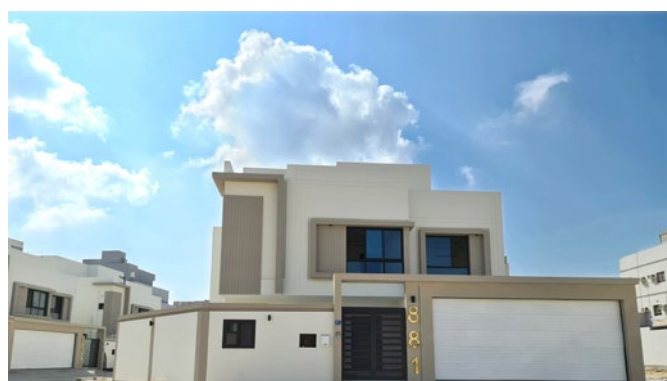
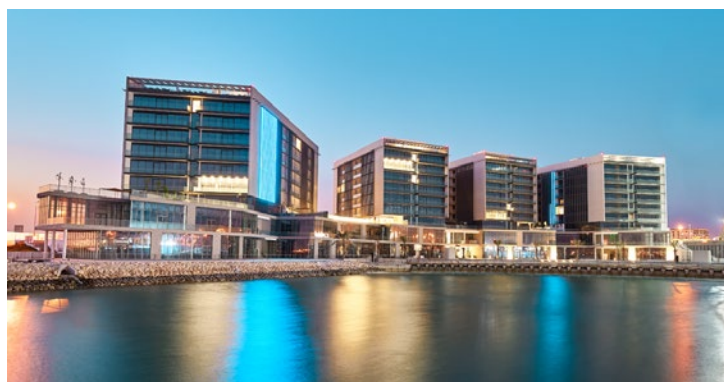




ANNUAL REPORT 2021

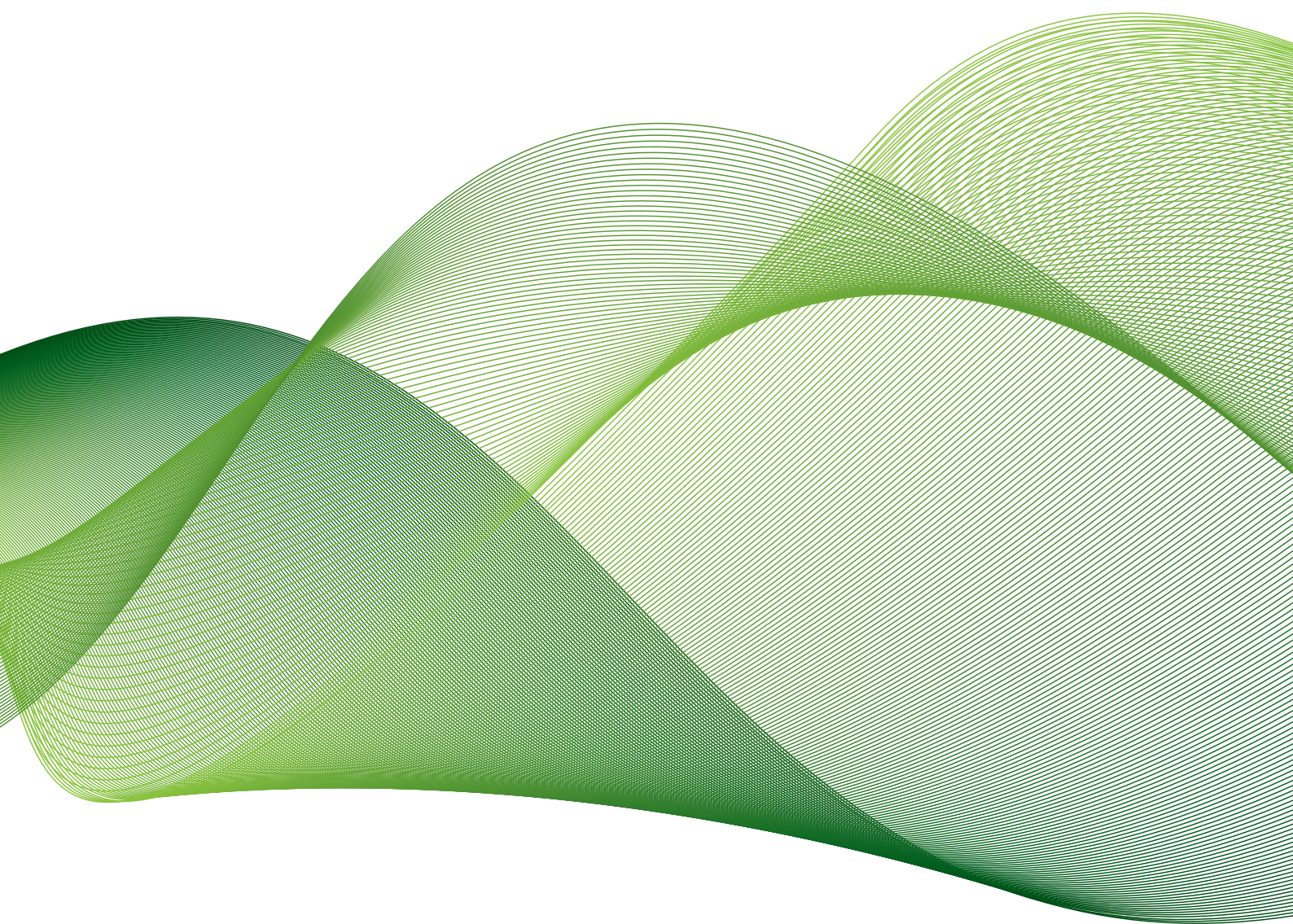




His Royal Majesty
King Hamad bin Isa Al Khalifa
The King of the Kingdom of Bahrain



His Royal Highness
Prince Salman bin Hamad Al Khalifa
The Crown Prince, Deputy Supreme
Commander and Prime Minister



BAHRAIN PPP PROJECT

Naseej was the exclusive private sector partner of the Government of Bahrain's pioneering social and affordable housing public-and-private partnership (PPP). The first of its kind in the GCC, this ground-breaking initiative involved the construction of 2,318 social and affordable housing units at the two strategic locations of Salman Town and Al Luwzi.

OUTSIDE BAHRAIN

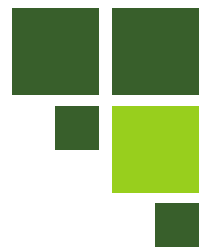
Naseej is working with the Government of Morocco to develop social and affordable housing units, with retail and commercial facilities, on two adjoining land plots in Ain Al Aouda – located 24 kilometres from Rabat and 80 kilometres from Casablanca – to help address the Country's housing shortage.

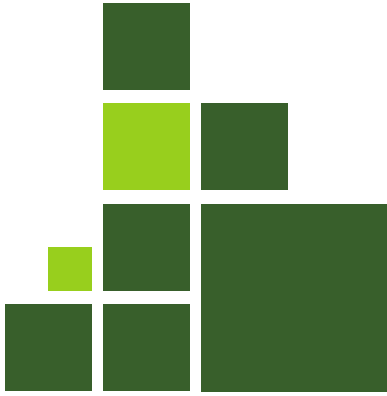
COMPLETED PROJECTS

Naseej has completed three projects to date in Bahrain, comprising more than 2,500 homes with a total value of BD 148 million. These projects include the Government's Social & Affordable Housing PPP; Jumana – the affordable housing and retail component of the PPP at Salman Town; and the luxury villa development of Yasmeenat Saar.

CONSISTENT PROFITABILITY

Against a challenging backdrop of economic downturns, financial crisis and geo-political tensions, which affected the regional real estate industry, Naseej has achieved ten consecutive years of profitability since commencing operations in 2009. The average annual net profit equates to BD 3.64 million, with a record of BD 6.09 million reported in 2016.





LAND BANK DEVELOPMENT

Naseej currently has a total land bank exceeding 626,000 square metres, to support the development of planned housing projects. The land bank in Bahrain comprises 270,000 square metres at Amwaj Islands, Arad and Jid Al Haj. In Morocco, two adjoining plots at Ain Al Aouda cover over 356,000 square metres.

CURRENT PROJECTS

Naseej is currently developing five housing projects across the Kingdom of Bahrain, comprising more than 800 residential units with a total value of approximately 100 million. These include social and affordable housing projects at Arad, Barbar, Budaiya and Busaiteen; and a mixed-use high-end residential and retail development on Dilmunia Island.

INTERNATIONAL RECOGNITION

In 2020, Naseej received international recognition for its flagship project CanalView located at the health Island of Dilmunia. The UK-based International Property Awards body awarded CanalView with two prestigious awards in two separate categories for their outstanding real estate offering within the Arabian & African region for 2020-2021. CanalView received a five-star rating and a “Best” in its class award for Residential Development Bahrain 2020-2021 in the Arabian & African region. The five-star rating moved CanalView as a Nominee for the International Property awards scheduled in 2021. The Project also received Best Apartment Bahrain 2020-2021 in the Arabian & African region.

MAZAYA SCHEME

Naseej is an approved property developer for the Ministry of Housing’s innovative Mazaya Scheme, which helps Bahraini citizens on the social housing list purchase their own homes, through subsidised mortgages from participating financial institutions. Naseej is currently developing over 500 affordable villas under this Scheme at Budaiya, Barbar and Arad.

CONSISTENT PROFITABILITY

Two projects in Bahrain are planned for completion by the end of 2020. Canal View is an iconic canal-side mixed-use development of 246 luxury apartments and retail facilities located on the prestigious Dilmunia Island. The Basateen mid-income housing project comprises of 23 semi-furnished villas.

COMPANY PROFILE

Naseej is the MENA region's first fully integrated real estate and infrastructure development company, encompassing the entire value chain from concept to completion. The Company's core activities comprise design and master planning; development and construction; building components; mortgage facilitation; and asset management.

Headquartered in the Kingdom of Bahrain and capitalised at US\$229 million, the Company was established by prominent private and public sector investors to act as a pioneering catalyst for addressing the region's affordable housing development needs. Demand-driven, the Company is committed to delivering value-based real estate solutions through insight and innovation; applying pragmatism when meeting new challenges; delivering real benefits to individuals and societies; and building the foundations of prosperity for future generations, always with vision. The logo of Naseej signifies the texture of life within the societies that the Company serves.



VISION

We will create a positive impact by transforming space and redefining communities

MISSION

As the preferred partner, Naseej will **lead the market** by providing **sustainable, innovative, community focused** real estate solutions that **exceed stakeholder expectations**

BOARD OF DIRECTORS



SHAIKH HAMED MOHAMED HAMED AL KHALIFA
Chairman

Non-Independent & Non-Executive - Elected 2018 - Chairman of Remuneration, Nomination & Governance Committee
Shaikh Hamed Al Khalifa is Chief Executive Officer of GFH Properties, a subsidiary of GFH Financial Group. Prior to this, he was General Director of Urban Planning at Bahrain's Ministry of Urban Planning & Municipalities, where he led the development of the Kingdom's revised 2016 Masterplan. Previously, he was Investment Manager - Real Estate, at Mumtalakat, the sovereign wealth fund of the Kingdom of Bahrain; and Project Manager in charge of national planning development studies at the Bahrain Economic Development Board. Shaikh Hamed is Chairman of Riffa Palms Real Estate, Deputy Chairman of the Bahrain Air Space Agency, and a Board Member of the Telecommunications Regulatory Authority. He is also a former Board Member of Durrat Al-Bahrain and Southern Tourism Company. Shaikh Hamed holds an MSc in Engineering Management and a BSc in Systems Analysis, from George Washington University, USA. He has 22 years' professional experience.



