

INFRACORP B.S.C (c)

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30 SEPTEMBER 2023

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 (<i>until 27 July 2023</i>) Ahmed Ali Ebrahim Saeed Osama Mohamed Muein Hassan Salem Patel (<i>until 8 November 2023</i>) Zeeba Askar (<i>from 18 July 2023</i>) Walid El Hindi (<i>from 27 July 2023</i>) Abdulla Noorudin (<i>from 15 August 2023</i>) Wael Sahawneh (<i>from 8 November 2023</i>)
Auditor	:	KPMG Fakhro, Bahrain

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2023

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

To the Board of Directors
INFRACORP B.S.C (c)
Manama, Kingdom of Bahrain

Introduction

We have reviewed the accompanying 30 September 2023 condensed consolidated interim financial information of Infracorp B.S.C (c) (the "Company") and its subsidiaries (together the "Group"), which comprises:

- the condensed consolidated statement of financial position as at 30 September 2023;
- the condensed consolidated statement of profit or loss for the three-month and nine-month periods ended 30 September 2023;
- the condensed consolidated statement of other comprehensive income for the three-month and nine-month periods ended 30 September 2023;
- the condensed consolidated statement of changes in equity for the nine-month period ended 30 September 2023;
- the condensed consolidated statement of cash flows for the nine-month period ended 30 September 2023; and
- notes to the condensed consolidated interim financial information.

The Board of Directors of the Company is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2023 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

23 November 2023

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 September 2023

US\$ 000's

	Note	30 September 2023 (Reviewed)	31 December 2022 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		56,555	60,100
Right of use asset		7,326	7,640
Investment property	8	219,894	189,585
Deferred tax asset		210	170
Equity-accounted investees		21,582	29,777
Investment securities		89,847	95,172
Total non-current assets		395,414	382,444
Current assets			
Inventories		4,456	6,113
Development properties	7	909,242	934,671
Due from related parties	15(a)	106,473	92,798
Other assets	9	72,738	71,699
Trade receivables		50,124	38,076
Cash and bank balances	6	109,296	100,883
Total current assets		1,252,329	1,244,240
Total assets		1,647,743	1,626,684
EQUITY AND LIABILITIES			
Equity			
Share capital		102,525	102,525
Share premium		96,834	96,834
Statutory reserve		3,300	3,300
Fair value reserve		(1,867)	(1,803)
Foreign currency translation reserve		(35,526)	(34,149)
Retained earnings		1,503	10,905
Total equity attributable to shareholders of Company		166,769	177,612
Subordinated perpetual mudaraba		900,000	900,000
Non-controlling interests		167,274	161,178
Total equity		1,234,043	1,238,790
Liabilities			
Non-current liabilities			
Non-current borrowings	11	9,486	11,763
Trade payables and other payables	12	10,396	8,915
Lease liability		8,242	8,301
Total non-current liabilities		28,124	28,979
Current liabilities			
Current borrowings	11	61,796	60,962
Due to related parties	15(a)	198,054	170,479
Trade and other payables	12	125,643	127,295
Lease liability		83	179
Total current liability		385,576	358,915
Total equity and liability		1,647,743	1,626,684

The board of directors approved the condensed consolidated interim financial information on 23 November 2023 and signed on its behalf by:



Hesham Ahmed Alrayes
Chairman



Majed Abdulla Alkhan
Board Member & CEO

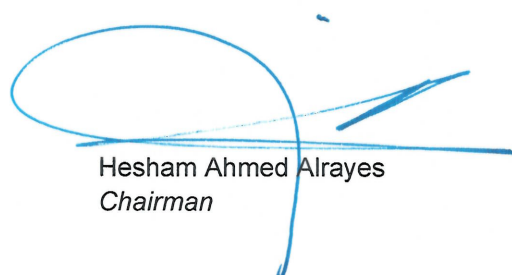
The accompanying notes 1 to 20 form an integral part of the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the nine months ended 30 September 2023

