INFRACORP B.S.C (c)
(formerly known as INFRACORP WLL and earlier before GFH properties WLL)

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

31 MARCH 2022

Commercial registration	:	75109-1
Registered office	:	Flat / Shop No. 11 Building 1436, Road 4626 Block 346, Manama/ Sea Front Kingdom of Bahrain
Directors	:	Hesham Ahmed Alrayes, Chairman Salah Abdulla Mohamed Sharif Majed Abdulla Mohamed Alkhan (from 30 June 2021) Salman Ahmed Haider (from 8 June 2021) Ahmed Ali Ebrahim Saeed (from 2 March 2022) Osama Mohamed Muein Hassan (from 30 January 2022) Salem Patel (2 March 2022)
Auditor	:	KPMG Fakhro, Bahrain

INFRACORP B.S.C (c)

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2022

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

To the Board of Directors
INFRACORP B.S.C (c)
(formerly known as INFRACORP WLL and before GFH properties W.L.L. in 2021)
Manama, Kingdom of Bahrain

Introduction

We have reviewed the accompanying 31 March 2022 condensed consolidated interim financial information of Infracorp BSC (c) (the "Company") and its subsidiaries (together the "Group"), which comprises:

- the condensed consolidated statement of financial position as at 31 March 2022;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2022;
- the condensed consolidated statement of changes in equity for the three-month period ended 31 March 2022;
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 2022; and
- notes to the condensed consolidated interim financial information.

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

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2022 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

kpmg

26 June 2022

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2022 US$ 000's

	Note	**31 March 2022 (Reviewed)**	31 December 2021 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	11	48,365	1,285
Right of use asset		7,738	-
Investment property	9	184,868	-
Investment securities	8	114,755	-
Equity-accounted investees	10	30,326	-
Total non-current assets		**386,052**	1,285
Current assets			
Cash and bank balances	6	103,518	22,569
Development properties	7	883,304	-
Inventories		6,767	-
Due from related party	12	74,758	178,099
Trade receivables, advances and other receivables	13	107,506	443
Total current assets		**1,175,853**	201,111
Total assets		**1,561,905**	202,396
EQUITY			
Share capital	14	102,525	102,525
Share premium		97,502	100,002
Subordinated perpetual mudaraba	15	900,000	-
Retained earnings		5,406	(798)
Total equity attributable to shareholders of Company		**1,105,433**	201,729
Non-controlling interests	16	145,428	-
Total equity		**1,250,861**	201,729
Liabilities			
Non-current liabilities			
Trade payables and other payables	17	26,600	-
Lease liability		7,530	-
Total non-current liabilities		**34,130**	-
Current liabilities			
Trade payables and other payables	17	276,914	667
Total current liability		**276,914**	667
Total equity and liability		**1,561,905**	202,396

The Board of Directors approved the condensed consolidated interim financial information on 22 June 2022 and signed on its behalf by:

Hesham Ahmed Alrayes
Chairman

Majed Abdulla Alkhan
Board Member & CEO

The accompanying notes 1 to 28 form an integral part of the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the three months ended 31 March 2022 US$ 000's

	Note	Three months ended 31 March 2022 (Reviewed)	Three months ended 31 March 2021 (Unreviewed)
Income			
Development and management income	18	9,956	-
Operational income	18	5,930	-
Investment income	18	1,543	-
Total income		**17,429**	-
Expenses			
Direct cost of materials	19	8,357	-
Staff cost	21	1,014	537
Finance expenses		140	-
Other operating expenses	20	1,717	527
Total expenses		**11,228**	1,064
Profit/(loss) for the period		6,201	(1,064)
Other comprehensive income for the period		-	-
Total comprehensive income/(loss) for the period		**6,201**	(1,064)
Profit attributable to			
Holders of equity of the Company		6,204	(1,064)
Non-controlling interests		(3)	-
		6,201	(1,064)
Total comprehensive income / (loss) attributable to			
Holders of equity of the Company		6,204	(1,064)
Non-controlling interests		(3)	-
		6,201	(1,064)

The Board of Directors approved the condensed consolidated interim financial information on 22 June 2022 and signed on its behalf by:

Hesham Ahmed Alrayes
Chairman

Majed Abdulla Alkhan
Board Member & CEO

The accompanying notes 1 to 28 form an integral part of the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the three months ended 31 March 2022

US$ 000's

	Attributable to shareholders of the company					Non- controlling interest	Total owner's equity
	Share capital	**Share Premium**	**Subordinated mudaraba**	**Accumulated losses**	**Total**		
Balance at 1 January 2022	102,525	100,002	-	(798)	201,729	-	201,729
Total comprehensive income for the year	-	-	-	6,204	6,204	(3)	6,201
Sukuk issuance		-	900,000	-	900,000	-	900,000
NCI arising from acquisition of business (note 22)	-	-	-	-	-	145,431	145,431
Transaction cost relating to acquisition	-	(2,500)	-	-	(2,500)	-	(2,500)
Balance at 31 March 2022	**102,525**	**97,502**	**900,000**	**5,406**	**1,105,433**	**145,428**	**1,250,861**

