

**INFRACORP B.S.C (c)**  
*(formerly known as INFRACORP WLL and prior to  
that as GFH properties WLL)*

**CONSOLIDATED  
FINANCIAL STATEMENTS**

**31 December 2022**

Commercial registration	:	75109-1
Registered office	:	Flat / Shop No. 11 Building 1436, Road 4626 Block 346, Manama/ Sea Front Kingdom of Bahrain
Directors	:	Hesham Ahmed Alrayes, Chairman Salah Abdulla Mohamed Sharif Majed Abdulla Mohamed Alkhan Salman Ahmed Haider Ahmed Ali Ebrahim Saeed (w.e.f. 2 March 2022) Osama Mohamed Muein Hassan (w.e.f. 30 January 2022) Salem Patel (w.e.f. 2 March 2022)
Chief executive officer	:	Majed Abdulla Mohamed Alkhan
Auditor	:	KPMG Fakhro, Bahrain

**CONSOLIDATED FINANCIAL STATEMENTS**  
**for the year ended 31 December 2022**

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**REPORT OF THE BOARD OF DIRECTORS  
for the year ended 31 December 2022**

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Dear Shareholders,

On behalf of the Board of Directors of Infracorp B.S.C. (c) (the "Company") and its subsidiaries (together "the Group"), I am pleased to present the Group's financial results for the fiscal year ended 31 December 2022. The year 2022 marked Infracorp's first year of operations after establishing itself as a leading player in the real estate and infrastructure development industry. The company's renewed focus on diversification and strong commitment to Environmental, Social, and Governance ("ESG") principles demonstrated its dedication to sustainable growth and responsible business practices. As a result, Infracorp is well-positioned to seize opportunities in emerging markets and capitalize on the growing demand for innovative and sustainable infrastructure solutions.

Despite global challenges, Russian War and impact of the pandemic, the Group was able to achieve exponential growth in profits and revenues. This was driven by a combination of strategic investments, operational efficiencies, and a strong strategy. Infracorp achieved \$129 million in revenue for the year 2022 which is a significant accomplishment that showcases the company's commitment to sustainable social infrastructure development and its solid business strategy.

The Group's total consolidated profit was \$33.17 million. Achieving this growth is made possible through the continued success is attributable to the assets acquired during 2022, and our pursuit of investments and activities that facilitate steady income generation. The sale of real-estate, income from fee-based services, and investment activities have recorded positive contributions to our revenues. Infracorp manages a portfolio of nearly US \$3 billion in infrastructure assets, including a 250 million square feet land bank in the Gulf, North Africa and South Asia which is earmarked for sustainable economic and social infrastructure.

During the year 2022, Infracorp successfully issued a US \$ 900 million green sukuk listed on the London Stock Exchange and the first-ever green Sukuk to be listed on the exchange by a Bahraini entity. This impressive milestone is a testament to the company's commitment to providing Environmental, Social & Governance (ESG) high-quality products and investment opportunities. To ensure we can continue realizing value and solid returns for our investors and shareholders, and serving the communities in which we are operating, we are committed towards continually embedding ESG principles into our Group's policies and frameworks. Infracorp invested in Aurora Infrastructure Oy ("Aurora"); a well-established monopoly electricity distribution network operating in two key geographical areas in Finland and one of the largest industrial electricity distribution networks in the Nordics region. Consistent with Infracorp's focus, Aurora has a strong ESG basis and benefits from the commitment of the Company's customers to ESG principles with well-established strategies on decarbonization of their on-site operations underpinned by further electrification.

Infracorp marked significant milestones during 2022 which included strategically selling its retail component in the Harbour Row and Harbour Height project to Harbour Walk fund. Infracorp specializes in investments that are hyper-focused on accelerating the growth and development of sustainable infrastructure assets across the MENA region and global markets. Infracorp has also assisted with the development of innovative real estate and infrastructure projects in the GCC, MENA and India including residential and commercial projects such as Bahrain and Tunisia's iconic harbors. Infracorp is also overseeing the development of luxury lifestyle developments such as Royal Ranches of Marrakech in Morocco. More recently Infracorp has sold more than 90% of the centrally located waterfront The Harbour Row project.

**REPORT OF THE BOARD OF DIRECTORS  
for the year ended 31 December 2022**

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With that, we have entered 2023 in a stronger position to execute our strategy to deliver solid returns and sustainable value creation opportunities through continued diversification and operational innovation. The company's strong financial performance is evidence of its commitment to creating value for its customers and stakeholders. By providing innovative solutions to complex social and environmental challenges, Infracorp is helping to build a better world for future generations. With its innovative products and commitment to long-term returns, Infracorp is poised for continued success in the future.

**Financial performance**

The results of the Group for the year ended 31 December 2022 are set summarised below:

	<b>31 December 2022 USD ('000)</b>	<b>31 December 2021 USD ('000)</b>
Profit / (loss) for the year	33,172	(799)
Profit / (loss) for the year attributable to owners of the Company	33,004	(799)
Total assets	1,626,684	202,396
Total equity	1,238,790	201,728

**Representations and audit**

The Group's activities for the year ended 31 December 2022 have been conducted in accordance with the Commercial Companies Law and other relevant statutes of the Kingdom of Bahrain.

We have maintained proper and complete accounting records which, together with all the information and explanations, have been made freely available to the auditors, KPMG. We know of no other events since 31 December 2022 which would affect the consolidated financial statements.

On behalf of the Board of Directors of the Group, we would like to express our gratitude to the Government of the Kingdom of Bahrain and its visionary leadership: His Majesty King Hamad bin Isa Al Khalifa and His Royal Highness Prince Salman bin Hamad Al Khalifa the Crown Prince, Deputy Supreme Commander and Prime Minister for their committed leadership and forward-thinking vision that have enabled Bahrain to become a hub for development and innovation in the region. I would also like to take this opportunity to express our appreciation for our investors' and shareholders' continued trust and confidence in the face of enduring market uncertainties, which have enabled us to persist in our growth throughout the past year. I would like to acknowledge the vigorous efforts, ingenuity and commitment of our management team and employees across the Group and its subsidiaries, which allowed the Group to deliver on its promise of value creation through dynamic diversification. I also want to thank our Board of Directors for their ongoing guidance and support in steering the Group towards further growth and success. As part of the Group's obligation to maintain utmost transparency with our valued shareholders, we are pleased to attach the table below that shows the remuneration of members of the Board of Directors and the Executive Management for the fiscal year ended 31st December 2022.

**REPORT OF THE BOARD OF DIRECTORS  
for the year ended 31 December 2022**

**Remuneration of the Board of Directors**

Name	Fixed remunerations				Variable remunerations						End-of-service award	Aggregate amount (Does not include allowance)	Expenses allowance	
	Proposed Remuneration of the Chairman and BOD	Total allowance for attending Board and committee	Salaries	Others	Total	Remuneration of the Chairman and BOD	Bonus	Incentive plans	Others	Total				
<b>First: Independent Directors</b>														
1- Osama Muein	10,000	4,147	-	-	14,147	-	-	-	-	-	-	-	-	-
2- Salman Ahmed Haider	10,000	1,508	-	-	11,508	-	-	-	-	-	-	-	-	-
3- Ahmed Ali Ebrahim	10,000	3,770	-	-	13,770	-	-	-	-	-	-	-	-	-
<b>Second: Non-Executive Directors</b>														
1- Hesham Ahmed Al Rayes	15,000	1,131	-	-	16,131	-	-	-	-	-	-	-	-	-
2- Salah Sharif	10,000	1,885	-	-	11,885	-	-	-	-	-	-	-	-	-
3- Saleem Patel	10,000	3,770	-	-	13,770	-	-	-	-	-	-	-	-	-
<b>Third: Executive Directors</b>														
1- Majed Al Khan	10,000	2,262	-	-	12,262	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>75,000</b>	<b>18,473</b>	<b>-</b>	<b>-</b>	<b>93,473</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Notes:**

- 1- All amounts are stated in BHD.
- 2- The Group does not have any variable remuneration payments, end of service benefits, or expense allowances paid to its non-executive and independent directors.
- 3- Salaries paid to chief executive officer who is also on the board of directors are disclosed as part of executive management remuneration details below.

**Remuneration for the Top Six Executives**

Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2021	Aggregate Amount
Remunerations of top 6 executives (including CEO and CFO)	478,191	316,600	-	794,791

**Notes:**

- 1- All amounts are stated in BHD.
- 2- Remuneration details exclude any Board remuneration earned by executive management from their role in investee companies or other subsidiaries.

Hesham Ahmed Alrayes  
Chairman  
14 March 2023

Majed Abdulla Alkhan  
Board Member & CEO  
14 March 2023



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CR No. 6220-2

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## Independent auditors' report

### To the Shareholders of

*Infracorp B.S.C (c)*  
*(formerly known as INFRACORP WLL and prior to that as GFH properties WLL in 2021)*  
*Manama, Kingdom of Bahrain*

#### Opinion

We have audited the accompanying consolidated financial statements of Infracorp BSC (c) (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards).

