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**Inovent B.S.C.**

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

**31 MARCH 2016 (REVIEWED)**

# Inovest B.S.C.

## Administration and contact details as at 31 March 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

### Board Secretary

Riyadh Mahmood Mulla

### Sharia'a Supervisory Board

Sheikh Dr. Murad Bou Daia	- Chairman
Sheikh Dawoud Salman Bin Essa	- Vice-Chairman
Sheikh Dr. Khalid Shuja'a Al-Otaibi	- 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 31 March 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 Three Months Period Ended on 31 March 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 Company B.S.C,  
Acting as Sharia Supervisory Committee pursuant to the appointment resolution passed by the General Assembly of the Company, and Sharia board meeting on Thursday 21-April-2016 in Kuwait in Taiba Co, we are required to provide the following report:

The Sharia board of INOVEST B.S.C. has reviewed the Company principles, contracts or agreements related transactions, and applications submitted by the Company, and the financial statements for the three months period ended on 31 March 2016, and upon the Sharia auditor presentation of INOVEST's activities for the same period, and upon comparing them with the fatwa and rulings issued, we found them compatible with the above mentioned fatwa and rulings.

We 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 INOVEST Company has not violated Islamic Shari rules and principles.

The Board believes that it has expressed its opinion in respect of the activities carried out by INOVEST Company, and the management is responsible for ensuring that the Company conducts its business in accordance with Islamic Sharia. However, our responsibility is limited to form an independent opinion based on our review of the activities and operations conducted by INOVEST Company.

In our opinion:

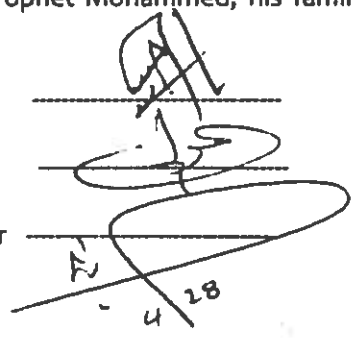
The financial statements for the three months period ended 31 March 2016, are in compliance with the Islamic Sharia rules.

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

Sheikh Dr. Khalid Shuja'a Al-Otaibi. Chairman

Sheikh Dr. Mourad Boudaia. Member

Sheikh Dawoud Salman Bin Essa. Executive Member






Ernst & Young  
P.O. Box 140  
14th Floor, South Tower  
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Manama  
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C.R. No. 6700

## **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 31 March 2016, and the related interim consolidated statements of income, changes in owners' equity, cash flows and sources and uses of charity fund for the three-month period then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the accounting policies disclosed in note 2. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### *Scope of review*

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

### *Conclusion*

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

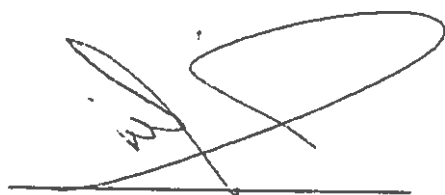
11 May 2016  
Manama, Kingdom of Bahrain

Inoest B.S.C.

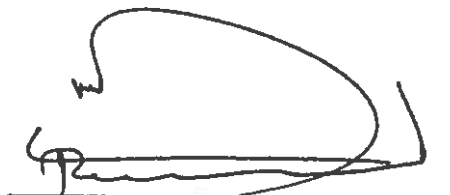
**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

At 31 March 2016 (Reviewed)

	Note	Reviewed 31 March 2016 US\$ '000	Audited 31 December 2015 US\$ '000
<b>ASSETS</b>			
Cash and bank balances	4	40,237	40,430
Trade and other receivables	5	63,144	51,916
Investments	6	18,487	18,753
Investment in joint ventures and associates	7	91,547	91,692
Investment in real estate	8	42,379	54,817
Property, plant and equipment	9	13,033	11,858
Non-current asset held for sale		-	6,822
<b>TOTAL ASSETS</b>		<b>268,827</b>	<b>276,288</b>
<b>LIABILITIES AND OWNERS' EQUITY</b>			
<b>Liabilities</b>			
Trade and other payables	10	116,439	120,500
Financing from banks	11	17,264	23,865
<b>Total liabilities</b>		<b>133,703</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)		3,205	(51,873)
<b>Equity Attributable to Parent's Shareholders</b>		<b>117,560</b>	<b>114,355</b>
Non controlling interest		17,564	17,568
<b>Total owners' equity</b>		<b>135,124</b>	<b>131,923</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>268,827</b>	<b>276,288</b>



