Yazi Capital
B.S.C (c)

Financial Report

Years of
growth
2008-2023

شركة يازي الاستثمارية ش.م.ب.م
YAZI CAPITAL B.S.C (C)

Company Overview

Yazi Capital B.S.C.(C), also Known as "Yazi Capital" is a private Investment business firm licensed and regulated by the Central Bank of Bahrain. The Company was established in the Kingdom of Bahrain on 28th April 2008, and operates within the Asset Management , financial advisory services & Capital Markets sector.

Yazi Capital provides multiple investment opportunities that meet different investors 'needs, commensurate with their different risk tolerance to strive to achieve their investment goals and aspirations to manage their funds, assets, and wealth. The Company also seeks to create a distinctive investment climate by providing innovative solutions and services..

In addition, Yazi Capital has continuous participation to assist in achieving Bahrain National Vision 2030. It also endeavors to contribute to the growth of the Bahraini economy and the development of human resources through conducting educational campaigns and training workshops to enrich the Bahraini society..

YAZI CAPITAL B.S.C (C)

Board Report Interim Condensed Consolidated Financial Statement

Yazi BOARD REPORT 2020 | Yazi BOARD REPORT 2021 | Yazi BOARD REPORT 2022

Administration and contact details

Board of Directors	
Dr. Ibrahim Abdulaziz Al Jammaz	- Chairman
Mr. Almangour Saad Hamad	- Vice-Chairman
Mr. Mohammed Salim A. Almarri	- Director
Mr. Abdulmohsin Abdullah	- Director
Mr. Alkadi Ahmad Mohammad	- Director
Mr. Almoajil Fahad Abdulaziz	- Director

Chief Executive Officer
Mohammed Al Mutlaq

Board Secretary
Najma Khadija Hajeeh

Corporate Governance Committee members Meshari Fuad Al Fozan	- Chairman
Abdulrahman Hesham Al Nesef	- Vice-Chairman
Bashar Naser Al Tuwaijri	- Member
Sheikh Dr. Dawoud Salman Bin Essa	- Member

Nomination and Remuneration Committee members	
Dr.Omar Salem Al Mutawa	- Chairman
Meshari Fuad Al Fozan	- Vice-Chairman
Meshal Yousef Al Zayed	- Member

Audit and Risk Committee members	
Khaled Abdulaziz Al Ghanem	- Chairman
Abdulrahman Hesham Al Nesef	- Vice-Chairman
Yaqoub Yousef Bandar	- Member

Registered office	Flat 62, 4th floor, Al Raya building, Al Seef district, P.O Box 2709, Manama, Kingdom of Bahrain. Telephone no. +97158 8641734
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 Commercial Bank B.S.C. Al Baraka Islamic Bank B.S.C. (c) Al Salam Bank, Bahrain B.S.C.
Auditors	Ernst & Young (EY) P.O. Box 140 10th Floor, East Tower Bahrain World Trade Center Manama, Kingdom of Bahrain

In the name of Allah, The Beneficent, The Merciful

Sharia Supervisory Board Report on the activities of Yazi Capital B.S.C
For the Three Months Period Ended 31 March 2020

All prai i du to Allah , Lord of the worlds, Prayers and Peace are upon the last messeng r, our prophet Mohamm d, his family and compa nions.

To the Shareholders of Yazi Capital B.S.C "the Company",
Acting asSupervisory Board pursuant to the appointme nt resolution passed by the General Assembly of th Company and SB meeting on Tuesday 28 July 2020 in State of Kuwait, we are required to provide the following report:

The Board has revi wed the Company's principles, contracts related transactions, and applications submitted by th Company's management for the three month period ended 31 March 2020, and based on the Sharia auditor presentation of the Company's activities for the abovemention d period, and comparing it with the fatwa and rulings issued.

The Company's management is responsibl for en uring that th Company conducts its business in accordance with the Islamic Shari'a Rules and principles. It is our re ponsibility 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 informat on and explanations which we considered necessary in order to provide us with sufficient vidence to give reasonable assurance that the Company has not violat d I lamic Shari rul s and principles.

In our opinion:
The contracts and transactions concluded by the Company during the three months period ended 31 March 2020 that we have reviewed a re in compliance with the Islamic Rules and Principles.

Also, the board has approved the financial statements and concluded that it's prepared in an acceptable f rm from I lamic haria vi w. The resp ctive report has b en prepared based on the information provided by the Company.

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

REPORT ON REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF YAZI CAPITAL B.S.C. (C)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Yazi Capital B.S.C. (C) (the "Company") and its subsidiaries (together the "Group") as of 31 March 2020, and the related interim condensed consolidated statements of income, changes in owners' equity, cash flows and sources and uses of charity fund for the three-month period then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the accounting policies disclosed in note 2. 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 the accounting policies disclosed in note 2.

