

**INOVEST B.S.C.**  
**SHARI'A SUPERVISORY BOARD REPORT**  
**INTERIM CONDENSED CONSOLIDATED**  
**FINANCIAL STATEMENTS**

**30 JUNE 2021 (REVIEWED)**

**Commercial registration number**

**48848 obtained on 18 June 2002**

**Board of Directors**

Mohammad Hamad Al-Shalfan  
Mohammad Salah Al-Ayoub  
Abdulaziz Asaad Al-Sanad  
Mohamed Abdulwahab Al Matook  
Abdullah Mohammed Al-Abduljader  
Dr. Abdulaziz Fahad Al Dakheel  
Ausama Abdulrahim Al-Khaja

- Chairman  
- Vice-Chairman  
- Director  
- Director  
- Director  
- Director  
- Director

**Chief Executive Officer**

Yaser Hamad Al-jar

**Board Secretary**

Riyadh Mahmood Mulla Ahmed

**Sharia'a Supervisory Board**

Sheikh Dr. Khalid Shuja'a Al-Otaibi  
Sheikh Dr. Dawoud Salman Bin Essa  
Sheikh Dr. Murad Bou Daia

- Chairman  
- Vice-Chairman  
- Member

**Corporate Governance, Nomination and Remuneration Committee members**

Abdulaziz Asaad Al-Sanad  
Abdullah Mohammed Al-Abduljader  
Mohammed Abdulwahab Al Matook

- Chairman  
- Vice-Chairman  
- Member

**Audit and Risk Committee members**

Ausama Abdulrahim Al-Khaja  
Mohammad Salah Al-Ayoub  
Dr. Abdulaziz Fahad Al Dakheel

- Chairman  
- Vice-Chairman  
- Member

**Registered office**

35th floor, East Tower  
Bahrain Financial Harbour  
P.O. Box 18334  
Manama  
Kingdom of Bahrain  
Telephone no. +973 1715 5777

**Bankers**

Bahrain Islamic Bank B.S.C.  
Ithmaar Bank B.S.C.  
Kuwait Finance House (Bahrain) B.S.C. (c)  
Kuwait Finance House (Kuwait) K.S.C.P.  
Boubyan Bank (Kuwait)  
Khaleeji Commercial Bank B.S.C.  
Al Baraka Islamic Bank B.S.C. (c)  
Al Salam Bank, Bahrain B.S.C.

**Auditors**

Ernst & Young (EY)  
P.O. Box 140  
10th Floor, East Tower  
Bahrain World Trade Center  
Manama, Kingdom of Bahrain

**Share registrars**

Bahrain Clear  
Bahrain Financial Harbour, Harbour Gate,  
Level 4, P.O.Box 3203  
Manama  
Kingdom of Bahrain  
  
Kuwait Clearing Company S.A.K.  
P.O. Box 22077  
Safat 13081  
State of Kuwait

In the name of Allah, The Beneficent, The Merciful

**Sharia Supervisory Board Report on the activities of INOVEST Company B.S.C  
For the Six Months Period Ended 30 June 2021**

All praise is due to Allah , Lord of the worlds, Prayers and Peace are upon the last messenger, our prophet Mohammed, his family and companions.

To the Shareholders of INOVEST B.S.C “**the Company**”,  
Acting as Sharia Supervisory Board “**SSB**” pursuant to the appointment resolution passed by the General Assembly of the Company and SSB meeting on Sunday 1 August 2021 in State of Kuwait, we are required to provide the following report:

The SSB has reviewed the Company’s principles, contracts related transactions, and applications submitted by the Company’s management for the Six months period ended 30 June 2021 , and based on the Sharia auditor presentation of the Company’s activities for the abovementioned period, and comparing it with the fatwa and rulings issued.

The Company’s management is responsible for ensuring that the Company conducts its business in accordance with the Islamic Shari’a Rules and principles. It is our responsibility to form an independent opinion, based on our review of the Company’s operations and to report to you.

We planned and performed our review so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Company has not violated Islamic Shari rules and principles.

In our opinion:

The contracts and transactions concluded by the Company during the Six months period ended 30 June 2021 that we have reviewed are in compliance with the Islamic Shari’a Rules and Principles.

Also, the SSB has approved the financial statements and concluded that it’s prepared in an acceptable form from Islamic Sharia view. The respective report has been prepared based on the information provided by the Company.

Prayers and Peace are upon the last messenger, our prophet Mohammed, his family and companions.

**Shaikh Dr. Khalid Shuja'a Al-Otaibi**  
Chairman

**Shaikh Dr. Dawoud Salman Bin Essa**  
Vice-Chairman

**Shaikh Dr. Murad Bou Daia**  
Member

The image shows three handwritten signatures in blue ink, each positioned above a horizontal dashed line. The top signature is the most complex, the middle one is a large loop, and the bottom one is a cursive signature.

## **REPORT ON REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF INOVEST B.S.C.**

### *Introduction*

We have reviewed the accompanying interim consolidated statement of financial position as at 30 June 2021 of Inovert B.S.C. (the "Company") and its subsidiaries (together the "Group"), the related interim consolidated statements of income and sources and uses of charity fund for the three and six month periods then ended and the interim consolidated statements of changes in owners' equity and cash flows for the six month period then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the accounting policies disclosed in note 2. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### *Scope of review*

We conducted our review in accordance with 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 International Standards on Auditing 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with the accounting policies disclosed in note 2.



