

**Inovent B.S.C.**

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

**30 JUNE 2016 (REVIEWED)**

# Inovest B.S.C.

## Administration and contact details as at 30 June 2016

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**Commercial registration number**

**48848 obtained on 18 June 2002**

**Board of Directors**

Khaled Saoud Al Sanousi	- Chairman
Fareed Soud Al-Fozan	- Vice-Chairman
Mohammed Ebraheem Alnughaimish	- Director
Bader Khalifa Al Adsani	- Director
Bashar Naser Al-Tuwaijri	- Director
Yousif Al Rasheed Al Bader	- Director
Othman Al Quraishi	- Director

**Chief Executive Officer**

- Murad Al Ramadan

**Board Secretary**

Riyadh Mahmood Mulla

**Sharia'a Supervisory Board**

Sheikh Dr. Khalid Shuja'a Al-Otaibi	- Chairman
Sheikh Dawoud Salman Bin Essa	- Vice-Chairman
Sheikh Dr. Murad Bou Daia	- Member

**Governance Committee members**

Fareed Soud Al-Fozan	- Chairman
Khaled Saoud Al Sanousi	- Member
Yousif Al Rasheed Al Bader	- Member
Mohammed Ebraheem Alnughaimish	- Member
Sheikh Dawoud Salman Bin Essa	- Member

**Audit Committee members**

Bader Khalifa Al Adsani	- Chairman
Bashar Naser Al-Tuwaijri	- Member
Othman Al Quraishi	- Member

**Nomination and Remuneration Committee members**

Khaled Saoud Al Sanousi	- Chairman
Fareed Soud Al-Fozan	- Member
Yousif Al Rasheed Al Bader	- Member
Mohammed Ebraheem Alnughaimish	- Member

**Risk Committee members**

Othman Al Quraishi	- Chairman
Bader Khalifa Al Adsani	- Member
Bashar Naser Al-Tuwaijri	- Member

## Inovest B.S.C.

### Administration and contact details as at 30 June 2016

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#### Registered office

19th floor, East Tower  
Bahrain Financial Harbour  
P.O. Box 18334  
Manama  
Kingdom of Bahrain  
Telephone no. +973 1715 5777

#### Bankers

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

#### Auditors

Ernst & Young (EY)  
P.O. Box 140  
14th Floor, South Tower  
Bahrain World Trade Center  
Manama, Kingdom of Bahrain

#### Registrars

Karvy Computershare W.L.L.  
Al Zamil Tower, Manama Centre  
P.O. Box 514  
Manama  
Kingdom of Bahrain

Kuwait Clearing Company S.A.K.  
P.O. Box 22077  
Safat 13081  
State of Kuwait

**Sharia Supervisory Board Report on the activities of INOVEST Company B.S.C  
For the Six Months Period Ended on 30 June 2016**

In The Name of Allah, the Most Beneficent, the Most Merciful, Prayers and Peace are upon the last messenger, our prophet Mohammed, his family and companions.

To the Shareholders of INOVEST B.S.C "the Company",  
Acting as Sharia Supervisory Board "SSB" pursuant to the appointment resolution passed by the General Assembly of the Company and SSB meeting on day Monday corresponding to 1-8-2016 in Kuwait, we are required to provide the following report:

The SSB has reviewed the Company's principles, contracts related transactions, and applications submitted by the Company's management for the six months period ended on 30 June 2016, and based on the Sharia auditor presentation of the Company's activities for the abovementioned period, and comparing it with the fatwa and rulings issued, it has been concluded that it is in line with the above mentioned fatwa and rulings.

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

The SSB performed its review and audit on the financial statements for the six months period ended 30 June 2016 so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Company has not violated Islamic Shari rules and principles.

In our opinion:

The contracts and transactions entered into by the Company during the six months period ended 30 June 2016 that we have reviewed are in compliance with the Islamic Shari'a Rules and Principles.

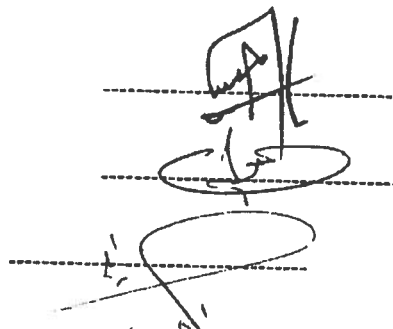
Also, the SSB has approved the financial statements and concluded that it's prepared in an acceptable form from Islamic Sharia view. The respective report has been prepared based on the information provided by the Company.