Khaled Sa'ud Al Sanousi  
Chairman

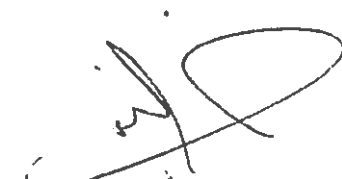


Murad Al Ramadan  
Chief Executive Officer

The attached explanatory notes 1 to 18 form part of these interim condensed consolidated financial statements

**Inovent B.S.C.**  
**INTERIM CONSOLIDATED STATEMENT OF INCOME**  
For the three month period ended 31 March 2016 (Reviewed)

	Note	Three months ended	
		31 March	
		2016	2015
		US\$ '000	US\$ '000
<b>OPERATING INCOME</b>			
Net income from construction contracts		1,518	793
Income from investment in real estate	12	1,359	148
Income from investments		868	-
Fee for management and other services		660	451
Net share of loss from investment in a joint venture and associates		(145)	(109)
Other income	13	814	731
<b>TOTAL OPERATING INCOME</b>		<b>5,074</b>	<b>2,014</b>
<b>OPERATING EXPENSES</b>			
Staff costs		(1,086)	(1,382)
General and administrative expenses		(634)	(776)
Ijara and Murabaha financing costs		(32)	(741)
Property related expenses		(36)	(47)
Depreciation	9	(85)	(59)
<b>TOTAL OPERATING EXPENSES</b>		<b>(1,873)</b>	<b>(3,005)</b>
<b>PROFIT / (LOSS) FOR THE PERIOD</b>		<b>3,201</b>	<b>(991)</b>
Attributable to :			
Equity Shareholders of the Parent		3,205	(991)
Non Controlling Interest		(4)	-
<b>BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE (US cents)</b>	14	<b>1.13</b>	<b>(0.35)</b>

  
Khaled Saoud Al Sanousi  
Chairman

  
Murad Al Ramadan  
Chief Executive Officer

Inovest B.S.C.

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

For the three month period ended 31 March 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		Retained earnings 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)	17,568	131,923
Transfer to reserves *	-	-	(30,760)	(21,113)	-	51,873	-	-
Profit for the period	-	-	-	-	-	3,205	(4)	3,201
<b>At 31 March 2016</b>	<b>114,604</b>	<b>(651)</b>	<b>-</b>	<b>360</b>	<b>42</b>	<b>3,205</b>	<b>17,564</b>	<b>135,124</b>
At 1 January 2015	114,604	(651)	30,760	21,473	42	(3,781)	-	162,447
Loss for the period	-	-	-	-	-	(991)	-	(991)
At 31 March 2015	114,604	(651)	30,760	21,473	42	(4,772)	-	161,456

\* 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 three month period ended 31 March 2016 (Reviewed)

	<i>Three months ended</i>	
	<i>31 March</i>	
	<b>2016</b>	<b>2015</b>
	<b>US\$ '000</b>	<b>US\$ '000</b>
<b>Sources of charity funds</b>		
Undistributed charity funds at the beginning of the period	<b>626</b>	<b>626</b>
Contributions by the Company	-	-
<b>Total sources of charity funds during the period</b>	<b>626</b>	<b>626</b>
<b>Uses of charity funds</b>		
Contributions for charitable purposes	-	-
<b>Total uses of funds during the period</b>	<b>-</b>	<b>-</b>
<b>Undistributed charity funds at end of period</b>	<b>626</b>	<b>626</b>

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

**Inovest B.S.C.**
**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**

For the three month period ended 31 March 2016 (Reviewed)

