

ITHMAAR HOLDING B.S.C.

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
30 JUNE 2024

ITHMAAR HOLDING B.S.C.
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

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Independent auditors' report on review of condensed consolidated interim financial information

To the Board of Directors of
Ithmaar Holding B.S.C.
Kingdom of Bahrain

Introduction

We have reviewed the accompanying 30 June 2024 condensed consolidated interim financial information of Ithmaar Holding B.S.C. (the "Company") and its subsidiaries (together the "Group"), which comprises:

- the condensed consolidated statement of financial position as at 30 June 2024;
- the condensed consolidated statement of income for the three-month and six-month periods ended 30 June 2024;
- the condensed consolidated statement of total comprehensive income for the three-month and six-month periods ended 30 June 2024;
- the condensed consolidated statement of income and attribution related to quasi-equity for the three-month and six-month periods ended 30 June 2024;
- the condensed consolidated statement of changes in owners' equity for the six-month period ended 30 June 2024;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2024;
- the condensed consolidated statement of changes in off-balance sheet assets under management for the six-month period ended 30 June 2024; *and*
- notes to the condensed consolidated interim financial information.

The Board of Directors of the Company is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with FAS 41, "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Auditing standards for Islamic Financial Institutions and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2024 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with FAS 41, "Interim Financial Reporting".



Independent auditors' report (Continued)
Ithmaar Holding B.S.C.

Emphasis of Matter – Basis of going concern

We draw attention to Notes 1.1 and 16 to the condensed consolidated interim financial information, which describes significant judgments and assumptions relevant to the Board of Directors assessment of the appropriateness of the going concern assumption for preparation of the condensed consolidated interim financial information. During the current period, the Board of Directors have agreed to an overall framework of terms from a prospective third-party buyer regarding sale of certain assets and liabilities of the Group's corporate banking business and investment assets. Our conclusion is not modified in respect of this matter.

A handwritten signature in blue ink that reads 'KPMG' with a horizontal line underneath it.

13 August 2024

Ithmaar Holding B.S.C.

**Condensed consolidated statement of financial position
as at 30 June 2024**

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

	Note	At 30 June 2024 (Reviewed)	At 31 December 2023 (Audited)
ASSETS			
Cash and balances with banks and central banks		68,991	367,962
Commodity placements with banks, financial and other institutions		54,571	12,977
Financing assets	3	381,258	2,606,574
Investment securities	4	103,837	2,323,480
Investment in associates	5	18,216	94,659
Other assets	6	3,823	93,835
Investment in real estate		42,523	243,638
Development properties		-	174,662
Property and equipment		155	169,236
Intangible assets		1,627	17,551
		675,001	6,104,574
Assets classified as held for sale	16	5,698,908	-
Total assets		6,373,909	6,104,574
LIABILITIES			
Customers' current accounts		197,202	1,724,829
Due to banks, financial and other institutions		525,357	1,189,988
Due to investors		-	8,652
Other liabilities		62,918	299,468
		785,477	3,222,937
Liabilities directly associated with assets classified as held for sale	16	2,631,311	-
Total liabilities		3,416,788	3,222,937
QUASI EQUITY			
- Quasi equity		31,347	2,719,498
- Quasi equity directly associated with assets classified as held for sale	8, 16	2,770,550	-
Total quasi equity		2,801,897	2,719,498
OWNERS' EQUITY			
Share capital	9	757,690	757,690
Treasury shares	9	(30,149)	(30,149)
Reserves	10	111,296	114,857
Accumulated losses		(834,665)	(838,063)
Total owners' equity		4,172	4,335
Non-controlling interest		(1,807)	157,804
Non-controlling interest classified as held for sale	16	152,859	-
Total equity		155,224	162,139
Total liabilities, quasi equity and equity		6,373,909	6,104,574

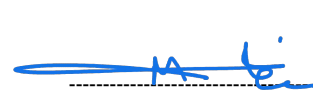
This condensed consolidated interim financial information was approved by the Board of Directors on 13 August 2024 and signed on its behalf by:



HRH Prince Amr Mohammed Al-Faisal
Chairman



Elham Hassan
Director



Maysan Al Maskati
CEO


The accompanying notes 1 to 16 form an integral part of the condensed consolidated interim financial information.


Ithmaar Holding B.S.C.


**Condensed consolidated statement of income
for the six months period ended 30 June 2024**

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

Note	Six months ended		Three months ended	
	30 June 2024 (Reviewed)	30 June 2023 (Reviewed)	30 June 2024 (Reviewed)	30 June 2023 (Reviewed)
NET RESULTS FROM CONTINUING OPERATIONS				
Income from financing contracts	3,295	3,685	1,991	2,242
(Loss) / Income from investments	(2,022)	(5,134)	380	(5,223)
Other income / (loss)	3,429	(10,014)	1,206	2,299
Total income	4,702	(11,463)	3,577	(682)
Finance expense on placements from financial and non-financial institutions	(4,722)	(2,436)	(3,078)	(1,961)
Net income	(20)	(13,899)	499	(2,643)
Operating expenses	(3,875)	(4,072)	(696)	(994)
Allowances for impairment and expected credit losses, net	(4,679)	5,663	(4,679)	(231)
Loss from continuing operations	(8,574)	(12,308)	(4,876)	(3,868)
NET RESULTS FROM DISCONTINUED OPERATIONS				
Income from financing contracts	202,528	158,023	101,636	87,700
Income from investments	252,045	155,139	125,860	81,997
Other income - net	25,073	19,188	11,462	9,309
Finance expense on placements from financial and non-financial institutions	(5,927)	(3,207)	(1,754)	(1,197)
Net income from jointly financed assets	473,719	329,143	237,204	177,809
Share of profit/(loss) from equity accounted investees	255	805	(84)	(419)
Total income	473,974	329,948	237,120	177,390
Operating expenses	(85,014)	(74,296)	(43,921)	(40,871)
Depreciation and amortization	(8,728)	(7,662)	(4,687)	(3,672)
Total expenses	(93,742)	(81,958)	(48,608)	(44,543)
Net operating income before impairment allowances and attribution to quasi equity	380,232	247,990	188,512	132,847
Allowances for impairment and expected credit losses, net	(16,966)	(8,207)	(14,988)	(895)
Profit for the period before attribution to quasi equity	363,266	239,783	173,524	131,952
Less: Net income attributable to quasi-equity	(297,984)	(198,588)	(148,633)	(110,948)
Profit before overseas taxation	65,282	41,195	24,891	21,004
Tax expense	(38,220)	(24,530)	(17,447)	(14,827)
NET RESULTS FROM DISCONTINUED OPERATIONS	27,062	16,665	7,444	6,177
PROFIT / (LOSS) FOR THE PERIOD	18,488	4,357	2,568	2,309
Attributable to:				
Equity holders of Ithmaar	3,398	(6,509)	(3,447)	(3,503)
Non-controlling interest	15,090	10,866	6,015	5,812
	18,488	4,357	2,568	2,309
Basic and diluted earnings/ (losses) per share	12 US Cts 0.12	US Cts (0.22)	US Cts (0.12)	US Cts (0.12)
Basic and diluted losses per share - continuing operations	12 US Cts (0.29)	US Cts (0.42)	US Cts (0.17)	US Cts (0.13)
Basic and diluted earnings / (losses) per share - discontinued operations	12 US Cts 0.41	US Cts 0.20	US Cts 0.05	US Cts 0.01


HRH Prince Amr Mohammed Al-Faisal
Chairman


Elham Hassan
Director


Maysan Al Maskati
CEO

The accompanying notes 1 to 16 form an integral part of the condensed consolidated interim financial information.