4 August 2021  
Manama, Kingdom of Bahrain

Inovest B.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021 (Reviewed)

		<i>Reviewed</i> <b>30 June</b> <i>2021</i> <b>US\$ '000</b>	<i>Audited</i> <b>31 December</b> <i>2020</i> <b>US\$ '000</b>
<b>ASSETS</b>			
Cash and bank balances	4	<b>18,799</b>	23,399
Accounts receivable	5	<b>24,328</b>	23,072
Investments	6	<b>12,865</b>	12,593
Investment in joint ventures and associates	7	<b>95,386</b>	95,681
Investment in real estate	8	<b>78,922</b>	76,824
Property, plant and equipment	9	<b>8,619</b>	9,045
Right of use asset	10	<b>319</b>	-
Other assets	11	<b>606</b>	818
<b>TOTAL ASSETS</b>		<b>239,844</b>	241,432
<b>LIABILITIES AND OWNERS' EQUITY</b>			
<b>Liabilities</b>			
Other liabilities and accounts payable	12	<b>68,185</b>	69,263
Ijarah liability	13	<b>330</b>	-
Financing from a bank	14	<b>5,610</b>	5,439
<b>Total liabilities</b>		<b>74,125</b>	74,702
<b>Owners' Equity</b>			
Share capital		<b>120,334</b>	120,334
Less: Treasury shares	15	<b>(1,309)</b>	(1,309)
		<b>119,025</b>	119,025
Reserves		<b>6,666</b>	6,071
Retained earnings		<b>14,856</b>	16,527
Equity attributable to Parent's shareholders		<b>140,547</b>	141,623
Non-controlling interest		<b>25,172</b>	25,107
<b>Total owners' equity</b>		<b>165,719</b>	166,730
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>239,844</b>	241,432



Mohamed Al-Shalfan  
Chairman



Mohamed Al-Ayoub  
Vice-Chairman



Yaser Hamad Al-Jar  
Chief Executive Officer

The attached explanatory notes 1 to 24 form part of these interim condensed consolidated financial statements.

Inovent B.S.C.

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the six month period ended 30 June 2021 (Reviewed)

	Note	Three months ended		Six months ended	
		30 June		30 June	
		2021	2020	2021	2020
		US\$ '000	US\$ '000	US\$ '000	US\$ '000
<b>OPERATING INCOME</b>					
Net income / (loss) from construction contracts	16	(15)	60	399	(131)
Income from investment in real estate	17	718	1,308	1,541	2,629
Fee for management and other services - net		131	321	430	651
Net share of (loss) / income from investment in joint ventures and associates	7	(248)	14	(295)	(60)
Other income	18	280	1,103	718	1,519
<b>TOTAL OPERATING INCOME</b>		<b>866</b>	<b>2,806</b>	<b>2,793</b>	<b>4,608</b>
<b>OPERATING EXPENSES</b>					
Staff costs		970	1,055	2,066	2,427
General and administrative expenses		804	537	1,393	1,218
Property related expenses		321	509	585	1,061
Financing costs		99	66	171	165
Depreciation	9	182	240	366	485
Net ijarah cost	19	11	-	11	-
<b>TOTAL OPERATING EXPENSES</b>		<b>2,387</b>	<b>2,407</b>	<b>4,592</b>	<b>5,356</b>
<b>NET OPERATING (LOSS) / PROFIT</b>		<b>(1,521)</b>	<b>399</b>	<b>(1,799)</b>	<b>(748)</b>
Net (charge) / reversal of expected credit losses	4 & 5	(95)	59	193	5,919
<b>(LOSS) / PROFIT FOR THE PERIOD</b>		<b>(1,616)</b>	<b>458</b>	<b>(1,606)</b>	<b>5,171</b>
<b>Attributable to :</b>					
Equity shareholders of the parent		(1,597)	195	(1,671)	4,788
Non-controlling interest		(19)	263	65	383
<b>(LOSS) / PROFIT FOR THE PERIOD</b>		<b>(1,616)</b>	<b>458</b>	<b>(1,606)</b>	<b>5,171</b>
<b>BASIC AND DILUTED (LOSS) / EARNINGS PER SHARE (US cents)</b>	20	<b>(0.54)</b>	<b>0.07</b>	<b>(0.56)</b>	<b>1.61</b>



Mohamed Al-Shalfan  
Chairman



Mohamed Al-Ayoub  
Vice-Chairman



Yaser Hamad Al-Jar  
Chief Executive Officer

The attached explanatory notes 1 to 24 form part of these interim condensed consolidated financial statements.

Inovest B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

For the six month period ended 30 June 2021 (Reviewed)

	Equity attributable to Parent's shareholders							Total owners' equity US\$ '000
	Share capital US\$ '000	Treasury shares US\$ '000	Statutory reserve US\$ '000	Reserves		Total equity US\$ '000	Non-controlling interest US\$ '000	
				Fair value through equity reserve US\$ '000	Retained earnings US\$ '000			
As of 1 January 2021	120,334	(1,309)	4,576	1,495	16,527	141,623	25,107	166,730
Cumulative movement in fair value of investments	-	-	-	595	-	595	-	595
(Loss) / profit for the period	-	-	-	-	(1,671)	(1,671)	65	(1,606)
<b>At 30 June 2021</b>	<b>120,334</b>	<b>(1,309)</b>	<b>4,576</b>	<b>2,090</b>	<b>14,856</b>	<b>140,547</b>	<b>25,172</b>	<b>165,719</b>
As of 1 January 2020 as previously reported	114,604	(1,239)	4,073	-	20,529	137,967	24,609	162,576
Impact of adopting FAS 30	-	-	-	-	(1,065)	(1,065)	(79)	(1,144)
Restated balance at 1 January 2020	114,604	(1,239)	4,073	-	19,464	136,902	24,530	161,432
Appropriation to charity funds	-	-	-	-	(10)	(10)	-	(10)
Bonus shares issued as dividend	-	(70)	-	-	(5,660)	(5,730)	-	(5,730)
Shares issued	5,730	-	-	-	-	5,730	-	5,730
Profit for the period	-	-	-	-	4,788	4,788	383	5,171
At 30 June 2020	120,334	(1,309)	4,073	-	18,582	141,680	24,913	166,593

The attached explanatory notes 1 to 24 form part of these interim condensed consolidated financial statements.

