

Inovent B.S.C.

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

30 SEPTEMBER 2015 (REVIEWED)

Inovest B.S.C.

Administration and contact details as at 30 September 2015

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 Salaman 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 Salaman 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 September 2015

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)

Auditors

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

Registrars

Fakhro 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

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 2015, and the related interim consolidated statements of income, changes in owners' 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.



12 November 2015
Manama, Kingdom of Bahrain

Inovest B.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2015 (Reviewed)

		<i>Reviewed</i> 30 September 2015 US\$ '000	<i>Audited</i> 31 December 2014 US\$ '000
ASSETS			
Cash and cash equivalents		40,679	8,515
Trade and other receivables	5	75,392	62,857
Investments	6	23,055	23,055
Investment in joint ventures and associates	7	120,984	94,531
Investment in real estate	8	58,483	65,773
Properties under development		-	5,585
Property, plant and equipment	9	9,822	7,807
TOTAL ASSETS		328,415	268,123
LIABILITIES AND OWNERS' EQUITY			
Liabilities			
Trade and other payables	10	111,398	69,693
Ijara and murabaha financing	11	33,959	35,983
Total liabilities		145,357	105,676
Owners' equity			
Share capital		114,604	114,604
Less: Treasury shares		(651)	(651)
		113,953	113,953
Share premium		30,760	30,760
Reserves		21,515	21,515
Accumulated losses		(6,368)	(3,781)
Equity Attributable to Parent's Shareholders		159,860	162,447
Non Controlling Interest		23,198	-
Total owners' equity		183,058	162,447
TOTAL LIABILITIES AND OWNERS' EQUITY		328,415	268,123

Khaled Saoud Al Sanousi
Chairman

Murad Al Ramadhan
Acting CEO & Chief Investment Officer

The attached explanatory notes 1 to 19 form part of these interim condensed consolidated financial statements.

Inovest B.S.C.

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the nine month period ended 30 September 2015 (Reviewed)

	Note	Three months ended		Nine months ended	
		30 September		30 September	
		2015	2014	2015	2014
		US\$ '000	US\$ '000	US\$ '000	US\$ '000
OPERATING INCOME					
Income from investment in real estate	12	238	261	874	3,671
Income from investments		-	232	744	232
Fee for management and other services		156	136	945	716
Net income from construction contracts		1,696	321	3,535	1,555
Net share of (loss) / profit from investment in a joint venture and associates		(309)	(56)	(671)	99
Other income	13	192	2,238	1,221	3,313
TOTAL OPERATING INCOME		1,973	3,132	6,648	9,586
OPERATING EXPENSES					
Staff costs		(1,229)	(1,398)	(3,722)	(4,357)
General and administrative expenses		(595)	(565)	(2,285)	(2,100)
Ijara and Murabaha financing costs		(715)	(764)	(2,174)	(2,234)
Property related expenses		(44)	(33)	(197)	(134)
Depreciation	9	(41)	(175)	(154)	(553)
TOTAL OPERATING EXPENSES		(2,624)	(2,935)	(8,532)	(9,378)
NET OPERATING (LOSS) / PROFIT		(651)	197	(1,884)	208
Provision charge	10.3	-	(330)	(709)	(192)
(LOSS) / PROFIT FOR THE PERIOD		(651)	(133)	(2,593)	16
Attributable to :					
Equity Shareholders of the Parent		(645)	(133)	(2,587)	16
Non Controlling Interest		(6)	-	(6)	-
BASIC AND DILUTED (LOSS) / EARNINGS PER SHARE (US cents)	14	(0.23)	(0.05)	(0.91)	0.01

Khaled Saoud Al Sanousi
Chairman

Murad Al Ramadhan
Acting CEO & Chief Investment Officer

The attached explanatory notes 1 to 19 form part of these interim condensed consolidated financial statements.

Inovest B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

For the nine month period ended 30 September 2015 (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 2015	114,604	(651)	30,760	21,473	42	(3,781)	162,447	-	162,447
Acquisition during the period (note 4)	-	-	-	-	-	-	-	23,204	23,204
Loss for the period	-	-	-	-	-	(2,587)	(2,587)	(6)	(2,593)
At 30 September 2015	114,604	(651)	30,760	21,473	42	(6,368)	159,860	23,198	183,058
At 1 January 2014	114,604	(651)	30,760	21,473	35	64	166,285	-	166,285
Profit for the period	-	-	-	-	-	16	16	-	16
Stock option charge	-	-	-	-	5	-	5	-	5
At 30 September 2014	114,604	(651)	30,760	21,473	40	80	166,306	-	166,306

The attached explanatory notes 1 to 19 form part of these interim condensed consolidated financial statements.

