

## Directors' Report:

On behalf of Mawarid Finance Board of Directors, we are pleased to announce that Mawarid Finance PJSC Financial results show continued focus on our core business model, even if the overall results are not immediately obvious as these have been impacted by fair value losses on investment in properties, credit provisioning on our financing segment, share of our loss from our investments in Associates and losses from our strategic investment in subsidiaries.

The financial performance for the period ended 31 December 2019 underscores the fact that plans to turn Mawarid Finance around by significantly transforming its operations which are now underway. In these testing times, it takes a well-defined strategy to achieve sustainable growth; a balanced management approach to deliver core business performance; due diligence to mitigate risk and prudent growth to maintain prime assets quality; underpinned by deep understanding of operating environments to drive product and service innovation.

## Performance Overview:

The year 2019, was marked with weak economic environment leading to sharp decline in property prices in UAE. This was coupled with the new finance company regulation introduced by the central bank with a large number of restrictions and limitations on finance company activities.

We believe in building on firm foundation and do not compromise future success for short-term gains. We rigorously adhere to its core operating philosophy of revenue growth with sustainability and diversification, intelligent cost control and conservative provisioning.

- Consolidated net loss, attributable to equity shareholders of the parent, for the Year 2019 of AED 76.70 million as against net loss of AED 95.08 million in 2018 ,
- Total Balance sheet footing decreased by AED 100.05 million representing a 7% drop to reach AED 1.33 Billion (2018: AED 1.43 Billion) due to significant devaluation of the property values, credit provisioning and share of our loss from our investments in Associates and subsidiaries.
- Despite the new regulations on Labour Guarantee which actually resulted in a major rundown on our liability book, we were successful in containing the rundown by only 20% of our Wakala portfolio. Customers' deposits in the form of Wakala deposits were down by 20% to reach AED 436.61 million (2018: AED 542.87 million) ,
- While Wakala deposits were down by 20% (AED 106 Mn), financing portfolio was sustained and was reduced by 6% (AED 14 Mn).
- Despite the liquidity constraints, we continued our focus on strategic investments and supported PIMC hospital in Abu Dhabi with all the working capital requirements and the hospital business is now expected to breakeven in Q2 of 2020. We expect a robust growth in this business in 2020 and beyond.



As the business combinations offered by our model becomes more apparent and as regional markets improve, we expect opportunities to secure rewarding deals for our shareholders in the coming years.

Finally, our success is attributed to our clients for their loyalty. The vision and assistance of our different regulators, particularly Central Bank of UAE and the Sharia Supervisory Board, has also been indispensable to achieve our progress.

It's once again my pleasure to thank our shareholders and clients for their continuing support and for the trust shown in our ability to service their needs across Mawarid Finance PJSC.

Despite continued uncertainty in terms of the timing, pace and scope of economic recovery issue, Mawarid Finance and its board of Directors are cautiously optimistic of maintaining its progress and expect positive performance in the upcoming years.

Allah the Almighty is the purveyor of all success

**Omran Al Owais**  
Chairman



# Mawarid Finance P.J.S.C.

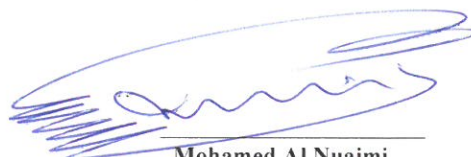
## Consolidated statement of financial position

as at 31 December 2019

		<b>31 December</b>	31 December	1 January
		<b>2019</b>	2018	2018
	<i>Note</i>	<b>AED '000</b>	AED '000	AED '000
			<i>(restated)</i>	<i>(restated)</i>
<b>Assets</b>				
Cash and balances with banks and financial institutions	11	48,769	113,283	183,884
Financing and investing assets	13	216,648	230,706	289,323
Investment properties	14	199,866	203,303	214,512
Investment securities	15	264,360	303,425	350,686
Equity accounted investees	16	275,117	292,218	295,469
Goodwill	17	9,132	9,132	9,132
Property and equipment	18	179,167	102,402	142,617
Intangible assets	19	79,436	82,402	6,050
Other assets	20	57,716	93,396	133,242
<b>TOTAL ASSETS</b>		<b>1,330,211</b>	<b>1,430,267</b>	<b>1,624,915</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital	21	1,000,000	1,000,000	1,000,000
Treasury shares	21	(12,750)	(11,500)	(11,500)
Statutory reserve	22	40,659	40,659	40,659
General reserve	23	40,659	40,659	40,659
Investment revaluation reserve		(24,566)	(20,940)	32,589
Impairment reserve	13	19,620	20,776	12,909
Accumulated losses		(368,295)	(292,745)	(189,792)
<b>Attributable to equity holders of the Parent</b>		<b>695,327</b>	<b>776,909</b>	<b>925,524</b>
Non-controlling interest	24	(7,209)	1,534	4,964
<b>Total equity</b>		<b>688,118</b>	<b>778,443</b>	<b>930,488</b>
<b>Liabilities</b>				
Wakalah deposits	25	436,611	542,869	578,220
Other liabilities	26	75,494	108,955	116,207
Bank borrowing	27	129,988	-	-
<b>Total liabilities</b>		<b>642,093</b>	<b>651,824</b>	<b>694,427</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,330,211</b>	<b>1,430,267</b>	<b>1,624,915</b>



**Omran Al - Owais**  
Chairman



**Mohamed Al Nuaimi**  
Managing Director & CEO

The notes on pages 12 to 73 are an integral part of these consolidated financial statements.



**Mawarid Finance P.J.S.C.**  
**Consolidated statement of profit or loss**  
*for the year ended 31 December 2019*

		<b>31 December</b>	31 December
		<b>2019</b>	2018
	<i>Note</i>	<b>AED '000</b>	AED '000
			<i>(restated)</i>
<b>Continuing operations</b>			
Profit from financing and investing assets	28	25,240	36,455
Profit from Islamic deposits and wakalah placements	29	1,265	1,780
Revenue from IT services	31	19,135	20,883
Unrealised loss on revaluation of investment properties / foreclosed assets	30	(16,013)	(70,409)
Gain / (loss) on investment carried at FVTPL		9,073	(2,298)
Other income	32	29,182	48,044
<b>Total income</b>		<b>67,882</b>	<b>34,455</b>
General and administrative expenses	33	(111,610)	(105,389)
Cost of sales relating to IT services	31	(3,225)	(4,403)
Impairment of property and equipment	18	(5,399)	-
<b>Total expenses</b>		<b>(120,234)</b>	<b>(109,792)</b>
Depositors' share of profit		(1,726)	(2,147)
Provision charge on impairment	13	(10,255)	(14,785)
Finance cost	27	(2,532)	-
<b>Loss before share of equity accounted investees for the year</b>		<b>(66,865)</b>	<b>(92,269)</b>
Share of loss from equity accounted investees	16	(17,101)	(3,251)
<b>Loss from continuing operations</b>		<b>(83,966)</b>	<b>(95,520)</b>
<b>Discontinued operation</b>			
Loss from discontinued operation	34	(831)	(3,140)
<b>Loss for the year</b>		<b>(84,797)</b>	<b>(98,660)</b>
<b>Attributable to:</b>			
Equity holders of the Parent		(76,706)	(95,086)
Non-controlling interest	24	(8,091)	(3,574)
		<b>(84,797)</b>	<b>(98,660)</b>

The notes on pages 12 to 73 are an integral part of these consolidated financial statements.