

Yazi Capital

B.S.C (c)

Financial Report 2021



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

Administration and contact details as at 31 March 2021

Board of Directors

Dr. Ibrahim Abdulaziz Al Jammaz
Mr. Almangour Saad Hamad
Mr. Mohammed Salim A. Almarri
Mr. Abdulmohsin Abdullah
Mr. Alkadi Ahmad Mohammad
Mr. Almoajil Fahad Abdulaziz

- Chairman
- Director
- Director
- Director
- Director
- Director

Chief Executive Officer

Mohammed Al Mutlaq

Board Secretary

Najma Khadija Hajeem

Corporate Governance, Nomination and Remuneration Committee members

Abdulaziz Asaad Al-Sanad
Abdullah Mohammed Al-Abduljader
Mohammed Abdulwahab Al Matook

- Chairman
- Vice-Chairman
- Member

Audit and Risk Committee members

Ausama Abdulrahim Al-Khaja
Mohammad Salah Al-Ayoub
Dr. Abdulaziz Fahad Al Dakheel

- Chairman
- Vice-Chairman
- Member

Registered office

1Flat 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

Board Report on the activities of Yazı Capital B.S.C.(C).

For the Third Months Period Ended 31 March 2021

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 Yazı Capital B.S.C.(C).”,the company “,

The board 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 2021 and based on the auditor presentation of the company’s activities for the above mentioned period, and comparing it with fatwa and rulings issued.

the company’s management is responsible for ensuring that the company conducts its business in accordance with the Islamic Rules and principles. It is our responsibility to form an independent opinion, based on our review of Company’s operations and 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 rules and principles

In our opinion:

The contracts and transactions concluded by the company during the Third Months Period Ended 31 March 2021 that we have reviewed are 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 form from Islamic 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.

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

Introduction

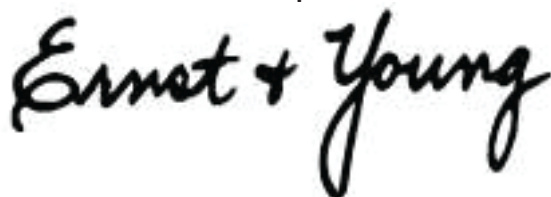
We have reviewed the accompanying interim condensed consolidated statement of financial position of Yazi Capital B.S.C.(C). (the "Company") and its subsidiaries (together the "Group") as of 31 March 2021, and the related interim condensed consolidated statements of income, changes in owners' equity, 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.

The logo for Ernst & Young, featuring the company name in a stylized, handwritten-style font.

10 May 2021
Manama, Kingdom of Bahrain

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	<i>Reviewed 31 March 2021 US\$ '000</i>	<i>Audited 31 December 2020 US\$ '000</i>
ASSETS			
Cash and bank balances	4	19,423	23,399
Accounts receivable	5	25,671	23,072
Investments	6	13,188	12,593
Investment in joint ventures and associates	7	95,634	95,681
Investment in real estate	8	77,853	76,824
Property, plant and equipment	9	8,858	9,045
Other assets	10	829	818
TOTAL ASSETS		241,456	241,432
LIABILITIES AND OWNERS' EQUITY			
Liabilities			
Other liabilities and accounts payable	11	68,610	69,263
Financing from a bank	12	5,511	5,439
Total liabilities		74,121	74,702
Owners' Equity			
Share capital		120,334	120,334
Less: Treasury shares	13	(1,309)	(1,309)
		119,025	119,025
Reserves		6,666	6,071
Retained earnings		16,453	16,527
Equity attributable to Parents' shareholders		142,144	141,623
Non-controlling interest		25,191	25,107
Total owners' equity		167,335	166,730
TOTAL LIABILITIES AND OWNERS' EQUITY		241,456	241,432