Inovent B.S.C.**INTERIM CONSOLIDATED STATEMENT OF SOURCES AND USES OF CHARITY FUND**

For the nine month period ended 30 September 2015 (Reviewed)

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</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	629	626	629
Contributions by the Company	-	-	-	-
Total sources of charity funds during the period	626	629	626	629
Uses of charity funds				
Contributions for charitable purposes	-	3	-	3
Total uses of funds during the period	-	3	-	3
Undistributed charity funds at end of period	626	626	626	626

The attached notes 1 to 19 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine month period ended 30 September 2015 (Reviewed)

	Note	Nine months ended 30 September	
		2015	2014
		US\$ '000	US\$ '000
OPERATING ACTIVITIES			
(Loss) / profit for the period		(2,593)	16
Adjustments for:			
Depreciation	9	595	730
Charge on share option plan		-	5
Net share of loss / (profit) from investment in a joint venture and associates		671	(99)
Loss on disposal of investment in joint ventures and associates		-	-
Realised gain on sale of investment in real estate		(374)	-
Provision charge		709	192
		(992)	844
Net changes in operating assets and liabilities:			
Trade and other receivables		(12,497)	1,751
Properties under development		-	(675)
Trade and other payables		40,845	(15,500)
Net cash from (used in) operating activities		27,356	(13,580)
INVESTING ACTIVITIES			
Proceeds from sale of investment in real estate		9,364	5,163
Acquisition of a subsidiary	4	47	-
Purchase of property, plant and equipment	9	(2,616)	(995)
Purchase of investment in real estate		(357)	-
Purchase of investment in joint ventures and associates	7	(316)	-
Sale of shares in a joint venture and associates		-	567
Dividends received from joint ventures and associates	7	637	2,865
Net movement in Murabaha financing		67	(2,189)
Proceeds from sale of property, plant and equipment		6	-
Net cash from investing activities		6,832	5,411
FINANCING ACTIVITY			
Net movement in Ijara and Murabaha financing		(2,024)	(2,118)
Cash used in financing activity		(2,024)	(2,118)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		32,164	(10,287)
Cash and cash equivalents at the beginning of the period		8,515	17,177
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		40,679	6,890
Non cash transactions:			
Investment in joint ventures and associates (acquisition of a subsidiary)	4	55,509	-
Investment in joint ventures and associates (acquisition of a subsidiary)	4	27,623	-
Non-controlling interest (acquisition of a subsidiary)	4	23,204	-
Contribution of investment in real estate	4	4,242	-
Transfer from properties under development to investment in real estate		5,585	-
Receivables recognised against disposal of associate		441	-
Net movement in receivables (acquisition of a subsidiary)	4	124	-
Trade and other payables (acquisition of a subsidiary)	4	363	-

The attached explanatory notes 1 to 19 form part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015 (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 20th 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 30 September 2015 was 1,205 (31 December 2014: 670).

The interim condensed consolidated financial statements for the nine months ended 30 September 2015 were authorised for issue in accordance with a resolution of the Board of Directors dated 12 November 2015.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015 (Reviewed)

2 ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements of the Group for the nine months ended 30 September 2015 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 2014. 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 2014, (except for the adoption of a new accounting standard effective as of 1 January 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 New standards, interpretations and amendments

During 2015, AAOIFI issued a new Financial Accounting Standard (FAS 23) "Consolidation", which is effective as of 1 January 2015.

FAS 23 – Consolidation

The amendment introduced to FAS 23 is to give clarification on the way an Islamic financial institution (IFI) should determine if financial statements of an investee company, or a subsidiary, should be consolidated with its own. The amendment provides clarification that, in addition to the existing stipulations in the standard, control may also exist through rights arising from other contractual arrangement, voting rights of the Islamic financial institutions that give de facto power over an entity, potential voting rights, or a combination of these factors. In terms of voting rights, the amendment also clarifies that an Islamic financial institution shall consider only substantive voting rights in its assessment of whether the institution has power over an entity. In order to be substantive, the voting rights need to be exercisable when relevant decisions are required to be made and the holder of such rights must have the practical ability to exercise those rights. Determination of voting rights shall include current substantive voting rights and currently-exercisable voting rights.