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Kingdom of Bahrain, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Information

The board of directors is responsible for the other information. The other information obtained at the date of this auditors' report is the report of the board of directors set out on pages 1-3.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Board of Directors for the Consolidated Financial Statements

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

*Independent auditors' report (continued)*  
*Infracorp B.S.C (c)*

In preparing the consolidated financial statements, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

#### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### Report on Other Regulatory Requirements

- 1) As required by the Commercial Companies Law, we report that:
  - a) The Company has maintained proper accounting records and its consolidated financial statements are in agreement therewith;
  - b) The financial information contained in the report of the board of directors is consistent with the consolidated financial statements;
  - c) We are not aware of any violations during the year of the Commercial Companies Law or the terms of the Company's Memorandum and Articles of Association that would have had a material adverse effect on the business of the Company or on its consolidated financial position; and
  - d) Satisfactory explanations and information have been provided to us by management in response to all our requests.

*Independent auditors' report (continued)*  
*Infracorp B.S.C (c)*

- 2) As required by the Ministry of Industry, Commerce and Tourism in their letter dated 30 January 2020 in respect of the requirements of Article 8 of Section 2 of Chapter 1 of the Corporate Governance Code, we report that the Company has:
- a) a corporate governance officer; and
  - b) a Board approved written guidance and procedures for corporate governance.




KPMG Fakhro  
Partner registration number 137  
14 March 2023

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**as at 31 December 2022**

US\$ 000's

	Note	31 December 2022	31 December 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	60,100	1,285
Right-of-use asset		7,640	-
Investment property	6	189,585	-
Investment securities	7	95,172	-
Equity-accounted investees	8	29,777	-
Deferred tax asset		170	-
<b>Total non-current assets</b>		<b>382,444</b>	<b>1,285</b>
<b>Current assets</b>			
Cash and bank balances	9	100,883	22,569
Development properties	10	934,671	-
Inventories		6,113	-
Due from related parties	22	92,798	178,099
Trade receivables	11	38,076	-
Other assets	12	71,699	443
<b>Total current assets</b>		<b>1,244,240</b>	<b>201,111</b>
<b>Total assets</b>		<b>1,626,684</b>	<b>202,396</b>
<b>EQUITY</b>			
Share capital	13	102,525	102,525
Share premium		96,834	100,002
Statutory reserve		3,300	-
Fair value reserve		(1,803)	-
Foreign currency translation reserve		(34,149)	-
Retained earnings / (accumulated losses)		10,905	(799)
<b>Total equity attributable to shareholders of Company</b>		<b>177,612</b>	<b>201,728</b>
Subordinated perpetual mudaraba	14	900,000	-
Non-controlling interests	15	161,178	-
<b>Total equity</b>		<b>1,238,790</b>	<b>201,728</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings from bank	17	11,763	-
Trade and other payables	16	8,915	-
Lease liability		8,301	-
<b>Total non-current liabilities</b>		<b>28,979</b>	<b>-</b>
<b>Current liabilities</b>			
Borrowings from bank	17	60,962	-
Due to related parties	22	170,479	-
Trade and other payables	16	127,295	668
Lease liability		179	-
<b>Total current liabilities</b>		<b>358,915</b>	<b>668</b>
<b>Total equity and liabilities</b>		<b>1,626,684</b>	<b>202,396</b>

The Board of Directors approved the consolidated financial statements on 14 March 2023 and signed on its behalf by:

  
Hesham Ahmed Alrayes  
Chairman


  
Majed Abdulla Alkhan  
Board Member & CEO

The accompanying notes 1 to 28 form an integral part of the consolidated financial statements.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**for the year ended 31 December 2022**

US\$ 000's

	Note	31 December 2022	31 December 2021
<b>Income</b>			
Development and management income	18 (i)	101,838	3,534
Operational income	18 (ii)	18,008	-
Investment and other income	18 (iii)	8,784	14
<b>Total income</b>		<b>128,630</b>	<b>3,548</b>
<b>Expenses</b>			
Direct cost of materials	19	75,068	-
Staff cost	20	8,777	2,684
Finance expenses		3,028	-
Other operating expenses	21	8,585	1,663
<b>Total expenses</b>		<b>95,458</b>	<b>4,347</b>
<b>Profit / (loss) for the year</b>		<b>33,172</b>	<b>(799)</b>
<b>Profit / (loss) attributable to</b>			
Owners of the Company		33,004	(799)
Non-controlling interests		168	-
		<b>33,172</b>	<b>(799)</b>



Hesham Ahmed Alrayes  
*Chairman*



Majed Abdulla Alkhan  
*Board Member & CEO*

The accompanying notes 1 to 28 form an integral part of the consolidated financial statements.

**CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**for the year ended 31 December 2022**

US\$ 000's

	<b>31 December 2022</b>	31 December 2021
Profit / (loss) for the year	33,172	(799)
<b>Other comprehensive income</b>		
<i>Item that are or may be reclassified subsequently to profit or loss</i>		
Foreign currency translation differences	(41,632)	-
Debt investments at FVOCI – fair value change	(1,803)	-
<b>Other comprehensive income</b>	<b>(43,435)</b>	-
<b>Total comprehensive income for the year</b>	<b>(10,263)</b>	(799)
<b>Total comprehensive income attributable to</b>		
Owners of the Company	(2,948)	(799)
Non-controlling interests	(7,315)	-
	<b>(10,263)</b>	(799)

The accompanying notes 1 to 28 form an integral part of the consolidated financial statements.

US\$ 000's

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the year ended 31 December 2022

	Attributable to shareholders of the Group							Subordinated mudaraba	Non-controlling interest	Total owner's equity
	Share capital	Share premium	Statutory reserve	Fair value reserve	Foreign currency translation reserve	Retained earning/accumulated losses	Total			
<b>31 December 2022</b>										
Balance at 1 January 2022	102,525	100,002	-	-	-	(799)	201,728	-	-	201,728
Profit for the year	-	-	-	-	-	33,004	33,004	-	168	33,172
Transfer to statutory reserve	-	-	3,300	-	-	(3,300)	-	-	-	-
Subordinated mudaraba (notes 1 and 14)	-	-	-	-	-	-	-	900,000	-	900,000
NCI arising from acquisition of business (note 23)	-	-	-	-	-	-	-	-	171,344	171,344
Acquisition of NCI without change in control	-	-	-	-	-	-	-	-	(2,851)	(2,851)
Foreign currency translation movement	-	-	-	-	(34,149)	-	(34,149)	-	(7,483)	(41,632)
Fair value movement	-	-	-	(1,803)	-	-	(1,803)	-	-	(1,803)
Transaction cost relating to issuance of Subordinated Perpetual Mudaraba	-	(3,168)	-	-	-	-	(3,168)	-	-	(3,168)
Payment of coupon on Subordinated Perpetual Mudaraba	-	-	-	-	-	(18,000)	(18,000)	-	-	(18,000)
<b>Balance at 31 December 2022</b>	<b>102,525</b>	<b>96,834</b>	<b>3,300</b>	<b>(1,803)</b>	<b>(34,149)</b>	<b>10,905</b>	<b>177,612</b>	<b>900,000</b>	<b>161,178</b>	<b>1,238,790</b>

	Share capital			Share premium	Additional contribution	Accumulated losses	Total equity
	Share capital	Share premium	Additional contribution				
<b>31 December 2021</b>							
Balance at 1 January 2021	11,273	-	12,161	-	(20,907)	2,527	
Total comprehensive loss for the year	-	-	-	-	(799)	(799)	
Additional cash contribution during the year	-	-	20,000	-	-	20,000	
Additional assets contribution during the year	-	-	180,000	-	-	180,000	
Transfer to premium and capital	91,254	100,000	(191,254)	-	-	-	
Netting off additional contribution against losses	-	-	(20,907)	-	20,907	-	
<b>Balance at 31 December 2021</b>	<b>102,527</b>	<b>100,000</b>	<b>-</b>	<b>-</b>	<b>(799)</b>	<b>201,728</b>	

The accompanying notes 1 to 28 form an integral part of the consolidated financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
for the year ended 31 December 2022

US\$ 000's

	31 December 2022	31 December 2021
<b>OPERATING ACTIVITIES</b>		
Profit / (loss) for the year	33,172	(799)
<i>Adjustments for:</i>		
Finance income	(3,130)	(12)
Depreciation on property, plant and equipment	2,915	695
Depreciation on investment property	1,487	-
Depreciation on right of use assets	97	-
Share of loss from equity accounted investee	48	-
Income from asset swaps	(4,398)	-
Income from investment securities	(780)	-
Liabilities no longer required written back	(2,653)	-
	<b>26,758</b>	<b>(116)</b>
<b>Changes in operating activities:</b>		
Movement of development properties	17,960	-
Movement in bank balances - escrow accounts	(26,289)	-
Trade receivables	71,071	(94)
Inventory	654	-
Due from related parties	(18,040)	(177,531)
Payables and other liabilities	(170,273)	340
Due to related parties	170,479	-
Other assets	(71,256)	-
	<b>1,064</b>	<b>(177,401)</b>
<b>Net cash generated from / (used in) operating activities</b>		
<b>INVESTING ACTIVITIES</b>		
Movement of property, plant and equipment (net)	(808)	(176)
Movement in Investment property	842	-
Cash acquired from acquisition (net)	78,577	-
Income from investment securities	780	-
Finance income received	3,130	12
Placements – original maturity more than three months	(60,308)	-
	<b>22,213</b>	<b>(164)</b>
<b>Net cash generated from / (used in) investing activities</b>		
<b>FINANCING ACTIVITIES</b>		
Subordinated Perpetual Mudaraba Coupon paid	(18,000)	-
Movement in borrowings	(11,659)	-
Movement in lease liability	950	-
Acquisition of NCI without change in control	(2,851)	-
Addition in share capital	-	200,000
	<b>(31,560)</b>	<b>200,000</b>
<b>Net cash (used in) / generated from financing activities</b>		
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(8,283)</b>	<b>22,435</b>
Cash and cash equivalents at beginning of the year	22,569	134
<b>Cash and cash equivalents at year end (Note 9)</b>	<b>14,286</b>	<b>22,569</b>

The accompanying notes 1 to 28 form an integral part of the consolidated financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**for the year ended 31 December 2022**

US\$ 000's

**1 REPORTING ENTITY**

INFRACORP B.S.C (c) ("Infracorp" or the "Company") is a closely held Bahraini shareholding company incorporated in the Kingdom of Bahrain under commercial registration number 75109-1, on 23 May 2010. The registered address of the Company is Shop 11, Building 1436, Road 4626, Block 346, Manama / Sea Front, Bahrain.

