD 000
OPERATING ACTIVITIES		
Net income for the period	3,182	312
Adjustments for:		
Provisions (write-back)	(332)	130
Depreciation	2,218	3,564
Share of (income) loss from joint ventures and associates	(2,084)	72
Net gain on sale of investment in real estate	(161)	(480)
Net gain on sale of investments	(220)	-
Dividend income	-	(1,050)
Foreign exchange gain	(278)	(391)
Net unrealised loss on investment in real estate	651	-
Net unrealised loss on investments	282	352
Operating income before changes in operating assets and liabilities	3,258	2,509
Changes in operating assets and liabilities:		
Mandatory reserve with Central Bank of Bahrain	105	2,755
Due from banks	(13,162)	(1,062)
Financing contracts with customers	(33,674)	(26,696)
Receivables, prepayments and other assets	3,230	3,934
Customers' current accounts	30,147	7,654
Due to banks	(38,580)	19,081
Due to non-banks	119,795	38,227
Other liabilities	(8,695)	3,093
Net cash flows from operating activities	62,424	49,495
INVESTING ACTIVITIES		
Sale (purchase) of investments - net	1,911	(203)
(Purchase) sale of investment in sukuk - net	(53,028)	14,486
Sale of investment in real estate - net	458	3,657
Purchase of premises and equipment - net	(1,905)	(1,165)
Net cash flows (used in) from investing activities	(52,564)	16,775
FINANCING ACTIVITY		
Net movement in equity of investment account holders	(2,029)	(40,789)
Cash flows used in financing activity	(2,029)	(40,789)
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,831	25,481
Cash and cash equivalents as at 1 January	102,698	146,587
CASH AND CASH EQUIVALENTS AS AT 30 JUNE	110,529	172,068

Interim Consolidated Statement of Changes in Owners' Equity

	Attributable to shareholders of the Parent											
	Share capital BD 000	Share premium BD 000	Treasury shares BD 000	Statutory reserve BD 000	General reserve BD 000	Fair value through equity reserve BD 000	Property fair value reserve BD 000	Foreign currency translation reserve BD 000	Retained earnings BD 000	Total BD 000	Non-controlling shareholders BD 000	Total owners' equity BD 000
Balance at 1 January 2016	177,140	71,403	(21,923)	17,642	28,237	(1,876)	31,501	232	58,791	361,147	8,264	369,411
Net income for the period	-	-	-	-	-	-	-	-	3,146	3,146	36	3,182
Other comprehensive (loss) income for the period	-	-	-	-	-	(703)	-	11	-	(692)	-	(692)
Total comprehensive (loss) income for the period	-	-	-	-	-	(703)	-	11	3,146	2,454	36	2,490
Net transfer from property fair value reserve	-	-	-	-	-	-	(265)	-	265	-	-	-
Net movement in share of non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	16	16
Balance at 30 June 2016	177,140	71,403	(21,923)	17,642	28,237	(2,579)	31,236	243	62,202	363,601	8,316	371,917
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	39	312
Other comprehensive (loss) income 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

These statements have been extracted from the interim condensed consolidated financial statements for the six month period ended 30 June 2016, reviewed by EY. These interim condensed consolidated financial statements were approved by the Board of Directors on 24 July 2016. 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 Alkhayat
Managing Director and Chief Executive Officer