

# ABG reports H1 2020 net income of US\$47 million

- **H1 provisions increased by 345pc to reach US\$ 127 million**
- **Total operating income increased by 25pc during the first half of 2020 to US\$ 553 m**
- **Total assets decreased 1pc to reach US\$ 26.13 billion**

TDI | Manama

Al Baraka Banking Group BSC (ABG), announced achieving a net income attributable to equity holders of the parent of US\$ 47 million in the first half of 2020 compared to US\$ 56 m for the same period of 2019 with a decline of 16pc.

While the total Group's net income recorded during the first half of 2020 was US\$ 90 m compared to US\$ 95 m for the same period of 2019 with a 5pc decline. The basic and diluted earnings per share for the first half of 2020 was US Cents 2.54 compared to US Cents 3.27 for the same period of 2019.

This decrease came as a result of the Group's allocating of a significant increase in precautionary provisions to offset the expected damages resulting from the negative economic impact of the COVID-19 pandemic on the businesses of the Group and its unites. These provisions increased by 345pc to reach US\$ 127 m during the first half of 2020 compared to with US\$ 28 m in the first half of 2019.

The Group's total operating income increased by 25pc during the first half of 2020 to US\$ 553 m, compared to US\$ 442 m during the first half of 2019. As a positive result of the Group's ability to control expenses, net operating income increased by 62pc to US\$ 275 m during the first half of the year 2020 compared to US\$ 170 m for the same period last year.

With regards to the statement of financial positions' items, the equity attributable to the parent's shareholders and Sukuk holders amounted to US\$ 1.38 billion by end of June 2020 compared to US\$ 1.47 bn by the end of December 2019, reflecting a decline of 6pc due to foreign currency translation reserve, payment of cash dividends and payment of Tier 1 profits during the year. Total equity reached to US\$ 2.16 bn by end of June 2020 compared to US\$ 2.32 bn by end of December 2019, showing a decrease of 7pc, due to the same reason.

Total assets of the Group showed a decrease of 1pc by end of June 2020 to reach US\$ 26.13 bn compared to US\$ 26.26 bn by the end of December 2019. The Group focus during the first half of 2020 on maintaining a large portion of these assets in the form of liquid assets in order to face any emergency requirements of the units because of the COVID-19 pandemic.

Operating assets (financing and investments) amounted to US\$ 20.43 bn as at the end of June 2020, compared to US\$ 19.75 bn at the end of December 2019, increasing by 3pc. Customer accounts including due to banks and financial institu-

During the second half of the year, we will continue to maintain our balance and capabilities in dealing with the ongoing repercussions of the Corona pandemic by continuing to reinforce and develop the initiatives and strategies that we launched since the beginning of the year, hoping that we will conclude the year with good results that are consistent with our expectations and aspirations

ADNAN AHMED YOUSIF, MEMBER OF THE BOARD OF DIRECTORS AND PRESIDENT & CHIEF EXECUTIVE OF AL BARAKA BANKING GROUP

tions as at the end of June 2020 reached US\$ 22.23 bn, a decrease of 1pc compared to US\$ 22.46 bn level at the end of December 2019, and represents 85pc of total assets, which indicates the continued customer confidence and loyalty in the Group and the growing customer base.

Commenting on the performance and results of the Group during the first half of the year 2020, the Chairman of the Board of Directors of Al

Baraka Banking Group, Abdullah Saleh Kamel, said, "Because of our commitment to present the model of true participatory banking through our units deployed in 17 countries, we have been able, thanks to God, to face the widespread repercussions of the Corona pandemic that has swept the world since the beginning of this year, and has resulted in severe human, social and economic damage. We have worked closely and together with our customers, individuals, companies and governments in these countries to alleviate these repercussions by taking a number of precautionary operational and financial initiatives, which, thanks to God, resulted in the good results achieved during the first half of this year."

Adnan Ahmed Yousif, member of the Board of Directors and President & Chief Executive of Al Baraka Banking Group, said: "We witnessed during the first half of this year unprecedented challenges that the world has not witnessed for a long time, which was represented by the outbreak of the COVID-19 pandemic in all countries of the world, resulted in wide damages and negative results across the various sectors, professions, institutions and societies, including banks and financial institutions."

"Environmental protection aspects also had a large part of our efforts during the first half of the year, especially those related to fighting the Corona virus, and directing our operations and funding towards supporting environmental projects and green banking in the societies in which we operate."

# CBB T-Bills oversubscribed

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This week's BD 70 million issue of Government Treasury Bills has been oversubscribed by 161 per cent.

The bills, carrying a maturity of 91 days, are issued by the CBB, on behalf of the Government of the Kingdom of Bahrain.

The issue date of the bills is 12 August 2020 and the maturity date is 11 November 2020. The weighted average rate of interest is 2.25pc compared to 2.24pc for the previous issue on 5 August 2020.

The approximate average



price for the issue was 99.435pc with the lowest accepted price being 99.423pc.

