

QInvest LLC

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE SIX-MONTH PERIOD ENDED
30 JUNE 2022**

QInvest LLC

Interim Condensed Consolidated Financial Statements

For the six-month period ended 30 June 2022

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF QINVEST LLC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of QInvest LLC ("QInvest" or the "Bank") and its subsidiaries (together referred to as the "Group") as at 30 June 2022, which comprise the interim consolidated statement of financial position as at 30 June 2022, and the related interim consolidated statement of income for the three-month and six-month periods ended 30 June 2022, interim consolidated statement of changes in equity, interim consolidated statement of changes in restricted investment accounts and the interim consolidated statement of cash flows for the six-month period then ended and explanatory notes.

The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI") as modified by the Qatar Financial Centre Regulatory Authority ("QFCRA"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

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


Ernst & Young

Date: 26 July 2022
Doha
State of Qatar



QInvest LLC

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	30 June 2022 QAR '000	31 December 2021 QAR '000
Assets		
Cash and bank balances	142,797	181,166
Placements with banks	305,931	147,959
Financing assets	444,189	432,316
Investment securities	2,739,540	2,791,778
Investments in real estate	920,177	406,111
Investment in associates	123,516	124,321
Assets held for sale	-	231,089
Other assets	328,903	220,595
Total assets	5,005,053	4,535,335
Liabilities and equity		
Liabilities		
Financing liabilities	2,958,890	2,181,354
Wakala deposits	196,793	321,397
Liabilities associated with assets held for sale	-	150,711
Other liabilities	151,915	109,593
Total liabilities	3,307,598	2,763,055
Equity		
Share capital	1,961,720	1,961,720
Share premium	7,800	7,800
Other reserves	(147,638)	(58,509)
Accumulated losses	(131,743)	(150,816)
Equity attributable to the shareholders of the Bank	1,690,139	1,760,195
Non-controlling interests	7,316	12,085
Total equity	1,697,455	1,772,280
Total liabilities and equity	5,005,053	4,535,335
Off-balance sheet items		
Restricted investment accounts	1,694,900	1,746,246

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These interim condensed consolidated financial statements were approved by the Board of Directors on 20 July 2022 and were signed on its behalf by:

Sheikh Jassim Bin Hamad Bin Jassim Bin Jaber Al Thani
Chairman

Hussein Fakherddine
Chief Executive Officer

Hussain Abdulla
Chief Executive Officer

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the three-month and six-month periods ended 30 June 2022

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>QAR '000</i>	<i>QAR '000</i>	<i>QAR '000</i>	<i>QAR '000</i>
Fee and commission income, net	11,724	4,357	17,654	54,138
Net income (loss) from financing assets	5,307	(5,478)	10,458	(22,270)
Net gain from investments	71,857	52,518	111,682	83,189
Share of results of associates	3,643	852	4,819	5,649
Other expenses	(191)	(1,311)	(1,682)	(5,213)
Total operating revenue	92,340	50,938	142,931	115,493
Staff costs	(21,436)	(25,287)	(42,526)	(48,026)
General and administrative expenses	(5,620)	(5,245)	(11,979)	(11,215)
Depreciation and amortisation	(1,493)	(524)	(1,784)	(1,096)
Total operating expenses	(28,549)	(31,056)	(56,289)	(60,337)
Operating profit	63,791	19,882	86,642	55,156
Finance expenses	(30,169)	(14,371)	(50,654)	(29,000)
Net impairment and credit losses	-	-	(48)	-
Profit from disposal of assets held for sale	-	-	11,248	-
Profit before tax	33,622	5,511	47,188	26,156
Income tax	(6,505)	662	(8,605)	(2,432)
Profit for the period	27,117	6,173	38,583	23,724
Attributable to:				
Shareholders of the Bank	27,117	6,173	37,105	23,724
Non-controlling interest	-	-	1,478	-
	27,117	6,173	38,583	23,724