The amendments and clarifications are effective for the annual financial periods ending on or after 31 December 2015. The transition provision requires retrospective application including restatement of previous period comparatives. The amendment had no impact on the consolidation of investments held by the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015 (Reviewed)

2 ACCOUNTING POLICIES (continued)**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>
<i>Held directly by the Company</i>				
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):

<i>Held indirectly by the Company</i>				
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 (note 4)	58.29%	Cayman Islands	2008	Managing and Development of Real Estate Projects

* 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.

3 CYCLICALITY OF OPERATIONS

The interim consolidated net loss for the nine-month period ended 30 September 2015 may not represent a proportionate share of the annual net loss or profit due to the variability of income and operating expenses.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015 (Reviewed)

4 ACQUISITION OF A SUBSIDIARY

Acquisition of Dannat Resort Development Company Limited

During July 2015, the Group increased its equity stake in one of its associates (Dannat Resort Development Company Limited) from 49.66 % to 58.29% by investing US\$ 4.80 million. Therefore, resulting in de-recognition of its investment in associate and acquisition of investment in a subsidiary (Dannat Resort Development Company Limited) 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 Dannat Resort Development Company Limited as at the date of acquisition were:

	<i>Fair value recognised on acquisition US\$ '000</i>
Assets	
Investment in a joint venture	55,509
Accounts receivables	432
Cash and cash equivalents	47
	<hr/> 55,988
Liabilities	
Accounts payables	(363)
Total identifiable net assets at fair value	<hr/> 55,625 <hr/>
Non-controlling interest measured at share of net assets (41.71%)	<hr/> (23,204) <hr/>
Purchase consideration	<hr/> 32,421 <hr/>
Total consideration comprised of :	
Investment in associate derecognised	27,623
Receivables derecognised	556
Contribution of investment in real estate	4,242
	<hr/> 32,421 <hr/>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015 (Reviewed)

5 TRADE AND OTHER RECEIVABLES

	<i>Reviewed</i> 30 September 2015 US\$ '000	<i>Audited</i> 31 December 2014 US\$ '000
Amounts due from related parties (note 15)	32,505	33,857
Trade receivables	30,645	30,649
Advance to contractors and suppliers	13,058	609
Prepayments and other receivables	7,989	6,479
Rent receivable	392	393
Murabaha financing	-	67
	<hr/> 84,589	<hr/> 72,054
Less: provision for impaired receivables	(9,197)	(9,197)
	<hr/> 75,392 <hr/>	<hr/> 62,857 <hr/>

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

6 INVESTMENTS

	<i>Reviewed</i> 30 September 2015 US\$ '000	<i>Audited</i> 31 December 2014 US\$ '000
Equity-type instruments at fair value through equity - unquoted		
Real estate related	23,539	23,539
Others	6,892	6,892
	<hr/> 30,431	<hr/> 30,431
Less: provision for impairment	(7,376)	(7,376)
Closing balance	<hr/> 23,055 <hr/>	<hr/> 23,055 <hr/>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015 (Reviewed)

7 INVESTMENT IN JOINT VENTURES AND ASSOCIATES

	<i>Reviewed</i> 30 September 2015 US\$ '000	<i>Audited</i> 31 December 2014 US\$ '000
At 1 January	94,531	98,245
Purchases during the period / year	316	-
Investment in joint venture from acquisition of a subsidiary (note 4)	55,509	-
Dividends received during the period / year	(637)	(3,979)
Net share of (loss) / income for the period / year	(671)	832
Investment in associate derecognised (note 4)	(27,623)	-
Disposals during the period / year	(441)	(567)
	<u>120,984</u>	<u>94,531</u>

8 INVESTMENT IN REAL ESTATE

	<i>Reviewed</i> 30 September 2015 US\$ '000	<i>Audited</i> 31 December 2014 US\$ '000
At 1 January	65,773	81,114
Purchases during the period / year	357	-
Transferred from properties under development	5,585	-
Disposals during the period / year	(13,232)	(15,341)
	<u>58,483</u>	<u>65,773</u>