The Company and its subsidiaries (together "the Group") are principally engaged in business of infrastructure development, real estate, asset management, investment and product development, fund raising and sourcing opportunities and development rights of infrastructure assets.

Infracorp was capitalised with more than US\$1 billion. The capitalisation resulted in the paid-up share capital up to USD 200 million and the issuance of a perpetual sukuk amounting to USD 900 million (refer to note 23).

The issued and paid-up share capital of the Company as at 31 December 2022 is USD 102,525,000 divided into 102,525,000 shares each with a nominal value of USD 1 per share. The shareholders of the Company as at the reporting date were as follows:

**Name of shareholder**

GFH Financial Group BSC ('GFH')  
 Nash'at Farhan Awad Sahawneh  
 Other shareholders

<b>Shareholding</b>	
<b>31 December 2022</b>	31 December 2021
39%	99%
47.5%	-
13.5%	1%
<b>100.00%</b>	100.00%

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**for the year ended 31 December 2022**

US\$ 000's

## 1 REPORTING ENTITY (continued)

The consolidated financial statements for the year ended 31 December 2022 comprise the financial statements of the Company and its subsidiaries (together referred to as "the Group"). The following are the subsidiaries consolidated in the consolidated financial statements.

Investee name	Country of incorporation	Effective ownership interests as at 31 December 2022	Effective ownership interests as at 31 December 2021	Activities
Harbour Row 2 Real Estate W.L.L.	Kingdom of Bahrain	100%	-	Development, sale and management of real estate assets in Bahrain Financial Harbour
Harbour Row 3 Real Estate W.L.L.		100%	-	
Falcon Cement Company BSC (c) ("FCC")		51.72%	-	Manufacturing and packaging of cement
N.S.12 W.L.L. ("N.S. 12")		79.69%	-	Mixed-use development and sale of real estate assets
Bahrain Harbour Marines W.L.L.		100%	-	Operation of recreational water transportation facilities
Bahrain Harbour Events W.L.L.		100%	-	Organization of conventions, events, and trade shows
Energy City Navi Mumbai Investment Company & Mumbai IT & Telecom Technology Investment Company (together "India Projects")	Cayman Islands	78.66%	-	Owning land banks for mixed-used development projects in India, Morocco, and Tunisia.
Tunis Bay Investment Company ("TBIC")		82.97%	-	
Morocco Gateway Investment Company ("MGIC")		90.27%	-	
US Data Center Portfolio ("US Data")		59.18%	-	Portfolio of data center facilities located in high technology business parks in Virginia, USA
GFH Real Estate LLC	United Arab Emirates	100%	-	Mixed-use development and sale of real estate assets in Dubailand, based in UAE

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**for the year ended 31 December 2022**

US\$ 000's

**2 BASIS OF PREPERATION**

**a) Statement of compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Commercial Companies Law.

**b) Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in United States Dollar ("USD"), which is the Company's functional and presentation currency.

**c) New standards, amendments and interpretations effective as of 1 January 2022**

There are no new standards and interpretations for financial year beginning on or after 1 January 2022 that would be expected to have a material impact on the consolidated financial statements.

**d) New standards and amendments issued but not yet effective**

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following new standards, amendments and interpretations to standards that are relevant to the Group are not expected to have a significant impact on the Group's consolidated financial statements.

1. Classification of liabilities as current or non-current (Amendments to IAS 1);
2. Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2); and
3. Definition of Accounting Estimates (Amendments to IAS 8).

**e) Basis of measurement and presentation**

The financial statements are measured under the historical cost convention except for investment securities which are carried at fair value. The below paragraphs and tables describe the Group's significant lines of business and sources of revenue they are associated with.

Activities:

The Group's primary activities include: a) to undertake targeted development and sale of infrastructure and real estate projects for enhanced returns and managing real-estate projects and properties for third parties. b) to engage in manufacturing and real estate operations for rental yields and c) to manage its liquid assets and investments in securities with the objective of earning higher returns from capital and money market opportunities.

Segments:

To undertake the above activities, the Group has organized itself in the following units:

Development and management	This business unit is primarily involved in development and sale of infrastructure and real estate projects/ assets and managing real-estate projects and properties for third parties.
Operational	This business unit represents the Group's involvement in operational business- like manufacturing units and rental income yields from the real estate assets.
Investment	Sale of assets (without development), treasury and investment income generated from the Group's liquid and strategic investments and management of its surplus liquidity by the parent.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022

US\$ 000's

2 BASIS OF PREPARATION (continued)

Sources of revenue:

The Group primarily earns its revenue from the following sources and presents its statement of profit or loss and other comprehensive income accordingly:

Activity/ Source	Products	Types of revenue
Development and management	<ul style="list-style-type: none"> <li>- Development and sale of infrastructure and real estate projects.</li> <li>- Managing real-estate projects and properties for third parties.</li> </ul>	<p><i>Development and sale income</i>, from development and sale of real estate projects of the Group.</p> <p><i>Fee based income</i>, management fees, performance fee, acquisition fee and exit fee which are contractual in nature.</p>
Operational	<ul style="list-style-type: none"> <li>- Revenue generated from manufacturing operations.</li> <li>- Holdings of real estate for rental yields.</li> </ul>	<p>Sale of units manufactured and its associated products.</p> <p><i>Rental and operating income</i>, from rental and other ancillary income from investment in real estate.</p>
Investment	<ul style="list-style-type: none"> <li>- Income from sale of assets (without development).</li> <li>- Income generated from the Group's strategic investments and surplus liquidity.</li> <li>- Finance income from normal operational funds.</li> </ul>	<p>Includes dividends, gain / (loss) on sale and remeasurement of investment securities, real estate assets (includes income from swap of real estate assets in settlement or structured acquisition deals) and share of profit or (loss) of equity accounted investees.</p> <p>Financing income, fees and other investment income.</p>

### 3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated financial statements are set below. The Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

#### (a) Basis of consolidation

##### i) Business combinations

Business combinations prior to the relevant reporting periods have been accounted for on a 'carryover accounting basis', using book values recognized by the parent under whose common control all entities were operating prior to the reorganization.

Business combinations during the relevant reporting periods (after the beginning of the earliest period presented) are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interest in the acquiree; plus
- if the business combination achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.
- When the excess is negative, a bargain purchase gain is recognized immediately in the consolidated statement of profit or loss.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**for the year ended 31 December 2022**

US\$ 000's

3 *SIGNIFICANT ACCOUNTING POLICIES (continued)*  
 (a) *Basis of consolidation (continued)*

The consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are generally recognised in the consolidated statement of profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured, and settlement is accounted within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in the consolidated statement of profit or loss.

**ii) Subsidiaries**

Subsidiaries are those enterprises controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise to obtain benefits from its activities. Subsidiaries are consolidated from the date on which control commences until when control ceases.

**iii) Non-controlling interests (NCI)**

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

If less than 100% of a subsidiary is acquired, then the Group elects on a transaction by transaction basis to measure non-controlling interests either at:

- Fair value at the date of acquisition, which means that goodwill, or the gain on a bargain purchase, includes a portion attributable to ordinary non-controlling interests; or
- the holders' proportionate interest in the recognized amount of the identifiable net assets of the acquiree, which means that goodwill recognized, or the gain on a bargain purchase, relates only to the controlling interest acquired.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

**iv) Loss of control**

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity. Any surplus or deficit arising on the loss of control is recognised in consolidated statement of profit and loss. Any interest retained in the former subsidiary, is measured at fair value when control is lost. Subsequently it is accounted for as an equity accounted investee or in accordance with the Group's accounting policy for investment securities depending on the level of influence retained.

**v) Equity accounted investees**

This comprises investment in associates and joint ventures. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. A joint venture is an arrangement in which the Group has joint control, where the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Associates and Joint ventures are accounted for under equity method. These are initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investees after the date of acquisition. Distributions received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the investor's proportionate interest in the investees arising from changes in the investee's equity. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the equity accounted investees. Equity accounting is discontinued when an associate is classified as held for sale.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the year ended 31 December 2022**

US\$ 000's

**3 SIGNIFICANT ACCOUNTING POLICIES (continued)*****vi) Transactions eliminated on consolidation and equity accounting***

Intragroup balances and transactions, and any unrealised income and expenses (except for foreign currency translation gains or losses) from intragroup transactions with subsidiaries are eliminated in preparing the consolidated historical financial statements. Intragroup gains on transactions between the Group and its equity accounted investees are eliminated to the extent of the Group's interest in the investees. Unrealised losses are also eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Accounting policies of the subsidiaries and equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

**(b) Foreign currency transactions*****(i) Functional and presentation currency***

Items included in the consolidated historical financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated historical financial statements are presented in US dollars, which is the Group's functional and presentation currency.