31 December 2021	Attributable to shareholders of the company				
	Share capital	Share Premium	Additional contribution	Accumulated losses	Total
Balance at 1 January 2021	11,273	-	12,161	(20,907)	2,527
Total comprehensive loss for the year	-	-	-	(798)	(798)
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	91,252	100,002	(191,254)	-	-
Netting off additional contribution against losses			(20,907)	20,907	-
Balance at 31 December 2021	102,525	100,002	-	(798)	201,729

The accompanying notes 1 to 28 form an integral part of the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the three months ended 31 March 2022

US$ 000's

	Three months ended 31 March 2022 (reviewed)	Three months ended 31 March 2021 (unreviewed)
OPERATING ACTIVITIES		
Profit for the period	**6,204**	(1,064)
Adjustments for:		
Profit on call account	377	-
Depreciation	1,067	173
	7,648	(891)
Changes in operating activities:		
Movement of property and equipment (net)	(47,080)	157
Receivables and other assets	(107,063)	1
Due from related parties	103,341	-
Payables and other liabilities	301,780	(14)
Net cash from / (used in) operating activities	**258,626**	(747)
INVESTING ACTIVITIES		
Acquisition of right of use asset	(7,738)	-
Acquisition of investment property	(184,868)	-
Acquisition of investment securities	(114,755)	-
Acquisition of equity-accounted investees	(30,326)	-
Acquisition of development properties	(883,304)	-
Acquisition of inventories	(6,767)	-
Acquisition of non-controlling interest	145,428	-
Net cash used in investing activities	**(1,082,330)**	-
FINANCING ACTIVITIES		
Profit on call account received	(377)	-
Issuance of subordinated perpetual mudaraba	900,000	-
Transaction cost relating to acquisition	(2,500)	-
Lease liability	7,530	-
Additional contribution	-	747
Net cash from financing activities	**904,653**	747
Net change in cash and cash equivalents	**80,949**	-
Cash and cash equivalents at period beginning	22,569	133
Cash and cash equivalents at period end	**103,518**	133

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

for the three months ended 31 March 2022 US$ 000's

1 REPORTING ENTITY

The condensed consolidated interim financial information for the three months ended 31 March 2022 comprise the financial information of INFRACORP B.S.C (c) (formally known as INFRACORP WLL and earlier before GFH properties WLL) ("Infracorp" or the "Company") and its subsidiaries (together referred to as "the Group").

The following are the principal subsidiaries consolidated in the condensed consolidated interim financial information.

Investee name	Country	Effective ownership interests as at 31 March 2022	Effective ownership interests as at 31 December 2021	Activities
Harbour Row 2 Real Estate W.L.L.	Kingdom of Bahrain	100%	-	Development, sale and management of real estate assets in Bahrain Financial Harbour
Harbour Row 3 Real Estate W.L.L.		100%	-	
Falcon Cement Company BSC (c) ('FCC')		51.72%	-	Manufacturing and packaging of cement
Energy City Navi Mumbai Investment Company & Mumbai IT & Telecom Technology Investment Company (together "India Projects")	Cayman Islands	78.66%	-	Mixed used development projects
Tunis Bay Investment Company ('TBIC')		82.97%	-	
Morocco Gateway Investment Company ('MGIC')		90.27%	-	
US Data Center Portfolio		100%	-	Portfolio of data center facilities located in high technology business parks in Virginia, USA
GFH Real Estate LLC & Encor Outlook Real Estate LLC	United Arab Emirates	100%	-	Mixed use development and sale of real estate assets in Dubailand, based in UAE

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

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

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

for the three months ended 31 March 2022 US$ 000's

1 REPORTING ENTITY (continued)

As part of a group 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. (refer note 22 for more details of acquisition of business from GFH).

Initially, GFH and its subsidiaries had properties, certain real estate and infrastructure assets as well as certain investments in securities, equity accounted investees and subsidiaries to Infracorp for an in-kind consideration in the form of Sukuk and equity shares issued by Infracorp. Later, GFH has divested its ownership interest in Infracorp on 15 March 2022 by selling 60% of equity share out of its holdings to other shareholders resulting in loss of control on Infracorp.

As a result of the said transaction, on 09 December 2021, the authorised share capital of the Company was increased to 1 billion shares of nominal value of USD 1 each. The paid-up capital was also increased by way of addition in share capital. The issued and paid-up share capital of the Company is USD 102,525,000 divided into 102,525,000 shares each with a nominal value of USD 1 per share. The shareholders who have subscribed to paid up share capital as at the reporting were as follows:

Name of shareholder	**Shareholding**	
	31 March 2022	31 December 2021
GFH Financial Group BSC	39%	99%
GFH Ventures Company WLL	1%	1%
Nash'at Farhan Awad Sahawneh	47.5%	-
Other shareholders	12.5%	-
	100.00%	100.00%

2 BASIS OF PREPERATION

a) Statement of compliance

These condensed consolidated interim financial information have been prepared in accordance with IAS 34 *Interim Financial Reporting*, and should be read in connection with the group's last financial statements as at and for the year ended 31st December 2021. They do not include all the information required for a complete set of IFRS financial statements. However selected explanatory notes are included to explain events in transactions that are significant to an understanding of the changes in the groups financial position and performance since the last annual financial statements. These condensed consolidated interim financial information are reviewed and not audited.

