



PRESS RELEASE

INOVEST Announces Net Profit of US\$ 4.8 Million for the First Half of 2020 Attributable to the Parent Shareholders

Manama, Bahrain; July 29th, 2020: INOVEST announced its financial results for the three months ended 30th June 2020, showing a consolidated net profit attributable to the parent shareholders of US\$0.195 million in comparison to a US\$1.27 million for the same quarter of last year, representing a decline of 85%. The decrease is largely due to an expected slowdown in revenue from construction activities as well as in fee income. Accordingly, the Basic and Diluted Earnings Per Share for the second quarter of 2020, amounted to US cents 0.07 as compared to Earnings Per Share of US cents 0.43 for the same period in 2019. The net operating profit decreased by 57% to US\$0.399 million compared to US\$0.930 million for the same period last year. The consolidated operating income for this quarter decreased by 32% to reach US\$2.81 million in comparison to US\$4.15 million for the same quarter of 2019.

INOVEST's financial results for the first half of 2020, show a consolidated net profit attributable to parent shareholders of US\$4.788 million, representing a 12% increase as compared to US\$4.294 million for last year. The Group also reported that Basic and Diluted Earnings Per Share of the parent company in the first six months of 2020 amounted to US cents 1.61 as compared to US cents 1.45 in 2019. This increase is the outcome of a gain on a settlement with an investor, reversal of a provision and material decrease in the operating expenses netted off against share of losses resulted from a financing facility settlement at an associate company level, a decrease on capital gain from sale of properties and a decrease in revenue from contracting activities. Within the first half of 2020, the consolidated net operating profit decreased by 122%, reaching a loss of US\$0.748 million in comparison to a profit of US\$3.403 million for the same period of 2019 due in large to the aforementioned reasons, with the exclusion of the provision reversal.

From the financial position, the Equity Attributable to Parent Shareholders, increased slightly by 3% to stand at US\$ 142 million in comparison to US\$ 138 million at the end of 2019, the natural result of an increase in profits. Within the same period, INOVEST reported consolidated total assets of US\$ 249 million, representing an increase of 2% during the second quarter of 2020 in comparison to US\$ 244 million at the end of 2019. On the liquidity front, INOVEST, cash and bank balances stood at 10% of the total consolidated assets. As of June 30th, 2020, the cash and bank balances were at US\$ 25 million, a 33% decrease from US\$ 37 million as at year end 2019 which stems from the noted settlements and a capital call related to an industrial manufacturing investment. The operating income for the first half of 2020 dropped by 53% from US\$9.89 million to US\$4.61 million. The Group's operating expenses were reduced, standing at US\$5.36 million for the first six months of 2020 in comparison to US\$6.49 million for 2019, reflecting a decrease of 17%. This decline stems from the reclassification of labour costs reported by INOVEST'S contracting arm last year as well as the Group's continuing efforts and direction to control expenses.

Commenting on the results, INOVEST's Chairman Dr. Omar Al Mutawa said, "The first two quarters of 2020 have included unprecedented challenges on a regional and global level, with the economic and investment climate specifically reflecting the impact of COVID 19 on numerous fronts. Nonetheless, it has proven to be a time for us to review and reflect on several strategic matters. Accordingly, we have managed to conclude a successful settlement with an investor resulting in a gain on a Group level. Additionally, a financing facility settlement has been reached at one of our key investments, namely Marina Durrat Al Bahrain, which though presents at a loss in the short term, most definitely allows for long term cost savings as well as the release of respective investment properties for potential development. This also comes along side an announcement from Durrat Marina on the restart of construction on a substation that will feed the Retail area and Marina with the necessary electricity power to enhance its progress. On the investment front, we aim in the current and forthcoming period to strategically benefit from declining asset values in regional markets to evaluate promising opportunities and undertake acquisitions in the target sectors of education and food security. Moreover, we will target expansion of our strategic partnership with a leading composite industrial manufacturing company. As for our existing investments, we will continue to push significant efforts towards enhancing performance overall, but especially in our income generating real estate assets."

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CEO of INOVEST, Mr. Yasser Al Jar spoke on the operational developments in the Group's subsidiaries and projects. "We have during this time focused a good deal of effort on our key subsidiaries and on improving the efficiency and performance of our ongoing investments. On this front, the BIW Labour Accommodations project has seen a positive uptake, with high occupancy rates leading us to the addition of new floors and additional buildings on site. Moreover, we have seen the introduction of a retail element to the Accommodations, which is set to be completed by year end and is both a needed and essential component to the project's continued success. On another front, Takhzeen, a self-storage facility in which we are invested has seen ongoing positive performance despite the pressures created by the economic climate and COVID 19. We expect to see continued improvements in performance at Takhzeen within the coming quarters. Overall, we believe that our results during the first half of the year follow a natural and positive curve, especially in relation to the challenges, fluctuations, and difficult market conditions posed by the COVID 19 pandemic on us and our investment counterparts, on a worldwide level."

It is noted that this press release and INOVEST'S financial results are available on Bahrain Bourse and Boursa Kuwait's websites, and that INOVEST is listed under the respective ticker/trading codes "INOVEST\$" and "INOVEST/817".

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About INOVEST

Established in 2002 in the Kingdom of Bahrain, INOVEST is a Category 1 Investment Firm (Shari'a Principles) regulated by the Central Bank of Bahrain and publicly listed on both Bahrain Bourse and Boursa Kuwait. INOVEST's business spans three principle areas: direct investment, asset management, and real estate investment. Based in the Kingdom of Bahrain, INOVEST is the ultimate parent company for Al Khaleej Development Company "Tameer", Bahrain Investment Wharf "BIW" and Tamcon Contracting Co. For more information, please visit www.inoest.bh