AHMED ABDULRAHIM BUCHEERY
Vice Chairman

Non-Independent & Non-Executive - Since 2021. Member of Audit & Risk Committee. 45 years of experience in Managerial role covering Banking, Finance, Strategic Planning, Retail, Human Resources, Information Technology, Operations, Treasury, Internal Audit and Marketing Communications. MBA from The University of Glamorgan UK. Glamorgan UK. Executive Diploma in Management from The University of Bahrain. Diploma in Advance Banking from BIBF. The Executive Program, Michigan Business School. Fellow member of the Institute of Financial Accountants, London. Fellow Member of the Institute of Public Accountants, Australia. Currently: CEO - Ithmaar Bank, CEO - Ithmaar Group. Vice Chairman: Faysal Bank Limited, Pakistan, Solidarity Group Holding, Bahrain Association of Banks, Waqf Fund for Islamic Banks. Board Member in Ithmaar Development Company. Formerly: General Manager Retail Banking - Ithmaar Bank, Deputy CEO - Al Sham ii Bank, Assistant General Manager-National Bank of Bahrain, Chief Internal Auditor -National Bank of Bahrain, FX & Money Market Manager - National Bank of Bahrain. Head of Financial Control -Chase Manhattan Bank, Head of Treasury and Banking -ALBA.



MR. ABDOULELAH EBRAHIM AL-QASIMI
Director

Non-Independent & Non-Executive - Appointed 2014 - Chairman of the Audit & Risk Committee
Mr. Al-Qasimi is former Chief Executive Officer of Tamkeen, and former Deputy CEO of the Labour Fund Project at the Bahrain Economic Development Board. Prior to that, he was Undersecretary for Training at the Bahrain Ministry of Labour, and Director of Engineering at the Bahrain Ministry of Health. He is currently Chairman of Saudi Solidarity Takaful Company; and a Board Member of Ithmaar Holding, IB Capital, Solidarity Group Holding, and Faysal Bank Limited (Pakistan). He is also a Member of the Board of Trustees of Arabian Pearl Gulf School. Previously, he was Steering Committee Chairman of the Bahrain Qualifications Framework, and also Career Expo. Mr. Al-Qasimi holds an MSc in Health Facility Planning from the University of North London, UK; a BSc in Civil Engineering from Queen Mary College, University of London, UK; and a Diploma in Healthcare Management from the Royal College of Surgeons in Ireland, Bahrain. He has over 40 years' professional experience.



AHMED ABDULQADER SALEH TAQI
Director

Non-Independent & Non-Executive - Elected 2020 - Member of Executive Committee Former Member of Audit and Risk Committee.
Over 20 years of experience in the local and international banking firms in the field of Retail & Wholesale Banking. Master of Business Administration (MBA), University of Glamorgan, UK. Completed several executive development programs, such as: Communicating for Impact, Harvard Business School -USA, Leadership Development Program, University of Virginia - Darden School of Business - USA, Leadership in a Digital World, City, University of London - Cass Business School -UK. Currently: General Manager, Corporate Banking Division, BBK. Board Member Credimax - Executive Director. Formerly, Served in several leadership and management positions at local and international banking firms.



DR. KHALID MOHAMED ABDULLA
Director

Non-Independent & Non-Executive - Appointed 2013 - Member of the Executive Committee
Dr. Khalid Abdulla is General Manager of Eskin Bank, Bahrain. Prior to this, he was Chief Executive Officer at Inovent and Reef Real Estate Finance Company; and also held a number of Assistant General Manager positions at BBK. Dr. Abdulla was previously Assistant Professor and Chairman of the Department of Economics & Finance at the University of Bahrain. He is a Founding Member of the Bahrain Economic Society, and a Member of the Board of Trustees of MENA Investment Centre. Dr. Abdulla holds a PhD in Economics from Exeter University, UK; and an MSc in Economic Development from the University of East Anglia, UK. He has over 32 years' professional experience.



MAYSAN AL MASKATI
Director

Non-Independent & Non-Executive - Elected 2021 - Member of Executive Committee, Over 20 years Experience in Private Equity, Real Estate Investments, Infrastructure, investments, Fixed Income and Asset Management. BSc in Industrial and Manufacturing Systems Engineering - Kansas State University, USA. Currently: , Head of Asset management - Ithmaar Bank. Board Member: Family Microfinance House B.S.C. (C) Dilmunia Development Fund 1L.P. City View Real Estate Development B.S.C. (C) Formerly: Founder and Managing Director - MASEcap Advisors, Chief Investment Officer - DUX Capital Limited. It Investment Manager- ASMA Capital Partners B.S.C. Head, Asset Management - Ithmaar Bank, Vice President, Infrastructure - Gulf One Investment Bank, Private Equity Director- Masar Advisory, Emerging Markets Partnership E.C.



MR. MOHAMMED KHALIL ALSAYED
Managing Director

Non-Independent & Executive - Appointed 2009 - Member of the Remuneration, Nomination & Governance Committee. One of the originators and co-founders of Naseej, Mr. Alsayed is Vice Chairman and Chief Executive Officer of Ithmaar Development Company (IDC). Prior to joining IDC, he was an Undersecretary in the Ministry of Works & Housing. He is currently Chairman of Dilmunia Health Island and Olive FM Holding Company, in Bahrain. Mr. Alsayed is a Founding Member of the Arabian Gulf Chapter of Project Management Institute; and a Member of the American Society of Civil Engineers; Society of American Value Engineers; and the American Management Association, USA. Formerly, he was Chairman of the Council for Regulating the Practice of Engineering Profession (CRPEP) in Bahrain for five years; and served as President of the Bahrain Society of Engineers for two consecutive terms. Mr. Alsayed holds an MSc in Structural Engineering from the Southern Methodist University, Texas, USA; a BSc in Civil Engineering from the University of Arkansas, USA; and an Advanced Diploma in Project Management from RMIT University, Australia. He has 36 years' professional experience.



SATTAM AL GOSAIBI
Director

Non-Independent & Non-Executive - Elected 2021 - Chairman of Executive Committee. Over 23 years of experience in Corporate Banking, Islamic Banking, Finance, Credit Control, Human Resources and Marketing. MBA - DePaul University. BSc in Accounting - King Fahad University of Petroleum & Minerals, Saudi Arabia. Currently: CEO -Khaleeji Commercial Bank. Board Directorships: Gulf Real Estate SSC, Capital Real Estate, LOCATA Corporation PTY Limited, Al Areen Hotels WLL., Gulf Holding Company KSC, Seef Properties, Chairman of Executive Committee, LAMA Real Estate WLL. Binaa Al Bahrain BSC. Bahrain International Golf Course Company, Al Areen Hotels WLL., INJAZ Bahrain, BRC Weldmesh (GULF) WLL., Board of Trustee - University Technology of Bahrain (UTB), Board of Trustee: Ibn Khuldoon National School. Former Positions: Group Chief Executive Officer - Bahrain Development Bank, Executive Manager, Head of Corporate Banking - Kuwait Finance House Bahrain, Executive Manager, Head of Human Resources - Kuwait Finance House Bahrain, Credit Department Head-Al Baraka Islamic Bank. Former Boards: Arabian Taxi Company BSC, Diyar Al Muharraq and Miracle Graphics. Marketing Section Head - Al Baraka Islamic Bank. Account Manager-Saudi British Bank.



TALAL AL MAHROOS
Director

Non-Independent & Non-Executive - Elected 2021 - Member of Remuneration, Nomination and Governance Committee and Audit & Risk Committee. Over 17 years of experience in Portfolio Management, Real Estate Investment, Infrastructure Investment and Corporate International Banking. BSc in Banking and Finance-University of Bahrain. Currently: Senior Executive Director -Real estate Investments. Board Member: Balexco, Gulf Holding Company, Kuwait, Falcon Cement Company, Capital Real Estate Projects Company, GBCorp, Al Areen Holding Company and Ask Real Estate. IKNS - Board of Trustees. Formerly: Assistant General Manager- Khaleeji Commercial Bank, Acting Head of Corporate and International banking -Khaleeji Commercial Bank. Board Member: KHC B Associates and Subsidiaries Board representation.



YOUSIF AL THAWADI
Director

Non-Independent & Non-Executive - Elected 2021 - Member of Executive Committee. Over 27 years of experience in Real Estate Investment and Development Master Planning and Urban Design, Project Management, Infrastructure and Technical Management, Sales and Marketing, Project Financing, Budgeting and Financial, Asset and Property Management. MSc. Advanced Officer Staff Course -Augusta, Georgia. BSc in Mechanical Engineering University of Texas, USA. Currently: CEO-Amlak SIO Development. Chairman: AHQ Holding Company W.L.L., AHQ Cayman Holding Company Limited. Board Member: Bahrain Marina Company Executive Committee. Formerly: Deputy CEO- Diyar Al Muharraq, Chief Operating Officer - Diyar Al Muharraq, Director of Telecommunication and Special Projects - Royal Court and Head of Telecommunication - Crown Prince Court.

CHAIRMAN'S STATEMENT



SHAIKH HAMED MOHAMED ALKHALIFA
Chairman

On behalf of the members of the Board of Directors, we are honoured to present to you the annual report and consolidated financial results of Naseej BSC (c) for the fiscal year ending on 31 December, 2021. Another year of extraordinary circumstances globally imposed by the Covid-19 pandemic has passed, but for Naseej, it was a year of fulfilling commitments and developing pioneering real estate projects. The company succeeded in completing and handing over two major real estate projects: Naseej's flagship project CanalView located in the prestigious island of Dilmunia, and the second project being BASATEEN located in the Muharraq Governorate.

Combating Covid-19

The Kingdom of Bahrain, represented by the National Medical task force to combat Covid-19, continued in 2021 to impose a number of restrictions and precautionary measures to stop the spread of the pandemic, which affected the performance of several sectors, including real estate development, due to closures. In spite of this, Naseej has proven to demonstrate flexibility of its business model and its ability to achieve positive results on financial and operational levels, while maintaining steady progress in its projects progress and delivery.

On this occasion, the members of the Board of Directors extend their immense gratitude to the leadership of the Kingdom of Bahrain for its exceptional support and precautionary actions taken to preserve public health, reducing the impact of Covid-19 on the national economy, the business community and the local community as a whole.

Adding Two Projects to Naseej's Real Estate Portfolio

During 2021, Naseej succeeded in handing over two of its major projects; CanalView project worth BD27 million and BASATEEN project worth BD3.5 million.

We take this opportunity to extend our gratitude to His Excellency Shaikh Khalid bin Abdullah Al Khalifa, Deputy Prime Minister and Chairman of the Ministerial Committee for Development and Infrastructure, for patronising the official opening ceremony of CanalView project in November 2021.

Since Naseej's inception in 2010, Naseej has successfully delivered five 5 real estate projects of national significance with a total value of BD205.4 million, including more than 2,981 housing units in various areas in the kingdom of Bahrain. These completed projects include:

- 1) Public-Private Partnership project with the Ministry of Housing
- 2) Jumana affordable housing project – located in Madinat Salman
- 3) Yasmeenat Saar housing project – located in Saar
- 4) BASATEEN housing project – located in Busaiteen
- 5) CanalView for luxury apartments project – located in Dilmunia Island

It is worth noting that Naseej is the first company in the Kingdom of Bahrain to enter into a partnership project with the Ministry of Housing to provide over 2,600 homes for Bahrainis in the Al Lawzi and Salman areas, with a total value of over 148 million BD.

National Real Estate Plan 2021-2024

We value the decision of the Cabinet headed by His Royal Highness Prince Salman bin Hamad Al Khalifa, Crown Prince and Prime Minister, approving the National Real Estate Plan 2021-2024, and the commendable efforts made by the esteemed government to advance the real estate sector, making it a regional pioneer.

We also appreciate the active role played by the Real Estate Regulatory Agency (RERA) in the Kingdom of Bahrain, under the leadership of His Excellency Shaikh Salman bin Abdullah Al Khalifa, President of the Survey and Land Registration Bureau (SRLB) and Chairman of RERA, and the efforts of His Excellency Shaikh Mohammed bin Khalifa Al Khalifa, CEO of RERA, in formulating the features and initiatives of the National Real Estate Plan for the next four years, which will push this vital sector—one of the most prominent contributors to the national economy—towards further growth and prosperity.

We affirm the support of Naseej for the National Real Estate Plan and the development priorities adopted by RERA within this promising national plan, especially since Naseej firmly believes in the necessity of achieving real estate sustainability and enhancing standards of disclosure and transparency, particularly regarding rights, obligations and restrictions in sales contracts. This will contribute to better real estate services, raising the level of customer satisfaction and protecting the interests of buyers and investors.