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>
Cost						
At 1 January 2015	4,284	5,033	1,362	1,453	3,205	15,337
Additions	-	1,481	156	342	637	2,616
Disposals	-	(194)	-	-	-	(194)
At 30 September 2015	<u>4,284</u>	<u>6,320</u>	<u>1,518</u>	<u>1,795</u>	<u>3,842</u>	<u>17,759</u>
Accumulated depreciation						
At 1 January 2015	727	4,416	1,260	1,127	-	7,530
Charge	128	276	51	140	-	595
Disposals	-	(188)	-	-	-	(188)
At 30 September 2015	<u>855</u>	<u>4,504</u>	<u>1,311</u>	<u>1,267</u>	<u>-</u>	<u>7,937</u>
Net book amount:						
At 30 September 2015	<u>3,429</u>	<u>1,816</u>	<u>207</u>	<u>528</u>	<u>3,842</u>	<u>9,822</u>
At 31 December 2014	<u>3,557</u>	<u>617</u>	<u>102</u>	<u>326</u>	<u>3,205</u>	<u>7,807</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015 (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>Nine months ended</i>	
	<i>30 September</i>	
	<i>2015</i>	<i>2014</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Depreciation charged to contract costs	441	553
Depreciation charged to expenses	154	177
	595	730

10 TRADE AND OTHER PAYABLES

	<i>Reviewed</i>	<i>Audited</i>
	<i>30 September</i>	<i>31 December</i>
	<i>2015</i>	<i>2014</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Lease rent payables (note 10.1)	50,164	50,105
Advance from a client for construction contracts	36,708	-
Accruals and other payables	13,633	12,239
Trade payables	8,160	5,381
Retentions payable	1,391	1,359
Amounts due to related parties (note 10.2)	134	213
Case compensation (note 10.3)	709	-
End of service benefits	499	396
	111,398	69,693

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.

Note 10.3

During the period, a case was filed by one of the investor against one of the project company 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 lawyer fees and other suitable expenses.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015 (Reviewed)

11 IJARA AND MURABAHA FINANCING

	<i>Reviewed</i> 30 September 2015 US\$ '000	<i>Audited</i> 31 December 2014 US\$ '000
Ijara payable	382	803
Murabaha payable	33,577	35,180
Total Ijara and Murabaha financing	33,959	35,983

The Group has obtained Ijara and Murabaha financing 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> 30 September 2015 US\$ '000	<i>Audited</i> 31 December 2014 US\$ '000
Investment in real estate	33,598	38,852
Trade receivables	13,263	13,263
Investments	5,305	5,305
	52,166	57,420

12 INCOME FROM INVESTMENT IN REAL ESTATE

	<i>Reviewed</i> Nine months ended 30 September	
	2015 US\$ '000	2014 US\$ '000
Realised gain on sale of investment in real estate	374	4
Rental income	500	367
Reversal of excess accruals (note 12.1)	-	2,653
Property related facilities income	-	647
	874	3,671

Note 12.1

During first quarter of 2014, the Group reversed excess accruals amounting to US\$ 2.65 million relating to completed and sold projects. A detailed exercise was undertaken by the Group to assess the likelihood of payments against these accruals. It was concluded that as the projects are completed and sold and no further material is required on these projects, the accruals of US\$ 2.65 million are no longer required.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015 (Reviewed)

13 OTHER INCOME

	<i>Reviewed</i>	
	<i>Nine months ended</i>	
	<i>30 September</i>	
	2015	2014
	US\$ '000	US\$ '000
Electricity and water services	980	1,777
Others	176	109
Murabaha / Mudaraba profit	65	1,427
	1,221	3,313

14 BASIC AND DILUTED (LOSS) / EARNINGS PER SHARE

Basic and diluted earnings 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>Nine months ended</i>	
	<i>30 September</i>	
	2015	2014
(Loss) / income attributable to the equity shareholders of the parent for the period - US\$ '000	(2,587)	16
Weighted average number of shares outstanding at the beginning and end of the period - in thousands	284,883	284,883
(Loss) / earnings per share - US cents	(0.91)	0.01

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.