***(ii) Transactions and balances***

Transactions in foreign currencies are translated into the functional currency using the spot exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate at the reporting date. Nonmonetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss. Translation differences on nonmonetary items carried at their fair value, such as certain equity securities measured at fair value through equity, are included in investments fair value reserve.

***(iii) Foreign operations***

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition are translated into US\$ at exchange rates at the reporting date. The income and expenses of foreign operations are translated into US\$ at the exchange rates at the date of the transactions. Foreign currency differences are accumulated into foreign currency translation reserve in owners' equity, except to the extent the translation difference is allocated to NCI. When foreign operation is disposed of in its entirety such that control is lost, cumulative amount in the translation reserve is reclassified to consolidated statement of profit or loss as part of the gain or loss on disposal.

**(c) Financial instruments****Investment securities**

Investment securities currently comprise equity type and debt type instruments but exclude investment in subsidiaries and equity accounted investees.

***(i) Recognition and initial measurement***

Trade receivables and debt securities are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****for the year ended 31 December 2022**

US\$ 000's

**3 SIGNIFICANT ACCOUNTING POLICIES (continued)***(ii) Classification and subsequent Measurement*

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) - debt security; FVOCI - equity security; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt security is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity security that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on a security-by-security basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

*Financial assets - Business model assessment*

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets.
- how the performance of the portfolio is evaluated and reported to the Group's management.
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume, and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**for the year ended 31 December 2022**

US\$ 000's

3 **SIGNIFICANT ACCOUNTING POLICIES (continued)**  
(c) *Financial instruments (continued)*

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

*Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest:*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features; prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

(c) *Financial instruments (continued)*

*Financial assets - Subsequent measurement and gains and losses*

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses arising from changes in fair value including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt securities at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI under Fair value reserve as part of equity. On derecognition, gains and losses accumulated in Fair value reserve are reclassified to profit or loss from equity.
Equity securities at FVOCI	These assets are subsequently measured at fair value. Gains and losses are recognised in OCI and are never reclassified to profit or loss. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

*Financial liabilities - Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the year ended 31 December 2022**

US\$ 000's

**3 SIGNIFICANT ACCOUNTING POLICIES (continued)***(c) Financial instruments (continued)**(iii) Derecognition**Financial assets*

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Group enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

*Financial liabilities*

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

*(iv) Offsetting*

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**Impairment***Non-derivative financial assets**Measurement of expected credit loss (ECLs) - Trade receivables (simplified approach):*

Loss rates are calculated using a 'roll rate (Net-flow)' method based on the probability of a receivable progressing through successive stages of delinquency to the loss bucket. Recovery from the loss bucket is also considered for computing the historical loss rates. Roll rates are calculated separately for exposures based on the customer's common credit risk characteristics.

Loss rates are based on actual credit loss experience over the past five years. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. The forward-looking adjustment of the loss rates is based on a qualitative score card which factors the management's view on the future economic and business conditions.

*Measurement of ECLs - Cash and cash equivalents (General approach)*

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

*Non-financial assets*

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (Property, plant and equipment, but not inventories) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the year ended 31 December 2022**

US\$ 000's

**3 SIGNIFICANT ACCOUNTING POLICIES (continued)****(d) Cash and cash equivalents**

For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, bank balances and placements with financial institutions with original maturities of three months or less when acquired that are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Bank balances that are restricted and not available for day-to-day operations of the Group (if any), are not included in cash and cash equivalents.

**(e) Investment property**

Investment property comprise land plots and buildings. Investment property is property held to earn rental income or for capital appreciation or both but not for sale in the ordinary course of business, use in the supply of services or for administrative purposes. Investment property is measured initially at cost, including directly attributable expenses. Subsequent to initial recognition, investment property is carried at cost less accumulated depreciation and accumulated impairment allowances (if any). Land is not depreciated and building is depreciated over a period of 25 to 35 years.

A property is transferred to investment property when, there is change in use, evidenced by:

- end of owner occupation, for a transfer from owner occupied property to investment property; or
- commencement of an operating Ijara to another party, for a transfer from a development property to investment property.

Further, an investment property is transferred to development property when, there is a change in use, evidenced by:

- commencement of own use, for a transfer from investment property to owner occupied property; or
- commencement of development with a view to sale, for a transfer from investment in real estate to development property.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss and other comprehensive income in the year in which the property is derecognized.

**(f) Development properties**

Development properties are properties held for sale or development and sale in the ordinary course of business. Development properties are measured at the lower of cost or net realisable value.

**(g) Inventories**

Inventories represent raw materials and manufactured goods from the cement business and are carried at the lower of cost or net realizable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses. Cost of materials is determined on a weighted average basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location.

Cost of manufactured products includes the purchase cost of raw materials, labour, and an appropriate portion of production overheads.

**(h) Property plant and equipment**

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long term construction projection if the recognition criteria are met. All other repair and maintenance costs are recognized in the consolidated statement of profit or loss and other comprehensive income as incurred.

Depreciation is calculated to write off the cost of items of property, plant, and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in the consolidated statement of profit or loss and other comprehensive income.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****for the year ended 31 December 2022**

US\$ 000's

3 *SIGNIFICANT ACCOUNTING POLICIES (continued)**(h) Property plant and equipment (continued)*

The estimated useful lives of property and equipment of the industrial business assets are as follows:

Plant and Machinery	40 years
Computers	3 – 5 years
Furniture and fixtures	5 – 8 years
Motor vehicles	4 – 5 years
Office equipment	5 years

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amounts, being the higher of the fair value less costs to sell and their value in use.

*Subsequent expenditure*

Subsequent costs are included in the assets carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in the consolidated statement of profit or loss and other comprehensive income in the year of derecognition.

The assets' residual values, useful lives and methods of depreciation are reviewed annually and adjusted prospectively if appropriate.

**(i) Provisions**

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

**(j) Revenue recognition**

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised to the extent that it is probable that future economic benefits associated with the item of revenue will flow to the Group, the revenue can be measured with reliability and specific criteria have been met for each of the Group's activities as described below:

***(i) Development and management income***

*- Development and sale of infrastructure and real estate projects*

The Group recognises revenue from contracts with customers based on a five-step model as set out below:

1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
3. Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
5. Recognise revenue when (or as) the entity satisfies a performance obligation.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**for the year ended 31 December 2022**

US\$ 000's

**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(j) Revenue recognition (continued)**

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
2. The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

The revenue is measured at the fair value of the consideration received or receivables as per the contract with a customer. Revenue is recognized over time based on contract costs incurred to date as a percentage of total forecast cost. The related costs are recognized in profit or loss when they are incurred. Advances received are included in "contract assets/liabilities".

**- Management fees**

Fee related Income is recognised when the service is provided, and income is earned. This is usually when the Group has performed all significant acts in relation to a transaction and it is highly probable that the economic benefits from the transaction will flow to the Group. Significant acts in relation to a transaction are determined based on the terms agreed in the contracts for each transaction. The assessment of whether economic benefits from a transaction will flow to the Group is determined when legally binding commitments have been obtained from underwriters and external investors for a substantial investment in the transaction.

**(ii) Operational Income**

**- Revenue generated from manufacturing operations**

Revenue from sale of products is recognised at a point in time when customer obtains control over goods. Customer obtains control when the goods are delivered and have been accepted by customers at their premises.

**- Rental income**

Revenue from rendering of services is recognised when services are rendered.

**(iii) Investment Income**

Interest income/expenses are recognised using the amortised cost method at the effective profit rate of the financial asset / liability.

Dividend income from investment securities is recognised when the right to receive is established. This is usually the ex-dividend date for equity securities.

Income from debt type instruments are recognised on a time-apportioned basis over the year of the contract using the effective profit method.

**(k) Expenses recognition**

Expenses are recognized in profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen and can be measured reliably. An expense is recognized immediately in profit or loss when an expenditure produces no future economic benefits, or when, and to the extent that, future economic benefits do not qualify or cease to qualify for recognition in the statement of financial position as an asset, such as in the case of asset impairments.

**(l) Employees benefits**

**Short term benefits**

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

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3 *SIGNIFICANT ACCOUNTING POLICIES (continued)**(k) Employee benefits (continued)**Post-employment benefits*

Pensions and other social benefits for Bahraini employees are covered by the Social Insurance Organisation scheme, to which employees and employers contribute monthly on a fixed percentage of salaries basis. Contributions by the Group are recognised as an expense in statement of profit or loss when they are due.

Expatriate and certain Bahraini employees on fixed contracts are entitled to leaving indemnities payable, based on length of service and final remuneration. Provision for this unfunded commitment, has been made by calculating the notional liability had all employees left at the reporting date. Increase or decrease in the benefit obligation is recognised in the statement of profit or loss.