Naseej is also proud to be one of the first real estate development companies that worked closely with RERA and continues to build strong ties with this prestigious national authority. We highly appreciate the authority's open doors policy with all real estate developers working in the Kingdom. We renew our commitment to maintaining a healthy and sustainable relationship with the authority, while complying with the adoption of the best real estate practices, in line with the initiatives of the ambitious national plan. We are very optimistic that the new national plan will contribute to doubling real estate transactions in the foreseeable future, attracting more real estate capital, thus enhancing the sector's contribution to the GDP, consequently achieving one of the pivotal goals of Bahrain's Economic Vision 2030, which is to enhance the contribution of non-oil sectors to the national economy.

Business Developments

The list of our most prominent development projects during the 2021 includes the signing of a partnership agreement with Ithmaar Holding to develop a housing project in the Barbar area in the Northern Governorate, at a project value of BD39 million. This residential project will provide 100 housing plots in addition to 300 residential villas, as well as developing the project's infrastructure as a whole. The project is well suited for Bahrainis looking for affordable housing, especially those beneficiaries of the 'Mazaya' program and additional programs under the umbrella of the Ministry of Housing. The project is distinguished by its exceptional location

in a quiet agricultural area in Barbar, about 400 meters from the northern coast of the Northern Governorate, easily accessible via main roads. Project details will be announced in the coming period.

As for Naseej's other projects, Jid Al-Haj land plots were sold in record time, and with regards to Naseej's Amwaj project, the land reclamation works were completed as per the scheduled timeframes. As for the Arad project, Naseej is currently looking into its master planning aspects in order to develop it into an integrated housing project targeted for Bahraini citizens.

The company is still on the right track in achieving its strategy based on diversifying its portfolio, as it continues to pursue promising opportunities in related sectors such as retail facilities, healthcare, education and logistics. In this context, Naseej has entered into an agreement with Ithmaar Development Company to develop Nadeen Private School in a strategic location in Dilmunia Island.

Naseej and Ithmaar will be the main investors in the project, while Nadeen Holdings will be the operator of the new school. The school will be located on a total land area of 17,462 m², and a built-up area of 20,750 m². Construction work has begun on the site and is now underway according to the established plan. Work is also underway to obtain a school license from the Ministry of Education. The school will have a student capacity of 1,056 students, including all academic levels up to the ninth grade. The school's facilities will include a total of 44 classrooms with various facilities including an Olympic swimming pool, and multipurpose sport courts.

Financial Results

Despite the economic challenges and difficult market conditions, I am pleased to announce that Naseej has achieved a positive financial performance in 2021, registering a profitable year for the 11th consecutive time since its inception, as the Company achieved a net income of BD1.35 million compared to BD1.03 million in 2020. This reflects the cyclical nature of our business model, with the implementation and completion of our real estate projects with an average of three to five years from the planning period to handover. At the end of the year 2021, the total assets amounted to BD99 million, while the shareholders' equity amounted to BD89.2 million. Based on the achieved results, the Board of Directors recommended the distribution of cash dividends of 1.6% (equivalent to BD1.38 million) and presented it to the approval of the valued shareholders during the Annual General Meeting held on 28 June 2022.

Corporate Social Responsibility

During 2021, Naseej continued to contribute to sustainable economic prosperity and community well-being in the Kingdom of Bahrain through a comprehensive social responsibility program, providing financial and practical support to beneficiaries including the Shaikh Ebrahim bin Mohammed Centre for Culture and Research, Bahrain's Zakat Fund under the Ministry of Justice, Islamic Affairs & Awqaf, as well as to the Royal Humanitarian Foundation to help Bahraini families in need.

With regards to Naseej's sector-specific support, the company sponsored a number of real-estate related exhibitions and events. In 2021, Naseej was the Gold Sponsor of the Gulf Property Show as well as a main participant of the expo. It also sponsored the Bahrain Smart Cities Summit 2021, in addition to its sponsorship of the Breast Cancer Awareness event held at CanalView on Dilmunia Island. Naseej also sponsored the Bahrain Institute for Banking and Financial Studies (BIBF) under the Smart Classroom project in the institute's new headquarters in the Bahrain Bay. The total social responsibility grants of Naseej in the year 2021 amounted to BD54,200.

Board of Directors Updates

During the year 2021, the Company's Board of Directors witnessed changes with the election of new members, as was the practice of conducting an electoral cycle every three years. The company held its Ordinary General Meeting on 11 August 2021, headed by the Chairman of the Board of Directors, Shaikh Hamad bin Mohammed Al Khalifa, as well as the Managing Director, Mr. Mohammed Khalil Al Sayed, and the General Manager, Mr. Ahmed Al Hammadi. The minutes of the meeting included the approval of the minutes of the previous Ordinary General Meeting held on 29 June 2021, and the formation of the Company's Board of Directors consisting of 10 seats for the next three years (for the years; 2021-2024): 5 appointed seats and they are: Mr. Ahmed Abdulrahim, Mr. Ahmed Taqi, Dr. Khaled Abdullah Taqi, Mr. Muhammad Khalil Al Sayed, and Mr. Yousef Al Thawadi, and 5 by election: Shaikh Hamad Al-Khalifa, Mr. Sattam Al Gosaibi, Mr. Talal Al-Mahroos, Mr. Abdul-Ilah Al Qasimi, and Mr. Maysan Al Maskati.

Naseej takes this opportunity to express its thanks and appreciation to the exiting board members for their collective experience and great efforts in advancing the company's performance, setting it at the forefront of real estate developers in the Kingdom. The company also takes this opportunity to congratulate and welcome the new executive board members for their earned confidence and wish them every success moving forward.

International Awards

For the second consecutive year, Naseej is proud to report that CanalView achieved 3 additional prestigious awards within the Africa & Arabia Property Awards 2021-2022, which were granted by the International Property Awards, United Kingdom. The CanalView project won 'best in its class' as a five star rating in the categories of "Best Mixed-Use Real Estate Development Award", as well as "Best Retail Project Award" and "Best Residential Interior Design" Award. These three awards achieved the highest five-star taking among its peers. The awards is seen as a major achievement for the company and a prestigious global recognition for its mega-scale flagship project CanalView.

The wins renews Naseej's distinction in pioneering the real estate scene in the Kingdom and the region, offering innovation that meets the aspirations of Bahrain's real estate industry in relation to quality, high standards, specifications, and variety to serve numerous market segments from affordable to luxury high-end projects.

Future Outlooks

The Board of Directors holds an optimistic, balanced outlook for the company in 2022, based on several positive economic factors and indicators. The International Monetary Fund expects the Kingdom's GDP to grow by 3.3% during the next year, supported by higher oil prices and improved economic activity at the level of GCC countries. In addition, the recently announced National Real Estate Plan 2021-2024 will have a great impact on the development of the sector.

In the midst of existing challenges and the current state of uncertainty, we will continue to adopt a conservative business model, focusing on sustainable development projects based on demand rates and economic feasibility studies, thus contributing to enhancing value for our shareholders and customers.

As the preferred real estate partner in the Kingdom of Bahrain, we will lead the local market by providing innovative and sustainable real estate solutions that exceed shareholder expectations.

Thanks and Appreciation

In conclusion, we are honoured to extend, on behalf of the Board of Directors, our highest thanks and appreciation to His Majesty King Hamad bin Isa Al Khalifa, and His Royal Highness Prince Salman bin Hamad Al Khalifa, Crown Prince and Prime Minister, for their wise leadership and insightful vision in doubling the contribution of the private sector to the development process. Thanks are also due to the Ministry of Housing, the Ministry of Industry, Commerce and Tourism, the Ministry of Finance, and other relevant government agencies for their support and assistance through the previous year. We are also grateful to our esteemed shareholders for their renewed confidence in us, and our partners for their constructive cooperation. We also express our gratitude to the company's executive management and staff for their commitment, dedication and professionalism during this extraordinary year.

THE EXECUTIVE TEAM



MR. MOHAMMED KHALIL ALSAYED
Managing Director

Mohammed Alsayed is one of the originators and co-founders of Naseej. He has 33 years' public and private sector experience in engineering, project management and real estate development. Currently, Mohammed is Vice Chairman and Chief Executive Officer of Ithmaar Development Company (IDC). Prior to joining IDC, he was an Undersecretary in the Ministry of Works & Housing. Mohammed is Chairman of Dilmunia Health Island and Olive FM Holding Company, in Bahrain. Mohammed is a Founding Member of the Arabian Gulf Chapter of Project Management Institute; and a Member of the American Society of Civil Engineers; Society of American Value Engineers; and the American Management Association, USA. Formerly, he was Chairman of the Council for Regulating the Practice of Engineering Profession (CRPEP) in Bahrain for five years; and served as President of the Bahrain Society of Engineers for two consecutive terms. Mohammed holds an MSc in Structural Engineering from the Southern Methodist University, Texas, USA; a BSc in Civil Engineering from the University of Arkansas, USA; and an Advanced Diploma in Project Management from RMIT University, Australia.



MR. AHMED AL HAMMADI FCCA
General Manager

Ahmed Al Hammadi has 39 years' experience in management, finance and accounting, in the public and private sectors of the Kingdom of Bahrain. Prior to joining Naseej in 2010, he was Country Director - Bahrain for Majid Al Futtaim Group. Previously, Ahmed spent 13 years at Gulf Air, where he held the positions of Head of Accounts, Vice President - Finance, and Acting President and Chief Executive. He started his career as a Budget Coordinator in the Ministry of Finance & National Economy, rising to the position of Chief Accountant. Ahmed was a Visiting Lecturer for four years at the British Council, assisting students to prepare for MBA studies in Strathclyde University; and for 15 years at the Bahrain Institute of Banking & Finance, guiding students for accreditation to the UK Chartered Institute of Bankers. A Fellow of the UK Chartered Institute of Certified Accountants, Ahmed is a Business Studies graduate of the University of Bahrain.



MR. AMER JANAHI MCIPD
Head of Human Resources & Administration
Board Secretary & Corporate Governance Officer

Amer Janahi has 19 years' public and private sector experience in human resources management (HRM) in the Kingdom of Bahrain. Prior to joining Naseej in 2010, he held various HRM positions with Ithmaar Bank, Bahrain National Gas Company (Banagas), and the Court of the Crown Prince of the Kingdom of Bahrain. His expertise covers recruitment methodologies, compensation schemes and employee relations; training and development, performance management and competency-based career progression; and employment law and regulations. Amer holds an MSc in Human Resource Management from DePaul University, Chicago, USA; and a Bachelor's degree in Business Information Management from Portobello College, Dublin, Republic of Ireland. An Associate Member of the UK Chartered Institute of Personnel & Development (CIPD), Amer is certified in both Personnel Practice (CPP) and Training Practice (CTP).



MR. ROY SULLIVAN
Head of Construction

Roy Sullivan has 42 years' international experience in contracting, construction, project management, consulting and client development. His professional career has spanned the United Kingdom, North Africa, Europe, and the Middle East. Prior to joining Naseej in 2013, Roy held senior management positions with some of the world's leading construction-related organisations, such as Arabtec Construction International, Dar Al-Handasah Shair & Partners Consultants, HBG Construction - Royal BAM Group, Bluestone - Morgan Sindall Group, Balfour Beatty Construction UK, Bovis Europe, Tarmac Major Projects and Baxter Fell International. He has worked on a wide spectrum of projects across numerous sectors. These include shopping and leisure malls; hotels, hospitals, universities and sports centres; commercial and residential complexes; exhibition and conference centres; high security prisons and military bases; and data centres.



MR. MOHAMMED AL SHAIKH
Head of Investments

Mohammed Al Shaikh has 18 years' experience in investment relationship management across the GCC. Joining Naseej in 2014, he was appointed to his present position in 2020. Prior to this, Mohammed was Director of Investment Placement at Gulf Finance House (GFH) for six years, leading teams covering Oman, the UAE, and Jeddah, Saudi Arabia. He also represented GFH as a Board Member of Oman Development Company. Previously, Mohammed was Investment Placement Officer at Al Khaleej Development Company (Tameer) for Oman and the UAE; and an Underwriter at Bahrain National Insurance. Mohammed holds a BSc in Marine Transportation (minoring in Marine Law) from the CSU California Maritime Academy, USA.