Ernst + Young

28 July 2020
Manama, Kingdom of Bahrain

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Reviewed 31 March 2020 US$ '000	Audited 31 December 2019 US$ '000
ASSETS			
Cash and bank balances	4	**26,285**	37,315
Accounts receivable	5	**23,704**	18,672
Investments	6	**13,052**	13,052
Investment in a joint venture and associates	7	**96,579**	87,387
Investment in real estate	8	**77,864**	77,402
Property, plant and equipment	9	**9,762**	9,982
Other assets	10	**694**	521
TOTAL ASSETS		**247,940**	244,331
LIABILITIES AND OWNERS' EQUITY			
Liabilities			
Other liabilities and accounts payable	11	**76,424**	75,369
Financing from a bank	12	**5,382**	6,386
Total liabilities		**81,806**	81,755
Owners' Equity			
Share capital		**120,334**	114,604
Less: Treasury shares	13	**(1,309)**	(1,239)
		119,025	113,365
Reserves		**4,073**	4,073
Retained earnings		**18,386**	20,529
Equity attributable to Parents' shareholders		**141,484**	137,967
Non-controlling interest		**24,650**	24,609
Total owners' equity		**166,134**	162,576
TOTAL LIABILITIES AND OWNERS' EQUITY		**247,940**	244,331

Mohammed Al Mutlaq
Chief Executive Officer

INTERIM CONSOLIDATED STATEMENT OF Income

	Note	Three months ended 31 March 2020 US$ '000	Three months ended 31 March 2019 US$ '000
OPERATING INCOME			
Net (loss) / income from construction contracts		**(191)**	1,185
Income from investment in real estate	14	**1,321**	4,425
Income from investments		**-**	147
Fee for management and other services		**330**	(51)
Net share of loss from investment in a joint venture and associates	7	**(74)**	(129)
Other income	15	**416**	168
TOTAL OPERATING INCOME		**1,802**	5,745
OPERATING EXPENSES			
Staff costs		**1,372**	1,512
General and administrative expenses		**681**	783
Property related expenses		**552**	399
Financing costs		**99**	142
Depreciation	9	**246**	436
TOTAL OPERATING EXPENSES		**2,950**	3,272
NET OPERATING (LOSS) / PROFIT		**(1,148)**	2,473
Reversal of impaired recievables	4 & 5	**5,860**	721
PROFIT FOR THE PERIOD		**4,712**	3,194
Attributable to :			
Equity shareholders of the parent		**4,592**	3,021
Non-controlling interest		**120**	173
PROFIT FOR THE PERIOD		**4,712**	3,194
BASIC AND DILUTED EARNINGS PER SHARE (US cents)	17	**1.55**	1.02

Mohammed Al Mutlaq
Chief Executive Officer

The attached explanatory notes 1 to 22 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

US$ '000

For the three month period ended 31 March 2020 (Reviewed)	*Equity attributable to Parent's shareholders*						
			Reserves				
	Share capital US$ '000	*Treasury shares US$ '000*	*Statutory reserve*	*Retained earnings US$ '000*	*Total equity US$ '000*	*Non-controling interest US$ '000*	*Total owners' equity US$ '000*
As of 1 January 2020 as previously reported	114,604	(1,239)	4,073	20,529	137,967	24,609	162,576
Impact of adopting FAS 30 (note 2.5)	-	-	-	(1,065)	(1,065)	(79)	(1,144)
Restated balance at 1 January 2020	114,604	(1,239)	4,073	19,464	136,902	24,530	161,432
Appropriation to charity funds	-	-	-	(10)	(10)	-	(10)
Bonus shares issued as dividend (note 16)	5,730	(70)	-	(5,660)	-	-	-
Profit for the period	-	-	-	4,592	4,592	120	4,712
At 31 March 2020	**120,334**	**(1,309)**	**4,073**	**18,386**	**141,484**	**24,650**	**166,134**
At 1 January 2019	114,604	(1,239)	3,358	19,808	136,531	27,822	164,353
Appropriation to charity funds	-	-	-	(50)	(50)	-	(50)
Dividend paid	-	-	-	(5,730)	(5,730)	-	(5,730)
Profit for the period	-	-	-	3,021	3,021	173	3,194
At 31 March 2019	114,604	(1,239)	3,358	17,049	133,772	27,995	