Inovest B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015 (Reviewed)

15 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

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

	Reviewed 30 September 2015				Audited 31 December 2014					
	Significant Shareholders US\$ '000	Associates and joint venture US\$ '000	management personnel/ Board members/ external auditors US\$ '000	Other related parties US\$ '000	Total Shareholders US\$ '000	Significant Shareholders US\$ '000	Associates and joint venture US\$ '000	management personnel/ Board members/ external auditors US\$ '000	Other related parties US\$ '000	Total US\$ '000
Trade and other receivables	-	25,783	4	6,718	32,505	-	29,828	589	3,440	33,857
Trade and other payables	-	11	-	123	134	-	49	88	76	213

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

	Reviewed 30 September 2015				Reviewed 30 September 2014					
	Significant Shareholders US\$ '000	Associates and joint venture US\$ '000	management personnel/ Board members/ external auditors US\$ '000	Other related parties US\$ '000	Total Shareholders US\$ '000	Significant Shareholders US\$ '000	Associates and joint venture US\$ '000	management personnel/ Board members/ external auditors US\$ '000	Other related parties US\$ '000	Total US\$ '000
Income	-	123	-	323	446	-	487	20	169	676
Income from advisory services	-	-	-	(45)	(45)	-	-	14	365	379
Net (loss) / income from construction contracts	-	(661)	-	(10)	(671)	-	-	-	-	-
Net share of (loss) profit from investment in a joint venture and associates	-	108	-	-	108	-	198	-	-	198
Other income	-	(430)	-	268	(162)	-	685	34	534	1,253
Expenses	-	-	1,467	-	1,467	-	-	1,150	-	1,150
Staff costs	-	16	75	17	108	-	58	40	27	125
General and administrative expenses	-	16	1,542	17	1,575	-	58	1,190	27	1,275

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015 (Reviewed)

15 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>	
	2015	2014
	US\$ '000	US\$ '000
Salaries and other benefits	1,341	1,574
End of service benefits	126	47
	1,467	1,621

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:

	<i>30 September 2015 - 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	464	3,535	923	432	-	5,354
Inter-segment transactions	-	21	(378)	38	319	-
Income from investments	744	-	-	-	-	744
Share of (loss) / profit from investment in a joint venture and associates	(699)	-	28	-	-	(671)
Other income	137	55	1,027	2	-	1,221
Total revenue	646	3,611	1,600	472	319	6,648
Segment (loss) / profit	(6,099)	2,046	1,025	78	357	(2,593)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015 (Reviewed)

16 SEGMENTAL INFORMATION (continued)

	30 September 2014 - 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	404	1,555	3,380	603	-	5,942
Inter-segment transactions	-	163	-	147	(310)	-
Income from investments	232	-	-	-	-	232
Share of (loss) / profit from investment in a joint venture and associates	78	-	21	-	-	99
Other income	1,434	85	1,792	2	-	3,313
Total revenue	2,148	1,803	5,193	752	(310)	9,586
Segment (loss) / profit	(4,681)	666	4,154	38	(161)	16

(b) Segment information relating to the interim consolidated statement of financial position as at 30 September 2015 and 31 December 2014 is disclosed as follows:

	30 September 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	
Segment assets	308,441	74,498	66,292	1,692	(122,508)	328,415
Segment liabilities	52,699	50,179	56,712	340	(14,573)	145,357

	31 December 2014 - 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	256,807	32,408	64,814	2,691	(88,597)	268,123
Segment liabilities	53,766	10,134	56,259	1,417	(15,900)	105,676

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2015 (Reviewed)

17 CONTINGENCIES AND COMMITMENTS

The Group has the following credit related commitments:

	<i>Reviewed</i> 30 September 2015 <i>US\$ '000</i>	<i>Audited</i> 31 December 2014 <i>US\$ '000</i>
Guarantees	69,221	74,310

The Group has the following operating lease commitments:

	<i>Reviewed</i> 30 September 2015 <i>US\$ '000</i>	<i>Audited</i> 31 December 2014 <i>US\$ '000</i>
Future minimum lease payments:		
Within one year	461	844
After one year but not more than five years	1,437	1,341
Total	1,898	2,185

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 30 September 2015, the carrying value of such assets is US\$ 230 million (31 December 2014: US\$ 268 million).

19 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 (loss) / income, total assets, total liabilities or owners' equity of the Group as previously reported.