MR. NASER SHARIF CPA

Head of Finance and Risk Officer

Mr. Nasser Sharif has over 26 years of experience in engineering, financial management, accounting and internal audit in various sectors including petrochemicals, banking and finance, investment banks, oil and gas. Prior to joining Naseej, Mr. Sharif was Director of Internal Audit at Seef Properties – Bahrain, and also held several positions in Tatweer Petroleum Company, Arcapita Bank, Yokogawa Middle East and Gulf Petrochemical Industry Company (GPIC). Mr. Nasser Sharif holds an MBA from the University of Bahrain. He holds a Bachelor of Science in accounting from the University of Bahrain and holds a CPA from the State of Delaware, United States.



MR. AHMED ALI ABDULLA

Senior Manager, Property Sales

Ahmed Abdulla has 13 years' sales experience in Bahrain's real estate sector. Prior to joining Naseej in 2019, he was Senior Sales Executive at Durrat Al Khaleej Bahrain Company (Durrat Al Bahrain), the third- largest artificial island city development in the Kingdom. Before this, Ahmed was a Purchasing Executive with APM Terminals Bahrain, which operates Khalifa bin Salman Port. He previously completed an internship with SICO Bank, where he gained on-the-job training in Treasury, Portfolio Management and Proprietary Investments. Ahmed holds a BSc in Business information from AMA University, Bahrain; where he also obtained an Associate Diploma in Business Informatics.



MS. EMMA SHARIF

Senior Manager, Corporate Communications & PR

Emma Sharif has 17 years' experience in corporate communications and customer relationship management, gained in real estate and telecommunications in Bahrain. Before joining Naseej in 2012, she was Director of Corporate Communications at Al Khaleej Development Company (Tameer), and its parent company, Inovent Bahrain. Prior to this, Emma was Segment Manager - Corporate Customers, at Bahrain Telecommunications Company (Batelco). She previously completed an internship with SICO Bank, where she gained experience as a Research Analyst. Emma holds a BSc in Business Management & Administration from the University of Bahrain; and a Professional Diploma in Marketing from the Chartered Institute of Marketing, UK.



MR. KHALID AL JASIM

Senior Manager, Information Technology

Khalid Al Jasim has 11 years' experience in information and communications technology (ICT) across several sectors in Bahrain, including real estate. This covers strategic IT planning and business transformation; systems and networks management; information security and business continuity planning; and IT governance. Prior to joining Naseej in 2012, he was ICT Administrator with @Bahrain. Previously, he was a Solutions Consultant at the Bahrain office of Talal Abu-Ghazaleh Organisation, a global professional services firm. Khalid holds a Bachelor's degree in Information Technology from Queensland University of Technology, Australia; and a Diploma in Information Technology from the Russo Institute of Technology, Australia.

PROJECT PORTFOLIO REVIEW

BASATEEN



Location: Busaiteen, Bahrain | Segment: Mid-income Housing |

Value: BD 3.6 million | Size: 5,750 square metres

Project Overview

This residential housing development is situated in a highly sought-after neighbourhood of Muharraq, which is well-served by numerous local community facilities. The project comprises 23 semi furnished, luxury villas, complete with air conditioning, European tiling, lighting, gypsum, sanitary ware, fully fitted European kitchens with appliances, garage shutter electric doors, intercoms systems, as well as en-suite bathrooms in every room.

www.basateen.bh

Instagram: naseejbsc

CANALVIEW



Location: Dilmunia Island, Bahrain | Segment: Mixed-use residential and retail |

Value: BD 27.5 million | Size: 13,000 square metres

Project Overview

This landmark mixed-use property development of over 13,000 square metres occupies a prime location on the prestigious Dilmunia Island, situated alongside a 1.6 kilometer canal with dual pedestrian access, and featuring a waterfall and fountains. The project comprises 246 luxury apartments in four buildings, which are set in landscaped gardens next to a sweeping canal promenade providing a diverse range of retail and leisure-related outlets. Canal View's amenities include indoor and outdoor swimming pools, a gymnasium and multi-sport court, residents' club house, and a shaded rooftop garden with a BBQ area, a number of special apartments will have their own private garden areas.

In 2020, CanalView received a five-star rating and a "Best" in its class award for Residential Development Bahrain 2020/21 in the Arabian & African region. The five-star rating moved CanalView as a Nominee for the International Property awards scheduled in 2021.

The Project also received Best Apartment Bahrain 2020-2021 in the Arabian & African region.

www.canalview.bh

Instagram: canalviewbh

ARAD



Location: Muharraq, Bahrain | Segment: Social (Mazaya) & Affordable Housing |

Value: BD 25.2 million | Size: 130,000 square metres

Project Overview

This large property development site is located at Arad Bay. The project comprises a total of 203 villas and 98 land plots for sale. All villas will be allocated to the Mazaya Scheme.



Location: Barbar, Bahrain | Segment: Social (Mazaya) & Affordable Housing | Value: BD 39.7 million | Size: 150,000 square metres

Project Overview

This large property development project is located in the vicinity of Barbar Village, close to the historic Dilmun-era Barbar Temple, which is a tentative UNESCO heritage site. The project will comprise 301 villas and 100 land plots for sale. The villas will be launched in phases, with the first phase consisting of 57 villas, of which 34 will be allocated to the Ministry of Housing's Mazaya Scheme.



Location: Ain Al Aouda, Morocco | Segment: Social and Affordable Housing with retail | Value: BD 9.6 million | Size: 356,100 square metres

Project Overview

In 2012, Naseej signed an agreement with the Government of Morocco to develop social and affordable housing units on two adjoining land plots in Ain Al Aouda – which is located 24 kilometres from Rabat and 80 kilometres from Casablanca to help address the country's housing shortage. The project suffered initial delays due to socio-economic and financial issues. The overall masterplan and use of land were changed by the Government in 2017, with the original social housing concept being expanded to embody affordable housing, and complementary retail and commercial facilities. Naseej successfully negotiated significant concessions with the Government, which reduced financing risks and enhanced the viability of this project.



Project Overview

Naseej expanded its land in Bahrain with the purchase of a plot of land covering 125,000 square metres at Amwaj Islands. The land occupies a prime position close to the main entrance of Amwaj, overlooking the International School of Choueifat. Progress to date includes submission of a revised traffic plan to the Marine Recourse Directorate; receipt of two Letters of No Objection from adjoining neighbours, Dilmunia Island Management and the International School of Choueifat; and the start of reclamation works.

Portfolio Diversification

While maintaining its primary focus on social and affordable housing projects in Bahrain, Naseej plans to diversify its portfolio by pursuing selective opportunities in related sectors such as community-based retail facilities, education and healthcare. The Company will adopt a prudent business approach, focusing on demand-driven, sustainable and non-speculative developments, through which to enhance value to both shareholders and end users.

RETAIL: JUMANA



Project Overview

The retail component of Naseej's affordable housing development at Salman Town has been completed, and leasing of the units has commenced. During 2019, Raseel Restaurant & Café, offering a variety of Asian cuisines, became the first dining outlet to open at Jumana.

RETAIL: CANALVIEW



Project Overview

Canal View features a retail component covering two storeys at the podium level of the four residential towers, which will offer a variety of shops, restaurants and cafés, fashion outlets and service stores; together with the possibility of entertainment facilities geared towards canal-side water activities. A retail consultant will be appointed to provide insight and knowledge on how to attract and fill the spaces in a manner that is profitable to the Company, while also keeping in mind the well-being of residents.

EDUCATION



Project Overview

Naseej is working with a well-known education provider in Bahrain to develop plans for the construction of a new BD12.5 million International school at Dilmunia Island.



INTERNATIONAL AWARD RECOGNITION

2020-2021

Best Residential Development Bahrain 2020-2021

★★★★★★

Award winner Apartment Bahrain 2020-2021

2021-2022

Best Mixed-use Development Bahrain 2021-2022

★★★★★★

Best Retail Development Bahrain 2021-2022

★★★★★★

Best Residential Interior Apartment Bahrain 2021-2022

★★★★★★

2022

Luxury Lifestyle Award 2022



ESG / CORPORATE SOCIAL RESPONSIBILITY

Naseej is the first REAL ESTATE CO. to sponsor BIBF's key 'classroom' sponsorship deal



Naseej is a proud sponsor of the 'classrooms' branding program of the Bahrain Institute of Banking & Finance (BIBF) new headquarters at Bahrain Bay. The building is set to open later in 2021 and will feature state-of-the-art learning facilities and cutting-edge technologies for better training & development. Naseej is proud to be the first real estate company to join the project aiming to increase awareness of its brand and strengthen its strategic position as a major supporter of the development of human resources in the Kingdom.

Naseej makes donation to the Zakat Fund



Mr. Salah Halidar



Mr. Ahmed Al Hammadi

Naseej has donated to the Zakat and Sadaqat Fund, under the Ministry of Justice and Islamic Affairs and Endowments, and the official authority approved to collect and distribute the Zakat.

Naseej sponsors the Global CSD conference 2021



Naseej sponsored the FUTURE VISION OF SUSTAINABLE CITIES (Green and smart cities) 2021.

Organized by the Global Council for Sustainable Development (GCSD), the international conference was held under the patronage of H.E the Minister of Housing Eng. Bassem Al Hamer on Saturday, 16th January 2021 over Zoom.

Naseej donated 100 food boxes in ramadan



As part of Naseej's continuous Corporate Social Responsibility initiatives, the company donated 100 food boxes to the Royal Humanitarian Foundation (RHF) during the holly month of Ramadan. These pre-packed boxes with staple food items were purchased from LuLu Hypermarket and then delivered to RHF, where a member of their team received the boxes from Naseej's representative. The RHF then distributed these boxes to their beneficiary lists of Bahraini families in need.

Food donation to THE BAHRAIN FOOD BANK



During the Ordinary General Meeting held on 11 August 2021 at the Crowne Plaza, the team liaised with Bahrain Food Bank; a local charity for food donations who accept food that can be donated to needy people and families across Bahrain. The team made advanced arrangements to work with the charity in order to make use of the extra food that was left over from the lunch function. The charity sent across their team and chilled van to collect the extra food. The food was then distributed to a number of people in Bahrain.

Naseej Sponsorships Bahrain Handball Federation



Mr. Ahmed Al Hammadi
Naseej's General Manager



Dr. Khalid Al-Haidan
Bahrain's Handball Federation First
Deputy President



Under the framework of Naseej's sponsorships, Naseej signed a sponsorship agreement with The Bahrain Handball Federation in support of the upcoming 2022 handball season of matches. The sponsorship pact gives Naseej the opportunity to build brand exposure amongst the youth & sport sector in Bahrain. It also gives Naseej the golden opportunity to present its brand and logo at all official matches for greater awareness and brand building.

Since the agreement was signed between Naseej's General Manager Mr. Ahmed Al Hammadi and Bahrain's Handball Federation First Deputy President of the Bahrain Handball Federation, Dr. Khalid bin Abdulrahman Al-Haidan, Naseej's logo has been pasted in the main sports court flooring as well as other surrounding areas within the court. With respect the PR, a series of articles were published in the press and social media to announce the sponsorship and its benefits.

Going forward into 2022, Naseej's name and logo will be displayed and noted in all promotional, print and digital media platforms to reach a large target of audience.

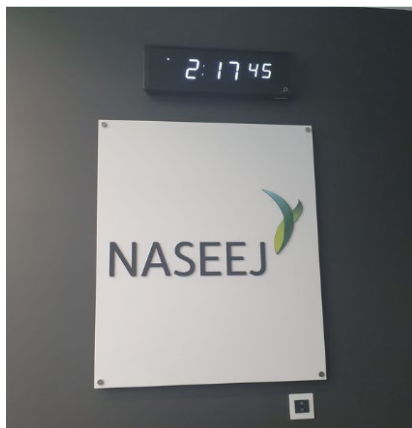
ESG / CORPORATE SOCIAL RESPONSIBILITY

Naseej Sponsorships The Padel Club at Dilmunia Bahrain National Day Padel Tournament



Under Naseej's sponsorship agreements, Naseej took Gold sponsorship of the National Day Padel Tournament that was held from 12-18 December 2021, at the Padel Club of Dilmunia. The 7-day event was held under the patronage of HRH Shaikh Isa bin Salman Al Khalifa and hosted by the Padel Club of Dilmunia. The event attracted hundreds of players and spectators from Bahrain and the GCC with a high level of traffic during tournament days.