The attached explanatory notes 1 to 22 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	*Three months ended 31 March* **2020** **US$ '000**	*2019* *US$ '000*
OPERATING ACTIVITIES			
Profit for the period		**4,712**	3,194
Adjustments for:			
Depreciation	9	**256**	497
Net share of loss from investment in a joint venture and associates	7	**74**	129
Gain on sale of investment in real estate	14	**-**	(3,196)
Reversal of impaired receivables	5	**(5,860)**	(721)
		(818)	(97)
Net changes in operating assets and liabilities:			
Short-term deposits (with an original maturity of more than 90 days)		**11,269**	(5,912)
Accounts receivable		**176**	7,193
Other assets		**(173)**	253
Accounts payable		**1,045**	(8,202)
Net cash used in operating activities		**11,499**	(6,765)
INVESTING ACTIVITIES			
Proceeds from sale of investment in real estate		**-**	6,640
Purchase of investment in real estate		**(462)**	-
Purchase of property, plant and equipment	9	**(37)**	(8)
Proceeds from sale of property, plant and equipment		**1**	-
Purchase of investment in a joint venture and associates		**(9,266)**	-
Distributions received from a joint venture and associates	7	**-**	2,792
Net cash (used in) / from investing activities		**(9,764)**	9,424
FINANCING ACTIVITY			
Net movement in financing from a bank		**(1,004)**	(962)
Net cash used in financing activity		**(1,004)**	(962)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS		**731**	1,697
Cash and cash equivalents at the beginning of the period	4	**22,062**	36,243
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	**22,793**	37,940
Non cash transactions:			
Contributions by the company toward charity funds		**(10)**	(50)
Impact of first time adoption of FAS 30		**(1,144)**	-

	Three months ended 31 March	
	2020	2019
	US$ '000	US$ '000
Sources of charity funds		
Undistributed charity funds at the beginning of the period	**14**	-
Contributions by the Company	**10**	50
Total sources of charity funds during the period	**24**	50
Uses of charity funds		
Contributions for charitable purposes	**-**	-
Total uses of funds during the period	**-**	-
Undistributed charity funds at end of period	**24**	50

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 19th 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.

Impact of Covid-19

During the period ended 31 March 2020, there was an outbreak of coronavirus (COVID-19). The existing and anticipated effects of the outbreak on the global economy is expected to continue to evolve. Although these developments have not adversely impacted the Group's operations as of 31 March 2020, the scale and duration of these developments remain uncertain at this stage and could potentially negatively impact the Group's financial position, financial performance and cash flows in the future, the extent of which is presently undeterminable.

The number of staff employed by the Group as at 31 March 2020 was 308 employee (31 December 2019: 325 employee).

The interim condensed consolidated financial statements for the three months ended 31 March 2020 were authorised for issue in accordance with a resolution of the Board of Directors dated 28 July 2020.

2 ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements of the Group for the three months ended 31 March 2020 have been prepared in accordance with the guidance given by International Accounting Standard 34 - *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 2019. 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.

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 2019 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:

Name of the subsidiary	***Ownership 2020***	*Ownership 2019*	*Country of incorporation*	*Year of incorporation*	*Activity*
Held directly by the Company					
Al Khaleej Development Co. B.S.C. (c)*	**99.98%**	99.98%	Kingdom of Bahrain	2009	Purchase, sale, management and development of properties.

The following are the subsidiaries held indirectly through Al Khaleej Development Co. B.S.C. (c):

Name of the subsidiary	***Ownership 2020***	*Ownership 2019*	*Country of incorporation*	*Year of incorporation*	*Activity*
Held indirectly by the Company					
Bahrain Investment Wharf B.S.C. (c)*	**99.00%**	99.00%	Kingdom of Bahrain	2006	Development, maintenance, leasing and management of commercial and industrial centres, residential buildings and property.
Circo Total Facility Management Co. W.L.L.**	**0%**	99.00%	Kingdom of Bahrain	2005	Management and maintenance of properties.
Tamcon Contracting Co. B.S.C. (c)*	**99.00%**	99.00%	Kingdom of Bahrain	2007	Contracting activities.
Dannat Resort Development Company Limited	**67.57%**	67.57%	Cayman Islands	2008	Managing and Development of Real Estate Projects.
Tamcon Trading S.P.C.	**100.00%**	100.00%	Kingdom of Bahrain	2009	Import, export, sale of electronic & electrical equipment, appliances, its spare parts and sale of building materials.

2 ACCOUNTING POLICIES (continued)

2.3 Basis of consolidation (continued)

Held indirectly by the Company (continued)

Name of the subsidiary	***Ownership 2020***	*Ownership 2019*	*Country of incorporation*	*Year of incorporation*	*Activity*
Eresco Tamcon JV B.S.C. (c)	**100.00%**	100.00%	Kingdom of Bahrain	2014	Construction and maintenance of villas.
Panora Interiors S.P.C.	**100.00%**	100.00%	Kingdom of Bahrain	2015	Carpentry and joinery works.
BIW Labor Accomodation Co W.L.L.	**60.21%**	60.21%	Kingdom of Bahrain	2007	Buying, selling and management of properties.