Mohammed Al Mutlaq
Chief Executive Officer

INTERIM CONSOLIDATED STATEMENT OF INCOME

	Note	Three months ended 31 March	
		2021 US\$ '000	2020 US\$ '000
OPERATING INCOME			
Net income / (loss) from construction contracts	14	414	(191)
Income from investment in real estate	15	823	1,321
Fee for management and other services		299	330
Net share of loss from investment in joint ventures and associates	7	(47)	(74)
Other income	16	438	416
TOTAL OPERATING INCOME		1,927	1,802
OPERATING EXPENSES			
Staff costs		1,096	1,372
General and administrative expenses		589	681
Property related expenses		264	552
Financing costs		72	99
Depreciation	9	184	246
TOTAL OPERATING EXPENSES		2,205	2,950
NET OPERATING LOSS		(278)	(1,148)
Net reversal of expected credit losses	4 & 5	288	5,860
PROFIT FOR THE PERIOD		10	4,712
Attributable to :			
Equity shareholders of the parent		(74)	4,592
Non-controlling interest		84	120
PROFIT FOR THE PERIOD		10	4,712
BASIC AND DILUTED (LOSS) / EARNINGS PER SHARE (US cents)			
	17	(0.02)	1.55



Mohammed Al Mutlaq
Chief Executive Officer

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 INCORPORATION AND ACTIVITIES

a) Incorporation

Inovent 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 2021, 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 significantly impacted the Group's operations as of 31 March 2021, 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. During the current period, the Group did not receive any financial support from the Government of the Kingdom of Bahrain (31 March 2020: nil).

The number of staff employed by the Group as at 31 March 2021 was 386 employees (31 December 2020: 394 employees).

The interim condensed consolidated financial statements for the three months ended 31 March 2021 were authorised for issue in accordance with a resolution of the Board of Directors dated 10 May 2021.

For the three month period ended 31 March 2021 (Rev

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

	Equity attributable to Parent's shareholders							Total owners' equity US\$ '000
	Share capital US\$ '000	Treasury shares US\$ '000	Statutory reserve US\$ '000	Reserves		Total equity US\$ '000	Non-controlling interest US\$ '000	
				Fair value through equity reserve US\$ '000	Retained earnings US\$ '000			
As of 1 January 2021	120,334	(1,309)	4,576	1,495	16,527	141,623	25,107	166,730
Other comprehensive income for the year	-	-	-	595	-	595	-	595
(Loss) / profit for the period	-	-	-	-	(74)	(74)	84	10
At 31 March 2021	120,334	(1,309)	4,576	2,090	16,453	142,144	25,191	167,335
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	-	-	-	-	(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	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

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Three months ended 31 March	
		2021 US\$ '000	2020 US\$ '000
OPERATING ACTIVITIES			
Profit for the period		10	4,712
Adjustments for:			
Depreciation	9	243	256
Net share of loss from investment in joint ventures and associates	7	47	74
Net reversal of ECL	4 & 5	(288)	(5,860)
		12	(818)
Net changes in operating assets and liabilities:			
Short-term deposits (with an original maturity of more than 90 days)		(7,476)	11,269
Accounts receivable		(2,236)	176
Other assets		(11)	(173)
Accounts payable		(653)	1,045
Net cash (used in) / from operating activities		(10,364)	11,499
INVESTING ACTIVITIES			
Purchase of investment in real estate		(1,029)	(462)
Purchase of property, plant and equipment	9	(56)	(37)
Proceeds from sale of property, plant and equipment		-	1
Purchase of investment in joint ventures and associates		-	(9,266)
Net cash used in investing activities		(1,085)	(9,764)
FINANCING ACTIVITY			
Net movement in financing from a bank		72	(1,004)
Net cash from / (used in) financing activity		72	(1,004)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at the beginning of the period	4	17,568	22,062
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	6,191	22,793
Non cash transactions:			
Changes in Investment fair value reserve		595	(10)

The attached explanatory notes 1 to 21 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF SOURCES AND USES OF CHARITY FUND

	<i>Three months ended</i>	
	<i>31 March</i>	
	2021	2020
	US\$ '000	US\$ '000
Sources of charity funds		
Undistributed charity funds at the beginning of the period	24	14
Contributions by the Company	-	10
Total sources of charity funds during the period	24	24
Undistributed charity funds at end of period	24	24

The attached explanatory notes 1 to 21 form part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2021 (Reviewed)

2 ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements of the Group for the three months ended 31 March 2021 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 2020. 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 2020 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>	<i>Ownership 2021</i>	<i>Ownership 2020</i>	<i>Country of incorporation</i>	<i>Year of incorporation</i>	<i>Activity</i>
<i>Held directly by the Company</i>					
Al Khaleej Development Co. W.L.L	100.00%	100.00%	Kingdom of Bahrain	2009	Purchase, sale, management and development of properties.