Naseej Sponsorships BIBF Classroom at the new headquarters at Bahrain Bay



Naseej is a proud sponsor of the 'classrooms' branding program of the Bahrain Institute of Banking & Finance (BIBF) new headquarters at Bahrain Bay. Naseej is proud to be the first real estate company to join the project aiming to increase awareness of its brand and strengthen its strategic position as a major supporter of the development of human resources in the Kingdom.

Naseej Sponsorships Breast cancer run at CanalView, Dilmunia



Under the framework of Naseej's sponsorships and corporate social responsibility initiatives, Naseej sponsored The Dilmunia Breast Cancer Awareness Run that took place on October 16th at CanalView, Dilmunia. The purpose of the event was to raise awareness for breast cancer and gather proceeds to put forward to Bahrain's Breast Cancer Foundation. The event attracted a large number of participants as well as visitors to the event; there were those who joined the run and a number who joined in support of the runners and event. The 'run' started at CanalView's main promenade area and covered the entire Dilmunia Canal and concluded at CanalView's main promenade area. At the close of the event, an award win ceremony took place with a group photo to mark the event.

Naseej Sponsorships

Sponsorship of Gulf Property Expo 2021

The Avenues



Naseej is a gold sponsor of GPS- The Avenues edition



Naseej sponsored The Gulf Property Show 2021 as a Gold sponsor. The event was held under the patronage of H.E. Mr. Zayed R. Al Zayani, Minister of Industry Commerce & Tourism, that took place at the Avenues Mall from 24-27 November 2021.

Building Communities that Build Bahrain

Located opposite Saar Mall, Yasmeenat Saar comprises of 27 mid-high end villas built to the highest standard specification with open plan layouts to suit today's life-style aspirations.

yasmeenatsaar.bh





ياسمينه سار
YASMEENAT SAAR





A COMPANY THAT
BUILDS HOMES.
HOMES THAT
BUILD COMMUNITIES.
**COMMUNITIES THAT
SHAPE BAHRAIN.**



BUILDING COMMUNITIES THAT BUILD BAHRAIN

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DIRECTORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2021

The Directors have pleasure of submitting their report together with the audited consolidated financial statements of Naseej B.S.C. (c) (the "Company") and its subsidiaries (together the "Group") for the year ended December 31, 2021.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the construction, development, sales and purchase of real estate.

RESULTS AND FINANCIAL POSITION

The consolidated financial position of the Group as at December 31, 2021 and the results for the year then ended are set out in the accompanying consolidated financial statements.

DIRECTORS

The following Directors served during the year ended December 31, 2021:

Shaikh Hamed Mohamed Hamed Abdulla AlKhalifa (Chairman)

Ahmed Abdulrahim Bucheery (Vice Chairman), since August 2021

Ahmed Taqi

Abdulkarim Ahmed Bucheery (Vice Chairman till August 2021)

Abdulelah Ebrahim AlQasimi

Bashar Mohamed AlMutawa, till August 2021

Dr. Khaled Mohamed Abdulla Mohamed Taqi

Khalil Ismaeel Khalil AlMeer, till August 2021

Maysan Almaskati, since August 2021

Mohammed Khalil AlSayed

Abdulhakeem AlMutawa, till August 2021

Saqer Shaheen, till August 2021

Sattam Sulaiman Algosaibi, since August 2021

Talal Almahroos, since August 2021

Yusuf Althawadi, since August 2021

DIVIDEND

Dividend declared and paid during the year ended December 31, 2021 was BD 1,382,400 (2020: BD 2,160,000).

AUDITOR

A resolution proposing the reappointment of Deloitte & Touche – Middle East as the auditors of the Company for the year ended December 31, 2022 and authorising the Directors to fix their remuneration will be put to the Annual General Meeting.

NASEEJ B.S.C. @ (CONTINUED)

First: Board of Directors' Remuneration Details

Name	Fixed Remunerations					Variable Remunerations							
	Remuneration of the Chairman of BOD	Total Allowance for attending Board and Committee Meetings	Salarie	Others	Total	Remuneration of the Chairman of BOD	Bonus	Incentive Plans	Others	Total	End of Service Award	(Does not include expense allowance) Aggregate Amount	Expenses Allowance
First: Independent Directors													
Shaikh Hamed Mohamed Hamed Abdulla AlKhalifa	-	17,500	-	-	17,500	15,000	-	-	-	15,000	-	32,500	-
Khalil Ismaeel Khalil Almeer, Till August 2021	-	7,250	-	-	7,250	6,082	-	-	-	10,000	-	17,250	-
Second: Non-Executive Directors													
Ahmed Taqi	-	14,625	-	-	14,625	10,000	-	-	-	10,000	-	24,625	-
Abdulkarim Ahmed Bucheery, Vice Chairman till August 2021	-	9,000	-	-	9,000	6,082	-	-	-	10,000	-	19,000	-
Ahmed Abdulrahim Bucheery, Vice Chairman since August 2021	-	5,750	-	-	5,750	3,918	-	-	-	-	-	5,750	-
Abdulelah Ebrahim AlQasimi	-	14,000	-	-	14,000	10,000	-	-	-	10,000	-	24,000	-
Bashar Mohamed AlMutawa, till August 2021	-	10,000	-	-	10,000	6,082	-	-	-	10,000	-	20,000	-
Dr. Khaled Mohamed Abdulla Mohamed Taqi	-	14,500	-	-	14,5000	10,000	-	-	-	10,000	-	24,500	-
Maysan Almaskati, since August 2021	-	6,875	-	-	6,875	3,918	-	-	-	-	-	6,875	-
Abdulhakeem AlMutawa, till August 2021	-	6,500	-	-	6,500	6,082	-	-	-	10,000	-	16,500	-
Saqer Shaheen, till August 2021	-	8,000	-	-	8,000	6,082	-	-	-	10,000	-	18,000	-
Sattam Sulaiman Algosaiibi, since August 2021	-	7,500	-	-	7,500	3,918	-	-	-	-	-	7,500	-
Talal Almahroos, since August 2021	-	6,500	-	-	6,500	3,918	-	-	-	-	-	6,500	-
Yusuf Althawadi, since August 2021	-	6,875	-	-	6,875	3,918	-	-	-	-	-	6,875	-
Mohamed Bucheeri	-	7,000	-	-	7,000	3,918	-	-	-	-	-	7,000	-
Third Executive Directors:													
Mohammed Khalil AlSayed	-	17,500	12,000	-	29,750	10,000	50,000	-	-	60,000	-	89,750	-
Total	-	159,625	12,000	-	171,625	105,000	50,000	-	-	155,000	-	326,625	-

NASEEJ B.S.C. © (CONTINUED)

Second: Executive Management Remuneration Details:

All amounts are in Bahraini Dinar (BD)

Name	Total paid salaries and allowances	Total paid remuneration	Any other cash/ in kind remuneration for 2021	Total
Top 6 remunerations for executives, including CEO and Senior Financial Officer	439,464	73,959	-	513,423

On behalf of the Directors:

Shaikh Hamed Mohamed Hamed Abdulla
AlKhalifa

Chairman

May 12, 2022

Ahmed Abdulrahim Bucheery

Vice Chairman

INDEPENDENT AUDITOR'S REPORT

Deloitte.

To the Shareholders
Naseej B.S.C. (c)
Kingdom of Bahrain

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of Naseej B.S.C. (c) (the "Company"), and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the Kingdom of Bahrain, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Directors are responsible for the other information. The other information comprises the Directors' report, which we obtained prior to the date of this auditor's report and the annual report, which is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the consolidated financial statements

The Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually

or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- Conclude on the appropriateness of the Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

- 1) As required by the Bahrain Commercial Companies Law of 2001 (and subsequent amendments), we report that:
 - a) we have obtained all information that we considered necessary for the purposes of our audit;
 - b) the Group has maintained proper accounting records and the consolidated financial statements and the financial information included in the Director's report are in agreement therewith;
 - c) nothing has come to our attention which causes us to believe that the Company has breached any of the applicable provisions of the Bahrain Commercial Companies Law of 2001 (and subsequent amendments), or of its memorandum and articles of association which would materially affect its activities or its financial position as at December 31, 2021; and
 - d) satisfactory explanations and information have been provided to us by the Directors in response to all our requests.
- 2) As required by the Ministry of Industry, Commerce and Tourism in their letter dated January 30, 2020 in respect of the requirements of Article 8 of section 2 of Chapter 1 of the Corporate Governance Code, we report that the Company has:
 - a) a corporate governance officer; and
 - b) a Board approved written guidance and procedures for corporate governance.

Deloitte & Touche,

Deloitte & Touche – Middle East
Partner Registration Number: 157
Manama, Kingdom of Bahrain

May 18, 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

	Note	2021 BD	2020 BD
ASSETS			
Non-current assets			
Properties under development	5	40,253,521	66,080,441
Investment properties	6	15,912,001	5,021,000
Equity accounted investees	8	712,246	395,580
Financial assets at fair value through other comprehensive income ("FVOCI")	9	3,774,928	5,586,042
Right-of-use asset	10.1	154,999	201,499
Property and equipment	7	65,685	106,688
Total non-current assets		60,873,380	77,391,250
Current assets			
Cash and cash equivalents	12	11,176,587	14,258,002
Placements with financial institutions	11	977,944	3,747,944
Trade receivables	14	959,733	500,760
Inventory	15	13,485,245	-
Contract receivables	16	10,503,070	10,559,871
Other assets	17	1,061,727	1,146,329
Total current assets		38,164,306	30,212,906
Total assets		99,037,686	107,604,156
EQUITY AND LIABILITIES			
Equity			
Share capital	18	86,400,001	86,400,001
Statutory reserve	19	3,488,347	3,353,299
Retained earnings		1,558,296	1,725,269
Fair value reserve		(1,811,114)	-
Foreign currency translation reserve		(438,493)	(401,185)
Equity attributable to owners of the company		89,197,037	91,077,384
Non-controlling interests		(132,868)	(365,180)
Total equity		89,064,169	90,712,204
Liabilities			
Non-current liabilities			
Lease liability	10.2	117,675	163,021
Employees' end of service benefits	20	695,911	598,693
Total non-current liabilities		813,586	761,714
Current liabilities			
Lease liability	10.2	45,346	42,564
Contactors' retention payable	21	1,683,161	3,510,144
Trade payables	22	589,453	611,775
Accruals and other liabilities	23	6,841,971	11,965,755
Total current liabilities		9,159,931	16,130,238
Total liabilities		9,973,517	16,891,952
Total equity and liabilities		99,037,686	107,604,156

The consolidated financial statements were approved by the Board of Directors on May 12, 2022:

Shaikh Hamed Mohamed Hamed Abdulla AlKhalifa

Chairman

Ahmed Abdulrahim Bucheery

Vice Chairman

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021 BD	2020 BD
Revenue	24	8,134,272	2,484,569
Direct costs	25	(7,836,381)	(2,320,882)
Gross profit		297,891	163,687
Income from placements with financial institutions	13 (b)	453,536	935,749
Rental and other income	28	796,216	2,230,219
Net gain from fair value on properties under development	5	2,280,031	2,115,352
Net gain from fair value on investment properties		710,069	46,676
Share of profit from equity accounted investees	8	191,666	(13,811)
Write down available for sale	15	(90,498)	-
Administrative expenses	26	(2,094,592)	(1,936,511)
Marketing and selling expenses		(164,419)	(249,002)
Depreciation expense on right-of-use asset	10.1	(46,500)	(51,359)
Interest expense on lease liability	10.2	(11,544)	(15,989)
Other operating expenses	27	(701,760)	(1,879,755)
Provision for loss allowance on financial assets	32	-	(133,261)
Profit for the year		1,620,096	1,211,995
Profit for the year attributable to:			
Owners of the Company		1,350,476	1,025,516
Non-controlling interests		269,620	186,479
		1,620,096	1,211,995
Other comprehensive income			
Item that are or may be reclassified subsequently to profit:			
Fair value loss on equity instrument designated at FVTOCI		(1,811,114)	-
Foreign exchange translation reserve		(74,615)	20,731
Total comprehensive income for the year		(265,633)	1,232,726
Total comprehensive income for the year attributable to:			
Owners of the Company		(497,946)	1,046,247
Non-controlling interests		232,313	186,479
		(265,633)	1,232,726