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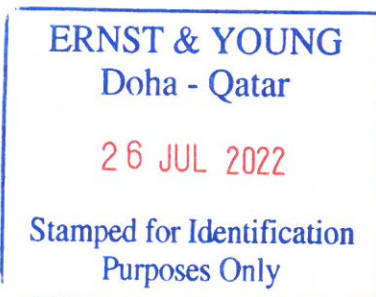
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INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	30 June 2022 (Reviewed) US\$ '000	31 December 2021 (Audited) US\$ '000
Assets			
Cash and bank balances		39,230	49,771
Placements with banks		84,047	40,648
Financing assets	4	122,030	118,768
Investment securities	5	752,621	766,972
Investments in real estate	6	252,796	111,569
Investment in associates		33,933	34,154
Assets held for sale	16	-	63,486
Other assets		90,358	60,603
Total assets		1,375,015	1,245,971
Liabilities and equity			
Liabilities			
Financing liabilities	7	812,882	599,273
Wakala deposits		54,064	88,296
Liabilities associated with assets held for sale	16	-	41,404
Other liabilities		41,735	30,108
Total liabilities		908,681	759,081
Equity			
Share capital	12	538,934	538,934
Share premium		2,143	2,143
Other reserves	13	(40,560)	(16,074)
Accumulated losses		(36,193)	(41,433)
Equity attributable to the shareholders of the Bank		464,324	483,570
Non-controlling interests		2,010	3,320
Total equity		466,334	486,890
Total liabilities and equity		1,375,015	1,245,971
Off-balance sheet items			
Restricted investment accounts		465,632	479,738



These interim condensed consolidated financial statements were approved by the Board of Directors on 20 July 2022 and were signed on its behalf by:

Sheikh Jassim Bin Hamad Bin Jassim Bin Jaber Al Thani
Chairman

Hussein Fakherddine
Chief Executive Officer

Hussain Abdulla
Chief Executive Officer

The attached notes 1 to 18 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the three-month and six-month periods ended 30 June 2022

	<i>Notes</i>	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
		<i>30 June</i> 2022 <i>(Reviewed)</i> <i>US\$ '000</i>	<i>30 June</i> 2021 <i>(Reviewed)</i> <i>US\$ '000</i>	<i>30 June</i> 2022 <i>(Reviewed)</i> <i>US\$ '000</i>	<i>30 June</i> 2021 <i>(Reviewed)</i> <i>US\$ '000</i>
Fee and commission income, net		3,221	1,197	4,850	14,873
Net income (loss) from financing assets	9	1,458	(1,505)	2,873	(6,118)
Net gain from investments	10	19,741	14,428	30,682	22,854
Share of results of associates		1,001	234	1,324	1,552
Other expenses		(53)	(360)	(462)	(1,432)
Total operating revenue		25,368	13,994	39,267	31,729
Staff costs		(5,889)	(6,947)	(11,683)	(13,194)
General and administrative expenses		(1,544)	(1,441)	(3,291)	(3,081)
Depreciation and amortisation		(410)	(144)	(490)	(301)
Total operating expenses		(7,843)	(8,532)	(15,464)	(16,576)
Operating profit		17,525	5,462	23,803	15,153
Finance expenses		(8,288)	(3,948)	(13,916)	(7,967)
Net impairment and credit losses		-	-	(13)	-
Profit from disposal of assets held for sale		-	-	3,090	-
Profit before tax		9,237	1,514	12,964	7,186
Income tax		(1,787)	182	(2,364)	(668)
Profit for the period		7,450	1,696	10,600	6,518
Attributable to:					
Shareholders of the Bank		7,450	1,696	10,194	6,518
Non-controlling interest		-	-	406	-
		7,450	1,696	10,600	6,518

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INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2022

	Attributable to the shareholders of the Bank						
	Share capital US\$ '000	Share premium US\$ '000	Other reserves US\$ '000	Accumulated losses US\$ '000	Total equity US\$ '000	Non-controlling interest US\$ '000	Total equity US\$ '000
As at 1 January 2022 (Audited)	538,934	2,143	(16,074)	(41,433)	483,570	3,320	486,890
Profit for the period	-	-	-	10,194	10,194	406	10,600
Net realised loss on fair value through equity investments	-	-	4,954	(4,954)	-	-	-
Net loss on changes on fair value of fair value through equity investments	-	-	(55,050)	-	(55,050)	-	(55,050)
Share of reserves of equity accounted associates	-	-	(353)	-	(353)	-	(353)
Effective portion of changes in fair value of hedges	-	-	41,455	-	41,455	-	41,455
Foreign currency translation differences of foreign operations	-	-	(15,492)	-	(15,492)	-	(15,492)
Net movement in non-controlling interest	-	-	-	-	-	(1,716)	(1,716)
As at 30 June 2022 (Reviewed)	538,934	2,143	(40,560)	(36,193)	464,324	2,010	466,334

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INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six-month period ended 30 June 2022

