

**Inovent B.S.C.**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

**31 MARCH 2014 (UNAUDITED)**

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**Commercial registration number**

**48848 obtained on 18 June 2002**

**Board of Directors**

Samir Yaqoob Al-Nafisi	- Chairman
Fareed Soud Al-Fozan	- Vice-Chairman
Ahmed Rashed Al-Qattan	- Director
Abdul Rahman Yousif Fakhro	- Director
Mohammed Ebrahim Al-Nughaimish	- Director
Bader Khalifa Al Adsani	- Director
Bashar Naser Al-Tuwaijri	- Director
Abdulnasser Abdulmohsin Alsubaih	- Director
Ahmed Abbas	- Director

**Board Secretary**

Riyadh Mahmood Mulla

**Sharia'a Supervisory Board**

Dawoud Salaman Bin Essa	- Member
Khalid Shuja'a Al-Otaibi	- Member
Murad Bou Daia	- Member

**Executive Committee members**

Samir Yaqoob Al-Nafisi	- Member
Ahmed Rashed Al-Qattan	- Member
Abdul Rahman Yousif Fakhro	- Member
Bashar Naser Al-Tuwaijri	- Member
Abdulnasser Abdulmohsin Alsubaih	- Member

**Audit Committee members**

Fareed Soud Al-Fozan	- Member
Mohammed Ebrahim Al-Nughaimish	- Member
Bader Khalifa Al Adsani	- Member
Ahmed Abbas	- Member

**Nomination and Remuneration Committee members**

Abdul Rahman Yousif Fakhro	- Member
Mohammed Ebrahim Al-Nughaimish	- Member
Abdulnasser Abdulmohsin Alsubaih	- Member

**Risk Committee members**

Fareed Soud Al-Fozan	- Member
Mohammed Ebrahim Al-Nughaimish	- Member
Bader Khalifa Al Adsani	- Member
Ahmed Abbas	- Member

# Inovest B.S.C.

## Administration and contact details as at 31 March 2014

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### Registered office

20th 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, The Tower  
Bahrain Commercial Complex  
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

**Sharia Supervisory Board Report on the interim condensed consolidated financial statements of Inoest BSC  
For the Financial Period Ending on 31 March 2014**

In the name of Allah, the Beneficent, the Merciful, Prayers and Peace Upon the Last Apostle and Messenger, Our Prophet Mohammed, His Relatives and Companions.

The Shari'a Supervisory Board "The Board" of INOVEST B.S.C. has reviewed the Company's interim condensed consolidated financial statements (UNAUDITED) as at 31 March 2014 and compared them with the issued Fatwas and Rulings during the Financial Period Ending on 31 March 2014 and found them compatible with them.

The Board believes that he has expressed its opinion in respect of the financial statements of INOVEST and it is the responsibility of the management to ensure the implementation of such decisions.

A representative of the company's management explained and clarified the contents of the Financial Period Ending on 31 March 2014. The report of the Board has been prepared based on the information provided by the company.

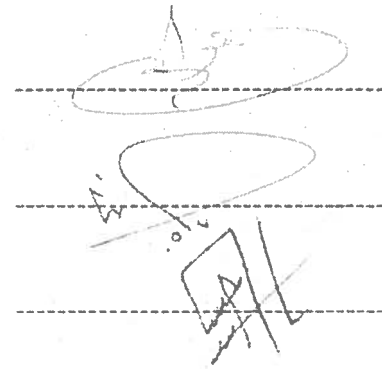
The Board is satisfied that the financial statements of INOVEST are in compliance with the Glorious Islamic Sharia'a.

Praise be to Allah, Lord of the Worlds. Prayers be upon Prophet Mohammed Peace Be upon Him, Relatives and Companions.

**Shaikh Dr. Murad Bou Daia**  
Chairman

**Shaikh Dawoud Salaman Bin Essa**  
Vice Chairman

**Shaikh Dr. Khalid Shuja'a Al-Otaibi**  
Member



## **REPORT ON REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF INOVEST B.S.C.**

### *Introduction*

We have reviewed the accompanying interim consolidated statement of financial position of Inovert B.S.C. (the "Company") and its subsidiaries (together the "Group") as of 31 March 2014, 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.



5 May 2014


Manama, Kingdom of Bahrain


Inovest B.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2014 (Unaudited)

		<i>Unaudited</i> 31 March 2014 US\$ '000	<i>Audited</i> 31 December 2013 US\$ '000
<b>ASSETS</b>			
Cash and cash equivalents		9,116	17,177
Murabaha financing		2,122	-
Trade and other receivables	4	61,716	60,430
Investments	5	23,430	23,430
Investment in a joint venture and associates	6	97,045	98,245
Investment in real estate	7	81,114	81,114
Properties under development		5,904	5,638
Property, plant and equipment	8	7,271	7,075
<b>TOTAL ASSETS</b>		<b>287,718</b>	<b>293,109</b>
<b>LIABILITIES AND OWNERS' EQUITY</b>			
<b>Liabilities</b>			
Trade and other payables	9	81,225	86,867
Ijara and Murabaha financing	10	38,700	39,957
<b>Total liabilities</b>		<b>119,925</b>	<b>126,824</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	30,760
Statutory reserve		21,473	21,473
Share option reserve		37	35
Retained earnings		1,570	64
<b>Total owners' equity</b>		<b>167,793</b>	<b>166,285</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>287,718</b>	<b>293,109</b>

