

GFH profit rises 18.6pc

- Profits included sukuk acquisition relating to Villamar
- Revenues grew 13.2pc to US\$184.62m
- Third quarter profit increased 23.3pc

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GFH Financial Group yesterday reported an 18.6 per cent increase in nine-month net profit helped by continued growth and stronger contributions from its core investment banking business and other related investment income.

Net profit attributable to shareholders was US\$103.44 million for the first nine months of the year ended 30 September 2018 representing an 18.6pc increase from US\$87.23m in the first nine months of 2017. Consolidated net profit rose 15pc to US\$104.66m from US\$91.04m in the same period a year ago.

Earnings per share was US cents 2.91 compared to US cents 3.55 in the prior-year period.

Consolidated revenues grew 13.2pc to US\$184.62m from US\$163.16m in the first nine



Results were once again supported by growth in the Group's investment banking business and income generated from transactions undertaken during the quarter. Principally, this included profits achieved on a US\$200 million Sukuk acquisition relating to Villamar, our iconic Bahrain-based project and other investment income generated during the period.

HISHAM ALRAYES, CEO OF GFH



Significant improvements for the first nine months of the year can be attributed to growing contributions from the Group's investment banking activities, which forms the core of our business and focus as we go forward

JASSIM ALSEDDIQUI
CHAIRMAN OF GFH FINANCIAL GROUP

\$103.44

million was the GFH's Net profit attributable to shareholders for the first nine months of the year ended 30 September 2018

Earnings per share for the quarter was US cents 0.87 compared to US cents 1.04 during the comparable period in 2017.

Consolidated revenues for the third quarter was US\$64.42m compared to US\$52.18m in the third quarter of 2017, an increase of 23.5pc.

Profit before impairment allowance increased by 26.7pc to US\$33.98m from US\$26.81m in the comparable-year period.

Total operating expenses for the quarter were US\$30.44m versus US\$25.37m in the third quarter of 2017, an increase of 20pc.

Looking ahead, Hisham Alrayes said the company remains fully focused on achieving growth across our diversified portfolio of assets, where we are working to add value to existing investments while identifying other opportunities for steady income generation and yields.

months of 2017, primarily from revenues generated from its investment banking business.

GFH's profit before impairment allowance increased 23.8pc to US\$110.58m versus US\$89.32m in the prior-year pe-

riod. Total operating expenses were US\$74.04m, an increase of 0.3pc from US\$73.84m in the prior-year period.

For the third quarter, net profit attributable to shareholders

increased 23.3pc to US\$30.94m from US\$25.09m for the comparable period in 2017. Consolidated net profit was US\$31.26m, compared to US\$25.52m in the prior-year period, an increase of 22.5pc.

Beijing wants S. China Sea code finished in 3 years

London, United Kingdom

A rulebook to settle disputes in the hotly contested South China Sea should be finished in three years, Chinese Premier Li Keqiang said on Tuesday, in-

sisting his nation does not seek "hegemony or expansion".

Li's comments appeared to be the first clear timeframe for finishing the code of conduct. Talks have dragged on for years, with China accused of delay-

ing progress as it prefers to deal with less powerful countries on a one-to-one basis.

Ownership of islands and waters in the South China Sea is disputed by several nations.

Speaking in Singapore ahead

of the opening of an ASEAN summit, Li said: "It is China's hope that the (code of conduct) consultation will be finished in three years' time so that it will contribute to enduring peace and stability in the South China

Sea." "We are not and we will not seek hegemony or expansion. That is something that we will never do," he added.

"What we hope is to have a harmonious relationship with our neighbours."

UAE inks deal with Italy's Eni to boost gas output

Abu Dhabi, United Arab Emirates

State-owned Emirati energy giant ADNOC signed a concession deal with Italy's Eni yesterday for the production of natural gas from an offshore mega project, a statement said.