This is issue No. 1821 (ISIN BH00G305683) of Government Treasury Bills. With this, the total outstanding value of Government Treasury Bills is BD 2.110 billion.

# McDonald's sues ousted CEO

Reuters

McDonald's Corp said yesterday it sued former Chief Executive Steve Easterbrook to recoup tens of millions of dollars in severance and benefits, claiming he covered up and lied about sexual relationships with at least three employees.

The lawsuit came nine months after McDonald's ousted Easterbrook without cause, after determining he had engaged in a non-physical, consensual relationship with an employee that violated the fast food chain's policy.

McDonald's said it reopened the matter last month after receiving an anonymous tip, and discovered Easterbrook engaged in the sexual relationships with employees in the year before his departure.

Lawyers for Easterbrook did not immediately respond to requests for comment. When he left McDonald's, Easterbrook called his consensual affair



McDonald's CEO Steve Easterbrook

with an employee a "mistake," and that it was "time for me to move on."

Easterbrook's severance package was worth \$41.8 million when he left the Chicago-based company, executive pay firm Equilar has estimated.

But McDonald's said Easterbrook no longer deserved that payout because of his "silence and lies," and that had its board known the full picture it would have fired him "for cause."



## INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 JUNE 2020 (REVIEWED)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS	Six-month period ended 30 June	
	2020	2019
For the period ended 30 June 2020 (Reviewed)	BD	BD
<b>OPERATING ACTIVITIES</b>		
Profit of the Group for the period	1,553,864	1,394,797
Adjustments for:		
Investment income - net	(558,795)	(583,510)
Depreciation of property, plant and equipment	505,473	472,629
Depreciation of right-of-use assets	220,089	189,658
Finance costs on lease liabilities	78,828	86,845
Finance costs on lease liabilities	62,376	68,190
Provision for employees' end of service benefits	116,407	114,297
Share of results of an associate	25,733	(8,665)
Provision for slow moving and obsolete inventories	23,172	38,754
Allowance for expected credit losses	71,732	22,885
Loss (gain) on disposals of property, plant and equipment	270	(4,889)
Operating profit before changes in working capital	2,099,149	1,790,991
Working capital changes:		
Inventories	(391,932)	(676,287)
Trade and other receivables	(590,127)	(545,332)
Trade and other payables	(319,128)	45,945
Contract and refund liabilities	127,975	73,134
Cash generated from operations	925,937	688,451
Finance costs paid	(65,517)	(78,605)
Directors' remuneration paid	(116,076)	(148,001)
Employees' end of service benefits paid	(42,716)	(101,492)
Net cash flows from operating activities	701,628	360,333
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(364,089)	(1,185,400)
Proceeds from disposals of property, plant and equipment	905	22,887
Proceeds from disposals of non-trading investments	16,421	233,133
Purchase of non-trading investments	(342,400)	(242,332)
Dividends and interest received	558,795	583,510
Short-term deposits with original maturities of more than three months	(1,078,788)	(250,000)
Net cash flows used in investing activities	(1,209,156)	(838,202)
<b>FINANCING ACTIVITIES</b>		
Dividends paid	(989,776)	(1,169,427)
Net movements in import loans	941,520	1,415,254
Net movements in term loans	176,171	(1,776)
Payment of principal portion of lease liabilities	(199,417)	(161,538)
Finance costs paid on lease liabilities	(62,376)	(68,190)
Net movement in retentions payable	(36,794)	47,075
Purchase of treasury shares	(777,999)	(777,999)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(170,672)	(716,601)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(678,200)	(1,194,450)
Net foreign exchange translation differences	(22,421)	(320)
Cash and cash equivalents at 1 January	1,317,279	1,801,109
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE (a)</b>	<b>616,658</b>	<b>606,339</b>
(a) Cash and cash equivalents comprise of following amounts: Cash, bank balances and short-term deposits	2,053,124	2,219,427
Less: Bank overdrafts	(357,678)	(1,363,088)
Less: Short-term deposits with original maturities of more than three months	(1,078,788)	(250,000)
	616,658	606,339

Non-cash item: Unclaimed dividends of BD 126,590 (2019: BD 198,302) pertaining to prior periods have been excluded from the movement of trade and other payables.

