

Inovent B.S.C.

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

31 MARCH 2017 (REVIEWED)

Inovest B.S.C.

Administration and contact details as at 31 March 2017

Commercial registration number

48848 obtained on 18 June 2002

Board of Directors

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

Chief Executive Officer

Murad Al Ramadan

Board Secretary

Riyadh Mahmood Mulla

Sharia'a Supervisory Board

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

Corporate Governance Committee members

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

Audit Committee members

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

Nomination and Remuneration Committee members

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

Risk Committee members

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

Inovest B.S.C.

Administration and contact details as at 31 March 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
11th 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 Three Months Period Ended on 31 March 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 corresponding to 23 April 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 three months period ended on 31 March 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 entered into by the Company during the three months period ended 31 March 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 Salaman Bin Essa
Vice-Chairman

Shaikh Dr. Murad Bou Daia
Member

The image shows three handwritten signatures, each placed above a horizontal dashed line. The top signature is a stylized signature in black ink. The middle signature is a signature in black ink with the date '7/3/17' written below it. The bottom signature is a signature in black ink with the date '2/3/17' written below it.

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 2017, and the related interim consolidated statements of income, changes in 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.



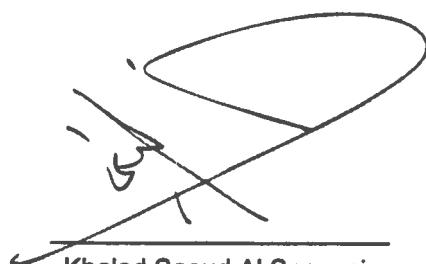
25 April 2017
Manama, Kingdom of Bahrain

Inovest B.S.C.

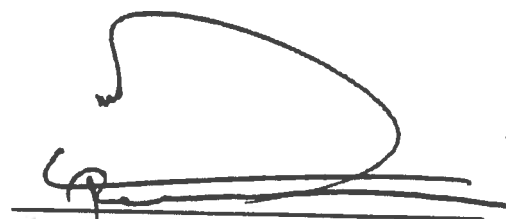
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2017 (Reviewed)

		<i>Reviewed</i> 31 March 2017 US\$ '000	<i>Audited</i> 31 December 2016 US\$ '000
ASSETS			
Cash and bank balances	4	38,161	40,066
Accounts receivable	5	41,668	38,237
Investment in real estate lease right receivables	6	9,275	9,246
Investments	7	19,763	18,983
Investment in a joint venture and associates	8	91,664	91,629
Investment in real estate	9	41,318	41,564
Property, plant and equipment	10	16,289	16,090
Other assets	11	7,331	7,040
TOTAL ASSETS		265,469	262,855
LIABILITIES AND OWNERS' EQUITY			
Liabilities			
Accounts payable	12	110,978	108,323
Financing from a bank	13	15,539	16,408
Total liabilities		126,517	124,731
Equity			
Share capital		114,604	114,604
Less: Treasury shares		(651)	(651)
		113,953	113,953
Reserves		1,413	1,413
Retained earnings		9,951	9,118
Equity attributable to parent's shareholders		125,317	124,484
Non-controlling interest		13,635	13,640
Total equity		138,952	138,124
TOTAL LIABILITIES AND EQUITY		265,469	262,855



Khaled Saoud Al Sanousi
Chairman



Murad Al Ramadan
Chief Executive Officer

The attached explanatory notes 1 to 23 form part of these interim condensed consolidated financial statements.

Inovest B.S.C.

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the three month period ended 31 March 2017 (Reviewed)

	Note	Three months ended	
		31 March	
		2017	2016
		US\$ '000	US\$ '000
OPERATING INCOME			
Net income from construction contracts		2,928	1,518
Income from investment in real estate	14	1,141	1,359
Income from investments		-	868
Fee for management and other services		240	660
Net share of income / (loss) from investment in a joint venture and associates	8	35	(145)
Other income	15	321	814
TOTAL OPERATING INCOME		4,665	5,074
OPERATING EXPENSES			
Staff costs		1,366	1,086
General and administrative expenses		868	634
Financing costs		214	32
Property related expenses		67	36
Depreciation	10	105	85
TOTAL OPERATING EXPENSES		2,620	1,873
NET OPERATING PROFIT		2,045	3,201
Recoveries from impaired receivables	16	6,134	-
PROFIT FOR THE PERIOD		8,179	3,201
Attributable to :			
Equity shareholders of the parent		8,184	3,205
Non-controlling interest		(5)	(4)
BASIC AND DILUTED EARNINGS			
PER SHARE (US cents)	18	2.87	1.13



Khaled Saoud Al Sanousi
Chairman



Murad Al Ramadan
Chief Executive Officer

The attached explanatory notes 1 to 23 form part of these interim condensed consolidated financial statements.