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

**Shaikh Dr. Khalid Shuja'a Al-Otaibi**  
Chairman

**Shaikh Dr. Murad Boudaia**  
Member

**Shaikh Dawoud Salman Bin Essa**  
Vice-Chairman



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

### *Introduction*

We have reviewed the accompanying interim consolidated statement of financial position of Inovert B.S.C. (the "Company") and its subsidiaries (together the "Group") as of 30 June 2016, and the related interim consolidated statements of income, changes in owners' equity, cash flows and sources and uses of charity fund 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 the accounting policies disclosed in note 2. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### *Scope of review*

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

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with the accounting policies disclosed in note 2.



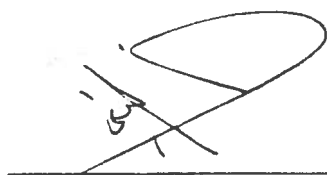
10 August 2016  
Manama, Kingdom of Bahrain

Inovest B.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016 (Reviewed)

		<i>Reviewed</i> <b>30 June</b> 2016 <i>US\$ '000</i>	<i>Audited</i> <b>31 December</b> 2015 <i>US\$ '000</i>
<b>ASSETS</b>			
Cash and bank balances	4	45,920	40,430
Accounts receivable	5	34,753	39,850
Investment in real estate lease right receivables	6	9,194	-
Investments	7	18,487	18,753
Investment in a joint venture and associates	8	91,468	91,692
Investment in real estate	9	45,580	54,817
Property, plant and equipment	10	16,389	11,858
Other assets	11	9,418	12,066
Non-current asset held for sale		-	6,822
<b>TOTAL ASSETS</b>		<b>271,209</b>	<b>276,288</b>
<b>LIABILITIES AND OWNERS' EQUITY</b>			
<b>Liabilities</b>			
Accounts payable	12	116,635	120,500
Financing from a bank	13	17,261	23,865
<b>Total liabilities</b>		<b>133,896</b>	<b>144,365</b>
<b>Owners' equity</b>			
Share capital		114,604	114,604
Less: Treasury shares		(651)	(651)
		<b>113,953</b>	<b>113,953</b>
Share premium		-	30,760
Reserves		402	21,515
Retained earnings / (accumulated losses)		5,398	(51,873)
Equity attributable to Parent's shareholders		<b>119,753</b>	<b>114,355</b>
Non controlling interest		17,560	17,568
<b>Total owners' equity</b>		<b>137,313</b>	<b>131,923</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>271,209</b>	<b>276,288</b>

  
 Khaled Saoud Al Sanousi  
 Chairman

  
 Murad Al Ramadan  
 Chief Executive Officer

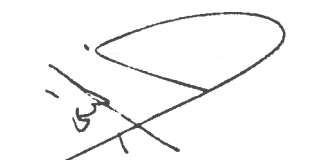
The attached explanatory notes 1 to 22 form part of these interim condensed consolidated financial statements.

Inovest B.S.C.

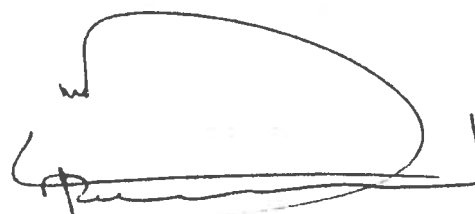
**INTERIM CONSOLIDATED STATEMENT OF INCOME**

For the six months period ended 30 June 2016 (Reviewed)

	Note	Three months ended		Six months ended	
		30 June		30 June	
		2016	2015	2016	2015
		US\$ '000	US\$ '000	US\$ '000	US\$ '000
<b>OPERATING INCOME</b>					
Net income from construction contracts		2,057	1,046	3,575	1,839
Income from investment in real estate	14	381	488	1,740	636
Income from investments		572	744	1,440	744
Fee for management and other services		955	338	1,615	789
Net share of loss from investment in a joint venture and associates		(79)	(253)	(224)	(362)
Other income	15	225	298	1,039	1,029
<b>TOTAL OPERATING INCOME</b>		<b>4,111</b>	<b>2,661</b>	<b>9,185</b>	<b>4,675</b>
<b>OPERATING EXPENSES</b>					
Staff costs		(993)	(1,111)	(2,079)	(2,493)
General and administrative expenses		(576)	(914)	(1,210)	(1,690)
Financing costs		(229)	(718)	(261)	(1,459)
Property related expenses		(49)	(106)	(85)	(153)
Depreciation	10	(75)	(54)	(160)	(113)
<b>TOTAL OPERATING EXPENSES</b>		<b>(1,922)</b>	<b>(2,903)</b>	<b>(3,795)</b>	<b>(5,908)</b>
<b>NET OPERATING PROFIT / (LOSS)</b>		<b>2,189</b>	<b>(242)</b>	<b>5,390</b>	<b>(1,233)</b>
Provision - net	16	-	(709)	-	(709)
<b>PROFIT / (LOSS) FOR THE PERIOD</b>		<b>2,189</b>	<b>(951)</b>	<b>5,390</b>	<b>(1,942)</b>
<b>Attributable to :</b>					
Equity shareholders of the Parent		2,193	(951)	5,398	(1,942)
Non-controlling interest		(4)	-	(8)	-
<b>BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE (US cents)</b>	17	<b>0.76</b>	<b>(0.33)</b>	<b>1.89</b>	<b>(0.68)</b>