Under the 40-year contract, Eni was granted a 25-per cent stake in the multi-billion dollar project in the Hail, Ghasha and Dalma fields, ADNOC said in a statement. The project aims at producing some 1.5 billion cubic feet per day of ultra-sour natural gas by the middle of next decade, the statement said.

Sour-gas is gas that contains significant amounts of hydrogen sulphide and carbon dioxide. Most of UAE reserves are sour-gas.

ADNOC will retain 60pc of the project and is looking for another foreign partner to acquire the remaining 15pc stake. The new contract comes amid a push by the United Arab Emirates to achieve self-sufficiency in gas production and become a net exporter.

At present, the Gulf state imports a part of its gas requirements from Qatar through a pipeline.

Last week, UAE's supreme petroleum council approved investments worth \$132 billion over the next five years to boost oil and gas production.

On Monday, ADNOC signed a cooperation deal with Saudi energy giant Aramco aimed at bolstering gas production.

On Sunday, it granted French major Total an exploration and production concession agreement for unconventional natural gas.

BANK ALKHAIR B.S.C. (c)				BANK ALKHAIR								
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION				INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS				INTERIM CONSOLIDATED STATEMENT OF INCOME				
As at 30 September 2018 (Reviewed)				for the nine months period ended 30 September 2018 (reviewed)				for the nine months period ended 30 September 2018 (reviewed)				
(Amounts in US\$ thousands)		(Amounts in US\$ thousands)		(Amounts in US\$ thousands)		(Amounts in US\$ thousands)		(Amounts in US\$ thousands)		(Amounts in US\$ thousands)		
30-Sep 2018	31-Dec 2017	30-Sep 2018	30-Sep 2017	30-Sep 2018	30-Sep 2017	30-Sep 2018	30-Sep 2017	30-Sep 2018	30-Sep 2017	30-Sep 2018	30-Sep 2017	
(Reviewed)	(Audited)	(Reviewed)	(Audited)	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	
ASSETS												
Cash and balances with banks	5,020	8,172						Income from non-banking operations	7,356	7,549	22,513	22,477
Placements with financial institutions	28,213	6,588						Fees and commission	4,927	4,391	11,643	12,796
Financing receivables	3,317	9,956						Net income/(loss) from investments	1,402	195	6,096	(1,854)
Investments	51,427	70,644						Rental income	606	606	1,817	1,817
Investment in associates	125,773	125,035						Finance income	87	281	426	899
Investment in real estate	226,537	224,873						Share of profit / (loss) from associates, net	920	661	1,477	(286)
Other assets	23,880	26,483						Other income	222	229	549	487
Equipment	8,608	9,491						Foreign exchange (loss) / gain	(19)	96	(316)	254
								Total income	16,091	14,008	45,207	36,592
TOTAL ASSETS	478,775	482,242						Expenses of non-banking operations	5,333	5,072	15,918	14,720
								Staff cost	3,849	3,444	11,311	10,354
LIABILITIES AND OWNERS' EQUITY												
LIABILITIES												
Due to financial institutions	54,748	71,342						Finance cost	3,264	2,954	9,319	8,527
Due to customers	188,306	167,372						Legal and professional expenses	418	205	2,976	1,218
Other liabilities	47,212	53,570						Depreciation	434	390	1,318	1,337
TOTAL LIABILITIES	290,266	292,284						Premises cost	284	229	831	706
OWNERS' EQUITY												
Share capital	207,962	207,962						Business development expenses	205	100	469	341
Statutory reserve	664	664						Other operating expense	722	1,115	2,764	3,098
Fair value reserve	244	487						Total expenses	14,609	13,509	44,906	40,301
Foreign currency translation reserve	(2,811)	(5,179)						Income/(loss) for the period before impairment provision	1,482	499	351	(3,709)
Accumulated losses	(124,922)	(115,687)						Impairment (charge) / reversal	-	-	(957)	-
Equity attributable to the shareholders of the Bank	81,137	88,247						Income/(loss) for the period from continuing operations	1,482	499	(606)	(2,715)
Non-controlling interests	107,372	101,711						Discontinued operations				
TOTAL OWNERS' EQUITY	188,509	189,958						Profit/(loss) from discontinued operations	284	(9)	263	(81)