Ithmaar Holding B.S.C.

**Condensed consolidated statement of total comprehensive income
for the six months period ended 30 June 2024**

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

	<u>Six months ended</u>		<u>Three months ended</u>	
	<u>30 June 2024</u>	30 June 2023	<u>30 June 2024</u>	30 June 2023
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
Profit / (loss) for the period	18,488	4,357	2,568	2,309
Other comprehensive income				
Items that will not be classified to statement of income				
Fair value changes on land and building	(867)	(3,224)	285	(2,991)
Attributable to quasi-equity	852	297	85	142
Items that may subsequently be classified to income statement				
Exchange difference arising on translation of foreign operations	(12)	(66,569)	2,622	(4,606)
Fair value changes on investments in real estate	451	7,811	926	8,042
Fair value changes on investment in associates	(55)	(1,006)	167	206
Recycling of translation reserve on disposal of assets	-	5,744	-	5,744
Fair value changes on investments carried at fair value through OCI	(5,151)	527	(6,021)	1,765
Attributable to quasi-equity	1,136	43,990	4,441	(603)
Total other comprehensive income for the year	<u>(3,646)</u>	<u>(12,430)</u>	<u>2,505</u>	<u>7,699</u>
Total comprehensive income	<u>14,842</u>	<u>(8,073)</u>	<u>5,073</u>	<u>10,008</u>
Attributable to:				
Equity holders of Ithmaar	(163)	(21)	(720)	3,453
Non-controlling interest	15,005	(8,052)	5,793	6,555
	<u>14,842</u>	<u>(8,073)</u>	<u>5,073</u>	<u>10,008</u>

The accompanying notes 1 to 16 form an integral part of the condensed consolidated interim financial information.

Ithmaar Holding B.S.C.

**Condensed consolidated statement of income and attribution related to quasi-equity
for the six months period ended 30 June 2024**

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

	<u>Six months ended</u>		<u>Three months ended</u>	
	<u>30 June 2024</u>	30 June 2023	<u>30 June 2024</u>	30 June 2023
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
Net operating income before impairment allowances and attribution to quasi equity	646,529	447,070	319,390	220,712
Adjusted for:				
Less: income not attributable to quasi-equity	(280,547)	(164,313)	(138,528)	(93,605)
Add: expenses not attributable to quasi-equity	97,617	86,030	49,304	45,537
Less: institution's share of income for its own/ share of investments	2,022	5,134	(380)	5,223
Less: allowance for impairment allowances attributable to quasi-equity	(16,966)	(8,207)	(14,988)	(895)
Total income available for quasi-equity holders	448,655	365,714	214,798	176,972
Fair value reserve – net movement	-	-	-	-
Profit equalization reserve – net movement	-	-	-	-
Total income attributable to quasi-equity holders (adjusted for reserves)	448,655	365,714	214,798	176,972
Less: Mudarib's share	(148,683)	(122,839)	(61,639)	(66,485)
Profit distributable to quasi-equity	299,972	242,875	153,159	110,487
Other comprehensive income – attributable to quasi-equity - before recycling to statement of income				
Items that will not be classified to income statement	(852)	(297)	(85)	(142)
Items that may subsequently be classified to income statement	(1,136)	(43,990)	(4,441)	603
Add/ (less): net effect of items recycled to income statement	-	-	-	-
Other comprehensive income – attributable to quasi-equity - net of recycling to income statement	297,984	198,588	148,633	110,948
Less: other comprehensive income not subject to immediate distribution	-	-	-	-
Other comprehensive income subject to immediate distribution	-	-	-	-
Total profit attributable to quasi-equity	297,984	198,588	148,633	110,948

The accompanying notes 1 to 16 form an integral part of the condensed consolidated interim financial information.

Ithmaar Holding B.S.C.

**Condensed consolidated statement of changes in owners' equity
for the six months period ended 30 June 2024**

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

	Share capital	Treasury shares	Reserves	Accumulated losses	Total owners' equity	Non- controlling interests	Total equity
At 1 January 2024	757,690	(30,149)	114,857	(838,063)	4,335	157,804	162,139
Profit for the period	-	-	-	3,398	3,398	15,090	18,488
Other comprehensive income for the period	-	-	(3,561)	-	(3,561)	(85)	(3,646)
Total comprehensive income for the period	-	-	(3,561)	3,398	(163)	15,005	14,842
Movement from dividend distribution by subsidiaries	-	-	-	-	-	(3,588)	(3,588)
Decrease in shareholding of subsidiary	-	-	-	-	-	(18,169)	(18,169)
At 30 June 2024 (Reviewed)	757,690	(30,149)	111,296	(834,665)	4,172	151,052	155,224

	Share capital	Treasury shares	Reserves	Accumulated losses	Total owners' equity	Non- controlling interest	Total equity
At 1 January 2023	757,690	(30,149)	105,780	(828,752)	4,569	131,481	136,050
Profit / (loss) for the period	-	-	-	(6,509)	(6,509)	10,866	4,357
Other comprehensive income for the period	-	-	6,488	-	6,488	(18,918)	(12,430)
Total comprehensive income for the period	-	-	6,488	(6,509)	(21)	(8,052)	(8,073)
Movement from dividend distribution by subsidiaries	-	-	-	-	-	(1,971)	(1,971)
At 30 June 2023 (Reviewed)	757,690	(30,149)	112,268	(835,261)	4,548	121,458	126,006

The accompanying notes 1 to 16 form an integral part of the condensed consolidated interim financial information.