# Inovest B.S.C.

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six month period ended 30 June 2021 (Reviewed)

	Note	Six months ended	
		30 June	
		2021	2020
		US\$ '000	US\$ '000
<b>OPERATING ACTIVITIES</b>			
(Loss) / profit for the period		(1,606)	5,171
Adjustments for:			
Depreciation	9	483	514
Net ijarah cost	19	11	-
Net share of loss from investment in joint ventures and associates	7	295	60
Net reversal of ECL	4 & 5	(193)	(5,498)
		(1,010)	247
Net changes in operating assets and liabilities:			
Short-term deposits (with an original maturity of more than 90 days)	4	(7,482)	13,498
Movement in restricted cash	4	(24)	-
Accounts receivable		(1,070)	(2,046)
Other assets		212	(143)
Accounts payable		(1,078)	1,166
Net cash (used in) / from operating activities		(10,452)	12,722
<b>INVESTING ACTIVITIES</b>			
Proceeds from capital reduction for FVTE investment	6	323	-
Additional capitalisation of investment in real estate		(2,098)	(630)
Purchase of property, plant and equipment	9	(57)	(56)
Proceeds from sale of property, plant and equipment		-	1
Purchase of investment in joint ventures and associates		-	(9,266)
Net cash used in investing activities		(1,832)	(9,951)
<b>FINANCING ACTIVITY</b>			
Net movement in financing from a bank		171	(941)
Net cash from / (used in) financing activity		171	(941)
<b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS</b>		(12,113)	1,830
Cash and cash equivalents at the beginning of the period	4	17,568	22,062
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	4	<b>5,455</b>	<b>23,892</b>
<b>Non cash transactions:</b>			
Changes in Investment fair value reserve		595	-
Contributions by the Company towards charity funds		-	(10)
Impact of adoption of FAS 30		-	(1,144)

The attached explanatory notes 1 to 24 form part of these interim condensed consolidated financial statements.



Inovest B.S.C.

INTERIM CONSOLIDATED STATEMENT OF SOURCES AND USES OF CHARITY FUND

For the six month period ended 30 June 2021 (Reviewed)

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>US\$ '000</b>	<b>US\$ '000</b>	<b>US\$ '000</b>	<b>US\$ '000</b>
<b>Sources of charity funds</b>				
Undistributed charity funds at the beginning of the period	<b>24</b>	-	<b>24</b>	14
Contributions by the Company	-	-	-	10
<b>Total sources of charity funds during the period</b>	<b>24</b>	-	<b>24</b>	24
<b>Undistributed charity funds at end of period</b>	<b>24</b>	-	<b>24</b>	24

The attached explanatory notes 1 to 24 form part of these interim condensed consolidated financial statements.

---

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2021 (Reviewed)

**1 INCORPORATION AND ACTIVITIES**

**a) Incorporation**

Inovest B.S.C. (the "Company") is a public shareholding company incorporated in the Kingdom of Bahrain on 18 June 2002 and operates under Commercial Registration (CR) number 48848. The Company commenced operations on 1 October 2002. Under the terms of its Memorandum and Articles of Association, the duration of the Company is 50 years, renewable for further similar periods unless terminated earlier by law or as stated in the Memorandum and Articles of Association. The address of the Company's registered office is 35th floor, East Tower, Bahrain Financial Harbour, Manama, Kingdom of Bahrain.

The Company is listed on the Bahrain Bourse and cross-listed on the Kuwait Stock Exchange.

The Company has been issued an Investment Business Firm License – Category 1 (Islamic Principles) by the Central Bank of Bahrain ("CBB"), to operate under the Islamic Sharia'a principles, and is supervised and regulated by the CBB.

**b) Activities**

The principal activities of the Company together with its subsidiaries (the "Group") include:

- Engaging directly in all types of investments, including direct investment and securities, and various types of investment funds.
- Establishing and managing various investment funds.
- Dealing in financial instruments in the local, regional and international markets.
- Providing information and studies related to different types of investments for others.
- Providing financial services and investment consultations to others.
- Establishing joint ventures with real estate, industrial and services companies inside or outside the Kingdom of Bahrain.
- Engaging in contracting activities.
- Engaging in the management of commercial and industrial centres and residential buildings, property leasing, development and their maintenance.
- Having interest or participating in any way with companies and other entities engaged in similar activities that may work and co-operate to achieve the Company's objectives inside and outside the Kingdom of Bahrain, and also merge its activities with the above mentioned entities and/or buy or join with them.

**Impact of COVID-19**

On 11 March 2020, the World Health Organization made an assessment that the outbreak of a coronavirus (COVID-19) can be characterised as a pandemic. As a result, businesses have subsequently seen reduced customer movements and, where governments mandated, temporary suspension of travel and closure of non-essential businesses. The existing and anticipated effects of the outbreak on the global economy is expected to continue to evolve. Although these developments have not significantly impacted the Group's operations as of 30 June 2021, the scale and duration of these developments remain uncertain at this stage and could potentially negatively impact the Group's financial position, financial performance and cash flows in the future, the extent of which is presently undeterminable.