Shaikh Hamed Mohamed Hamed
Abdulla AlKhalifa
Chairman

Ahmed Abdulrahim Bucheery
Vice Chairman

The attached notes form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2021

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Statutory reserve	Retained earnings	Foreign exchange translation reserve	Fair Value reserve	Total		
	BD	BD	BD	BD	BD	BD	BD	BD
At January 1, 2020	86,400,001	3,250,747	2,962,305	(421,916)	-	92,191,137	(551,659)	91,639,478
profit for the year	-	-	1,025,516	-	-	1,025,516	186,479	1,211,995
Other comprehensive income	-	-	-	20,731	-	20,731	-	20,731
Total comprehensive profit for the year	-	-	1,025,516	20,731	-	1,046,247	186,479	1,232,726
Transfer to statutory reserves	-	102,552	(102,552)	-	-	-	-	-
Dividend declared and paid	-	-	(2,160,000)	-	-	(2,160,000)	-	(2,160,000)
At December 31, 2020	86,400,001	3,353,299	1,725,269	(401,185)	-	91,077,384	(365,180)	90,712,204
Profit for the year	-	-	1,350,475	-	-	1,350,475	269,620	1,620,095
Other comprehensive income	-	-	-	(37,308)	-	(37,308)	(37,308)	(74,615)
Total comprehensive income for the year	-	-	1,350,475	(37,308)	-	1,313,167	232,312	1,545,479
Transfer to Fair value reserve	-	-	-	-	(1,811,114)	(1,811,114)	-	(1,811,114)
Transfer to statutory reserves	-	135,048	(135,048)	-	-	-	-	-
Dividend declared and paid	-	-	(1,382,400)	-	-	(1,382,400)	-	(1,382,400)
Capital reduction	-	-	-	-	-	-	-	-
At December 31, 2021	86,400,001	3,488,347	1,558,296	(438,493)	(1,811,114)	89,197,037	(132,868)	89,064,169

The attached notes form part of these consolidated financial statement

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021 BD	2020 BD
Cash flows from operating activities			
Profit for the year		1,620,096	1,211,995
Adjustments for non-cash items:			
Income from deposits	13 (b)	(453,536)	(935,749)
Depreciation		46,448	51,094
Gain on disposal		(883)	-
Depreciation of right-of-use asset	10.1	46,500	51,359
Fair value gain in investment properties		(710,069)	(46,676)
Interest on lease liability	10.2	11,544	15,898
Provision for employees' end of service benefits	20	97,218	94,734
Gain on fair value of properties under development	5	(2,280,031)	(2,115,352)
Provision in relation to Ain Aouda project		-	327,715
Share of profit from equity accounting investees	8	(191,666)	13,811
Impairment / (reversal of) loss allowance on financial assets	31	-	133,261
Cash flows before changes in operating assets and liabilities		(1,814,379)	(1,197,820)
Changes in operating assets and liabilities:			
Decrease / (increase) in trade receivables		(458,973)	2,551,864
Decrease in contract receivables		56,801	137,031
Decrease in other assets		84,602	943,984
Decrease / (increase) in properties under development		28,106,950	(10,603,583)
Decrease / (increase) in Available for Sale		(13,485,245)	-
Decrease / (increase) in Investment Properties		(10,180,932)	-
Decrease in contractors' retention payable		(1,826,983)	(280,102)
(Decrease) / increase in trade payables		(22,322)	(1,066,653)
Increase / (decrease) in accruals and other liabilities		(5,123,784)	2,498,138
Net cash used in operating activities		(4,664,264)	(7,017,141)
Cash flows from investing activities			
Purchase of property and equipment	7	(5,446)	(20,467)
Sale of PPE		882	-
Income received from deposits		453,536	844,475
Investment in equity accounting investees	8	(125,000)	
Purchase of investment held at FVTOCI	9	-	(5,586,042)
Fixed deposits redeemed during the year, net		2,770,000	5,230,000
Net cash generated from investing activities		3,093,972	467,966
Cash flows from financing activities			
Repayment of lease liability	10.2	(54,107)	(73,088)
Dividend paid		(1,382,400)	(2,160,000)
Net cash used in financing activities		(1,436,507)	(2,233,088)
Net decrease in cash and cash equivalents during the year		(3,006,799)	(8,782,263)
Cash and cash equivalents at the beginning of the year		14,342,282	23,103,814
Effect of currency translation on cash and cash equivalents		(74,615)	20,731
Cash and cash equivalents at the end of the year	12	11,260,867	14,342,282

The attached notes form part of these consolidated financial statements

INCORPORATION AND ACTIVITIES

Naseej B.S.C. (c) is a closed joint stock company (the "Company") incorporated in the Kingdom of Bahrain on August 5, 2009 under commercial registration number 72492-1. The Company is principally engaged in the construction, development, sale and purchase of real estate. The registered office of the Company is Bahrain Financial Harbour, East Tower, 46th Floor, Manama, Kingdom of Bahrain.

The Company's major shareholders include Ithmaar Holding B.S.C., BBK B.S.C., Ithmaar Development Company Ltd., Social Insurance Organisation of the Kingdom of Bahrain, GFH Financial Group B.S.C., Khaleeji Commercial Bank B.S.C., Al Fateh Investment, Ibdar Bank B.S.C., Eskin Bank B.S.C., Faisal Islamic Bank of Egypt, and Palm Capital Company W.L.L.

The consolidated financial statements include the financial information of the Company and its subsidiaries (collectively referred to as the "Group").

As at December 31, 2021, the Group has the following subsidiaries and an associate:

Entity	Country of incorporation	Place of business	Principal activities	% Ownership
Subsidiaries:				
Naseej Rabat W.L.L.	Bahrain	Bahrain	Real estate	100
Naseej Project Company W.L.L. (Formerly known as "Shakhoura Development S.P.C.")	Bahrain	Bahrain	Real estate	100
Sharaka for Housing Projects B.S.C. (c)	Bahrain	Bahrain	Real estate	100
Canalview Development Company W.L.L.	Bahrain	Bahrain	Real estate	100
Bahrain PPP Investment Company Limited	Cayman Islands	Bahrain	Real estate	100
Ashghal Development Company SARL	Morocco	Morocco	Real estate	50
Joint Venture:				
Barbar Real Estate Company W.L.L.	Bahrain	Bahrain	Real estate	50
Associate:				
Olive V.F.M. Company W.L.L.	Bahrain	Bahrain	Real estate	25

APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

2.1 New and revised Standards applied with no material impact on the consolidated financial statements

In the current year, the Group has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after January 1, 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

- Amendments to Interest Rate Benchmark Reform in IFRS 9 and IFRS 7: The amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.
- Amendments to IFRS 16 Leases relating to Covid-19-Related Rent Concessions: The amendments provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID- 19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after June 1, 2020.
- Amendments to Reference to the Conceptual Framework in IFRS Standards: The amendments include consequential amendments to affected Standards so that they refer to the new Framework. The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

2.1 New and revised Standards applied with no material impact on the consolidated financial statements (continued)

- Amendments to IFRS 3 Definition of a business: The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired. The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets
- Amendments to IAS 1 and IAS 8 Definition of material: The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

2.2 New and revised standards issued but not yet effective

At the date of authorization of these consolidated financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- IFRS 17 Insurance Contracts (effective from January 1, 2023).
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date not yet decided).
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective from January 1, 2023).
- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework (effective from January 1, 2022).
- Amendments to IAS 16 Property, Plant and Equipment related to proceeds before intended use (effective from January 1, 2022).
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets related to Onerous Contracts—Cost of Fulfilling a Contract (effective from January 1, 2022).
- Annual Improvements to IFRS Standards 2018-2020: The Annual Improvements include amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards (effective from January 1, 2022), IFRS 9 Financial Instruments (effective from January 1, 2022), IFRS 16 Leases (effective date not yet decided) and IAS 41 Agriculture (effective from January 1, 2022).
- Amendments to Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16): the amendments require additional disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks (effective from January 1, 2021).

The Directors do not expect that the adoption of the above Standards will have a material impact on the Group's consolidated financial statements in future periods.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless, otherwise stated.

Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRSs and the applicable requirements of the Bahrain Commercial Companies Law of 2001 (and subsequent amendments).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis. The consolidated financial statements have been presented in Bahraini Dinars ("BD") which is the Group's functional currency.

The consolidated financial statements comprise of the consolidated statement of financial position, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes to the consolidated financial statements.

The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Group's consolidated financial statements therefore fairly present its consolidated financial position as at December 31, 2020 and the results for the year then ended. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the separate financial statements are disclosed in note 4.

Going concern

The Group's Directors have made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

Basis of consolidation

Business combinations are accounted for using the acquisition method as at the acquisition date (i.e. when control is transferred to the Group). Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

(i) Subsidiaries

Subsidiaries' are investees controlled by the Group. The Group 'controls' an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

(ii) Non-controlling interests

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either at fair value or at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in the consolidated statement of profit or loss and other comprehensive income.

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in the consolidated statement of profit or loss and other comprehensive income. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expense arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and cash equivalents include cash and bank balances and placements with financial institutions with original maturities within three months or less after the year end, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the consolidated statement of financial position.

Properties under development

Properties acquired, constructed or in the course of construction for sale in the ordinary course of business are classified as properties under development and are measured initially at cost, including transaction costs. Subsequent to initial recognition, properties under development are measured at fair value. Gains or losses arising from changes in the fair value of properties under development are included in the consolidated statement of profit or loss and other comprehensive income in the period in which they arise.

The management reviews the carrying values of the development properties on an annual basis.

Investment property

Investment property, which is property held to earn rental income and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in consolidated statement of comprehensive income in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in consolidated statement of comprehensive income in the period in which the property is derecognised.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition cost of the asset. Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation is recognised so as to write off the cost of assets or valuation of assets over their useful lives, using the straight-line method. The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each reporting date.

The estimated useful lives of property and equipment are as follows:

Leasehold improvements	5 Years
Office equipment & furniture	5 Years
Computers	3 Years

Placements with financial institutions

Placements with financial institutions comprise of placements made under Shari'a compliant contracts having original maturities of three months or more, and are stated at their amortised cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2021

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

The application of the new standard requires management to apply the following new accounting policies:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding discounts, rebates, customer returns and other sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

Contract revenue

The Group recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
3. Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
5. Recognise revenue when (or as) the entity satisfies a performance obligation at a point in time or over time.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at a point in time at which the performance obligation is satisfied. The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. For properties under development where consideration is received from customers during the development phase, the Group has concluded that for majority of its arrangements, it is either creating or enhancing an asset controlled by the customer or it is creating an asset with no alternative use and has an enforceable right to payment for work completed. Therefore, it meets the criteria to recognise revenue overtime and measure progress of its projects through the cost to complete method (input method) as it best depicts the transfer of control of products and services under each performance obligation.

Revenue from sale of apartment/villa is recognised when the handover notice has been issued and all the risks and rewards relating to the ownership are transferred to the customer.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

A loss is recognised in the consolidated statement of comprehensive income when the expected contract costs exceed the total anticipated contract revenue.

Pre-contract cost of obtaining a contract with a customer is recognised as an asset if those costs are expected to be recovered.

Revenue is recognised in the consolidated statement of comprehensive income to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and the revenue and costs, if applicable, can be measured reliably.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income from placements with financial institutions

Income from placements with financial institutions is accrued on a timely basis by referring to the principal outstanding and at the effective profit rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

Provision for employees' end-of-service benefits

The Group provides end of service benefits to all employees in accordance with the Bahrain Labour Law. The entitlement to these benefits is based upon the employee's final basic salary and length of service. The expected costs of these benefits are accrued over the period of the employment.

For Bahraini employees, the Group makes contributions to the Social Insurance Organization, based on the applicable law and regulation.

Investment in associate

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate.

Inventory

Available for sale inventory is stated at the lower of cost and net realisable value. Cost comprises development costs incurred during the development phase that have been incurred in bringing the properties to their present condition. Cost comprises of direct development cost and other expenditure (planning and approval) incurred during the development phase. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Impairment of non-financial assets

Where there is an indication of impairment in value, such that the recoverable amount of an asset (other than inventories) falls below its net book value, an impairment loss is recognised immediately in the consolidated statement of profit or loss and other comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of profit or loss and other comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2021

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

Financial asset

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either fair value through OCI ("FVTOCI"), or fair value through profit or loss ("FVTPL")); and
- those to be measured at amortised cost.