* The interim condensed consolidated financial statements of the subsidiaries have been consolidated as though the Company owns 100% of these subsidiaries, as the other shareholders hold their shares on behalf of and for the beneficial interest of the Group.

** During the period, Circo Total Facility Management Co. W.L.L. was liquidiated.

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 2019, except for the adoption of following FASs as explained below.

FAS 30 - Impairment, Credit Losses and Onerous Commitments

FAS 30 was issued in November 2017. The requirements relating to impairment and credit losses of FAS 30 represent a significant change from FAS 11 "Provisions and Reserves". As permitted by FAS 30, the standard will be applied prospectively and the comparative amounts will not be restated. FAS 30 replaces the ‘incurred loss’ model in FAS 11 with Expected Credit Loss (ECL) model. The new impairment model also applies to certain financing commitments and financial guarantee contracts but not to equity investments.

FAS 30 was introduced in order to overcome the delay in recognition of impairment and thus moves from an incurred loss model to an expected loss model. This model accounts for increasing credit risk to assess and compute loss allowances. The amount of expected credit loss (ECL) recognised as a loss allowance or provision depends on the extent of credit deterioration since initial recognition.

Under the general approach, there are two measurement basis:

- 12-month ECLs (Stage 1), which applies to all exposures (from initial recognition) as long as there is no significant deterioration in credit quality ; and
- Lifetime ECLs (Stage 2 and Stage 3), which applies when a significant increase in credit risk has occurred on an individual or collective basis.

12-month ECLs will be calculated for all Stage 1 exposures and lifetime ECLs will be calculated for all Stage 2 and Stage 3 exposures.

An alternative to this approach is the simplified approach, which is required for receivables that do not contain a significant financing component. For trade and other receivables, it is an accounting policy choice to follow the simplified approach. Under the simplified approach, loss is calculated on lifetime ECLs rather than the two-stage process under the general approach. Tracking of credit risk is not required; instead the approach requires a loss allowance based on lifetime ECL at each reporting date, right from origination.

The Group portfolio is made up of the following asset classes:

- Bank balances and placements
- Trade and other Receivables

2 ACCOUNTING POLICIES (continued)

2.4 New standards, interpretations and amendments (continued)

FAS 30 - Impairment, Credit Losses and Onerous Commitments (continued)
The general approach to ECL calculation applies to the bank balances and placements portfolio. The simplified approach to ECL calculation applies to the trade and other receivables portfolio.

To reflect the differences between FAS 30 and FAS 11, the Group has disclosed the transition in Note 2.5 of these interim condensed consolidated financial statements.

FAS 31 Investment Agency (Al-Wakala Bi Al-Istithmar)
This standard defines the accounting principles and reporting requirements for investment agency (Al-Wakala Bi Al-Istithmar) transactions and instruments, in the hands of both the principal and the agent. This standard is effective beginning on or after 1 January 2020, with early adoption permitted.

The standard requires the principal to evaluate the nature of the investment as either a) a pass-through investment or b) wakala venture.

A pass-through investment is an investment in which the involvement of the agent, as well as, the options for transferability of the instrument are limited and the investor principally takes a direct exposure on the underlying assets. An investor shall apply the pass-through investment approach for its investments in an investment agency instruments; unless it opts to apply the wakala venture approach.

Under this approach, the principal shall initially recognise the assets underlying the wakala arrangement in its books of account applying the initial recognition principles as applicable in line with respective FAS.

The principal may opt to apply the wakala venture approach if, and only if, the investment agency contract meets any of the conditions required under certain conditions.

Under this approach, an investment shall be accounted for in the books of the investor applying the "equity method of accounting"; where the investment shall be recognised initially at cost and subsequently shall be measured at the end of the financial period at carrying amount and shall be adjusted to include the investor's share in profit or loss of the wakala venture.

From the agent perspective, the standard requires that at inception of the transaction the agent shall recognize an agency arrangement under off-balance sheet approach since the agent does not control the related assets / business. However, there are exceptions to off-balance sheet approach where by virtue of additional considerations attached to the instrument based on investment agency may mandate the same to be accounted for as on-balance sheet.

An agent may maintain multi-level investment arrangements. Under such arrangement, the Group will reinvest Wakala funds into a secondary contract. Such secondary contracts shall be accounted for in line with the requirements of respective FAS in the books of the agent. However, the standard had no impact on the Group.