Inovest B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three month period ended 31 March 2017 (Reviewed)

	Equity attributable to parent's shareholders									
	Share capital US\$ '000	Treasury shares US\$ '000	Share premium US\$ '000	Reserves		Share option reserve US\$ '000	Retained earnings US\$ '000	Total parent's shareholders' equity US\$ '000	Non-controlling interest US\$ '000	Total equity 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 17)	-	-	-	-	-	(7,977)	(7,977)	-	(7,977)	
Profit for the period	-	-	-	-	-	8,184	8,184	(5)	8,179	
At 31 March 2017	114,604	(651)	-	1,371	42	9,951	125,317	13,635	138,952	
At 1 January 2016	114,604	(651)	30,760	21,473	42	(51,873)	114,355	17,568	131,923	
Transfer to reserves *	-	-	(30,760)	(21,113)	-	51,873	-	-	-	
Profit for the period	-	-	-	-	-	3,205	3,205	(4)	3,201	
At 31 March 2016	114,604	(651)	-	360	42	3,205	117,560	17,564	135,124	

* 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 23 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF SOURCES AND USES OF CHARITY FUND

For the three month period ended 31 March 2017 (Reviewed)

	<i>Three months ended</i>	
	<i>31 March</i>	
	2017	2016
	US\$ '000	US\$ '000
Sources of charity funds		
Undistributed charity funds at the beginning of the period	626	626
Reversal of appropriation to charity funds	(626)	-
Contributions by the Company	-	-
Total sources of charity funds during the period	-	626
Uses of charity funds		
Contributions for charitable purposes	-	-
Total uses of funds during the period	-	-
Undistributed charity funds at end of period	-	626

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the three month period ended 31 March 2017 (Reviewed)

	Note	Three months ended	
		31 March	
		2017	2016
		US\$ '000	US\$ '000
OPERATING ACTIVITIES			
Profit for the period		8,179	3,201
Adjustments for:			
Depreciation	10	400	425
Net share of (income) / loss from investment in a joint venture and associates	8	(35)	145
Realised loss on sale of investments		-	(868)
Gain on sale of investment in real estate	14	(772)	(992)
Recoveries from impaired receivables		(6,134)	-
		<u>1,638</u>	<u>1,911</u>
Net changes in operating assets and liabilities:			
Short-term deposits (with an original maturity of more than 90 days)		7,380	(7,559)
Accounts receivable		6,586	(2,075)
Receivable from real estate lease right		(29)	(4,061)
Other assets		(291)	-
Accounts payable		3,281	-
		<u>18,565</u>	<u>(11,784)</u>
INVESTING ACTIVITIES			
Proceeds from sale of investment in real estate		-	4,277
Purchase of available-for-sale investment	7	(780)	-
Purchase of property, plant and equipment	10	(599)	(1,600)
Purchase of investment in real estate	9	(2,865)	-
Sale of investment in a joint venture and associates		-	7,693
Proceeds from sale of investments		-	263
		<u>(4,244)</u>	<u>10,633</u>
FINANCING ACTIVITIES			
Net movement in financing from a bank		(869)	(6,601)
Dividend paid		(7,977)	-
		<u>(8,846)</u>	<u>-</u>
NET MOVEMENT IN CASH AND CASH EQUIVALENTS			
		<u>5,475</u>	<u>(1,151)</u>
Cash and cash equivalents at the beginning of the period		32,617	40,430
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	<u><u>38,092</u></u>	<u><u>39,279</u></u>
Non cash transactions:			
Transfer from investment in real estate to accounts receivable		-	9,153
Transfer from accounts receivable to investment in real estate		3,883	-
		<u><u>3,883</u></u>	<u><u>-</u></u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 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 31 March 2017 was 1,030 employee (31 December 2016: 1,076 employee).

The interim condensed consolidated financial statements for the three months ended 31 March 2017 were authorised for issue in accordance with a resolution of the Board of Directors dated 25 April 2017.

