

CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

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

	At 31 December 2018 (Audited)	At 31 December 2017 (Audited)
ASSETS		
Cash and balances with banks and central banks	596,234	701,938
Commodity and other placements with banks, financial and other institutions	285,627	261,392
Murabaha and other financings	3,264,865	3,577,871
Musharaka financing	495,626	367,131
Investment in mudaraba	5,760	5,760
Sukuk and investment securities	1,756,695	1,862,885
Investment in associates	611,194	186,207
Restricted investment accounts	-	74,896
Assets acquired for leasing	410,765	347,760
Insurance and related receivables	120,034	-
Other assets	211,319	196,239
Investment in real estate	270,066	247,902
Development Properties	269,388	-
Assets classified as held-for-sale	-	478,432
Fixed assets	63,216	140,820
Intangible assets	127,867	162,126
Total assets	8,488,656	8,611,359
LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNTHOLDERS, MINORITY INTEREST AND OWNERS' EQUITY		
Customers' current accounts	1,476,108	1,781,493
Due to banks, financial and other institutions	1,541,346	1,143,964
Due to investors	1,694,977	1,907,971
Other liabilities	566,122	431,645
Insurance related reserves	134,873	-
Total liabilities	5,413,426	5,265,073
Equity of unrestricted investment accountholders	2,622,311	2,827,915
Minority interest	336,563	163,041
Total liabilities, equity of unrestricted investment accountholders and minority interest	8,372,300	8,256,029
Share capital	757,690	757,690
Treasury shares	(30,149)	(30,149)
Reserves	140,290	233,761
Accumulated losses	(751,475)	(605,972)
Total owners' equity	116,356	355,330
Total liabilities, equity of unrestricted investment accountholders, minority interest and owners' equity	8,488,656	8,611,359

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 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

Consolidated statement of changes in owners' equity for the year ended 31 December 2017 (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 2017 (Audited)	757,690	(27,802)	148,662	38,418	50,727	25,711	2,648	(47,378)	218,788	(521,261)	427,415
Net loss for the year	-	-	-	-	-	-	-	-	-	(84,711)	(84,711)
Employee share incentive scheme	-	(2,347)	423	-	-	-	-	-	423	-	(1,924)
Movement in fair value of sukuk and investment securities	-	-	-	-	-	5,061	-	-	5,061	-	5,061
Movement in fair value of investment in real estate	-	-	-	-	-	-	938	-	938	-	938
Movement in fair value of associates	-	-	-	-	-	8,009	-	-	8,009	-	8,009
Foreign currency translation adjustments	-	-	-	-	-	(8)	(136)	686	542	-	542
At 31 December 2017 (Audited)	757,690	(30,149)	149,085	38,418	50,727	38,773	3,450	(46,692)	233,761	(605,972)	355,330

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 2018, which were approved for issue by the Board of Directors on 13 February 2019 and audited by PricewaterhouseCoopers ME Limited, Kingdom of Bahrain, who expressed an unqualified opinion.

HRH Prince Amr Mohamed Al Faisal
Chairman

Dr. Amani Khaled Bouresli
Director

Ahmed Abdul Rahim
CEO

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

	Year ended	
	31 December 2018 (Audited)	31 December 2017 (Audited)
INCOME		
Income from unrestricted investment accounts	180,236	164,961
Less: return to unrestricted investment accounts and impairment provisions	(108,645)	(88,100)
Group's share of income from unrestricted investment accounts as a Mudarib	71,591	76,861
Group's share of income from restricted investment accounts as a Mudarib	-	68
Income from murabaha and other financings	161,098	141,549
Share of profit after tax from associates	42,772	22,995
Income from other investments	99,307	123,139
Other income	63,782	30,470
Total income	438,550	395,082
Less: profit paid to banks, financial and other institutions	(178,730)	(164,521)
Operating income	259,820	230,561
EXPENSES		
Administrative and general expenses	(183,018)	(180,850)
Depreciation and amortization	(33,387)	(27,651)
Total expenses	(216,405)	(208,501)
Net income before provision for impairment and overseas taxation	43,415	22,060
Gain arising on acquisition of a business (net)	50,912	-
Provision for impairment - net	(55,338)	(67,588)
Net income/(loss) before overseas taxation	38,989	(45,528)
Overseas taxation	(28,932)	(26,873)
NET PROFIT/(LOSS) FOR THE YEAR	10,057	(72,401)
Attributable to:		
Equity holders of Ithmaar	(23,981)	(84,711)
Minority interests	34,038	12,310
	10,057	(72,401)
Basic and diluted earnings per share	US CTS (0.82)	US CTS (2.91)

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

	Year ended	
	31 December 2018 (Audited)	31 December 2017 (Audited)
OPERATING ACTIVITIES		
Net income/(loss) before overseas taxation	38,989	(45,528)
Adjustments for:		
Depreciation and amortization	33,387	27,651
Share of profit after tax from associates	(42,772)	(22,995)
Gain arising on acquisition of a business (net)	(50,912)	-
Provision for impairment - net	55,338	67,588
Income from other investments	(99,307)	(123,139)
(Gain)/ loss on sale of fixed assets	249	(545)
Operating income before changes in operating assets and liabilities	(65,028)	(96,968)
(Increase)/decrease in balances with banks maturing after ninety days and including with central banks relating to minimum reserve requirement	16,092	(9,255)
Changes in operating assets and liabilities:		
Murabaha and other financings	(191,856)	(1,200)
Musharaka financing	(235,097)	(159,370)
Other assets	(25,687)	(62,703)
Customers' current accounts	(56,523)	166,353
Due to banks, financial and other institutions	536,526	31,121
Due to investors	216,160	113,940
Other liabilities	46,516	91,210
(Decrease)/Increase in equity of unrestricted investment accountholders	(130,340)	77,951
Taxes paid	(20,110)	(22,731)
Net cash provided by operating activities	90,653	128,348
INVESTING ACTIVITIES		
Net (increase)/decrease:		
Investment in mudaraba	-	8,665
Assets acquired for leasing	(63,005)	(91,869)
Sukuk and investment securities	(126,808)	6,771
Investment in real estate	4,492	-
Dividend received from associates	44,080	28,730
Purchase of fixed assets	(8,284)	(11,398)
Net cash used in investing activities	(149,525)	(59,101)
FINANCING ACTIVITIES		
Minority interest	(796)	(1,326)
Net cash used in financing activities	(796)	(1,326)
Foreign currency translation adjustments	(91,399)	7,515
Net increase/(decrease) in cash and cash equivalents	(151,067)	75,436
Cash and cash equivalents at the beginning of the year	792,218	716,782
Cash and cash equivalents at the end of the year	641,151	792,218