

# business

## GFH posts fourth quarter, FY19 results

Announces 2019 net profit attributed to shareholders of US\$ 80.1 million

● **Records Q4 profit of US\$6.5 m**

● **Recommends 5.57pc dividends**

● **Revenue increases by 17.3pc**

● **Higher provisions impact overall performance**

TDI | Manama

GFH Financial Group (GFH) yesterday posted a fourth-quarter net profit attributable to shareholders of US\$6.5 million, a decrease of 38.7 per cent from US\$10.6 m in the last quarter of 2018.

GFH attributed the decrease to higher provisions from the Group's commercial banking subsidiary.

Earnings per share were US cents 0.19 compared to US cents 0.30 in the last quarter of 2018.

Q4 income rose slightly to US\$81.66 m from US\$80.87 m in the same quarter a year ago.

### Full-year results

Net profit attributable to

shareholders for the year was US\$80.1 m compared with US\$114.1 m for the prior year, a decrease of 29.8pc

The decline, GFH said, resulted primarily from higher provisions in the commercial banking subsidiary of the Group.

Earnings per share were US cents 2.37 compared with US cents 3.22 in the corresponding prior year.

Total equity attributable to shareholders was US\$1.0 billion at 31 December 2019 compared to US\$1.06 bn at 31 December 2018, a decrease of 5.7pc due to additional acquisition of an infrastructure project and treasury share buyback programmes.

Total assets of the Group were US\$5.9 bn at 31 December 2019 compared with US\$5.0 bn at the previous year-end, an increase of 18.2pc. Total Assets plus fund under management increased from US\$ 8.5bn in 2018 to US\$ 10.0 bn in 2019.

Revenue for the year was US\$335.69 m versus US\$286.17 m for 2018 an increase of 17.3pc. GFH said this reflects continued growth and progress in the Group's core investment banking business, increased contributions from real estate activities and strong performance in the Group's growing treasury

“During the year, we were pleased to launch our Britus Education platform through which we will continue to grow our position as a leading regional and international investor in this promising defensive sector in addition to other sectors where we have been active during the year and see continued opportunities. Furthermore, during 2020, we will begin our operations in the Saudi Arabian market where we have established a presence and are poised to accelerate the growth of our investments and activities



HISHAM ALRAYES, CEO OF GFH

“While results were impacted by higher provisions in our commercial banking operations, we were pleased to announce another dividend as well as good overall performance and profits reflecting the continued successful implementation of our strategy, further diversification of our business lines and sound financial position. During the fourth quarter, we approached the debt capital markets in a landmark transaction for the Group



JASSIM ALSEDDIQUI, CHAIRMAN OF GFH

business.

### Dividend

The board recommended a cash dividend of 5.57 pc (US\$50 m) for 2019 to share-

holders, subject to approval by the General Assembly and regulators.

Looking ahead Hisham AlRayes, CEO of GFH said GFH is excited about its next phase of

growth and have “entered the year in a strong operating and financial position and with the full confidence of the market following the successful placement of our 5-year sukuk.”

## OPEC chops global oil demand growth forecast

Paris

The OPEC oil cartel yesterday lowered its forecast for growth in global oil demand this year by nearly a fifth due to the impact of the coronavirus outbreak in China.

In its monthly report on the world's oil market, OPEC said it now expects growth in global oil demand of 0.99 million barrels per day (mbd) this year, down from the 1.22 mbd forecast last month.

“The outbreak of the coronavirus in China during the first half of 2020 is the major factor behind this downward revision,” OPEC said.

The impact on demand for transportation fuels was exacerbated by the outbreak coinciding with the Lunar New Year holidays, when many Chinese return home to celebrate with family.

OPEC said it had also revised lower its forecast for China's economic growth this year by 0.5 percentage points to 5.4 per cent.

“The impact of the coronavirus outbreak on China's economy has added to the uncertainties surrounding global economic growth in 2020, and by extension global oil demand growth in 2020,” it said.

