

**INOVEST B.S.C.**

**SHARI'A SUPERVISORY BOARD REPORT,  
INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

**31 MARCH 2024 (REVIEWED)**

# Inovest B.S.C.

Administration and contact details as at 31 March 2024

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## Commercial registration number

48848 obtained on 18 June 2002

## Board of Directors

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

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

## Interim Chief Executive Officer

Talal A.Aziz Al-Mulla

## Board Secretary

Riyadh Mahmood Mulla Ahmed

## Sharia'a Supervisory Board

Sheikh Dr. Hamad Yousef Al Mazrouei  
Sheikh Dr. Abdulrahman Mohammad Al Baloul  
Mohammad Abdulrahman Al Shurafa

- Chairman  
- Vice-Chairman  
- Member

## Nomination and Remuneration Committee members

Mohammed Abdulwahab Al Matook  
Abdullah Mohammed Al-Abduljader  
Mohammad Hamed Al-Shalfan

- Chairman  
- Vice-Chairman  
- Member

## Corporate Governance, Audit and Risk Committee members

Ausama Abdulrahim Al-Khaja  
Mohammad Salah Al-Ayoub  
Abdullah Mohammed Al-Abduljader

- Chairman  
- Vice-Chairman  
- Member

## Registered head office

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

## Bankers

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

## Auditors

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

## Share registrars

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

**In the name of Allah, The Beneficent, The Merciful**

**Sharia Supervisory Board Report on the activities of INOVEST Company B.S.C For the three Months Period Ended 31 March 2024.**

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

To the Shareholders of INOVEST B.S.C **"the Company"**,

Acting as Sharia Supervisory Board **"SSB"** pursuant to the appointment resolution passed by the General Assembly of the Company and SSB meeting on Monday 13th May 2024 in State of Kuwait, we are required to provide the following report:

The SSB has reviewed the Company's principles, contracts related transactions, and applications submitted by the Company's management for the Three months period ended 31 March 2024 , and based on the Sharia auditor presentation of the Company's activities for the abovementioned period, and comparing it with the fatwa and rulings issued.

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

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

In our opinion:

The contracts and transactions concluded by the Company during the three Months Period Ended 31 March 2024 that we have reviewed are in compliance with the Islamic Shari'a Rules and Principles.

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

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

**Dr. Hamad Yusuf AlMazrouie**

Chairman

**Dr. Abdulrahman Mohamad Al-Baloul**

Vice Chairman

**Dr. Mohamad Abdulrahman AlShurafa**

Member

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

### *Introduction*

We have reviewed the accompanying interim consolidated statement of financial position as at 31 March 2024 of Inovert B.S.C. (the "Company") and its subsidiaries (together the "Group"), the related interim consolidated statements of income and other comprehensive income, cash flows and changes in owners' equity for the three-month period then ended and other explanatory information. The Board of Directors are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with Financial Accounting Standard 41 Interim Financial Reporting (FAS 41). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### *Scope of review*

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

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with FAS 41.



13 May 2024  
Manama, Kingdom of Bahrain

INOVEST B.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024 (Reviewed)

		<i>Reviewed</i> <b>31 March</b> 2024 <i>US\$ '000</i>	<i>Audited</i> 31 December 2023 <i>US\$ '000</i>
	<i>Note</i>		
<b>ASSETS</b>			
Cash and bank balances	4	11,274	17,960
Accounts receivable	5	26,048	24,885
Investments	6	10,954	9,650
Investment in joint ventures and associates	7	94,120	94,088
Investments in real estate	8	83,206	83,451
Property, plant and equipment	9	10,948	11,119
Right of use asset	10	331	46
Other assets	11	1,647	1,501
<b>TOTAL ASSETS</b>		<b>238,528</b>	<b>242,700</b>
<b>LIABILITIES AND OWNERS' EQUITY</b>			
<b>Liabilities</b>			
Other liabilities and accounts payable	12	67,432	68,476
لjarah liability		323	43
<b>Total liabilities</b>		<b>67,755</b>	<b>68,519</b>
<b>Owners' Equity</b>			
Share capital		122,741	120,334
Less: Treasury shares		(1,338)	(1,309)
		<b>121,403</b>	<b>119,025</b>
Reserves		7,322	7,322
Retained earnings		16,372	22,200
Equity attributable to Parent's equity shareholders		<b>145,097</b>	<b>148,547</b>
Non-controlling interests		<b>25,676</b>	<b>25,634</b>
<b>Total owners' equity</b>		<b>170,773</b>	<b>174,181</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>238,528</b>	<b>242,700</b>



Mohamed Hamed Al-Shalfan  
Chairman



Mohamed Salah Al-Ayoub  
Vice Chairman



Talal A. Aziz Al-Mulla  
Interim Chief Executive Officer

The attached explanatory notes 1 to 23 form part of these interim condensed consolidated financial statements.

