

## Interim Consolidated Statement of Financial Position

	31 Mar 2013 BD 000	Audited 31 Dec 2012 BD 000
<b>ASSETS</b>		
Cash and balances with banks and Central Bank of Bahrain	45,949	41,525
Murabaha and due from banks	134,149	100,672
Financing contracts with customers	544,914	551,717
Investments	268,017	258,475
Investment in joint ventures and associates	168,199	167,749
Investment in real estate	152,625	153,498
Receivables, prepayments and other assets	126,154	124,525
Goodwill and intangibles	27,000	28,497
Premises and equipment	46,751	46,824
<b>TOTAL ASSETS</b>	<b>1,513,758</b>	<b>1,473,482</b>
<b>LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND OWNERS' EQUITY</b>		
<b>LIABILITIES</b>		
Customers' current accounts	58,684	51,561
Murabaha and due to banks	193,317	213,078
Murabaha due to non-banks	265,617	235,861
Other liabilities	43,156	40,109
Subordinated murabaha payable	97,769	99,197
	658,543	639,806
<b>EQUITY OF INVESTMENT ACCOUNT HOLDERS</b>	<b>471,149</b>	<b>451,870</b>
<b>OWNERS' EQUITY</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	669	62
Investment revaluation reserve	37,389	37,718
Foreign currency translation reserve	(1,492)	(1,456)
Retained earnings	32,995	31,622
	361,656	360,041
<b>Non-controlling stakeholders</b>	<b>22,410</b>	<b>21,765</b>
	384,066	381,806
<b>TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND OWNERS' EQUITY</b>	<b>1,513,758</b>	<b>1,473,482</b>
<b>OFF-BALANCE SHEET:</b>		
<b>EQUITY OF INVESTMENT ACCOUNT HOLDERS</b>	<b>105,015</b>	<b>95,200</b>
<b>COMMITMENTS AND CONTINGENT ITEMS</b>	<b>50,642</b>	<b>44,918</b>

## Interim Consolidated Statement of Income

	Three months ended 31 March	
	2013 BD 000	2012 BD 000
Income from retail and corporate banking activities	10,330	10,996
Income from investment activities	1,396	4,191
Share of income of joint ventures and associates	724	149
Other income	3,928	4,040
<b>Operating income</b>	<b>16,378</b>	<b>19,376</b>
Return on equity of investment account holders, net of mudarib share	(1,900)	(2,191)
Profit on murabaha and due to banks, murabaha due to non-banks and subordinated murabaha payable	(3,563)	(4,373)
<b>Net operating income</b>	<b>10,915</b>	<b>12,812</b>
Staff costs	4,218	3,961
Depreciation	1,446	1,771
Other expenses	4,538	4,198
<b>Operating expenses</b>	<b>10,202</b>	<b>9,930</b>
Net income before adjustment for non-controlling stakeholders	713	2,882
Adjustment attributable to non-controlling stakeholders	331	(372)
<b>NET INCOME ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT</b>	<b>1,044</b>	<b>2,510</b>

## Interim Consolidated Statement of Cash Flows

	Three months ended 31 March	
	2013 BD 000	2012 BD 000
<b>OPERATING ACTIVITIES</b>		
Net income before adjustment for non-controlling stakeholders	713	2,882
Adjustments for:		
Depreciation	1,446	1,771
Share of income of joint ventures and associates	(724)	(149)
Net gain on sale of investments	-	(2,699)
Net unrealised gain on investments	(367)	(349)
Operating income before changes in operating assets and liabilities	1,068	1,456
Changes in operating assets and liabilities:		
Mandatory reserve with Central Bank of Bahrain	220	875
Financing contracts with customers	(537)	(28,214)
Receivables, prepayments and other assets	5,275	6,299
Customers' current accounts	7,123	(12,345)
Murabaha and due to banks	(19,761)	5,148
Murabaha due to non-banks	29,756	(18,866)
Other liabilities	3,047	(694)
Subordinated murabaha payable	(1,428)	304
Net cash flows from (used in) operating activities	24,763	(46,037)
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	(8,656)	-
Proceeds from sale of investment in real estate	3,310	10,000
Proceeds from sale of investments	-	6,501
Amount paid for the construction of investment in real estate	-	(1,329)
Cash contribution in joint venture	-	(789)
Purchase of premises and equipment - net	(1,373)	(3,727)
Net cash flows (used in) from investing activities	(6,719)	10,656
<b>FINANCING ACTIVITY</b>		
Net movement in equity of investment account holders	19,279	(14,685)
Net cash flows from (used in) financing activity	19,279	(14,685)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>37,323</b>	<b>(50,066)</b>
Cash and cash equivalents at 1 January	116,462	120,767
<b>CASH AND CASH EQUIVALENTS AT 31 MARCH</b>	<b>153,785</b>	<b>70,701</b>

## Interim Consolidated Statement of Changes in Owner's 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	-	-	-	-	-	-	-	1,044	1,044	(331)	713
Other comprehensive income (loss) for the period	-	-	-	-	607	-	(36)	-	571	-	571
Total comprehensive income (loss) for the period	-	-	-	-	607	-	(36)	1,044	1,615	(331)	1,284
Net transfer to investment revaluation reserve	-	-	-	-	-	(329)	-	329	-	-	-
Net movement in non-controlling stakeholders	-	-	-	-	-	-	-	-	-	976	976
<b>Balance at 31 March 2013</b>	<b>177,140</b>	<b>71,403</b>	<b>15,316</b>	<b>28,236</b>	<b>669</b>	<b>37,389</b>	<b>(1,492)</b>	<b>32,995</b>	<b>361,656</b>	<b>22,410</b>	<b>384,066</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	-	-	-	-	-	-	-	2,510	2,510	372	2,882
Other comprehensive loss for the period	-	-	-	-	(62)	-	(33)	-	(95)	-	(95)
Total comprehensive (loss) income for the period	-	-	-	-	(62)	-	(33)	2,510	2,415	372	2,787
Net transfer to investment revaluation reserve	-	-	-	-	-	(958)	-	958	-	-	-
Net movement in non-controlling stakeholders	-	-	-	-	-	-	-	-	-	68	68
Balance at 31 March 2012	177,140	71,403	14,312	28,236	271	42,703	(1,473)	20,108	352,700	23,079	375,779

These statements have been extracted from the interim condensed consolidated financial statements for the period ended 31 March 2013, reviewed by Ernst & Young. These financial statements were approved by the Board of Directors on 30 April 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 Yaqoob Alkhayyat  
Managing Director and Chief Executive Officer