US\$ 000's

	Note	Nine months ended		Three months ended	
		30 September 2023 (Reviewed)	30 September 2022 (Reviewed)	30 September 2023 (Reviewed)	30 September 2022 (Reviewed)
Income					
Development and management income	13(i)	104,119	73,644	47,873	56,924
Operational income	13(ii)	10,078	20,069	3,798	4,111
Investment income	13(iii)	9,541	6,916	2,911	2,067
Total income		123,738	100,629	54,582	63,102
Expenses					
Direct cost of materials		65,694	65,657	33,537	50,090
Staff cost		4,727	4,129	1,511	1,708
Finance expenses		1,311	1,420	435	503
Other operating expenses	14	25,147	8,795	10,818	3,418
Total expenses		96,879	80,001	46,301	55,719
Profit for the period		26,859	20,628	8,281	7,383
Profit/ (loss) attributable to					
Owners of the Company		29,882	21,270	9,224	7,720
Non-controlling interests		(3,023)	(642)	(943)	(336)
		26,859	20,628	8,281	7,384

The board of directors approved the condensed consolidated interim financial information on 23 November 2023 and signed on its behalf by:



Hesham Ahmed Alrayes
Chairman



Majed Abdulla Alkhan
Board Member & CEO

The accompanying notes 1 to 20 form an integral part of the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
for the nine months ended 30 September 2023

US\$ 000's

	Nine months ended		Three months ended	
	30 September 2023 (Reviewed)	30 September 2022 (Reviewed)	30 September 2023 (Reviewed)	30 September 2022 (Reviewed)
Profit for the period	26,859	20,628	8,281	7,384
Other comprehensive income				
Item that are or may be reclassified subsequently to profit or loss				
Foreign currency translation differences	(1,752)	(43,566)	(8,962)	(294)
Debt instruments at FVOCI	(64)	-	(126)	-
Total comprehensive income for the period	25,043	(22,938)	(807)	7,090
Total comprehensive income attributable to				
Owners of the Company	28,440	(15,894)	1,626	5,899
Non-controlling interests	(3,397)	(7,044)	(2,433)	1,191
	25,043	(22,938)	(807)	7,090

The accompanying notes 1 to 20 form an integral part of the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the nine months ended 30 September 2023

US\$ 000's

	Attributable to shareholders of the Company							Subordinated perpetual mudaraba	Non-controlling interest	Total owner's equity
	Share capital	Share Premium	Statutory reserve	Fair value reserve	Foreign Currency translation reserve	Retained earnings	Total			
Balance at 1 January 2023	102,525	96,834	3,300	(1,803)	(34,149)	10,905	177,612	900,000	161,178	1,238,790
Profit for the period	-	-	-	-	-	29,882	29,882	-	(3,023)	26,859
NCI arising from acquisition of subsidiaries	-	-	-	-	-	-	-	-	16,288	16,288
Acquisition of NCI without change in control	-	-	-	-	-	(3,284)	(3,284)	-	(6,795)	(10,079)
Foreign currency translation differences	-	-	-	-	(1,377)	-	(1,377)	-	(374)	(1,751)
Change in fair value reserve	-	-	-	(64)	-	-	(64)	-	-	(64)
Payment of coupon on subordinated perpetual mudaraba	-	-	-	-	-	(36,000)	(36,000)	-	-	(36,000)
Balance at 30 September 2023	102,525	96,834	3,300	(1,867)	(35,526)	1,503	166,769	900,000	167,274	1,234,043

30 September 2023 (Reviewed)

Balance at 1 January 2023
Profit for the period
NCI arising from acquisition of subsidiaries
Acquisition of NCI without change in control
Foreign currency translation differences
Change in fair value reserve
Payment of coupon on subordinated perpetual mudaraba

Balance at 30 September 2023

	Attributable to shareholders of the Company					Subordinated perpetual mudaraba	Non-controlling interest	Total owner's equity
	Share capital	Share premium	Foreign Currency translation reserve	(Accumulated losses)/ retained earnings	Total			
Balance at 1 January 2022	102,525	100,002	-	(798)	201,729	-	-	201,729
Profit for the period	-	-	-	21,270	21,270	-	(642)	20,628
Sukuk issuance	-	-	-	-	-	900,000	-	900,000
NCI arising from acquisition of business	-	-	-	-	-	-	145,942	145,942
Transaction cost relating to issuance	-	(2,500)	-	-	(2,500)	-	-	(2,500)
Payment of coupon on subordinated perpetual mudaraba	-	-	-	(18,000)	(18,000)	-	-	(18,000)
Foreign currency translation differences	-	-	(37,164)	-	(37,164)	-	(6,402)	(43,566)
Balance at 30 September 2022	102,525	97,502	(37,164)	2,472	165,335	900,000	138,898	1,204,233