Khaled Saoud Al Sanousi  
Chairman



Murad Al Ramadan  
Chief Executive Officer

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

**Inovest B.S.C.**

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY**

For the six months period ended 30 June 2016 (Reviewed)

	Equity attributable to Company's shareholders							Total owners' equity US\$ '000	
	Share capital US\$ '000	Treasury shares US\$ '000	Share premium US\$ '000	Reserves	(Accumulated losses) / Retained earnings US\$ '000	Total US\$ '000	Non-controlling interest US\$ '000		
				Statutory reserve US\$ '000	Share option reserve US\$ '000				
At 1 January 2016	114,604	(651)	30,760	21,473	42	(51,873)	114,355	17,568	131,923
Transfer to reserves *	-	-	(30,760)	(21,113)	-	51,873	-	-	-
Profit for the period	-	-	-	-	-	5,398	5,398	(8)	5,390
<b>At 30 June 2016</b>	<b>114,604</b>	<b>(651)</b>	<b>-</b>	<b>360</b>	<b>42</b>	<b>5,398</b>	<b>119,753</b>	<b>17,560</b>	<b>137,313</b>
At 1 January 2015	114,604	(651)	30,760	21,473	42	(3,781)	162,447	-	162,447
Loss for the period	-	-	-	-	-	(1,942)	(1,942)	-	(1,942)
At 30 June 2015	114,604	(651)	30,760	21,473	42	(5,723)	160,505	-	160,505

\* During the period, based on the approval from MOIC via letter dated 5 April 2016, the Group has set-off its accumulated losses of USD 52 million against its share premium and statutory reserves.



Inovent B.S.C.

**INTERIM CONSOLIDATED STATEMENT OF SOURCES AND USES OF CHARITY FUND**

For the six months period ended 30 June 2016 (Reviewed)

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
<b>Sources of charity funds</b>				
Undistributed charity funds at the beginning of the period	<b>626</b>	626	<b>626</b>	626
Contributions by the Company	-	-	-	-
<b>Total sources of charity funds during the period</b>	<b>626</b>	626	<b>626</b>	626
<b>Uses of charity funds</b>				
Contributions for charitable purposes	-	-	-	-
<b>Total uses of funds during the period</b>	-	-	-	-
<b>Undistributed charity funds at end of period</b>	<b>626</b>	626	<b>626</b>	626

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

Inovent B.S.C.

**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**

For the six months period ended 30 June 2016 (Reviewed)

	Note	Six months ended	
		30 June	
		2016	2015
		US\$ '000	US\$ '000
<b>OPERATING ACTIVITIES</b>			
Profit / (loss) for the period		5,390	(1,942)
Adjustments for:			
Depreciation	10	855	364
Net share of loss from investment in a joint venture and associates	8	224	362
Realised gain on sale of investments - net		(868)	-
Realised gain on sale of investment in real estate	14	(992)	(324)
Provision - net		-	709
		<u>4,609</u>	<u>(831)</u>
Net changes in operating assets and liabilities:			
Short-term placements (with an original maturity of more than 90 days)		(20,223)	-
Accounts receivable		3,732	(9,612)
Receivable from real estate lease right		(41)	-
Other assets		2,648	-
Accounts payable		(3,865)	42,328
Net cash (used in) from operating activities		<u>(13,140)</u>	<u>31,885</u>
<b>INVESTING ACTIVITIES</b>			
Proceeds from sale of investment in real estate		4,277	5,323
Purchase of property, plant and equipment	10	(4,021)	(1,874)
Purchase of investment in real estate	9	(3,201)	-
Sale of investment in a joint venture and associates		7,693	-
Proceeds from sale of investments		263	-
Additions to properties under development		-	70
Dividends received from a joint venture and associates		-	637
Net cash from investing activities		<u>5,011</u>	<u>4,156</u>
<b>FINANCING ACTIVITY</b>			
Net movement in financing from a bank		(6,604)	(2,132)
Cash used in financing activity		<u>(6,604)</u>	<u>(2,132)</u>
<b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS</b>		<u>(14,733)</u>	<u>33,909</u>
Cash and cash equivalents at the beginning of the period		<u>40,430</u>	<u>8,515</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<u><u>25,697</u></u>	<u><u>42,424</u></u>
<b>Non cash transactions:</b>			
Transfer from properties under development to investment in real estate		-	5,655
Transfer from investment in real estate to accounts receivable		9,153	-
Non cash settlement of accounts receivables to property, plant and equipment		<u>1,365</u>	-