The interim financial information is reviewed, not audited. The comparatives for the condensed consolidated statement of financial position have been extracted from the Group's audited consolidated financial statements for the year ended 31 December 2021. The comparatives for the condensed consolidated statements of profit or loss and other comprehensive income, cash flows and changes in equity have been extracted from management accounts for the three months ended 31 March 2021 and have not been subjected to audit or review procedures.

2 BASIS OF PREPARATION (continued)

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 Company.

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 on or after 1 January 2022 and earlier application is permitted; however; the Company does not expect the new or amended standards to have significant impact on its financial statements.

e) Use of estimates and judgements

Preparation of condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The areas of significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were similar to those applied to the audited financial statements as at and for the year ended 31 December 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 quarter ended 31 March 2022, the Group's investment portfolio has limited impact for investments carried as FVTE 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

(i) 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 income statement or investments carried at fair value through equity 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(d)(i)).

2 BASIS OF PREPARATION (continued)

(ii) Special purpose entities

The Group sponsors the formation of special purpose entities (SPE's) primarily for the purpose of allowing clients to hold investments. The Group provides corporate administration, investment management and advisory services to these SPE's, which involve the Group making decisions on behalf of such entities. 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 Group does not consolidate SPE's that it does not have the power to control. In determining whether the Group has the power to control an SPE, judgements are made about the objectives of the SPE's activities, its exposure to the risks and rewards, as well as about the Group intention and ability to make operational decisions for the SPE and whether the Group derives benefits from such decisions.

(iii) Impairment of equity investments at fair value through equity

In the case of investments in equity securities classified as FVTE. A significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment. The Group considers a decline of 30% to be significant and a period of nine months to be prolonged. If any such evidence exists, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in income statement is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are subsequently reversed through equity.

b) Estimations

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

Determining inputs into ECL measurement model including incorporation of forward-looking information is set out in note 3 (k).

(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 Company in terms of the appropriateness of the methodology, soundness of assumptions and correctness of calculations and have been approved by the board of directors for inclusion in the combined carve-out historical financial information.

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

- Valuation by independent external value 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.

2 BASIS OF PREPARATION (continued)

(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 Bahrain, UAE, India, Tunisia and Morocco. 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

Investment in associates and recognised goodwill are subject to an impairment based on indicators of performance and market conditions. Cash generating units include the Group's investments in certain subsidiaries and equity accounted investees and investment property that generate cash flows that are largely independent from other assets and activities of the Group. The basis of impairment assessment for such cash generating units is described in accounting policy note 3 (m). For equity accounted investees with indicators of impairment, the recoverable amounts are determined based on higher of fair value less costs to sell (FVLCTS), and value in use.

The recoverable amount for the equity accounted investees was determined using a combination of income and market approaches of valuations. The objective of valuation techniques is to determine whether the recoverable amount is greater than the carrying amount.

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

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

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

f) Basis of presentation

The below paragraphs and tables describe the Group's significant lines of business and sources of revenue they are associated with.

<u>*Activities:*</u>

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2022 US$ 000's

2 BASIS OF PREPARATION (continued)
f) Basis of presentation (continued)

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

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

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

Activity/ Source	**Products**	**Types of revenue**
Development and management	- Development and sale of 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.
	- Finance income from normal operational funds	Financing income, fees and other investment income
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 / (loss) of equity accounted investees

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation applied by the Group in the preparation of the condensed consolidated interim financial information are the same as those used in the preparation of the Company's last audited financial statements as at and for the year ended 31 December 2021, except those as stated below.

(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 recognised by the parent under whose common control all entities were operating prior to the reorganisation.

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 recognised 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 recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.
• When the excess is negative, a bargain purchase gain is recognised immediately in the interim consolidated income statement.

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

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 income statement.

ii) Subsidiaries

Subsidiaries are those enterprises (including special purpose entities) 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 recognised amount of the identifiable net assets of the acquire, which means that goodwill recognised, or the gain on a bargain purchase, relates only to the controlling interest acquired.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)
(a) Basis of consolidation (continued)
(iii) Non-controlling interests (NCI) (continued)

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

(iv) Special purpose entities
The consolidated historical financial information of the Group comprises the financial information of the Company and its subsidiaries. Subsidiaries are those enterprises (including special purpose entities) controlled by the Company. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities.

Subsidiaries are consolidated from the date on which control is transferred to the Group and deconsolidated from the date that control ceases. Control is presumed to exist, when the Company owns majority of voting rights in an investee.

