



2022  
52 Weeks  
1 Inspired  
Performance



Infracorp began operation on the 24th of October 2021.  
This is what we have achieved in the first 52 weeks.



His Majesty  
**King Hamad bin Isa Al Khalifa**  
The King of the Kingdom of Bahrain



His Royal Highness  
**Prince Salman bin Hamad Al Khalifa**  
The Crown Prince, Prime Minister  
& Deputy Supreme Commander  
of the Kingdom of Bahrain



Our first 52 Weeks



# 52

has performed since we began operations. As you will read, Infracorp have achieved a great deal; but we have set our sights on even greater heights. We have the energy & drive to push beyond limits and achieve our vision to be the leading value-investment firm in the region. The last 52 weeks were a beginning we are proud of, a positive foundation for our future potential.

A lot can happen in a little over fifty two weeks, as this report will highlight. We will share how our business

\* To begin with, 2022 was our first year in business as a wholly separate entity. There was a lot at stake. In our first year, we achieved a number of firsts including being the first investment company established in the GCC to focussed on value investing. Put simply, Infracorp invest in projects that deliver wide-ranging social benefits which our investors wish to see delivered for the communities we serve. We are the first to devise and deliver on this approach and our strategy is paying off.

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Financial  
Guidance



# 1

Infracorp's company profile and executive Operational Review.

While we set our sights

high, we achieved a greater level of market performance across our key business lines. Among our notable 2022 achievements\* is the completion of the iconic Harbour Row development, including the signing of major international F&B brands, who will occupy key retail positions across this landmark destination.

\* Other notable achievements include the issuance of a \$900mn, exchangeable, hybrid green Sukuk, the \$74mn sale of 'Harbour Walk' to a retail fund and the purchasing of over 800 hectares of North African land ear-marked for development into new, sustainable, urban mega projects.

An aerial photograph of a complex highway interchange with multiple lanes and overpasses. The roads are surrounded by lush green trees and vegetation. A dotted white circle is drawn on the lower right side of the interchange, highlighting a specific area where a red truck and a blue truck are visible. The text is overlaid in the upper right quadrant of the image.

Infracorp is the region's pioneer in sustainability investments, bringing social infrastructure developments to life across the Middle East and beyond.

Infracorp's portfolio comprises total assets valued at US\$1.6bn, spanning three key business competencies.

1.6

Billion US Dollars

Infracorp has multiple footprints including live projects in Bahrain, UAE, India, Morocco, Tunisia and United States.

06

Countries

Infracorp has over two hundred & fifty million square feet of land spread over different locations, in various stages of development

250

Million Square Feet

**We are empowering economies**

Infracorp is partner in progress with a proven track record of success. Our robust financial and shareholder base, expert management team and strong network of global private and public sector partners supports our shared purpose; to use sustainable development to empower societal progress across the globe.

With over USD\$3 bn in assets under management, our diverse & synergistic portfolio of businesses span over social infrastructure, mixed-use developments as well as development solutions. Our business ultimately brings our communities closer together.

**We are the region's sustainability pioneer**

Infracorp is guided by global Environmental, Social and Governance (ESG) principles and best practices. We are committed to investing responsibly, into projects which accelerate growth, enhance shareholder value and creates a positive impact on the economies and societies in which we operate. Our success is judged across a triple bottom line of our how we are impacting our people, the planet and shareholder profits.



Over the last 52 weeks, our foresight & intentions have combined to realise positive socio-economic outcomes

Infracorp understands economic growth has to be balanced with our planet's support systems. Our ambition is to create sustainable cities with infrastructure that serves people needs for supportive, habitable, living environments. By focusing on the needs of people and strengthening social connections, we can play our part in fostering an enduring society where life is enjoyable and people feel part of a vibrant, thriving community

The Infracorp brand is driven by core beliefs with give us our reason for why we exist, it informs our purpose, our goals and our mission. The reason we exist informs what value we deliver and how we create this. These factors inform the Infracorp brand. This brand unites our team in a shared purpose, gives meaning to our work, brings us together through shared goals and drives our ambition. Ultimately, it is our brand that creates our unique Infracorp culture.

Why  
What  
+  
How



# Our Why

Why we do what we do as a business is core to our existence. We believe the reason we exist is to be a driver of sustainable economic progress.

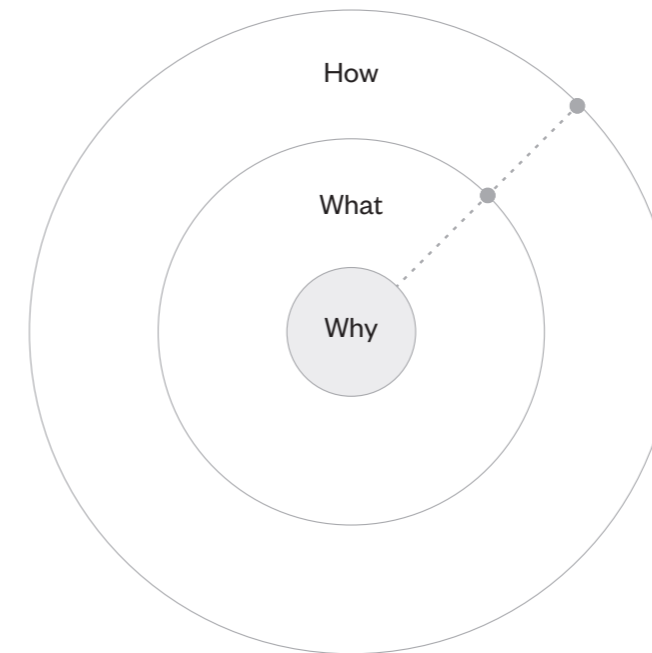


Fig Above. Our why is the foundation of our business's reason for being.

Our world is changing and so must we. Change how we work, how we live and how we think. Our human family has come together and see ourselves as one team. A team with one goal; sustainable, enduring growth. We believe our role is to drive this change. Our ability to develop cities and infrastructure will be harnessed to deliver living systems that are balanced and sustainable. We have the skill and experience to pursue this goal and the capability and will to achieve it.

Today and for generations to come, Infracorp's stakeholders and its nation building partners will drive this change through investment in sustainable development projects and enterprise that operate within the nexus of social, environmental and energy infrastructure. We believe an investment in this future will return financially and with rewards we measure by other means. We do this today. For a better tomorrow.

# Our What

What we do is create value by developing the social, economic & physical infrastructure our society needs to develop

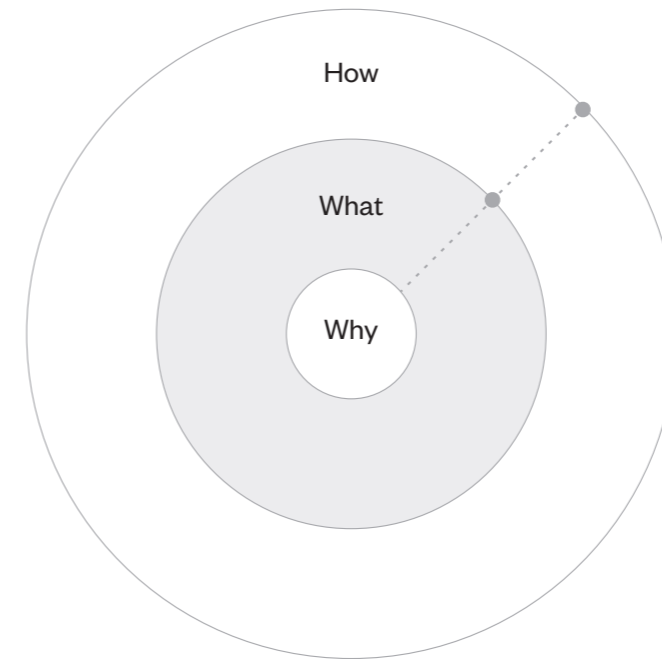


Fig Above. Our 'Why' informs our 'What'.

Infracorp believes in unleashing the power of human ingenuity. We are an investment and development firm operating in the nexus between real estate, energy and infrastructure. We create the places, support systems and energy society needs to thrive. This is our story.

Infracorp understands economic growth has to be balanced with our planet's support systems. Our ambition is to create sustainable cities with infrastructure that serves peoples needs for supportive, habitable, living environments. By focusing on the needs of people and strengthening social connections, we can play our part in fostering an enduring society where life is enjoyable and people feel part of a vibrant, thriving community.

# Our How

How we deliver our value is by understanding the needs of the communities we serve to provide sustainable solutions to empower their development

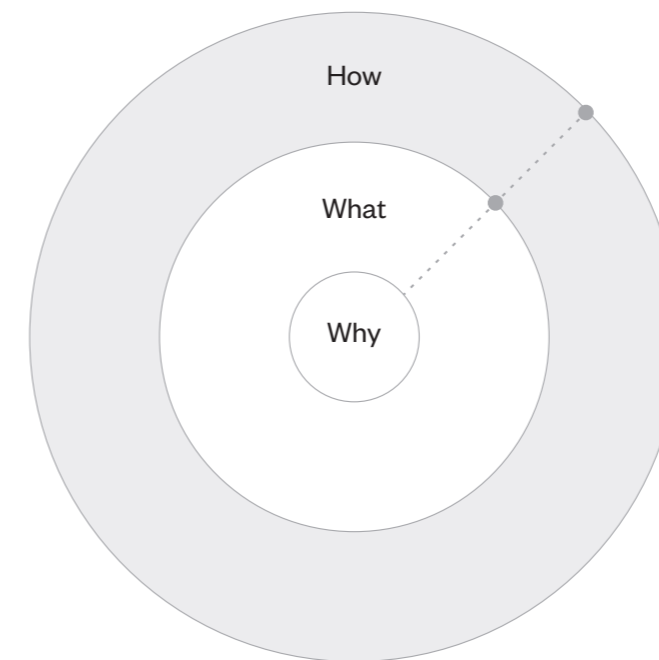


Fig Above. Our 'What' informs our 'How'.

We create the places, support systems and energy infrastructure today's society needs to thrive. We develop city structures and road systems that connect communities and the businesses which serve them. Our work is seamless and end-to-end; we envision the potential, raise the finance to bring a visionary projects to life, develop and realise our ideas before bringing them to market through award winning brands.

All our developments are guided by our ESG standards. This isn't only how we choose to work, this is how we see the future of our industry and all others. We are proud to pioneer the change in how the region is developing.

ESG issues are a key investment consideration for Infracorp, and we are increasingly applying these factors as part of the underwriting and investment decision-making processes specifically as they relate to sustainability. Globally, we are at a crossroads to address environmental and societal issues such as climate change, poverty, and biodiversity loss as we collectively have to act in the next decades to minimise massive potential negative impacts on communities and natural life.

Infracorp is putting Environmental Social and Governance criteria to work. ESG issues are a key investment consideration for Infracorp, and we are increasingly applying these factors as part of the underwriting and investment decision-making processes specifically as they relate to sustainability.

# Environmental Social + Governance Philosophy

Globally, we are at a crossroads to address environmental and societal issues such as climate change, poverty, and biodiversity loss as we collectively have to act in the next decades to minimise massive potential negative impacts on communities and natural life.