**(m) Onerous contracts**

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

**(n) Income tax**

The Group is exposed to taxation by virtue of operations of subsidiaries in Morocco, Tunisia, United States of America and India. Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be realised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Currently, the Group does not have any material current or deferred tax exposure that requires recognition in the statement of profit or loss.

**(o) Leases**

At the inception of the contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for the year of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset, this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - the Group has the right to operate the asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and to account for the lease and non-lease components as a single lease component.

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**3 SIGNIFICANT ACCOUNTING POLICIES (continued)****(o) leases (continued)****Measurement**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises:

- the amount of the initial measurement of the lease liability;
- any lease payment made at or before the commencement date, less any lease incentives received;
- any initial direct cost incurred by the lessee; and
- estimated cost to dismantle and to remove the underlying asset, or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined based on the lease term. Lease liability is measured as the present value of the future lease payments that are not paid at the commencement date. The lease payments are discounted based on the Group's incremental borrowing rate. Lease liability comprises the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option;
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

**Short-term leases and leases of low-value assets**

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and for leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**(p) Other equity instruments – Subordinated Perpetual Mudaraba**

The Group classifies instruments issued as financial liability or equity in accordance with the substance of the contractual terms of the instrument. The Group's other equity instruments have no contractual maturity and are not redeemable by the holder and bear an entitlement to coupons at the sole discretion of the board of directors. Accordingly, they are presented within other equity. Based on the Group's assessment of the terms of the instrument, the coupon payments meet the definition of dividends and are also recognized as a distribution within equity. Incremental costs that are directly attributable to the issue of equity instruments are deducted from the initial measurement of the equity instrument.

**(q) Statutory reserve**

In accordance with Commercial Companies Law, the Company is required to appropriate 10 percent of the net profit to a statutory reserve, which is normally distributable only on dissolution. Appropriations may cease when the reserve reaches 50% of the share capital.

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**4 ESTIMATES AND JUDGMENTS****Use of estimates and judgements**

Preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The areas of significant judgments 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 financial statements as at and for the year ended 31 December 2021 except for the following:

***Russia-Ukraine conflict***

On 24 February 2022, a military conflict between Russia and Ukraine emerged (the "conflict"). Owing to this various countries and international bodies have imposed trade and financial sanctions on Russia and Belarus. Further, various organisations have discontinued their operations in Russia. This conflict has resulted in an economic downturn and increased volatility in commodity prices due to disruption of supply chain.

The management has carried out an assessment of its portfolio and has concluded that it has limited exposures to / from the impacted countries. However, indirect impact is pervasive in the market and at this stage it is difficult to quantify the full impact of this conflict since it depends largely on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets. The management will continue to closely monitor impact of this evolving situation on its portfolio to assess indirect impact, if any. During the year ended 31 December 2022, the Group's investment portfolio has limited impact for investments carried as FVOCI and for investments carried as FVTPL due to the conflict. However, the Group does not expect to liquidate any of its market portfolio in short term.

**a) Judgements*****Classification of investments***

In the process of applying the Group's accounting policies, the board of directors of the Company decides on acquisition of an investment whether it should be classified as investments carried at fair value through profit and loss or investments carried at fair value through other comprehensive income or investments carried at amortised cost. The classification of each investment reflects the management's intention in relation to each investment and is subject to different accounting treatments based on such classification (note 3(c)).

**b) Estimations*****(i) Impairment of exposures subject to credit risk carried at amortised cost***

The Group measures expected credit loss for trade receivables using a 'roll rate' (net flow) method based on the probability of a receivable progressing through successive stages of delinquency to the loss bucket. The Group estimates the loss rates based on historical loss experience, which are adjusted to reflect future economic and business conditions.

***(ii) Measurement of fair value of unquoted equity investments***

The Group determines fair value of equity investments that are not quoted in active markets by using valuation techniques such as discounted cashflows, income approach and market approaches. Fair value estimates are made at a specific point in time, based on market conditions and information about the investee companies. These estimates are subjective in nature and involve uncertainties and matter of significant judgment and therefore, cannot be determined with precision. There is no certainty about future events such as continued operating profits and financial strengths. It is reasonably possible based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the investments. In case where discounted cash flows models have been used to estimate fair values, the future cashflows have been estimated by the board of directors of the Company based on information form and discussion with representatives of investee companies and based on the latest available audited and unaudited financial statements. The basis of valuation has been reviewed by the board of directors of the Group in terms of the appropriateness of the methodology, soundness of assumptions and correctness of calculations and have been approved by the board of directors.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****for the year ended 31 December 2022**

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4 *Estimates and judgments (continued)*

Valuation of equity investments are measured at fair value through other comprehensive income which involves judgment and is normally based on one of the following:

- Valuation by independent external valuer for underlying properties / projects.
- Recent arms-length market transaction.
- Current fair value of another contract that is substantially similar.
- Present value of expected cash flows at current rates applicable for items with similar terms and risk characteristics; or
- Application of other valuation models.

***(iii) Impairment of investment property***

The Group conducts impairment assessment of investment property periodically using external independent property valuers to value the property. The fair value is determined based on the market value of the property using either sales comparable approach, the residual value basis, replacement cost or the market value of the property considering its current physical condition. The Group's investment properties are situated in GCC, North Africa and United States of America. Given the dislocation in the property market and infrequent property transactions, it is reasonably possible, based on existing knowledge, that the current assessment of impairment could require a material adjustment to the carrying amount of these assets within the next financial year due to significant changes in assumptions underlying such assessments.

***(iv) Impairment of other non financial assets and cash generating units***

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (Property, plant and equipment, but not inventories and development properties) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

***(v) Estimating net realisable value of development property***

Development property is stated at lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated selling expenses. The board of directors of the Group has forecasted the cost of completion of development property and has engaged independent valuers to estimate the residual value of the development property based on estimated market selling prices for similar properties. Net realisable value estimates are made at a specific point in time, based on market conditions and information about the expected use of development property. These estimates involve uncertainties and matters of significant judgement and therefore, cannot be determined with precision. There is no certainty about future events. It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the development property.

***(vi) Consideration transferred and fair value of identifiable assets acquired, and liabilities assumed in a business combination***

The estimate in relation to consideration transferred and determination of fair value of identifiable assets acquired and liabilities assumed in a business combination are given in note 23.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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5 PROPERTY, PLANT AND EQUIPMENT  
2022

	Capital work-in-progress	Plant and machinery	Office furniture	Office fixtures & fittings	Computer equipment	Motor vehicles	Total
Gross assets							
At 1 January 2022	-	-	389	1,933	108	-	2,430
Acquisition through business combination	4,130	73,761	244	448	130	1,303	80,016
Additions	223	107	67	389	23	-	809
Disposal	-	-	-	-	-	(25)	(25)
<b>At 31 December 2022</b>	<b>4,353</b>	<b>73,868</b>	<b>700</b>	<b>2,770</b>	<b>261</b>	<b>1,278</b>	<b>83,230</b>
Accumulated depreciation							
At 1 January 2022	-	-	194	882	69	-	1,145
Acquisition through business combination	-	17,355	240	133	116	1,251	19,095
Charge for the year	-	2,353	87	393	41	41	2,915
Disposal	-	-	-	-	-	(25)	(25)
<b>At 31 December 2022</b>	<b>-</b>	<b>19,708</b>	<b>521</b>	<b>1,408</b>	<b>226</b>	<b>1,267</b>	<b>23,130</b>
<b>Net carrying value as at 31 December 2022</b>	<b>4,353</b>	<b>54,160</b>	<b>179</b>	<b>1,362</b>	<b>35</b>	<b>11</b>	<b>60,100</b>

	Office furniture	Office fixtures & fittings	Computer equipment	Capital work-in-progress	Total
2021					
Gross assets					
At 1 January 2021	386	1,309	101	458	2,254
Additions	3	166	7	-	176
Reclassification	-	458	-	(458)	-
At 31 December 2021	389	1,933	108	-	2,430
Accumulated depreciation					
At 1 January 2021	73	347	30	-	450
Charge for the year	121	535	39	-	695
At 31 December 2021	194	882	69	-	1,145
<b>Net carrying value as at 31 December 2021</b>	<b>195</b>	<b>1,051</b>	<b>39</b>	<b>-</b>	<b>1,285</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**6 INVESTMENT PROPERTY**

Investment property includes land plots and buildings in GCC, North Africa and United States of America.

	<b>31 December 2022</b>	<b>31 December 2021</b>
At 1 January	-	-
Additions through business combination (note 23)	187,516	-
Sale of land*	(10,340)	-
Acquisition of land*	13,896	-
Acquisition of properties*	842	-
Reclass to development property (note 10)	(842)	-
Depreciation (note 21)	(1,487)	-
<b>Closing balance</b>	<b>189,585</b>	-

\* During the year, the management has sold a land in Dubai with a land in Bahrain and 7 additional apartments in Dubai. Income recognised on this sale is USD 4,398 thousands (note 18 (iii)).