Special purpose entities (SPEs) are entities that are created to accomplish a narrow and well defined objective such as the securitisation of particular assets, or the execution of a specific borrowing or investment transaction and usually voting rights are relevant for the operating of such entities. An investor that has decision making power over an investee and exposure to variability of returns determines whether it acts as a principal or as an agent to determine whether there is a linkage between power and returns. When the decision maker is an agent, the link between power and returns is absent and the decision maker's delegated power does not lead to a control conclusion. Where the Group's voluntary actions, such as lending amounts in excess of existing liquidity facilities or extending terms beyond those established originally, change the relationship between the Group and an SPE, the Group performs a reassessment of control over the SPE.

The Group in its fiduciary capacity manages and administers assets held in trust and other investment vehicles on behalf of investors. The financial statements of these entities are usually not included in this consolidated historical financial information.

v) Loss of control
When the Group losses control over a subsidiary, it derecognises 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 income statement. 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.

(vi) 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 venters 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.

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

(vii) 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 information. 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 information are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The condensed consolidated historical financial information 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 income statement. 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 income statement as part of the gain or loss on disposal.

(c) Offsetting of financing instruments

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to set off the recognized amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expense are presented on a net basis, for gains and losses arising from a group of similar transactions.

(d) Investment securities

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)
(d) Investment securities (continued)

i) Categorisation and classification

The investments are classified into equity type, debt type and other investment instruments. Investment can be classified and measured at amortized cost, fair value through equity (FVTE) or fair value through profit or loss (FVTPL). Classification categories are driven by business model tests and the expected cash flow characteristics of the investment. Reclassification will be permitted only on change of a business model and will be applied prospectively. Investments in equity instruments must be at fair value and those classified as fair value through equity will be subject to impairment provisions. In limited circumstances, where the Group is not able to determine a reliable measure of fair value of equity investments, cost may be deemed to be best approximation of fair value.

(ii) Recognition and derecognition

Investment securities are recognised at the trade date i.e. the date that the Group commits to purchase or sell the asset, at which date the Group becomes party to the contractual provisions of the instrument. Investment securities are derec7ognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risk and rewards of ownership.

(iii) Measurement

Investment securities are measured initially at fair value plus, transaction costs that are directly attributable to its acquisition or issue.

Subsequent to initial recognition, investment securities carried at FVTE are remeasured to fair value. Gains and losses arising from a change in the fair value of investments carried at FVTE are recognised in the statement of changes in equity and presented in a separate investment fair value reserve in equity.

When the investments carried at FVTE are sold, impaired, collected or otherwise disposed of, the cumulative gain or loss previously recognised in the statement of changes in equity is transferred to the profit or loss.

Investments at FVTE where the entity is unable to determine a reliable measure of fair value on a continuing basis, such as investments that do not have a quoted market price or there are no other appropriate methods from which to derive reliable fair values, are stated at cost less impairment allowances

Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. When available, the Group measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received.

If a market for a financial instrument is not active, the Group establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), discounted cash flow analyses, price / earnings multiples, and other valuation models with accepted economic methodologies for pricing financial instruments.

Some or all of the inputs into these models may not be market observable but are estimated based on assumptions. Inputs to valuation techniques reasonably represent market expectations and measures of the risk return factors inherent in the financial instrument

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Investment securities (continued)

(iii) Measurement (continued)

Fair value estimates involve uncertainties and matters of significant judgement 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.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(e) Cash and cash equivalents

For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise bank balances 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 are not included in cash and cash equivalents.

(f) 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.

A property is transferred to investment property when, there is change in use, evidenced by:
• end of owner occupation, for a transfer from owner occupied property to investment property; or
• commencement of an operating Ijara to another party, for a transfer from a development property to investment property.

Further, an investment property is transferred to development property when, there is a change in use, evidenced by:
• commencement of own use, for a transfer from investment property to owner occupied property; or
• commencement of development with a view to sale, for a transfer from investment in real estate to development property.

An investment property is derecognised 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 condensed consolidated statement of profit or loss and other comprehensive income in the period in which the property is derecognised.

(g) 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 and net realisable value.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) 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.

(i) 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 recognised in the condensed 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 recognised in the condensed consolidated statement of profit or loss and other comprehensive income.

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

Buildings and infrastructure on lease hold	15 – 30 years
Plant and Machinery	8 – 40 years
Other equipment comprising:	
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.

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 condensed 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.

(j) Intangible assets

Goodwill

Goodwill that arises on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Other Intangible assets

Intangible assets acquired separately are initially measured at cost. The cost of intangible assets acquired in a business combination are their fair values as at the date of acquisition. Subsequently, intangible assets are recognised at cost less any accumulated amortisation and accumulated impairment losses.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the condensed consolidated statement of profit or loss and other comprehensive income in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)
(j) Intangible assets (continued)

Intangible assets with finite lives are amortised over the useful economic life of ten years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in the combined carve-out income statement in the expense's category consistent with the function if intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Intangible assets with indefinite useful life consist of a license to construct and operate a cement plant in the Kingdom of Bahrain.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the combined carve-out income statement when the asset is derecognised.