**Diversity and Inclusion**

Diversity is proven to make workplace more productive, tolerant and welcoming by combining experience and points of view deeply different from one another. That's why for Infracorp inclusion is a key strategy to encourage economic and decision-making participation of all genders and ethnicities at every organization level.

Inclusive actions can make the workplace a safe and more respectful environment for all employees and must be adequately communicated inside and outside the organization. Infracorp understands that an inclusive, diverse, and fair workplace is the foundation for a positive corporate culture and is key towards achieving sustainable strategic success. Diversity is valued in its employees with an almost equal split between female and male permanent workers.

Our multicultural environment features 20% foreign headcount to 80% Bahraini with a high percentage of women in leadership roles, combine experiences and different points of view which foster innovation and support effective decision making.

We believe that our approach to diversity, equality and inclusion (DEI) enhances corporate transparency, productivity, creativity and ultimately help us to create and maintain an energetic, tolerant and welcoming workplace.

**Employee Engagement & Wellbeing**

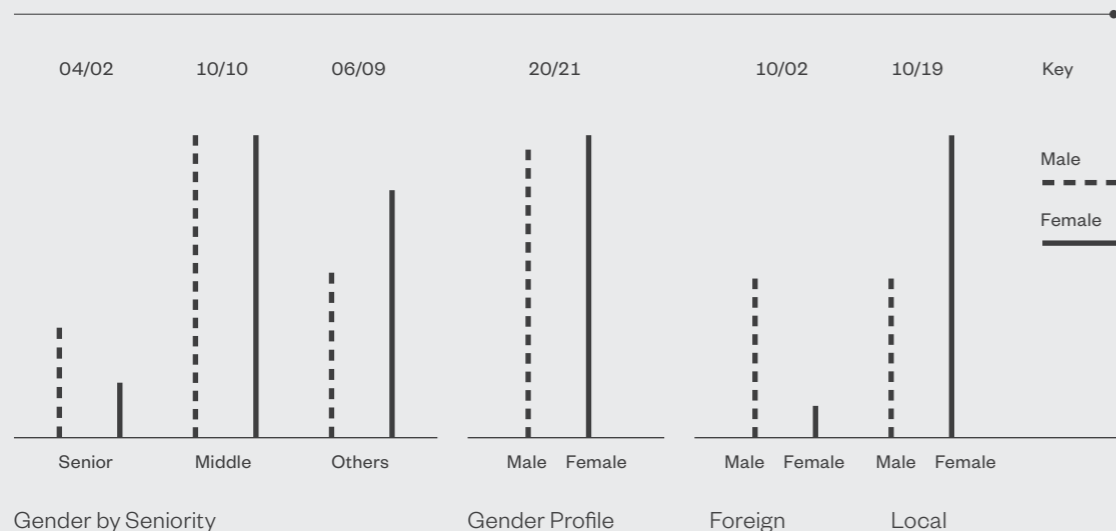
At Infracorp, ensuring employees enjoy a positive work life balance and prioritize their wellbeing is a key driver towards improved efficiency and high performance. We monitor the satisfaction of our employees and take action to raise the bar for a happier and healthier employee population.

Infracorp holistic approach to the life balance and wellbeing of its people empowers them to reach their personal and career development goals in a transparent, inclusive, and nurturing environment.

**Career Development Pathway**

Infracorp recognizes that training and development is an essential and ongoing process for all employees, at all levels of the organization. This is to ensure the latter make full use of their potential and achieve not only their personal development goals but also those of Infracorp. Indeed, the granting of funds to support professional development, including training/study leave, is a privilege that Infracorp, in its sole discretion, grants to meet the needs of the organization and those of the employee.

**Gender Diversity**



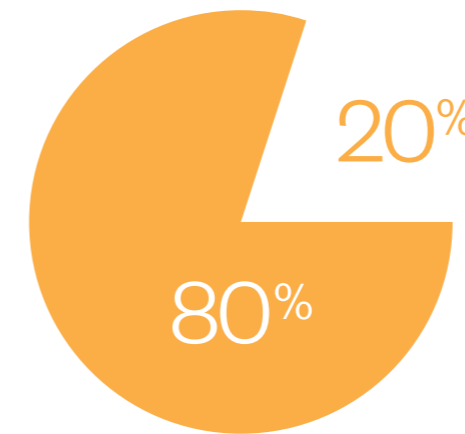
Gender by Seniority

Gender Profile

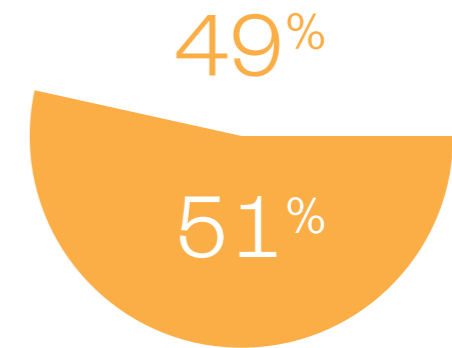
Foreign

Local

# We are committed to enhancing the well-being of our People



A growing multicultural environment Infracorp's team features and 20/80 (foreign / local) headcount ratio.



Over the last 52 weeks, we achieved a neutral gender balance in our team with a ratio of 49/51 (Male / Female)

In our first 52 weeks, we have enacted a more balanced approach to new hires to ensure our 49/51 gender balance is maintained. Infracorp has proven its commitment to equality at all levels in the business.

### Towards Sustainability

ESG-focused companies create shared value for society and environment and perform better. As confirmed by the performances of ESG and Islamic funds during the recent market downturn and throughout the COVID-19 pandemic, investing into sustainable companies lead to a better pay off, as companies with sustainable business models are better able to bear difficult market conditions and shocks. Therefore, according to recent studies, 88% of global institutional investors believe that companies which prioritize ESG initiatives represent better opportunities for long-term returns than companies that do not. Financial sector has a clear role to be part of the solution to the climate crisis and rising global inequality.

This awareness lies at the core of Infracorp business model and strategies and prompted the Company to embark on a journey towards a full and effective integration of sustainability in its processes.

### Green Sukuk Framework

In January 2022, Infracorp first Green Sukuk Framework was published, under which it will issue a Green Sukuk as part of its commitment to:

- financing sustainable projects aimed at supporting the transition to a low-carbon and sustainable economy, with a specific focus in MENA countries, India also with the ambition of being able to expand our development activity also at a global level.
- meeting the needs of environmentally and socially conscious investors.
- demonstrating its leadership in sustainability in the global marketplace.

Infracorp Green Sukuk Framework articulates the Company's proposed use and development of proceeds from the Sukuk, also following the Islamic values of ethical finance, focused on the interests of people and the environment.

The document has been developed in line with the Green Bond Principles 2021 ("GBP") issued by the International Capital Market Association (ICMA) and received a second opinion by Sustainalytics verifying its credibility, impact and alignment with such Principles. The Framework is presented through the 4 core components requested by the ICMA's GBP: Use of Proceeds; Process for Evaluation and Selection; Management of Proceeds; Reporting.

The challenges faced by humanity nowadays are global and of an unprecedented scale. In this context, every action matters and companies are not allowed to sit back anymore. Ambitious targets are being drawn up at the global level both by the public and private sector. To this end, the United Nations Agenda 2030 for Sustainable Development with its 17 Sustainable Development Goals (SDGs) has been a main inspiration for countries and has contributed to the achievements of Glasgow's COP26: 197 countries agreed on limiting the increase of global temperatures to below 1,5°C and 2.000 of the largest enterprises committed to become net-zero by 2050.

In front of such efforts, Infracorp intends to play a key role. We've hence set bold targets within the 2030 timeframe, because we believe that companies have a responsibility and a duty to act in line with worldwide objectives. Identifying long-term goals with a clear baseline and KPIs will enable us to transparently communicate our actions and remain accountable to our stakeholders. As a fast-growing company, we want to set the example early on cascading this to the businesses in our portfolio as well as the stakeholders we directly and indirectly impact with our day-to-day operations.

Sukuk reference: XS2443909192

# Our sustainability plan for helping save our natural Environment

Infracorp strives to set the example from its very inception. Our mission is leading a business with purpose by generating a positive impact for people and environment.

Future Goals (Within First 52 Weeks)

Planet	People	Prosperity
Minimizing environmental impact of infrastructures from construction to building management to accelerate Real Estate and infrastructural sustainability	Rethinking traditional ways of working to unleash the true potential of sustainable transition, through competencies, participation, and motivation	Sharing value & sustainable development with territories and communities to make the ecological transition real and enable them to achieve their ambitions
50% Balexco production needs satisfied by the new renewables system adopted	+34% the annual increase of Infracorp's workforce, thanks to the new employees	16k new jobs are planned to be created across the hospitality sector with the Tunis Bay Project
94% effective savings obtained by Balexco thanks to aluminium scrap recycling processes	350 training hours offered annually to Infracorp's employees, with an average of over 9 hours each	'Made in Bahrain' certification received by Balexco on all its products
100% of wastewater treated and recycled in the new Panvel's Megacity Project	60 calendar days of paid maternity leave for working women	287 safety induction sessions held for Infracorp staff members
2,5MW Falcon Cement Company's planned renewable power generation capacity	20% international employees the quota on the total workforce	100% local supplies and services in Morocco procurement processes

ESG Goals (Next 52 Weeks)

Focus	Goal Types	Goals
Planet	Green & Renewable Energy	<ul style="list-style-type: none"> <li>Install 265MW of renewable and green energy generation capacity (e.g. photovoltaic, solar, and wind)</li> <li>USD 250 million invested in green &amp; renewable energy projects</li> </ul>
	Sustainable & Efficient Resources Usage	<ul style="list-style-type: none"> <li>Finance through Green Sukuk's proceeds 15% of new and refurbished projects with BREEAM or LEED certifications</li> <li>Carry out life cycle/circularity analyses in at least 38 construction projects actively engaging clients/suppliers</li> </ul>
People	Life Balance & Well-Being	<ul style="list-style-type: none"> <li>100% of Infracorp's people provided with the opportunity to take advantage of Infracorp well-being programs.</li> <li>Encourage and nurture a positive corporate culture by reaching and maintain at least 95% of Infracorp employee satisfaction.</li> </ul>
	Upskilling & Reskilling	<ul style="list-style-type: none"> <li>Provide occupational opportunities to at least 80 new talents.</li> <li>Increase the average yearly training hours to at least 40 hours per person, 20% of which on sustainability related topics.</li> </ul>
	Diversity, Gender Equality & Inclusion	<ul style="list-style-type: none"> <li>Maintain at least 50% of women in senior management positions in Infracorp holding and at least 25% of Board Committees.</li> <li>Maintain 100% gender pay equality at all occupational levels.</li> </ul>
Prosperity	Health & Safety for Workers & Communities	<ul style="list-style-type: none"> <li>Maintain 100% of portfolio assets covered by Occupational Health and Safety certifications(e.g. ISO 45001 or SA8000)</li> <li>100% of new projects on which risk assessments on health &amp; Safety are carried out by contractors.</li> </ul>
	Contribution to Local Communities	<ul style="list-style-type: none"> <li>Maintain atleast 1% of Annual Revenues budgeted for donation and sponsorship</li> <li>Increase the spending on local suppliers in new projects and create 10,000 jobs</li> </ul>
Activation Levers	Executive compensation for ESG in the Board	<ul style="list-style-type: none"> <li>Top Management MBOs and LTIs integrated with at least one ESG target.</li> <li>At least 1 independent Board Member with specific sustainability skills.</li> </ul>

We have already made great progress toward Infracorp's 2030 Goals

In our first 52 weeks, we set goals, achieved our targets, built a new ESG philosophy and set a raft of new challenges to be achieved over the new year of business.