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME	Six-month period ended 30 June	
	2020	2019
For the period ended 30 June 2020 (Reviewed)	BD	BD
Revenue from contracts with customers	19,118,994	19,321,808
Costs of revenue	(15,060,410)	(15,223,474)
<b>GROSS PROFIT</b>	<b>4,058,584</b>	<b>4,098,334</b>
Other operating income	106,898	72,922
Personnel costs	(1,969,712)	(1,871,284)
General and administration expenses	(577,768)	(631,172)
Selling and distribution expenses	(503,920)	(387,343)
Depreciation on property, plant and equipment	(206,601)	(137,698)
Depreciation on right-of-use assets	(175,844)	(183,968)
<b>PROFIT FROM OPERATIONS</b>	<b>731,637</b>	<b>959,881</b>
Investment income	558,795	583,510
Other income	422,813	-
Share of results of an associate	(25,733)	8,665
Finance costs	(78,828)	(86,845)
Finance costs on lease liabilities	(62,376)	(68,190)
Foreign exchange gain (loss), net	7,556	(2,224)
<b>PROFIT OF THE GROUP FOR THE PERIOD</b>	<b>1,553,864</b>	<b>1,394,797</b>
Of which attributable to non-controlling interests	(457,427)	(336,585)
<b>PROFIT FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS OF TRAFCO</b>	<b>1,096,437</b>	<b>1,058,212</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE (FILS)</b>	<b>15</b>	<b>14</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		
Items not to be reclassified to profit or loss in subsequent periods:		
- Gain on disposals of non-trading investments	23,656	108,406
- Net changes in fair value of non-trading investments	(720,509)	911,778
- Share of associate's other comprehensive (loss)	(31,031)	(15,225)
	(727,884)	1,004,959
Items to be reclassified to profit or loss in subsequent periods:		
- Foreign exchange differences on translation of foreign operations	(22,421)	(320)
<b>Other comprehensive (loss) income for the period</b>	<b>(750,305)</b>	<b>1,004,639</b>
<b>TOTAL COMPREHENSIVE INCOME OF THE GROUP FOR THE PERIOD</b>	<b>803,559</b>	<b>2,399,436</b>
Of which attributable to non-controlling interests	(427,162)	(348,460)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS OF TRAFCO</b>	<b>376,397</b>	<b>2,050,976</b>

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Attributable to shareholders of Traftco													
	Share capital	Treasury shares	Share premium	Statutory reserve	General reserve	Fair value reserve	Foreign currency reserve	Reserves		Total reserves	Total Traftco's shareholders	Non-controlling interests	Total equity	
								Retained earnings - non distributable	Retained earnings - distributable					
For the period ended 30 June 2020 (Reviewed)	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	
<b>2020</b>														
Balance at 1 January 2020	8,067,505	(1,644,095)	3,386,502	3,923,300	1,415,000	6,353,401	(36,610)	427,232	3,086,316	1,166,366	16,335,005	26,144,917	3,621,327	
Profit for the period	-	-	-	-	-	1,096,437	-	1,096,437	1,096,437	-	1,058,212	1,058,212	457,427	
Other comprehensive (loss) income for the period	-	-	-	-	-	(708,605)	(11,435)	-	-	-	(720,040)	(720,040)	(30,265)	
<b>Total comprehensive (loss) income for the period</b>	-	-	-	-	-	387,832	(12,470)	1,096,437	1,096,437	-	378,172	378,172	427,162	
Transfer to general reserve	-	-	-	-	50,000	-	-	-	-	-	(50,000)	(50,000)	-	
Gain on disposals of non-trading investments	-	-	-	-	-	(23,656)	-	23,656	23,656	-	-	-	-	
<b>Balance at 30 June 2020</b>	<b>8,067,505</b>	<b>(1,644,095)</b>	<b>3,386,502</b>	<b>3,923,300</b>	<b>1,465,000</b>	<b>5,621,140</b>	<b>(48,045)</b>	<b>427,232</b>	<b>4,206,409</b>	<b>-</b>	<b>15,595,036</b>	<b>25,404,948</b>	<b>4,048,489</b>	
<b>2019</b>														
Balance at 1 January 2019	8,067,505	(866,096)	3,386,502	3,786,542	1,365,000	5,266,927	(34,527)	353,474	2,881,774	1,434,829	15,054,019	25,641,930	3,106,227	
Profit for the period	-	-	-	-	-	992,927	(163)	-	1,058,212	-	1,058,212	1,058,212	336,585	
Other comprehensive (loss) income for the period	-	-	-	-	-	(708,605)	(11,435)	-	-	-	(720,040)	(720,040)	(30,265)	
<b>Total comprehensive (loss) income for the period</b>	-	-	-	-	-	284,219	(178)	-	1,058,212	-	2,050,976	2,050,976	346,315	
Transfer to general reserve	-	-	-	-	50,000	-	-	-	-	-	(50,000)	(50,000)	-	
Gain on disposals of non-trading investments	-	-	-	-	-	(23,656)	-	23,656	23,656	-	-	-	-	
<b>Balance at 30 June 2019</b>	<b>8,067,505</b>	<b>(866,096)</b>	<b>3,386,502</b>	<b>3,786,542</b>	<b>1,415,000</b>	<b>6,151,448</b>	<b>(34,699)</b>	<b>353,474</b>	<b>4,065,492</b>	<b>-</b>	<b>15,737,266</b>	<b>25,547,178</b>	<b>3,454,687</b>	

The above Interim Condensed Consolidated Financial Statements were reviewed by Ernst & Young and approved by the Board of Directors on 10<sup>th</sup> August 2020.

Ebrahim Mohamed Ali Zainal  
Chairman

Yusuf Saleh Abdulla Alsaleh  
Vice Chairman

Seethapathy Sridhar  
Group CEO

Ernst & Young  
Auditor