Other income of US\$ 718 thousand includes financial support from the Government of the Kingdom of Bahrain received towards salary of Bahraini employees from April to June 2021 of US\$ 82 thousand and electricity charges of US\$ 87 thousand (30 June 2020: support received towards salary of Bahraini employees from April to June 2020 of US\$ 462 thousand and electricity charges of US\$ 313 thousand).

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2021 (Reviewed)

## 1 INCORPORATION AND ACTIVITIES (continued)

The number of staff employed by the Group as at 30 June 2021 was 386 employees (31 December 2020: 394 employees).

The interim condensed consolidated financial statements for the six months ended 30 June 2021 were authorised for issue in accordance with a resolution of the Board of Directors dated 4 August 2021.

## 2 ACCOUNTING POLICIES

### 2.1 Basis of preparation

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2021 have been prepared in accordance with the guidance given by International Accounting Standard 34 - *Interim Financial Reporting*. The interim condensed consolidated financial statements do not contain all information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2020. These interim condensed consolidated financial statements are presented in US Dollars, which is the functional currency of the Group. All values are rounded to US Dollar thousands unless otherwise indicated.

### 2.2 Statement of compliance

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2020 which were prepared in accordance with the Financial Accounting Standards ("FAS") issued by Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI"), the Shari'a rules and principles as determined by the Shari'a Supervisory Board of the Company, the Bahrain Commercial Companies Law, Central Bank of Bahrain ("CBB") and the Financial Institutions Law and the CBB Rule Book (Volume 4). In accordance with the requirements of AAOIFI, for matters for which no AAOIFI standards exist, including interim financial reporting, the Group uses the relevant International Financial Reporting Standards ("IFRS").

### 2.3 Basis of consolidation

The interim condensed consolidated financial statements include the financial statements of the Company and its subsidiaries. All intercompany balances and transactions are eliminated in full on consolidation.

The following are the principle subsidiaries of the Company, which are consolidated in these interim condensed consolidated financial statements:

<i>Name of the subsidiary</i>	<b>Ownership 2021</b>	<i>Ownership 2020</i>	<i>Country of incorporation</i>	<i>Year of incorporation</i>	<i>Activity</i>
<b>Held directly by the Company</b>					
Al Khaleej Development Co. W.L.L	<b>100.00%</b>	100.00%	Kingdom of Bahrain	2009	Purchase, sale, management and development of properties.

The following are the subsidiaries held indirectly through Al Khaleej Development Co. W.L.L.:

<b>Held indirectly by the Company</b>					
Bahrain Investment Wharf B.S.C (c)	<b>100.00%</b>	100.00%	Kingdom of Bahrain	2006	Development, maintenance, leasing and management of commercial and industrial centres, residential buildings and property.
Tamcon Contracting Co. W.L.L	<b>100.00%</b>	100.00%	Kingdom of Bahrain	2007	Contracting activities.
Dannat Resort Development Company Limited	<b>67.57%</b>	67.57%	Cayman Islands	2008	Managing and Development of Real Estate Projects.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2021 (Reviewed)

**2 ACCOUNTING POLICIES (continued)**

<i>Name of the subsidiary</i>	<b>Ownership 2021</b>	<i>Ownership 2020</i>	<i>Country of incorporation</i>	<i>Year of incorporation</i>	<i>Activity</i>
Tamcon Trading W.L.L	<b>100.00%</b>	100.00%	Kingdom of Bahrain	2009	Import, export, sale of electronic & electrical equipment, appliances, its spare parts and sale of building materials.
Eresco Tamcon JV B.S.C (c)	<b>100.00%</b>	100.00%	Kingdom of Bahrain	2014	Construction and maintenance of villas.
Panora Interiors W.L.L	<b>100.00%</b>	100.00%	Kingdom of Bahrain	2015	Carpentry and joinery works.
BIW Labor Accommodation Co W.L.L	<b>60.21%</b>	60.21%	Kingdom of Bahrain	2007	Buying, selling and management of properties.

**2.4 New standards, interpretations and amendments**

These interim condensed consolidated financial statements have been prepared using accounting policies, which are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of following FASs as explained below.

- **FAS 31 “Investment Agency (Al-Wakala Bi Al-Istithmar)” (effective 1 January 2021)**

This standard defines the accounting principles and reporting requirements for investment agency (Al-Wakala Bi Al-Istithmar) transactions and instruments, in the hands of both the principal and the agent. The standard requires the principal to evaluate the nature of the investment as either a) a pass-through investment or b) wakala venture.

Adoption of the above standard did not have any impact on the accounting and the interim condensed consolidated financial statements of the Group for the period ended 30 June 2021.

- **FAS 32 “Ijarah” (effective 1 January 2021)**

This standard supersedes FAS 8 “Ijarah and Ijarah Muntahia Bittamleek”. The standard aims at setting out principles for the classification, recognition, measurement, presentation and disclosure of Ijarah type transactions including their different forms entered into by an institution, in both the capacities of lessor and lessee.

Under this standard, an institution, in its capacity either as lessor or lessee shall classify each of its Ijarah into a) operating Ijarah b) Ijarah Muntahia Biltamleek with expected transfer of ownership after the end of the Ijarah term – either through sale or gift; and c) Ijarah Muntahia Biltamleek with gradual transfer – with gradual transfer of ownership during the Ijarah term including Diminishing Musharaka Ijarah.