Dear Shareholders

On behalf of the Board of Directors of Infracorp B.S.C. (o) (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.

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.

Our first 52 weeks of business are behind us and I am proud to how our strategy has been positively realised throughout the business.



Our Chairman's Report  
by Hisham Alrayes



## Financial performance

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

	USD 000's	
	31 December 2022	31 December 2021
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.

## Pictured right

The Harbour Row development, one of the cornerstones of the new Bahrain Harbour master plan. Harbour Row is setting a new standard for urban waterfront developments in the Kingdom.



## Remuneration of the Board of Directors

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

**Notes:**

- All amounts are stated in BHD.
- The Group does not have any variable remuneration payments, end of service benefits, or expense allowances paid to its non-executive and independent directors.
- 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:**

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

**Hesham Ahmed Alrayes**

Chairman

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.



Hisham Alrayes  
Chairman

Mr. Alrayes currently chairs and holds a number of directorships in financial, industrial and real estate companies inc. GFH Capital, GBCORP, Khaleeji Commercial Bank and Esterad Investment Company. Mr. Alrayes has a Master's degree in Business Administration from the University of DePaul, Chicago and a Bachelor's in Engineering from the University of Bahrain.

Hisham was awarded 'Banker of the Year' in the MEA Finance Awards 2020. In 2019, he was ranked one of the top CEOs in Financial Services & Investments and named 'Investment Bank CEO of the Year' at CEO Middle East.

**The Board of Directors** at Infracorp is chaired by Hisham Alrayes. Hisham is a strategic business leader with exemplary credentials across a wide cross section of business sectors.



Hisham Alrayes is Chairman of the Board concurrently with his role as Group CEO of GFH, whom he has led to become one of the region's most prominent\* and diversified financial groups. He has over 23 years of expertise across real estate, wealth management, commercial banking and asset management.

\*GFH won 'Best Islamic Bank In the World (2022)'.

Salman A. Haider  
Board Member



A real estate executive and entrepreneur experienced in leading billion-dollar organizations' growth and long-term asset value enhancement. Verifiable success in creating and delivering outstanding real estate investment strategies and timely execution as a "Turn-Key" developer of multi-segment real estate products (hotels, resorts, condominiums, timeshares/fractional, office buildings and luxury homes) and significant mixed-use master planned developments.

Osama Muein  
Board Member



Experienced owner with a demonstrated history of working in the management consulting industry. Skilled in negotiation, business planning, analytical skills, asset management, and mergers & acquisitions (m&a). Strong business development professional with a diploma focused in marketing/marketing management, general from London business school.

## Infracorp's Board of Directors (2.3)

Majed Abdulla Al Khan  
Board Member



Majed Abdulla Al Khan is a renowned businessman who brings more than 22 years of extensive experience in real estate private equity and assets management to Infracorp. He is a recognized financial engineer with more than 1 million square meters of completed flagship developments under his leadership.

Majed's objective is to lead Infracorp to be recognized as one of the key international groups specializing in developing and investing in sustainable social infrastructure projects through creating a platform whereby stakeholders can achieve wealth optimization. Majed chairs and holds a number of directorships including Gulf Holding Company (GHC), Falcon Cement B.S.C., Balaxoo B.S.C., ASK Real Estate W.L.L., Tunis Bay Project Company, and Royal Parks Marrakesh.

Majed holds a B.A. (with honors) in International Finance and Accounting from Northumbria University at Newcastle, United Kingdom and had taken executive roles in HSBC Middle East and Inovent Bahrain prior joining Infracorp.

Salah Sharif  
Board Member



As Infracorp board member and Chief Operating Officer of GFH Financial Group, Salah Sharif brings over 30 years of regional and international experience across commercial and wholesale banking, having held a number of senior roles in leading global financial institutions, including American Express and Standard Chartered Bank. His particular expertise in industrial and infrastructure advisory enables Infracorp to identify and deploy localized innovations that help bring our global solutions over the line from conception to completion.

## Infracorp's Board of Directors (3.3)

Ahmed Al-Ebrahim  
Board Member

Salem Patel  
Board Member



Ahmed Al-Ebrahim is the Chief Executive Officer (CEO) of GCC Interconnection Authority (GCCIA), in charge of the 400kV super-grid backbone. He has been with GCCIA for 15 years and has over 34 years of experience in power systems, electric grids and infrastructure operation and planning, previously working as CEO of Sintegro International, and earlier as Manager of Operations in the Ministry of Electricity Bahrain.

Salem Patel brings over 20 years of extensive local and international financial industry experience to the Group having previously worked in the Financial Services Division with Accenture in London and prior to this as a Financial Analyst with LongView Partners, London. Salem began his career working in Equity Research at UBS and Societe Generale. He currently holds a number of Directorships including Falcon Cement Company and Roebuck Asset Management.

**Pictured right**

The impressive, Manama skyline-defining Harbour Heights development has been delivered under the new management of Infracorp.



Infracorp has maintained its successful strategy with a steady and continued positive performance with equally favorable projections for our first year in operation. These results clearly provide a promising outlook for us to continue using as a foundation for our vision of sustainable global community.



Majed Abdulla Al Khan is a renowned businessman who brings more than 22 years of extensive experience in real estate private equity and assets management to Infracorp. Majed is a recognized financial engineer with over 1 million square meters of completed flagship developments under his leadership.

Majed's objective is to lead Infracorp to be recognized as one of the key international groups specializing in developing and investing in sustainable social infrastructure projects through creating a platform whereby stakeholders can achieve wealth optimization. Majed chairs and holds a number of directorships including Gulf Holding Company (GHC), Falcon Cement B.S.C., Balexco B.S.C., ASK Real Estate W.L.L., Tunis Bay Project Company, and Royal Parks Marrakesh.

Majed holds a B.A. (with honors) in International Finance and Accounting from Northumbria University at Newcastle, United Kingdom and had taken executive roles in HSBC Middle East and Inoest Bahrain prior joining Infracorp.

**Executive Management** at Infracorp is directed by our CEO, Majed Abdulla Al Khan. Majed is an experienced executive team leader with broad experience in the fields of real estate & private equity.



Majed Abdulla Al Khan  
Board Member & CEO



Dr. Mohammad Alabed  
Head of Project Management



Mohammad manages the delivery of all projects of Infracorp as he brings in more than 35 years of experience in engineering and construction. He worked at top leading development companies as well as contracting companies and delivered high quality, state-of-the-art construction projects and facilities with multi millions of dollars in Bahrain, UAE, Jordan, and Malaysia.

Mohammad holds a PHD in structural Engineering and Master's and bachelor's degrees with honours from The University of Michigan Ann Arbor.

Michael Wing  
Head of International  
Development Portfolio



Mike is a fellow of the Royal Institute of Chartered Surveyors, with over 30 years international experience across the real estate development and built environment sectors.

He has led the deal structuring, feasibility, planning and delivery of a number of iconic international mixed-use, residential, retail, hospitality and resort developments, urban regeneration programmes, transit orientated developments, and national transport and infrastructure programmes.

Mike has held board, managing director and executive management roles within property development companies, family offices, government entities, multi-disciplinary design and Big Four consultancies.

Infracorp's Executive Management  
(2.3)

Soufiane Ouenniche  
Chief Investment Officer



Soufiane Ouenniche has worked in leading financial institutions, private equity and real estate groups in North America, Europe and the MENA region for the past twenty years and has an in-depth understanding of Islamic banking, private equity and real estate investments.

Soufiane has a Master of Science degree in Banking & Finance from HEC Lausanne, Switzerland. He also has a Graduate Certificate in Finance from McGill University and a Bachelor in Business Administration from HEC Montreal, Canada. Most recently Soufiane developed the real estate investment practice at SAYACORP. Soufiane was also previously leading the real estate investments department of the First Investor where he was in charge of structuring/originating and managing real estate funds globally.

Previously, Soufiane was a Director at the private equity department at Capital Management House. Prior to that he was a Director at Gulf Finance House where he was instrumental in successfully originating major real estate projects such as the Tunis Financial Harbor.

Nada Alkoohiji  
Chief Financial Officer



Nada Alkoohiji is a highly experienced CFO with a 22 year career covering several senior roles. At Infracorp, she is responsible for managing fiscal reporting activities for the corporation and its project companies.

Nada's work includes strategic planning with budgets and transparent reporting to the CEO and Board. She oversees all major financial transactions and ensures all project companies maintain a high degree of fidelity, from feasibility studies and funding through to project closure and exit. Her role ensures financial oversight on projects and long-term investments relate directly to Infracorp's strategic goals, revenue, expenses and cash flow requirements.

Nada holds several Directorships including Morocco Gateway Investment Co', Tunis Bay Investment Co' & Harbour North Real Estate. Previously, Nada was CFO for Edamah for nearly 10 years, She is Certified Management Accountant (USA, 2013), holds an MBA with Distinction (University of DePaul, Chicago. USA) and a BA with Distinction in Accounting (University of Bahrain).

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Eman Alkhan  
Head of Human Resources



Eman Alkhan is an HR executive with more than 16 years' experience in the banking sector. Eman began her career with Ernst & Young and then joined GFH shortly after. She then worked at the National Bank of Kuwait as Head of HR.

Human Resources prior to joining Infracorp in February 2022. Her role as Head of Human Resources at Infracorp gives her oversight and responsibility for managing all HR systems, procedures and regulations including the attraction, induction, development and retention of company employees.

Eman plays an integral role in recruiting and positioning key executives within the business in order to build a performance based organizational structure.

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Ahmed Khalfan  
Head of Sales & Marketing



Ahmed Khalfan has more than 20 years of regional experience in marketing and sales, in a career spanning a wide range of industries. Mr. Khalfan brings to the Infracorp team a unique vision in supporting the growth of sustainability solutions through capital markets. Having held senior positions in banking, real estate, and telecoms, his pedigree gives him the ability to bring diversified social infrastructure projects to market.

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Infracorp's Board of Directors  
(3.3)

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Eman AlMannai  
Head of Sales



With outstanding success in a number of pioneering real estate projects in the Kingdom, Eman AlMannai brings more than 16 years of experience in the real estate sector to the Infracorp team. In her career she has managed and sold thousands of developments across the region. Now Eman aims to transform the cityscapes of tomorrow with an emphasis on scaling sustainability, creating positive outcomes that benefit the communities we serve.