FAS 33 Investment in sukuk, shares and similar instruments
This standard aims at setting out principles for the classification, recognition, measurement, presentation, and disclosure of investment in Sukuk, shares and other similar instruments of investments made by Islamic financial institution. The standard defines the key types of instruments of Shari'ah compliant investments and the primary accounting treatments commensurate to the characteristic and business model of institution under which the investments are made, managed and held.

This standard supersedes FAS 25 "Investment in Sukuk" and shall be effective beginning or after 1 January 2020 with early adoption permitted.

2 ACCOUNTING POLICIES (continued)

2.4 New standards, interpretations and amendments (continued)

FAS 33 Investment in sukuk, shares and similar instruments (continued)
For the purpose of this standard, each investment is to be categorized as one of the below investment categories depending on it nature:

- Monetary Debt-type instrument;
- Non-monetary Debt-type instrument;
- Equity-type instrument; and
- Other investment instruments.

Classification
Unless the irrevocable initial recognition choices provided below are exercised, the Group shall classify investments subject to this standard as subsequently measured at either (i) amortised cost, (ii) fair value through equity or (iii) fair value through statement of income, on the basis of both the Group's business model for managing investments and the expected cash flow characteristics of the investment.

Investment in a monetary debt-type instrument, as it reflects a debt at the back-end, shall be classified and measured at cost, till the time the transaction at the back-end is executed, and at amortised cost thereafter.

Investment in a non-monetary debt-type instrument or other investment instrument, may be classified under any of the three categories depending on the Group's business model.

Investment in equity-type instrument is classified as investment at fair value through statement of income unless the Group makes an irrevocable classification choice at initial recognition to classify this as investment at fair value through equity.

An investment held for trading purposes shall always fall in fair value through statement of income classification.

Recognition and Initial measurement
All investment shall be initially recognised at their value plus transaction costs except for investments at fair value through statement of income. Transaction costs relating to investments at fair value through statement of income are charged to the statement of income when incurred. A regular way purchase of investments shall be recognised upon the transfer of control to investor.

Subsequent measurement

Investments at amortised cost
Investments carried at amortised cost shall be re-measured as such using the effective profit rate method. All gains or losses arising from the amortization process and those arising from de-recognition or impairment of the investment, are recognised in the statement of income. Investment carried at amortised cost shall be tested for impairment at each reporting period in accordance with FAS 30 "Impairment, credit losses and onerous commitments".

Investments at fair value through statement of income
Investment carried at fair value through statement of income shall be re-measured at fair value at end of each reporting period. The resultant remeasurement gain or loss, if any being the difference between the carrying amount and the fair value shall be recognised in the statement of income.

Investments at fair value through equity
Investment carried at fair value through equity shall be re-measured at fair value at the end of each reporting period. The resultant re-measurement gain or loss, if any, being the difference between the carrying amount and the fair value shall be directly recognised in equity under "investments fair value reserve". Investment carried at fair value through equity shall be tested for impairment at each reporting period in accordance with FAS 30 "Impairment, credit losses and onerous commitments".

2 ACCOUNTING POLICIES (continued)

2.4 New standards, interpretations and amendments (continued)

FAS 33 Investment in sukuk, shares and similar instruments (continued)

Reclassification

When, and only when, the Group changes its business model for managing investments, it shall reclassify all affected financial assets prospectively from the reclassification date. In case of reclassification, the Group shall not restate any previously recognised gains, losses (including impairment gains or losses) or returns/ profits.

The management of the Group assessed the implementation of FAS 33 and concluded the following:

Except for investments, all financial assets held by the Group are classified as investments in a monetary debt-type instruments and accordingly classified at amortised cost. With regard to the investments, the Group opted to classify them as investment at fair value through equity.

The adoption of the above standard did not have a material impact on these consolidated financial statements as investments previously classified as fair value through equity continue to be classified as fair value through equity.

FAS 34 Financial Reporting for Sukuk-holders

This standard prescribes the accounting principles and reporting requirements for underlying assets of a sukuk instrument. It requires the originator to prepare or cause to prepare financing reports as needed under this standard. This standard shall be effective from the financial periods beginning on or after 1 January 2020, with early adoption permitted.

Adoption of the above standard did not have any impact on the accounting and the interim condensed consolidated financial statements of the Group for the period ended 31 March 2020.

2.5 TRANSITION DISCLOSURE

Changes in accounting policies resulting from the adoption of FAS 30 have been applied retrospectively, except comparative periods which have not been restated. Below are the differences in the carrying amounts of financial assets that have resulted from the adoption of FAS 30 which require adjustment in retained earnings and financial assets as at 1 January 2020.