	Share capital US\$ '000	Share premium US\$ '000	Other reserves US\$ '000	Accumulated losses US\$ '000	Total equity US\$ '000
As at 1 January 2021 (Audited)	607,965	2,143	(10,048)	(63,433)	536,627
Profit for the period	-	-	-	6,518	6,518
Net realised loss on fair value through equity investments	-	-	6,864	(6,864)	-
Net change in fair value of fair value through equity investments	-	-	(2,649)	-	(2,649)
Share of reserves of equity accounted associates	-	-	335	-	335
Effective portion of changes in fair value of hedges	-	-	871	-	871
Foreign currency translation differences of foreign operations	-	-	3,554	-	3,554
Share buy-back (Note 12)	(61,213)	-	-	25,638	(35,575)
As at 30 June 2021 (Reviewed)	546,752	2,143	(1,073)	(38,141)	509,681

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INTERIM CONSOLIDATED STATEMENT OF CHANGES IN RESTRICTED INVESTMENT ACCOUNTS

For the six-month period ended 30 June 2022

	<i>Balance at 1 January 2022 (Audited) US\$ '000</i>	<i>Net repayments US\$ '000</i>	<i>Net revaluation gain US\$ '000</i>	<i>Net realised income US\$ '000</i>	<i>Agency fees US\$ '000</i>	<i>Balance at 30 June 2022 (Reviewed) US\$ '000</i>
Restricted investment accounts	479,738	(28,752)	324	15,166	(844)	465,632
	<i>Balance at 1 January 2021 (Audited) US\$ '000</i>	<i>Net investments US\$ '000</i>	<i>Net revaluation loss US\$ '000</i>	<i>Net realised income US\$ '000</i>	<i>Agency fees US\$ '000</i>	<i>Balance at 30 June 2021 (Reviewed) US\$ '000</i>
Restricted investment accounts	455,335	5,928	(3,015)	5,424	(1,018)	462,654

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INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2022

	Notes	<i>Six-month period ended</i>	
		<i>30 June 2022 (Reviewed) US\$ '000</i>	<i>30 June 2021 (Reviewed) US\$ '000</i>
Operating activities			
Profit before tax		12,964	7,186
<i>Adjustments:</i>			
Share of results of associates		(1,324)	(1,552)
Net unrealised foreign exchange gains		(39)	(446)
Gain on disposal of investments in real estate		(17,979)	-
Fair value loss on investments in real estate		2,951	-
Net impairment and credit losses on Sukuk		13	-
Profit from assets held for sale	16	(3,090)	-
Depreciation and amortization		490	301
Net change in fair value of fair value through income statement investments		2,983	(4,248)
Net fair value changes on financing assets		4,417	11,544
Employees' end of service benefits		764	500
Net operating gain before changes in operating assets and liabilities		2,150	13,285
Change in other assets		1,538	4,006
Change in other liabilities		12,302	(4,282)
Cash flows from operating activities		15,990	13,009
Employees' end of service paid		(913)	(56)
Net cash flows from operating activities		15,077	12,953
Investing activities			
Purchase of investment securities		(217,180)	(141,565)
Acquisition of investments in real estate	6	(193,538)	-
Proceeds from disposal of assets held for sale	16	25,331	-
Proceeds from disposal of investment securities		162,212	87,949
Proceeds from disposal of investments in real estate		63,187	-
Net movement in financing assets		(417)	(222)
Net movement in investment in associates		549	587
Purchase of equipment and intangible assets		(20)	(155)
Net cash flows used in investing activities		(159,876)	(53,406)
Financing activities			
Net movement in financing liabilities		142,142	110,638
Net movement in Wakala deposits		(34,231)	4,316
Share buy-back		-	(35,575)
Net movement in non-controlling interests		(1,716)	-
Unclaimed dividend payments		(5)	(171)
Net cash flows from financing activities		106,190	79,208
Net (decrease) / increase in cash and cash equivalents		(38,609)	38,755
Cash and cash equivalents at 1 January		90,419	52,320
Cash and cash equivalents at 30 June	11	51,810	91,075

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1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

QInvest L.L.C (“QInvest” or “the Bank”), and its subsidiaries (together referred to as the “Group”), is an Islamic investment bank, which has been established as a limited liability company in the Qatar Financial Centre. The Bank was authorised by the Qatar Financial Centre Regulatory Authority (“QFCRA”) on 30 April 2007. It’s registered office is at 39th Floor, Tornado Tower, Street No. 213, Majlis Al Tawoon Street, Zone 60, West Bay, Doha, State of Qatar.