Ithmaar Holding B.S.C.
Condensed consolidated statement of cash flows
for the six months period ended 30 June 2024
(Expressed in thousands of United States Dollars unless otherwise stated)

	Six months ended	
	30 June 2024	30 June 2023
	(Reviewed)	(Reviewed)
OPERATING ACTIVITIES		
Net Profit / (loss) before taxation from:		
Continuing operations	(6,192)	(11,725)
Discontinued operations	65,282	41,195
Adjustments for:		
Depreciation and amortization	8,728	9,197
Share of results after tax from associates	1,685	-
Provision for impairment - net	21,645	2,544
Income from investments	(251,964)	(150,810)
Finance cost on net ijarah liability	3,005	2,375
Loss on sale of property and equipment	(69)	(38)
Operating loss before changes in operating assets and liabilities	(157,880)	(107,262)
Net changes in operating assets and liabilities:		
Balances with banks maturing after 90 days including central banks balances relating to minimum reserve requirement	3,805	(21,769)
Financing assets	(21,648)	(255,445)
Other assets	9,372	(119,869)
Customers' current accounts	60,872	195,842
Due to banks, financial and other institutions	128,978	152,842
Due to investors	(8,725)	(18,564)
Other liabilities	(6,415)	115,223
Quasi equity	57,312	238,109
Taxes paid	(50,601)	(32,382)
Net cash generated from operating activities	15,070	146,725
INVESTING ACTIVITIES		
Net changes in:		
Assets acquired for leasing	222	-
Investment securities	117,568	26,352
Property and equipment	(21,133)	(16,778)
Net cash generated from investing activities	96,657	9,574
FINANCING ACTIVITY		
Repayment of net ijarah liability	(5,541)	(4,906)
Net cash used in financing activity	(5,541)	(4,906)
Foreign currency translation adjustments	1,107	(14,770)
Net increase in cash and cash equivalents	107,293	136,623
Cash and cash equivalents at the beginning of the period	334,639	341,761
Cash and cash equivalents at the end of the period	441,932	478,384
Details of cash and cash equivalents:		
Cash and balances with banks and central banks	68,991	411,649
Commodity and other placements with banks, financial and other institutions	54,571	116,306
Add: Assets classified as held for sale	361,206	-
Less: Placements with original maturing after 90 days and balances with central banks relating to minimum reserve requirement	(42,836)	(49,571)
Cash and cash equivalents at the end of the period	441,932	478,384

The accompanying notes 1 to 16 form an integral part of the condensed consolidated interim financial information.

Ithmaar Holding B.S.C.

**Condensed consolidated statement of changes in off-balance-sheet assets under management
for the six months period ended 30 June 2024**

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

	Shamil Bosphorus Modaraba*	European Real Estate Placements*	US Real Estate Placements*	Total
Balance at 1 January 2024	6,250	10,783	25,236	42,269
Additions	-	-	-	-
Foreign exchange movements	-	(562)	-	(562)
Recoveries/ disposals/ maturities	-	-	-	-
Net increase/ (decrease)	-	(562)	-	(562)
Net income	-	-	-	-
Mudarib's share	-	-	-	-
Fixed agency fee	-	-	-	-
Variable agency fee	-	-	-	-
Total Group's management share	-	-	-	-
Distributions/ withdrawals	-	-	(20,528)	(20,528)
Balance at 30 June 2024	6,250	10,221	4,708	21,179

	Shamil Bosphorus Modaraba*	European Real Estate Placements*	US Real Estate Placements*	Total
Balance at 1 January 2023	6,250	10,457	25,236	41,943
Additions	-	-	-	-
Foreign exchange movements	-	(46)	-	(46)
Recoveries/ disposals/ maturities	-	-	-	-
Net increase/ (decrease)	-	(46)	-	(46)
Net income	-	-	-	-
Mudarib's share	-	-	-	-
Fixed agency fee	-	-	-	-
Variable agency fee	-	-	-	-
Total Group's management share	-	-	-	-
Distributions/ withdrawals	-	-	-	-
Balance at 30 June 2023	6,250	10,411	25,236	41,897

* Income/(loss) will be recognised and distributed at the time of disposal of the underlying investments.

The accompanying notes 1 to 16 form an integral part of the condensed consolidated interim financial information.

Ithmaar Holding B.S.C.

Notes to the condensed consolidated interim financial information for the six months period ended 30 June 2024

1 REPORTING ENTITY

Ithmaar Holding B.S.C. ("Ithmaar" or the "Company") was incorporated in the Kingdom of Bahrain under the Commercial Companies Law and registered with Ministry of Industry and Commerce (MOIC) under Commercial Registration number 15210-20 on 26 October 2016. Formerly, Ithmaar was incorporated as an investment bank on 13 August 1984 and regulated by the Central Bank of Bahrain ("CBB"). Post restructuring over the years, Ithmaar is now licensed by the CBB under Volume 4, Category 1 investment firm.

Dar Al-Maal Al-Islami Trust ("DMIT"), a Trust incorporated in the commonwealth of Bahamas is the ultimate parent company of Ithmaar.

The principal activities of Ithmaar and its subsidiaries (collectively the "Group") include a wide range of financial services, including retail, commercial, investment banking, private banking, fund management and real estate development.

Ithmaar's activities are regulated by the CBB and are subject to the supervision of Shari'a Supervisory Board.

Ithmaar's ordinary shares are listed on the Bahrain Bourse and Dubai Financial Market.

The Group's activities also include acting as a Mudarib (manager, on a trustee basis), of funds deposited for investment in accordance with Islamic laws and principles particularly with regard to the prohibition of receiving or paying interest. These funds are included in the condensed consolidated interim financial information as quasi equity and off-balance-sheet assets under management. In respect of quasi equity, the investment accountholders authorise the Group to commingle and invest the accountholders' funds in a manner which the Group deems appropriate without laying down any restrictions as to where, how and for what purpose the funds should be invested. In respect of off-balance-sheet assets under management, the investment accountholders impose certain restrictions as to where, how and for what purpose the funds are to be invested. Further, the Group may be restricted from commingling its own funds with the funds of off-balance-sheet assets under management.

The Group carries out its business activities through Ithmaar's its head office in Bahrain and its following principal subsidiaries:

	% owned		Country of Incorporation	Principal business activities
	30 June 2024	31 December 2023		
<u>Direct subsidiaries</u>				
Ithmaar Bank B.S.C. (c) (the "Bank")	100	100	Kingdom of Bahrain	Banking
IB Capital B.S.C. (c) (IBC)	100	100	Kingdom of Bahrain	Asset management
Faisal Private Bureau (Switzerland) S.A.	100	100	Switzerland	Wealth and asset management
Shamil Financial (Luxembourg) S.A.	100	100	Luxembourg	Investment holding
<u>Principal indirect subsidiaries</u>				
Faysal Bank Limited (FBL) (Note 1) *	67	67	Pakistan	Banking
Ithmaar Development Company Limited*	100	100	Cayman Islands	Real estate
Health Island W.L.L.*	50	50	Kingdom of Bahrain	Real estate
Dilmunia Development Fund I L.P.*	92	92	Cayman Islands	Real estate
City View Real Estate Development Co. B.S.C. (c)	51	51	Kingdom of Bahrain	Real estate

*These investments are disclosed as held for sale as at 30 June 2024.