	Note	Three months ended 31 March	
		2016 US\$ '000	2015 US\$ '000
<b>OPERATING ACTIVITIES</b>			
Profit / (loss) for the period		3,201	(991)
Adjustments for:			
Depreciation	9	425	166
Net share of loss from investment in a joint venture and associates		145	109
Realised gain on sale of investments		(868)	-
Realised gain on sale of investment in real estate		(992)	-
		<u>1,911</u>	<u>(716)</u>
Net changes in operating assets and liabilities:			
Short-term placements (with an original maturity of more than 90 days)		(7,559)	-
Trade and other receivables		(2,075)	(828)
Properties under development		-	128
Trade and other payables		(4,061)	3,276
Net cash (used in) from operating activities		<u>(11,784)</u>	<u>1,860</u>
<b>INVESTING ACTIVITIES</b>			
Proceeds from sale of investment in real estate		4,277	-
Purchase of property, plant and equipment	9	(1,600)	(459)
Sale of investment in joint ventures and associates		7,693	-
Proceeds from sale of investments		263	-
Net cash from (used in) investing activities		<u>10,633</u>	<u>(459)</u>
<b>FINANCING ACTIVITY</b>			
Net movement in financing from banks		(6,601)	(1,536)
Cash used in financing activity		<u>(6,601)</u>	<u>(1,536)</u>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(7,752)</b>	<b>(135)</b>
Cash and cash equivalents at the beginning of the period		40,430	8,515
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b><u>32,678</u></b>	<b><u>8,380</u></b>
<b>Non cash transactions:</b>			
Transfer from investment in real estate to trade and other receivables		<u>9,153</u>	-

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

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

At 31 March 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 and committing to operate under the Islamic Sharia'a principles.
- 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 31 March 2016 was 1,214 (31 December 2015: 1,178 ).

The interim condensed consolidated financial statements for the three months ended 31 March 2016 were authorised for issue in accordance with a resolution of the Board of Directors dated 11 May 2016.

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

At 31 March 2016 (Reviewed)

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

The interim condensed consolidated financial statements of the Group for the three months ended 31 March 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").

**2.4 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

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

At 31 March 2016 (Reviewed)

**2 ACCOUNTING POLICIES (continued)****2.4 Basis of consolidation (continued)**

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

***Held indirectly by the Company***

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
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
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 the year 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. Considering the key terms of the 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 three-month period ended 31 March 2016 may not represent a proportionate share of the annual net loss or profit due to the variability of income and operating expenses.

Inovest B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2016 (Reviewed)

**4 CASH AND BANK BALANCES**

	<i>Reviewed</i> <b>31 March</b> 2016 US\$ '000	<i>Audited</i> 31 December 2015 US\$ '000
Current account balances with banks	16,565	29,440
Short-term deposits (with an original maturity of 90 days or less)	16,073	2,122
Cash in hand	40	47
Total cash and cash equivalents	<u>32,678</u>	<u>31,609</u>
Short-term deposits (with an original maturity of more than 90 days)	7,559	8,821
Total cash and bank balances	<u>40,237</u>	<u>40,430</u>

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

**5 TRADE AND OTHER RECEIVABLES**

	<i>Reviewed</i> <b>31 March</b> 2016 US\$ '000	<i>Audited</i> 31 December 2015 US\$ '000
Amounts due from related parties (note 15)	31,801	31,917
Trade receivables	36,832	21,738
Prepayments and other receivables	11,284	13,324
Advance to contractors and suppliers	9,746	11,568
Rent receivable	504	392
	<u>90,167</u>	<u>78,939</u>
Less: provision for impaired receivables	<u>(27,023)</u>	<u>(27,023)</u>
	<u>63,144</u>	<u>51,916</u>

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

**6 INVESTMENTS**

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2016 (Reviewed)

## 7 INVESTMENT IN JOINT VENTURES AND ASSOCIATES

	<i>Reviewed</i> 31 March 2016 US\$ '000	<i>Audited</i> 31 December 2015 US\$ '000
At 1 January	105,178	94,531
Investment in 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	(145)	(3,760)
Dividends received during the period / year	-	(636)
	<b>105,033</b>	<b>105,178</b>
Provision for impairment	<b>(13,486)</b>	<b>(13,486)</b>
	<b>91,547</b>	<b>91,692</b>

## 8 INVESTMENT IN REAL ESTATE

	<i>Reviewed</i> 31 March 2016 US\$ '000	<i>Audited</i> 31 December 2015 US\$ '000
At 1 January	54,817	65,773
Purchases during the period / year	-	418
Transferred from properties under development	-	5,585
Unrealised fair value loss on investment properties	-	(3,160)
Disposals during the period / year	(12,438)	(13,799)
	<b>42,379</b>	<b>54,817</b>