**INOVEST B.S.C.**

**INTERIM CONSOLIDATED STATEMENT OF INCOME AND OTHER  
COMPREHENSIVE INCOME**

For the three month period ended 31 March 2024 (Reviewed)

	Note	Three months ended	
		31 March	
		2024	2023
		US\$ '000	US\$ '000
<b>OPERATING INCOME</b>			
Net income from construction contracts	13	615	535
Income from investments	14	945	1,099
Fee from management and other services-net		620	356
Net share of income from investment in joint ventures and associates		48	68
Other income	15	409	373
<b>TOTAL OPERATING INCOME</b>		<b>2,637</b>	<b>2,431</b>
<b>OPERATING EXPENSES</b>			
Staff costs		1,117	1,004
General and administrative expenses		588	563
Property related expenses		453	443
Depreciation	9	86	69
Financing costs		-	48
Net Ijarah cost		28	29
<b>TOTAL OPERATING EXPENSES</b>		<b>2,272</b>	<b>2,156</b>
<b>NET OPERATING INCOME</b>		<b>365</b>	<b>275</b>
Net charge of provision for expected credit loss	4 & 5	(207)	(73)
<b>PROFIT FOR THE PERIOD</b>		<b>158</b>	<b>202</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that will not subsequently be classified to statement of income		-	-
<b>Total other comprehensive income for the period</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>158</b>	<b>202</b>
<b>Attributable to :</b>			
Equity shareholders of the Parent		116	103
Non-controlling interests		42	99
		<b>158</b>	<b>202</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE (US\$ cents)</b>	16	<b>0.04</b>	<b>0.03</b>



Mohamed Hamed Al-Shalfan  
Chairman



Mohamed Salah Al-Ayoub  
Vice Chairman



Talal A. Aziz Al-Mulla  
Interim Chief Executive Officer

The attached explanatory notes 1 to 23 form part of these interim condensed consolidated financial statements.

**INOVEST B.S.C.**
**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**

For the three month period ended 31 March 2024 (Reviewed)

		<i>Three months ended</i>	
		<i>31 March</i>	
		<b>2024</b>	2023
		<b>US\$ '000</b>	US\$ '000
<b>OPERATING ACTIVITIES</b>	<i>Notes</i>		
Profit for the period		<b>158</b>	202
Adjustments for:			
Depreciation	9	<b>177</b>	158
Net charge of provision for expected credit loss	4 & 5	<b>207</b>	73
Net share of income from investment in joint ventures and associates	7	<b>(48)</b>	(68)
Net ijarah cost		<b>28</b>	29
Loss on sale of investment in real estate	14	<b>32</b>	-
		<b>554</b>	394
Net changes in operating assets and liabilities:			
Short-term deposits (with an original maturity of more than 90 days)		<b>1,227</b>	(1)
Accounts receivable		<b>(1,382)</b>	(3,303)
Other assets		<b>(146)</b>	(1,196)
Other liabilities and accounts payable		<b>(1,044)</b>	2,774
Ijarah payment		<b>(33)</b>	(66)
Net cash used in operating activities		<b>(824)</b>	(1,398)
<b>INVESTING ACTIVITIES</b>			
Proceeds from sale of investment in real estate - net		<b>213</b>	-
Purchase of investment		<b>(1,304)</b>	(60)
Purchase of investment in a joint venture and associates	7	-	(202)
Additional capitalisation of investment in real estate	8	-	(522)
Distributions received from joint ventures and associates	7	<b>16</b>	372
Purchase of property, plant and equipment	9	<b>(6)</b>	(22)
Net cash used in investing activities		<b>(1,081)</b>	(434)
<b>FINANCING ACTIVITIES</b>			
Net movement in financing from a bank		-	(1,055)
Dividend paid	17	<b>(3,566)</b>	-
Net cash used in financing activities		<b>(3,566)</b>	(1,055)
<b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS</b>		<b>(5,471)</b>	(2,887)
Cash and cash equivalents at the beginning of the period		<b>10,262</b>	7,291
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	4	<b>4,791</b>	4,404

The attached explanatory notes 1 to 23 form part of these interim condensed consolidated financial statements.