Note 1: The Group owns 67% stake in FBL, through a direct legal ownership of 57% and 10% of indirect ownership of DMIT, held for the beneficial interest of the Bank.

Islamic Investment Company of the Gulf (Bahamas) Limited (IICG), a company incorporated in the Commonwealth of Bahamas and owned 100% by DMIT, is an affiliate of Ithmaar.

- 1.1 As of 30 June 2024, the total consolidated owners' equity of the Group stood at \$4.2 million and its accumulated losses are in excess of its paid-up capital.

During Q1 2024, the Board of Ithmaar Holding and GFH Financial Group B.S.C. (GFH) have agreed to an overall framework of terms regarding sale of certain assets and liabilities of Ithmaar's corporate banking business in Bahrain and investment assets (the Transaction). The Transaction is subject to the signing of definitive agreements and required regulatory approvals. Refer note 16 for details.

The Group's management has also assessed liquidity and equity projections of the remaining entity post implementation of the Transaction for the next twelve months from reporting date of these condensed consolidated interim financial information. Management's assessment includes the following significant assumptions:

- No change in status of sanctioned liabilities and accordingly no repayments;
- Reduction in operating expenses resulting from a leaner entity post Transaction;
- Proceeds from sale of core and non-core assets as per Asset Sale plan;
- Recoveries from non-performing financings;
- Share of profits from real estate and other investments in the remaining entity;
- Stressing the expected behavioral outflows of the liabilities and expected behavioral inflows from assets; and
- Putting in place the necessary liquidity lines in the form of medium term interbank liquidity support facilities.

The Board of Directors has reviewed the above assumptions and events, along with mitigating factors and concluded that there are no material uncertainties related to these events and conditions that may cast significant doubt on the Group's ability to continue as a going concern. Accordingly, the Board of Directors believed that the Group will be able to continue its business without any significant curtailment of operations and will be able to meet its obligations for the next twelve months from the date of reporting of these condensed consolidated interim financial information. Accordingly, this condensed consolidated interim financial information has been prepared on a going concern basis.

Ithmaar Holding B.S.C.
Notes to the condensed consolidated interim financial information
for the six months period ended 30 June 2024

2 BASIS OF PREPARATION AND PRESENTATION

The condensed consolidated interim financial information of the Group has been prepared in accordance with Financial Accounting Standard FAS 41, Interim Financial Reporting ("FAS 41") issued by the Accounting and Auditing Organisation of Islamic Financial Institutions ("AAOIFI").

The condensed consolidated interim financial information of the Group does not contain all information and disclosures required for the annual consolidated financial statements and should be read in conjunction with the Group's audited annual consolidated financial statements for the year ended 31 December 2023. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2023. Further, results for the interim periods are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

The consolidated financial statements are presented in United States Dollars (\$), being the presentation currency of the Group. All values are rounded to nearest thousand [\$ '000] unless otherwise indicated. The functional currency of the Group is United States Dollars and that of one subsidiary is Pakistani Rupees. Items included in the financial statements of each entity are measured using respective functional currency.

Comparatives

The condensed consolidated interim financial information is reviewed, not audited. The comparatives for the condensed consolidated statement of financial position have been extracted from the audited consolidated financial statements for the year ended 31 December 2023 and comparatives for the condensed consolidated income statement, changes in owners' equity, cash flows and changes in off-balance-sheet assets under management have been extracted from the reviewed condensed consolidated interim financial information for the six months period ended 30 June 2023.

The comparative period balances in the condensed consolidated statement of income has been reclassified to include those operations that have been classified as discontinued in the current period presentation (refer note 16).

2.1 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation applied by the Group in the preparation of the condensed consolidated interim financial information are the same as those used in preparation of the Group's last audited consolidated financial statements as at and for the year ended 31 December 2023, except for those changes arising from adoption of the following standards and amendments to the standards effective from 1 January 2024.

A. Relevant new standards, amendments, and interpretations issued and effective for annual periods beginning on or after 1 January 2024

(i) FAS 1 General Presentation and Disclosures in the Financial Statements

AAOIFI has issued the revised FAS 1 General Presentation and Disclosures in the Financial Statements in 2021. This standard describes and improves the overall presentation and disclosure requirements prescribed in line with the global best practices and supersedes the earlier FAS 1. It is applicable to all the Islamic Financial Institutions and other institutions following AAOIFI FAS's. This standard is effective for the financial reporting periods beginning on or after 1 January 2024 with an option to early adopt.

The revision of FAS 1 is in line with the modifications made to the AAOIFI conceptual framework for financial reporting. Following are significant changes relevant to the Group:

- a) Definition of Quasi equity is introduced;
- b) Concept of comprehensive income has been introduced;
- c) Disclosure of Zakah and Charity have been relocated to the notes to the financial statements;

During the period, the Group has adopted FAS 1 revised. As a result of this adoption following changes were made to the primary statements of the Group. Below is a summary of the new primary statements:

Primary statements introduced

Statement of other comprehensive income
Statement of income and attribution related to quasi-equity
Statement of changes in off-balance-sheet assets under management

Primary statements discontinued

Statement of sources and uses of good faith qard fund
Statement of sources and uses of zakah and charity fund

As a result of the adoption certain of the prior year figures have been represented and regrouped to be consistent with the current year presentation. Such grouping did not affect previously reported net profit, total assets, total liabilities and total equity of the Group. The Group elected to present statement of income and a statement of other comprehensive income, presented as two separate statements.

2 BASIS OF PREPARATION AND PRESENTATION (continued)

2.1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) FAS 45: Quasi-Equity (Including Investment Accounts)

AAOIFI has issued Financial Accounting Standard (FAS) 45 "Quasi-Equity (Including Investment Accounts)" during 2023. The objective of this standard is to establish the principles for identifying, measuring, and presenting "quasi-equity" instruments in the financial statements of Islamic Financial Institutions "IFIs".

The standard prescribes the principles of financial reporting to participatory investment instruments (including investment accounts) in which an IFI controls underlying assets (mostly, as working partner), on behalf of the stakeholders other than owner's equity. This standard provides the overall criteria for on-balance sheet accounting for participatory investment instruments and quasi-equity, as well as, pooling, recognition, derecognition, measurement, presentation and disclosure for quasi-equity.