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

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2016 (Reviewed)

**1 INCORPORATION AND ACTIVITIES**

**a) Incorporation**

Inovest B.S.C. (the "Company") is a public shareholding company incorporated in the Kingdom of Bahrain on 18 June 2002 and operates under Commercial Registration (CR) number 48848. The Company commenced operations on 1 October 2002. Under the terms of its Memorandum and Articles of Association, the duration of the Company is 50 years, renewable for further similar periods unless terminated earlier by law or as stated in the Memorandum and Articles of Association. The address of the Company's registered office is 19th floor, East Tower, Bahrain Financial Harbour, Manama, Kingdom of Bahrain.

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

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

**b) Activities**

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

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

The number of staff employed by the Group as at 30 June 2016 was 1,239 (31 December 2015: 1,178 ).

The interim condensed consolidated financial statements for the six months ended 30 June 2016 were authorised for issue in accordance with a resolution of the Board of Directors dated 10 August 2016.

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

At 30 June 2016 (Reviewed)

**2 ACCOUNTING POLICIES****2.1 Basis of preparation**

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2016 have been prepared in accordance with the guidance given by International Accounting Standard 34 - *Interim Financial Reporting*. The interim condensed consolidated financial statements do not contain all information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2015. These interim condensed consolidated financial statements are presented in US dollars, which is the functional currency of the Group. All values are rounded to US dollar thousands unless otherwise indicated.

**2.2 Statement of compliance**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2015 which were prepared in accordance with the Financial Accounting Standards ("FAS") issued by Accounting and Auditing Organisation for Islamic Financial ("AAOIFI"), the Shari'a rules and principles as determined by the Shari'a Supervisory Board of the Company, the Bahrain Commercial Companies Law, Central Bank of Bahrain ("CBB") and the Financial Institutions Law and the CBB Rule Book (Volume 4). In accordance with the requirements of AAOIFI, for matters for which no AAOIFI standards exist, including interim financial reporting, the Group uses the relevant International Financial Reporting Standards ("IFRS").

**2.3 Basis of consolidation**

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

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

<i>Name of the subsidiary</i>	<i>Ownership</i>	<i>Country of incorporation</i>	<i>Year of incorporation</i>	<i>Activity</i>
<b>Held directly by the Company</b>				
Al Khaleej Development Co. B.S.C. (c)*	99.98%	Kingdom of Bahrain	2009	Purchase, sale, management and development of properties
Tameer for Private Management W.L.L.*	99.00%	Kingdom of Bahrain	2004	Holds the Group's shares on behalf of its employees in respect of the employees' share option plan

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

<b>Held indirectly by the Company</b>				
Bahrain Investment Wharf B.S.C. (c)*	99.00%	Kingdom of Bahrain	2006	Development, maintenance, leasing and management of commercial and industrial centres, residential buildings and property
Circo Properties and Facilities Management Co. W.L.L.*	99.00%	Kingdom of Bahrain	2005	Management and maintenance of properties
Tamcon Contracting Co. B.S.C. (c)*	99.00%	Kingdom of Bahrain	2007	Contracting activities
Dannat Resort Development Company Limited	58.29%	Cayman Islands	2008	Managing and Development of Real Estate Projects

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

At 30 June 2016 (Reviewed)

**2 ACCOUNTING POLICIES (continued)****2.3 Basis of consolidation (continued)**

Tamcon Trading S.P.C.	100.00%	Kingdom of Bahrain	2009	Import, export, sale of electronic & electrical equipment, appliances, its spare parts and sale of building materials.
Eresco Tamcon JV B.S.C. (c)**	100.00%	Kingdom of Bahrain	2014	Construction and maintenance of villas.
Panora Interiors S.P.C.	100.00%	Kingdom of Bahrain	2015	Carpentry and joinery works.

