

CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Expressed in thousands of United States Dollars unless otherwise stated)

	At 31 December 2019 (Audited)	At 31 December 2018 (Restated)
ASSETS		
Cash and balances with banks and central banks	692,596	596,234
Commodity and other placements with banks, financial and other institutions	393,606	285,627
Murabaha and other financings	2,817,144	3,264,865
Musharaka financing	635,151	495,626
Investment in mudaraba	-	5,760
Sukuk and investment securities	1,535,788	1,756,695
Investment in associates	633,292	601,969
Assets acquired for leasing	392,797	410,765
Insurance and related receivables	115,433	120,034
Other assets	168,994	211,319
Investment in real estate	251,005	270,066
Development Properties	260,217	269,388
Fixed assets	78,285	63,216
Intangible assets	110,931	137,092
Total assets	8,085,239	8,488,656
LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNTHOLDERS, MINORITY INTEREST AND OWNERS' EQUITY		
Customers' current accounts	1,515,182	1,476,108
Due to banks, financial and other institutions	1,282,867	1,541,346
Due to investors	1,563,797	1,694,977
Other liabilities	384,432	566,122
Insurance related reserves	129,768	134,873
Total liabilities	4,876,046	5,413,426
Equity of unrestricted investment accountholders	2,802,344	2,622,311
Minority interest	311,303	336,563
Total liabilities, equity of unrestricted investment accountholders and minority interest	7,989,693	8,372,300
Share capital	757,690	757,690
Treasury shares	(30,149)	(30,149)
Reserves	114,298	140,290
Accumulated losses	(746,293)	(751,475)
Total owners' equity	95,546	116,356
Total liabilities, equity of unrestricted investment accountholders, minority interest and owners' equity	8,085,239	8,488,656

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019 (Expressed in thousands of United States Dollars unless otherwise stated)

	Share capital	Treasury shares	Reserves						Accumulated losses	Total owners' equity	
			Share premium	Statutory reserve	General reserve	Investments in real estate fair value reserve	Investment in real estate fair value reserve	Foreign currency translation			Total reserves
At 1 January 2019 (Audited)	757,690	(30,149)	149,085	38,418	50,727	(6,924)	3,187	(94,203)	140,290	(751,475)	116,356
Net profit for the year	-	-	-	-	-	-	-	-	-	669	669
Transfer to statutory reserve	-	-	-	67	-	-	-	-	67	(67)	-
Increase in shareholding of subsidiary	-	-	-	-	-	-	-	-	-	4,580	4,580
Movement in fair value of sukuk and investment securities	-	-	-	-	-	(1,008)	-	-	(1,008)	-	(1,008)
Movement in fair value of investment in real estate	-	-	-	-	-	-	1,163	-	1,163	-	1,163
Movement in fair value reserves of associates	-	-	-	-	-	(10,590)	-	-	(10,590)	-	(10,590)
Foreign currency translation adjustments	-	-	-	-	-	37	(172)	(15,489)	(15,624)	-	(15,624)
At 31 December 2019 (Audited)	757,690	(30,149)	149,085	38,485	50,727	(18,485)	4,178	(109,692)	114,298	(746,293)	95,546

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018 (Expressed in thousands of United States Dollars unless otherwise stated)

	Share capital	Treasury shares	Reserves						Accumulated losses	Total owners' equity	
			Share premium	Statutory reserve	General reserve	Investments in real estate fair value reserve	Investment in real estate fair value reserve	Foreign currency translation			Total reserves
At 1 January 2018 (Audited)	757,690	(30,149)	149,085	38,418	50,727	38,773	3,450	(46,692)	233,761	(605,972)	355,330
Impact of FAS 30	-	-	-	-	-	-	-	-	-	(121,522)	(121,522)
Revised balance at 1 January 2018	757,690	(30,149)	149,085	38,418	50,727	38,773	3,450	(46,692)	233,761	(727,494)	233,808
Net loss for the year	-	-	-	-	-	-	-	-	-	(23,981)	(23,981)
Movement in fair value of sukuk and investment securities	-	-	-	-	-	(44,156)	-	-	(44,156)	-	(44,156)
Movement in fair value of investment in real estate	-	-	-	-	-	-	596	-	596	-	596
Movement in fair value reserves of associates	-	-	-	-	-	(1,812)	-	-	(1,812)	-	(1,812)
Foreign currency translation adjustments	-	-	-	-	-	271	(859)	(47,511)	(48,099)	-	(48,099)
At 31 December 2018 (Audited)	757,690	(30,149)	149,085	38,418	50,727	(6,924)	3,187	(94,203)	140,290	(751,475)	116,356

The above Consolidated Statement of Financial Position, Consolidated Income Statement, Consolidated Statement of Changes in Owners' Equity and Consolidated Statement of Cash Flows have been extracted from the Consolidated Financial Statements of Ithmaar Holding B.S.C. for the year ended 31 December 2019, which were approved for issue by the Board of Directors on 13 February 2020 and audited by PricewaterhouseCoopers ME Limited, Kingdom of Bahrain, who expressed an unqualified opinion.