This standard shall be effective for the financial reporting periods beginning on or after 1 January 2026 with an option to early adopt.

The Group does not expect any significant impact on the adoption of this standard.

(iii) FAS 46: Off-Balance-Sheet Assets Under Management

AAOIFI has issued Financial Accounting Standard ("FAS") 46 "Off-Balance-Sheet Assets Under Management" during 2023. The objective of this standard is to establish principles and rules for recognition, measurement, disclosure, and derecognition of off-balance-sheet assets under management, based on Shari'a and international best practices. The standard aims to improve transparency, comparability, accountability, and governance of financial reporting related to off-balance-sheet assets under management.

This standard is applicable to all IFIs with fiduciary responsibilities over asset(s) without control, except for the following:

The participants' Takaful fund and / or participants' investment fund of a Takaful institution; and
An investment fund managed by an institution, being a separate legal entity, which is subject to financial reporting in line with the requirements of the respective AAOIFI FAS.

The Group does not expect any significant impact on the adoption of this standard.

(iv) FAS 47: Transfer of Assets Between Investment Pools

AAOIFI has issued Financial Accounting Standard ("FAS") 47 "Transfer of Assets Between Investment Pools" during 2023. The objective of this standard is to establish guidance on the accounting treatment and disclosures for transfers of assets between investment pools that are managed by the same institution or its related parties. The standard applies to transfers of assets that are not part of a business combination, a disposal of a business, or a restructuring of an institution.

The standard defines an investment pool as a group of assets that are managed together to achieve a common investment objective, such as a fund, a portfolio, or a trust. The standard also defines a transfer of assets as a transaction or event that results in a change in the legal ownership or economic substance of the assets, such as a sale, a contribution, a distribution, or a reclassification.

The transfer of assets between investment pools should be accounted for based on the substance of the transaction and the terms and conditions of the transfer agreement. The standard classifies transfers of assets into three categories: transfers at fair value, transfers at carrying amount, and transfers at other than fair value or carrying amount. The standard also specifies the disclosure requirements for transfers of assets between investment pools.

This standard shall be effective for the financial periods beginning on or after 1 January 2026 with an option to early adopt.

The Group does not expect any significant impact on the adoption of this standard.

2.2 ESTIMATES AND JUDGEMENTS

Preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates. The areas of significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were similar to those applied to the audited consolidated financial statements as at and for the year ended 31 December 2023.

Ithmaar Holding B.S.C.**Notes to the condensed consolidated interim financial information
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(Expressed in thousands of United States Dollars unless otherwise stated)

3 FINANCING ASSETS

	30 June 2024	31 December 2023
Murabaha and tawarruq financings	493,669	1,502,738
Musharaka financing	-	1,131,764
Istisna financings	-	185,484
Ijarah financing	585	1,568
	<u>494,254</u>	<u>2,821,554</u>
Less: Allowance for impairment	(112,996)	(214,980)
	<u>381,258</u>	<u>2,606,574</u>

The movement in allowance for impairment is as follows:

	30 June 2024	31 December 2023
At 1 January	214,980	312,731
Classified as held for sale	(91,434)	-
Charge for the period	43,078	33,559
Write back during the period	(23,283)	(19,056)
Utilised during the period	(31,087)	(92,972)
Exchange differences	742	(19,282)
	<u>112,996</u>	<u>214,980</u>

Ithmaar Holding B.S.C.**Notes to the condensed consolidated interim financial information
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4 INVESTMENT SECURITIES

	30 June 2024	31 December 2023
	Total	Total
Investment securities at fair value through income statement		
Debt-type instruments – unlisted	-	16,601
Equity-type securities – listed	-	5,132
	-	21,733
Investment securities at fair value through equity		
Debt-type instruments – listed	-	147,199
Debt-type instruments – unlisted	-	1,977,609
Equity-type securities – listed	-	19,921
Equity-type securities – unlisted	105,580	180,441
	105,580	2,325,170
Less: Allowance for impairment	(98,574)	(144,501)
	7,006	2,180,669
Investment securities carried at amortised cost		
Debt-type instruments – listed	96,831	96,371
Debt-type instruments – unlisted	-	29,721
	96,831	126,092
Less: Allowance for impairment	-	(5,014)
	96,831	121,078
	103,837	2,323,480

Ithmaar Holding B.S.C.**Notes to the condensed consolidated interim financial information
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4 INVESTMENT SECURITIES (continued)

A hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical investments.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the investments, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 – Inputs for the investments that are not based on observable market data (unobservable inputs).

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

Investment securities measured at fair value

	Level 1	Level 2	Level 3	Total
30 June 2024				
Investment securities at fair value through income statement				
Debt-type instruments	-	-	-	-
Equity-type securities	-	-	-	-
Investment securities at fair value through equity				
Debt-type instruments	-	-	-	-
Equity-type securities	-	-	7,006	7,006
	-	-	7,006	7,006
Investment securities carried at amortised cost				
Debt-type instruments	90,117	-	-	90,117
31 December 2023				
Investment securities at fair value through income statement				
Debt-type instruments	16,601	-	-	16,601
Equity-type securities	5,132	-	-	5,132
Investment securities at fair value through equity				
Debt-type instruments	-	2,122,411	-	2,122,411
Equity-type securities	15,514	383	42,361	58,258
	37,247	2,122,794	42,361	2,202,402
Investment securities carried at amortised cost				
Debt-type instruments	89,266	24,748	-	114,014

Ithmaar Holding B.S.C.**Notes to the condensed consolidated interim financial information
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(Expressed in thousands of United States Dollars unless otherwise stated)

5 INVESTMENT IN ASSOCIATES

Investment in associated entities, as adjusted for the Group's share of their results comprise:

Name of entity	30 June 2024	% of Share- holding	31 December 2023	% of Share- holding	Country	Activity
Unlisted:						
Citic International Assets Management Limited	18,216	20	20,072	20	Hong Kong	Asset management
Naseej B.S.C. (c)	-	-	68,231	31	Bahrain	Infrastructure
Faysal Stock Fund	-	-	24	11	Pakistan	Mutual funds
Faysal Islamic Stock Fund	-	-	446	29	Pakistan	Mutual funds
Faysal Halal Amdani Fund	-	-	5,468	4	Pakistan	Mutual funds
Faysal Islamic Financial Growth Fund FISP-1	-	-	401	29	Pakistan	Mutual funds
Faysal Islamic Sovereign Fund FISIP-1	-	-	11	0	Pakistan	Mutual funds
Faysal Islamic Financial Growth Fund - FIFGP-I	-	-	6	5	Pakistan	Mutual funds
	18,216		94,659			