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

**\*\* ERESKO Tamcon JV B.S.C (c)**

During 2014 Tamcon Contracting Co. B.S.C. (c) ("Tamcon") entered into a joint venture agreement with Enma Real Estate Company ("ERESCO") incorporating a new company namely ERESKO Tamcon JV B.S.C (c). As per the terms of the arrangement the paid-up share capital of the joint venture is BD 250,000 consisting of 250,000 shares of BD 1 each, out of which 125,000 shares i.e. 50% are held by ERESKO and 125,000 shares are held by Tamcon i.e. 50% as per the registration details. However, the entire share capital was paid by Tamcon. Further, the joint venture partners subsequently amended the terms of the arrangement via an agreement and the key responsibilities assigned to Tamcon are as follows:

- 1 Providing financing to the Project including providing guarantees and required insurance as deemed appropriate;
- 2 Providing technical and administrative management for the Project;
- 3 Liable for payment of salaries and benefits including compensating them for anything relating to their rights;
- 4 Sub-contracting and coordinating with sub-contractors, including monitoring and taking corrective actions with respect to their progress relating to sub-contracted activities;
- 5 Completing all activities related to the Project with all relevant Government authorities and private sector;
- 6 Liable to pay for insurance, taxes and fines imposed by any party relating to the project; and
- 7 Provide all required guarantees for the Project;
- 8 Performance of all activities and is responsible for all the obligations relating to the Project from all aspects including facilitating and elimination of any issues through out the Project and provide anything necessary from the date of contracting until the date of completion and hand over, without any problems to the owners of the Project;
- 9 ERESKO has the right to end the agreement at its own will and discretion solely without any condition / restriction / legal requirements and without the need to obtain any legal approval;
- 10 Obligated to provide the agreement to any parties financing the Project;

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

At 30 June 2016 (Reviewed)

**2 ACCOUNTING POLICIES (continued)****2.3 Basis of consolidation (continued)**

- 11 Agrees to pay 1.5% of the contract value to ERESKO and the payment is to be made upon receipt of any installment relating to the Project. Further, the percentage will also be applied to any increase in the contract value which is in compensation for ERESKO's expertise and contributions through their representatives; and
- 12 Relieves ERESKO from any obligations related to the Project and ERESKO does not guarantee neither support any obligation with respect to the Project contract.

Subsequently an agreement was also signed on 11 November 2015 between Tamcon Contracting and ERESKO, which states that the later will not have any right in the share of assets and profits of ERESKO Tamcon JV B.S.C. (c).

Considering the key terms of the above arrangement and despite the legal form, ERESKO Tamcon JV B.S.C. (c) is deemed to be fully controlled by Tamcon and is therefore consolidated as a 100% owned subsidiary.

**3 CYCLICALITY OF OPERATIONS**

The interim consolidated net income for the six-months period ended 30 June 2016 may not represent a proportionate share of the annual net profit or loss due to the variability of income and operating expenses.

**4 CASH AND BANK BALANCES**

	<i>Reviewed</i>	<i>Audited</i>
	<i>30 June</i>	<i>31 December</i>
	<i>2016</i>	<i>2015</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Current account balances with banks	17,701	29,440
Short-term deposits (with an original maturity of 90 days or less)	7,933	2,122
Cash in hand	63	47
	<hr/>	<hr/>
Total cash and cash equivalents	25,697	31,609
	<hr/>	<hr/>
Short-term deposits (with an original maturity of more than 90 days)	20,223	8,821
	<hr/>	<hr/>
Total cash and bank balances	<u>45,920</u>	<u>40,430</u>

The current account balances with banks are non-profit bearing.

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

At 30 June 2016 (Reviewed)

**5 ACCOUNTS RECEIVABLE**

	<i>Reviewed</i> <b>30 June</b> 2016 <i>US\$ '000</i>	<i>Audited</i> 31 December 2015 <i>US\$ '000</i>
Amounts due from related parties (note 18)	23,441	31,917
Trade receivables	25,560	21,738
Other receivables	12,245	12,826
Rent receivable	530	392
	<hr/>	<hr/>
	61,776	66,873
Less: provision for impaired receivables	(27,023)	(27,023)
	<hr/>	<hr/>
	<b>34,753</b>	<b>39,850</b>
	<hr/> <hr/>	<hr/> <hr/>

Amounts due from related parties are unsecured, bear no profit and have no fixed repayment terms.

**6 INVESTMENT IN REAL ESTATE LEASE RIGHT RECEIVABLES**

During the period, one of the Group's entity entered into long-term lease agreement to lease two of its industrial plots to third parties. The total rental amount of the two plots over the lease term has been considered as sale receivable, discounted at the prevailing market rates and classified as "Investment in real estate lease right receivables".