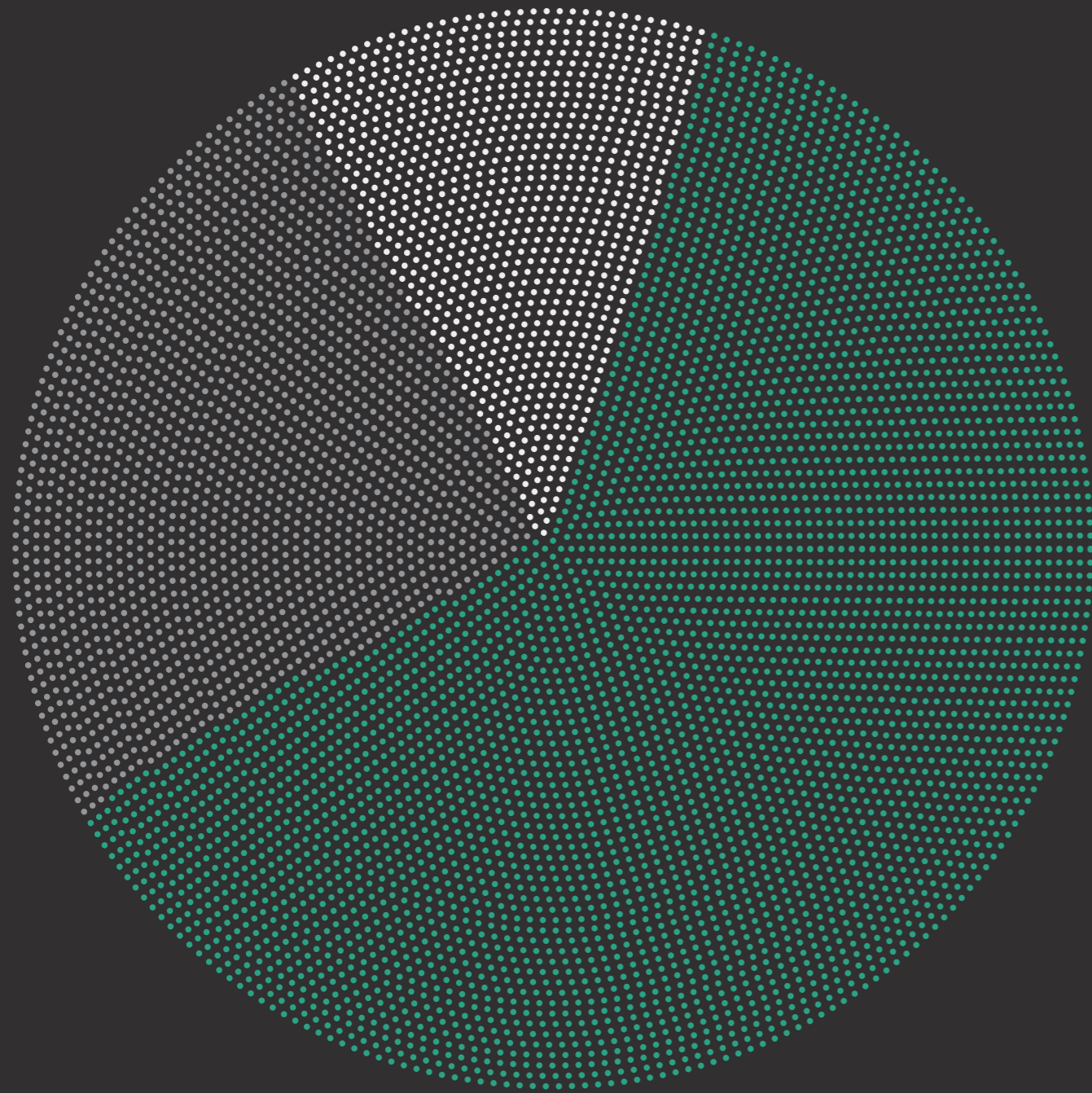


# 2

A summary overview  
of our first 52 week's  
Financial Performance

We believe in testing and

stretching targets and while we had ambitious goals to beat we are happy to report we even outdid our own hopes and aspirations. The summary recounts a positive result, the details even more so.



65%

**Social Infrastructure**  
California Village  
Bahrain Harbour  
Tunis Bay  
Morrocan Village

23%

**Energy Infrastructure**  
Energy City India  
Aurora Investment

11.6%

**Physical Infrastructure**  
Balexo  
Falcon Cement

52 weeks  
\$1.62 billion\*  
Our investments in  
Social, Physical +  
Energy Infrastructure are  
paying dividends from  
1 exceptional year



1.62bn\*

\* US\$ 1.626bn Total Assets

With our continued investment success in local companies, we are ready to expand our investment footprint across the region, increasing our focus towards small & medium enterprises in Bahrain & Saudi Arabia market, and other Arab Gulf states in the near future.

Week 01, We started with assets totaling US\$ 202,396bn.

0.2

Billion US Dollars

By Week 52, we turned those assets into US\$1,626,684bn.

1.62

Billion US Dollars

Representing a Portfolio Growth rate of 703.714%.

>703

Percentage

\* USD. Assets

With our continued investment success in local companies, we are ready to expand our investment footprint across the region, increasing our focus towards small & medium enterprises in Bahrain & Saudi Arabia market, and other Arab Gulf states in the near future.

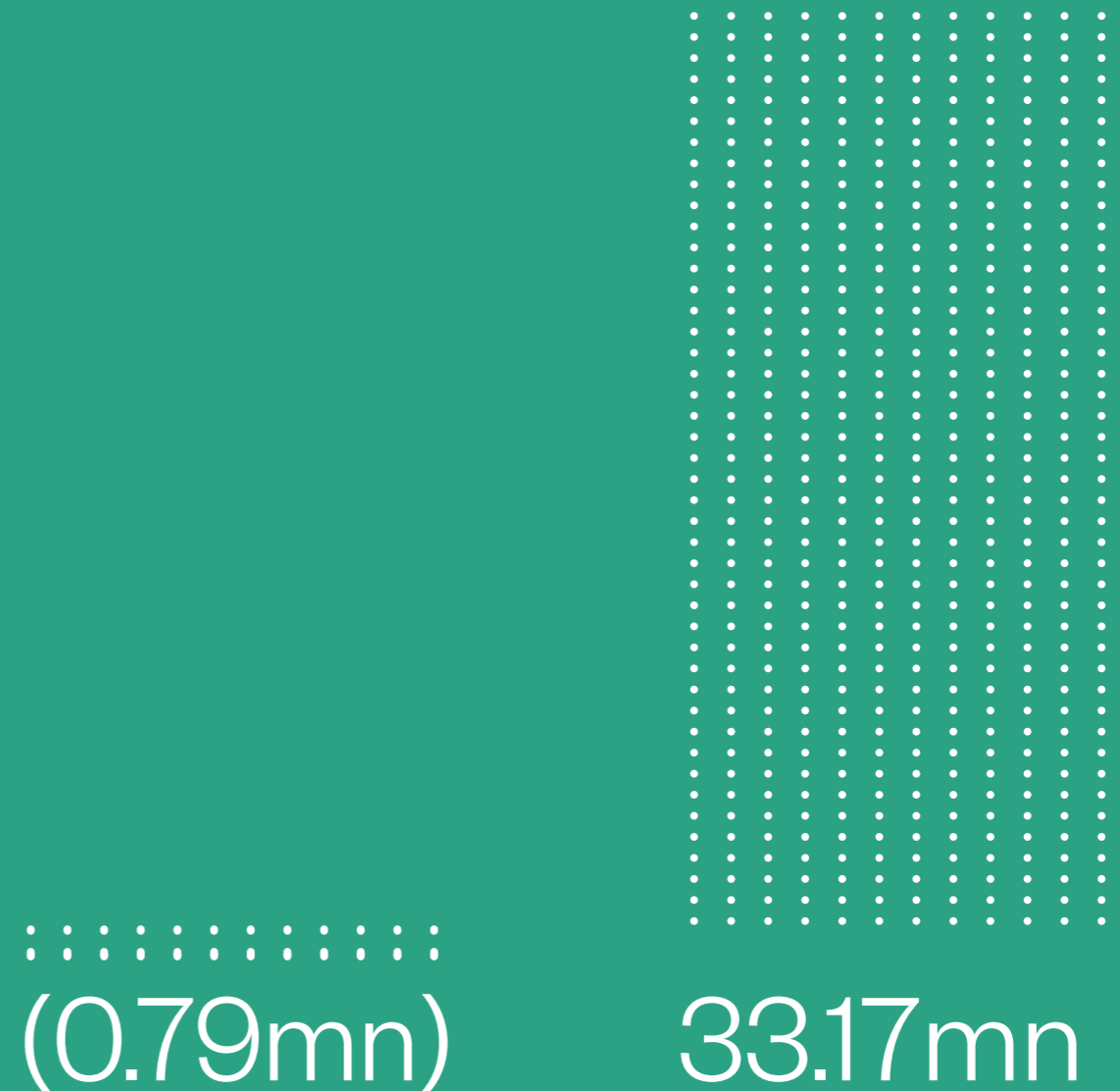
In 52 weeks since we began in 2021, our first year of operation as a wholly new business entity, Infracorp has more than proven its committment to maximising our shareholder's value.



### Total Income

In its first financial year 2022 Infracorp increased its Total Income from US\$ 3,548mn to US\$128,630mn. A growth rate of +3,525%