The Bank is authorised by the Qatar Financial Centre Regulatory Authority (the “QFCRA”) to conduct the following regulated activities:

- Deposit taking;
- Dealing in investments;
- Arranging deals in investments;
- Providing credit facilities;
- Arranging credit facilities;
- Providing custody services;
- Arranging the provision of custody services;
- Managing investments;
- Advising on investments; and
- Operating a collective investment fund

The authorisation applies to regulated activities undertaken in or from the Qatar Financial Center, subject to certain restriction and conditions relating to retail customers and in relation to specified products. The Bank’s activities are regulated by the QFCRA and are supervised by a Sharia’a Supervisory Board. These interim condensed consolidated financial statements of the Group as at and for the six-month period ended 30 June 2022 were authorised for issue by the Board of Directors on 20 July 2022.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

These interim condensed consolidated financial statements of the Bank and its subsidiaries (together known as the Group) for the six-month period ended 30 June 2022 have been prepared in accordance with the Financial Accounting Standards (“FAS”) issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (“AAOIFI”) as modified by the Qatar Financial Centre Regulatory Authority (“QFCRA”). In accordance with the requirement of AAOIFI, for matters where AAOIFI does not have an accounting standard or guidance, the Group seeks guidance from the International Financial Reporting Standards (the IFRSs). Accordingly, the interim condensed consolidated financial statements have been prepared in accordance with the guidance provided by International Accounting Standard 34 – ‘Interim Financial Reporting’.

QFCRA letter dated 24 September 2020 (‘QFCRA circular’) modified the requirements of FAS 33 “Investments in Sukuk, shares and similar instruments” and FAS 30 “Impairment, credit losses and onerous commitments” and required Islamic Banks to follow principles of IFRS 9 “Financial Instruments” in respect of equity-type investments carried at Fair Value Through Equity.

The Group has complied with the Islamic Sharia’a Rules and Principles as determined by the Sharia’a Supervisory Board of the Bank and the applicable provisions of the QFCRA rules.

These interim condensed consolidated financial statements have been prepared under the historical cost convention, except for financial investments classified as investments at fair value through equity, investments at fair value through income statement, financing assets and other debt instruments classified as fair value through income statement, derivative financial instruments and investments in real estate that have been measured at fair value.

These interim condensed consolidated financial statements are presented in US Dollars thousands (“US\$ ‘000”), except where otherwise stated, which is Group’s presentation and functional currency. The management of the Group has decided to present the interim consolidated statement of financial position and interim consolidated statement of income in Qatari Riyals as well. Those two statements are disclosed at the beginning of these interim condensed consolidated financial statements as supplementary information and do not form part of the reviewed interim condensed consolidated financial statements.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)**Significant accounting policies**

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022.

New standards adopted by the Group

The following new standards adopted by the Group in preparation of these interim condensed consolidated financial statements. The adoption of these new standards do not have significant impact on the interim condensed consolidated financial statements.

<i>Topic</i>	<i>Effective date</i>
IAS 29 - Financial Reporting in Hyperinflationary Economies	30 June 2022
FAS 37 - Financial Reporting by Waqf Institutions	1 January 2022
FAS 38 - Wa'ad, Khiyar and Tahawwut	1 January 2022

IAS 29 – Financial Reporting in Hyperinflationary Economies

On the basis of the inflation data published by International Monetary Fund (IMF) World Economic Outlook (WEO) in April 2022, Turkey has become hyperinflationary economy beginning 30 June 2022 with a forecast of an annual inflation rate of 52% (2023: 30%) and a 3-year cumulative inflation rate of 138% (2023: 169%). Consequently, this would require application of IAS 29 Financial Reporting in Hyperinflationary Economies, that requires purchasing power adjustment to the carrying values of the non-monetary assets and liabilities and to items in the consolidated statement of income with respect to subsidiaries of the Group operating in Turkey. However, the application of this standard did not have a material impact on these interim condensed consolidated financial statements as the Group's exposure to non-monetary assets and liabilities are immaterial.

FAS 37 -Financial Reporting by Waqf Institutions

The objective of this standard is to establish principles of financial reporting by Waqfs institutions, which are established and operated in line with Shari'ah principles and rules. This standard shall be applicable on all type of Waqf institutions and other institutions constituted on the concept of Waqf, and operating in line with Shari'ah principles and rules, irrespective of their legal status, including virtual Waqf institutions. The application of FAS 37 did not have a material impact on these interim condensed consolidated financial statements.

