

Inovent B.S.C.

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

30 SEPTEMBER 2017 (REVIEWED)

Inovest B.S.C.

Administration and contact details as at 30 September 2017

Commercial registration number

48848 obtained on 18 June 2002

Board of Directors

Dr. Abdulla Mohammed Al Humaidi

- Chairman

Shilash Haif Al Hajraf

- Vice-Chairman

Bashar Naser Al Tuwaijri

- Director

Ayman Ahmed Sheet

- Director

Fahad Ghazi Al Abduljaleel

- 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

Nomination and Remuneration / Corporate Governance Committee members

Dr. Abdulla Mohammed Al Humaidi

- Chairman

Shilash Haif Al Hajraf

- Vice-Chairman

Fahad Ghazi Al Abduljaleel

- Member

Sheikh Dawoud Salman Bin Essa

- Member in Corporate Governance
Committee only

Audit and Risk Committee members

Fahad Ghazi Al Abduljaleel

- Chairman

Ayman Ahmed Sheet

- Vice-Chairman

Shilash Haif Al Hajraf

- Member

Executive Committee members

Dr. Abdulla Mohammed Al Humaidi

- Chairman

Shilash Haif Al Hajraf

- Vice-Chairman

Ayman Ahmed Sheet

- Member

Inovest B.S.C.

Administration and contact details as at 30 September 2017

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

Auditors

Ernst & Young (EY)
P.O. Box 140
10th Floor,
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

In the name of Allah, The Beneficent, The Merciful

**Sharia Supervisory Board Report on the activities of INOVEST Company B.S.C
For the Nine Months Period Ended 30 September 2017**

All praise is due to Allah , Lord of the worlds, Prayers and Peace are upon the last messenger, our prophet Mohammed, his family and companions.

To the Shareholders of 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 Sunday dated 22 -10 - 2017 in State of 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 Nine Months Period Ended 30 September 2017, 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.

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.

We planned and performed our review so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Company has not violated Islamic Shari rules and principles.

In our opinion:

The contracts and transactions concluded by the Company during the nine months period ended 30 September 2017 that we have reviewed are in compliance with the Islamic Shari'a Rules and Principles.

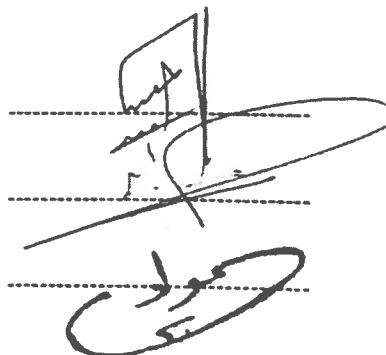
Also, the SSB has approved the financial statements and concluded that it's prepared in an acceptable form from Islamic Sharia view. The respective report has been prepared based on the information provided by the Company.

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

Shaikh Dr. Khalid Shuja'a Al-Otaibi
Chairman

Shaikh Dawoud Salman Bin Essa
Vice-Chairman

Shaikh Dr. Murad Bou Daia
Member



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 September 2017, and the related interim consolidated statements of income, changes in equity, cash flows and sources and uses of charity fund for the nine-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.



30 October 2017
Manama, Kingdom of Bahrain

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2017 (Reviewed)

		<i>Reviewed</i> 30 September 2017 US\$ '000	<i>Audited</i> 31 December 2016 US\$ '000
ASSETS			
Cash and bank balances	5	28,564	40,066
Accounts receivable	6	53,811	38,237
Investment in real estate lease right receivables	7	9,332	9,246
Investments	8	18,487	18,983
Investment in a joint venture and associates	9	33,027	91,629
Investment in real estate	10	71,615	41,564
Property, plant and equipment	11	15,599	16,090
Other assets	12	5,029	7,040
TOTAL ASSETS		235,464	262,855
LIABILITIES AND OWNERS' EQUITY			
Liabilities			
Other liabilities and accounts payable	13	107,896	108,323
Financing from a bank	14	13,822	16,408
Total liabilities		121,718	124,731
Equity			
Share capital		114,604	114,604
Less: Treasury shares	15	(783)	(651)
		113,821	113,953
Reserves		1,413	1,413
Retained earnings		20,671	9,118
Equity attributable to parent's shareholders		135,905	124,484
Non-controlling interest		27,841	13,640
Total equity		163,746	138,124
TOTAL LIABILITIES AND EQUITY		285,464	262,855



Dr. Abdulla Al Humaidi
Chairman



Murad Al Ramadan
Chief Executive Officer

Inovest B.S.C.