**7 INVESTMENTS**

	<i>Reviewed</i> <b>30 June</b> 2016 <i>US\$ '000</i>	<i>Audited</i> 31 December 2015 <i>US\$ '000</i>
<b>Equity-type instruments at fair value through equity - unquoted</b>		
Real estate related	23,273	23,539
Others	6,892	6,892
	<hr/>	<hr/>
	30,165	30,431
Less: provision for impairment	(11,678)	(11,678)
	<hr/>	<hr/>
	<b>18,487</b>	<b>18,753</b>
	<hr/> <hr/>	<hr/> <hr/>

Available-for-sale investments include investments in unlisted companies whose shares are not traded on active markets. The investments are primarily in closely-held companies located in the Gulf Co-operation Council ("GCC"). The investments are held at cost less provision for impairment due to the unpredictable nature of their future cash flows and the lack of other suitable methods for accruing at a reliable fair value.

None of the investments are secured as collateral against the financing facilities obtained (31 December 2015: US\$ 5.31 million) (note 13).

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

At 30 June 2016 (Reviewed)

**8 INVESTMENT IN A JOINT VENTURE AND ASSOCIATES**

	<i>Reviewed</i> <b>30 June</b> <b>2016</b> <b>US\$ '000</b>	<i>Audited</i> <b>31 December</b> <b>2015</b> <b>US\$ '000</b>
At 1 January	<b>105,178</b>	94,531
Investment in a joint venture from acquisition of a subsidiary	-	55,509
Acquisitions during the period / year	-	326
Investment in associate derecognised	-	(27,623)
Transfer to non-current asset held for sale	-	(6,822)
Disposals during the period / year	-	(6,347)
Net share of loss during the period / year	<b>(224)</b>	(3,760)
Dividends received during the period / year	-	(636)
	<b>104,954</b>	105,178
Provision for impairment	<b>(13,486)</b>	(13,486)
	<b>91,468</b>	91,692

**9 INVESTMENT IN REAL ESTATE**

	<i>Reviewed</i> <b>30 June</b> <b>2016</b> <b>US\$ '000</b>	<i>Audited</i> <b>31 December</b> <b>2015</b> <b>US\$ '000</b>
At 1 January	<b>54,817</b>	65,773
Purchases during the period / year	<b>3,201</b>	418
Transferred from properties under development	-	5,585
Unrealised fair value loss	-	(3,160)
Disposals during the period / year	<b>(12,438)</b>	(13,799)
	<b>45,580</b>	54,817



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2016 (Reviewed)

10 PROPERTY, PLANT AND EQUIPMENT

	<i>Buildings on leasehold land</i> US\$ '000	<i>Machinery, equipment furniture and fixtures</i> US\$ '000	<i>Computer hardware and software</i> US\$ '000	<i>Motor vehicles</i> US\$ '000	<i>Capital work-in-progress</i> US\$ '000	<i>Total</i> US\$ '000
<b>Cost</b>						
At 1 January 2016	4,284	8,063	1,400	1,708	4,136	19,591
Additions	3,621	1,167	36	526	36	5,386
Disposals	-	-	-	(14)	-	(14)
At 30 June 2016	7,905	9,230	1,436	2,220	4,172	24,963
<b>Accumulated depreciation</b>						
At 1 January 2016	900	4,551	1,158	1,124	-	7,733
Charge	86	579	53	137	-	855
Disposals	-	-	-	(14)	-	(14)
At 30 June 2016	986	5,130	1,211	1,247	-	8,574
<b>Net book amount:</b>						
At 30 June 2016	6,919	4,100	225	973	4,172	16,389
At 31 December 2015	3,384	3,512	242	584	4,136	11,858

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

	<i>Reviewed Six months ended 30 June</i>	
	<i>2016</i>	<i>2015</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Depreciation charged to contract costs	695	251
Depreciation charged to expenses	160	113
	855	364

11 OTHER ASSETS

	<i>Reviewed 30 June 2016 US\$ '000</i>	<i>Audited 31 December 2015 US\$ '000</i>
Advances to contractors	8,637	11,568
Prepayments	781	498
	9,418	12,066

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

At 30 June 2016 (Reviewed)

**12 ACCOUNTS PAYABLE**

	<i>Reviewed</i> <b>30 June</b> <b>2016</b> <b>US\$ '000</b>	<i>Audited</i> <b>31 December</b> <b>2015</b> <b>US\$ '000</b>
Lease rent payables (note 12.1)	50,105	50,105
Advance from a client for construction contracts	30,927	35,824
Accruals and other payables	19,089	17,807
Case compensation	8,739	8,739
Trade payables	5,311	5,576
Retentions payable	2,256	1,469
Amounts due to related parties (note 12.2)	208	980
	<b>116,635</b>	<b>120,500</b>