Impact of adopting FAS 30

Following is the impact of early adoption of FAS 30:

	31 December 2019 Balance	*Transition adjustment*	*1 January 2020 balance*
	US$ 000	***US$ 000***	***US$ 000***
Cash and bank balances	37,315	(475)	36,840
Accounts receivable	18,672	(669)	18,003
	55,987	(1,144)	54,843

3 CYCLICALITY OF OPERATIONS

The interim consolidated net income for the Three-month period ended 31 March 2020 may not represent a proportionate share of the annual net profit or loss due to the variability of income and operating

4 CASH AND BANK BALANCES

	Reviewed 31 March 2020 US$ '000	*Audited 31 December 2019 US$ '000*
Current account balances with banks	**4,988**	12,751
Short-term deposits (with an original maturity of 90 days or less)	**17,795**	9,297
Cash in hand	**11**	14
Total cash and cash equivalents	**22,793**	22,062
Short-term deposits (with an original maturity of more than 90 days)	**3,738**	15,253
	26,531	37,315
Less: Provisions for expected credit loss	**(246)**	-
Total cash and bank balances	**26,285**	37,315

Movements in the provision for expected credit loss:

	Reviewed 31 March 2020 US$ '000	*Audited 31 December 2019 US$ '000*
At 1 January	**475**	-
Reversals during the period / year	**(229)**	-
	246	-

5 ACCOUNTS RECEIVABLE

	Reviewed 31 March 2020 US$ '000	*Audited 31 December 2019 US$ '000*
Amounts due from related parties (note 18)	**14,703**	14,604
Trade receivables	**9,422**	8,737
Other receivables	**20,114**	20,918
Rent receivable	**1,789**	1,699
	46,028	45,958
Less: provision for expected credit losses	**(22,324)**	(27,286)
	23,704	18,672

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

5 ACCOUNTS RECEIVABLE (continued)

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

	Reviewed 31 March 2020 US$ '000	*Audited 31 December 2019 US$ '000*
At 1 January	**27,286**	28,900
Write back	**(5,907)**	-
Impact of adoption of FAS 30	**669**	-
Charge	**276**	(1,614)
	22,324	27,286

6 INVESTMENTS

	Reviewed 31 March 2020 US$ '000	*Audited 31 December 2019 US$ '000*
Equity-type instruments at fair value through equity - unquoted		
Equity investments in real estate	**13,052**	13,052

These are unquoted equity investments that are classified as fair value through equity (FVTE). All these investments have underlying real estate development projects. The recoverable amount of these investments has been determined by management based on valuations carried out by independent real estate experts.

7 INVESTMENT IN A JOINT VENTURE AND ASSOCIATES

	Reviewed 31 March 2020 US$ '000	*Audited 31 December 2019 US$ '000*
At 1 January	**87,387**	88,500
Acquisitions	**9,266**	-
Distributions during the period / year	**-**	(651)
Gain on bargain purchase*	**9,574**	-
Net share of loss	**(9,648)**	(462)
	96,579	87,387

*During the year ended 31 December 2019, a proceeding issued by GCC arbitration centre was ruled in favor of one of the investors in a project company managed by the Group. As per the verdict the Company is required to return the investment amount of US$ 15 million which would result in recapitalization of the investment in the Company's books and additional expenses to be borne by the Company. However, on 12 January 2020, the Group and the Investor entered into an amicable settlement and signed agreement wherein, the Group returned US$ 6,631 thousand cash to the investor, and acquired shares worth US$ 16,205 thousand in the project company, thus booking a gain of US$ 9,574 thousand during the period.

8 INVESTMENT IN REAL ESTATE

	Reviewed 31 March 2020 US$ '000	*Audited 31 December 2019 US$ '000*
At 1 January	**77,402**	80,786
Purchases	**462**	60
Disposals	**-**	(3,444)
	77,864	77,402

9 PROPERTY, PLANT AND EQUIPMENT

	Buildings on leasehold land US$ '000	*Machinery, equipment furniture and fixtures US$ '000*	*Computer hardware and software US$ '000*	*Motor vehicles US$ '000*	*Total US$ '000*
Cost					
At 1 January 2020	10,122	10,581	1,587	2,242	24,532
Additions	-	1	36	-	37
Disposals	-	(130)	(68)	(38)	(236)
At 31 March 2020	10,122	10,452	1,555	2,204	24,333
Accumulated depreciation					
At 1 January 2020	2,324	8,963	1,437	1,826	14,550
Charge	102	106	23	25	256
Disposals	-	(129)	(68)	(38)	(235)
At 31 March 2020	2,426	8,940	1,392	1,813	14,571
Net book amount:					
At 31 March 2020	**7,696**	**1,512**	**163**	**391**	**9,762**
At 31 December 2019	7,798	1,618	150	416	9,982