2 ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements of the Group for the three months ended 31 March 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 31 March 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>
Held directly by the Company					
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):

Held indirectly by the Company					
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 31 March 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.

* 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:

- 1 Providing financing to the Project including providing guarantees and required insurance as deemed appropriate;
- 2 Providing technical and administrative management for the Project;
- 3 Liable for payment of salaries and benefits including compensating them for anything relating to their rights;
- 4 Sub-contracting and coordinating with sub-contractors, including monitoring and taking corrective actions with respect to their progress relating to sub-contracted activities;
- 5 Completing all activities related to the Project with all relevant Government authorities and private sector;
- 6 Liable to pay for insurance, taxes and fines imposed by any party relating to the project;
- 7 Provide all required guarantees for the Project;
- 8 Performance of all activities and is responsible for all the obligations relating to the Project from all aspects including facilitating and elimination of any issues through out the Project and provide anything necessary from the date of contracting until the date of completion and hand over, without any problems to the owners of the Project;
- 9 ERESKO has the right to end the agreement at its own will and discretion solely without any condition / restriction / legal requirements and without the need to obtain any legal approval;
- 10 Obligated to provide the agreement to any parties financing the Project;
- 11 Agrees to pay 1.5% of the contract value to ERESKO and the payment is to be made upon receipt of any installment relating to the Project. Further, the percentage will also be applied to any increase in the contract value which is in compensation for ERESKO's expertise and contributions through their representatives; and
- 12 Relieves ERESKO from any obligations related to the Project and ERESKO does not guarantee neither support any obligation with respect to the Project contract.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 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 three-month period ended 31 March 2017 may not represent a proportionate share of the annual net profit or loss due to the variability of income and operating expenses.

4 CASH AND BANK BALANCES

	<i>Reviewed</i> 31 March 2017 <i>US\$ '000</i>	<i>Audited</i> 31 December 2016 <i>US\$ '000</i>
Short-term deposits (with an original maturity of 90 days or less)	23,571	21,049
Current account balances with banks (note 4.1)	14,489	11,526
Cash in hand	32	42
Total cash and cash equivalents	<u>38,092</u>	<u>32,617</u>
Short-term deposits (with an original maturity of more than 90 days)	69	7,449
Total cash and bank balances	<u>38,161</u>	<u>40,066</u>

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

Note 4.1

Current account balances with banks include US\$ 8.49 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.

5 ACCOUNTS RECEIVABLE

	<i>Reviewed</i> 31 March 2017 <i>US\$ '000</i>	<i>Audited</i> 31 December 2016 <i>US\$ '000</i>
Trade receivables	28,669	30,061
Amounts due from related parties (note 19)	18,659	20,484
Other receivables	12,050	11,536
Rent receivable	521	521
	<u>59,899</u>	<u>62,602</u>
Less: provision for impaired receivables	<u>(18,231)</u>	<u>(24,365)</u>
	<u>41,668</u>	<u>38,237</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2017 (Reviewed)

5 ACCOUNTS RECEIVABLE (continued)

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

	<i>Reviewed</i> 31 March 2017 <i>US\$ '000</i>	<i>Audited</i> 31 December 2016 <i>US\$ '000</i>
At 1 January	24,365	27,023
Charge during the year	-	13
Write back during the year	(6,134)	(2,653)
Write off during the year	-	(18)
	<u>18,231</u>	<u>24,365</u>

6 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".

7 INVESTMENTS

	<i>Reviewed</i> 31 March 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	24,549	23,769
Others	6,892	6,892
	<u>31,441</u>	<u>30,661</u>
Less: provision for impairment	(11,678)	(11,678)
	<u>19,763</u>	<u>18,983</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.

None of the investments are secured as collateral against the financing facilities obtained (31 December 2016: US\$ Nil).