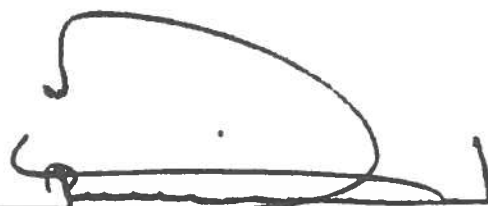
INTERIM CONSOLIDATED STATEMENT OF INCOME

For the nine month period ended 30 September 2017 (Reviewed)

	Note	Three months ended		Nine months ended	
		30 September		30 September	
		2017	2016	2017	2016
		US\$ '000	US\$ '000	US\$ '000	US\$ '000
OPERATING INCOME					
Net income from construction contracts		2,308	2,032	8,085	5,607
Income from investment in real estate	16	1,460	791	3,259	2,531
Income from investments		44	44	4,251	1,484
Fee for management and other services		226	54	676	1,669
Net share of (loss) / income from investment in a joint venture and associates	9	(213)	(52)	356	(276)
Other income	17	149	294	1,008	1,333
TOTAL OPERATING INCOME		3,974	3,163	17,635	12,348
OPERATING EXPENSES					
Staff costs		994	1,096	3,404	3,175
General and administrative expenses		665	616	2,291	1,826
Financing costs		280	231	699	492
Property related expenses		416	42	514	127
Depreciation	11	118	41	340	201
TOTAL OPERATING EXPENSES		2,473	2,026	7,248	5,821
NET OPERATING PROFIT		1,501	1,137	10,387	6,527
Recoveries from impaired receivables	18	412	2,653	8,784	2,653
PROFIT FOR THE PERIOD		1,913	3,790	19,171	9,180
Attributable to :					
Equity shareholders of the parent		1,637	3,795	18,904	9,193
Non-controlling interest		276	(5)	267	(13)
PROFIT FOR THE PERIOD		1,913	3,790	19,171	9,180
BASIC AND DILUTED EARNINGS					
PER SHARE (US cents)	20	0.58	1.34	6.64	3.23



Dr. Abdulla Al Humaidi
Chairman



Murad Al Ramadan
Chief Executive Officer

The attached explanatory notes 1 to 24 form part of these interim condensed consolidated financial statements.

Inovest B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine month period ended 30 September 2017 (Reviewed)

	Equity attributable to parent's shareholders							Total equity US\$ '000	
	Share capital US\$ '000	Treasury shares US\$ '000	Share premium US\$ '000	Reserves		Retained earnings / (Accumulated losses) US\$ '000	Total parent's shareholders' equity US\$ '000		Non-controlling interest US\$ '000
				Statutory reserve US\$ '000	Share option reserve US\$ '000				
At 1 January 2017	114,604	(651)	-	1,371	42	9,118	124,484	13,640	138,124
Reversal of appropriation to charity funds	-	-	-	-	-	626	626	-	626
Dividend paid (note 18)	-	-	-	-	-	(7,977)	(7,977)	-	(7,977)
Purchase of treasury shares	-	(132)	-	-	-	-	(132)	-	(132)
Acquisition of a subsidiary (note 4)	-	-	-	-	-	-	-	13,934	13,934
Profit for the period	-	-	-	-	-	18,904	18,904	267	19,171
At 30 September 2017	114,604	(783)	-	1,371	42	20,671	135,905	27,841	163,746
At 1 January 2016	114,604	(651)	30,760	21,473	42	(51,873)	114,355	17,568	131,923
Acquisition of non-controlling interest	-	-	-	-	-	-	-	(3,884)	(3,884)
Gain on acquisition of non-controlling interest	-	-	-	-	-	24	24	(24)	-
Transfer to reserves *	-	-	(30,760)	(21,113)	-	51,873	-	-	-
Profit for the period	-	-	-	-	-	9,193	9,193	(13)	9,180
At 30 September 2016	114,604	(651)	-	360	42	9,217	123,572	13,647	137,219

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

The attached explanatory notes 1 to 24 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF SOURCES AND USES OF CHARITY FUND