6 OTHER ASSETS

	30 June 2024	31 December 2023
Accounts receivable	53,925	154,681
Due from related parties (note 11)	48	146
Taxes – current	353	702
Non-current assets held for sale	3,680	4,528
	58,006	160,057
Less: Allowance for impairment	(54,183)	(66,222)
	3,823	93,835

Ithmaar Holding B.S.C.**Notes to the condensed consolidated interim financial information
for the six months period ended 30 June 2024**

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

7 IMPAIRMENT ALLOWANCE**Loss allowance**

The following table sets out information about the credit quality of financings and receivables. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

30 June 2024

	Stage 1	Stage 2	Stage 3	Total
Commodity and other placements with banks, financial and other institutions				
Gross exposure	54,636	-	-	54,636
Less: Allowance for impairment	(65)	-	-	(65)
Net exposure	54,571	-	-	54,571
Financing assets				
Gross exposure	-	374,048	120,206	494,254
Less: Allowance for impairment	-	(64,915)	(48,081)	(112,996)
Net exposure	-	309,133	72,125	381,258
Other assets				
Gross exposure	3,823	-	54,183	58,006
Less: Allowance for impairment	-	-	(54,183)	(54,183)
Net exposure	3,823	-	-	3,823
Total gross exposure	58,459	374,048	174,389	606,896
Less: Total allowance for impairment	(65)	(64,915)	(102,264)	(167,244)
Total Net exposure	58,394	309,133	72,125	439,652

31 December 2023

	Stage 1	Stage 2	Stage 3	Total
Commodity placements with banks, financial and other institutions				
Gross exposure	13,089	-	-	13,089
Less: Allowance for impairment	(112)	-	-	(112)
Net exposure	12,977	-	-	12,977
Financing assets				
Gross exposure	1,874,036	685,859	261,659	2,821,554
Less: Allowance for impairment	(10,158)	(91,902)	(112,920)	(214,980)
Net exposure	1,863,878	593,957	148,739	2,606,574
Other assets				
Gross exposure	35,857	68,036	56,164	160,057
Less: Allowance for impairment	(9,860)	(198)	(56,164)	(66,222)
Net exposure	25,997	67,838	-	93,835
Total gross exposure	1,922,982	753,895	317,823	2,994,700
Less: Total allowance for impairment	(20,130)	(92,100)	(169,084)	(281,314)
Total Net exposure	1,902,852	661,795	148,739	2,713,386

Ithmaar Holding B.S.C.**Notes to the condensed consolidated interim financial information****for the six months period ended 30 June 2024****(Expressed in thousands of United States Dollars unless otherwise stated)****7 IMPAIRMENT ALLOWANCE (continued)**

	<u>30 June 2024</u>	<u>31 December 2023</u>
At 1 January	593,166	713,834
Charge for the period	55,398	48,862
Write back during the period	(33,753)	(32,068)
Utilised during the period	(31,087)	(115,785)
Exchange differences	1,186	(21,677)
	<u>584,910</u>	<u>593,166</u>

*Provision charge for the period includes an amount of \$30.7 million resulting from modification loss from restructuring of a sovereign exposure of a subsidiary.

8 QUASI EQUITY CLASSIFIED AS HELD FOR SALE

Quasi equity classified as held for sale comprise:

	<u>30 June 2024</u>	<u>31 December 2023</u>
Modaraba accounts - corporates	1,574,619	-
Modaraba accounts - financial institutions	545,549	-
Modaraba accounts - individuals	679,324	-
Wakala from financial institutions	-	-
Fair value & foreign exchange translation movement from investments attributable to quasi equity (i)	(28,942)	-
	<u>2,770,550</u>	<u>-</u>

The Group utilizes the above funds to invest in the following assets:

	<u>30 June 2024</u>	<u>31 December 2023</u>
Cash and balances with banks and central banks	348,222	-
Commodity placements with banks, financial and other institutions	238	-
Financing assets	2,188,195	-
Other assets	-	-
Investments in equity (i)	233,895	-
	<u>2,770,550</u>	<u>-</u>

(i) Effective 1 January 2023, the unrestricted Modaraba pool of the parent includes an allocation to its investment in subsidiaries as they form part of the income generating pool of assets that support the Modaraba investment accounts. In line with the requirements of Financial Accounting Standards, at the time of preparation of the condensed consolidated interim financial information, foreign exchange translation & fair value reserves arising from consolidation of a foreign subsidiary is attributed to the equity of the investment accountholders. While this attribution is at a consolidated level, the quasi equity pool considers the net asset value of the investment in subsidiary for the purpose of allocation of assets to Modaraba pools. Any subsequent changes in the value of the net investments is recognised respectively in income statement and equity of the investment accountholders.

Ithmaar Holding B.S.C.

Notes to the condensed consolidated interim financial information

for the six months period ended 30 June 2024

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

8 QUASI EQUITY CLASSIFIED AS HELD FOR SALE (continued)

The movement in reserves attributable to quasi equity as follows:

	30 June 2024				
	Investments fair value reserve	Fixed assets fair value reserve	Investment in real estate fair value reserve	Foreign currency translation reserve	Total
At 1 January 2024	13,169	(223)	(442)	(39,458)	(26,954)
Movement in fair value of investment securities	(3,507)	-	-	-	(3,507)
Movement in fair value of investment in real estate	-	-	281	-	281
Movement in fair value of land and building	-	(852)	-	-	(852)
Foreign currency translation adjustments	77	124	19	1,870	2,090
At 30 June 2024 (Reviewed)	9,739	(951)	(142)	(37,588)	(28,942)
	31 December 2023				
	Investments fair value reserve	Fixed assets fair value reserve	Investment in real estate fair value reserve	Foreign currency translation reserve	Total
At 1 January 2023	12,266	-	-	-	12,266
Movement in fair value of investment securities	-	4,960	-	-	4,960
Movement in fair value of land and building	-	-	-	-	-
Foreign currency translation adjustments	903	(5,183)	(442)	(39,458)	(44,180)
At 31 December 2023 (Audited)	13,169	(223)	(442)	(39,458)	(26,954)

Ithmaar Holding B.S.C.**Notes to the condensed consolidated interim financial information
for the six months period ended 30 June 2024**

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

9 SHARE CAPITAL

	Number of shares (thousands)	Share capital
Authorised	8,000,000	2,000,000
Issued and fully paid		
Total outstanding	3,030,755	757,690
Treasury shares	(120,595)	(30,149)
At 30 June 2024 (Reviewed)	2,910,160	727,541
Issued and fully paid		
Total outstanding	3,030,755	757,690
Treasury shares	(120,595)	(30,149)
At 31 December 2023 (Audited)	2,910,160	727,541

Ithmaar's total issued and fully paid share capital at 30 June 2024 comprises 3,030,755,027 shares at \$0.25 per share amounting to \$757,690 thousands. The share capital of Ithmaar is denominated in United States dollars and these shares are listed on Bahrain Bourse in United States dollars and Dubai Financial Market in Arab Emirates Dirham (AED).