INOVEST B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

For the three month period ended 31 March 2024 (Reviewed)

	<i>Equity attributable to Parent's shareholders</i>								
	<i>Share capital</i>	<i>Treasury shares</i>	<i>Statutory reserve</i>	<i>Reserves</i>		<i>Retained earnings</i>	<i>Total equity</i>	<i>Non-controlling interest</i>	<i>Total owners' equity</i>
				<i>Fair value through equity reserve</i>					
<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	
At 1 January 2024	120,334	(1,309)	5,206	2,116	22,200	148,547	25,634	174,181	
Dividend paid (note 17)	-	-	-	-	(3,566)	(3,566)	-	(3,566)	
Bonus shares issued as dividend (note 17)	2,407	(29)	-	-	(2,378)	-	-	-	
Profit for the period	-	-	-	-	116	116	42	158	
<b>At 31 March 2024</b>	<b>122,741</b>	<b>(1,338)</b>	<b>5,206</b>	<b>2,116</b>	<b>16,372</b>	<b>145,097</b>	<b>25,676</b>	<b>170,773</b>	
	<i>Equity attributable to Parent's shareholders</i>								
	<i>Share capital</i>	<i>Treasury shares</i>	<i>Statutory reserve</i>	<i>Reserves</i>		<i>Retained earnings</i>	<i>Total equity</i>	<i>Non-controlling interest</i>	<i>Total owners' equity</i>
				<i>Fair value through equity reserve</i>					
<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	
At 1 January 2023	120,334	(1,309)	4,743	2,039	18,029	143,836	25,422	169,258	
Profit for the period	-	-	-	-	103	103	99	202	
<b>At 31 March 2023</b>	<b>120,334</b>	<b>(1,309)</b>	<b>4,743</b>	<b>2,039</b>	<b>18,132</b>	<b>143,939</b>	<b>25,521</b>	<b>169,460</b>	

The attached explanatory notes 1 to 23 form part of these interim condensed consolidated financial statements.



As at 31 March 2024 (Reviewed)

## 1 INCORPORATION AND ACTIVITIES

### a) Incorporation

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

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

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

### b) Activities

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

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

The number of staff employed by the Group as at 31 March 2024 was 374 employees (31 December 2023: 650 employees).

The interim condensed consolidated financial statements for the three months period ended 31 March 2024 were authorised for issue in accordance with a resolution of the Board of Directors dated 13 May 2024.

## 2 ACCOUNTING POLICIES

### 2.1 Basis of preparation

The interim condensed consolidated financial statements of the Group for the three months period ended 31 March 2024 have been prepared in accordance with Financial Accounting Standard 41 - Interim Financial Reporting. The interim condensed consolidated financial statements do not contain all information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2023. These interim condensed consolidated financial statements are presented in US Dollars, which is the functional currency of the Group. All values are rounded to US Dollar thousands unless otherwise indicated.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

As at 31 March 2024 (Reviewed)

**2 ACCOUNTING POLICIES (continued)**

**2.2 Statement of compliance**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2023 which were prepared in accordance with the Financial Accounting Standards ("FAS") issued by Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI"), the Shari'a rules and principles as determined by the Shari'a Supervisory Board of the Company, the Bahrain Commercial Companies Law, Central Bank of Bahrain ("CBB") and the Financial Institutions Law and the CBB Rule Book (Volume 4). In accordance with the requirements of AAOIFI, for matters for which no AAOIFI standards exist, including interim financial reporting, the Group uses the relevant International Financial Reporting Standards ("IFRS").

**2.3 Basis of consolidation**

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

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

<i>Name of the subsidiary</i>	<b>Ownership 2024</b>	<i>Ownership 2023</i>	<i>Country of incorporation</i>	<i>Year of incorporation</i>	<i>Activity</i>
<b>Held directly by the Company</b>					
Al Khaleej Development Company (Tameer) W.L.L.	<b>100.00%</b>	100.00%	Kingdom of Bahrain	2009	Purchase, sale, management and development of properties.
Inoventures Company W.L.L.	<b>100.00%</b>	100.00%	Kingdom of Bahrain	2023	Selling and buying shares and securities for company's account only.