The following are the subsidiaries held indirectly through Al Khaleej Development Co. W.L.L.:

<i>Held indirectly by the Company</i>					
Bahrain Investment Wharf B.S.C (c)	100.00%	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	100.00%	100.00%	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 W.L.L	100.00%	100.00%	Kingdom of Bahrain	2009	Import, export, sale of electronic & electrical equipment, appliances, its spare parts and sale of building materials.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2 ACCOUNTING POLICIES (continued)

2.3 Basis of consolidation (continued)

Held indirectly by the Company (continued)

<i>Name of the subsidiary</i>	Ownership 2021	<i>Ownership 2020</i>	<i>Country of incorporation</i>	<i>Year of incorporation</i>	<i>Activity</i>
Eresco Tamcon JV B.S.C (c)	100.00%	100.00%	Kingdom of Bahrain	2014	Construction and maintenance of villas.
Panora Interiors W.L.L	100.00%	100.00%	Kingdom of Bahrain	2015	Carpentry and joinery works.
BIW Labor Accommodation Co W.L.L	60.21%	60.21%	Kingdom of Bahrain	2007	Buying, selling and management of properties.

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 2020, except for the adoption of following FASs as explained below.

- **FAS 31 “Investment Agency (Al-Wakala Bi Al-Istithmar)” (effective 1 January 2021)**

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

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 2021.

- **FAS 32 “Ijarah” (effective 1 January 2021)**

This standard supersedes FAS 8 “Ijarah and Ijarah Muntahia Bittamleek”. The standard aims at setting out principles for the classification, recognition, measurement, presentation and disclosure of Ijarah type transactions including their different forms entered into by an institution, in both the capacities of lessor and lessee.

Under this standard, an institution, in its capacity either as lessor or lessee shall classify each of its Ijarah into a) operating Ijarah b) Ijarah Muntahia Bittamleek with expected transfer of ownership after the end of the Ijarah term – either through sale or gift; and c) Ijarah Muntahia Bittamleek with gradual transfer – with gradual transfer of ownership during the Ijarah term including Diminishing Musharaka Ijarah.

The standard includes two recognition exemptions for Ijarah – Ijarah of “low-value” assets (e.g., personal computers) and short-term Ijarah (i.e., Ijarah with a Ijarah term of 12 months or less). At the commencement date of the Ijarah, a lessee will recognize an asset representing the right to use the underlying asset during the Ijarah term (i.e., the right-of-use asset) and a net Ijarah liability, duly comprising of a) gross Ijarah liability and b) deferred Ijarah cost (shown as contra-liability). Further, the net Ijarah liabilities should be netted off against the advance rental’s payments made prior to the commencement of Ijarah term.

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 2021, as the Group has opted to apply the short-term Ijarah exemption on their leases.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2 ACCOUNTING POLICIES (continued)

2.4 New standards, interpretations and amendments (continued)

- **FAS 34 "Financial Reporting for Sukuk-holders" (effective 1 January 2021)**

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.

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 2021.

- **FAS 35 "Risk reserves" (effective 1 January 2021)**

FAS 35 intends to establish the principles of accounting and financial reporting for risk reserves established to mitigate various risk faced by stakeholders, mainly the profit and loss taking investors, of Islamic financial institutions.

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 2021.

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 37 "Financial Reporting by Waqf Institutions" (effective 1 January 2022)**

The standard establishes principles of financial reporting by Waqf financial institutions, which are established and operated in line with Shari'ah principle and rules.

- **FAS 38 Wa'ad, Khiyar and Tahawwut (effective 1 January 2022)**

The standard prescribes the accounting and reporting principles and requirements for Wa'ad (promise), Khiyar (option) and Tahawwut (hedging) arrangements for the institutions.

3 CYCLICALITY OF OPERATIONS

The interim consolidated net income for the three-month period ended 31 March 2021 may not represent a proportionate share of the annual net profit or loss due to the variability of income and operating expenses.