Ithmaar owned 120,595,238 (31 December 2023: 120,595,238) of its own shares at 30 June 2024. The shares are held as treasury shares and Ithmaar has the right to reissue these shares at a later date.

10 RESERVES

	30 June 2024	31 December 2023
Share premium	149,085	149,085
Statutory reserve	42,345	42,345
General reserve	50,727	50,727
Investments fair value reserve	3,089	2,957
Fixed assets fair value reserve	26,476	26,476
Investment in real estate fair value reserve	2,877	3,005
Foreign currency translation reserve	(163,303)	(159,738)
	111,296	114,857

Ithmaar Holding B.S.C.**Notes to the condensed consolidated interim financial information
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11 RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence or joint control over the other party in making financial and operating decisions.

- (a) Directors and companies in which they have an ownership interest.
- (b) Major shareholders of Ithmaar, Ultimate Parent and companies in which Ultimate Parent has ownership interest and subsidiaries of such companies (affiliates).
- (c) Associated companies of Ithmaar.
- (d) Senior management.

A related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged.

Significant balances with related parties comprise:

	30 June 2024				
	Shareholders & Affiliates	Associates and other investments	Directors and related entities	Senior management	Total
Assets					
Financing assets*	374,048	-	-	-	374,048
Investment in associates	-	18,216	-	-	18,216
Other assets	-	-	-	48	48
Assets classified as held for sale	-	113,100	-	-	113,100
Liabilities					
Customers' current accounts	11,578	-	-	-	11,578
Other liabilities	103	-	-	-	103
Liabilities classified as held for sale	2,851	8,231	-	-	11,082
Quasi equity	28,584	-	-	-	28,584
*Financing assets are gross of ECL general provisions of \$65 million					
Income					
Return to quasi equity	(704)	-	-	-	(704)
Income from financing contracts	1,883	-	-	-	1,883
Share of results after tax from associates	-	(1,685)	-	-	(1,685)
Profit paid to banks, financial and other institutions – net	-	(343)	-	-	(343)
Expenses					
General and administrative expenses	(350)	-	(121)	-	(471)

Ithmaar Holding B.S.C.**Notes to the condensed consolidated interim financial information****for the six months period ended 30 June 2024**

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

11 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

	31 December 2023				
	Shareholders & Affiliates	Associates and other investments	Directors and related entities	Senior management	Total
Assets					
Financing assets*	374,833	-	-	-	374,833
Investment in associates	-	94,659	-	-	94,659
Other assets	-	-	-	146	146
Liabilities					
Customers' current accounts	14,290	832	-	-	15,122
Due to banks, financial and other institutions	26,487	13,009	-	-	39,496
Other liabilities	23	-	-	-	23

*Financing assets are gross of ECL general provisions of \$65 million

	30 June 2023				
Income					
Income from financing contracts	1,871	-	-	-	1,871
Share of results after tax from associates	-	(1,558)	-	-	(1,558)
Profit paid to banks, financial and other institutions – net	(1,123)	(543)	-	-	(1,666)
Expenses					
General and administrative expenses	(350)	-	(121)	-	(471)

Ithmaar Holding B.S.C.**Notes to the condensed consolidated interim financial information
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12 BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share are calculated by dividing the net income attributable to shareholders by the weighted average number of issued and fully paid up ordinary shares during the period.

	Six months ended		Three months ended	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
(Loss)/income attributable to shareholders (\$'000)	3,398	(6,509)	(3,447)	(3,503)
Weighted average number of issued and fully paid up ordinary shares ('000)	2,910,160	2,910,160	2,910,160	2,910,160
Earnings per share (Basic & Diluted) – US Cents	0.12	(0.22)	(0.12)	(0.12)

BASIC AND DILUTED EARNINGS PER SHARE FOR CONTINUING OPERATIONS

	Six months ended		Three months ended	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
(Loss)/income attributable to shareholders (\$'000)	(8,574)	(12,308)	(4,876)	(3,868)
Weighted average number of issued and fully paid up ordinary shares ('000)	2,910,160	2,910,160	2,910,160	2,910,160
Earnings per share (Basic & Diluted) – US Cents	(0.29)	(0.42)	(0.17)	(0.13)

BASIC AND DILUTED EARNINGS PER SHARE FOR DISCONTINUED OPERATIONS

	Six months ended		Three months ended	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
Income attributable to shareholders (\$'000)	11,972	5,799	1,429	365
Weighted average number of issued and fully paid up ordinary shares ('000)	2,910,160	2,910,160	2,910,160	2,910,160
Earnings per share (Basic & Diluted) – US Cents	0.41	0.20	0.05	0.01

13 CONTINGENT LIABILITIES AND COMMITMENTS CLASSIFIED AS HELD FOR SALE**Contingent liabilities**

	30 June 2024	31 December 2023
Acceptances and endorsements	30,247	46,785
Guarantees and letters of credit	575,864	466,553
Customer and other claims	106,568	104,286
	712,679	617,624

Commitments

	30 June 2024	31 December 2023
Undrawn facilities, financing lines and other commitments to finance	1,308,277	1,214,024

Ithmaar Holding B.S.C.

Notes to the condensed consolidated interim financial information

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14 SEGMENT REPORTING

The Group constitutes of two main business segments, namely;

- (i) Retail/ Commercial banking business, in which the Group receives customer funds and deposits and extends financing to its retail and corporate clients.
- (ii) Asset Management/Investment Banking, in which the Group directly participates in investment opportunities.