The following are the subsidiaries held indirectly through Al Khaleej Development Company (Tameer) W.L.L:

<b>Held indirectly by the Company</b>					
Bahrain Investment Wharf W.L.L.	<b>100.00%</b>	100.00%	Kingdom of Bahrain	2006	Development, maintenance, leasing and management of commercial and industrial centres, residential buildings and property.
Tamcon Contracting Co. W.L.L	<b>100.00%</b>	100.00%	Kingdom of Bahrain	2007	Contracting activities.
Dannat Resort Development Company Limited	<b>67.57%</b>	67.57%	Cayman Islands	2008	Managing and Development of Real Estate Projects.
Tamcon Trading W.L.L	<b>100.00%</b>	100.00%	Kingdom of Bahrain	2009	Import, export, sale of electronic & electrical equipment, appliances, its spare parts and sale of building materials.
Panora Interiors W.L.L	<b>100.00%</b>	100.00%	Kingdom of Bahrain	2015	Carpentry and joinery works.
BIW Labor Accommodation Co W.L.L	<b>60.21%</b>	60.21%	Kingdom of Bahrain	2007	Buying, selling and management of properties.

As at 31 March 2024 (Reviewed)

**2 ACCOUNTING POLICIES (continued)****2.4 New standards, interpretations and amendments**

These interim condensed consolidated financial statements have been prepared using accounting policies, which are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of following FASs as explained below.

**FAS 1 "General Presentation and Disclosures in the Financial Statements" (revised) (effective 1 January 2024)**

This standard describes and improves the overall presentation and disclosure requirements prescribed in line with the global best practices and supersedes the earlier FAS 1. It is applicable to all the Islamic Financial Institutions and other institutions following AAOIFI FAS's.

The revision of FAS 1 is in line with the modifications made to the AAOIFI conceptual framework for financial reporting, and has resulted in enhancements to the overall presentation and disclosures in the financial statements. The Group has adopted FAS 1 from the effective date of 1 January 2024 and has presented single combined interim consolidated statement of income and other comprehensive and the disclosure of interim consolidated statement of sources and use of charity fund has been relocated to the notes, further the Group has included the related applicable disclosures in these interim condensed consolidated financial statements.

Some of the significant revisions to the standard are as follows:

- a) Revised conceptual framework is now integral part of the FAS issued by AAOIFI;
- b) Definition of Quasi-equity is introduced;
- c) Definitions have been modified and improved;
- d) Concept of comprehensive income has been introduced;
- e) Institutions other than banking institutions are allowed to classify assets and liabilities as current and non-current;
- f) Disclosure of Zakah and charity have been relocated to the notes;
- g) True and fair override has been introduced;
- h) Treatment for change in accounting policies, change in estimates and correction of errors has been introduced;
- i) Disclosures of related parties, subsequent events and going concern have been improved;
- j) Improvement in reporting for foreign currency, segment reporting; and
- k) Presentation and disclosure requirements have been divided into three parts. First part is applicable to all institutions, second part is applicable only to banks and similar Islamic Financial Institutions "IFI's" and third part prescribes the authoritative status, effective date and amendments to other FAS issued by AAOIFI.

Adoption of the above standard has mainly changed the presentation of the interim condensed consolidated financial statements of the Group and the same has been prepared keeping in view such revised requirements so far as they are applicable to interim condensed consolidated financial statements under FAS 41.

**FAS 40 "Financial Reporting for Islamic Finance Windows" (effective 1 January 2024)**

The standard improves upon and supersedes FAS 18 "Islamic Financial Services offered by Conventional Financial Institutions" and defines the financial reporting requirements applicable to conventional financial institutions offering financial services.

The above standard is not applicable to the Group and accordingly did not have any impact on the interim condensed consolidated financial statements of the Group for the period ended 31 March 2024.

As at 31 March 2024 (Reviewed)

## 2 ACCOUNTING POLICIES (continued)

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

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

- FAS 45 Quasi - Equity (Including Investment Accounts) (effective 1 January 2026)  
The standard is to establish the principles of financial reporting related to instruments classified as Quasi - Equity, such as investment accounts and similar instruments invested with Islamic financial institutions. Quasi - Equity is an element of financial statements of an institution in line with the "AAOIFI Conceptual Framework for Financial Reporting".
- FAS 46 Off - Balance - Sheet Assets Under Management (effective 1 January 2026)  
The standard is to establish the principles of financial reporting related off - balance - sheet assets under management in line with with the "AAOIFI Conceptual Framework for Financial Reporting".
- FAS 47 Transfer of Assets between Investment Pools (effective 1 January 2026)  
The standard is to establish the principles that apply in respect of transfer of assets between various investment pools of an Islamic financial institution.
- FAS 42 Presentation and Disclosures in the Financial Statements of Takaful Institutions (effective 1 January 2025)  
This standard sets out the principles for the presentation and disclosure for the financial statements of Takaful institutions. It aims to ensure that the Takaful institutions faithfully present the information related to these arrangements to the relevant stakeholder as per the contractual relationship between the parties and the business model of the Takaful business in line with the Shari'ah principles and rules.
- FAS 43 Accounting for Takaful: Recognition and Measurement (effective 1 January 2025)  
This standard sets out the principles for the recognition, measurement and reporting of Takaful arrangements and ancillary transactions for the Takaful institutions. It aims to ensure that the Takaful institutions faithfully present the information related to these arrangements to the relevant stakeholders as per the contractual relationship between the parties and the business model of the Takaful business in line with the Shari'ah principles and rules.