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

	Reviewed Three months ended 31 March	
	2020 US$ '000	*2019 US$ '000*
Depreciation charged to contract costs	**10**	61
Depreciation charged to expenses	**246**	436
	256	497

10 OTHER ASSETS

	Reviewed 31 March 2020 US$ '000	*Audited 31 December 2019 US$ '000*
Advances to contractors	**221**	212
Prepayments	**473**	309
	694	521

11 OTHER LIABILITIES AND ACCOUNTS PAYABLE

	Reviewed 31 March 2020 US$ '000	*Audited 31 December 2019 US$ '000*
Lease rent payables (note 11.1)	**50,105**	50,105
Accruals and other payables	**9,208**	8,677
Provision for case compensation (note 11.2)	**8,497**	8,497
Amounts due to related parties (note 11.3 and 18)	**4,344**	4,754
Retentions payable	**2,788**	2,808
Trade payables	**1,482**	528
	76,424	75,369

Note 11.1

The Group's subsidiary entered into a long term lease contract with the Ministry of Industry, Commerce and Tourism ("MOICT") in December 2005, effective from May 2006, for a period of 50 years.

In accordance with the terms of the agreement with the MOICT, from the date of signing the agreement, no lease rent is payable for the first two years of the lease period, from 2006 to 2007. Lease rent payable, for the lease period (from 2008-2025), was deferred due to the cost incurred by the Group on the reclamation of the leasehold land. Thereafter, the Group is required to pay lease rental over thirty years (from 2026 to 2056).

Note 11.2

The Company has a history of legal claims filed against it. Due to such claims history the management made an assessment of potential future claims against the company and accordingly recognised provisions for such future contingencies.

Note 11.3

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

12 FINANCING FROM A BANK

	Reviewed 31 March 2020 US$ '000	*Audited 31 December 2019 US$ '000*
Commodity murabaha financing	**5,382**	6,386

The Group has obtained financing from a bank to fund the acquisition of investments, purchase of real estate and to meet working capital requirements. These liabilities bear market rates of profit and are repayable in accordance with the repayment terms agreed with the respective bank.

13 TREASURY SHARES

Treasury shares represent 3,675,000 (31 December 2019: 3,500,000) shares amounting to US$ 1,308,680 (31 December 2019: US$ 1,238,680) representing 1.22% (31 December 2019: 1.22%) of the issued share capital, held by the Group.

14 INCOME FROM INVESTMENT IN REAL ESTATE

	Reviewed Three months ended 31 March	
	2020	*2019*
	US$ '000	*US$ '000*
Rental income	**1,321**	1,229
Gain on sale of investment in real estate	**-**	3,196
	1,321	4,425

15 OTHER INCOME

	Reviewed Three months ended 31 March	
	2020	*2019*
	US$ '000	*US$ '000*
Electricity and water services	**191**	-
Profit on short-term deposits	**173**	103
Others	**52**	65
	416	168

16 BONUS SHARES

Following the shareholders' approval at the Annual General Meeting held on 22 March 2020, bonus shares of one share for every 20 shares, with a nominal value of 40 cents, totalling US$ 5,730 thousand were issued for the year ended 31 December 2019.

17 BASIC AND DILUTED EARNINGS PER SHARE

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

	Reviewed Three months ended 31 March	
	2020	*2019*
Income attributable to the equity shareholders of the parent for the period - US$ '000	**4,592**	3,021
Weighted average number of shares outstanding at the beginning and end of the period - in thousands	**297,162**	297,162
Earnings per share - US cents	**1.55**	1.02

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

18 RELATED PARTY BALANCES AND TRANSACTIONS

Related parties comprise major shareholders, directors of the Group, 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

RELATED PARTY BALANCES AND TRANSACTIONS (continued)

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

	Reviewed 31 March 2020				Audited 31 December 2019			
	Associates and joint venture US$ '000	Key management personnel/ Board members/ external auditors US$ '000	Other related parties US$ '000	Total US$ '000	Associates and joint venture US$ '000	Key management personnel/ Board members/ external auditors US$ '000	Other related parties US$ '000	Total US$ '000
Accounts receivable - gross	9,649	-	5,054	14,703	9,635	-	4,969	14,604
Provision for impaired receivables	(2,998)	-	(2,409)	(5,407)	(8,764)	-	(2,408)	(11,172)
Accounts receivable - net	6,651	-	2,645	9,296	871	-	2,561	3,432
Accounts payable	4,344	-	-	4,344	4,529	-	225	4,754