	30 June 2024			30 June 2023		
	Retail & Corporate Banking	Asset Management / Investment Banking	Total	Retail & Corporate Banking	Asset Management / Investment Banking	Total
NET RESULTS FROM CONTINUING OPERATIONS						
Profit/ (loss) from continuing operations	(8,574)	-	(8,574)	(9,946)	(2,362)	(12,308)
NET RESULTS FROM DISCONTINUED OPERATIONS						
			-			-
Total income	469,412	4,562	473,974	331,764	(1,816)	329,948
Total expenses	(86,143)	(7,599)	(93,742)	(73,402)	(8,556)	(81,958)
Net operating income before impairment allowances and attribution to quasi equity	383,269	(3,037)	380,232	258,362	(10,372)	247,990
Allowances for impairment and expected credit losses, net	(22,916)	5,950	(16,966)	(14,414)	6,207	(8,207)
Profit for the period before attribution to quasi equity	360,353	2,913	363,266	243,948	(4,165)	239,783
Less: Net income attributable to quasi-equity	(297,984)	-	(297,984)	(198,588)	-	(198,588)
Profit before overseas taxation	62,369	2,913	65,282	45,360	(4,165)	41,195
Tax expense	(37,529)	(691)	(38,220)	(24,530)	-	(24,530)
PROFIT FROM DISCONTINUING OPERATIONS	24,840	2,222	27,062	20,830	(4,165)	16,665
PROFIT/(LOSS) FOR THE PERIOD	16,266	2,222	18,488	10,884	(6,527)	4,357
Attributable to:						
Equity holders of Ithmaar	1,087	2,311	3,398	(290)	(6,219)	(6,509)
Minority interests	15,179	(89)	15,090	11,174	(308)	10,866
	16,266	2,222	18,488	10,884	(6,527)	4,357
31 December 2023						
Total assets	5,439,765	934,144	6,373,909	5,158,738	945,836	6,104,574
Total liabilities, quasi equity and equity	6,077,669	141,016	6,218,685	5,889,936	52,499	5,942,435

Ithmaar Holding B.S.C.

Notes to the condensed consolidated interim financial information

for the six months period ended 30 June 2024

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

14 SEGMENT REPORTING (continued)

The Group constitutes of two geographical segments which are Middle East & Others and Asia

	30 June 2024			30 June 2023		
	Middle East & Others	Rest of Asia	Total	Middle East & Others	Rest of Asia	Total
NET RESULTS FROM CONTINUING OPERATIONS						
Profit/ (loss) from continuing operations	(8,574)	-	(8,574)	(12,308)	-	(12,308)
NET RESULTS FROM DISCONTINUED OPERATIONS						
			-			-
Total income	3,676	470,298	473,974	(2,423)	332,371	329,948
Total expenses	(13,011)	(80,731)	(93,742)	(12,885)	(69,073)	(81,958)
Net operating income before impairment allowances and attribution to quasi equity	(9,335)	389,567	380,232	(15,308)	263,298	247,990
Allowances for impairment and expected credit losses, net	-	(16,966)	(16,966)	(817)	(7,390)	(8,207)
Profit for the period before attribution to quasi equity	(9,335)	372,601	363,266	(16,125)	255,908	239,783
Less: Net income attributable to quasi-equity	(10,663)	(287,321)	(297,984)	-	(198,588)	(198,588)
Profit before overseas taxation	(19,998)	85,280	65,282	(16,125)	57,320	41,195
Tax expense	(363)	(37,857)	(38,220)	-	(24,530)	(24,530)
PROFIT FROM DISCONTINUING OPERATIONS	(20,361)	47,423	27,062	(16,125)	32,790	16,665
PROFIT / (LOSS) FOR THE PERIOD	(28,935)	47,423	18,488	(28,433)	32,790	4,357
Attributable to:						
Equity holders of Ithmaar	(27,893)	31,291	3,398	(28,124)	21,615	(6,509)
Minority interests	(1,042)	16,132	15,090	(309)	11,175	10,866
	(28,935)	47,423	18,488	(28,433)	32,790	4,357
31 December 2023						
Total assets	1,283,445	5,090,464	6,373,909	1,287,855	4,816,719	6,104,574
Total liabilities, quasi equity and equity	1,477,072	4,741,613	6,218,685	1,453,533	4,488,902	5,942,435

15 COMPARATIVE FIGURES

Prior year figures have been regrouped to conform to the current period presentation. Such grouping did not affect previously reported profit for the period or total equity of the Group.

Ithmaar Holding B.S.C.**Notes to the condensed consolidated interim financial information
for the six months period ended 30 June 2024**

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

16 ASSETS CLASSIFIED AS HELD FOR SALE

During Q1 2024, the Board of Ithmaar Holding and Board of GFH Financial Group B.S.C. ("GFH") have agreed to an overall framework of terms regarding sale of certain assets and liabilities of Ithmaar's corporate banking business in Bahrain and investment assets (the "Transaction"). The Transaction was approved by Ithmaar Holding's shareholders during its Extraordinary General Meeting on 29 May 2024. The Transaction remains subject to regulatory approvals and the signing of definitive agreements. Further, the Transaction is expected to be significant to the overall consolidated financial position of the Group and is expected to yield positive outcomes for all stakeholders of the Group.

Subject to obtaining the required regulatory approvals, Ithmaar and GFH intend for the Transaction value to be calculated based on the value of the assets and liabilities as of 31 March 2024, subject to the agreed upon adjustments, with the Transaction effective date being 1 April 2024.

Based on the Group's assessment of the criteria specified by IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations", the assets and disposal group subject to the Transaction have been classified as held for sale in the condensed consolidated interim financial information as at 30 June 2024. The Group's assessment was mainly based on the fact that the Group remains committed to the Transaction (after Board's in-principle approval), assets subject to the proposed transaction were available for immediate sale in present condition and the sale was highly probable as at 30 June 2024.

Accordingly, the following assets and liabilities (the "operations") have been classified as held-for-sale as of 30 June 2024:

Assets classified as held for sale

Description	Amount
Cash and balances with banks and central banks	349,313
Commodity placements with banks, financial and other institutions	11,552
Financing assets	2,242,898
Investment securities	2,357,782
Investment in associates	91,393
Other assets	118,179
Investment in real estate	157,189
Development properties	173,992
Property and equipment	183,675
Intangible assets	12,935
Total assets	5,698,908

Liabilities and Quasi equity classified as held for sale

Description	Amount
Customers' current accounts	1,602,131
Due to banks, financial and other institutions	799,993
Due to investors	5
Other liabilities	229,182
Total liabilities	2,631,311

QUASI EQUITY

- Quasi equity classified as held for sale	2,799,492
Fair value & foreign exchange translation movement from investments attributable to quasi equity	(28,942)
Total quasi equity classified as held for sale	2,770,550

Non-controlling interest classified as held for sale	152,859
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Total liabilities and quasi equity and non-controlling interest classified as held for sale	5,554,720
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Ithmaar Holding B.S.C.

**Notes to interim condensed consolidated financial information
for the six months period ended 30 June 2024**

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

16 ASSETS CLASSIFIED AS HELD FOR SALE (continued)

These operations have been treated as a single disposal group. The net results of the above operations are included in the condensed consolidated statement of income.

The comparative period balances in the condensed consolidated statement of income has been reclassified to include those operations that have been classified as discontinued in the current period presentation.

The net cash flows of the above operations included in condensed consolidated statement of cash flows, are as follows:

Financial lines	30 June 2024	30 June 2023
Net cash from operating activities	13,563	132,053
Net cash used by investing activities	86,991	8,617
Net cash movement	100,554	140,670