## 3 CYCLICALITY OF OPERATIONS

The interim consolidated net income for the three-month period ended 31 March 2024 may not represent a proportionate share of the annual net profit or loss due to the variability of income and operating expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2024 (Reviewed)

**4 CASH AND BANK BALANCES**

	<i>Reviewed</i> <b>31 March</b> <b>2024</b> <b>US\$ '000</b>	<i>Audited</i> <b>31 December</b> <b>2023</b> <b>US\$ '000</b>
Short-term deposits (with an original maturity of 90 days or less)	2,122	6,631
Current account balances with banks	2,659	3,622
Cash in hand	10	9
	<hr/>	<hr/>
Total cash and cash equivalents	4,791	10,262
Short-term deposits (with an original maturity of more than 90 days)	6,521	7,748
Less: Provision for expected credit losses	(38)	(50)
	<hr/>	<hr/>
Total cash and bank balances	11,274	17,960
	<hr/> <hr/>	<hr/> <hr/>

Movements in the provision for expected credit loss:

	<i>Reviewed</i> <b>31 March</b> <b>2024</b> <b>US\$ '000</b>	<i>Audited</i> <b>31 December</b> <b>2023</b> <b>US\$ '000</b>
At 1 January	50	132
Reversals during the period / year	(12)	(82)
	<hr/>	<hr/>
	38	50
	<hr/> <hr/>	<hr/> <hr/>

**5 ACCOUNTS RECEIVABLE**

	<i>Reviewed</i> <b>31 March</b> <b>2024</b> <b>US\$ '000</b>	<i>Audited</i> <b>31 December</b> <b>2023</b> <b>US\$ '000</b>
Amounts due from related parties (note 17)	13,099	12,985
Trade receivables	7,596	6,032
Rent receivables	1,437	1,488
Other receivables	27,835	28,080
	<hr/>	<hr/>
	49,967	48,585
Less: provision for expected credit losses	(23,919)	(23,700)
	<hr/>	<hr/>
	26,048	24,885
	<hr/> <hr/>	<hr/> <hr/>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2024 (Reviewed)

**5 ACCOUNTS RECEIVABLE (continued)**

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

	<i>Reviewed</i> <b>31 March</b> <b>2024</b> <b>US\$ '000</b>	<i>Audited</i> <b>31 December</b> <b>2023</b> <b>US\$ '000</b>
At 1 January	23,700	23,161
Write off during the period / year	-	(270)
Charge during the period / year	219	809
	<b>23,919</b>	<b>23,700</b>

**6 INVESTMENTS**

	<i>Reviewed</i> <b>31 March</b> <b>2024</b> <b>US\$ '000</b>	<i>Audited</i> <b>31 December</b> <b>2023</b> <b>US\$ '000</b>
Investments in equity-type instruments - real estate	7,660	7,660
Investments in non-monetary debt type instruments	3,294	1,990
	<b>10,954</b>	<b>9,650</b>

**7 INVESTMENT IN JOINT VENTURES AND ASSOCIATES**

	<i>Reviewed</i> <b>31 March</b> <b>2024</b> <b>US\$ '000</b>	<i>Audited</i> <b>31 December</b> <b>2023</b> <b>US\$ '000</b>
At 1 January	94,088	93,908
Acquisitions during the period / year	-	875
Share of net profit	48	378
Gain on bargain purchase	-	245
Distributions during the period / year	(16)	(1,318)
	<b>94,120</b>	<b>94,088</b>