For the nine month period ended 30 September 2017 (Reviewed)

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
Sources of charity funds				
Undistributed charity funds at the beginning of the period	-	626	626	626
Reversal of appropriation to charity funds	-	-	(626)	-
Undistributed charity funds at end of period	-	626	-	626

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine month period ended 30 September 2017 (Reviewed)

	Note	Nine months ended 30 September	
		2017	2016
		US\$ '000	US\$ '000
OPERATING ACTIVITIES			
Profit for the period		19,171	9,180
Adjustments for:			
Depreciation	11	1,391	1,274
Net share of (income) / loss from investment in a joint venture and associates	9	(356)	276
Realised (gain) / loss on sale of investments		(500)	3
Realised gain on sale of investment in a joint venture and associates		-	(871)
Gain on sale of investment in real estate	16	(1,078)	(1,366)
Gain on bargain purchase - associate	9	(3,135)	-
Gain on bargain purchase - subsidiary	4	(44)	-
Fair value gain on transfer of investment to investment in a joint venture and associates		(252)	-
Recoveries from impaired receivables		(8,784)	(2,653)
		6,413	5,843
Net changes in operating assets and liabilities:			
Short-term deposits (with an original maturity of more than 90 days)		(298)	(11,804)
Accounts receivable		(11,502)	6,566
Receivable from real estate lease right		(86)	(67)
Other assets		2,011	4,622
Accounts payable		(1,436)	(8,511)
Net cash used in operating activities		(4,898)	(3,351)
INVESTING ACTIVITIES			
Proceeds from sale of investment in real estate		5,005	8,393
Acquisition of a subsidiary, net of cash acquired	4	4,217	-
Acquisition of further shares of subsidiary		-	(3,884)
Purchase of property, plant and equipment	11	(974)	(4,337)
Purchase of investment in real estate	10	-	(3,154)
Purchase of investment in a joint venture and associates		(5,029)	(220)
Sale of investment in a joint venture and associates		-	7,693
Proceeds from sale of investments		500	263
Proceeds from sale of property, plant and equipment		74	-
Net cash from investing activities		3,793	4,754
FINANCING ACTIVITIES			
Net movement in financing from a bank		(2,586)	(6,604)
Dividend paid		(7,977)	-
Purchase of treasury shares		(132)	-
Net cash used in financing activities		(10,695)	(6,604)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS		(11,800)	(5,201)
Cash and cash equivalents at the beginning of the period		32,617	40,430
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	20,817	35,229
Non cash transactions:			
Investment in real estate acquired against accounts receivable		5,199	-
Transfer from investment to investment in a joint venture and associates	9	748	-
Transfer from investment in a joint venture and associates to a subsidiary	9	17,870	-
Transfer from investment in real estate to accounts receivable		-	9,153
Non cash settlement of accounts receivable to property, plant and equipment		-	1,365

The attached explanatory notes 1 to 24 form part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2017 (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 Boursa Kuwait.

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 September 2017 was 823 employee (31 December 2016: 1,076 employee).

The interim condensed consolidated financial statements for the nine months ended 30 September 2017 were authorised for issue in accordance with a resolution of the Board of Directors dated 30 October 2017.

2 ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements of the Group for the nine months ended 30 September 2017 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 2016. 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2017 (Reviewed)

2 ACCOUNTING POLICIES (continued)

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 2016 which were prepared in accordance with the Financial Accounting Standards ("FAS") issued by Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI"), the Shari'a rules and principles as determined by the Shari'a Supervisory Board of the Company, the Bahrain Commercial Companies Law, Central Bank of Bahrain ("CBB") and the Financial Institutions Law and the CBB Rule Book (Volume 4). In accordance with the requirements of AAOIFI, for matters for which no AAOIFI standards exist, including interim financial reporting, the Group uses the relevant International Financial Reporting Standards ("IFRS").