30 September 2022 (Reviewed)

Balance at 1 January 2022
Profit for the period
Sukuk issuance
NCI arising from acquisition of business
Transaction cost relating to issuance
Payment of coupon on subordinated perpetual mudaraba
Foreign currency translation differences

Balance at 30 September 2022

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the nine months ended 30 September 2023

US\$ 000's

	30 September 2023 (Reviewed)	30 September 2022 (Reviewed)
OPERATING ACTIVITIES		
Profit for the period	26,859	20,628
<i>Adjustments for:</i>		
Finance income	(2,518)	(1,864)
Depreciation	5,046	3,210
Income from asset swaps	-	(4,398)
Share of loss from equity accounted investee	150	62
Changes in operating activities:		
Development properties	39,966	(1,271)
Bank balances - escrow accounts	(9,238)	-
Trade receivables	(12,048)	2,372
Due from related parties	(13,675)	(20,193)
Inventory	1,657	-
Payables and other liabilities	(211)	16,384
Due to related parties	27,575	-
Other assets	(1,039)	-
Net cash from operating activities	62,524	14,930
INVESTING ACTIVITIES		
Acquisition of property and equipment (net)	(72)	(683)
Placement matured	10,308	-
Cash acquired from acquisition (net)	-	79,117
Acquisition in investment property	(31,424)	-
Bank balance- call placement mudaraba	-	(40,000)
Derecognition of equity accounted investee	8,045	-
Sale of investment securities	5,261	-
Finance income received	2,518	1,240
Net cash (used in)/ from investing activities	(5,364)	39,674
FINANCING ACTIVITIES		
Payment of borrowings	(1,443)	
Subordinated perpetual mudaraba coupon paid	(36,000)	(18,000)
Acquisition of NCI without change in control - net	(10,079)	-
Lease liability	(155)	-
Net cash used in financing activities	(47,677)	(18,000)
Net increase in cash and cash equivalents	9,483	36,604
Cash and cash equivalents at period beginning	14,286	22,569
Cash and cash equivalents at period end and note (i)	23,769	59,173

(i) Cash and cash equivalents comprises of current account (refer note 6)

The accompanying notes 1 to 20 form an integral part of the condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2023

US\$ 000's

1 REPORTING ENTITY

The condensed consolidated interim financial information for the nine months ended 30 September 2023 comprise the financial information of INFRACORP B.S.C (c) ("Infracorp" or the "Company") and its subsidiaries (together referred to as "the Group").

On 30 June 2023, The Group increased its ownership in LS Real Estate Company W.L.L. from 23% to 60% resulting in obtaining control and accordingly became a subsidiary and consolidated in the condensed consolidated interim financial information (refer note 16). The following are the principal subsidiaries consolidated in the condensed consolidated interim financial information.

Investee name	Country	Effective ownership interests as at 30 September 2023	Effective ownership interests as at 31 December 2022	Activities
Harbour Row 2 Real Estate W.L.L.	Kingdom of Bahrain	100%	100%	Development, sale and management of real estate assets in Bahrain Financial Harbour
Harbour Row 3 Real Estate W.L.L.		100%	100%	
Falcon Cement Company BSC (c) ('FCC')		51.72%	51.72%	Manufacturing and packaging of cement
N.S.12 W.L.L. ("N.S.12")		79.69%	79.69%	Holding plots of lands in Nurana
Bahrain Harbour Marines W.L.L.		100%	100%	Operational of recreational water transportation facilities
Bahrain Harbour Events W.L.L.		100%	100%	Organization of conventions, events, and trade shows
LS Real Estate Company W.L.L.		60%	23%	Leasing of properties
Energy City Navi Mumbai Investment Company & Mumbai IT & Telecom Technology Investment Company (together "India Projects")	Cayman Islands	78.66%	78.66%	Owning land banks for mixed used development projects in India, Morocco, and Tunisia.
Tunis Bay Investment Company ('TBIC')		86.22%	82.97%	
Morocco Gateway Investment Company ('MGIC')		90.27%	90.27%	
US Data Center Portfolio		59.18%	59.18%	Portfolio of data center facilities located in high technology business parks in Virginia, USA
GFH Real Estate LLC	United Arab Emirates	100%	100%	Mixed use development and sale of real estate assets in Dubai land, based in UAE

The Company has other investment holding companies, SPV's and subsidiaries, which are set up to supplement the activities of the Company and its principal subsidiaries.