**7 INVESTMENT SECURITIES**

	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Debt-type investments</b>		
- At fair value through other comprehensive income	19,969	-
- At fair value through profit or loss	6,000	-
	<b>25,969</b>	-
<b>Equity type investments</b>		
At fair value through other comprehensive income		
- Perpetual instrument	3,690	-
- Equity shares (unquoted)	65,513	-
	<b>69,203</b>	-
	<b>95,172</b>	-

Movements in investment securities are as follow:

	<b>31 December 2022</b>	<b>31 December 2021</b>
At 1 January	-	-
Acquisition through business combination (note 23)	96,975	-
Fair value change	(1,803)	-
<b>Closing balance</b>	<b>95,172</b>	-

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**8 EQUITY ACCOUNTED INVESTEEES**

Equity accounted investees represents investments in the following associates:

Name	Country of incorporation	% holding		Nature of business
		31 December 2022	31 December 2021	
Bahrain Aluminum Extrusion Company B.S.C (c) (Balexco)	Kingdom of Bahrain	17.92%	-	Extrusion and sale of aluminum products
Lagoon Real Estate Development	Kingdom of Bahrain	22.97%	-	Real estate holding and development
Danat India Investment Company	Cayman Island	25%	-	Mixed use development projects

	31 December 2022	31 December 2021
At 1 January	-	-
Acquisition through business combination (note 23)	29,825	-
Share of loss for the year, net (note 18 (iii))	(48)	-
<b>Closing balance</b>	<b>29,777</b>	-

Equity accounted investees includes the Group's investment of less than 20% in Balexco. As the Group exercises significant influence over the entity by way of its presence on the board of directors, the investment is accounted for as an investment in equity accounted investee.

The following table summarises the financial information of associates as included in its own financial statements. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in the associate.

	31 December 2022	31 December 2021
Non-current assets	69,412	-
Current assets	100,341	-
Non-current liabilities	(4,857)	-
Current liabilities	(31,979)	-
<b>Net assets</b>	<b>132,917</b>	-
<b>Carrying amount of interest in associate</b>	<b>29,777</b>	-

	2022	2021
Revenue	59,074	-
Profit for the year	(271)	-
Other comprehensive income	-	-
Total comprehensive income	(271)	-
<b>Group's share of total comprehensive income</b>	<b>(48)</b>	-

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**9 CASH AND BANK BALANCES**

	<b>31 December 2022</b>	31 December 2021
Cash in hand	1	1
Bank balances	40,574	2,556
Placements – call mudaraba account *	60,308	20,012
	<b>100,883</b>	<b>22,569</b>

\*The Company has placed surplus funds of USD 50 million with GFH Financial Group B.S.C and USD 10 million with Khaleeji Commercial Bank at an effective profit rate ranging between 3.75% - 5.25% per annum in a call murabaha account.

	<b>31 December 2022</b>	31 December 2021
Bank balances consist of:		
- Current account	14,286	22,569
- Escrow account	26,289	-
Placements - original maturities of more than three months	60,308	-
	<b>100,883</b>	<b>22,569</b>

**10 DEVELOPMENT PROPERTIES**

	<b>31 December 2022</b>	31 December 2021
Land and building	934,671	-
	<b>934,671</b>	<b>-</b>

Movements in the development properties are as follows:

	<b>31 December 2022</b>	31 December 2021
At 1 January	-	-
Acquisition through business combination (note 23)	994,263	-
Additions during the year – net	2,198	-
Reclass from investment property (note 6)*	842	-
Cost of sale	(62,632)	-
<b>Closing balance</b>	<b>934,671</b>	<b>-</b>

\*Subsequent to the sale transaction, the management intends to sell the 7 additional apartments in the future. Accordingly, the assets were reclassified to development property.

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10 *Developments properties (continued)*

Development properties represents properties under development for sale in GCC, North Africa, and India.

During the year, the Group has acquired the development properties through acquisition of business from GFH Financial Group B.S.C. ("GFH") (refer note 23) amounting to USD 994,263 thousands which majorly comprises of infrastructure development project lands in India, Tunisia and Morocco.

The cost of development property includes all associated costs incurred in arranging for the acquisition of the land and development related expenses and are carried at lower of cost and net realisable value ('NRV'). NRV has been determined by using an independent valuation of the land site assuming that the planning approval can be obtained by any third party, the urbanisation works of the land are complete and the property is available for sale. The valuation of the development property has been performed conforming to the Royal Institute of Chartered Surveyors (RICS) Valuation standards and considering the development program authorized for the site, using the Direct Comparison approach and the Land Residual approach. The management has considered the same methodologies and assumptions used by the independent valuer and has estimated the infrastructure cost that is required to be spent on the project for completion and has deducted the estimated cost from the projected final selling price of the development property to arrive at the NRV.

## 11 TRADE RECEIVABLES

Trade receivables consists for receivables from development and management services and cement operations. Refer to note 24 (ii) for risk management related disclosures.

## 12 OTHER ASSETS

	<b>31 December 2022</b>	<b>31 December 2021</b>
Prepayment	6,680	150
Asset held-for-sale*	12,500	-
Receivable from sale of asset	22,419	-
Duties and taxes receivable	19,867	-
Advances paid to contractors and suppliers	2,113	-
Others	8,120	293
	<b>71,699</b>	<b>443</b>

\*Asset held-for-sale represents a co-investment in an entity with electricity distribution network operating in two geographical areas of Europe. The Group intends to sell this down to investors within a period of 12 months.

## 13 SHARE CAPITAL

	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Authorised:</b>		
1,000,000,000 ordinary shares (2021: 1,000,000,000 shares) of USD 1 each (2021: USD 1 each)	<b>1,000,000</b>	1,000,000
<b>Issued, subscribed and paid up:</b>		
102,525,000 ordinary shares (2021: 102,525,000 shares) of USD 1 each (2021: USD 1 each)	<b>102,525</b>	102,525

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**14 SUBORDINATED PERPETUAL MUDARABA**

	31 December 2022	31 December 2021
Subordinated perpetual mudaraba	900,000	-

The Group issued a Subordinated perpetual mudaraba of face value of US\$ 900 million. Such capital was issued as consideration against the acquisition of business and group of assets from GFH Financial Group BSC. Summary of key terms and conditions are as follows:

- Profits on these securities are discretionary for the issuer and once declared shall be distributed on a semi-annual basis subject to and in accordance with terms and conditions on the outstanding nominal value of the securities. The Sukuk carries an expected profit coupon of 7.5%, of which, based on the current projections, it is expected that there would be a capacity to make a profit distribution of 4% per annum, to be paid semi-annually, and any unpaid portion of the expected profit rate is payable, at the sole and absolute discretion of the issuer, on a subsequent distribution date or at the time of early redemption at the choice of the issuer.
- The Subordinated perpetual mudaraba is recognized under equity in the consolidated statement of financial position and the profits paid to rab al-maal (security holder) are accounted for as appropriation of profits when declared and distributed.
- Subordinated perpetual mudaraba is invested in a general mudarba pool of assets on an unrestricted combined basis.
- Security holder will not have a right to claim the profits and a non-payment event will not be considered as event of default.

**15 NON-CONTROLLING INTERESTS**

The following table summarises the information relating to each of the Group's subsidiaries that has material non-controlling interests (NCI), before any intra-group eliminations:

31 December 2022	India Projects	MGIC	TBIC	Others	Total
Non-current assets	-	1,871	4,130	68,803	74,804
Current assets	415,220	241,893	284,311	128,055	1,069,479
Non-current liabilities	-	850	-	86,341	87,191
Current liabilities	89,942	40,515	79,294	23,263	233,014
<b>Net assets</b>	<b>325,278</b>	<b>202,399</b>	<b>209,148</b>	<b>87,254</b>	<b>824,079</b>
<b>Net assets attributable to NCI</b>	<b>69,399</b>	<b>19,693</b>	<b>35,618</b>	<b>36,468</b>	<b>161,178</b>
Revenue	100	-	74	8,424	8,598
Profit/(loss) for the year	(155)	(259)	188	491	265
Other comprehensive income	(30,393)	(6,847)	(4,392)	-	(41,632)
<b>Total comprehensive income</b>	<b>(30,548)</b>	<b>(7,106)</b>	<b>(4,204)</b>	<b>491</b>	<b>(41,367)</b>
<b>NCI at acquisition</b>	<b>75,915</b>	<b>20,385</b>	<b>35,920</b>	<b>39,124</b>	<b>171,344</b>
Profit/(loss) allocated to NCI	(33)	(26)	32	195	168
OCI allocated to NCI	(6,483)	(666)	(334)	-	(7,483)
Acquisition of NCI without change in control	-	-	-	(2,851)	(2,851)
<b>Total NCI</b>	<b>69,399</b>	<b>19,693</b>	<b>35,618</b>	<b>36,468</b>	<b>161,178</b>

In previous year, there were no NCI (refer note 1 and note 23) and accordingly no NCI has been presented for the comparative year.

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**16 TRADE AND OTHER PAYABLES**

<b>Non-current liabilities</b>	<b>31 December 2022</b>	31 December 2021
Advances*	8,454	-
Employee Benefits	461	-
	<b>8,915</b>	-

\*These comprise murabaha facilities obtained by FCC from Cemena Holding Company BSC (c), a related party through GFH, to finance the construction of the new cement mill. The facility amount is not repayable before 1 January 2024.