HRH Prince Amr Mohamed Al Faisal
Chairman

Elham Hasan
Director

Ahmed Abdul Rahim
CEO

CONSOLIDATED INCOME STATEMENT (Expressed in thousands of United States Dollars unless otherwise stated)

	Year ended	
	31 December 2019 (Audited)	31 December 2018 (Audited)
INCOME		
Income from unrestricted investment accounts	218,968	180,236
Less: return to unrestricted investment accounts and impairment provisions	(144,189)	(108,645)
Group's share of income from unrestricted investment accounts as a Mudarib	74,779	71,591
Income from murabaha and other financings	184,246	161,098
Share of profit after tax from associates	40,415	42,772
Income from other investments	124,597	99,307
Other income	101,427	63,782
Total income	525,464	438,550
Less: profit paid to banks, financial and other institutions	(229,267)	(178,730)
Operating income	296,197	259,820
EXPENSES		
Administrative and general expenses	(191,084)	(183,018)
Depreciation and amortization	(30,993)	(33,387)
Total expenses	(222,077)	(216,405)
Net income before provision for impairment and overseas taxation	74,120	43,415
Gain arising on acquisition of a business (net)	-	50,912
Provision for impairment (net)	(32,270)	(55,338)
Net income before overseas taxation	41,850	38,989
Overseas taxation	(29,652)	(28,932)
NET PROFIT FOR THE YEAR	12,198	10,057
Attributable to:		
Equity holders of Ithmaar	669	(23,981)
Minority interests	11,529	34,038
	12,198	10,057
Basic and diluted earnings per share	US Cts 0.02	US Cts (0.82)

CONSOLIDATED STATEMENT OF CASH FLOWS (Expressed in thousands of United States Dollars unless otherwise stated)

	Year ended	
	31 December 2019 (Audited)	31 December 2018 (Audited)
OPERATING ACTIVITIES		
Net income before overseas taxation	41,850	38,989
Adjustments for:		
Depreciation and amortization	30,993	33,387
Share of profit after tax from associates	(40,415)	(42,772)
Gain arising on acquisition of a business (net)	-	(50,912)
Provision for impairment (net)	32,270	55,338
Income from other investments	(124,597)	(99,307)
Gain on sale of fixed assets	798	249
Operating loss before changes in operating assets and liabilities	(59,101)	(65,028)
(Increase)/decrease in balances with banks maturing after ninety days and including with central banks relating to minimum reserve requirement	5,632	16,092
Changes in operating assets and liabilities:		
Murabaha and other financings	300,667	(191,856)
Musharaka financing	(184,771)	(235,097)
Other assets	(28,074)	(25,687)
Customers' current accounts	148,314	(56,523)
Due to banks, financial and other institutions	(209,032)	536,526
Due to investors	48,851	216,160
Other liabilities	(163,815)	46,516
(Decrease)/Increase in equity of unrestricted investment accountholders	217,761	(130,310)
Taxes paid	(29,895)	(20,110)
Net cash provided by operating activities	46,537	90,653
INVESTING ACTIVITIES		
Net (increase)/decrease:		
Investment in mudaraba	5,760	-
Assets acquired for leasing	17,968	(63,005)
Sukuk and investment securities	175,419	(126,808)
Investment in associates	17,585	-
Investment in real estate	-	4,492
Dividend received from associates	45,632	44,080
Purchase of fixed assets	(29,131)	(8,284)
Net cash provided by/(used in) investing activities	233,233	(149,525)
FINANCING ACTIVITIES		
Minority interest	(532)	(796)
Net cash used in financing activities	(532)	(796)
Foreign currency translation adjustments	(69,892)	(91,399)
Net increase/(decrease) in cash and cash equivalents	209,346	(151,067)
Cash and cash equivalents at the beginning of the year	641,151	792,218
Cash and cash equivalents at the end of the year	850,497	641,151