2.3 Basis of consolidation

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

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

<i>Name of the subsidiary</i>	<i>Ownership 2017</i>	<i>Ownership 2016</i>	<i>Country of incorporation</i>	<i>Year of incorporation</i>	<i>Activity</i>
<i>Held directly by the Company</i>					
Al Khaleej Development Co. B.S.C. (c)*	99.98%	99.98%	Kingdom of Bahrain	2009	Purchase, sale, management and development of properties
Tameer for Private Management W.L.L.*	99.00%	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):

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2017 (Reviewed)

2 ACCOUNTING POLICIES (continued)**2.3 Basis of consolidation (continued)***Held indirectly by the Company (continued)*

<i>Name of the subsidiary</i>	<i>Ownership 2017</i>	<i>Ownership 2016</i>	<i>Country of incorporation</i>	<i>Year of incorporation</i>	<i>Activity</i>
Eresco Tamcon JV B.S.C. (c)**	100.00%	100.00%	Kingdom of Bahrain	2014	Construction and maintenance of villas.
Panora Interiors S.P.C.	100.00%	100.00%	Kingdom of Bahrain	2015	Carpentry and joinery works.
BIW Labor Accomodation Co W.L.L. (note 4)	56.67%	-	Kingdom of Bahrain	2007	Buying, selling and management of properties.

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

**** 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:

- a Providing financing to the Project including providing guarantees and required insurance as deemed appropriate;
- b Providing technical and administrative management for the Project;
- c Liable for payment of salaries and benefits including compensating them for anything relating to their rights;
- d Sub-contracting and coordinating with sub-contractors, including monitoring and taking corrective actions with respect to their progress relating to sub-contracted activities;
- e Completing all activities related to the Project with all relevant Government authorities and private sector;
- f Liable to pay for insurance, taxes and fines imposed by any party relating to the project;
- g Provide all required guarantees for the Project;
- h 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;
- i 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;
- j Obligated to provide the agreement to any parties financing the Project;
- k 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
- l Relieves ERESKO from any obligations related to the Project and ERESKO does not guarantee neither support any obligation with respect to the Project contract.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2017 (Reviewed)

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

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 Contracting Co. B.S.C. (c) and is therefore consolidated as a 100% owned subsidiary.

3 CYCLICALITY OF OPERATIONS

The interim consolidated net income for the nine-month period ended 30 September 2017 may not represent a proportionate share of the annual net profit or loss due to the variability of income and operating expenses.

4 ACQUISITION OF A SUBSIDIARY*Acquisition of BIW Labor Accomodation Co W.L.L.*

During July 2017, the Group increased its effective equity stake in one of its associates (BIW Labor Accomodation Co W.L.L.) to 56.67%, resulting in de-recognition of its investment in associate and acquisition of investment in a subsidiary (BIW Labor Accomodation Co W.L.L.) giving the Group controlling stake as per the new shareholding.

The Group has elected to measure the non-controlling interest in the acquiree at their proportionate share of the acquiree's identifiable net assets.

Identifiable net assets

The fair value of the identifiable assets and liabilities of BIW Labor Accomodation Co W.L.L. as at the date of acquisition were:

1 July 2017
Fair value
recognised on
acquisition
US\$ '000

Assets	
Investment properties	28,779
Accounts receivables and other assets	487
Cash and cash equivalents	4,525
	<hr/> 33,791
Liability	
Accounts payables	(1,635)
	<hr/> 32,156
Total identifiable net assets at fair value	<hr/> 32,156 <hr/>
Non-controlling interest measured at share of net assets (43.33%)	(13,934)
Gain on bargain purchase	(44)
	<hr/> 18,178
Purchase consideration	<hr/> 18,178 <hr/>
Total consideration comprised of :	
Investment in associate derecognised (note 9)	17,870
Cash consideration	308
	<hr/> 18,178 <hr/>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2017 (Reviewed)

5 CASH AND BANK BALANCES

	<i>Reviewed</i> 30 September 2017 US\$ '000	<i>Audited</i> 31 December 2016 US\$ '000
Short-term deposits (with an original maturity of 90 days or less)	14,356	21,049
Current account balances with banks (note 5.1)	6,433	11,526
Cash in hand	28	42
Total cash and cash equivalents	<u>20,817</u>	<u>32,617</u>
Short-term deposits (with an original maturity of more than 90 days)	7,747	7,449
Total cash and bank balances	<u>28,564</u>	<u>40,066</u>

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

Note 5.1

Current account balances with banks include US\$ 0.63 million (31 December 2016: US\$ 7.96 million) balance with a bank relating to one of the subsidiary of the Group, which has received an advance from a client to start work on construction contract. The current account balances with banks are non-profit bearing.