FAS 38 Wa'ad, Khiyar and Tahawwut

The objective of this standard is to prescribe the appropriate accounting and reporting principles for recognition, measurement and disclosures in relation to Shari'ah compliant Wa'ad (promise), Khiyar (option) and Tahawwut (hedging) arrangements for Islamic financial institutions (IFIs). This standard applies to accounting and financial reporting for all transactions involving Wa'ad, Khiyar or Tahawwut arrangements carried out under Shari'ah principles and rules, as provided in this standard.

The standard classifies Wa'ad and Khiyar arrangements into the following categories and provides related accounting and disclosure requirements:

- a. Ancillary Wa'ad or Khiyar – where the Wa'ad or Khiyar is associated with an Islamic finance arrangement, and is related to the structure of the transaction, e.g. a promise by the purchase orderer attached to a Murabaha transaction or a promise to purchase after the end of the Ijarah term in an Ijarah Muntahia Bittamleek transaction or option of seeing in a sale transaction;
- b. Product Wa'ad or Khiyar – where the Wa'ad or Khiyar is used as a stand-alone Islamic finance arrangement in itself e.g. foreign exchange forward promise or an option of cancellation of sale with Arboun. This may, inter-alia, take the following forms, in line with Shari'ah principles and rules:
 - i. Promise to make a sale contract, or promise to enter into an Ijarah transactions;
 - ii. Option for revocation of sale contract – with or without Arboun;
 - iii. Re-purchase option (RePO) – through a permissible Wa'ad or Khiyar; and
 - iv. Tahawwut arrangement – whereby a Wa'ad or Khiyar, or a series of Wa'ad and Khiyar is used for hedging arrangement.

The application of FAS 38 did not have a material impact on these interim condensed consolidated financial statements.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)**Significant accounting policies (continued)****Standards issued but not yet effective**

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's interim condensed consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

<i>Topic</i>	<i>Effective date</i>
FAS 1 (Revised 2021) - General Presentation and Disclosures in the Financial Statements	1 January 2023
FAS 39 - Financial Reporting for Zakah	1 January 2023
FAS 40 - Financial Reporting for Islamic Finance Windows	1 January 2023

FAS 1 (Revised 2021) - General Presentation and Disclosures in the Financial Statements

AAOIFI has issued the revised FAS 1 in 2021. The revised FAS 1 supersedes the previous FAS 1- General Presentation and Disclosures in the Financial Statements of Islamic Banks and Financial Institutions and introduces the concepts of quasi-equity, off-balance-sheet assets under management and other comprehensive income to enhance the information provided to the users of the financial statements.

This standard shall be effective for the financial periods beginning on or after 1 January 2023 with early adoption permitted. The Group is currently assessing of the new standard to the interim condensed consolidated financial statements.

FAS 39 - Financial Reporting for Zakah

AAOIFI has issued FAS 39 in 2021. This standard improves upon and supersedes FAS 9 on "Zakah" and aims at setting out the accounting treatment of Zakah in the books of the institutions, including the presentation and disclosure by an Islamic financial institution. The accounting and financial reporting requirements such as recognition, presentation and disclosure requirements of this standard shall apply to institutions that are obliged to pay Zakah on behalf of certain or all stakeholders. Institutions that are not obliged to pay Zakah shall apply the disclosure requirements of this standard for certain or all stakeholders, as relevant.

This standard shall be effective for the financial periods beginning on or after 1 January 2023 with early adoption permitted. The Group is currently assessing of the new standard to the interim condensed consolidated financial statements.

FAS 40 - Financial Reporting for Islamic Finance Windows

AAOIFI has issued FAS 40 in 2021. The objective of this revised standard is to establish financial reporting requirements for Islamic finance windows and applicable to all conventional financial institutions providing Islamic financial services through an Islamic finance window. This standard improves upon and supersedes FAS 18 "Islamic Financial Services Offered by Conventional Financial Institutions".