The standard includes two recognition exemptions for Ijarah – Ijarah of “low-value” assets (e.g., personal computers) and short-term Ijarah (i.e., Ijarah with a Ijarah term of 12 months or less). At the commencement date of the Ijarah, a lessee will recognise an asset representing the right to use the underlying asset during the Ijarah term (i.e., the right-of-use asset) and a net Ijarah liability, duly comprising of a) gross Ijarah liability and b) deferred Ijarah cost (shown as contra-liability). Further, the net Ijarah liabilities should be netted off against the advance rental’s payments made prior to the commencement of Ijarah term.

The Group recognises lease liabilities to make lease payments and right-of-use asset representing the right to use the underlying assets. The Group has not recognised any right of use assets or corresponding Ijarah liability on 1 January 2021, as the Group has opted to apply the short-term Ijarah exemption on their leases.

---

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2021 (Reviewed)

**2 ACCOUNTING POLICIES (continued)**

**2.4 New standards, interpretations and amendments (continued)**

- **FAS 32 "Ijarah" (effective 1 January 2021) (continued)**

a) Right of use asset

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use asset is measured at cost, less any accumulated amortisation and impairment losses, and adjustment for any effect of Ijarah modification or reassessment. The cost of right-of-use assets represents the fair value of total consideration paid/payable and includes initial direct costs and any dismantling or decommissioning costs. The Group amortises the right-of-use asset from the commencement date to the end of the useful economic life of the right-of use assets which coincides with the end of the Ijarah term using a systematic basis that is reflective of the pattern of utilization of benefits from the right-of-use asset. Right-of-use asset is also subject to impairment in line with FAS 30 requirements.

b) Ijara liability

At the commencement date of the lease (i.e., the date the underlying asset is available for use), the Group recognises Ijarah liability measured at the fair value of total rentals payable for Ijarah term. After the commencement date, the amount of Ijarah liability is increased to reflect return on the Ijarah liability – by way of amortisation of deferred Ijarah cost and reduced to reflect the Ijarah rentals made. In addition, the carrying amount of Ijarah liability is remeasured if there is a modification, a change in the Ijarah term or change in the in-substance fixed lease payments.

- **FAS 34 "Financial Reporting for Sukuk-holders" (effective 1 January 2021)**

This standard prescribes the accounting principles and reporting requirements for underlying assets of a sukuk instrument. It requires the originator to prepare or cause to prepare financing reports as needed under this standard.

Adoption of the above standard did not have any impact on the accounting and the interim condensed consolidated financial statements of the Group for the period ended 30 June 2021.

- **FAS 35 "Risk reserves" (effective 1 January 2021)**

FAS 35 intends to establish the principles of accounting and financial reporting for risk reserves established to mitigate various risk faced by stakeholders, mainly the profit and loss taking investors, of Islamic financial institutions.

Adoption of the above standard did not have any impact on the accounting and the interim condensed consolidated financial statements of the Group for the period ended 30 June 2021.

**2.5 New standards, amendments and interpretations issued but not yet effective**

Standards, interpretations and amendments to existing standards issued but not yet effective up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group reasonably expects these issued standards, interpretations and amendments to existing standards to be applicable at a future date. The Group intends to adopt these standards, interpretations and amendments to existing standards, if applicable, when they become effective:

- **FAS 37 "Financial Reporting by Waqf Institutions" (effective 1 January 2022)**

The standard establishes principles of financial reporting by Waqf financial institutions, which are established and operated in line with Shari'ah principle and rules.

- **FAS 38 Wa'ad, Khiyar and Tahawwut (effective 1 January 2022)**

The standard prescribes the accounting and reporting principles and requirements for Wa'ad (promise), Khiyar (option) and Tahawwut (hedging) arrangements for the institutions.

---

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

At 30 June 2021 (Reviewed)

**3 CYCLICALITY OF OPERATIONS**

The interim consolidated net income for the six-month period ended 30 June 2021 may not represent a proportionate share of the annual net profit or loss due to the variability of income and operating expenses.

**4 CASH AND BANK BALANCES**

	<i>Reviewed</i> <b>30 June</b> <b>2021</b> <b>US\$ '000</b>	<i>Audited</i> <b>31 December</b> <b>2020</b> <b>US\$ '000</b>
Current account balances with banks	5,190	7,929
Short-term deposits (with an original maturity of 90 days or less)	276	9,628
Cash in hand	13	11
Less: restricted cash	(24)	-
Total cash and cash equivalents	<b>5,455</b>	17,568
Short-term deposits (with an original maturity of more than 90 days)	<b>13,455</b>	5,973
Restricted cash	24	-
	<b>18,934</b>	23,541
Less: Provisions for expected credit loss	(135)	(142)
Total cash and bank balances	<b>18,799</b>	23,399

Movements in the provision for expected credit loss:

	<i>Reviewed</i> <b>30 June</b> <b>2021</b> <b>US\$ '000</b>	<i>Audited</i> <b>31 December</b> <b>2020</b> <b>US\$ '000</b>
At 1 January	142	475
Reversal during the period / year	(7)	(333)
	<b>135</b>	142

**5 ACCOUNTS RECEIVABLE**

	<i>Reviewed</i> <b>30 June</b> <b>2021</b> <b>US\$ '000</b>	<i>Audited</i> <b>31 December</b> <b>2020</b> <b>US\$ '000</b>
Amounts due from related parties (note 21)	12,714	12,797
Trade receivables	15,305	13,809
Other receivables	18,532	18,391
Rent receivable	1,496	1,980
	<b>48,047</b>	46,977
Less: provision for expected credit losses	(23,719)	(23,905)
	<b>24,328</b>	23,072

---

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

At 30 June 2021 (Reviewed)

**5 ACCOUNTS RECEIVABLE (continued)**

Amounts due from related parties are unsecured, bear no profit and have no fixed repayment terms and are authorised by the Group's management.