6 ACCOUNTS RECEIVABLE

	<i>Reviewed</i> 30 September 2017 US\$ '000	<i>Audited</i> 31 December 2016 US\$ '000
Trade receivables	44,700	30,061
Amounts due from related parties (note 21)	15,955	20,484
Other receivables	7,711	11,536
Rent receivable	1,026	521
	<u>69,392</u>	<u>62,602</u>
Less: provision for impaired receivables	<u>(15,581)</u>	<u>(24,365)</u>
	<u>53,811</u>	<u>38,237</u>

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

The movement in the Group's provision for impaired receivables is as follows:

	<i>Reviewed</i> 30 September 2017 US\$ '000	<i>Audited</i> 31 December 2016 US\$ '000
At 1 January	24,365	27,023
Write back	(8,784)	(2,653)
Charge	-	13
Write off	-	(18)
	<u>15,581</u>	<u>24,365</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2017 (Reviewed)

7 INVESTMENT IN REAL ESTATE LEASE RIGHT RECEIVABLES

During 2016, 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".

8 INVESTMENTS

	<i>Reviewed</i> 30 September 2017 <i>US\$ '000</i>	<i>Audited</i> 31 December 2016 <i>US\$ '000</i>
Equity-type instruments at fair value through equity - unquoted		
Real estate related	23,273	23,769
Others	3,642	6,892
	<u>26,915</u>	<u>30,661</u>
Less: provision for impairment	(8,428)	(11,678)
	<u><u>18,487</u></u>	<u><u>18,983</u></u>

Equity-type investments at fair value through equity 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.

The movement in the Group's provision for investments is as follows:

	<i>Reviewed</i> 30 September 2017 <i>US\$ '000</i>	<i>Audited</i> 31 December 2016 <i>US\$ '000</i>
At 1 January	11,678	11,678
Write off	(3,250)	-
	<u>8,428</u>	<u>11,678</u>

9 INVESTMENT IN A JOINT VENTURE AND ASSOCIATES

	<i>Reviewed</i> 30 September 2017 <i>US\$ '000</i>	<i>Audited</i> 31 December 2016 <i>US\$ '000</i>
At 1 January	91,629	91,692
Acquisitions	5,029	238
Gain on bargain purchase	3,135	-
Transfer from investments	748	-
Net share of income / (loss)	356	(301)
Transfer to a subsidiary (note 4)	(17,870)	-
	<u><u>83,027</u></u>	<u><u>91,629</u></u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2017 (Reviewed)

10 INVESTMENT IN REAL ESTATE

	<i>Reviewed</i> <i>30 September</i> <i>2017</i> <i>US\$ '000</i>	<i>Audited</i> <i>31 December</i> <i>2016</i> <i>US\$ '000</i>
At 1 January	41,564	54,817
Acquisition of a subsidiary (note 4)	28,779	-
In-kind settlement of receivables	5,199	-
Gain on sale of investment in real estate	1,078	1,403
Purchases	-	3,154
Disposals	(5,005)	(17,810)
	71,615	41,564

11 PROPERTY, PLANT AND EQUIPMENT

	<i>Buildings on</i> <i>leasehold</i> <i>land</i> <i>US\$ '000</i>	<i>Machinery,</i> <i>equipment</i> <i>furniture</i> <i>and fixtures</i> <i>US\$ '000</i>	<i>Computer</i> <i>hardware</i> <i>and</i> <i>software</i> <i>US\$ '000</i>	<i>Motor</i> <i>vehicles</i> <i>US\$ '000</i>	<i>Capital</i> <i>work-in-</i> <i>progress</i> <i>US\$ '000</i>	<i>Total</i> <i>US\$ '000</i>
Cost						
At 1 January 2017	7,905	9,657	1,458	2,235	4,177	25,432
Transfers	4,177	-	-	-	(4,177)	-
Additions	17	885	47	25	-	974
Disposals	-	(69)	(26)	(66)	-	(161)
At 30 September 2017	12,099	10,473	1,479	2,194	-	26,245
Accumulated depreciation						
At 1 January 2017	1,112	5,683	1,267	1,280	-	9,342
Charge	315	818	76	182	-	1,391
Disposals	-	(49)	(25)	(13)	-	(87)
At 30 September 2017	1,427	6,452	1,318	1,449	-	10,646
Net book amount:						
At 30 September 2017	10,672	4,021	161	745	-	15,599
At 31 December 2016	6,793	3,974	191	955	4,177	16,090

