

## Interim Consolidated Statement of Financial Position

	31 Mar 2014 BD 000	Audited 31 Dec 2013 BD 000
<b>ASSETS</b>		
Cash and balances with banks and Central Bank of Bahrain	48,543	54,733
Murabaha and due from banks	157,091	117,902
Financing contracts with customers	593,827	600,544
Investments	266,997	268,276
Investment in joint ventures and associates	167,930	168,669
Investment in real estate	143,470	147,785
Receivables, prepayments and other assets	109,119	115,196
Goodwill and intangibles	148	383
Premises and equipment	10,262	10,342
Assets of disposal group classified as held for sale	47,309	81,317
<b>TOTAL ASSETS</b>	<b>1,544,696</b>	<b>1,565,147</b>
<b>LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND OWNERS' EQUITY</b>		
<b>LIABILITIES</b>		
Customers' current accounts	82,212	77,293
Murabaha and due to banks	180,468	216,363
Murabaha due to non-banks	325,799	300,490
Other liabilities	34,921	33,715
Subordinated murabaha payable	99,012	98,790
	722,412	726,651
Liabilities associated with disposal group classified as held for sale	4,576	18,210
	726,988	744,861
<b>EQUITY OF INVESTMENT ACCOUNT HOLDERS</b>	<b>451,332</b>	<b>452,504</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
Treasury shares	(21,923)	(21,923)
Statutory reserve	16,053	16,053
General reserve	28,237	28,237
Fair value through equity reserve	196	977
Property fair value reserve	34,721	35,540
Foreign currency translation reserve	115	(1,448)
Retained earnings	42,768	40,454
	348,710	346,433
<b>Non-controlling stakeholders</b>	<b>17,666</b>	<b>17,900</b>
<b>Non-controlling stakeholders of disposal group classified as held for sale</b>	<b>-</b>	<b>3,449</b>
	366,376	367,782
<b>TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND OWNERS' EQUITY</b>	<b>1,544,696</b>	<b>1,565,147</b>
<b>OFF-BALANCE SHEET:</b>		
<b>EQUITY OF INVESTMENT ACCOUNT HOLDERS</b>	<b>105,750</b>	<b>99,176</b>
<b>COMMITMENTS AND CONTINGENT ITEMS</b>	<b>37,242</b>	<b>57,952</b>

## Interim Consolidated Statement of Income

	Three months ended 31 March	
	2014 BD 000	2013 BD 000
<b>Continuing operations</b>		
Income from retail and corporate banking activities	10,716	10,330
Income from investment activities	3,419	1,396
Share of (loss) income of joint ventures and associates	(810)	724
Other income	837	227
<b>Operating income</b>	<b>14,162</b>	<b>12,677</b>
Return on equity of investment account holders, net of mudarib share	(1,875)	(1,900)
Profit on murabaha and due to banks, murabaha and due to non-banks, and subordinated murabaha payable	(3,558)	(3,460)
<b>Net operating income</b>	<b>8,729</b>	<b>7,317</b>
Staff costs	3,280	3,088
Depreciation	385	436
Provisions	295	-
Other expenses	3,713	2,765
<b>Total operating expenses</b>	<b>7,673</b>	<b>6,289</b>
<b>Net income for the period from continuing operations</b>	<b>1,056</b>	<b>1,028</b>
<b>Discontinued operations</b>		
Net loss for the period from disposal group classified as held for sale	-	(315)
<b>NET INCOME FOR THE PERIOD</b>	<b>1,056</b>	<b>713</b>
<b>Attributable to:</b>		
Shareholders of the parent	1,495	1,044
Non-controlling stakeholders	(439)	(473)
Non-controlling stakeholders of disposal group classified as held for sale	-	142
	1,056	713