INFRACORP B.S.C (c) 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 Group is principally engaged in business of real estate and infrastructure development, asset management, investment and product development, fund raising and sourcing opportunities and development rights of infrastructure assets.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2023

US\$ 000's

1 REPORTING ENTITY (continued)

The shareholders who have subscribed to paid up share capital as at the reporting were as follows:

Name of shareholder	Shareholding	
	30 September 2023	31 December 2022
GFH Financial Group BSC	39%	39%
Nash'at Farhan Awad Sahawneh	47.5%	47.5%
Other shareholders	13.5%	13.5%
	100.00%	100.00%

2 BASIS OF PREPERATION

a) Statement of compliance

This condensed consolidated interim financial information has been prepared in accordance with IAS 34 *Interim Financial Reporting* and should be read in connection with the Group's last financial statements as at and for the year ended 31 December 2022. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events in transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements. This condensed consolidated interim financial information are reviewed and not audited.

The interim financial information is reviewed, not audited. The comparatives for the condensed consolidated statement of financial position have been extracted from the Group's audited consolidated financial statements for the year ended 31 December 2022. The comparatives for the condensed consolidated statements of profit or loss and other comprehensive income, cash flows and changes in equity have been extracted Group's reviewed accounts for the nine months ended 30 September 2022.

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 2023

There are no new standards and interpretations for financial year beginning on or after 1 January 2023 that would be expected to have a material impact on the Group.

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 2024 and earlier application is permitted; however, the Group does not expect the new or amended standards to have significant impact on its financial statements.

e) Use of estimates and judgements

Preparation of condensed consolidated interim financial information 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 2022.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2023**

US\$ 000's

2 BASIS OF PREPARATION (continued)

f) Basis of presentation

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. b) to engaged in the manufacturing operations, holdings of real estate for rental yields and c) to manage its liquid assets and to 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 segment units:

Development and management	This business unit is primarily involved in origination and management of large-scale economic infrastructure projects. The business unit also covers the Group's investment in real estate and related assets.
Operational	This business unit represents the Group's involvement in operational business-like manufacturing units and fixed generating income from the real estate business.
Investment	All common costs and activities that are undertaken at the Group level, including liquidity and residual investment assets, is considered as part of the investment activities of the Group.

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	- Development and sale of real estate and infrastructure projects	<i>Development and sale income</i> , from development and sale of real estate projects of the Group based on percentage of completion (POC) method.
	- managing real-estate projects and properties	<i>Fee based income</i> , management fees, performance fee, acquisition fee and exit fee which are contractual in nature
Operational	- Revenue generated from manufacturing activities	Sale of units manufactured and its associated products
	- Holdings of real estate for rental yields	<i>Rental and operating income</i> , from rental and other ancillary income from investment in real estate.
Investment	- Fixed income generated from the Group's investments and surplus liquidity	Includes dividends, gain / (loss) on sale and remeasurement of investment securities and share of profit or (loss) of equity accounted investees
	- Finance income from normal operational funds	Financing income, fees and other investment income

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2023

US\$ 000's

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation applied by the Group in the preparation of the condensed consolidated interim financial information are the same as those used in the preparation of the Group's last audited financial statements as at and for the year ended 31 December 2022.

4 SEASONALITY

Due to the inherent nature of the Group's business, the nine-month results reported in this condensed consolidated interim financial information may not represent a proportionate share of the overall annual results.

5 COMPARATIVES

The comparative figures have been regrouped in order to confirm with the presentation for current period. Such regrouping did not affect previously reported profit for the period or total equity.

6 CASH AND BANK BALANCES

	30 September 2023 (Reviewed)	31 December 2022 (Audited)
Cash in hand	1	1
Current account	23,768	14,286
Escrow account	35,527	26,288
Placements - call mudaraba account	50,000	60,308
	109,296	100,883

7 DEVELOPMENT PROPERTIES

This represents properties under development for sale in Bahrain, UAE, North Africa, and India.

	30 September 2023 (Reviewed)	31 December 2022 (Audited)
At 1 January	934,671	-
Acquisition through business combination	-	994,263
Additions during the period, net	28,270	2,198
Reclassification from investment property (note 8)	-	842
Cost of sales	(51,947)	(62,632)
Foreign exchange translation differences	(1,752)	-
Closing balance	909,242	934,671

8 INVESTMENT PROPERTY

Investment property includes land plots and buildings in Bahrain, USA, UAE, Tunisia and Morocco.