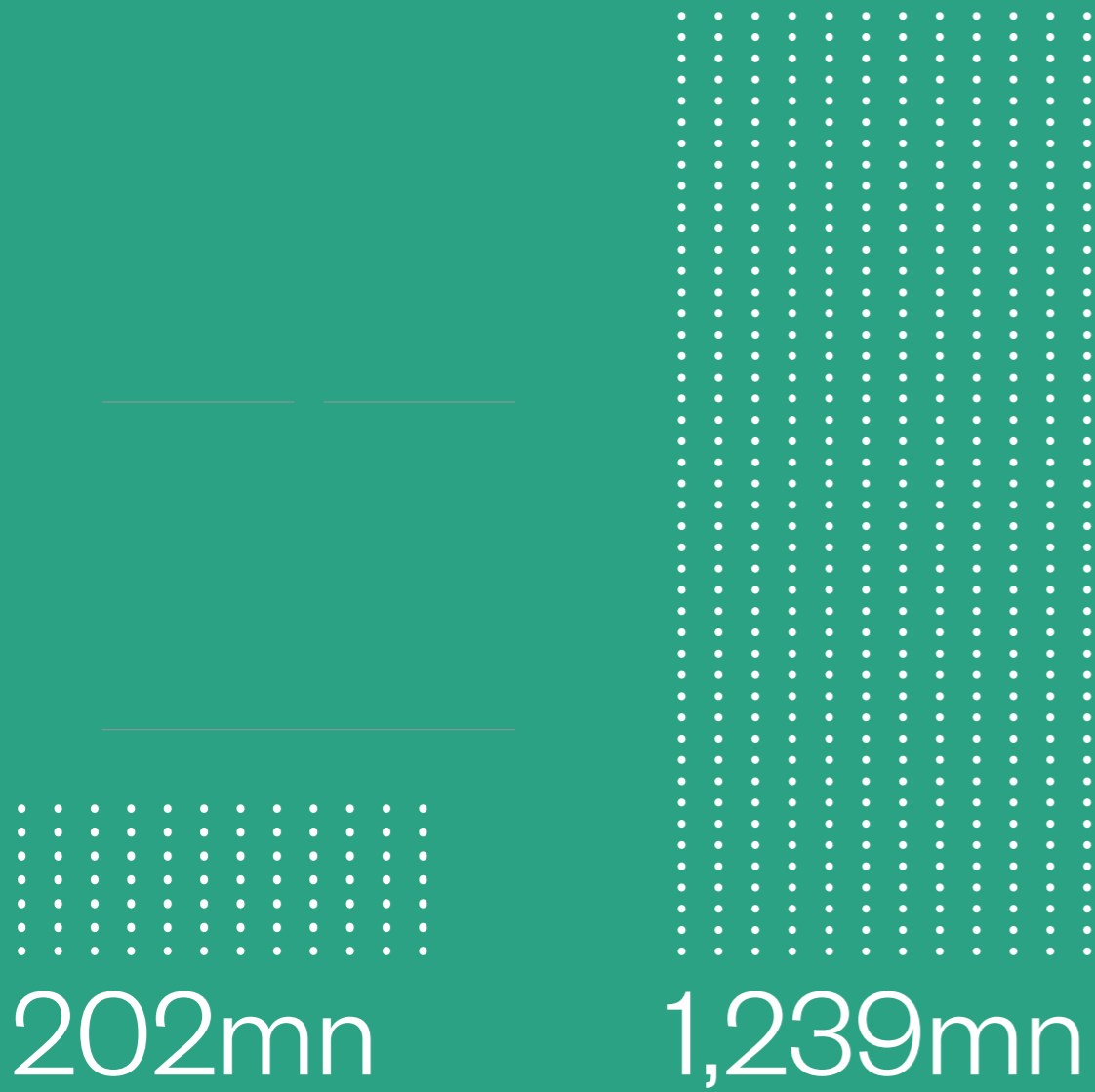
**+3.5k**



### Profit / Loss

Infracorp achieved a turnaround, from a US\$799mn Loss in 2021 to US\$33,172mn in Profit in 2022. A growth rate of +4,251%

**+4.2k**

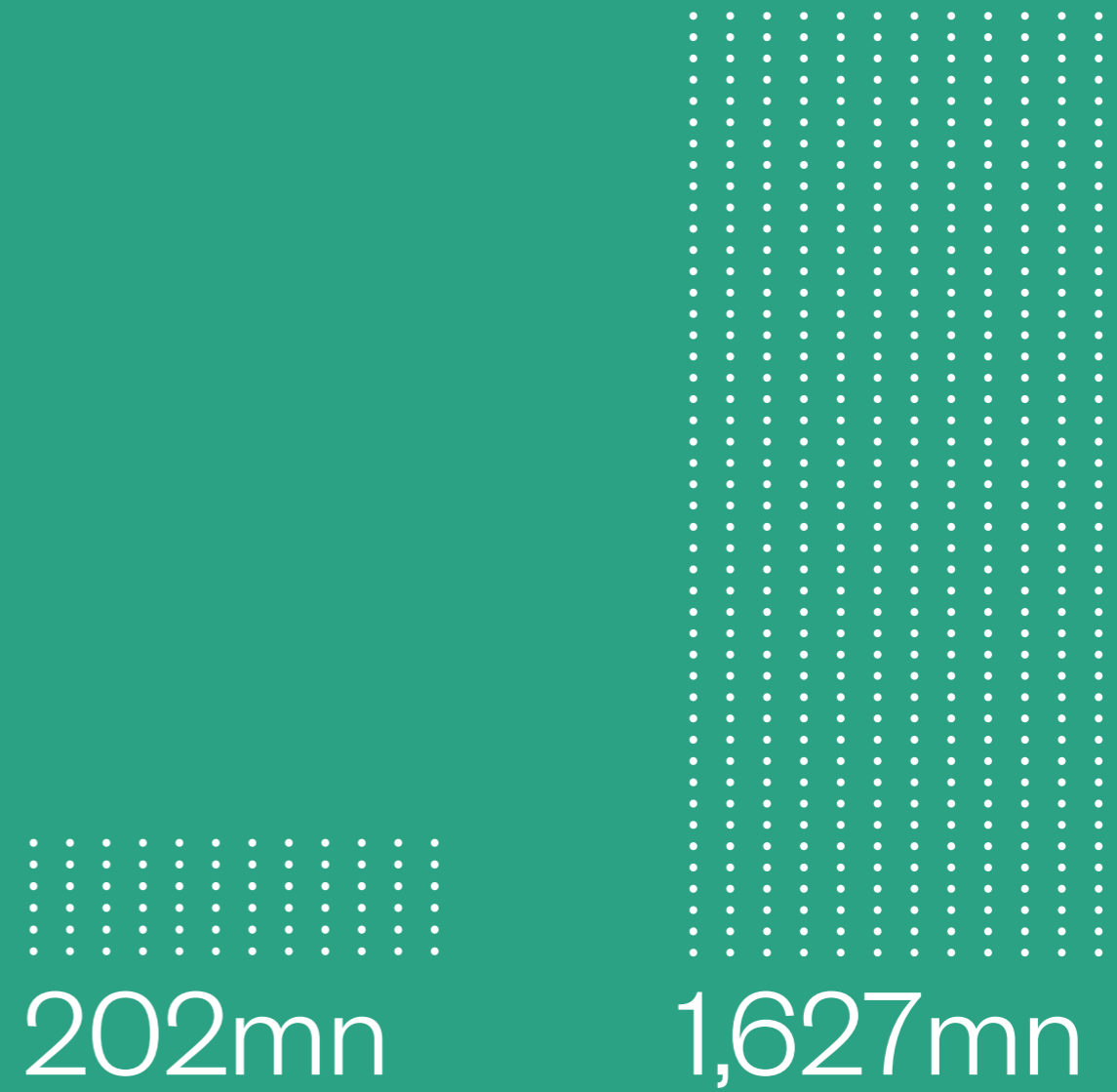


Total Equity

From US\$ 201,728mn in 2021, Infracorp increased the size of its Total Equity to US\$ 1,238,790mn.

A growth rate of +514%

+514

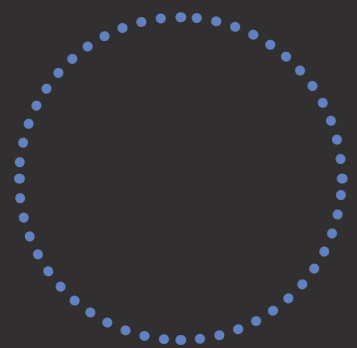


Total Equities & Liabilities

From US\$ 203,396mn in 2021, Infracorp increased its Total Equity & Liabilities to US\$ 1,626,684mn.

An increase of +704%

+704



# 3

We performed within our Corporate Governance approach which has been set according to strict international business standards. These rules ensure our shareholders that our financial results are the outcome of a clear strategy within a reliable and compliant framework.

# Corporate Governance

## 1. Corporate governance structure

Infracorp B.S.C. (closed) ("Company") is governed by the Bahrain Commercial Companies Law No. 21 of 2001 and its amendments (the "Companies Law"), and the Kingdom of Bahrain Corporate Governance Code (the "CGC") (collectively, the "Regulations").

The Company acknowledges its responsibility to all its shareholders and is committed to the highest standards of corporate governance. The Company believes good corporate governance enhances shareholders value and provides an appropriate guidance to the Board, its committees, and the Company's Executive Management to carry out their duties in the best interest of the Company and its shareholders. The Company maintains the highest levels of transparency, accountability, and good management, through adopting the highest standards of corporate governance, and monitoring of corporate strategies, goals, and policies to comply with its regulatory and ethical responsibilities.

## 2. Corporate Governance Charter

The Board has approved a Corporate Governance Charter ("Charter") to govern the duties and responsibilities of the Board of Directors. The Charter includes the process of dealing with conflict of interests. It also binds the Directors and Executive Management to the highest standard of professionalism and diligence on discharging their duties. All Board members have affirmed compliance with the Charter. A declaration is made by the Board members prior to each Board meeting confirming that they have disclosed all external appointments and notified the Chairman if there have been any changes to their external appointments since the previous meeting. Board members are excluded from dealings in matters related to an external entity where they hold an appointment at that entity.

## 3. Shareholders

The shareholders of the Company as of December 2022 consists of the following:

Shareholder	Nationality	Type	Shareholding %	Number of Shares held
GFH Financial Group B.S.C.	Bahraini	Corporate	39%	39,985
Nash'at Farhan Awad Sahawneh	Bahraini	Individual	47.5%	48,699
Other shareholders	Bahraini	Corporate	13.5%	13,841

## 4. Board of Directors

As of 31 December 2022, the Company's Board of Directors comprise of seven (7) members. Members of the Board were elected/appointed for a Three years renewable term.

The Chairman of the Board of Directors is charged with regular supervision and assessment of executive management and is responsible for leading the Board, ensuring its effectiveness, monitoring the performance of the CEO, and maintaining a dialogue with the Company's stakeholders. The Board has constituted certain committees with specific delegated authorities to oversee and guide the management in specific areas of the Company's operations and decision-making.

The Board has formalized the division of work responsibilities between the Board and the Company's management. Working in consultation with the Company's management team, the Board provides oversight for the overall management of the Company's business. The Board reviews and approves the corporate strategy for the Company and has overall responsibility for risk management, financial reporting and corporate governance issues. Matters that specifically require Board approval include, amongst other things, the financial statements and the acquisition and disposal of assets. The Board also ensures that the Company upholds the Company's core values including the values set out in the Company's internal policies.

# Corporate Governance (Contd.)

The Board in addition to the functions of control, ensures that all policies prescribed are reviewed and updated on annual basis. The Internal Audit function ensures the policies and procedures are updated and adhered to under the oversight of the related management committees. The Board is also responsible for approving any related party transaction as per the company's authority matrix. In addition, any material transaction defined by the Company should be approved by the Board. Moreover, the preparation of the consolidated financial statements of the Company is the responsibility of the Board of Directors. The duties, functions, and responsibilities are detailed in the Company's Corporate Governance/ Board Charter.

The Board of Directors of the Company comprises of Executive and Non-Executive Directors. The Board has three independent member (out of a total of Seven Directors).

Each independent Director of the Company is a professional in their field and possesses a background in infrastructure, master development, real estate, investments, accounting, banking and finance.

The Board of Directors and its committees receive regular reports on various aspects of the Company's business from senior management as well as from Internal Audit, Risk Management, Financial Control, and Operations Departments.

The Chairman, the Board of Directors, and the Board Committees have direct access to the Corporate Secretary, Internal Auditors, and CFO.