This standard shall be effective for the financial periods beginning on or after 1 January 2023 with early adoption permitted. The Group is currently assessing of the new standard to the interim condensed consolidated financial statements.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)**Significant accounting policies (continued)****Basis of consolidation**

The Group's principal subsidiaries as at 30 June 2022 are as below:

<i>Name</i>	<i>Principal Business Activity</i>	<i>Country of Incorporation</i>	<i>% Effective shareholding</i>	
			<i>30 June 2022</i>	<i>31 December 2021</i>
QInvest Portfoy Yonetimi A.S.	Asset Management	Turkey	100%	100%
Verdi Luxembourg S.a.r.l.	Investment in real estate	Luxembourg	100%	100%
Q Liquidity Limited	Placements	Cayman Islands	100%	100%
QInvest Holding Mauritius	Investment holding company	Mauritius	100%	100%
QInvest IBFin L.L.C	To provide financing facility	State of Qatar (QFC)	100%	100%
QInvest Euro PE QFC L.L.C	Investment holding company	State of Qatar (QFC)	100%	100%
Q Tomahawk L.L.C	Investment holding company	Cayman Islands	100%	100%
QInvest Refin L.L.C	To provide financing facility	State of Qatar (QFC)	100%	100%
Q Alloy S.a.r.l	To provide financing facility	Luxembourg	100%	100%
Q Magnolia L.L.C	Investment in real estate	Cayman Island	100%	100%
BOH L.L.C	Investment holding company	State of Qatar (QFC)	100%	100%
Alloy Holdco L.L.C	Investment holding company	State of Qatar (QFC)	100%	100%
QInvest RE-Equity L.L.C	Investment holding company	State of Qatar (QFC)	100%	100%
Admiral Holdco L.L.C	Holding company	State of Qatar (QFC)	100%	100%
Admiral Operations Limited	Vessel operating company	Cayman Islands	75%	75%
Q Medallion L.L.C.	Holding company	State of Qatar (QFC)	85%	-

3 FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the annual consolidated financial statements for the year ended 31 December 2021.

4 FINANCING ASSETS

	<i>30 June 2022 (Reviewed) US\$ '000</i>	<i>31 December 2021 (Audited) US\$ '000</i>
Murabaha - Fair value through income statement	<u>122,030</u>	<u>118,768</u>

5 INVESTMENT SECURITIES

	<i>30 June 2022 (Reviewed) US\$ '000</i>	<i>31 December 2021 (Audited) US\$ '000</i>
Equity		
Fair value through income statement	363,374	297,392
Fair value through equity	<u>380,120</u>	<u>464,680</u>
	<u>743,494</u>	<u>762,072</u>
Sukuk and other debt instruments		
Fair value through income statement	<u>2,932</u>	<u>3,820</u>
Amortised cost	23,729	18,601
Less: Allowance for impairment	<u>(17,534)</u>	<u>(17,521)</u>
	<u>6,195</u>	<u>1,080</u>
	<u>752,621</u>	<u>766,972</u>

Note:

- (i) The Group has custody of investment securities amounting to US\$ 343 million as at 30 June 2022 (2021: US\$ 394 million) with the financial institutions that provided profit bearing financial liabilities to the subsidiaries of the Group.

6 INVESTMENTS IN REAL ESTATE

	<i>30 June 2022 (Reviewed) US\$ '000</i>	<i>31 December 2021 (Audited) US\$ '000</i>
Investments in real estate	<u>252,796</u>	<u>111,569</u>

Notes:

- (i) During the period, the Group has acquired new real estate investments for a total consideration of US\$ 193.5 million and disposed real estate investments with a carrying value of US\$ 45.2 million (2021: nil) and the related gain is disclosed in Note 10 to these interim condensed consolidated financial statements.
- (ii) The Group has pledged one of the investments in real estate amounting to US\$ 54.2 million as collateral for certain profit bearing financing liabilities as disclosed in Note 7 to these interim condensed consolidated financial statements.

7 FINANCING LIABILITIES

Financing liabilities consist of Murabaha and other financing facilities availed by QInvest amounting to US\$ 602 million (2021: US\$ 354 million) and other financing facilities obtained by the Group entities amounting to US\$ 211 million (2021: US\$ 245 million). Financing liabilities availed by the Group entities are non-recourse to QInvest and have recourse limited to respective entity's assets.

This also includes short term financing facilities amounting to US\$ 71.5 million (2021: nil) with original maturity of less than three months (Note 11).