	30 September 2023 (Reviewed)	31 December 2022 (Audited)
At 1 January	189,585	-
Additions through business combination	35,145	187,516
Sale of land	(3,747)	(10,340)
Acquisition of land	-	13,896
Additions	26	842
Reclassification to development properties (note 7)	-	(842)
Depreciation	(1,115)	(1,487)
Closing balance	219,894	189,585

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2023

US\$ 000's

9 OTHER ASSETS

	30 September 2023 (Reviewed)	31 December 2022 (Audited)
Prepayment	5,549	6,680
Asset held-for-sale*	12,500	12,500
Receivable from sale of asset	22,419	22,419
Duties and taxes receivable	17,975	19,867
Advance paid to contractors and suppliers	4,480	2,113
Others	9,815	8,120
	72,738	71,699

*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.

10 NON-CONTROLLING INTERESTS

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

30 September 2023	India Projects	MGIC	TBIC	Others	Total
Non-current assets	-	1,642	3,928	100,743	106,313
Current assets	413,314	250,418	279,533	132,660	1,075,925
Non-current liabilities	-	781	-	85,556	86,337
Current liabilities	89,033	49,345	74,076	26,885	239,339
Net assets	324,281	201,934	209,385	120,962	856,562
Net assets attributable to NCI	69,187	19,648	28,855	49,584	167,274
Opening NCI	69,399	19,693	35,618	67,822	192,532
Revenue	1,457	-	-	347	1,804
Profit/loss for the period	934	(409)	(79)	(7,011)	(6,565)
Other comprehensive income ("OCI")	(32,323)	-	(4,157)	-	(36,480)
Total comprehensive income	(31,389)	(409)	(4,236)	(7,011)	(43,045)
Profit/Loss allocated to NCI	200	(40)	(11)	(3,172)	(3,024)
OCI allocated to NCI (impact of FCTR)	(412)	(5)	43	-	(374)
Step-up acquisition impact	-	-	(6,795)	(15,066)	(21,861)
Total NCI as on 30 September 2023	69,187	19,648	28,855	49,584	167,274

11 BORROWINGS

	30 September 2023 (Reviewed)	31 December 2022 (Audited)
Non-current	9,486	11,763
Current	61,796	60,962
	71,282	72,725

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the nine months ended 30 September 2023

US\$ 000's

12 TRADE AND OTHER PAYABLES**NON-CURRENT LIABILITIES**

	30 September 2023 (Reviewed)	31 December 2022 (Audited)
Advances	9,990	8,454
Employee benefits	406	461
	10,396	8,915

CURRENT LIABILITIES

	30 September 2023 (Reviewed)	31 December 2022 (Audited)
Trade payables	40,341	39,830
Accrual for expenses	22,638	23,552
Advances received from customers	56,725	56,971
Taxes and duties payable	2,732	2,818
Dividend payable	1,913	1,913
Others	1,294	2,211
	125,643	127,295

13 REVENUE**(i) DEVELOPMENT AND MANAGEMENT INCOME**

	Nine months ended	
	30 September 2023 (Reviewed)	30 June 2022 (Reviewed)
Management fee	25,008	3,775
Development and sale of properties	79,111	69,869
	104,119	73,644

(ii) OPERATIONAL INCOME

	Nine months ended	
	30 September 2023 (Reviewed)	30 September 2022 (Reviewed)
Rental income	-	6,628
Revenue from cement operations	10,078	13,441
	10,078	20,069

(iii) INVESTMENT INCOME

	Nine months ended	
	30 September 2023 (Reviewed)	30 September 2022 (Reviewed)
Share of loss from equity accounted investee	(150)	(62)
Income from investment securities	2,634	506
Income from asset swaps	-	4,398
Gain on bargain purchase of equity shares (note 16)	2,815	-
Fair value gain of equity accounted investee (note 16)	1,321	-
Finance income	2,518	1,864
Other income	403	210
	9,541	6,916

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
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14 OTHER OPERATING EXPENSES

	Nine months ended	
	30 September 2023 (Reviewed)	30 September 2022 (Reviewed)
Rent & utility	1,544	598
Depreciation	5,046	3,210
Marketing and brokerage	6,150	1,815
Operational and other miscellaneous expenses	12,407	3,172
	25,147	8,795

15 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.