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

	<i>Reviewed</i> <i>Nine months ended</i> <i>30 September</i> <i>2017</i> <i>US\$ '000</i>	<i>2016</i> <i>US\$ '000</i>
Depreciation charged to contract costs	1,051	1,073
Depreciation charged to expenses	340	201
	1,391	1,274

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2017 (Reviewed)

12 OTHER ASSETS

	<i>Reviewed</i> 30 September 2017 <i>US\$ '000</i>	<i>Audited</i> 31 December 2016 <i>US\$ '000</i>
Advances to contractors	4,435	6,249
Prepayments	594	791
	<u>5,029</u>	<u>7,040</u>

13 OTHER LIABILITIES AND ACCOUNTS PAYABLE

	<i>Reviewed</i> 30 September 2017 <i>US\$ '000</i>	<i>Audited</i> 31 December 2016 <i>US\$ '000</i>
Lease rent payables (note 13.1)	50,105	50,105
Accruals and other payables	24,513	15,501
Advance from a client for construction contracts	11,613	23,456
Trade payables	8,982	7,308
Case compensation	8,739	8,739
Retentions payable	3,916	3,068
Amounts due to related parties (note 13.2 and 21)	28	146
	<u>107,896</u>	<u>108,323</u>

Note 13.1

The Group's subsidiary entered into a long term lease contract with the Ministry of Industry, Commerce and Tourism ("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 13.2

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

14 FINANCING FROM A BANK

	<i>Reviewed</i> 30 September 2017 <i>US\$ '000</i>	<i>Audited</i> 31 December 2016 <i>US\$ '000</i>
Commodity murabaha financing	13,822	16,408

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2017 (Reviewed)

15 TREASURY SHARES

Treasury shares represent 2,000,000 (30 September 2016: 1,627,825) shares amounting to US\$ 782,986 (30 September 2016: US\$ 651,130) representing 0.7% (30 September 2016: 0.57%) of the issued share capital, held by the Group. During the period, the Company repurchased 372,175 additional shares at US\$ 131,856 (30 September 2016: nil).

16 INCOME FROM INVESTMENT IN REAL ESTATE

	<i>Reviewed</i>	
	<i>Nine months ended</i>	
	<i>30 September</i>	
	2017	2016
	US\$ '000	US\$ '000
Rental income	2,181	1,165
Gain on sale of investment in real estate	1,078	1,366
	3,259	2,531

17 OTHER INCOME

	<i>Reviewed</i>	
	<i>Nine months ended</i>	
	<i>30 September</i>	
	2017	2016
	US\$ '000	US\$ '000
Profit on short-term deposits	570	322
Electricity and water services	237	786
Reversal of accrued expense for case compensation	-	142
Others	201	83
	1,008	1,333

18 RECOVERIES FROM IMPAIRED RECEIVABLES

During 2017, the Group collected US\$ 6,154 thousand representing final settlement against outstanding account receivables due from one of its related parties and, hence, the respective provision amount has been reversed.

The Group reversed an amount of US\$ 2,630 thousand as a result of settlements in respect of outstanding account receivables due from third parties.

19 DIVIDEND PAID

Following the shareholders' approval at the Annual General Meeting held on 5 March 2017, cash dividend of US\$ 2.80 cents per share totalling US\$ 7,977 thousand was paid for the year ended 31 December 2016 (31 December 2015: nil).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2017 (Reviewed)

20 BASIC AND DILUTED EARNINGS PER SHARE

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

	<i>Reviewed</i>	
	<i>Nine months ended</i>	
	<i>30 September</i>	
	<u>2017</u>	<u>2016</u>
Income attributable to the equity shareholders of the parent for the period - US\$ '000	<u>18,904</u>	<u>9,193</u>
Weighted average number of shares outstanding at the beginning and end of the period - in thousands	<u>284,793</u>	<u>284,883</u>
Earnings per share - US cents	<u>6.64</u>	<u>3.23</u>

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

21 RELATED PARTY BALANCES AND TRANSACTIONS

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2017 (Reviewed)