8 FAIR VALUE HIERARCHY OF ASSETS AND LIABILITIES**Fair value hierarchy**

The Group uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 30 June 2022:

		<i>Fair value measurement using</i>		
		<i>Quoted prices in active markets (Level 1)</i>	<i>Significant observable inputs (Level 2)</i>	<i>Significant unobservable inputs (Level 3)</i>
	<i>Fair value US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
Assets				
Fair value through income statement investments	366,306	3,325	58,004	304,977
Fair value through income statement financing assets	122,030	-	-	122,030
Fair value through equity investments	380,120	121,273	181,337	77,510
Derivative instruments	41,536	-	41,536	-
Investments in real estate	252,796	-	-	252,796
Total	1,162,788	124,598	280,877	757,313
Liabilities				
Derivative instruments	118	-	118	-

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 December 2021:

		<i>Fair value measurement using</i>		
		<i>Quoted prices in active markets (Level 1)</i>	<i>Significant observable inputs (Level 2)</i>	<i>Significant unobservable inputs (Level 3)</i>
	<i>Fair value US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
Assets				
Fair value through income statement investments	301,212	3,569	57,790	239,853
Fair value through income statement financing assets	118,768	-	-	118,768
Fair value through equity investments	464,680	196,393	208,159	60,128
Derivative instruments	11,870	-	11,870	-
Investments in real estate	111,569	-	-	111,569
Total	1,008,099	199,962	277,819	530,318
Liabilities				
Derivative instruments	1,853	-	1,853	-

8 FAIR VALUE HIERARCHY OF ASSETS AND LIABILITIES (CONTINUED)

During the six-month period ended 30 June 2022, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

The valuation techniques and key assumptions have remained consistent with those disclosed in the annual consolidated financial statements as at and for the year ended 31 December 2021.

9 NET INCOME / (LOSS) FROM FINANCING ASSETS

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Income from financing assets	3,713	2,760	7,290	5,426
Net fair value changes on financing assets	(2,255)	(4,265)	(4,417)	(11,544)
	<u>1,458</u>	<u>(1,505)</u>	<u>2,873</u>	<u>(6,118)</u>

10 NET GAIN FROM INVESTMENTS

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Net income from investment securities (Note 10.1)	750	12,857	10,077	19,782
Net income from investments in real estate	18,991	1,571	20,605	3,072
	<u>19,741</u>	<u>14,428</u>	<u>30,682</u>	<u>22,854</u>

Note:

10.1 Net income from investment securities

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Net income from investments carried at fair value through equity	4,572	7,976	9,936	13,036
Net (loss) income from investments carried at fair value through income statement	(3,913)	4,957	14	6,099
Net (loss) gain from derivative financial instruments	-	(78)	-	478
Net income from investments carried at amortized cost	91	2	127	169
	<u>750</u>	<u>12,857</u>	<u>10,077</u>	<u>19,782</u>

11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following balances with original maturity of less than three months.

	<i>30 June 2022 (Reviewed) US\$'000</i>	<i>30 June 2021 (Reviewed) US\$'000</i>
Cash and bank balances	39,230	29,503
Short-term placements (original maturity of less than three months)	<u>84,047</u>	<u>61,572</u>
	123,277	91,075
Less: Short-term financing facilities (original maturity of less than three months) (Note 7)	<u>(71,467)</u>	<u>-</u>
Cash and cash equivalents	<u>51,810</u>	<u>91,075</u>

12 SHARE CAPITAL

In 2020, the Board of Directors of the Bank resolved to acquire, by way of a tender offer to the Bank's shareholders (the Tender Offer), 80,000,000 shares in the Bank at a price of US\$0.58 per share.

In January 2021, the Bank bought back 61,212,590 shares at a price of US\$0.58 per share based on the tender offers received from the shareholders. The Treasury Shares were cancelled, and the Issued Share Capital of the Bank was reduced by US\$ 61,212,590 representing 61,212,590 shares of US\$1 per share. Related gain, net of transaction cost, was recognised in the interim condensed consolidated statement of changes in equity.

In October 2021, the Bank bought back 7,818,428 shares at a price of US\$0.70 per share based on the tender offers received from the shareholders. The Treasury shares were cancelled, and the Issued Share Capital of the Bank was reduced by US\$ 7,818,428 representing 7,818,428 shares of US\$ 1 per share.

The total gain related to the shares bought back, net of transaction cost is recognized in the consolidated statement of changes in equity for the year ended 31 December 2021.

13 OTHER RESERVES

Other reserves comprise of followings:

13.1 Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the interim condensed financial statements of foreign operations.