4 CASH AND BANK BALANCES

	<i>Reviewed</i> 31 March 2021 US\$ '000	<i>Audited</i> 31 December 2020 US\$ '000
Current account balances with banks	3,252	7,929
Short-term deposits (with an original maturity of 90 days or less)	2,927	9,628
Cash in hand	12	11
Total cash and cash equivalents	6,191	17,568
Short-term deposits (with an original maturity of more than 90 days)	13,449	5,973
	19,640	23,541
Less: Provisions for expected credit loss	(217)	(142)
Total cash and bank balances	19,423	23,399

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4 CASH AND BANK BALANCES (continued)

Movements in the provision for expected credit loss:

	<i>Reviewed</i> 31 March 2021 <i>US\$ '000</i>	<i>Audited</i> 31 December 2020 <i>US\$ '000</i>
At 1 January	142	475
Charge / (reversal) during the period / year	75	(333)
	<u>217</u>	<u>142</u>

5 ACCOUNTS RECEIVABLE

	<i>Reviewed</i> 31 March 2021 <i>US\$ '000</i>	<i>Audited</i> 31 December 2020 <i>US\$ '000</i>
Amounts due from related parties (note 18)	12,855	12,797
Trade receivables	14,868	13,809
Other receivables	19,654	18,391
Rent receivable	1,836	1,980
	<u>49,213</u>	<u>46,977</u>
Less: provision for expected credit losses	(23,542)	(23,905)
	<u>25,671</u>	<u>23,072</u>

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

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

	<i>Reviewed</i> 31 March 2021 <i>US\$ '000</i>	<i>Audited</i> 31 December 2020 <i>US\$ '000</i>
At 1 January	23,905	27,397
Write back during the period / year	(363)	(6,038)
Impact of adoption of FAS 30	-	2,546
	<u>23,542</u>	<u>23,905</u>

6 INVESTMENTS

	<i>Reviewed</i> 31 March 2021 <i>US\$ '000</i>	<i>Audited</i> 31 December 2020 <i>US\$ '000</i>
Equity-type instruments at fair value through equity - unquoted		
Equity investments in real estate	<u>13,188</u>	<u>12,593</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6 INVESTMENTS (continued)

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 JOINT VENTURES AND ASSOCIATES

	<i>Reviewed</i> 31 March 2021 <i>US\$ '000</i>	<i>Audited</i> 31 December 2020 <i>US\$ '000</i>
At 1 January	95,681	87,387
Acquisitions during the period / year	-	9,265
Distributions during the period / year	-	(372)
Gain on bargain purchase	-	9,574
Net share of loss	(47)	(10,173)
	95,634	95,681

8 INVESTMENT IN REAL ESTATE

	<i>Reviewed</i> 31 March 2021 <i>US\$ '000</i>	<i>Audited</i> 31 December 2020 <i>US\$ '000</i>
At 1 January	76,824	77,402
Additions during the period / year	1,029	1,776
Disposals during the period / year	-	(2,354)
	77,853	76,824

9 PROPERTY, PLANT AND EQUIPMENT

	<i>Buildings on leasehold land</i> <i>US\$ '000</i>	<i>Machinery, equipment and fixtures</i> <i>US\$ '000</i>	<i>Computer hardware and software</i> <i>US\$ '000</i>	<i>Motor vehicles</i> <i>US\$ '000</i>	<i>Total</i> <i>US\$ '000</i>
Cost					
At 1 January 2021	10,122	10,470	1,585	2,203	24,380
Additions	-	4	1	51	56
At 31 March 2021	10,122	10,474	1,586	2,254	24,436
Accumulated depreciation					
At 1 January 2021	2,730	9,257	1,463	1,885	15,335
Charge	88	117	19	19	243
At 31 March 2021	2,818	9,374	1,482	1,904	15,578
Net book amount: At 31 March 2021	7,304	1,100	104	350	8,858
At 31 December 2020	7,392	1,213	122	318	9,045

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2021 (Reviewed)

9 PROPERTY, PLANT AND EQUIPMENT (continued)

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

	<i>Reviewed</i> <i>Three months ended</i> <i>31 March</i>	
	2021	2020
	US\$ '000	US\$ '000
Depreciation charged to contract costs	59	10
Depreciation charged to expenses	184	246
	243	256