**8 INVESTMENTS IN REAL ESTATE**

	<i>Reviewed</i> <b>31 March</b> <b>2024</b> <b>US\$ '000</b>	<i>Audited</i> <b>31 December</b> <b>2023</b> <b>US\$ '000</b>
At 1 January	83,451	82,045
Additions during the period / year	-	2,847
Disposals during the period / year	(245)	(1,441)
	<b>83,206</b>	<b>83,451</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2024 (Reviewed)

**9 PROPERTY, PLANT AND EQUIPMENT**

	<i>CWIP RO Plant US\$ '000</i>	<i>Buildings on leasehold land US\$ '000</i>	<i>Machinery, equipment furniture and fixtures US\$ '000</i>	<i>Computer hardware and software US\$ '000</i>	<i>Motor vehicles US\$ '000</i>	<i>Total US\$ '000</i>
<b>Cost</b>						
At 1 January 2024	1,726	10,124	12,827	1,751	2,322	28,750
Additions	-	-	6	-	-	6
<b>As at 31 March 2024 (Reviewed)</b>	<b>1,726</b>	<b>10,124</b>	<b>12,833</b>	<b>1,751</b>	<b>2,322</b>	<b>28,756</b>
<b>Accumulated depreciation</b>						
At 1 January 2024	-	3,447	10,417	1,663	2,104	17,631
Charge	-	45	99	13	20	177
<b>As at 31 March 2024 (Reviewed)</b>	<b>-</b>	<b>3,492</b>	<b>10,516</b>	<b>1,676</b>	<b>2,124</b>	<b>17,808</b>
<b>Net book amount:</b>						
<b>As at 31 March 2024 (Reviewed)</b>	<b>1,726</b>	<b>6,632</b>	<b>2,317</b>	<b>75</b>	<b>198</b>	<b>10,948</b>
At 31 December 2023	1,726	6,677	2,410	88	218	11,119

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

	<i>Reviewed Three months ended 31 March</i>	
	<b>2024</b>	<b>2023</b>
	<b>US\$ '000</b>	<b>US\$ '000</b>
Depreciation charged to contract costs (note 13)	<b>91</b>	89
Depreciation charged to expenses	<b>86</b>	69
	<b>177</b>	158

**10 RIGHT OF USE ASSET**

	<i>Reviewed 31 March 2024 US\$ '000</i>	<i>Audited 31 December 2023 US\$ '000</i>
<b>Cost</b>		
Opening	<b>328</b>	328
Additions	<b>313</b>	-
	<b>641</b>	328
<b>Accumulated amortisation</b>		
At 1 January	<b>282</b>	173
Charge	<b>28</b>	109
	<b>310</b>	282
Net book value	<b>331</b>	46

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2024 (Reviewed)

**11 OTHER ASSETS**

	<i>Reviewed</i> <b>31 March</b> <b>2024</b> <b>US\$ '000</b>	<i>Audited</i> <b>31 December</b> <b>2023</b> <b>US\$ '000</b>
Advances to contractors	1,315	1,250
Prepayments	332	251
	<b>1,647</b>	<b>1,501</b>

**12 OTHER LIABILITIES AND ACCOUNTS PAYABLE**

	<i>Reviewed</i> <b>31 March</b> <b>2024</b> <b>US\$ '000</b>	<i>Audited</i> <b>31 December</b> <b>2023</b> <b>US\$ '000</b>
Lease rental payables	50,105	50,105
Accruals and other payables	8,612	7,835
Advances from construction clients	698	2,034
Trade payables	6,394	7,024
Retentions payable	1,388	1,268
Amounts due to related parties (note 18)	235	210
	<b>67,432</b>	<b>68,476</b>

**13 NET INCOME FROM CONSTRUCTION CONTRACTS**

	<i>Reviewed</i> <i>Three months ended</i> <i>31 March</i>	
	<b>2024</b> <b>US\$ '000</b>	<b>2023</b> <b>US\$ '000</b>
Contract income	4,774	6,812
Contract costs	(4,159)	(6,277)
	<b>615</b>	<b>535</b>

**14 INCOME FROM INVESTMENTS**

	<i>Reviewed</i> <i>Three months ended</i> <i>31 March</i>	
	<b>2024</b> <b>US\$ '000</b>	<b>2023</b> <b>US\$ '000</b>
Rental income	947	1,066
Realised losses on sale of investment in real estate	(32)	-
Profit on debt-type investments	30	33
	<b>945</b>	<b>1,099</b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2024 (Reviewed)