## Interim Consolidated Statement of Cash Flows

	Three months ended 31 March	
	2014 BD 000	2013 BD 000
<b>OPERATING ACTIVITIES</b>		
Net income for the period from continuing operations	1,056	1,028
Net loss from disposal group classified as held for sale	-	(315)
Net income for the group before adjustment for non-controlling stakeholders	1,056	713
Adjustments for:		
Provisions, net	71	-
Depreciation	385	436
Share of loss (income) of joint ventures and associates	810	(724)
Gain on sale of investment in real estate	(936)	-
Net gain on sale of investments	(1,514)	-
Dividend Income	(1,050)	-
Foreign exchange loss	1,243	-
Net unrealised gain on investments	(339)	(367)
Operating (loss) income before changes in operating assets and liabilities	(274)	58
Changes in operating assets and liabilities:		
Mandatory reserve with Central Bank of Bahrain	(515)	220
Financing contracts with customers	6,646	(537)
Receivables, prepayments and other assets	6,077	5,275
Goodwill and intangibles	235	-
Customers' current accounts	4,919	7,123
Murabaha and due to banks	(35,895)	(19,761)
Murabaha due to non-banks	25,309	29,756
Other liabilities	4,177	3,047
Subordinated murabaha payable	222	(1,428)
Net cash flows from operating activities	10,901	23,753
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	(3,658)	(8,656)
Proceeds from sale of investment in real estate	5,251	3,310
Proceeds from sale / maturity of investments	5,898	-
Purchase of premises and equipment - net	(703)	(363)
Proceeds from disposal of held for sale subsidiary	16,488	-
Net cash flows from (used in) investing activities	23,276	(5,709)
<b>FINANCING ACTIVITY</b>		
Net movement in equity of investment account holders	(1,172)	19,279
Net cash flows (used in) from financing activity	(1,172)	19,279
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>33,005</b>	<b>37,323</b>
Cash and cash equivalents at 1 January	143,040	116,462
<b>CASH AND CASH EQUIVALENTS AT 31 MARCH</b>	<b>176,045</b>	<b>153,785</b>

## Interim Consolidated Statement of Changes in Owners' Equity

	Attributable to shareholders of the parent										Non-controlling stakeholders of disposal group classified as held for sale BD 000	Total equity BD 000	
	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			
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	-	-	-	-	-	-	-	-	1,495	1,495	(439)	-	1,056
Net transfer from fair value through equity reserve	-	-	-	-	-	(783)	-	-	-	(783)	-	-	(783)
Other comprehensive income for the period	-	-	-	-	-	2	-	1,563	-	1,565	-	-	1,565
Net movement in comprehensive income for the period	-	-	-	-	-	(781)	-	1,563	1,495	2,277	(439)	-	1,838
Net transfer from property fair value reserve	-	-	-	-	-	-	(819)	-	819	-	-	-	-
Net movement in non-controlling stakeholders	-	-	-	-	-	-	-	-	-	-	205	(3,449)	(3,244)
<b>Balance at 31 March 2014</b>	<b>177,140</b>	<b>71,403</b>	<b>(21,923)</b>	<b>16,053</b>	<b>28,237</b>	<b>196</b>	<b>34,721</b>	<b>115</b>	<b>42,768</b>	<b>348,710</b>	<b>17,666</b>	<b>-</b>	<b>366,376</b>
Balance at 1 January 2013	177,140	71,403	-	15,314	28,237	61	37,719	(1,455)	31,622	360,041	21,765	-	381,806
Net income (loss) for the period	-	-	-	-	-	-	-	-	1,044	1,044	(473)	142	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	(473)	142	1,284
Net transfer from property fair value reserve	-	-	-	-	-	-	(329)	-	329	-	-	-	-
Net movement in non-controlling stakeholders	-	-	-	-	-	-	-	-	-	-	976	-	976
Balance at 31 March 2013	177,140	71,403	-	15,314	28,237	668	37,390	(1,491)	32,995	361,656	22,268	142	384,066

These statements have been extracted from the interim condensed consolidated financial statements for the period ended 31 March 2014, reviewed by Ernst & Young. These financial statements were approved by the Board of Directors on 21 April 2014. Kuwait Finance House (Bahrain) B.S.C. (c) is licensed by CBB as an Islamic retail bank.

Yaqoub Yousif Majed  
Chairman of the Board of Directors

Abdulhakeem Yaqoub Alkhayyat  
Managing Director and Chief Executive Officer