10 OTHER ASSETS

	<i>Reviewed</i> <i>31 March</i> 2021 US\$ '000	<i>Audited</i> <i>31 December</i> 2020 US\$ '000
Advances to contractors	392	450
Prepayments	437	368
	829	818

11 OTHER LIABILITIES AND ACCOUNTS PAYABLE

	<i>Reviewed</i> <i>31 March</i> 2021 US\$ '000	<i>Audited</i> <i>31 December</i> 2020 US\$ '000
Lease rent payables (note 11.1)	50,105	50,105
Accruals and other payables	7,695	6,737
Case compensation and other contingencies (note 11.2)	7,294	7,672
Advances from construction clients	391	455
Amounts due to related parties (note 11.3 and 18)	35	126
Retentions payable	1,145	1,839
Trade payables	1,945	2,329
	68,610	69,263

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 Group 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 Group 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12 FINANCING FROM A BANK

	<i>Reviewed</i> 31 March 2021 US\$ '000	<i>Audited</i> 31 December 2020 US\$ '000
Commodity murabaha financing	5,511	5,439

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 2020: 3,675,000) shares amounting to US\$ 1,308,680 (31 December 2020: US\$ 1,308,680) representing 1.22% (31 December 2020: 1.22%) of the issued share capital, held by the Group.

14 NET INCOME FROM CONSTRUCTION CONTRACTS

	<i>Reviewed</i> <i>Three months ended</i> <i>31 March</i>	
	2021	2020
	US\$ '000	US\$ '000
Contract income	2,634	5
Contract costs	(2,220)	(196)
	414	(191)

15 INCOME FROM INVESTMENT IN REAL ESTATE

	<i>Reviewed</i> <i>Three months ended</i> <i>31 March</i>	
	2021	2020
	US\$ '000	US\$ '000
Rental income	823	1,321
	823	1,321

16 OTHER INCOME

	<i>Reviewed</i> <i>Three months ended</i> <i>31 March</i>	
	2021	2020
	US\$ '000	US\$ '000
Electricity and water services	45	191
Profit on short-term deposits	135	173
Others	258	52
	438	416

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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:

	<i>Reviewed</i> <i>Three months ended</i> <i>31 March</i>	
	<u>2021</u>	<u>2020</u>
(Loss) / income attributable to the equity shareholders of the parent for the period - US\$ '000	<u>(74)</u>	<u>4,592</u>
Weighted average number of shares outstanding at the beginning and end of the period - in thousands	<u>297,162</u>	<u>297,162</u>
(Loss) / earnings per share - US cents	<u>(0.02)</u>	<u>1.55</u>

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 Supervisory Board members and external auditors.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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>	
	2021	2020
	US\$ '000	US\$ '000
Salaries and other benefits	403	455

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 three 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:

	<i>31 March 2021 - 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	107	414	1,024	(9)	1,536
Inter-segment transactions	70	33	128	(231)	-
Income from investments	-	-	-	-	-
Share of loss from investment in joint ventures and associates	(38)	-	-	(9)	(47)
Other income	144	89	205	-	438
Total revenue	283	536	1,357	(249)	1,927
Segment (loss) / profit	(812)	(329)	1,145	6	10

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19 SEGMENTAL INFORMATION (continued)

	31 March 2020 - 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	148	(191)	1,503	-	1,460
Inter-segment transactions	77	-	117	(194)	-
Income from investments	-	-	-	-	-
Share of loss from investment in joint ventures 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

(b) Segment information relating to the interim consolidated statement of financial position as at 31 March 2021 and 31 December 2020 is disclosed as follows:

	31 March 2021 - 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
Segment assets	390,272	38,549	120,357	(307,722)	241,456
Segment liabilities	143,454	6,814	52,454	(128,601)	74,121

	31 December 2020 - Audited				
	<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
Segment assets	390,715	39,158	118,662	(307,103)	241,432
Segment liabilities	145,035	7,094	52,012	(129,439)	74,702

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20 CONTINGENCIES AND COMMITMENTS

The Group has the following credit related commitments:

	<i>Reviewed</i> 31 March 2021 <i>US\$ '000</i>	<i>Audited</i> 31 December 2020 <i>US\$ '000</i>
Guarantees	2,294	2,294

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 2021, the carrying value of such assets is US\$ 99.05 million (31 December 2020: US\$ 99.09 million).