## 5. Composition of the Board

### Hisham Ahmed Al Rayes

Chairman

#### Experience:

- Director since January 2022 (Non-Independent and Executive).
- Over 25 years of experience in the financial and banking sector.
- Chief Executive Officer and Board Member of GFH Financial Group – Bahrain.
- Chairman of Khaleeji Commercial Bank BSC – Kingdom of Bahrain.
- Chairman of Global Banking Corporation (GBCORP) – Bahrain.
- Chairman of Esterad Investment Company BSC – Kingdom of Bahrain.
- Chairman of GFH Capital Limited – UAE.
- Chairman of GFH Capital S.A.

#### Qualification:

- Master in Business Administration from University of DePaul – USA
- Bachelor of Science in Electrical / Electronic Engineering from University of Bahrain.

# Corporate Governance (Contd.)

## 5. Composition of the Board (Contd.)

### Majed Abdulla Al Khan

Board Member

#### Experience:

- Director since January 2022
- (Non-Independent and Executive).
- Over 22 years of experience in Investment and Real Estate.
- Chief Executive Officer and Board Member of Infracorp.
- Chairman of Gulf Holding Company KSCC
- Chairman of ASK Real Estate WLL.
- Board Member of GBCORP BSC.
- Board Member of Balexco.
- Board Member of Falcon.
- Board Member in several projects and Operating Companies.

#### Qualification:

- Bachelor (with honors) in International Finance and Accounting from Newcastle's Northumbria University at Newcastle, England

### Salah Sharif

Board Member

#### Experience:

- Director since January 2022
- (Non-Independent and Executive).
- Over 32 Years of experience in many fields in the Banking Sector.
- COO of GFH Financial Group – Bahrain.
- Board member of Khaleeji Commercial Bank BSC – Kingdom of Bahrain.
- Chairman of Roebuck Asset Management – UK
- Chairman of Student Quarters – USA
- Chairman of Big Sky Asset Management – USA
- Board Member in several Projects and Operating Companies that fall under the GFH Financial Group Brand.

#### Qualification:

- MBA with Distinction from Glamorgon University – Wales

# Corporate Governance (Contd.)

### Osama Muein

Board Member

#### Experience:

- Director since January 2022
- (Independent and Non-Executive).
- Over 36 years of experience in regional and international capital markets and investment.
- An Investment advisor, for I M Skaugen (a Norwegian Gas and Petrochemical Marine Transportation Service Company) in the Middle East.
- Chairman of Al Majd Insurance.
- Board member of Naseem School.
- Vice Chairman of Aljazeera Research & Development, Egypt.

#### Qualification:

- Bachelor of Science from Cairo University.
- Stock Exchange Trading Certificate from London Stook Exchange.
- A degree of Business & Marketing from London Business school.
- The Series 7 Certificate from Bahrain Institute for Banking & Finance (BIBF).

### Salman Ahmed Haider

Board Member

#### Experience:

- Director since January 2022
- (Independent and Non-Executive).
- Over 41 years of experience in real estate corporate executive and entrepreneur.
- Founder & President, Haider Development Corporation, Orlando, Florida, USA.
- Adjunct Professorial positions at George Washington University, American University and the University of Central Florida, USA teaching MBA and under-graduate level real estate finance and development.

#### Qualification:

- Master in Business Administration, Michigan State University, East Lansing, Michigan, USA
- Bachelor of Science in Business from Moorhead State University, Moorhead, Minnesota, USA.

# Corporate Governance (Contd.)

## 5. Composition of the Board (Contd.)

### Ahmed Ali Ebrahim

Board Member

#### Experience:

- Director since March 2022
- (Independent and Non-Executive).
- Over 30 years of experience in power systems, electric grids and large-scale infrastructure operation and planning.
- CEO of GCC Interconnection Authority since 2014
- Board Member of the GCC Electrical Testing Lab company,
- Board member and Technical Committee Chairman of GCC Cigre,
- Board Member of the Association of Power Exchanges (APEX).
- Vice President and Board member of Very Large Grid Operators Organization (GO15).

#### Qualification:

- MBA from DePaul University USA
- M.Sc. in Electrical Power Engineering from the University of Strathclyde in Scotland
- B.Sc. in Electrical Power Engineering from the University of Texas at Austin – USA
- Executive Management Diploma "Gulf Executive Development Program II" Darden School of Business – University of Virginia – Charlottesville - USA.

### Saleem Patel

Board Member

#### Experience:

- Director since March 2022
- (Non-Independent and Executive).
- Over 25 years of experience in the financial and banking sector.
- Chief Executive Officer of GBCorp and Chief Investment Officer, Debt & Capital Markets, at GFH Financial Group – Bahrain.
- Vice Chairman of Falcon Cement – Bahrain.
- Board Member, Roebuck Asset Management – UK
- Board Member, Student Quarters – USA
- Board Member, Big Sky Asset Management – USA
- Board member of Lost Paradise of Dilmun – Bahrain.
- Board member of Sheffield Private School Dubai – UAE.

#### Qualification:

- Senior Executive Leadership Program – Harvard Business School
- Chartered Financial Analyst (CFA)
- B.Sc. (Hons) Business Studies from City University Business School, London, UK.

# Corporate Governance (Contd.)

## 6. Board committees

The Board of Directors has constituted three Committees with specific delegated authorities.

Committee	Members	Primary responsibilities
Board Executive Committee	<ul style="list-style-type: none"> <li>• Hisham Ahmed Al Rayes (Non-Independent and Executive)</li> <li>• Majed Abdulla Al Khan (Non-Independent and Executive)</li> <li>• Salah Abdulla Sharif (Non-Independent and Executive)</li> </ul>	<ul style="list-style-type: none"> <li>• Oversight the implementation of the company's strategy and business plans.</li> <li>• Review, approve &amp; monitor company's annual budgets &amp; performance.</li> <li>• Ensure that staffing is maintained optimal levels and staff issues are handled effectively by the Executive Management.</li> <li>• Review and approve any amendments to Delegated Authority Limits</li> <li>• Investment &amp; credit approval.</li> <li>• Approve Banking relationships and placement arrangements.</li> <li>• Oversight of Off-Balance Sheet Vehicles.</li> </ul>
Board Audit Committee (BAC)	<ul style="list-style-type: none"> <li>• Osama Muein (Independent and Non-Executive)</li> <li>• Saleem Patel (Non-Independent and Executive)</li> <li>• Ahmed Ali Ebrahim (Independent and Non-Executive)</li> </ul>	<ul style="list-style-type: none"> <li>• Internal Audit.</li> <li>• External Audit.</li> <li>• Compliance.</li> <li>• Anti-Money Laundering.</li> <li>• Risk management.</li> <li>• Policies related to risk management.</li> </ul>
Environmental, Governance and Social Committee (ESG).	<ul style="list-style-type: none"> <li>• Salman Haidar (Independent and Non-Executive)</li> <li>• Saleem Patel (Non-Independent and Executive)</li> <li>• Majed Abdulla Al Khan (Non-Independent and Executive)</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure that the Company has an ESG Strategy and Framework suitable and in-line with the Company's overall strategy</li> <li>• Ensure that objectives for ESG activities are in place and that key metrics are monitored and reported on</li> <li>• Ensure compliance with relevant legal and regulatory requirements and industry standards and guidelines applicable to ESG matters, as applicable/required.</li> </ul>

# Corporate Governance (Contd.)

## 7. Attendees and dates of Board Meetings Held during the Year 2022

Name	Meetings dates during the year 2022			Attendance %
	1 March	22 Jun	14 Sep	
Hisham Alrayes	√	√	-	75%
Majed Abdulla Al Khan	√	√	√	100%
Salah Sharif	√	√	√	100%
Osama Mein	√	√	√	100%
Salman Haider	√	√	√	100%
Ahmed Al Ebrahim	√	√	√	100%
Salem Patel*	-	√	√	100%

\*Joined the Board on 2 March 2022

## 8. Board of Directors and Executive Management Compensation

The Company has a dynamic compensation structure for its executive management which has been developed based on current market surveys and industry norms. During 2022, the total remuneration of top Six executives, including CEO and CFO including other allowances and benefits was BD 478,191

The Company's board and executive management remuneration is determined in line with the provisions of Article 188 of the Companies Law and the ministerial decisions issued in connection with such article, and their annual remuneration is subject to the approval of the shareholders during the AGM at the end of each year. The Board of Directors is also entitled to sitting fees. The table below illustrates a full account of everything paid to the members of the board of directors and executive management during the financial year in the form of salaries, dividends, allowance for attendance (sitting fees), allowance for representation and other expenses:

Name	Fixed remunerations				Total
	Remunerations of the chairman and BOD	Total allowance for attending Board and committee meetings	Salaries	Others	
<b>First: Independent Directors:</b>					
Osama Muein	10,000	4,147	-	-	14,147
Salman Ahmed Haider	10,000	1,508	-	-	11,508
Ahmed Ali Ebrahim	10,000	3,770	-	-	13,770
<b>Second: Non-Executive Directors:</b>					
Hisham Ahmed Al Rayes	15,000	1,131	-	-	16,131
Salah Sharif	10,000	1,885	-	-	11,885
Saleem Patel	10,000	3,770	-	-	13,770

# Corporate Governance (Contd.)

Name	Remunerations of the chairman and BOD	Fixed remunerations			Total
		Total allowance for attending Board and committee meetings	Salaries	Others	
<b>Third: Executive Directors:</b>					
Majed Abdulla 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>

Note: All amounts must be stated in Bahraini Dinars.

Notes:

- The Company does not have any variable remuneration payments, end of service benefits, or expense allowances paid to its directors.
- Board remuneration represents proposed payments to be made during the year 2023 based on approval of the Annual General Meeting scheduled on 12 April 2023.

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

Note: All amounts must be stated in Bahraini Dinars.

Notes:

- The total bonus included BD 316,6000 as cash based remuneration and BD nil as shares based remuneration.
- Remuneration details exclude any Board remuneration earned by executive management from their role in investee companies or other subsidiaries.