21 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

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

	Reviewed 30 September 2017		Audited 31 December 2016	
	Key		Key	
	management personnel/ Board members/ external auditors US\$ '000	Other related parties US\$ '000	Associates and joint venture US\$ '000	management personnel/ Board members/ external auditors US\$ '000
Accounts receivable - gross	9,463	6,492	15,955	4,234
Provision for impaired receivables	(8,764)	(2,166)	(10,930)	(2,225)
Accounts receivable - net	699	4,326	5,025	2,009
Accounts payable	-	-	28	-
			114	32
			16,250	-
			(14,917)	-
			1,333	-
			28	-
			15,955	4,234
			(10,930)	(2,225)
			5,025	2,009
			28	-
			114	32
			16,250	-
			(14,917)	-
			1,333	-
			28	-
			15,955	4,234
			(10,930)	(2,225)
			5,025	2,009
			28	-
			114	32
			16,250	-
			(14,917)	-
			1,333	-
			28	-
			15,955	4,234
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			5,025	2,009
			28	-
			114	32
			16,250	-
			(14,917)	-
			1,333	-
			28	-
			15,955	4,234
			(10,930)	(2,225)
			5,025	2,009
			28	-
			114	32
			16,250	-
			(14,917)	-
			1,333	-
			28	-
			15,955	4,234
			(10,930)	(2,225)
			5,025	2,009
			28	-
			114	32
			16,250	-
			(14,917)	-
			1,333	-
			28	-
			15,955	4,234
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			28	-
			114	32
			16,250	-
			(14,917)	-
			1,333	-
			28	-
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			5,025	2,009
			28	-
			114	32
			16,250	-
			(14,917)	-
			1,333	-
			28	-
			15,955	4,234
			(10,930)	(2,225)
			5,025	2,009
			28	-
			114	32
			16,250	-
			(14,917)	-
			1,333	-
			28	-
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			28	-
			114	32
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			(14,917)	-
			1,333	-
			28	-
			15,955	4,234
			(10,930)	(2,225)
			5,025	2,009
			28	-
			114	32
			16,250	-
			(14,917)	-
			1,333	-
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			16,250	-
			(14,917)	-
			1,333	-
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			1,333	-
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			28	-
			114	32
			16,250	-
			(14,917)	-
			1,333	-
			28	-
			15,955	4,234
			(10,930)	(2,225)
			5,025	2,009
			28	-
			114	32
			16,250	-
			(14,917)	-
			1,333	-
			28	-
			15,955	4,234
			(10,930)	(2,225)
			5,025	2,009
			28	-
			114	32
			16,250	-
			(14,917)	-
			1,333	-
			28	-
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			(10,930)	(2,225)
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			28	-
			114	32
			16,250	-
			(14,917)	-
			1,333	-
			28	-
			15,955	4,234
			(10,930)	(2,225)
			5,025	2,009
			28	-
			114	32
			16,250	-
			(14,917)	-
			1,333	-
			28	-
			15,955	4,234
			(10,930)	(2,225)
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			114	32
			16,250	-
			(14,917)	-
			1,333	-
			28	-
			15,955	4,234
			(10,930)	(2,225)
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			28	-
			114	32
			16,250	-
			(14,917)	-
			1,333	-
			28	-
			15,955	4,234
			(10,930)	(2,225)
			5,025	2,009
			28	-
			114	32
			16,250	-
			(14,917)	-
			1,333	-
			28	-
			15,955	4,234
			(10,930)	(2,225)
			5,025	2,009
			28	-
			114	32
			16,250	-
			(14,917)	-
			1,333	-
			28	-
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			(10,930)	(2,225)
			5,025	2,009
			28	-
			114	32
			16,250	-
			(14,917)	-
			1,333	-
			28	-
			15,955	4,234
			(10,930)	(2,225)
			5,025	2,009
			28	-
			114	32
			16,250	-
			(14,917)	-
			1,333	-
			28	-
			15,955	4,234
			(10,930)	(2,225)
			5,025	2,009
			28	-
			114	32
			16,250	-
			(14,917)	-
			1,333	-
			28	-
			15,955	4,234
			(10,930)	(2,225)
			5,025	2,009
			28	-
			114	32
			16,250	-
			(14,917)	-
			1,333	-
			28	-
			15,955	4,234
			(10,930)	(2,225)
			5,025	2,009
			28	-
			114	32
			16,250	-
			(14,917)	-
			1,333	-
			28	-
			15,955	4,234
			(10,930)	(2,225)
			5,025	2,009
			28	-
			114	32
			16,250	-
			(14,917)	-
			1,333	-
			28	-
			15,955	4,234
			(10,930)	(2,225)
			5,025	2,009
			28	-
			114	32
			16,250	-
			(14,917)	-
			1,333	-
			28	-
			15,955	4,234
			(10,930)	(2,225)
			5,025	2,009
			28	-
			114	32
			16,250	-
			(14,917)	-
			1,333	-
			28	-
			15,955	4,234
			(10,930)	(2,225)
			5,025	2,009
			28	-