(k) Impairment of exposures subject to credit risk
The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, mainly on other assets and bank balances.
The Company measures loss allowances on other assets at an amount equal to lifetime ECLs ("Simplified approach")

Loss allowances on bank balances and murabaha receivables for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition are measured at 12-month ECLs ("General approach")

When determining whether the credit risk of a financial asset has increased significantly since initial recognition when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward looking information.

The Company considers a financial asset to be in default when:
• The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or

• The murabaha receivables is more than 365 days past due from the date of financing.

Lifetime ECL are the ECLs that result from all possible default events over the expected life of the financial instrument.

12month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement of ECLs
Other receivables (Simplified approach)

The Company uses an allowance matrix to measure the ECLs of other receivables from individual customers.
Loss rates are calculated using a 'roll rate (NetFlow)' 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 in different segments 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 Company 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.

Cash and Bank balances (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 Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

The Company assumes that the credit risk on cash and cash equivalents has been increased significantly if it is more than 30 days past due.

Credit impaired financial assets
At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable data:
• significant financial difficulty of the borrower or issuer;
• a breach of contract such as a default or being more than 365 days past due from the invoicing date;
• the restructuring of an other receivables by the Company on terms that the Company would not consider otherwise;
• it is probable that the borrower will enter bankruptcy or other financial reorganization.

Presentation of allowance for ECL in the statement of financial position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

(I) Impairment of equity investments classified at fair value through equity (FVTE)
In the case of investments in equity securities classified as FVTE. A significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment. The Group considers a decline of 30% to be significant and a period of nine months to be prolonged. If any such evidence exists, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in income statement – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are subsequently reversed through equity.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Impairment of non financial assets

The carrying amount of the Group's non financial assets (other than those subject to credit risk covered above) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use or fair value less costs to sell. An impairment loss is recognised whenever the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement. Impairment losses are reversed only if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement. Impairment losses are reversed only if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. Separately recognised goodwill is not amortised and is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on separately recognised goodwill are not reversed.

(n) Term financing
Term financing represents facilities from financial institutions. Term financing are initially measured at fair value plus transaction costs, and subsequently measured at their amortised cost using the effective profit rate method. Financing cost, dividends and losses relating to the term financing are recognised in the statement of profit or loss. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

(o) Financial guarantees
Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised from the date of its issue. The liability arising from a financial guarantee contract is recognised at the present value of any expected payment to settle the liability when a payment under the guarantee has become probable. The Group has issued financial guarantees to support its development projects (note 11).

(p) 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
- *Development and sale of infrastructure and real estate projects*

The Company 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. SIGNIFICANT ACCOUNTING POLICIES (continued)
(p) Revenue recognition (continued)

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.

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.

- *Finance income*

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

(iii) Investment Income

Revenue from the sale of goods is recognised at a point in time when customer takes possession. Interest income / expenses are recognised using the amortised cost method at the effective profit rate of the financial asset / liability.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)
(p) Revenue recognition (continued)
(iii) Investment Income (continued)

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 period of the contract using the effective profit method.

(q) 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.

- ***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 combined carve-out income statement 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 combined carve-out income statement.

The Group also operates a voluntary employee saving scheme under which the Group and the employee contribute monthly on a fixed percentage of salaries basis. The scheme is managed and administered by a board of trustees who are employees of the Group. The scheme is in the nature of a defined contribution scheme and contributions by the Group are recognised as an expense in the combined carve-out income statement when they are due.

(r) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(s) 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.

(t) Income tax

The Group is exposed to taxation by virtue of operations of subsidiaries in Morocco, Tunis, and India. Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)
(t) Income tax (continued)

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 combined carve-out historical financial information.

(u) Leases

At the inception of the contract, the Company 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 period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company 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 Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company 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 Company has the right to direct the use of the asset if either:
- the Company has the right to operate the asset; or
- the Company 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 Company 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 Company has elected not to separate non-lease components and to account for the lease and non-lease components as a single lease component.

Measurement

The Company 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.

for the three months ended 31 March 2022 US$ 000's

3 SIGNIFICANT ACCOUNTING POLICIES (continued)
(u) leases (continued)

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 Company'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 Company 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 Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

4 Seasonality

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

5 Comparatives

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

6 CASH AND BANK BALANCES

	31 March 2022 (reviewed)	31 December 2021 (audited)
Cash in hand	1	1
Cash at banks – current account	53,517	2,556
Cash at banks – call mudaraba account *	50,000	20,012
	103,518	22,569

for the three months ended 31 March 2022 US$ 000's

6 CASH AND BANK BALANCES (continued)

* Cash at banks – call mudaraba account
The company has placed surplus funds of USD 50 million with GFH Financial Group B.S.C at an effective profit rate of 2.5% per annum in a call murabaha account.