The movement in the Group's provision for expected credit losses is as follows:

	<i>Reviewed</i> <b>30 June</b> 2021 <i>US\$ '000</i>	<i>Audited</i> 31 December 2020 <i>US\$ '000</i>
At 1 January	<b>23,905</b>	27,397
Write back during the period / year	<b>(186)</b>	(6,038)
Impact of adoption of FAS 30	-	2,546
	<b>23,719</b>	23,905

**6 INVESTMENTS**

	<i>Reviewed</i> <b>30 June</b> 2021 <i>US\$ '000</i>	<i>Audited</i> 31 December 2020 <i>US\$ '000</i>
<b>Equity-type instruments at fair value through equity - unquoted</b>		
Equity investments in real estate	<b>12,865</b>	12,593

These are unquoted equity investments that are classified as fair value through equity (FVTE). All these investments have underlying real estate development projects. The recoverable amount of these investments has been determined by management based on valuations carried out by independent real estate experts.

**7 INVESTMENT IN JOINT VENTURES AND ASSOCIATES**

	<i>Reviewed</i> <b>30 June</b> 2021 <i>US\$ '000</i>	<i>Audited</i> 31 December 2020 <i>US\$ '000</i>
At 1 January	<b>95,681</b>	87,387
Acquisitions during the period / year	-	9,265
Distributions during the period / year	-	(372)
Gain on bargain purchase	-	9,574
Net share of loss	<b>(295)</b>	(10,173)
	<b>95,386</b>	95,681

**8 INVESTMENT IN REAL ESTATE**

	<i>Reviewed</i> <b>30 June</b> 2021 <i>US\$ '000</i>	<i>Audited</i> 31 December 2020 <i>US\$ '000</i>
At 1 January	<b>76,824</b>	77,402
Additions during the period / year	<b>2,098</b>	1,776
Disposals during the period / year	-	(2,354)
	<b>78,922</b>	76,824

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2021 (Reviewed)

**9 PROPERTY, PLANT AND EQUIPMENT**

	<i>Buildings on leasehold land US\$ '000</i>	<i>Machinery, equipment and fixtures US\$ '000</i>	<i>Computer hardware and software US\$ '000</i>	<i>Motor vehicles US\$ '000</i>	<i>Total US\$ '000</i>
<b>Cost</b>					
At 1 January 2021	10,122	10,470	1,585	2,203	24,380
Additions	-	6	1	50	57
At 30 June 2021	<u>10,122</u>	<u>10,476</u>	<u>1,586</u>	<u>2,253</u>	<u>24,437</u>
<b>Accumulated depreciation</b>					
At 1 January 2021	2,730	9,257	1,463	1,885	15,335
Charge	175	232	38	38	483
At 30 June 2021	<u>2,905</u>	<u>9,489</u>	<u>1,501</u>	<u>1,923</u>	<u>15,818</u>
<b>Net book amount: At 30 June 2021</b>	<u><b>7,217</b></u>	<u><b>987</b></u>	<u><b>85</b></u>	<u><b>330</b></u>	<u><b>8,619</b></u>
At 31 December 2020	<u>7,392</u>	<u>1,213</u>	<u>122</u>	<u>318</u>	<u>9,045</u>

Depreciation on property, plant and equipment charged to the interim consolidated statement of income is as follows:

	<i>Reviewed Six months ended 30 June</i>	
	<u>2021</u>	<u>2020</u>
	<u>US\$ '000</u>	<u>US\$ '000</u>
Depreciation charged to contract costs	117	29
Depreciation charged to expenses	366	485
	<u><b>483</b></u>	<u><b>514</b></u>

**10 RIGHT OF USE ASSET**

	<i>Reviewed 30 June 2021 US\$ '000</i>	<i>Audited 31 December 2020 US\$ '000</i>
<b>Cost</b>		
Opening	-	-
Additions	328	-
	<u><b>328</b></u>	<u>-</u>
<b>Accumulated amortisation</b>		
At 1 January	-	-
Charge	9	-
	<u><b>9</b></u>	<u>-</u>
<b>Net book value</b>	<u><b>319</b></u>	<u>-</u>



---

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

At 30 June 2021 (Reviewed)

**11 OTHER ASSETS**

	<i>Reviewed</i> <b>30 June</b> <b>2021</b> <b>US\$ '000</b>	<i>Audited</i> <b>31 December</b> <b>2020</b> <b>US\$ '000</b>
Advances to contractors	<b>325</b>	450
Prepayments	<b>281</b>	368
	<b>606</b>	<b>818</b>

**12 OTHER LIABILITIES AND ACCOUNTS PAYABLE**

	<i>Reviewed</i> <b>30 June</b> <b>2021</b> <b>US\$ '000</b>	<i>Audited</i> <b>31 December</b> <b>2020</b> <b>US\$ '000</b>
Lease rent payables (note 12.1)	<b>50,105</b>	50,105
Accruals and other payables	<b>7,209</b>	6,737
Case compensation and other contingencies (note 12.3)	<b>7,294</b>	7,672
Advances from construction clients	<b>253</b>	455
Amounts due to related parties (note 12.2 and 21)	<b>59</b>	126
Retentions payable	<b>1,131</b>	1,839
Trade payables	<b>2,134</b>	2,329
	<b>68,185</b>	<b>69,263</b>

**Note 12.1**

The Group's subsidiary entered into a long term lease contract with the Ministry of Industry, Commerce and Tourism ("MOICT") in December 2005, effective from May 2006, for a period of 50 years.