**Note 12.1**

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

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

**Note 12.2**

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

**13 FINANCING FROM A BANK**

	<i>Reviewed</i> <b>30 June</b> <b>2016</b> <b>US\$ '000</b>	<i>Audited</i> <b>31 December</b> <b>2015</b> <b>US\$ '000</b>
Murabaha and musharaka financing	17,261	23,865

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

**14 INCOME FROM INVESTMENT IN REAL ESTATE**

	<i>Reviewed</i> <b>Six months ended</b> <b>30 June</b>	
	<b>2016</b> <b>US\$ '000</b>	<b>2015</b> <b>US\$ '000</b>
Realised gain on sale of investment in real estate	992	324
Rental income	748	312
	<b>1,740</b>	<b>636</b>

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

At 30 June 2016 (Reviewed)

**15 OTHER INCOME**

	<i>Reviewed</i>	
	<i>Six months ended</i>	
	<i>30 June</i>	
	<b>2016</b>	<b>2015</b>
	<b>US\$ '000</b>	<b>US\$ '000</b>
Electricity and water services	625	928
Murabaha / Mudaraba profit	199	39
Reversal of accrued expense for case compensation	134	-
Others	81	62
	<b>1,039</b>	<b>1,029</b>

**16 PROVISION - NET**

In 2015, a case was filed by one of the investors against one of the project companies and the Company with respect to its investment within the project company. On 10 June 2015, the Bahrain Chamber for Dispute Resolution (BCDR) issued its judgment, compelling the project company and the Company to pay an amount of US\$ 675,000 and interest of 4% p.a. from the date of the claim until full settlement plus US\$ 7,958 as lawyer fees and other suitable expenses.

**17 BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE**

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

	<i>Reviewed</i>	
	<i>Six months ended</i>	
	<i>30 June</i>	
	<b>2016</b>	<b>2015</b>
Income / (loss) attributable to the equity shareholders of the parent for the period - US\$ '000	<b>5,398</b>	<b>(1,942)</b>
Weighted average number of shares outstanding at the beginning and end of the period - in thousands	<b>284,883</b>	<b>284,883</b>
Earnings / (loss) per share - US cents	<b>1.89</b>	<b>(0.68)</b>

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

**18 RELATED PARTY BALANCES AND TRANSACTIONS**

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

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2016 (Reviewed)

18 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

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

	Reviewed 30 June 2016		Audited 31 December 2015		Total US\$ '000
	Key	management personnel/ Board members/ external auditors US\$ '000	Key	management personnel/ Board members/ external auditors US\$ '000	
Accounts receivable (net-off provision)		-		1	12,133
Accounts payable		163		-	980
	Significant Shareholders US\$ '000	3,657	Associates and joint venture US\$ '000	373	
	Other related parties US\$ '000	45	and joint venture US\$ '000	204	
	Total US\$ '000	208	Significant Shareholders US\$ '000	11,759	
		438	Other related parties US\$ '000	776	
		-	Associates and joint venture US\$ '000	1	
		-	Other related parties US\$ '000	-	

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

	Reviewed 30 June 2016		Reviewed 30 June 2015		Total US\$ '000
	Key	management personnel/ Board members/ external auditors US\$ '000	Key	management personnel/ Board members/ external auditors US\$ '000	
Income					
Fee for management and other services		16	Associates and joint venture US\$ '000	104	285
Net loss from construction contracts		-	Significant Shareholders US\$ '000	-	(45)
Net share of loss from investment in joint ventures and associates		(224)	Other related parties US\$ '000	(362)	(362)
Other income		-	and joint venture US\$ '000	108	108
		(208)	Other related parties US\$ '000	(150)	(14)
		20	Associates and joint venture US\$ '000	136	
		36	Other related parties US\$ '000	-	
		-	Significant Shareholders US\$ '000	-	
		-	Other related parties US\$ '000	-	
		726	Associates and joint venture US\$ '000	957	-
Expenses			Other related parties US\$ '000	15	17
Staff costs		143	Significant Shareholders US\$ '000	-	
General and administrative expenses		869	Other related parties US\$ '000	972	17
		122	and joint venture US\$ '000	-	
		992	Other related parties US\$ '000	-	
		20	Significant Shareholders US\$ '000	-	
		(188)	Other related parties US\$ '000	(150)	