## 9 PROPERTY, PLANT AND EQUIPMENT

	<i>Buildings on leasehold land US\$ '000</i>	<i>Machinery, equipment and fixtures US\$ '000</i>	<i>Computer hardware and software US\$ '000</i>	<i>Motor vehicles US\$ '000</i>	<i>Capital work-in- progress US\$ '000</i>	<i>Total US\$ '000</i>
<b>Cost</b>						
At 1 January 2016	4,284	8,063	1,400	1,708	4,136	19,591
Additions	-	1,048	22	526	4	1,600
At 31 March 2016	4,284	9,111	1,422	2,234	4,140	21,191
<b>Accumulated depreciation</b>						
At 1 January 2016	900	4,551	1,158	1,124	-	7,733
Charge	43	286	25	71	-	425
At 31 March 2016	943	4,837	1,183	1,195	-	8,158
<b>Net book amount:</b>						
At 31 March 2016	<b>3,341</b>	<b>4,274</b>	<b>239</b>	<b>1,039</b>	<b>4,140</b>	<b>13,033</b>
At 31 December 2015	3,384	3,512	242	584	4,136	11,858

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

At 31 March 2016 (Reviewed)

**9 PROPERTY, PLANT AND EQUIPMENT (continued)**

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

	<i>Reviewed</i>	
	<i>Three months ended</i>	
	<i>31 March</i>	
	<b>2016</b>	<b>2015</b>
	<b>US\$ '000</b>	<b>US\$ '000</b>
Depreciation charged to contract costs	<b>340</b>	107
Depreciation charged to expenses	<b>85</b>	59
	<b>425</b>	166

**10 TRADE AND OTHER PAYABLES**

	<i>Reviewed</i>	<i>Audited</i>
	<i>31 March</i>	<i>31 December</i>
	<b>2016</b>	<b>2015</b>
	<b>US\$ '000</b>	<b>US\$ '000</b>
Lease rent payables (note 10.1)	<b>50,105</b>	50,105
Advance from a client for construction contracts	<b>33,095</b>	35,824
Accruals and other payables	<b>15,698</b>	17,807
Case compensation	<b>8,739</b>	8,739
Trade payables	<b>6,664</b>	5,576
Retentions payable	<b>1,947</b>	1,469
Amounts due to related parties (note 10.2)	<b>191</b>	980
	<b>116,439</b>	120,500

**Note 10.1**

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 10.2**

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



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

At 31 March 2016 (Reviewed)

**11 FINANCING FROM BANKS**

	<i>Reviewed</i> <b>31 March</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	<b>17,264</b>	<b>23,865</b>

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.

The above financial facilities are secured against the following assets:

	<i>Reviewed</i> <b>31 March</b> <b>2016</b> <b>US\$ '000</b>	<i>Audited</i> <b>31 December</b> <b>2015</b> <b>US\$ '000</b>
Investment in real estate	<b>25,693</b>	<b>31,647</b>
Investments	<b>-</b>	<b>5,305</b>
	<b>25,693</b>	<b>36,952</b>

**12 INCOME FROM INVESTMENT IN REAL ESTATE**

	<i>Reviewed</i> <b>Three months ended</b> <b>31 March</b>	
	<b>2016</b> <b>US\$ '000</b>	<b>2015</b> <b>US\$ '000</b>
Realised gain on sale of investment in real estate	<b>992</b>	<b>-</b>
Rental income	<b>367</b>	<b>148</b>
	<b>1,359</b>	<b>148</b>

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

At 31 March 2016 (Reviewed)

**13 OTHER INCOME**

	<i>Reviewed</i>	
	<i>Three months ended</i>	
	<i>31 March</i>	
	<b>2016</b>	<b>2015</b>
	<b>US\$ '000</b>	<b>US\$ '000</b>
Electricity and water services	<b>613</b>	683
Murabaha / Mudaraba profit	<b>95</b>	18
Reversal of accrued expenses	<b>69</b>	-
Others	<b>37</b>	30
	<b>814</b>	<b>731</b>

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

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

	<i>Reviewed</i>	
	<i>Three months ended</i>	
	<i>31 March</i>	
	<b>2016</b>	<b>2015</b>
Income / (loss) attributable to the equity shareholders of the parent for the period - US\$ '000	<b>3,205</b>	(991)
Weighted average number of shares outstanding at the beginning and end of the period - in thousands	<b>284,883</b>	284,883
Earnings / (loss) per share - US cents	<b>1.13</b>	(0.35)