# Corporate Governance (Contd.)

## 9. Related Party Transactions

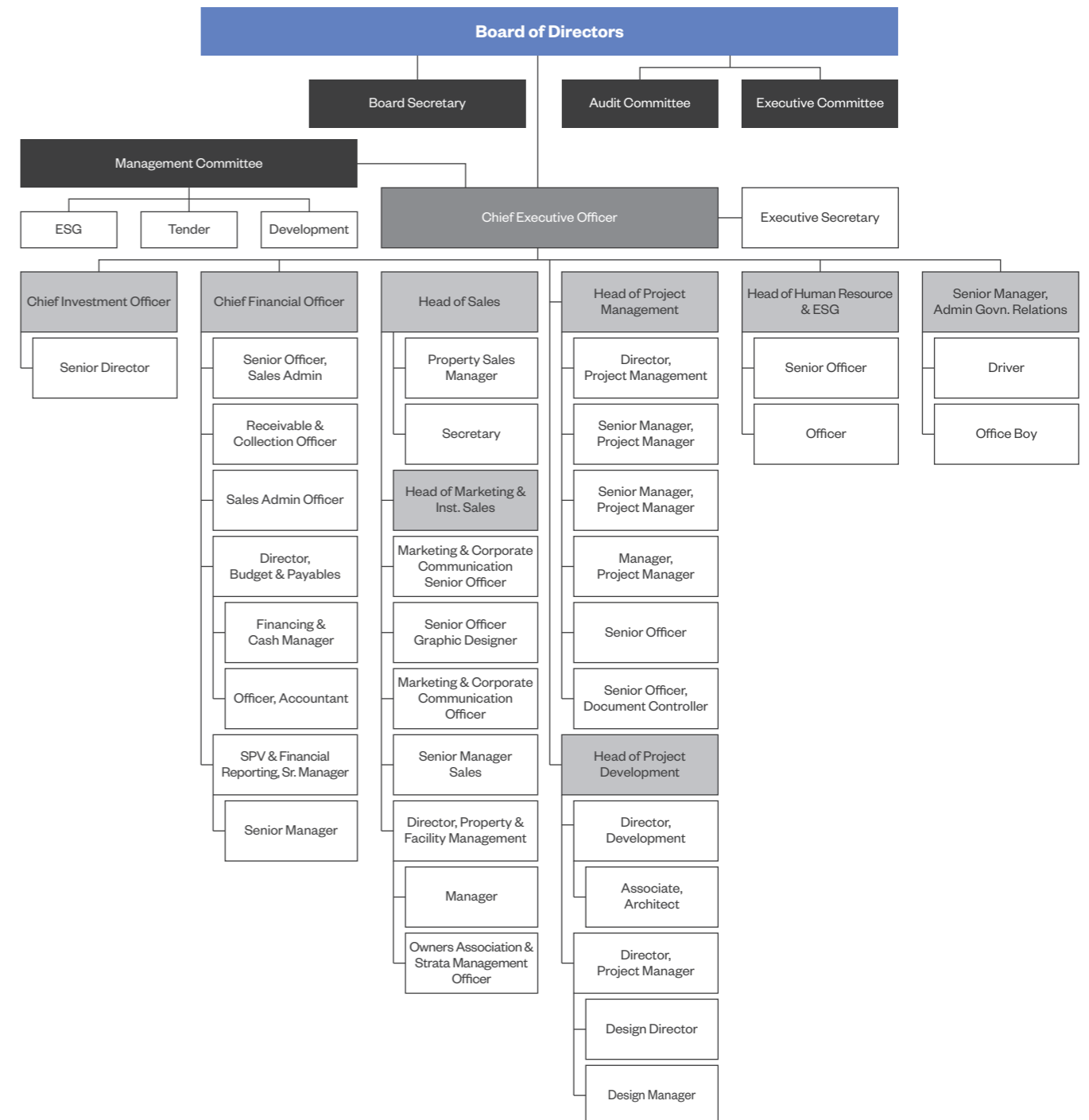
For detailed discussion on the related party transactions, kindly refer to note 22 on the consolidated financial statement for the year ended 31 December 2022. All related party transactions are approved by the Board of Directors and disclosed to the shareholders in the Annual General Meeting.

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 income	-	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)

# Corporate Governance (Contd.)

## 10. Organizational Chart

Set out below is the Company's organization chart, which outlines the different committees and the lines of reporting, as of 31 December 2022.



# Corporate Governance (Contd.)

## 11. External Auditors

Name of Audit Firm	KPMG Fakhro
Years of Service as the Company's External auditor	12 years (as WLL – 11 years and as BSC (c) -1 year)
Name of the partner in charge of the Company's audit	Mahesh Balasubramanian
The partner's years of service as the partner in charge of the Company's audit	3 years
Total audit fees for the financial statements for the year 2022 (BD)	BD 72,000 (Audit and quarterly reviews)
Other special fees and charges for non-audit services other than auditing the financial statements for the year 2022 (BD), if any. In the absence of such fees, this shall be expressly stated.	None

## 12. Audit Committee

The Audit Committee oversees internal and external audit, compliance, and anti-money laundering. The committee is responsible for ensuring the effectiveness of the risk management framework and the management of the risks according to parameters set by the board.

## 13. Meetings of Audit Committee

Name	Meetings dates during the year 2022				
	4 April	22 Jun	7 Aug	17 Sep	7 Nov.
Osama Muein	√	√	√	√	√
Saleem Patel	√	√	√	√	√
Ahmed Ali Ebrahim	√	√	√	√	√

## 14. Nomination and Remuneration Committee (NRC)

The nomination and remuneration tasks, has been delegated to the Board Executive Committee as per the Delegation Authority Limit.

## 15. Environmental, Governance and Social Committee (ESG).

The ESG Committee is responsible for reviewing and managing the integration of ESG activities and initiatives into the Company and its operations. The ESG Committee will ensure that an ESG policy, strategy, and framework is in place, as well as monitor and review current and emerging ESG trends with the aim of identifying and eliminating ESG risks in connection with Infracorp's activities.

# Corporate Governance (Contd.)

## 16. Details of Corporate Governance Officer

Name	Mohamed Abdulla Saleh
Qualifications	<ul style="list-style-type: none"> <li>Masters in IT, Media, and eCommerce Law from the University of Essex - UK</li> <li>BSc in Law from Dubai Police Academy - UAE</li> <li>Advanced Diploma in Islamic Finance from Bahrain Institute of Banking and Finance "BIBF"</li> <li>Diploma in Police Sciences from Dubai Police Academy – UAE</li> <li>Diploma in Business Management from the University of Bahrain</li> <li>ICA International Diploma in Compliance from the International Compliance Association "ICA"</li> <li>Attended the Waqf Fund - Leadership Grooming Program for Islamic Banks at Ivey Business School in Western University (Canada &amp; Hong Kong)</li> </ul>
Date of Appointment	3 November 2022
Email	mmohammed@khobonline.com

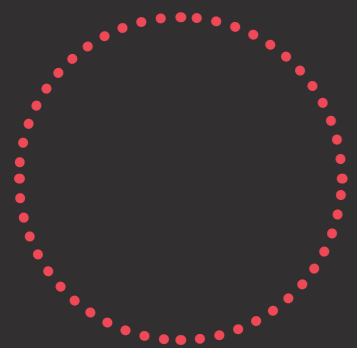
## 17. Non-Compliance with the regulations

Principal	Non compliance	Partially Complaint	Fully Complaint	Explanation
<b>Principal 1:</b> The Company shall be headed by an effective, qualified, and expert board.			√	Infracorp's board are mostly experts in the real estate and investment field, which is the core of Infracorp's work nature.
<b>Principal 2:</b> The directors and executive management shall have full loyalty to the Company			√	Infracorp's affairs are managed by directors and executive management shall have full loyalty to the Company.
<b>Principal 3:</b> The Board shall have rigorous controls for financial audit and reporting internal control, and compliance with law.			√	The Company has established Board Audit Committee (BAC) which its core duties are to manage audits and compliance tasks.
<b>Principal 4:</b> The Company shall have effective procedures for appointment, training, and evaluation of the directors.		√		The Board conducted an evaluation of its performance and the performance of all committees and directors for the year 2022.
<b>Principal 5:</b> The Company shall remunerate directors and senior officers fairly and responsibly			√	Infracorp has developed a dynamic compensation structure for its executive management based on current market surveys and industry norms.
<b>Principal 6:</b> The Board shall establish a clear and efficient management structure for the Company and define the job titles, powers, roles, and responsibilities.			√	Infracorp has a clear corporate structure.
<b>Principal 7:</b> The Company shall communicate with shareholders, encourage their participation, and respect their rights.			√	Shareholders are strongly accessible in terms of communication and participation provided that the Company shareholders are owned by one beneficial owner.
<b>Principal 8:</b> The Company shall disclose its corporate governance.			√	The Company is within the process of disclosing its corporate governance for 2022.
<b>Principal 10:</b> The Board shall ensure the integrity of the financial statements submitted to shareholders through appointment of external auditors.			√	The Board has appointed KPMG as an external auditor for the Company.
<b>Principal 11:</b> The Company shall seek through social responsibility to exercise its role as a good citizen.			√	Infracorp has established the Environmental, Governance and Social Committee (ESG) which has its objectives and are in line with the Company's overall strategy.

\*Principal 9 does not apply to Infracorp seen as it does not offer Islamic services.

## 18. List of significant events up to December 2022

During January 2022, the Company has changed its corporate type from a company with limited liability to a closed joint stock company.



# 4

We are proud to present this detailed review of our Financial Statements which express in numbers

the net result of our team's endeavours. We are sure you will find the efforts to enhance our shareholder's value over the last 52 weeks has been highly productive.

# Independent Auditors' Report To the Shareholders

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

## 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 International Financial Reporting Standards (IFRS).

## 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-XX.

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.

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.

# Independent Auditors' Report To the Shareholders (Contd.)

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

As required by the Commercial Companies Law, we report that:

- The Company has maintained proper accounting records and its consolidated financial statements are in agreement therewith;
- The financial information contained in the report of the board of directors is consistent with the consolidated financial statements;
- 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
- Satisfactory explanations and information have been provided to us by management in response to all our requests.

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 corporate governance officer; and
- a Board approved written guidance and procedures for corporate governance.



**KPMG Fakhro**

Partner registration number 137

28 March 2022

# Consolidated Statement of Financial Position

as at 31 December 2022

USD 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>	1,285
<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>	201,111
<b>Total assets</b>		<b>1,626,684</b>	202,396
<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>	201,728
Subordinated perpetual mudaraba	14	900,000	-
Non-controlling interests	15	161,178	-
<b>Total equity</b>		<b>1,238,790</b>	201,728

USD 000's

	Note	31 December 2022	31 December 2021
<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>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>	668
<b>Total equity and liabilities</b>		<b>1,626,684</b>	202,396

The Board of Directors approved the consolidated financial statements on 12 February 2023 and signed on its behalf by:

**Hesham Ahmed Alrayes**  
Chairman

**Majed Abdulla Al Khan**  
Board Member & CEO

# Consolidated Statement of Profit or Loss

for the year ended 31 December 2022

USD 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>	3,548
<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>	4,347
<b>Profit / (loss) for the year</b>		<b>33,172</b>	(799)
<b>Profit / (loss) attributable to</b>			
Owners of the Company		33,004	(799)
Non-controlling interests		168	-
		<b>33,172</b>	(799)

The Board of Directors approved the consolidated financial statements on 12 February 2023 and signed on its behalf by:

**Hesham Ahmed Alrayes**  
Chairman

**Majed Abdulla Al Khan**  
Board Member & CEO

# Consolidated Statement of Other Comprehensive Income

for the year ended 31 December 2022

USD 000's

	31 December 2022	31 December 2021
Profit / (loss) for the year	33,172	(799)
<b>Other comprehensive income</b>		
Item that are or may be reclassified subsequently to profit or loss		
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>Owners of the Company</b>		
	(2,948)	(799)
Non-controlling interests	(7,315)	-
	<b>(10,263)</b>	(799)

# Consolidated Statement of Changes in Equity

for the year ended 31 December 2022

USD 000's

31 December 2022	Attributable to shareholders of the Bank				Attributable to shareholders of the Bank			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			
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
NCl arising from acquisition of business (note 23)	-	-	-	-	-	-	-	-	171,344	171,344
Acquisition of NCl 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>
31 December 2021			Share capital	Share Premium			Additional contribution		Accumulated losses	Total equity
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	-
Balance at 31 December 2021			102,527	100,000			-		(799)	201,728

# Consolidated Statement of Cash Flows

for the year ended 31 December 2022

USD 000's

	31 December 2022	31 December 2021
<b>OPERATING ACTIVITIES</b>		
<b>Profit / (loss) for the year</b>	<b>33,172</b>	(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>	(116)
<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>Net cash generated from / (used in) operating activities</b>	<b>1,064</b>	(177,401)
<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>Net cash generated from / (used in) investing activities</b>	<b>22,213</b>	(164)

USD 000's

	31 December 2022	31 December 2021
<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>Net cash (used in) / generated from financing activities</b>	<b>(31,560)</b>	200,000
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(8,283)</b>	22,435
Cash and cash equivalents at beginning of the year	<b>22,569</b>	134
<b>Cash and cash equivalents at year end (Note 9)</b>	<b>14,286</b>	22,569

# Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

## 1. REPORTING ENTITY

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

On 24 October 2021, the Company changed its name from GFH Properties W.L.L. to Infracorp W.L.L. and subsequently on 09 January 2022 to Infracorp B.S.C (c). The Company and its subsidiaries (together "the Group") are 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.