The classification of financial instruments depend on the Group's business model for managing the financial assets: - whether the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the cash flows; or - whether contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Management determines the classification of its investment at initial recognition.

(b) Recognition and derecognition

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the consolidated statement of profit or loss and other comprehensive income.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments through two measurement categories:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the consolidated statement of profit or loss and other comprehensive income and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss and other comprehensive income.

Subsequently, investments in equity instruments at FVTOCI they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Financial liabilities

Financial liabilities include trade payables and accruals and other liabilities. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs.

Accounts payable are stated at their nominal value. Borrowings are initially recognised net of transaction costs and subsequently measured at amortized cost using the effective interest rate method.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

The difference between the carrying amount of the financial liability derecognized and the sum of the consideration paid and payable is recognised in the consolidated statement of profit or loss and other comprehensive income.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) arising from a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of amount of obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When same or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

Foreign currencies

Transactions in foreign currencies are translated to Bahraini Dinars at exchange rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies at reporting date are translated into Bahraini Dinars at the foreign exchange rate prevailing at that date. All foreign exchange gains or losses arising on conversion and translation of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss and other comprehensive income.

The assets and liabilities of foreign operations and fair value adjustments arising on acquisition, are translated to Bahraini Dinar at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Bahraini Dinar at exchange rates at the dates of the transactions. Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity.

Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and reported on a net basis in the accompanying consolidated statement of financial position when a legally enforceable right to set-off such amounts exists and when the Group intends to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue due to its operating nature.

Leases

The Group as a lessee:

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases (lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following where applicable:

- Fixed lease payments, less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- Amount expected to payable by the lessee under the residual value guarantees;
- The exercise price of the purchase option, if the lessee is reasonably certain to exercise the options; and
- Payment of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated amortization (over the shorter period of lease term and useful life of the underlying asset) and impairment losses.

The Group recognizes a provision when it incurs an obligation for costs to dismantle and remove a leased asset or restore the site on which it is located.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Valuation of properties under development

The Group's management obtains valuation reports from independent valuers to determine the fair value of the properties under development at the reporting date, and assesses the fair value of the properties under development on annually.

Measurement of the expected credit loss allowance

Loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group's management uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Refer to accounting policy in note 3.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Management did not include the extension options in the lease terms on the basis that lease cannot be renewed without the consent of both parties.

5. PROPERTIES UNDER DEVELOPMENT

	2021 BD	2020 BD
Land	32,997,066	36,688,715
Development costs	4,976,424	27,276,374
Fair value gain recognised during the year	2,280,031	2,115,352
	40,253,521	66,080,441

Properties acquired, constructed or in the course of construction for sale in the ordinary course of business are classified as development properties and include the costs of:

- Freehold land;
- Amounts paid to contractors for construction including the cost of construction of infrastructure; and
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

5. PROPERTIES UNDER DEVELOPMENT *(continued)*

Common infrastructure cost is allocated to various projects and forms part of the estimated cost to complete a project in order to determine the cost attributable to revenue being recognised. The development span of some of the development properties is estimated to be over 10 years.

The movement in properties under development:

	2021 BD	2020 BD
Balance at the beginning of year	66,938,956	53,689,221
Costs incurred during the year	3,467,854	13,455,265
(Costs transferred to cost of revenue during the year (note 24	(7,700,751)	(2,320,882)
Costs transferred to Investment properties	(10,298,311)	-
Transferred to inventory	(13,575,743)	-
Fair value gain recognised during the year	2,280,031	2,115,352
	41,112,036	66,938,956
Provision in relation to Ain Aouda project	(858,515)	(858,515)
Balance at the end of year	40,253,521	66,080,441

The project wise break down is as follows:

	2021			
	Land BD	Development costs BD	Fair value (loss)/gain BD	Total BD
Canalview	-	-	-	-
Arad	14,954,567	34,960	291,474	15,281,001
Amwaj	12,256,586	3,993,691	1,194,723	17,445,000
Ain Aouda	5,785,913	947,773	793,834	7,527,520
Basateen	-	-	-	-
Jid Alhaj	-	-	-	-
	32,997,066	4,976,424	2,280,031	40,253,521

	2020			
	Land BD	Development costs BD	Fair value (loss)/gain BD	Total BD
Canalview	5,011,035	20,927,372	(230,929)	25,707,478
Arad	14,039,830	13,244	914,736	14,967,810
Amwaj	11,823,693	2,679,544	432,893	14,936,130
Ain Aouda	3,141,488	2,243,200	336,836	5,721,524
Basateen	1,951,314	1,382,821	591,865	3,926,000
Jid Alhaj	721,355	30,193	69,951	821,499
	36,688,715	27,276,374	2,115,352	66,080,441

Fair value measurement

The Group obtained valuation reports from independent valuers to determine the fair value of the properties under development at the reporting date. As a result, the management revalued its properties under development at an amount of BD 40,253,521.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2021

6. INVESTMENT PROPERTIES

	2021 BD	2020 BD
Cielo tower	3,690,000	3,665,000
Canalview - Retail	6,370,000	-
CanalView – Building 3	4,472,000	-
AMAS shops	1,380,001	1,356,000
	15,912,001	5,021,000

Fair value measurement

The Group obtained valuation reports from an independent valuer to determine the fair value of the investment properties at the reporting date. As a result, the management revalued its investment properties at an amount of BD 15,912,001.

7. PROPERTY AND EQUIPMENT

	Leasehold improvements BD	Office equipment & furniture BD	Computers BD	Work in progress BD	Total BD
Cost					
At January 1, 2020	332,020	48,076	194,900	83,300	658,296
Additions	1,959	287	-	18,221	20,467
Transfers	-	-	68,888	(68,888)	-
At December 31, 2020	333,979	48,363	263,788	32,633	678,763
Additions	482	1,210	3,754	-	5,446
Transfers	-	-	31,012	(31,012)	-
Disposals	-	-	(8,887)	-	(8,887)
At December 31, 2021	334,461	49,573	289,667	1,621	675,322
Accumulated depreciation					
At January 1, 2020	311,805	32,544	176,633	-	520,982
Depreciation expense	15,779	6,305	29,009	-	51,093
At December 31, 2020	327,584	38,849	205,642	-	572,075
Depreciation expense	3,344	6,230	36,874	-	46,448
Disposals	-	-	(8,886)	-	(8,886)
At December 31, 2021	330,928	45,079	233,630	-	609,637
Carrying amount					
December 31, 2021	3,533	4,494	56,037	1,621	65,685
December 31, 2020	6,395	9,514	58,146	32,633	106,688

8.EQUITY ACCOUNTED INVESTEEES

	Joint venture BD	Associate BD	Total BD
Balance as at January 1,2021	395,580	-	395,580
Additions during the year	-	125,000	125,000
Share of profit during the year	255	191,411	191,666
Balance at January 1,2021	395,835	316,411	712,246

The below information is based on the latest available financial statements of the joint venture:

	2021 BD	2020 BD
Total assets	20,235,001	-
Total liabilities	(19,602,179)	-
Net assets	632,822	-
Proportion of Group's ownership	50%	-
Share of net assets	316,411	-
Revenue	-	-
Other income	382,822	-
Expenses	-	-
Net loss (100%)	382,822	-
Group's share of loss/profit	191,411	-

The below information is based on the latest available financial statements of the associate:

	2021 BD	2020 BD
Total assets	1,853,509	1,785,625
Total liabilities	(270,168)	(203,304)
Net assets	1,583,341	1,582,321
Proportion of Group's ownership	25%	25%
Share of net assets	395,835	395,580
Revenue	482,316	380,260
Expenses	(481,296)	(435,502)
Net loss/ profit (100%)	1,020	(55,242)
Group's share of loss/ profit	255	(13,811)

9. INVESTMENT HELD AT FVTOCI

The Group acquired 19.5% of Dilmunia Mall Development Company W.L.L. ("MoD"), equivalent to 68,447 total shares at a price of BD 5,586,042, which is equal to the net asset value of MoD. MoD is a company registered in the Kingdom of Bahrain dealing in real estate activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2021

10. LEASES

The Group only operates as a lessee.

10.1 Right-of-use asset

The recognized right-of-use asset relating to the Group's office premises at Bahrain Financial Harbour, which are leased by the Group, for an average term of 5 years.

	2021 BD	2020 BD
Balance as at January 1,	201,499	325,740
Depreciation during the year	(46,500)	(51,359)
Modifications during the year	-	(72,882)
Balance as at December 31,	154,999	201,499

The following are the amounts recognized in the consolidated statement of profit and loss and other comprehensive income for the year ended December 31, 2021:

	2021 BD	2020 BD
Depreciation on right-of-use asset	46,500	51,359
Interest on lease liability	11,544	15,989

At the reporting date, none of the property leases in which the Group is the lessee, contain variable lease payment terms.

10.2 Lease liability

	2021 BD	2020 BD
Balance as at January 1,	205,585	335,566
Accretion of interest	11,544	15,989
Payments during the year	(54,108)	(73,088)
Modifications during the year	-	(72,882)
Balance as at December 31,	163,021	205,585

Below is the allocation of lease liabilities as at December 31, 2021:

	2021 BD	2020 BD
Current lease liabilities	45,346	42,564
Non-current lease liabilities	117,675	163,021
Balance as at December 31,	163,021	205,585

11. PLACEMENTS WITH FINANCIAL INSTITUTIONS

	2021 BD	2020 BD
Placements with original maturities more than three months	1,000,000	3,770,000
Less: Loss allowance	(22,056)	(22,056)
	977,944	3,747,944

Placements are held with financial institutions in Bahrain with average profit rate of 2.7% to 3.7 % (2020: 3.15% to 3.8%).

The movement in loss allowance for impairment of placements with financial institutions are as follows:

	2021 BD	2020 BD
Balance at January 1,	22,056	53,460
Net decrease in loss allowance during the year (note 32)	-	(31,404)
Balance as at December 31,	22,056	22,056

12. CASH AND CASH EQUIVALENTS

	2021 BD	2020 BD
Cash and bank balances	3,318,367	4,342,282
Placements with original maturities less than 3 months	7,942,500	10,000,000
	11,260,867	14,342,282
Less: Loss allowance	(84,280)	(84,280)
	11,176,587	14,258,002

Placements are held with financial institutions in Bahrain with an original maturity of three months or less with an average profit rate of 2.7% to 2.85% (2020: 2.45% to 3.75%).

The movement in loss allowance for impairment of cash and cash equivalents are as follows:

	2021 BD	2020 BD
Balance at January 1,	84,280	24,725
Net increase/(decrease) in loss allowance during the year (note 30)	-	59,555
Balance at December 31,	84,280	84,280

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2021

13. RELATED PARTIES:

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Related parties include the significant shareholders and entities over which the Group and the shareholders exercise significant influence, directors and other key management of the Group.

The transactions and balances with the related parties included in these consolidated financial statements are as follows:

a) Balances with shareholders

	2021 BD	2020 BD
Cash and bank balances	11,161,553	14,203,885
Placements with a financial institution	977,944	3,747,944
	12,139,497	17,951,829

b) Transactions with shareholders

	2021 BD	2020 BD
Income from placements with financial institutions	453,536	935,749
Professional fees	-	-

Key management compensation

Key management personnel of the Group comprise of the Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group. Compensation for key management personnel is as follows:

	2021 BD	2020 BD
Salaries and other short-term benefits	378,720	326,997
Directors' sitting fee	162,125	161,250
Post-employment benefits	41,416	36,816

14. TRADE RECEIVABLES

	2021 BD	2020 BD
Trade receivables (note 14.1)	1,297,677	838,704
Less: Loss allowance (note 14.2)	(337,944)	(337,944)
	959,733	500,760

14.1 Trade receivables include BD Nil (2020: BD Nil) invoiced to the Ministry of Housing (“MOH”) under the Bahrain Affordable Housing PPP project.