<b>Current liabilities</b>	<b>31 December 2022</b>	31 December 2021
Trade payables	39,830	415
Accrual for expenses	23,552	73
Advances received from customers	56,971	-
Taxes and duties payable	2,818	-
Dividend payable	1,913	-
Others	2,211	180
	<b>127,295</b>	668

**17 BORROWINGS FROM BANK**

	<b>31 December 2022</b>	31 December 2021
Non-current	11,763	-
Current	60,962	-
	<b>72,725</b>	-

The borrowings from bank comprises of financing availed by FCC to fund project development and working capital requirements. The financing is secured against plant and machinery. These financing have been availed at rates varying between 2.5%-6.5% per annum. The Company is not a party to these financing contracts and has not guaranteed repayment in any form. These balances are reported in the consolidated financial statements as a result of consolidation of subsidiaries.

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## 18 REVENUE

## (i) DEVELOPMENT AND MANAGEMENT INCOME

	31 December 2022	31 December 2021
Management fee	12,474	3,534
Development and sale of properties	86,711	-
Liabilities no longer required written back	2,653	-
	<b>101,838</b>	<b>3,534</b>

## (ii) OPERATIONAL INCOME

	31 December 2022	31 December 2021
Rental income	6,459	-
Revenue from cement operations	10,033	-
Other operating income	1,516	-
	<b>18,008</b>	<b>-</b>

## (iii) INVESTMENT AND OTHER INCOME

	31 December 2022	31 December 2021
Share of loss from equity accounted investees (note 8)	(48)	-
Income from asset swaps (note 6)	4,398	-
Income from investment securities	780	-
Finance income	3,130	-
Other income	524	14
	<b>8,784</b>	<b>14</b>

## 19 DIRECT COST OF MATERIALS

	31 December 2022	31 December 2021
Development and sales		
- Cost of real estate inventory sold	66,868	-
Cement operations		
- Cost of goods sold	8,200	-
	<b>75,068</b>	<b>-</b>

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**20 STAFF COSTS**

	<b>31 December 2022</b>	31 December 2021
Salaries and short-term benefits	8,508	2,595
Social Insurance and other insurance expenses	269	89
	<b>8,777</b>	<b>2,684</b>

**21 OTHER OPERATING EXPENSES**

	<b>31 December 2022</b>	31 December 2021
Property management	323	-
Professional and consultancy fees	605	39
Marketing and brokerage	1,742	440
Maintenance	282	45
Depreciation on property, plant and equipment	2,915	695
Depreciation on investment property (note 6)	1,487	-
Depreciation on right of use asset	97	-
Travel related expenses	56	-
Other expenses	1,078	444
	<b>8,585</b>	<b>1,663</b>

**22 RELATED PARTIES**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include entities over which the Group exercises significant influence, major shareholders, directors and executive management of the Group. A significant portion of the Group's management fees are from entities over which the Group exercises influence (assets under management). Although these entities are considered related parties, the Group administers and manages these entities on behalf of its clients, who are by and large third parties and are the economic beneficiaries of the underlying investments. The transactions with these entities are based on agreed terms.

In addition to the transfer of business and assets under note 23, the significant transactions during the year and balances as at year end included in these consolidated financial statements are as follows:

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## 22 RELATED PARTIES (continued)

## a) Balances with related parties

31 December 2022

	Significant shareholders / entities in which directors are interested	Subsidiary of Significant shareholder	Total
<b>Assets</b>			
Due from related parties	76,748	16,050	<b>92,798</b>
Bank balance – current accounts	-	5,761	<b>5,761</b>
Bank balance – mudaraba accounts	50,000	10,000	<b>60,000</b>
<b>Liabilities</b>			
Due to related party	162,447	8,032	<b>170,479</b>

31 December 2021

	Parent Company	Entities Under common Control	Total
<b>Assets</b>			
Due from related parties	171,033	7,066	178,099
Bank balances	-	22,568	22,568

## b) Transactions with related parties

For the year ended 31 December 2022

	Equity accounted investee	Subsidiary of Significant shareholder	Significant Shareholders/ entities in which directors are interested	Total
Development management	-	879	11,595	12,474
Sale of development property	-	-	15,867	15,867
Other operating income	-	-	1,516	1,516
Other income	-	64	-	64
Staff outsource expense	-	(158)	-	(158)
Payment of Coupon	-	-	(18,000)	(18,000)
Finance income	-	686	2,422	3,108
Placement fees	-	-	(4,329)	(4,329)
Share of loss	(48)	-	-	(48)

For the year ended 31 December 2021

	Parent Company	Entities under Common control	Total
Addition in share capital – Cash received	20,000	-	20,000
Addition in share capital - In-kind	180,000	-	180,000
Revenue	3,534	-	3,534
Payments for expenses and others	(14,116)	7,936	(6,180)

*Transactions with key management personnel:*

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The compensation of the key management personnel was as follows:

	For the year ended 31 December 2022	For the year ended 31 December-2021
Board members' remuneration, fees and allowance	248	-
Salaries and other short-term benefits	510	394
Post-employment benefits	27	20

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**23 ACQUISITION OF BUSINESS****i) Summary of the acquisition**

As part of the planned acquisition and expansion during the year, the Group has acquired certain businesses and assets under the acquisition agreement entered between the Group.

Under this arrangement, certain real estate and infrastructure assets were transferred from GFH to the Company against an in-kind consideration financed by US\$ 200 million of equity shares and US\$ 900 million of Subordinated Mudaraba (perpetual equity) issued by the Company. Most of the transfer of operational assets and investments were effective from 1 January 2022, as per terms of arrangement with GFH. Later, GFH has divested its equity ownership interest in Infracorp on 15 March 2022 by selling 60% of equity shares out of its holdings to other shareholders, resulting in loss of control in Infracorp.

**ii) Consideration transferred**

The following table summarises the date of fair value of each major class of consideration transferred:

	<b>Total</b>
Equity shares in the Company *	200,000
Subordinated perpetual mudaraba (note 14)	900,000
<b>Net consideration for acquisition</b>	<b>1,100,000</b>

\* The Company has issued its 100 million ordinary shares to the Bank at a value of \$2 per share including \$1 per share as premium.

**iii) Identifiable assets acquired and liabilities assumed**

The following table summarizes the amounts recognised in respect of assets acquired and liabilities assumed at the acquisition date:

	<b>Total</b>
<b>ASSETS</b>	
Cash and bank balances	103,646
Development properties	994,263
Inventories	6,767
Trade receivables and other receivables	183,905
Property, plant and equipment	60,921
Right of use assets	7,738
Investment property	187,516
Investment securities	96,975
Equity-accounted investees	29,825
<b>Total assets</b>	<b>1,671,556</b>
<b>LIABILITIES</b>	
Trade payables and other payables	308,298
Borrowings	84,384
Lease liability	7,530
<b>Total liabilities</b>	<b>400,212</b>
<b>Total non-controlling interest</b>	<b>171,344</b>
<b>Net assets transferred</b>	<b>1,100,000</b>
<b>Consideration on the date of transfer:</b>	
Equity in Infracorp	200,000
Subordinated perpetual mudaraba	900,000
	<b>1,100,000</b>

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**23 ACQUISITION OF BUSINESS (continued)**

The Company has acquired combination of businesses, non-financial assets and liquidity as a single coordinated strategy to carve out the infrastructure real estate business of management team under the new strategy of Infracorp B.S.C. (c). While this is a common control transaction, this have been measured at fair value as the eventual structure was set up in anticipation of participation by a wide pool of strategic investors.

The transaction was structured against the issue of equity instruments and no goodwill or intangible asset has been recognized as a result of transfer.

**24 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Financial instruments include financial assets and financial liabilities. Financial assets of the Group include cash and bank balances, trade receivables. Financial liabilities of the Group include Term financing and Trade payable. The Company has exposure to the following risks from its use of financial instruments:

- a) credit risk
- b) liquidity risk
- c) market risk
- d) operational risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. The note also presents certain quantitative disclosures in addition to the disclosures throughout the financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group, through its management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

**a) Credit risk**

Credit risk is the risk that a counter party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. Credit risk arises principally from the Group's balances with banks, related parties' balances, and other receivables. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

*Credit risk by location:*

Geographically, the concentration of credit risk is in the Kingdom of Bahrain as majority of the Group's customers are based in Bahrain.

*Exposure to credit risk:*

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	<b>31 December 2022</b>	31 December 2021
Investment securities - debt-type investments	25,969	-
Due from related parties	92,798	178,099
Cash and bank balances	100,883	22,568
Trade receivables	38,076	-
Other assets	30,539	293
	<b>288,265</b>	<b>200,960</b>

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24 *FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)*

(i) *Balances with Bank*

The Group limits its exposure to credit risk on balances with bank by maintaining balances with bank having good local standing. Given the overall profits of banks, the Group does not expect the bank to fail to meet its obligations. Accordingly, no impairment allowance has been recorded on balances with bank (including accrued profit on call account) as on 31 December 2022 (31 December 2021: Nil).

- (ii) The creditworthiness of each customer is evaluated prior to sanctioning credit facilities. Appropriate procedures for follow-up and recovery are in place to monitor credit risk.