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

	Reviewed 31 March 2020				Reviewed 31 March 2019			
	Associates and joint venture US$ '000	Key management personnel/ Board members/ external auditors US$ '000	Other related parties US$ '000	Total US$ '000	Associates and joint venture US$ '000	Key management personnel/ Board members/ external auditors US$ '000	Other related parties US$ '000	Total US$ '000
Income								
Fee for management and other services	12	-	-	12	8	-	16	24
Net share of loss from investment in a joint venture and associates	(74)	-	-	(74)	(129)	-	-	(129)
	(62)	-	-	(62)	(121)	-	16	(105)
Expenses								
Staff costs	-	455	-	455	-	749	-	749
General and administrative expenses	1	30	18	49	2	219	18	239
	1	485	18	504	2	968	18	988
Profit								
Reversal of expected credit losses	5,766	-	-	5,766	-	-	-	-

18 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Compensation of the key management personnel is as follows:

	Reviewed Three months ended 31 March	
	2020	*2019*
	US$ '000	*US$ '000*
Salaries and other benefits	**455**	749

19 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 condensed consolidated financial statements as set out in note 2. Transactions between segments are conducted at estimated market rates on an arm's length basis.

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

	31 March 2020 - Reviewed					
	Investment and related services US$ '000	***Construction contracts US$ '000***	***Development and sale of industrial plots US$ '000***	***Property and facility management services US$ '000***	***Eliminations US$ '000***	***Total US$ '000***
Net revenues from external customers	148	(191)	1,503	-	-	1,460
Inter-segment transactions	77	-	117	-	(194)	-
Income from investments	-	-	-	-	-	-
Share of loss from investment in a joint venture and associates	(74)	-	-	-	-	(74)
Other income	8	171	237	-	-	416
Total revenue	**159**	**(20)**	**1,857**	**-**	**(194)**	**1,802**
Segment (loss) / profit	**4,926**	**(1,190)**	**962**	**-**	**14**	**4,712**

19 SEGMENTAL INFORMATION (continued)

	31 March 2019 - Reviewed					
	Investment and related services US$ '000	*Construction contracts US$ '000*	*Development and sale of industrial plots US$ '000*	*Property and facility management services US$ '000*	*Eliminations US$ '000*	*Total US$ '000*
Net revenues from external customers	179	1,185	4,339	(144)	-	5,559
Inter-segment transactions	-	-	2	188	(190)	-
Income from investments	147	-	-	-	-	147
Share of loss from investment in a joint venture and associates	(129)	-	-	-	-	(129)
Other income	10	41	117	-	-	168
Total revenue	207	1,226	4,458	44	(190)	5,745
Segment (loss) / profit	(1,099)	(190)	4,457	12	14	3,194

(b) Segment information relating to the interim consolidated statement of financial position as at 31 March 2020 and 31 December 2019 is disclosed as follows:

	31 March 2020 - Reviewed					
	Investment and related services US$ '000	***Construction contracts US$ '000***	***Development and sale of industrial plots US$ '000***	***Property and facility management services US$ '000***	***Eliminations US$ '000***	***Total US$ '000***
Segment assets	**400,274**	**45,567**	**117,484**	**-**	**(315,384)**	**247,941**
Segment liabilities	**155,763**	**8,077**	**52,785**	**-**	**(134,819)**	**81,806**

	31 December 2019 - Audited					
	Investment and related services US$ '000	*Construction contracts US$ '000*	*Development and sale of industrial plots US$ '000*	*Property and facility management services US$ '000*	*Eliminations US$ '000*	*Total US$ '000*
Segment assets	300,804	46,939	115,524	313	(219,249)	244,331
Segment liabilities	48,982	7,883	51,661	46	(26,817)	81,755

20 CONTINGENCIES AND COMMITMENTS

The Group has the following credit related commitments:

	Reviewed 31 March 2020 US$ '000	*Audited 31 December 2019 US$ '000*
Guarantees	**20,772**	20,765

The Group has the following operating lease commitments:

	Reviewed 31 March 2020 US$ '000	*Audited 31 December 2019 US$ '000*
Future minimum lease payments:		
Within one year	**132**	160
Total	**132**	160

21 FIDUCIARY ASSETS

The assets managed on behalf of customers, to which the Group does not have any legal title are not included in the interim consolidated statement of financial position. At 31 March 2020, the carrying value of such assets is US$ 100 million (31 December 2019: US$ 128 million).

22 COMPARATIVE FIGURES

Certain of the prior period figures have been reclassified to conform to the presentation adopted in the current period. Such reclassification did not affect net income, total assets, total liabilities or owners' equity of the Group as previously reported.

Awards & Recognition

Yazi Capital
B.S.C (c)

APPENDIX

2021
Financial Report