The significant transactions during the period and balances as at period end included in these consolidated financial statements are as follows:

a) Balances with related parties

30 September 2023

	Significant shareholder	Subsidiary of Significant shareholder	Total
Assets			
Due from related parties	89,349	17,124	106,473
Cash at banks – call mudaraba account	-	9,791	9,791
Bank balances – mudaraba accounts	-	-	-
Liabilities			
Due to related party	177,021	21,033	198,054

31 December 2022

	Significant shareholder	Subsidiary of Significant shareholder	Total
Assets			
Due from related parties	76,748	16,050	92,798
Bank balances- current account	-	5,761	5,761
Bank balances- mudaraba accounts	50,000	10,000	60,000
Liabilities			
Due to related parties	162,447	8,032	170,479

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15 *RELATED PARTIES (continued)*

b) Transactions with related parties

For the period ended 30 September 2023

	Significant Shareholders/ entities in which directors are interested	Subsidiary of Significant shareholder and other related parties	Total
Share of loss	-	(150)	(150)
Development management income	24,531	477	25,008
Sale of development property	9,857	-	9,857
Payment of coupon on subordinated perpetual mudaraba	(36,000)	-	(36,000)
Investment income	947	98	1,045
Other income	-	32	32

For the period ended 30 September 2022

	Significant Shareholders/ entities in which directors are interested	Subsidiary of Significant shareholder and other related parties	Total
Share of loss	-	62	62
Development management income	-	19,653	19,653
Investment income	1,562	47	1,609
Payment of coupon on subordinated perpetual mudaraba	-	18,000	18,000
Direct cost of material	-	12,061	12,061

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:

	30 September 2023	30 September 2022
Salaries and other short-term benefits	789	758
Post-employment benefits	124	24

16 **BUSINESS COMBINATION**i) **Summary of the acquisition**

On 30 June 2023, the Group acquired an additional 37% ownership in LS Real Estate Company W.L.L., increasing its ownership from 23% to 60%. The carrying amount of LS Real Estate Company W.L.L.'s investment in the Groups consolidated financial statements as on the date of acquisition was USD 8,045. LS Real Estate Company W.L.L. operates the Lagoon which is an operational and yielding retail property located in Amwaj in the Kingdom of Bahrain.

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16 *BUSINESS COMBINATION (continued)***ii) Consideration transferred**

The following table summarises the of fair value of consideration transferred:

	30 September 2023
Residential units	12,251
Net consideration for acquisition	12,251

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:

	30 September 2023
ASSETS	
Cash and bank balances	4,442
Trade receivables	1,364
Investment property	35,146
Prepayments and other assets	209
Total assets	41,161
LIABILITIES	
Trade payables and other payables	441
Total liabilities	441
Net assets transferred	40,720

iv) Gain on acquisition

The Group recognized fair value gain of previously held equity interest and gain on bargain purchase of the additional shares as follows:

Fair value gain of previously held equity interest:

	30 September 2023
Fair value of previously held equity interest	9,366
Less: previously held equity interest	(8,045)
Fair value gain	1,321

Gain on bargain purchase:

Fair value of 100% of the identifiable net assets (a)	40,720
Fair value of consideration transferred	(12,251)
Fair value of the NCI	(16,288)
Fair value of previously held equity interest	(9,366)
Total (b)	(37,905)
Bargain purchase gain (a – b)	2,815

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17 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 period ended 30 September 2023.

18 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).

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 30 September 2023 due to short term nature of such instruments.

19 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 sale of infrastructure and real estate projects and managing real-estate projects and properties
- **Operational segment:** Revenue generated from manufacturing operations and Holdings of real estate for rental yields
- **Investment:** Fixed income generated from the Group's investments and surplus liquidity

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19 *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. Inter-segment pricing, if any is determined on an arm's length basis.

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.

	Development and management	Operational	Investment	Total
30 September 2023				
Segment revenue	104,119	10,078	9,541	123,738
Segment expenses (including impairment allowances)	79,703	16,019	1,157	96,879
Segment result	24,416	(5,941)	8,384	26,859
Segment assets	1,081,134	220,432	346,177	1,647,743
Segment liabilities	365,533	48,167	-	413,700

During the previous period, 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 period.

20 COMMITMENTS AND CONTINGENCIES

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

	30 September 2023 (Reviewed)	31 December 2022 (Audited)
Capital commitment for infrastructure development projects	52,324	10,337