Statement of financial position as at 31 December 2019		
	31 December 2019 Reviewed	31 December 2018 Audited
<b>ASSETS</b>		
Non-current assets		
Property, plant and equipment	3,093,332	2,630,176
Investment in an associate Company	1,573,155	1,635,076
Right-of-use assets	578,724	-
Financial assets at fair value through other comprehensive income	3,172,944	2,971,304
Financial assets at fair value through profit or loss	689,871	668,095
Investments at amortised cost	500,000	750,000
	<b>9,608,026</b>	<b>8,654,651</b>
Current assets		
Inventories	3,002,137	2,886,343
Trade and other receivables	2,043,887	2,414,299
Cash and bank balances	501,223	331,779
	<b>5,547,247</b>	<b>5,632,421</b>
<b>TOTAL ASSETS</b>	<b>15,155,273</b>	<b>14,287,072</b>
<b>EQUITY AND LIABILITIES</b>		
Shareholders' equity		
Share capital	3,120,928	3,120,928
Statutory reserve	1,560,464	1,560,464
General reserve	3,993,000	3,993,000
Development and raw material reserve	1,000,000	1,000,000
Investment fair value reserve	2,139,170	1,865,423
Retained earnings	1,507,754	1,454,210
Treasury shares	(122,388)	(118,093)
<b>Total shareholders' equity</b>	<b>13,198,918</b>	<b>12,875,932</b>
Non-current liabilities		
Non-current Portion of lease liability	561,757	-
Non-current portion of deferred income	207,504	53,560
Employees' terminal benefits	30,496	23,685
	<b>799,757</b>	<b>77,245</b>
Current liabilities		
Current portion of lease liability	38,814	-
Trade and other payables	1,103,978	1,045,835
Bank overdraft	-	281,325
Current portion of deferred income	13,806	6,935
	<b>1,156,598</b>	<b>1,333,895</b>
<b>Total liabilities</b>	<b>1,956,355</b>	<b>1,411,140</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>15,155,273</b>	<b>14,287,072</b>

  

Statement of profit or loss for the year ended 31 December 2019		
	Year ended 31 December 2019 Audited	Year ended 31 December 2018 Audited
Sales	15,348,364	15,883,902
Cost of sales	(15,032,684)	(14,944,121)
<b>Gross profit for the year</b>	<b>315,680</b>	<b>939,781</b>
Other income	64,947	63,892
Other operating expenses	(690,282)	(725,386)
<b>(loss)/Profit from operations</b>	<b>(309,655)</b>	<b>278,287</b>
Investment income	221,618	255,040
Unrealised fair value gains on financial assets at fair value through profit or loss	21,776	30,275
Share of loss in an associate Company	(52,555)	(168,414)
Finance costs	(23,613)	(3,811)
<b>Net (loss)/profit for the year</b>	<b>(142,429)</b>	<b>391,377</b>
<b>Basic and diluted (loss)/ earning per share</b>	<b>Fils (5)</b>	<b>Fils 13</b>

  

Statement of comprehensive income for the year ended 31 December 2019		
	Year ended 31 December 2019 Audited	Year ended 31 December 2018 Audited
<b>Net (loss)/profit for the year</b>	<b>(142,429)</b>	<b>391,377</b>
<b>Other comprehensive income</b>		
Items that will not be reclassified to profit or loss:		
Valuation gains on financial assets at fair value through other comprehensive income	632,151	76,144
Items that will or may be reclassified into profit or loss:		
Company's share in an associate Company's net change in investments' fair value	(9,366)	862
<b>Other comprehensive income for the year</b>	<b>622,785</b>	<b>77,006</b>
<b>Total comprehensive income for the year</b>	<b>480,356</b>	<b>468,383</b>

  