### Group capitalisation and business transfer

As part of a group restructuring exercise of GFH Financial Group BSC ("GFH") (a wholesale Islamic bank established in the Kingdom of Bahrain under Commercial Registration No 44136 and regulated by the Central Bank of Bahrain ("CBB"), also the 100% shareholder of the Company from the date of incorporation of the Company until 15 March 2022), certain assets and businesses were transferred to Infracorp B.S.C. (c) and thereby, Infracorp was capitalised with more than US\$1 billion. The capitalisation resulted in the paid-up share capital (including premium) increase to USD 200 million and the issuance of a perpetual sukuk amounting to USD 900 million. Refer to note 23 for more details of acquisition of assets and businesses from 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.

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	Shareholding	
	31 December 2022	31 December 2021
GFH Financial Group BSC	39%	99%
Nash'at Farhan Awad Sahawneh	47.5%	-
Other shareholders	13.5%	1%
	<b>100.00%</b>	<b>100.00%</b>

# Notes to the Consolidated Financial Statements (Contd.)

for the year ended 31 December 2022

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	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.	Kingdom of Bahrain	100%	-	Development, sale and management of real estate assets in Bahrain Financial Harbour
Falcon Cement Company BSC (c) ('FCC')	Kingdom of Bahrain	51.72%	-	Manufacturing and packaging of cement
N.S.12 W.L.L.	Kingdom of Bahrain	79.69%	-	Mixed-use development and sale of real estate assets
Bahrain Harbour Marines W.L.L.	Kingdom of Bahrain	100%	-	Operation of recreational water transportation facilities
Bahrain Harbour Events W.L.L.	Kingdom of Bahrain	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)	Cayman Islands	82.97%	-	Owning land banks for mixed-used development projects in India, Morocco, and Tunisia.
Morocco Gateway Investment Company (MGIC)	Cayman Islands	90.27%	-	Owning land banks for mixed-used development projects in India, Morocco, and Tunisia.
US Data Center Portfolio	Cayman Islands	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 (Contd.)

for the year ended 31 December 2022

## 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.

# Notes to the Consolidated Financial Statements (Contd.)

for the year ended 31 December 2022

#### 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.

#### 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 infrastructure and real estate projects	Development and sale income, from development and sale of real estate projects of the Group based on percentage of completion (POC) method.
	- Managing real-estate projects and properties	Fee based income, management fees, performance fee, acquisition fee and exit fee which are contractual in nature
Operational	- Revenue generated from manufacturing operations	Sale of units manufactured and its associated products
	- Holdings of real estate for rental yields	Rental and operating income, 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 Consolidated Financial Statements (Contd.)

for the year ended 31 December 2022

## 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.

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.

# Notes to the Consolidated Financial Statements (Contd.)

for the year ended 31 December 2022

#### 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.

#### (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.

# Notes to the Consolidated Financial Statements (Contd.)

for the year ended 31 December 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

### (c) Investment securities

Investment securities currently comprise equity type and debt type instruments but exclude investment in subsidiaries and equity accounted investees (note 3 (a)).

#### (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.

#### (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.

# Notes to the Consolidated Financial Statements (Contd.)

for the year ended 31 December 2022

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.

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.

#### 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 (Contd.)

for the year ended 31 December 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

### (c) Investment securities (Contd.)

#### (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 (Contd.)

for the year ended 31 December 2022

### (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 ljarah 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 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 (Contd.)

for the year ended 31 December 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

### (h) Property plant and equipment (Contd.)

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 (Contd.)

for the year ended 31 December 2022

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.

# Notes to the Consolidated Financial Statements (Contd.)

for the year ended 31 December 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

### (l) Employees benefits (Contd.)

#### 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.

# Notes to the Consolidated Financial Statements (Contd.)

for the year ended 31 December 2022

## 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.

### 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.

# Notes to the Consolidated Financial Statements (Contd.)

for the year ended 31 December 2022

## 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 (Contd.)

for the year ended 31 December 2022

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 judgment 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 (Contd.)

for the year ended 31 December 2022

## 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>
2021 (audited)							
	Office furniture	Office fixtures & fittings	Computer equipment	Capital work-in progress			Total
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 (Contd.)

for the year ended 31 December 2022

## 6. INVESTMENT PROPERTY

Investment property includes land plots and buildings in Bahrain, Tunisia, Morocco and United States of America.

	31 December 2022	31 December 2021
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 (swapped sale) 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

	31 December 2022	31 December 2021
<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 in equity securities are as follow:

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

# Notes to the Consolidated Financial Statements (Contd.)

for the year ended 31 December 2022

## 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	29,826	-
Share of loss for the year, net	(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>	-

# Notes to the Consolidated Financial Statements (Contd.)

for the year ended 31 December 2022

## 9. CASH AND BANK BALANCES

	31 December 2022	31 December 2021
Cash in hand	1	1
Bank balances	40,574	2,566
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.

	31 December 2022	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>

# Notes to the Consolidated Financial Statements (Contd.)

for the year ended 31 December 2022

## 10. DEVELOPMENT PROPERTIES

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

Movements in the development properties are as follows:

	31 December 2022	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 swapped sale transaction, the management intends to sell the 7 additional apartments in the future. Accordingly, the assets were reclassified to development property.

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.

# Notes to the Consolidated Financial Statements (Contd.)

for the year ended 31 December 2022

## 12. OTHER ASSETS

	31 December 2022	31 December 2021
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

	31 December 2022	31 December 2021
<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

## 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 mudaraba pool of assets on an unrestricted combined basis.
- Security holders will not have a right to claim the profits and a non-payment event will not be considered as event of default.

# Notes to the Consolidated Financial Statements (Contd.)

for the year ended 31 December 2022

## 15. 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:

31 December 2022	India Project	MGIC	TBIC	Other	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.

# Notes to the Consolidated Financial Statements (Contd.)

for the year ended 31 December 2022

## 16. TRADE AND OTHER PAYABLES

	31 December 2022	31 December 2021
<b>NON-CURRENT LIABILITIES</b>		
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.

	31 December 2022	31 December 2021
<b>CURRENT LIABILITIES</b>		
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

	31 December 2022	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.

# Notes to the Consolidated Financial Statements (Contd.)

for the year ended 31 December 2022

## 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>	3,534

### (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>	-

### (iii) Investment 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>	14

# Notes to the Consolidated Financial Statements (Contd.)

for the year ended 31 December 2022

## 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>	-

## 20. STAFF COSTS

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

## 21. OTHER OPERATING EXPENSES

	31 December 2022	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>	1,663

# Notes to the Consolidated Financial Statements (Contd.)

for the year ended 31 December 2022

## 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:

### 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	7,067	178,099
Bank balances	-	22,568	22,568

# Notes to the Consolidated Financial Statements (Contd.)

for the year ended 31 December 2022

## 22. RELATED PARTIES (Contd.)

### 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 income	-	879	11,595	<b>12,474</b>
Sale of development property	-	-	15,867	<b>15,867</b>
Other operating income	-	-	1,516	<b>1,516</b>
Other income	-	64	-	<b>64</b>
Staff outsource expense	-	(158)	-	<b>(158)</b>
Payment of Coupon	-	-	(18,000)	<b>(18,000)</b>
Finance income	-	686	2,422	<b>3,108</b>
Placement fees	-	-	(4,329)	<b>(4,329)</b>
Share of loss	(48)	-	-	<b>(48)</b>

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

# Notes to the Consolidated Financial Statements (Contd.)

for the year ended 31 December 2022

## 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.

### ii) Consideration transferred

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

	Total
Equity shares in the Company (i)	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.

# Notes to the Consolidated Financial Statements (Contd.)

for the year ended 31 December 2022

## 23. ACQUISITION OF BUSINESS (Contd.)

### 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:

	Total
<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>

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.

# Notes to the Consolidated Financial Statements (Contd.)

for the year ended 31 December 2022

## 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:

	31 December 2022	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>

### (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).

# Notes to the Consolidated Financial Statements (Contd.)

for the year ended 31 December 2022

## 24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Contd.)

### a) Credit risk (Contd.)

Exposure to credit risk(Contd.)

- (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.

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

The ageing of receivables at the reporting date was:

	2022			2021		
	Gross	Loss rate	Expected Credit loss	Gross	Loss rate	Expected Credit loss
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>	-	-	-

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.

# Notes to the Consolidated Financial Statements (Contd.)

for the year ended 31 December 2022

### 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.

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>379,414</b>

# Notes to the Consolidated Financial Statements (Contd.)

for the year ended 31 December 2022

## 24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Contd.)

### b) Liquidity risk (Contd.)

#### Maturity profile (Contd.)

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.

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.

#### (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.

# Notes to the Consolidated Financial Statements (Contd.)

for the year ended 31 December 2022

## 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).

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.

# Notes to the Consolidated Financial Statements (Contd.)

for the year ended 31 December 2022

## 26. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Contd.)

### 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:

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

31 December 2022	Level 1	Level 2	Level 3	Total
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:

	31 December 2022	31 December 2021
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.

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

31 December 2021	Level 1	Level 2	Level 3	Total carrying value
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.

# Notes to the Consolidated Financial Statements (Contd.)

for the year ended 31 December 2022

## Categorisation of financial instruments

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

31 December 2022	Amortized cost	FVTOCI	FVTPL	Total carrying amount
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>387,894</b>

31 December 2021	Amortized cost	FVTOCI	FVTPL	Total carrying amount
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>201,111</b>

Trade and other payables	668	-	-	668
	<b>668</b>	-	-	<b>668</b>

# Notes to the Consolidated Financial Statements (Contd.)

for the year ended 31 December 2022

## 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 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

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.

31 December 2022	Development and management	Operational	Investment	Total
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:

	31 December 2022	31 December 2021
Capital commitment for infrastructure development projects	10,337	-