In accordance with the terms of the agreement with the MOICT, from the date of signing the agreement, no lease rent is payable for the first two years of the lease period, from 2006 to 2007. Lease rent payable, for the lease period (from 2008-2025), was deferred due to the cost incurred by the Group on the reclamation of the leasehold land. Thereafter, the Group is required to pay lease rental over thirty years (from 2026 to 2056).

**Note 12.2**

Amounts due to related parties are unsecured, bear no profit, have no fixed repayment terms and are authorised by the Group's management.

**Note 12.3**

The Group has a history of legal claims filed against it. Due to such claims history the management has made an assessment of potential future claims against the Company and accordingly retained provisions for such future contingencies. During the year 2020, an investor in a project company filed a case against the Company in the Bahrain Chamber for Dispute Resolution (BDCR) over a dispute relating to a project company managed by the Company. In the current period, BDCR has ruled the case against the Company, however, the Company has subsequently appealed the ruling in the Court of Cassation, for which the outcome is still pending. The management has assessed it has sufficient provisions for the claim in case the higher court issues a ruling against the Company.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2021 (Reviewed)

**13 IJARAH LIABILITY**

	<i>Reviewed</i> <b>30 June</b> <b>2021</b>		<i>Audited</i> <b>31 December</b> <b>2020</b>	
	<i>gross</i> <i>ijarah</i> <i>liability</i> <b>US\$ '000</b>	<i>net</i> <i>ijarah</i> <i>liability</i> <b>US\$ '000</b>	<i>gross</i> <i>ijarah</i> <i>liability</i> <b>US\$ '000</b>	<i>net</i> <i>ijarah</i> <i>liability</i> <b>US\$ '000</b>
Within one year	131	114	-	-
After one year but not more than five years	230	216	-	-
Total	<b>361</b>	<b>330</b>	-	-
Deferred ijarah cost	(31)	-	-	-
Net ijarah liability	<b>330</b>	<b>330</b>	-	-

**14 FINANCING FROM A BANK**

	<i>Reviewed</i> <b>30 June</b> <b>2021</b> <b>US\$ '000</b>	<i>Audited</i> <b>31 December</b> <b>2020</b> <b>US\$ '000</b>
Commodity murabaha financing	<b>5,610</b>	5,439

The Group has obtained financing from a bank to fund the acquisition of investments, purchase of real estate and to meet working capital requirements. These liabilities bear market rates of profit and are repayable in accordance with the repayment terms agreed with the respective bank.

**15 TREASURY SHARES**

Treasury shares represent 3,675,000 (31 December 2020: 3,675,000) shares amounting to US\$ 1,308,680 (31 December 2020: US\$ 1,308,680) representing 1.22% (31 December 2020: 1.22%) of the issued share capital, held by the Group.

**16 NET INCOME FROM CONSTRUCTION CONTRACTS**

	<i>Reviewed</i> <i>Six months ended</i> <i>30 June</i>	
	<b>2021</b> <b>US\$ '000</b>	<b>2020</b> <b>US\$ '000</b>
Contract income	3,834	434
Contract costs	(3,435)	(565)
	<b>399</b>	(131)

**17 INCOME FROM INVESTMENT IN REAL ESTATE**

	<i>Reviewed</i> <i>Six months ended</i> <i>30 June</i>	
	<b>2021</b> <b>US\$ '000</b>	<b>2020</b> <b>US\$ '000</b>
Rental income	1,541	2,629
	<b>1,541</b>	2,629

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2021 (Reviewed)

**18 OTHER INCOME**

	<i>Reviewed</i>	
	<i>Six months ended</i>	
	<i>30 June</i>	
	<b>2021</b>	<b>2020</b>
	<b>US\$ '000</b>	<b>US\$ '000</b>
Electricity and water services	50	338
Profit on short-term deposits	265	307
Others	403	874
	<b>718</b>	<b>1,519</b>

**19 NET IJARAH COST**

	<i>Reviewed</i>	
	<i>Six months ended</i>	
	<i>30 June</i>	
	<b>2021</b>	<b>2020</b>
	<b>US\$ '000</b>	<b>US\$ '000</b>
Amortisation of right of use asset	9	-
Amortisation of deferred ijarah cost	2	-
	<b>11</b>	<b>-</b>

**20 BASIC AND DILUTED EARNINGS PER SHARE**

Basic and diluted earnings per share amounts are calculated by dividing net income for the period attributable to equity holders of the parent by the weighted average number of shares outstanding during the period as follows:

	<i>Reviewed</i>	
	<i>Six months ended</i>	
	<i>30 June</i>	
	<b>2021</b>	<b>2020</b>
(Loss) / income attributable to the equity shareholders of the parent for the period - US\$ '000	<b>(1,671)</b>	4,788
Weighted average number of shares outstanding at the beginning and end of the period - in thousands	<b>297,162</b>	297,162
(Loss) / earnings per share - US cents	<b>(0.56)</b>	1.61

The Company does not have any potentially dilutive ordinary shares, hence the diluted earnings per share and basic earnings per share are identical.