**15 OTHER INCOME**

	<i>Reviewed</i>	
	<i>Three months ended</i>	
	<i>31 March</i>	
	<b>2024</b>	<b>2023</b>
	<b>US\$ '000</b>	<b>US\$ '000</b>
Profit on short-term deposits	169	118
Electricity and water services	21	198
Income from leasing equipment and others	219	57
	<b>409</b>	<b>373</b>

**16 BASIC AND DILUTED EARNINGS PER SHARE**

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

	<i>Reviewed</i>	
	<i>Three months ended</i>	
	<i>31 March</i>	
	<b>2024</b>	<b>2023</b>
	<b>US\$ '000</b>	<b>US\$ '000</b>
Income attributable to the equity shareholders of the parent for the period - US\$ '000	<b>116</b>	103
Weighted average number of shares outstanding at the beginning and end of the period - in thousands	<b>303,105</b>	303,105
Earnings per share - US\$ cents	<b>0.04</b>	0.03

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

**17 DIVIDENDS APPROVED AND PAID**

Following the shareholders approval at the Annual General Meeting held on 20 March 2024, cash dividend of US\$ 1.2 cents per share amounting to US\$ 3,566 thousand (excluding treasury shares) was paid and bonus shares equivalent to 1 share for every 50 shares held amounting to US\$ 2,378 thousand was issued during the period ended 31 March 2024, relating to the year ended 31 December 2023 (31 March 2023: NIL).

**18 RELATED PARTY BALANCES AND TRANSACTIONS**

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

**Terms and conditions of transactions with related parties**

The Group enters into transactions, arrangements and agreements with its related parties in the ordinary course of business at terms and conditions approved by the Board of Directors. The transactions and balances arose from the ordinary course of business of the Group. Outstanding balances at the year end are unsecured.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2024 (Reviewed)

18 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Terms and conditions of transactions with related parties (continued)

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

	Reviewed 31 March 2024				Audited 31 December 2023			
	Key management personnel/ Associates and joint ventures US\$ '000	Board members/ external auditors US\$ '000	Other related parties US\$ '000	Total US\$ '000	Key management personnel/ Associates and joint venture US\$ '000	Board members/ external auditors US\$ '000	Other related parties US\$ '000	Total US\$ '000
Accounts receivable - gross	10,168	-	2,931	13,099	10,149	-	2,836	12,985
Provision for expected credit losses	(2,998)	-	(2,166)	(5,164)	(2,998)	-	(2,166)	(5,164)
Accounts receivable - net	7,170	-	765	7,935	7,151	-	670	7,821
Investment in joint ventures and associates	94,120	-	-	94,120	94,088	-	-	94,088
Other liabilities and accounts payable (note 12)	15	44	176	235	12	27	171	210

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

	Reviewed 31 March 2024				Reviewed 31 March 2023			
	Key management personnel/ Associates and joint ventures US\$ '000	Board members/ external auditors US\$ '000	Other related parties US\$ '000	Total US\$ '000	Key management personnel/ Associates and joint venture US\$ '000	Board members/ external auditors US\$ '000	Other related parties US\$ '000	Total US\$ '000
<b>Income</b>								
Fee from management and other services-net	51	-	-	51	52	-	-	52
Share of net income from investment in joint ventures and associates	48	-	-	48	68	-	-	68
	99	-	-	99	120	-	-	120
<b>Expenses</b>								
Staff costs	-	388	-	388	-	447	-	447
General and administrative expenses	3	75	15	93	3	53	30	86
	3	463	15	481	3	500	30	533

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2024 (Reviewed)

**18 RELATED PARTY BALANCES AND TRANSACTIONS (continued)**

Compensation of the key management personnel is as follows:

	<i>Reviewed</i>	
	<i>Three months ended</i>	
	<i>31 March</i>	
	<b>2024</b>	<b>2023</b>
	<b>US\$ '000</b>	<b>US\$ '000</b>
Salaries and other benefits	<b>388</b>	447

**19 SOURCES AND APPLICATION OF CHARITY**

	<i>Reviewed</i>	
	<i>Three months ended</i>	
	<i>31 March</i>	
	<b>2024</b>	<b>2023</b>
	<b>US\$ '000</b>	<b>US\$ '000</b>
<b>Sources of charity funds</b>		
Balance at 1 January	<b>21</b>	21
Contributions for charitable purposes	-	-
<b>Total sources of charity funds available</b>	<b>21</b>	21
Uses of charity funds	-	-
<b>Undistributed charity funds at end of the period</b>	<b>21</b>	21

**20 SEGMENTAL INFORMATION**

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2024 (Reviewed)