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

At 30 June 2016 (Reviewed)

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

Compensation of the key management personnel is as follows:

	<i>Reviewed</i>	
	<i>Six months ended</i>	
	<i>30 June</i>	
	<b>2016</b>	<b>2015</b>
	<b>US\$ '000</b>	<b>US\$ '000</b>
Salaries and other benefits	718	887
End of service benefits	8	70
	<b>726</b>	<b>957</b>

**19 SEGMENTAL INFORMATION**

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

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

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

	<i>30 June 2016 - Reviewed</i>					<i>Total</i>
	<i>Investment and related services</i>	<i>Construction contracts</i>	<i>Development and sale of industrial plots</i>	<i>Property and facility management services</i>	<i>Eliminations</i>	
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
Net revenues from external customers	1,317	3,575	1,909	129	-	6,930
Inter-segment transactions	-	-	-	-	-	-
Income from investments	1,440	-	-	-	-	1,440
Share of (loss) / profit from investment in a joint venture and associates	(349)	-	125	-	-	(224)
Other income	213	55	766	5	-	1,039
<b>Total revenue</b>	<b>2,621</b>	<b>3,630</b>	<b>2,800</b>	<b>134</b>	<b>-</b>	<b>9,185</b>
<b>Segment profit</b>	<b>261</b>	<b>2,541</b>	<b>2,533</b>	<b>55</b>	<b>-</b>	<b>5,390</b>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

At 30 June 2016 (Reviewed)

**19 SEGMENTAL INFORMATION (continued)**

	30 June 2015 - Reviewed					Total US\$ '000
	Investment and related services US\$ '000	Construction contracts US\$ '000	Development and sale of industrial plots US\$ '000	Property and facility management services US\$ '000	Eliminations US\$ '000	
Net revenues from external customers	634	1,839	476	315	-	3,264
Inter-segment transactions	-	67	-	30	(97)	-
Income from investments	744	-	-	-	-	744
Share of (loss) / profit from investment in joint ventures and associates	(371)	-	-	9	-	(362)
Other income	15	39	975	-	-	1,029
<b>Total revenue</b>	<b>1,022</b>	<b>1,945</b>	<b>1,451</b>	<b>354</b>	<b>(97)</b>	<b>4,675</b>
<b>Segment (loss) / profit</b>	<b>(3,958)</b>	<b>977</b>	<b>1,068</b>	<b>38</b>	<b>(67)</b>	<b>(1,942)</b>

(b) Segment information relating to the interim consolidated statement of financial position as at 30 June 2016 and 31 December 2015 is disclosed as follows:

	30 June 2016 - Reviewed					Total US\$ '000
	Investment and related services US\$ '000	Construction contracts US\$ '000	Development and sale of industrial plots US\$ '000	Property and facility management services US\$ '000	Eliminations US\$ '000	
Segment assets	229,779	76,032	58,121	1,416	(94,139)	271,209
Segment liabilities	49,935	48,447	56,230	43	(20,759)	133,896

	31 December 2015- Audited					Total US\$ '000
	Investment and related services US\$ '000	Construction contracts US\$ '000	Development and sale of industrial plots US\$ '000	Property and facility management services US\$ '000	Eliminations US\$ '000	
Segment assets	216,913	74,953	56,819	1,642	(74,039)	276,288
Segment liabilities	48,784	49,909	57,462	325	(12,115)	144,365

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

At 30 June 2016 (Reviewed)

**20 CONTINGENCIES AND COMMITMENTS**

The Group has the following credit related commitments:

	<i>Reviewed</i> <b>30 June</b> <b>2016</b> <b>US\$ '000</b>	<i>Audited</i> <b>31 December</b> <b>2015</b> <b>US\$ '000</b>
Guarantees	<b>26,391</b>	<b>27,678</b>

The Group has the following operating lease commitments:

	<i>Reviewed</i> <b>30 June</b> <b>2016</b> <b>US\$ '000</b>	<i>Audited</i> <b>31 December</b> <b>2015</b> <b>US\$ '000</b>
Future minimum lease payments:		
Within one year	<b>519</b>	<b>453</b>
After one year but not more than five years	<b>1,227</b>	<b>1,339</b>
Total	<b>1,746</b>	<b>1,792</b>

**21 FIDUCIARY ASSETS**

The assets managed on behalf of customers, to which the Group does not have any legal title are not included in the interim consolidated statement of financial position. At 30 June 2016, the carrying value of such assets is US\$ 193 million (31 December 2015: US\$ 210 million).

**22 COMPARATIVE FIGURES**

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