8 INVESTMENT IN A JOINT VENTURE AND ASSOCIATES

	<i>Reviewed</i> 31 March 2017 <i>US\$ '000</i>	<i>Audited</i> 31 December 2016 <i>US\$ '000</i>
At 1 January	91,629	91,692
Acquisitions during the period / year	-	238
Net share of income / (loss) during the period / year	35	(301)
	<u>91,664</u>	<u>91,629</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2017 (Reviewed)

9 INVESTMENT IN REAL ESTATE

	<i>Reviewed</i> 31 March 2017 <i>US\$ '000</i>	<i>Audited</i> 31 December 2016 <i>US\$ '000</i>
At 1 January	41,564	54,817
Purchases during the period / year	2,865	3,154
Gain on sale of investment in real estate	772	1,403
Disposals during the period / year	(3,883)	(17,810)
	41,318	41,564

10 PROPERTY, PLANT AND EQUIPMENT

	<i>Buildings on leasehold land</i> <i>US\$ '000</i>	<i>Machinery, equipment and fixtures</i> <i>US\$ '000</i>	<i>Computer hardware and software</i> <i>US\$ '000</i>	<i>Motor vehicles</i> <i>US\$ '000</i>	<i>Capital work-in-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	575	7	-	-	599
At 31 March 2017	12,099	10,232	1,465	2,235	-	26,031
Accumulated depreciation						
At 1 January 2017	1,112	5,683	1,267	1,280	-	9,342
Charge	105	205	26	64	-	400
Disposals	-	-	-	-	-	-
At 31 March 2017	1,217	5,888	1,293	1,344	-	9,742
Net book amount:						
At 31 March 2017	10,882	4,344	172	891	-	16,289
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>Three months ended</i> <i>31 March</i>	
	2017 <i>US\$ '000</i>	2016 <i>US\$ '000</i>
Depreciation charged to contract costs	295	340
Depreciation charged to expenses	105	85
	400	425

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2017 (Reviewed)

11 OTHER ASSETS

	<i>Reviewed</i> 31 March 2017 <i>US\$ '000</i>	<i>Audited</i> 31 December 2016 <i>US\$ '000</i>
Advances to contractors	6,740	6,249
Prepayments	591	791
	<u>7,331</u>	<u>7,040</u>

12 ACCOUNTS PAYABLE

	<i>Reviewed</i> 31 March 2017 <i>US\$ '000</i>	<i>Audited</i> 31 December 2016 <i>US\$ '000</i>
Lease rent payables (note 12.1)	50,105	50,105
Advance from a client for construction contracts	20,223	23,456
Accruals and other payables	22,510	15,501
Case compensation	8,739	8,739
Trade payables	5,982	7,308
Retentions payable	3,410	3,068
Amounts due to related parties (note 12.2 and 19)	9	146
	<u>110,978</u>	<u>108,323</u>

Note 12.1

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 12.2

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

13 FINANCING FROM A BANK

	<i>Reviewed</i> 31 March 2017 <i>US\$ '000</i>	<i>Audited</i> 31 December 2016 <i>US\$ '000</i>
Commodity murabaha financing	15,539	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 31 March 2017 (Reviewed)

14 INCOME FROM INVESTMENT IN REAL ESTATE

	<i>Reviewed</i>	
	<i>Three months ended</i>	
	<i>31 March</i>	
	2017	2016
	US\$ '000	US\$ '000
Gain on sale of investment in real estate	772	992
Rental income	369	367
	1,141	1,359

15 OTHER INCOME

	<i>Reviewed</i>	
	<i>Three months ended</i>	
	<i>31 March</i>	
	2017	2016
	US\$ '000	US\$ '000
Profit on short-term deposits	112	95
Electricity and water services	111	613
Reversal of accrued expense for case compensation	-	69
Others	98	37
	321	814

16 RECOVERIES FROM IMPAIRED RECEIVABLES

During 2017, the Group collected US\$ 3,916 thousand representing final settlement against outstanding account receivables due from one of its related parties and, hence, the respective provision amount has been reversed.

Further, the Group reversed an amount of US\$ 2,218 thousand as a result of final settlement agreement in respect of outstanding account receivable due from a third party.

17 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 31 March 2017 (Reviewed)

18 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>Three months ended</i>	
	<i>31 March</i>	
	<u>2017</u>	<u>2016</u>
Income attributable to the equity shareholders of the parent for the period - US\$ '000	<u>8,184</u>	<u>3,205</u>
Weighted average number of shares outstanding at the beginning and end of the period - in thousands	<u>284,883</u>	<u>284,883</u>
Earnings per share - US cents	<u>2.87</u>	<u>1.13</u>

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

19 RELATED PARTY BALANCES AND TRANSACTIONS

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

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2017 (Reviewed)