Statement of cash flows for the year ended 31 December 2019		
	Year ended 31 December 2019 Audited	Year ended 31 December 2018 Audited
<b>Operating activities</b>		
Net (Loss)/profit for the year	(142,429)	391,377
Adjustments for:		
Depreciation	431,450	386,464
Amortisation of right-of-use asset	26,760	0
Finance costs	23,613	3,811
Loss on sale of property, plant and equipment	-	24
Unrealised fair value gains on financial assets at fair value through profit or loss	(21,776)	(30,275)
Share of loss in an associate Company	52,555	168,414
Interest income	(63,079)	(86,411)
Dividends income	(158,539)	(168,629)
Changes in operating assets and liabilities:		
Inventories	(115,794)	(1,002,665)
Trade and other receivables	370,832	(846,291)
Trade and other payables	82,993	(16,174)
Employees' terminal benefits, net	6,811	323
Net cash provided by/(used in) operating activities	493,397	(1,200,032)
<b>Investing activities</b>		
Purchase of property, plant and equipment	(894,606)	(442,228)
Proceed from matured investments at amortised cost	250,000	500,000
Proceeds from disposal of financial assets at fair value through other comprehensive income	430,508	286,104
Proceeds from sale of property, plant and equipment	-	40
Interest income received	63,079	86,411
Dividends income received	158,539	168,629
Net cash provided by investing activities	7,520	598,956
<b>Financing activities</b>		
Purchase of treasury shares	(4,305)	-
Principal paid on lease liability	(4,910)	-
Net movement in deferred income	160,815	60,495
Net movement in short-term borrowing	-	70,580
Finance cost	(23,613)	(3,811)
Dividends paid	(178,135)	(163,201)
Net cash used in financing activities	(50,148)	(177,097)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>450,769</b>	<b>(778,173)</b>
Cash and cash equivalents, beginning of the year	50,454	828,627
Cash and cash equivalents, end of the year	<b>501,223</b>	<b>50,454</b>
Comprising: Cash and Bank balances	501,223	331,779
Bank overdraft	-	(281,325)
	<b>501,223</b>	<b>50,454</b>

  

Statement of changes in shareholders' equity for the year ended 31 December 2019							
	Share capital	Statutory reserve	General reserve	Development and raw material reserve	Investment fair value reserve	Retained earnings	Treasury shares
As at 31 December 2017	3,120,928	1,560,464	3,993,000	1,000,000	1,784,847	1,315,749	(118,093)
Effect of adoption of IFRS 9	-	-	-	-	(3,292)	(92,988)	-
Adjusted balance at 1 January 2018	3,120,928	1,560,464	3,993,000	1,000,000	1,781,555	1,222,761	(118,093)
Total comprehensive income for the year	-	-	-	-	77,006	391,377	-
Movement in investment fair value reserve on disposal of financial assets at fair value through other comprehensive income	-	-	-	-	6,862	(6,862)	-
Dividend distributed for 2017	-	-	-	-	-	-	(153,066)
At 31 December 2018	3,120,928	1,560,464	3,993,000	1,000,000	1,865,423	1,454,210	(118,093)
Total comprehensive income for the year	-	-	-	-	-	622,785	(142,429)
Treasury shares Purchase	-	-	-	-	-	-	(4,305)
Movement in investment fair value reserve on disposal of financial assets at fair value through other comprehensive income	-	-	-	-	(349,038)	349,038	-
Dividend distributed for 2018	-	-	-	-	-	(153,065)	(153,065)
At 31 December 2019	<b>3,120,928</b>	<b>1,560,464</b>	<b>3,993,000</b>	<b>1,000,000</b>	<b>2,139,170</b>	<b>1,507,754</b>	<b>(122,398)</b>

\* These financial statements were approved and authorised for issue by the Board of Directors on 12 February 2020. Full set of Financial Statements can be seen on Company website: www.dawajen.bh

Financial Statements Audited by BDO  
 Abdulrahman Mohamed Jamsheer Chairman  
 Abdullhussain Khalil Dewani Vice Chairman  
 Abdulhadi Mirza Jaffar General Manager