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

**15 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 31 March 2016 (Reviewed)

## 15 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

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

	Reviewed 31 March 2016		Audited 31 December 2015			
	Key	management personnel/ Board members/ external auditors US\$ '000	Key	management personnel/ Board members/ external auditors US\$ '000		
	Associates and joint venture US\$ '000	Other related parties US\$ '000	Significant Shareholders US\$ '000	Associates and joint venture US\$ '000	Other related parties US\$ '000	Total US\$ '000
Trade and other receivables (net-off provision)	- 11,643	577	- 12,221	- 16,440	1 4,218	20,659
Trade and other payables	- 12	179	- 191	- 776	- 204	980
Contingencies and commitments	- 68,729	-	- 68,729	- 69,221	-	69,221

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

	Reviewed 31 March 2016		Reviewed 31 March 2015			
	Key	management personnel/ Board members/ external auditors US\$ '000	Key	management personnel/ Board members/ external auditors US\$ '000		
	Associates and joint venture US\$ '000	Other related parties US\$ '000	Significant Shareholders US\$ '000	Associates and joint venture US\$ '000	Other related parties US\$ '000	Total US\$ '000
Income						
Fee for management and other services	- 16	20	- 36	- 105	- 48	153
Net loss from construction contracts	-	(9)	- (9)	-	- (45)	(45)
Net share of loss from investment in a joint venture and associates	- (145)	-	- (145)	- (109)	-	(109)
Other income	-	-	-	76	-	76
	- (129)	11	- (118)	72	- 3	75
Expenses						
Staff costs	-	-	- 320	-	- 774	774
General and administrative expenses	- 1	12	- 94	- 13	- 42	55
	- 1	12	- 414	- 13	- 816	829

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2016 (Reviewed)

## 15 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Compensation of the key management personnel is as follows:

	Reviewed Three months ended 31 March	
	2016 US\$ '000	2015 US\$ '000
Salaries and other benefits	316	663
End of service benefits	4	111
	<b>320</b>	<b>774</b>

## 16 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:

	31 March 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	1,144	1,518	840	35	-	3,537
Inter-segment transactions	-	-	-	-	-	-
Income from investments	868	-	-	-	-	868
Share of (loss) / profit						
from investment in a joint venture and associates	(195)	-	50	-	-	(145)
Other income	31	24	690	69	-	814
<b>Total revenue</b>	<b>1,848</b>	<b>1,542</b>	<b>1,580</b>	<b>104</b>	<b>-</b>	<b>5,074</b>
<b>Segment profit</b>	<b>733</b>	<b>976</b>	<b>1,422</b>	<b>70</b>	<b>-</b>	<b>3,201</b>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2016 (Reviewed)

16 SEGMENTAL INFORMATION (continued)

	31 March 2015 - Reviewed					Total US\$ '000
	<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>	
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	
Net revenues from external customers	144	793	258	197	-	1,392
Inter-segment transactions	-	90	-	15	(105)	-
Share of (loss) / profit from investment in a joint venture and associates	(109)	-	-	-	-	(109)
Other income	-	18	713	-	-	731
<b>Total revenue</b>	<b>35</b>	<b>901</b>	<b>971</b>	<b>212</b>	<b>(105)</b>	<b>2,014</b>
<b>Segment (loss) / profit</b>	<b>(2,132)</b>	<b>437</b>	<b>774</b>	<b>20</b>	<b>(90)</b>	<b>(991)</b>

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

	31 March 2016 - Reviewed					Total US\$ '000
	<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>	
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	
Segment assets	225,362	73,494	57,655	1,543	(89,227)	268,827
Segment liabilities	50,063	47,474	56,876	156	(20,866)	133,703

	31 December 2015- Audited					Total US\$ '000
	<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>	
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	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

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

At 31 March 2016 (Reviewed)

**17 CONTINGENCIES AND COMMITMENTS**

The Group has the following credit related commitments:

	<i>Reviewed</i> <b>31 March</b> <b>2016</b> <b>US\$ '000</b>	<i>Audited</i> <b>31 December</b> <b>2015</b> <b>US\$ '000</b>
Guarantees	<b>68,729</b>	<b>69,221</b>

The Group has the following operating lease commitments:

	<i>Reviewed</i> <b>31 March</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>515</b>	<b>453</b>
After one year but not more than five years	<b>1,329</b>	<b>1,339</b>
Total	<b>1,844</b>	<b>1,792</b>

**18 FIDUCIARY ASSETS**

The assets managed on behalf of customers, to which the Group does not have any legal title are not included in the interim consolidated statement of financial position. At 31 March 2016, the carrying value of such assets is US\$ 201 million (31 December 2015: US\$ 210 million).