14.2 The movement in loss allowance for impairment of trade receivables is as follows:

	Credit-impaired BD	Collectively assessed BD	Total BD
Balance, December 31, 2019	232,334	9,508	241,842
Net increase in loss allowance (note 31)	105,110	(9,008)	96,102
Balance, December 31, 2020	337,444	500	337,944
Net increase in loss allowance (note 31)	-	-	-
Balance, December 31, 2021	337,444	500	337,944

15. INVENTORY

	2021 BD	2020 BD
Opening balance	-	-
Transfers from properties underdevelopment	13,575,743	-
Charged to direct cost during the year	-	-
Write-off during the year	(90,489)	-
Closing balance	13,485,245	-

16. CONTRACT RECEIVABLES

	2021 BD	2020 BD
Due from Ministry of Housing	9,579,875	9,638,600
Due from customers	932,203	930,279
	10,512,078	10,568,879
Less: Loss allowance (note 31)	(9,008)	(9,008)
	10,503,070	10,559,871

The movement in due from Ministry of Housing is as follows:

	2021 BD	2020 BD
Balance at the beginning of the year	9,638,600	9,469,600
Transferred to trade receivables during the year	(65,075)	-
Transferred from Due from customers	6,350	169,000
	9,579,875	9,638,600

OTHER ASSETS

	2021 BD	2020 BD
VAT receivable	436,234	441,882
Prepayments	339,091	415,921
Advances to employees	107,908	108,878
Accrued income	94,827	91,274
Security deposits	63,920	53,135
Contractor advances	6,212	21,704
Other receivables	14,746	14,746
	1,062,938	1,147,540
Loss allowance	(1,211)	(1,211)
	1,061,727	1,146,329

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2021

The movements in loss allowance of accrued income are as follows:

	2021 BD	2020 BD
Balance at January 1,	1,211	1,211
Net decrease in loss allowance during the year (note 31)	-	-
Balance at December 31,	1,211	1,211

18. SHARE CAPITAL

	2021 BD	2020 BD
Authorised share capital		
864,000,008 shares of BD 0.100 each	86,400,001	86,400,001
Issued and fully paid up share capital		
864,000,008 shares of BD 0.100 each	86,400,001	86,400,001

19. STATUTORY RESERVE

In accordance with the Bahrain Commercial Companies Law of 2001 and the Company's Articles of Association, 10% of the profit for the year should be appropriated to the statutory reserve. The Group may elect to discontinue such appropriation when the reserve reaches 50% of the capital. This reserve is not available for distribution. During the year the Group has transferred BD 135,048 (2020: BD 102,552) from retained earnings to the statutory reserve.

20. EMPLOYEES' END OF SERVICE BENEFITS

	2021 BD	2020 BD
Balance at the beginning of year	598,693	503,959
Charge for the year (note 26.2)	97,218	94,734
Payments made during the year	-	-
Balance at the end of year	695,911	598,693

21. CONTRACTORS' RETENTION PAYABLE

Contractors' retention payable amounting to BD 1,683,161 (2020: BD 3,510,144) represents retention that has been withheld by the Group from payments due to contractors and are due for less than one year from the end of the reporting period.

22. TRADE PAYABLES

	2021 BD	2020 BD
Bahrain PPP project	362,300	354,189
Ain Aouda Project	102,507	175,281
Canalview project	66,340	32,998
Daem project	-	9,617
Amwaj project	-	3,969
Others	58,306	35,721
	589,453	611,775

23. ACCRUALS AND OTHER LIABILITIES

	2021 BD	2020 BD
Sales deposits and progress billings	950	3,866,854
Provision against arbitration of claims received (note 29)	2,494,282	2,242,282
Accruals to contractors - Sharaka project	1,769,403	1,836,672
Terna bond payable	1,260,659	1,260,659
Payable amount in relation to MoD acquisition	-	1,086,042
Provision against EWA capital contribution	255,623	255,623
Others	1,061,054	1,417,623
	6,841,971	11,965,755

24. REVENUE

	2021 BD	2020 BD
Jid Al Haj	837,412	2,484,569
Basateen	990,500	-
Sharaka	129,775	-
CanalView	6,176,585	-
	8,134,272	2,484,569

25. DIRECT COSTS

	2021 BD	2020 BD
Professional cost	-	93,237
Cost of plots sold	814,855	2,227,645
Cost of apartments / villas sold	7,021,526	-
	7,836,381	2,320,882

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2021

26. ADMINISTRATIVE EXPENSES

	2021 BD	2020 BD
Salaries and related costs (note 26.2)	1,410,521	1,272,154
Board expenses	183,607	174,643
Professional consultant charges (note 26.1)	173,692	161,977
Office expenses	169,925	148,677
Board remuneration	92,000	105,000
Depreciation	46,448	51,093
Service charges	18,399	22,967
	2,094,592	1,936,511

26.1 The professional consultant charges for the current year relate primarily to the arbitration expenses incurred for the Terna dispute.

26.2 Salaries and related costs consists of the following:

	2021 BD	2020 BD
Salary expenses	905,958	788,855
Bonus accruals	140,000	171,000
Contractual employees	119,602	105,557
Indemnity charges for the year (note 19)	97,218	94,734
Allowances for the year	60,234	67,684
Others	87,509	44,324
	1,410,521	1,272,154

27. OTHER OPERATING EXPENSES

	2021 BD	2020 BD
Provision against Ain Aouda project	-	850,506
Provision against Terna arbitration	252,000	727,282
Other operating expenses	449,760	301,967
	701,760	1,879,755

28. RENTAL AND OTHER INCOME

	2021 BD	2020 BD
Rental income	153,527	24,760
Other income	642,689	2,205,459
	796,216	2,230,219

Other income includes BD417,010 (2020: Nil) received on account of guaranteed income from the Mall of Dilmunia as per the agreement dated 15th December 2020.

29. CONTINGENCIES AND COMMITMENTS

Based on the arbitration proceedings being unfavourable to the Group, the Group has provided for 2021:BD 2,494,282 (2020: BD 2,242,282) based on legal advice.

30. FINANCIAL INSTRUMENTS

30.1 Significant accounting policies

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 of the consolidated financial statements.

30.2 Categories of financial instruments

	2021 BD	2020 BD
Financial assets		
Placements with financial institutions	977,944	3,747,944
Trade receivables	959,733	500,760
Contract receivables	10,503,070	10,559,871
Other assets	1,056,727	1,125,836
	24,674,061	30,192,413
Financial liabilities		
Contactors' retention payable	1,683,161	4,651,837
Lease liability	163,021	205,585
Trade payables	589,453	1,697,817
Accruals and other liabilities	6,841,971	9,738,020
	9,277,606	16,293,259

30.3 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, differences can arise between book values and the fair value estimates. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

Management considers that the carrying amounts of financial assets and financial liabilities in the consolidated financial statements approximate their fair values.

Financial instruments are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2021

30.3 Fair value of financial instruments *(continued)*

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below analyses assets and liabilities, measured at fair value as at the end of the year, by level in the fair value hierarchy into which the fair value measurement is categorized:

	2021	2020
	BD	BD
Properties under development - level 3	40,253,521	66,080,441
Investment properties - level 3	15,912,001	5,021,000
Investment held at FVTOCI – level 3	3,774,928	5,586,042
	59,940,450	76,687,483

31. FINANCIAL RISK MANAGEMENT

The Group's use of financial instruments exposes it to a variety of financial risks such as credit risk, market risk and liquidity risk. The Group continuously reviews its risk exposures and takes measures to limit it to acceptable levels.

The management has the overall responsibility for the establishment and oversight of the Group's risk management framework and monitoring the risk management policies in close co-operation with the Shareholder. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions.

The significant risks that the Group is exposed to are discussed below:

31.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur a financial loss. Financial assets, which potentially subject the Group to credit risk, consist principally of cash with banks, placements with financial institutions, trade and contract receivables. The Group manages this risk by placing liquid funds with financial institutions of good financial standing.

The Group does not have any additional significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities.

The maximum exposure to credit risk is limited to the carrying values of its financial assets, in addition to the commitments disclosed in note 29.

31.2 Market risk

Market risk is the risk that changes in market prices, such as profit rates, foreign exchange rates and equity prices which will affect the value of the Group's assets, the amount of its liabilities and/or the Group's income. Market risk arises in the Group due to fluctuations in the value of liabilities and the value of investments held.

(a) Foreign exchange risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group's financial assets and liabilities are denominated in US Dollars and Bahraini Dinars. As the Bahraini Dinar is pegged to the US Dollar, balances in US Dollars are not considered to represent a significant currency risk.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises from short-term placements with financial institutions.

At December 31, 2021, if interest rates at that date had been 50 basis points higher/lower with all other variables held constant, profit for the year would have been higher/lower by (2020: BD 33,983).

(c) Equity price risk

The Group does not have any exposure to equity price risk.

31.3 Liquidity risk

Liquidity risk is the risk that the Group may not be able to meet its funding requirements. The Group manages this risk by maintaining sufficient cash and cash equivalents, availability of funding from credit facilities and its ability to close out market positions on short notice.

Below is an analysis of the Group's financial liabilities segregated into relevant maturity groupings based on the remaining contractual maturity period at the reporting date and undiscounted cash flows (principal and interest cash flows). Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	2021				
	Within 3 months	3 to 6 months	6 months to one year	More than one year	Total
	BD	BD	BD	BD	
Trade payables	235,765	-	-	353,688	589,453
Contactors retention payable	19,443	65,702	319,993	1,278,023	1,683,161
Lease liability	11,069	11,245	23,032	117,675	163,021
Accruals and other liabilities	689,412	202,743	1,477,525	4,472,291	6,841,971
	955,689	279,690	1,820,550	6,221,677	9,277,606
	2020				
	Within 3 months	3 to 6 months	6 months to one year	More than one year	Total
	BD	BD	BD	BD	
Trade payables	266,304	54,518	287,875	3,078	611,775
Contactors retention payable	148,233	236,473	476,885	2,648,553	3,510,144
Lease liability	10,641	10,641	21,282	163,021	205,585
Accruals and other liabilities	3,867,812	453,391	946,956	6,697,596	11,965,755
	4,292,990	755,023	1,732,998	9,512,248	16,293,259

32. PROVISION FOR LOSS ALLOWANCE ON FINANCIAL ASSETS

	2021	2020
	BD	BD
Placements with financial institutions	-	(31,404)
Cash and cash equivalents	-	59,555
Trade receivables	-	96,102
Contract receivable	-	9,008
Other assets	-	-
	-	133,261

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2021

33. BORROWINGS

The Group has availed a facility with Kuwait Finance House for a facility amount of BD 5 million. As at December 31, 2021 no amount has been utilised from this facility.

34. CAPITAL RISK MANAGEMENT

The Group's objective when managing its capital is to safeguard its ability to continue as a going concern in order to provide return on investment to shareholders and to maintain an optimal capital structure to reduce the cost of capital.

35. IMPACT OF COVID-19

The outbreak of the novel Coronavirus (COVID-19) in early 2020 in most countries has caused widespread disruptions to business, with a consequential negative impact on economic activities. The Group is continually monitoring its impact, while working closely with the local regulatory authorities, to manage the potential business disruption of the COVID-19 outbreak.

In light of COVID-19, The Group has considered whether any adjustments and changes in judgments, estimates and risk management are required to be considered and reported in the financial statements. Below are the key assumptions about the future and other key sources of estimation that may have a significant risk of causing material adjustments to the financial statements:

Impairment of non-financial assets:

The Group has performed a qualitative assessment, considering the minimal impact of COVID-19 on entities operating in the real estate sector, and compared the actual results for the period against the budget and industry benchmarks to conclude the impairment assessment as at December 31, 2020 remains largely unchanged.

Expected Credit Losses ("ECL") and impairment of financial assets:

The Group has applied management overlays on the existing ECL models by applying probability weightage scenarios on the relevant macroeconomic factors relative to the economic climate of the respective market in which it operates.

The Group has also assessed the exposures in potentially affected sectors for any indicators of impairment and concluded there is no material impact on account of COVID-19.

Commitments and contingent liabilities:

The Group has assessed the impact of any operational disruptions, including any contractual challenges and changes in business or commercial relationships among the Group, customers and suppliers, with a view of potential increase in contingent liabilities and commitments and no issues were noted.

Going concern:

The Group has performed an assessment of whether it is a going concern in the light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Group's future performance, capital and liquidity. The impact of COVID-19 may continue to evolve, but at the present time the projections show that the Group has ample resources to continue in operational existence and its going concern position remains largely unaffected and unchanged.