13.2 Fair value reserve

The investments fair value reserve includes the cumulative net change in the fair value of fair value through equity investments, until the investment is derecognized. This also includes the Bank's share of the fair value changes on fair value through equity investments of an associate.

13.3 Hedging reserves

The hedging reserves are used to record gains or losses on derivatives that are designated and qualify as net investment in foreign operations hedges and cash flow hedges that are recognised in the reserves. Amounts are reclassified to income statement when the associated hedged transaction affects income statement.

14 CONTINGENT LIABILITIES AND COMMITMENTS

	<i>30 June 2022 (Reviewed) US\$ '000</i>	<i>31 December 2021 (Audited) US\$ '000</i>
Investment commitments	<u>140,209</u>	<u>58,685</u>
Forward foreign exchange contracts	<u>235,699</u>	<u>182,755</u>
Profit rate swaps and other derivatives	<u>550,000</u>	<u>630,000</u>
Other contingent liabilities	<u>23,335</u>	<u>24,130</u>
Unutilised financing commitments	<u>-</u>	<u>1,164</u>

15 RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include entities over which the Group exercises significant influence, major shareholders, directors and key management personnel of the Group.

The following table provides the total amount of transactions that have been entered into with related parties during the six-month periods ended 30 June 2022 and 30 June 2021, as well as balances with related parties as at 30 June 2022 and 31 December 2021:

	<i>30 June 2022 (Reviewed) US\$ '000</i>	<i>31 December 2021 (Audited) US\$ '000</i>
Interim condensed statement of financial position:		
Placements and bank balances	492	41,668
Other assets	165	169
Off-balance sheet items:		
Forward foreign exchange contracts outstanding	90,965	141,149
Restricted investment accounts	44,125	36,826
	<i>Six-month period ended</i>	
	<i>30 June 2022 (Reviewed) US\$ '000</i>	<i>30 June 2021 (Reviewed) US\$ '000</i>
Interim condensed statement of income:		
Fee and commission income	150	156
Placement income	169	39

Key management personnel of the Group comprise the Board of Directors and key members of management having authority and responsibility for planning, controlling and directing the activities of the Group.

Compensation of key management personnel:

	<i>Six-month period ended</i>	
	<i>30 June 2022 (Reviewed) US\$ '000</i>	<i>30 June 2021 (Reviewed) US\$ '000</i>
Salaries and other benefits	<u>2,032</u>	<u>2,444</u>

16 ASSETS AND LIABILITIES HELD FOR SALE

	<i>30 June 2022 (Reviewed) US\$'000</i>	<i>31 December 2021 (Audited) US\$'000</i>
Assets held for sale	-	63,486
Liabilities associated with assets held for sale	-	(41,404)

During the period, the Group disposed of the repossessed collaterals classified as non-current assets held for sale for a consideration of US\$ 25.3 million. Consequently, a net total gain of US\$ 3.09 million was recognised in the interim condensed consolidated statement of income. As a part of the transaction, non-controlling interest amounting to US\$3.2 million has been settled during the period.

17 IMPACT OF COVID-19

The coronavirus ("COVID-19") pandemic has spread across various geographies globally, causing disruption to business and economic activities. COVID-19 has brought uncertainties in the global economic environment.

Group is closely monitoring the situation and has activated its business continuity planning and other risk management practices to manage the potential business disruption COVID-19 outbreak may have on its operations and financial performance. The uncertainties caused by COVID-19 have required the Group to reassess and update the inputs and assumptions where possible (i.e. estimated cashflows, discount rates, cap rates etc.) used by the Group for the determination of fair valuation of its assets recorded at fair value based on the information available as at 30 June 2022.

The Group considered the potential impacts of the current economic volatility in determining the reported amounts of the Group's financial and non-financial assets as at 30 June 2022. However, market remains volatile and the recorded amounts remain sensitive to market fluctuations.

18 IMPACT OF RUSSIA-UKRAINE CONFLICT

The evolving Russia-Ukraine situation does not impact Qinvest L.L.C directly, as it has no operating presence in those countries; exposures to both countries are negligible and no meaningful additional risk provisioning is currently anticipated in this context. Indirect effects, such as financial market volatility, sanctions-related knock-on effects investors and joint venture partners cannot be disregarded. In worse economic situation impact due to this incident might have a significant impact on the Qinvest L.L.C interim condensed consolidated financial position and the performance. Situation is still evolving, and the management is currently assessing whether there are any potential impact on the interim condensed consolidated financial position and the performance.