**21 RELATED PARTY BALANCES AND TRANSACTIONS**

Related parties comprise major shareholders, directors of the Group, entities owned or controlled, jointly controlled or significantly influenced by them and companies affiliated by virtue of shareholding in common with that of the Group and Shari'a Supervisory Board members and external auditors.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2021 (Reviewed)

21 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

The related party balances included in the interim condensed consolidated financial statements are as follows:

	Reviewed 30 June 2021				Audited 31 December 2020			
	Associates and joint ventures US\$ '000	Key management personnel/ Board members/ external auditors US\$ '000	Other related parties US\$ '000	Total US\$ '000	Associates and joint ventures US\$ '000	Key management personnel/ Board members/ external auditors US\$ '000	Other related parties US\$ '000	Total US\$ '000
Accounts receivable - gross	9,805	-	2,909	12,714	9,815	-	2,982	12,797
Provision for impaired receivables	(2,998)	-	(2,409)	(5,407)	(2,997)	-	(2,409)	(5,406)
Accounts receivable - net	6,807	-	500	7,307	6,818	-	573	7,391
Accounts payable	21	34	4	59	19	1	106	126

The related party transactions included in the interim condensed consolidated financial statements are as follows:

	Reviewed 30 June 2021				Reviewed 30 June 2020			
	Associates and joint ventures US\$ '000	Key management personnel/ Board members/ external auditors US\$ '000	Other related parties US\$ '000	Total US\$ '000	Associates and joint ventures US\$ '000	Key management personnel/ Board members/ external auditors US\$ '000	Other related parties US\$ '000	Total US\$ '000
<b>Income</b>								
Fee for management and other services	110	-	-	110	24	-	-	24
Net share of loss from investment in joint ventures and associates	(295)	-	-	(295)	(60)	-	-	(60)
	(185)	-	-	(185)	(36)	-	-	(36)
<b>Expenses</b>								
Staff costs	-	958	-	958	-	877	-	877
General and administrative expenses	4	136	83	223	2	96	30	128
	4	1,094	83	1,181	2	973	30	1,005
<b>Profit</b>								
Reversal of expected credit losses	-	-	-	-	5,766	-	-	5,766

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2021 (Reviewed)

21 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Compensation of the key management personnel is as follows:

	<i>Reviewed</i> <i>Six months ended</i> <i>30 June</i>	
	<b>2021</b>	2020
	<b>US\$ '000</b>	US\$ '000
Salaries and other benefits	<b>958</b>	877

22 SEGMENTAL INFORMATION

Segmental information is presented in respect of the Group's business segments. A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. For management purposes, the Group is organised into three major business segments.

The accounting policies of the segments are the same as those applied in the preparation of the Group's interim condensed consolidated financial statements as set out in note 2. Transactions between segments are conducted at estimated market rates on an arm's length basis.

(a) Segment information relating to the interim consolidated statement of income is disclosed as follows:

	<b>30 June 2021 - Reviewed</b>				
	<i>Investment and related services</i>	<i>Construction contracts</i>	<i>Development and sale of industrial plots</i>	<i>Eliminations</i>	<i>Total</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
Net revenues from					
external customers	518	451	1,638	(237)	2,370
Inter-segment transactions	76	33	128	(237)	-
Share of loss from investment in joint ventures and associates	(277)	-	-	(18)	(295)
Other income	147	243	328	-	718
Total revenue	<b>464</b>	<b>727</b>	<b>2,094</b>	<b>(492)</b>	<b>2,793</b>
Segment (loss) / profit	<b>(2,056)</b>	<b>(962)</b>	<b>1,483</b>	<b>(71)</b>	<b>(1,606)</b>
	<b>30 June 2020 - Reviewed</b>				
	<i>Investment and related services</i>	<i>Construction contracts</i>	<i>Development and sale of industrial plots</i>	<i>Eliminations</i>	<i>Total</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
Net revenues from					
external customers	300	(131)	2,930	50	3,149
Inter-segment transactions	155	-	313	(468)	-
Share of loss from investment in joint ventures and associates	(57)	-	-	(3)	(60)
Other income	213	589	767	(50)	1,519
Total revenue	<b>611</b>	<b>458</b>	<b>4,010</b>	<b>(471)</b>	<b>4,608</b>
Segment (loss) / profit	<b>4,529</b>	<b>(1,746)</b>	<b>2,358</b>	<b>30</b>	<b>5,171</b>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2021 (Reviewed)

**22 SEGMENTAL INFORMATION (continued)**

(b) Segment information relating to the interim consolidated statement of financial position as at 30 June 2021 and 31 December 2020 is disclosed as follows:

	<b>30 June 2021 - Reviewed</b>				
	<i>Investment and related services</i>	<i>Construction contracts</i>	<i>Development and sale of industrial plots</i>	<i>Eliminations</i>	<i>Total</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
Segment assets	<b>388,187</b>	<b>37,173</b>	<b>121,599</b>	<b>(307,115)</b>	<b>239,844</b>
Segment liabilities	<b>143,696</b>	<b>6,062</b>	<b>53,319</b>	<b>(128,952)</b>	<b>74,125</b>
	<b>31 December 2020 - Audited</b>				
	<i>Investment and related services</i>	<i>Construction contracts</i>	<i>Development and sale of industrial plots</i>	<i>Eliminations</i>	<i>Total</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
Segment assets	390,715	39,158	118,662	(307,103)	241,432
Segment liabilities	145,035	7,094	52,012	(129,439)	74,702

**23 CONTINGENCIES AND COMMITMENTS**

The Group has the following credit related commitments:

	<b>Reviewed</b>	<b>Audited</b>
	<b>30 June 2021</b>	<b>31 December 2020</b>
	<b>US\$ '000</b>	<b>US\$ '000</b>
Guarantees	<b>2,294</b>	<b>2,294</b>

**24 FIDUCIARY ASSETS**

The assets managed on behalf of customers, to which the Group does not have any legal title are not included in the interim consolidated statement of financial position. At 30 June 2021, the carrying value of such assets is US\$ 98.77 million (31 December 2020: US\$ 99.09 million).