19 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

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

	Reviewed 31 March 2017					Audited 31 December 2016				
	Associates and joint venture US\$ '000	management personnel/ Board members/ external auditors US\$ '000	Other related parties US\$ '000	Total US\$ '000	Key	Associates and joint venture US\$ '000	management personnel/ Board members/ external auditors US\$ '000	Other related parties US\$ '000	Total US\$ '000	Key
Accounts receivable - gross	12,234	-	6,425	18,659	-	16,250	-	4,234	20,484	-
Provision for impaired receivables	(11,002)	-	(2,225)	(13,227)	-	(14,917)	-	(2,225)	(17,142)	-
Accounts receivable - net	1,232	-	4,200	5,432	-	1,333	-	2,009	3,342	-
Accounts payable	1	7	1	9	32	114	-	-	146	-

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

	Reviewed 31 March 2017					Reviewed 31 March 2016				
	Associates and joint venture US\$ '000	management personnel/ Board members/ external auditors US\$ '000	Other related parties US\$ '000	Total US\$ '000	Key	Associates and joint venture US\$ '000	management personnel/ Board members/ external auditors US\$ '000	Other related parties US\$ '000	Total US\$ '000	Key
Income										
Fee for management and other services	44	-	118	162	-	16	-	20	36	-
Net loss from construction contracts	-	-	(509)	(509)	-	-	-	(9)	(9)	-
Net share of income / (loss) from investment in joint ventures and associates	35	-	-	35	-	(145)	-	-	(145)	-
Other income	-	-	-	-	-	-	-	-	-	-
	79	-	(391)	(312)	-	(129)	-	11	(118)	-
Expenses										
Staff costs	-	615	-	615	-	-	320	-	320	-
General and administrative expenses	1	525	20	546	1	1	81	12	94	-
	1	1,140	20	1,161	1	401	12	12	414	-
Recoveries from impaired receivables (note 16)	3,916	-	-	3,916	-	-	-	-	-	-

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2017 (Reviewed)

19 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Compensation of the key management personnel is as follows:

	<i>Reviewed</i>	
	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2017</i>	<i>2016</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Salaries and other benefits	615	320

20 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>31 March 2017 - Reviewed</i>					
	<i>Investment and related services US\$ '000</i>	<i>Construction contracts US\$ '000</i>	<i>Development and sale of Industrial plots US\$ '000</i>	<i>Property and facility management services US\$ '000</i>	<i>Eliminations US\$ '000</i>	<i>Total US\$ '000</i>
Net revenues from external customers	951	2,928	363	67	-	4,309
Inter-segment transactions	-	-	-	2	(2)	-
Share of (loss) / profit from investment in a joint venture and associates	(110)	-	145	-	-	35
Other income	52	22	241	6	-	321
Total revenue	893	2,950	749	75	(2)	4,665
Segment (loss) / profit	(646)	1,989	6,778	43	15	8,179

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2017 (Reviewed)

20 SEGMENTAL INFORMATION (continued)

	31 March 2016 - Reviewed					Total US\$ '000
	Investment and related services US\$ '000	Construction contracts US\$ '000	Development and sale of industrial plots US\$ '000	Property and facility management services US\$ '000	Eliminations US\$ '000	
Net revenues from external customers	1,144	1,518	840	35	-	3,537
Income from investments	868	-	-	-	-	868
Share of (loss) / profit from investment in joint ventures and associates	(195)	-	50	-	-	(145)
Other income	31	24	690	69	-	814
Total revenue	1,848	1,542	1,580	104	-	5,074
Segment profit	733	976	1,422	70	-	3,201

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

	31 March 2017 - 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	262,262	72,815	68,498	1,509	(139,615)	265,469
Segment liabilities	55,627	43,685	55,940	35	(28,770)	126,517

	31 December 2016- 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	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 31 March 2017 (Reviewed)

21 CONTINGENCIES AND COMMITMENTS

The Group has the following credit related commitments:

	<i>Reviewed</i> 31 March 2017 US\$ '000	<i>Audited</i> 31 December 2016 US\$ '000
Guarantees	26,388	27,578

The Group has the following operating lease commitments:

	<i>Reviewed</i> 31 March 2017 US\$ '000	<i>Audited</i> 31 December 2016 US\$ '000
Future minimum lease payments:		
Within one year	530	482
After one year but not more than five years	876	933
Total	1,406	1,415

22 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 2017, the carrying value of such assets is US\$ 188 million (31 December 2016: US\$ 189 million).

23 COMPARATIVE FIGURES

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