TOTAL LIABILITIES AND OWNERS' EQUITY	478,775	482,242						Net loss on sale of Subsidiary	(3,190)	-	(3,190)	-
								(Loss) income for the period	(1,414)	490	(3,563)	(2,796)
								Attributable to:				
								Shareholders of the Bank	(3,570)	(1,543)	(9,235)	(8,836)
								Non-controlling interests	2,156	2,033	5,672	6,040
								Total	(1,414)	490	(3,563)	(2,796)
								The condensed consolidated interim financial statements were reviewed by Ernst & Young and authorised for issue by the Board of Directors on the 13th November 2018.				
								Yousef Abdullah Al-Shelash Chairman		Majed Abdulrahman Al Qasem Vice Chairman		
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY												
for the nine months period ended 30 September 2018 (reviewed)												
(Amounts in US\$ thousands)												
Equity attributable to the shareholders of the Bank												
	Share capital	Statutory reserve	Investments fair value reserve	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity	"Auditors' Report Emphasis of matter Paragraph:			
As at 1 January 2018	207,962	664	487	(5,179)	(115,687)	88,247	101,711	189,958	Without qualifying our conclusion, we draw attention to note 2 to the interim condensed consolidated financial statements which discusses certain matters relating to the Group's liquidity position and regulatory capital adequacy requirements, implications of these matters for the basis of preparation of the interim condensed consolidated financial statements and management's action plans to deal with these matters. Our opinion is not modified in respect of this matters.			
(Loss)/income for the period	-	-	-	-	(9,235)	(9,235)	5,672	(3,563)	Note 2 Basis of preparation as referenced in Auditors' Report Emphasis of matter Paragraph:			
Foreign currency translation differences	-	-	-	(243)	-	(243)	-	(243)	Going concern:			
Share of changes in reserves of investment in associates	-	-	(243)	(559)	-	(802)	-	(802)	As at 30 September 2018, the current contractual liabilities of the Group exceeded its liquid assets. As a result, the ability of the Group to meet its obligations when due, depends on its ability to roll over short term liabilities and timely disposal of assets. Further, the Bank's capital adequacy ratio and equity as of 30 September 2018 was below the minimum regulatory capital requirements. These factors indicate the existence of material uncertainties, which may cast doubt about the Group's ability to continue as a going concern. To address these, the management has taken a number of initiatives including discussions with creditors who have shown willingness in the past to roll over short term placements, putting together a robust assets sales plan and particularly the ongoing support from major shareholders who have also in the past provided support where it was needed. The management is also working on the conversion of the Bank into a holding company as approved by the shareholders. The Board of Directors has reviewed these initiatives and is satisfied with the appropriateness of the going concern assumption for preparation of the interim condensed consolidated financial statements. Moreover, the accumulated deficit of the Group exceeded 50% of its paid-up capital as at the reporting date. The Bahrain Commercial Companies Law requires that, where the accumulated losses of the Group exceed its share capital by more than 50%, the shareholders should resolve to continue with the operations of the Group.			
Adjustment on sale of subsidiary	-	-	-	-	-	(3,170)	(11)	(3,159)	For further information, please visit the Bank's website at www.bankalkhair.com			
As at 30 September 2018	207,962	664	244	(2,811)	(124,922)	81,137	107,372	188,509	Licensed as wholesale Islamic bank by the CBB.			
As at 1 January 2017	207,962	664	151	(6,469)	(98,478)	103,830	94,246	198,076				
(Loss)/income for the period	-	-	-	-	(8,836)	(8,836)	6,040	(2,796)				
Foreign currency translation differences	-	-	-	43	-	43	-	43				
Share of changes in reserves of investment in associates	-	-	387	1,196	-	1,583	-	1,583				
As at 30 September 2017	207,962	664	538	(5,230)	(107,314)	96,620	100,286	196,906				