7 DEVELOPMENT PROPERTIES

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

	31 March 2022 (reviewed)	31 December 2021 (audited)
Land and building	883,304	-
	883,304	-

Movements in the development properties are as follows:

	31 March 2022 (reviewed)	31 December 2021 (audited)
At 1 January	-	-
Acquisition through business combination (note 23)	883,304	-
Closing balance	**883,304**	-

8 INVESTMENT SECURITIES

	31 March 2022 (reviewed)	31 December 2021 (audited)
Debt-type investments		
- At fair value through other comprehensive income	21,608	-
- At fair value through other profit or loss	7,500	-
	29,108	-
Equity type investments		
At fair value through other comprehensive income		
- Perpetual instrument	3,854	-
- Equity shares	81,793	-
	85,647	-
	114,755	-

Movements in investment in securities are as follows:

	31 March 2022 (reviewed)	31 December 2021 (audited)
At 1 January	-	-
Acquisitions through business combination (note 23)	114,755	-
Closing balance	**114,755**	-

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9 INVESTMENT PROPERTY

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

	31 March 2022 (reviewed)	31 December 2021 (audited)
At 1 January	-	
Additions through business combination (note 23)	184,868	-
Closing balance	**184,868**	-

10 EQUITY ACCOUNTED INVESTEES

Equity accounted investees represents investments in the following material associates:

Name	**Country of incorporation**	**% holding**		**Nature of business**
		31 March 2022 (reviewed)	31 December 2021 (audited)	
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 used development projects

	31 March 2022 (reviewed)	31 December 2021 (audited)
At 1 January	-	-
Acquisition through business combination	30,325	-
Share of profit / (loss) for the year, net	1	-
Closing balance	**30,326**	-

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

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11 PROPERTY, PLANT AND EQUIPMENT

2022 (reviewed)	**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	65,093	244	471	131	1,303	67,242
Disposal	-	-	-	-	(25)	(25)
At 31 March 2022	**65,093**	**634**	**2,403**	**239**	**1,278**	**69,647**
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 period	953	3	60	11	41	1,067
Disposal	-	-	-	-	(25)	(25)
At 31 March 2022	**18,307**	**437**	**1,075**	**196**	**1,267**	**21,282**
Net carrying value as at 31 March 2022	**46,786**	**197**	**1,328**	**44**	**10**	**48,365**

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		174
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
Net carrying value as at 31 December 20218	195	1,051	38	-	1,285

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12 DUE FROM THE RELATED PARTY

	31 March 2022 (reviewed)	31 December 2021 (audited)
Due from related party*	74,758	178,099

* Receivables due from related party includes of USD 13.4 Mn which represents advance for Infracorp's potential acquisition of 51% shareholding in GBCORP B.S.C (c). The acquisition of the GBCORP B.S.C (c) was pending as of the reporting date due to the regulatory clearance and administrative formalities. Subsequent to the reporting date, on 9th May 2022, the Central Bank of Bahrain has granted its in-principal approval to transfer 51% shareholding in the GBCORP B.S.C (c) from GFH to Infracorp subject to fulfilling certain regulatory requirements in relation to change in control. The asset management business of the Infracorp will be handled through GBCORP B.S.C (c) once final regulatory approval is granted on the transfer of business. The GBCORP B.S.C (c) will also be consolidated with the Infracorp once final regulatory approval is obtained. The receivable from related party will be offset against the transfer of the GBCORP B.S.C (c) in subsequent to the transfer.

13 TRADE RECEIVABLES, ADVANCES AND OTHER RECEIVABLES

	31 March 2022 (reviewed)	31 December 2021 (audited)
Trade receivables	70,508	-
Prepayment	9,060	150
Other receivables	27,938	293
	107,506	443

14 SHARE CAPITAL AND SHARE PREMIUM

	31 March 2022 (reviewed)	31 December 2021 (audited)
Authorised:		
1,000,000,000 ordinary shares (2021: 1,000,000,000 shares) of USD 1 each (2021: USD 1 each)	1,000,000	1,000,000
Issued, subscribed and paid up:		
102,525,000 ordinary shares (2021: 102,525,000 shares) of USD 1 each (2021: USD 1 each)	102,525	102,525

15 SUBORDINATED PERPETUAL MUDARABA

	31 March 2022 (reviewed)	31 December 2021 (audited)
Subordinated perpetual mudaraba (i)	900,000	-
	900,000	-

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15 SUBORDINATED PERPETUAL MUDARABA (continued)

(i) The Company 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 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. Based on its current projections as per the offering document, Infracorp expects to have the capacity to pay coupon at a rate of 4% per annum, semi-annually and 3.5% payable on maturity (total of 7.5% per annum).

- The Subordinated perpetual mudaraba is recognized under equity in the condensed consolidated interim statement of financial position and the profits paid to rab al-maal (security holder) are accounted for as appropriation of profits.

- Subordinated perpetual mudaraba is invested in a general mudarba pool of assets on a unrestricted comingled basis.