	<b>31 December 2022</b>	<b>31 December 2021</b>
Development and management	32,781	-
Cement Business	5,295	-
<b>Total trade receivables - net</b>	<b>38,076</b>	<b>-</b>

The ageing of trade receivables at the reporting date was:

	<b>2022</b>			<b>2021</b>		
	<b>Gross</b>	<b>Loss rate</b>	<b>Expected Credit loss</b>	<b>Gross</b>	<b>Loss rate</b>	<b>Expected Credit loss</b>
Not past due nor impaired	36,796	1.7%	(618)	-	-	-
<u>Past due but not impaired</u>						
Past due 1-90 days	2,051	7.5%	(153)	-	-	-
Past due 181-365 days	30	100%	(30)	-	-	-
<u>Impaired</u>						
Over 365 days	506	100%	(506)	-	-	-
	<b>39,383</b>		<b>(1,307)</b>	<b>-</b>		<b>-</b>

There were no trade receivables as at 31 December 2021.

The credit period established by the Group for all its receivables on average is 90 to 120 days after which the dues are classified as past due. Based on the past experience and current status of discussions with customers, the Group believes that no further impairment allowance is necessary in respect of trade receivables which are past due.

- (iii) Receivable from related parties pertains to the receivable from the group companies. Transactions with related parties are conducted in the normal course of business. Credit risk on these is perceived to be minimal by the Group.

**b) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group's approach to managing liquidity is to ensure, as far possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

*Maturity profile*

The table below shows the maturity profile of the Group's assets and unrecognised commitments on the basis of their contractual maturity. Where such contractual maturity is not available, the Group has considered expected realisation / settlement profile for assets and liabilities respectively.

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**24 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

31 December 2022	Up to 3 months	3 months to 1 year	More than 1 year	No stated maturity	Total
<b>Assets</b>					
Cash and bank balances	-	60,308	-	40,575	100,883
Developmental Properties	-	-	-	934,671	934,671
Trade Receivables	11,361	5,281	22,741	-	39,383
Other assets	30,539	-	-	-	30,539
Lease Liability	179	-	8,301	-	8,480
Investment Property	-	-	-	189,585	189,585
Due from Related Parties	92,798	-	-	-	92,798
Investment Securities	-	-	-	95,172	95,172
Inventories	-	-	-	6,113	6,113
Equity Accounted Investees	-	-	-	29,777	29,777
Property plant and equipment	-	-	-	60,100	60,100
<b>Total assets</b>	<b>134,877</b>	<b>65,589</b>	<b>31,042</b>	<b>1,355,993</b>	<b>1,587,501</b>
<b>Liabilities</b>					
Borrowings from bank	15,241	45,721	11,763	-	72,725
Trade payables and other payables	127,295	-	8,915	-	136,210
Due to Related Parties	170,479	-	-	-	170,479
<b>Total liabilities</b>	<b>313,015</b>	<b>45,721</b>	<b>20,678</b>	<b>-</b>	<b>379,414</b>

31 December 2021	Up to 3 months	3 months to 1 year	More than 1 year	No stated maturity	Total
<b>Assets</b>					
Cash and bank balances	22,569	-	-	-	22,569
Trade Receivables and other receivables	443	-	-	-	443
Due from related parties	-	-	-	178,099	178,099
Property plant and equipment	-	-	-	1,285	1,285
<b>Total assets</b>	<b>23,012</b>	<b>-</b>	<b>-</b>	<b>179,384</b>	<b>202,396</b>
<b>Liabilities</b>					
Borrowings from bank	-	-	-	-	-
Trade payables and other payables	668	-	-	-	668
<b>Total liabilities</b>	<b>668</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>668</b>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

**c) Market risk**

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates that will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

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**24 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)****(i) Currency risk**

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Group's functional currency.

The Group's major financial exposure is in US Dollars and Bahraini Dinar. Transactions of the Group in the US Dollar bear no foreign currency risk as this currency is pegged with the Bahrain Dinar. The Group has structural exposure to Indian Rupees, Tunisian Dinar and Moroccan Dirhams. Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

**(ii) Interest rate risk**

Interest rate risk arises when the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Group has no floating interest-bearing assets or liabilities, the Group's income, expenses and cash flows are independent of changes in market interest rates.

**(iii) Equity risk**

The Group is exposed to equity price risk on investment securities equity securities. The Group monitors the investment portfolio based on market indices.

**25 CAPITAL MANAGEMENT**

The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits to the other stakeholders. The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the year ended 31 December 2022.

**26 CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS****Classification**

The Company's financial instruments have been classified as "at amortised cost", "at fair value through profit or loss" and "at fair value through other comprehensive income".

**Fair value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

**Fair value hierarchy**

The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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26 **CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

The Group's investment in quoted equity and debt type securities are classified as level 1 or 2 whereas the unquoted equity investments are classified as level 3 under the fair value hierarchy. The fair value of the Group's financial instruments are not materially different from their carrying values as at 31 December 2022 due to the recent acquisitions at fair value by the Group.

**Fair value of financial instruments measured at fair value**

The table below analyses financial instruments, measured at fair value as at the end of the year, by level in the fair value hierarchy into which the fair value measurement is categorized:

<b>31 December 2022</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investment in securities	-	29,659	65,513	95,172

<b>31 December 2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investment in securities	-	-	-	-

There were no transfers between Level 2 and Level 3 of the fair value hierarchy and no fair value movement in level 3 investment in security from date of acquisition (2021: nil).

The table below shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

	<b>31 December 2022</b>	<b>31 December 2021</b>
At 1 January	-	-
Acquisition through business combination	65,513	-
Fair value change through other comprehensive income	-	-
	<b>65,513</b>	-

**Investment property not measured at fair value**

The following table sets out the fair values of investment property not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised as at reporting date.

<b>31 December 2022</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total carrying value</b>
Investment property	-	-	276,369	189,585

<b>31 December 2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total carrying value</b>
Investment property	-	-	-	-

The fair values of financial assets and financial liabilities carried at amortised cost approximate the carrying values as at the reporting date due to their short-term nature.

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26 *CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)*

**Categorisation of financial instruments**

The classification of financial assets and liabilities by accounting categorisation is as follows:

<b>31 December 2022</b>	<b>Amortized cost</b>	<b>FVTOCI</b>	<b>FVTPL</b>	<b>Total carrying amount</b>
Investment securities	-	89,172	6,000	95,172
Equity-accounted investees	29,777	-	-	29,777
Cash and bank balances	100,883	-	-	100,883
Due from related parties	92,798	-	-	92,798
Trade receivables	38,076	-	-	38,076
Other assets	30,539	-	-	30,539
	<b>292,072</b>	<b>89,172</b>	<b>6,000</b>	<b>387,244</b>
Borrowings from bank	72,725	-	-	72,725
Trade and other payables	136,210	-	-	136,210
Due to related parties	170,479	-	-	170,479
Lease liabilities	8,480	-	-	8,480
	<b>387,894</b>	<b>-</b>	<b>-</b>	<b>387,894</b>

<b>31 December 2021</b>	<b>Amortized cost</b>	<b>FVTOCI</b>	<b>FVTPL</b>	<b>Total carrying amount</b>
Cash and bank balances	22,569	-	-	22,569
Due from related parties	178,099	-	-	178,099
Other assets	443	-	-	443
	<b>201,111</b>	<b>-</b>	<b>-</b>	<b>201,111</b>
Trade and other payables	668	-	-	668
	<b>668</b>	<b>-</b>	<b>-</b>	<b>668</b>

**27 SEGMENT REPORTING**

The Group has three distinct operating segments, Development and management, Operational segment and Investment which are the Group's strategic business units. The strategic business units offer different products and services and are managed separately because they require different strategies for management and resource allocation within the Group. For each of the strategic business units, the Group's Board of Directors (chief operating decision makers) review internal management reports on a quarterly basis.

The following summary describes the operations in each of the Group's operating reportable segments:

- **Development and management:** Involved in development and/ or sale of infrastructure and real estate projects/ assets and managing real-estate projects and properties for third parties
- **Operational segment:** Revenue generated from manufacturing operations and holdings of real estate for rental yields
- **Investment:** Fixed income generated from the Group's liquid and strategic investments and management of its surplus liquidity by the parent

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27 **SEGMENT REPORTING** (continued)

The performance of each operating segment is measured based on segment results and are reviewed by the management committee and the Board of Directors on a quarterly basis. Segment results is used to measure performance as management believes that such information is most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The Group classifies directly attributable revenue and cost relating to transactions originating from respective segments as segment revenue and segment expenses respectively. Indirect costs is allocated based on cost drivers/factors that can be identified with the segment and/ or the related activities. The internal management reports are designed to reflect revenue and cost for respective segments which are measured against the budgeted figures. The unallocated revenues, expenses, assets and liabilities related to entity-wide corporate activities and treasury activities at the Group level. Segment revenue and expenses were net-off inter segment revenue and expenses.

	<b>Development and management</b>	<b>Operational</b>	<b>Investment</b>	<b>Total</b>
<b>31 December 2022</b>				
Segment revenue	101,838	18,008	8,784	128,630
Segment expenses (including impairment allowances)	79,215	14,719	1,524	95,458
Segment result	22,623	3,289	7,260	33,172
Segment assets	1,062,534	189,308	374,842	1,626,684
Segment liabilities	340,375	47,519	-	387,894

During the previous year, a single entity level reporting is being done to the Chief operating decision maker ("CODM") and accordingly no segment reporting has been presented for the comparative year.

**28 COMMITMENTS AND CONTINGENCIES**

The commitments contracted in the normal course of business of the Group:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Commitment for infrastructure development projects	10,337	-