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2017 (Reviewed)

21 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Compensation of the key management personnel is as follows:

	<i>Reviewed</i>	
	<i>Nine months ended</i>	
	<i>30 September</i>	
	2017	2016
	US\$ '000	US\$ '000
Salaries and other benefits	1,408	1,070

22 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 September 2017 - Reviewed</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>Total</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	1,693	8,085	2,081	161	-	12,020
Inter-segment transactions	-	-	-	6	(6)	-
Income from investments	819	-	3,432	-	-	4,251
Share of (loss) / profit						
from investment in a joint						
venture and associates	(135)	-	575	-	(84)	356
Other income	123	43	828	17	(3)	1,008
Total revenue	2,500	8,128	6,916	184	(93)	17,635
Segment profit	618	5,882	12,637	73	(39)	19,171

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2017 (Reviewed)

22 SEGMENTAL INFORMATION (continued)

	30 September 2016 - Reviewed					
	<i>Investment and related services</i> US\$ '000	<i>Construction contracts</i> US\$ '000	<i>Development and sale of industrial plots</i> US\$ '000	<i>Property and facility management services</i> US\$ '000	<i>Eliminations</i> US\$ '000	<i>Total</i> US\$ '000
Net revenues from external customers	1,894	5,607	2,163	143	-	9,807
Income from investments	1,484	-	-	-	-	1,484
Share of (loss) / profit from investment in joint ventures and associates	(466)	-	190	-	-	(276)
Other income	292	78	952	11	-	1,333
Total revenue	3,204	5,685	3,305	154	-	12,348
Segment profit	(368)	3,937	5,567	44	-	9,180

(b) Segment information relating to the interim consolidated statement of financial position as at 30 September 2017 and 31 December 2016 is disclosed as follows:

	30 September 2017 - Reviewed					
	<i>Investment and related services</i> US\$ '000	<i>Construction contracts</i> US\$ '000	<i>Development and sale of industrial plots</i> US\$ '000	<i>Property and facility management services</i> US\$ '000	<i>Eliminations</i> US\$ '000	<i>Total</i> US\$ '000
Segment assets	280,262	72,529	91,417	1,546	(160,290)	285,464
Segment liabilities	53,782	39,504	57,052	41	(28,661)	121,718

	31 December 2016- Audited					
	<i>Investment and related services</i> US\$ '000	<i>Construction contracts</i> US\$ '000	<i>Development and sale of industrial plots</i> US\$ '000	<i>Property and facility management services</i> US\$ '000	<i>Eliminations</i> US\$ '000	<i>Total</i> US\$ '000
Segment assets	246,248	71,286	60,973	1,466	(117,118)	262,855
Segment liabilities	49,498	40,774	55,193	34	(20,768)	124,731

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2017 (Reviewed)

23 CONTINGENCIES AND COMMITMENTS

The Group has the following credit related commitments:

	<i>Reviewed</i> 30 September 2017 <i>US\$ '000</i>	<i>Audited</i> 31 December 2016 <i>US\$ '000</i>
Guarantees	25,580	27,578

The Group has the following operating lease commitments:

	<i>Reviewed</i> 30 September 2017 <i>US\$ '000</i>	<i>Audited</i> 31 December 2016 <i>US\$ '000</i>
Future minimum lease payments:		
Within one year	506	482
After one year but not more than five years	649	933
Total	1,155	1,415

24 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 September 2017, the carrying value of such assets is US\$ 167 million (31 December 2016: US\$ 189 million).