- Security holder will not have a right to claim the profits and a non-payment event will not be considered as event of default.

- In the event of non-viability, the certificates will be converted either in full or in part on a pro rata basis in accordance with the terms of the certificate which require conversion at the fair value of the Company's share at the time of such non-viability event.

16 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 March 2022	India Projects	MGIC	TBIC	FCC	Total
NCI Percentage	*21.34%*	*9.73%*	*17.03%*	*48.28%*	
Non-current assets	-	2,094	4,284	53,817	60,195
Current assets	417,579	105,671	269,509	27,185	819,944
Non-current liabilities	-	1,016	570	32,544	34,130
Current liabilities	70,772	22,612	62,304	15,920	171,608
Net assets	346,807	84,137	210,920	32,539	674,403
Net assets attributable to NCI	73,993	8,187	35,920	15,706	133,806
Preacquisition NCI	1,922	9,700	-	-	11,622
Total NCI	75,915	17,887	35,920	15,706	145,428

Revenue	2	-	39	1,078	1,119
Profit	(68)	(31)	(44)	44	(99)
OCI	-	-	-	-	-
Total comprehensive income	(68)	(31)	(44)	44	(99)
Profit allocated to NCI	(14)	(2)	(8)	21	(3)
OCI allocated to NCI	-	-	-	-	-

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17 TRADE AND OTHER PAYABLES

NON-CURRENT LIABILITIES	31 March 2022 (reviewed)	31 December 2021 (audited)
Borrowings from banks (i)	15,699	-
Loan from related party (ii)	9,215	-
Trade and other payables	731	-
Employee benefits	385	-
Provisions for risks and charges	570	-
	26,600	**-**

CURRENT LIABILITIES	31 March 2022 (reviewed)	31 December 2021 (audited)
Borrowings from banks (i)	68,685	-
Trade payables	23,470	415
Due to related party	21,574	-
Accruals and other liabilities	28,685	73
Advances received	62,438	-
Other payable	72,062	179
	276,914	667

(i) These comprise financing availed to fund project development and working capital requirements of industrial business. The financing is secured against plant and machinery of industrial business. These financing have been availed at the rate of 2.5%-6.5% per annum. The Group is not a party to these financing contracts and has not guaranteed repayment in any form. These balances are reported in the condensed consolidated interim financial information as a result of consolidation of subsidiaries arising from the acquisition of business.

(ii) These comprise a murabaha facilities obtained from Cemena Holding Company BSC (c), a related party through GFH, were used to finance the construction of the new cement mill. They were repayable in equal monthly instalments with the last instalment due in May 2015. However, the Company obtained an extension and the facility amount is not repayable before 1 January 2023.

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18 REVENUE

(i) DEVELOPMENT AND MANAGEMENT INCOME

	Three months ended	
	31 March 2022 (reviewed)	31 March 2021 (unreviewed)
Management fee	3,102	-
Development and sale of properties	6,856	-
	9,956	-

(ii) OPERATIONAL INCOME

	Three months ended	
	31 March 2022 (reviewed)	31 March 2021 (unreviewed)
Rental income	133	-
Revenue from cement operations	5,391	-
Finance income	406	-
	5,930	-

(ii) INVESTMENT INCOME

	Three months ended	
	31 March 2022 (reviewed)	31 March 2021 (unreviewed)
Share of profit from equity accounted investees	1	-
Income from investment securities	582	-
Other income	960	-
	1,543	-

19 DIRECT COST OF MATERIALS

	Three months ended	
	31 March 2022 (reviewed)	31 March 2021 (unreviewed)
Development and sales		
- Cost of real estate inventory sold	4,044	-
Cement operations		
- Cost of goods sold	4,313	-
	8,357	-

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20 OTHER OPERATING EXPENSES

	Three months ended	
	31 March 2022 (reviewed)	31 March 2021 (unreviewed)
Other expenses	1,717	527
	1,717	**527**

21 STAFF COSTS

	Three months ended	
	31 March 2022 (reviewed)	31 March 2021 (unreviewed)
Salaries and other benefits	957	512
Social Insurance and other insurance expenses	57	25
	1,014	**537**

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.

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

a) Balances with related parties

31 March 2022	**Significant shareholders / entities in which directors are interested**	**Total**
Assets		
Due from related parties	74,758	**74,758**
Cash at banks – call mudaraba account	50,000	**50,000**
Liabilities		
Due to related parties	21,574	**21,574**
Loan from related party	9,215	**9,215**

31-Dec-21	Parent Company	Entities under Common control	Total
Assets			
Due from related parties	171,033	7,067	178,099
Bank balances	-	22,568	22,568

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22 RELATED PARTIES (continued)

b) Transactions with related parties

Three months ended 31 March 2022	**Significant shareholders entities in which directors are interested**	**Total**
Cash received	50,000	50,000
Value of assets transferred	915,310	915,310
Revenue	4,478	4,478
Expenses	1,014	1,014

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
VAT	177	-	177
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 Company. The compensation of the key management personnel was as follows:

	Three months ended 31 March 2022	For the year ended 31-December-2021
Salaries and other short-term benefits	68	99
Post-employment benefits	5	5

23 ACQUISITION OF BUSINESS

i) Summary of the acquisition

As part of the planned acquisition and expansion, during the period the Company has acquired certain businesses and assets under the acquisition agreement entered between the Company and GFH Financial Group BSC (the "Bank").