**20 SEGMENTAL INFORMATION (continued)**

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

	<i>31 March 2024 - Reviewed</i>				
	<i>Investment and related services US\$ '000</i>	<i>Construction Contracts US\$ '000</i>	<i>Development and sale of industrial plots US\$ '000</i>	<i>Eliminations US\$ '000</i>	<i>Total US\$ '000</i>
Net revenues from external customers	-	615	620	-	1,235
Inter-segment transactions	60	22	94	(176)	-
Income from investments	43	-	902	-	945
Net share of profit / (loss) from investment in joint ventures and associates (note 7)	45	17	-	(14)	48
Other income	90	273	46	-	409
<b>Total revenue</b>	<b>238</b>	<b>927</b>	<b>1,662</b>	<b>(190)</b>	<b>2,637</b>
Staff costs	791	208	118	-	1,117
General and administrative expenses	338	204	101	(55)	588
Property related expenses	55	-	498	(100)	453
Others	28	122	-	(36)	114
<b>Total operating expense</b>	<b>1,212</b>	<b>534</b>	<b>717</b>	<b>(191)</b>	<b>2,272</b>
Provisions reversal / (charge)	-	(91)	(116)	-	(207)
<b>Segment profit</b>	<b>871</b>	<b>295</b>	<b>953</b>	<b>(1,961)</b>	<b>158</b>
<b>Segment assets</b>	<b>387,970</b>	<b>39,315</b>	<b>156,691</b>	<b>(345,448)</b>	<b>238,528</b>
<b>Segment liabilities</b>	<b>136,065</b>	<b>14,158</b>	<b>53,865</b>	<b>(136,333)</b>	<b>67,755</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2024 (Reviewed)

**20 SEGMENTAL INFORMATION (continued)**

	31 March 2023 - Reviewed				
	<i>Investment and related services</i> US\$ '000	<i>Construction Contracts</i> US\$ '000	<i>Development and sale of industrial plots</i> US\$ '000	<i>Eliminations</i> US\$ '000	<i>Total</i> US\$ '000
Net revenues from external customers	-	535	356	-	891
Inter-segment transactions	92	-	94	(186)	-
Income from investments	62	-	1,037	-	1,099
Net share of profit from investment in joint ventures and associates (note 7)	86	(5)	-	(13)	68
Other income	-	127	246	-	373
<b>Total revenue</b>	<b>240</b>	<b>657</b>	<b>1,733</b>	<b>(199)</b>	<b>2,431</b>
Staff costs	538	337	129	-	1,004
General and administrative expenses	309	206	95	(47)	563
Property related expenses	70	-	499	(126)	443
Others	98	60	3	(15)	146
<b>Total operating expense</b>	<b>1,015</b>	<b>603</b>	<b>726</b>	<b>(188)</b>	<b>2,156</b>
Provisions reversal / (charge)	3	(110)	34	-	(73)
<b>Segment profit / (loss)</b>	<b>801</b>	<b>(5)</b>	<b>1,357</b>	<b>(1,951)</b>	<b>202</b>
Segment assets	390,857	40,241	155,165	(343,563)	242,700
Segment liabilities	136,156	15,379	53,293	(136,309)	68,519

**21 CONTINGENCIES AND COMMITMENTS**

Credit-related commitments include commitments to extend guarantees and acceptances which are designed to meet the requirements of the Group's customers. Guarantees and acceptances commit the Group to make payments to third parties on behalf of customers in certain circumstances.

The Group has the following credit related commitments:

	<b>Reviewed</b> <b>31 March</b> <b>2024</b> <b>US\$ '000</b>	<b>Audited</b> <b>31 December</b> <b>2023</b> <b>US\$ '000</b>
Guarantees	<b>4,315</b>	6,739
Guarantees relating to a joint venture	<b>7,729</b>	7,729

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

As at 31 March 2024 (Reviewed)

**22 FIDUCIARY ASSETS**

The assets managed on behalf of customers, to which the Group does not have any legal title are not included in the consolidated statement of financial position. At 31 March 2024, the carrying value of such assets is US\$ 73.51 million (31 December 2023: US\$ 73.52 million). The share of assets relating to non-controlling shareholders within the subsidiaries consolidated in the financial statements amounted to US\$ 27.14 million (31 December 2023: US\$ 27.09 million).

**23 COMPARATIVE FIGURES**

Certain prior period / year figures have been reclassified to confirm to the current period presentation. Such reclassifications did not affect previously reported profit or other comprehensive income, total assets, total liabilities and total equity of the Group.