Under this arrangement, certain real estate and infrastructure assets were transferred from the Bank 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 Jan 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:

	31 March 2022
Equity shares in the Company (i)	200,000
Subordinated perpetual mudaraba (refer note 15)	900,000
Net consideration for acquisition	**1,100,000**

(i) 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.

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22 ACQUISITION OF BUSINESS (continued)

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:

	31 March 2022 (reviewed)
ASSETS	
Cash and bank balances	103,518
Development properties	883,304
Inventories	6,767
Trade receivables, advances and other receivables	174,106
Property, plant and equipment	48,147
Right of use of asset	7,738
Investment property	184,868
Investment securities	114,755
Equity-accounted investees	30,325
Total assets	**1,553,528**
LIABILITIES	
Trade payables and other payables	300,570
Lease liability	7,530
Total liabilities	**308,100**
Total non-controlling interest	**145,428**
Net assets transferred	**1,100,000**
Consideration on the date of transfer:	
Equity in Infracorp	200,000
Subordinated perpetual mudaraba	900,000
	1,100,000

The company has acquired combination of businesses, non-financial assets and liquidity under a single coordinated strategy to carve out the infrastructure real estate business of management team under the new strategy of Infracorp B.S.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 a 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.

The amounts have been reported on a provisional basis as permitted by IFRS 3 Business Combinations. If new information, obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date, identifies adjustments to the above amounts, or any additional provisions that existed at the acquisition date, then the acquisition accounting will be revised. Revisions to provisional acquisition accounting are required to be done on a retrospective basis.

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24 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments include financial assets and financial liabilities. Financial assets of the Company include cash and bank balances, trade receivables. Financial liabilities of the Company 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 Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The note also presents certain quantitative disclosures in addition to the disclosures throughout the financial statements.

The Board of Directors of the Company has an overall responsibility for the establishment and oversight of the Company's risk management framework.

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 Company to incur a financial loss. Credit risk arises principally from the Company's balances with banks, related parties' balances, and other receivables. For risk management reporting purposes, the Company 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 mainly in the Kingdom of Bahrain and across the GCC Countries, India, Tunis, Morocco and North America, as all the Company's customers base and investments are based in these countries.

(i) 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 March 2022	31 December 2021
Investment securities - debt-type investments	29,108	-
Due from related parties	74,758	178,099
Cash and bank balances	103,518	22,568
Trade receivables, advances and other receivables	107,506	443
	314,890	201,110

(i) Balances with Bank
The Company limits its exposure to credit risk on balances with bank by maintaining balances with bank having high credit ratings. Given these high credit ratings, the company 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 March 2022 (31 December 2021 – Nil).

(ii) The company is in process of setting up reporting packages for its subsidiaries and as a result of recent acquisition, the other details relating to other receivables being neither past due nor impaired is not readily available and the management is in process of collating that information and such information will be reported in the upcoming financial statements for future periods.

24 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

b) Liquidity risk

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

The Company'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 Company's reputation. The Company maintains a healthy level of cash and cash equivalents balance to meet its obligations when they fall due. All financial liabilities are payable within 12 months.

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 Company'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.

The Company's major exposure is in US Dollars, Bahraini Dinar, Indian Rupees, Tunisian Dinar and Moroccan Dihram. The company is currently in process of setting up reporting packages for its subsidiaries and as a result of recent acquisition, the other details relating to currency risk is not readily available and the management is in process of collating that information and such information will be reported in the upcoming financial statements for future periods..

d) Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. The Company cannot eliminate operation risk completely, but the Company manages operational risk by delegating the responsibility for the appropriate controls, internal checks, and balances to its related parties.

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 period ended 31 March 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).

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26 CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

• Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used:

Type	**Valuation technique**	**Significant unobservable inputs**	**Inter-relationship between significant unobservable inputs and fair value measurement**
Equity investments	Discounted cash flow	Marketability factor and Discount rate	Ability of Group to exit these investments and there impact on the overall value as these are unquoted investments.

The Group's treasury securities are classified as level 1 whereby the 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 March 2022.

27 SEGMENT REPORTING

The company / group has been set up in the current reporting period and the management segment reporting structure is being put in place and is expected to mature and finalise overtime. As of date and consistent with the previous year, a single entity level reporting is being done to the CODM and accordingly no further segment reporting has been presented

28 COMMITEMENTS AND CONTINGENCIES

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

	31 March 2022 (reviewed)	31 December 2021 (audited)
Capital commitment for infrastructure development projects	7,461	-