  
 \_\_\_\_\_  
 Samir Yaqoob Al-Nafisi  
 Chairman

  
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 Ahmed Rashed Al-Qattan  
 Managing Director & CEO


The attached explanatory notes 1 to 16 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 2014 (Unaudited)

	Note	Three months ended	
		31 March	
		2014	2013
		US\$ '000	US\$ '000
<b>OPERATING INCOME</b>			
Income from investment in real estate	11	2,746	465
Income from advisory services		634	4,601
Net income (loss) from construction contracts		964	(590)
Share of loss from investment in a joint venture and associates		(6)	(174)
Other income		251	361
<b>TOTAL OPERATING INCOME</b>		<b>4,589</b>	<b>4,663</b>
<b>OPERATING EXPENSES</b>			
Staff costs		(1,658)	(1,272)
General and administrative expenses		(664)	(488)
Ijara and Murabaha financing costs		(703)	(837)
Property related expenses		(8)	(63)
Depreciation	8	(188)	(190)
<b>TOTAL OPERATING EXPENSES</b>		<b>(3,221)</b>	<b>(2,850)</b>
<b>NET OPERATING PROFIT</b>		<b>1,368</b>	<b>1,813</b>
Provision - reversal (charge)		138	(1,790)
<b>PROFIT FOR THE PERIOD</b>		<b>1,506</b>	<b>23</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE (US cents)</b>		<b>0.53</b>	<b>0.01</b>

  
 Samir Yaqoob Al-Nafisi  
 Chairman

  
 Ahmed Rashed Al-Qattan  
 Managing Director & CEO

The attached explanatory notes 1 to 16 form part of these interim condensed consolidated financial statements.

Inovest B.S.C.

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

For the three month period ended 31 March 2014 (Unaudited)

	Share capital US\$ '000	Treasury shares US\$ '000	Share premium US\$ '000	Statutory reserve US\$ '000	Share option reserve US\$ '000	Retained earnings US\$ '000	Total owners' equity US\$ '000
At 1 January 2014	114,604	(651)	30,760	21,473	35	64	166,285
Profit for the period	-	-	-	-	-	1,506	1,506
Stock option charge	-	-	-	-	2	-	2
<b>At 31 March 2014</b>	<b>114,604</b>	<b>(651)</b>	<b>30,760</b>	<b>21,473</b>	<b>37</b>	<b>1,570</b>	<b>167,793</b>
At 1 January 2013	114,604	(651)	30,760	21,473	28	5,007	171,221
Profit for the period	-	-	-	-	-	23	23
Stock option charge	-	-	-	-	1	-	1
<b>At 31 March 2013</b>	<b>114,604</b>	<b>(651)</b>	<b>30,760</b>	<b>21,473</b>	<b>29</b>	<b>5,030</b>	<b>171,245</b>



**INTERIM CONSOLIDATED STATEMENT OF SOURCES AND USES OF CHARITY FUND**

For the three month period ended 31 March 2014 (Unaudited)

	<i>Three months ended</i>	
	<i>31 March</i>	
	<b>2014</b>	<b>2013</b>
	<i>US\$ '000</i>	<i>US\$ '000</i>
<b>Sources of charity funds</b>		
Undistributed charity funds at the beginning of the period	<b>629</b>	642
Contributions by the Company	-	-
<b>Total sources of charity funds during the period</b>	<b>629</b>	<b>642</b>
<b>Uses of charity funds</b>		
Contributions for charitable purposes	-	13
<b>Total uses of funds during the period</b>	<b>-</b>	<b>13</b>
<b>Undistributed charity funds at end of period</b>	<b>629</b>	<b>629</b>

**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**

For the three month period ended 31 March 2014 (Unaudited)

	Note	Three months ended	
		31 March	
		2014	2013
		US\$ '000	US\$ '000
<b>OPERATING ACTIVITIES</b>			
Profit for the period		1,506	23
Adjustments for:			
Depreciation	8	246	256
Charge on share option plan		2	1
Net share of loss from investment in a joint venture and associates		6	174
Realised loss on sale of investment in real estate		-	(249)
Reversal of impairment of investments		(138)	-
Provision for case compensation		-	1,790
		<b>1,622</b>	<b>1,995</b>
Net changes in operating assets and liabilities:			
Trade and other receivables		(1,286)	(724)
Properties under development		(266)	-
Trade and other payables		(5,642)	(1,735)
Net cash used in operating activities		<b>(5,572)</b>	<b>(464)</b>
<b>INVESTING ACTIVITIES</b>			
Net movement in Murabaha financing		(2,122)	(265)
Purchase of investments		-	(2,500)
Proceeds from sale of investments		138	-
Proceeds from sale of investment in real estate		-	3,183
Purchase of investment in a joint venture and associates		-	(628)
Dividends received from a joint venture and associates	6	1,194	-
Purchase of property, plant and equipment	8	(442)	(182)
Net cash used in investing activities		<b>(1,232)</b>	<b>(392)</b>
<b>FINANCING ACTIVITY</b>			
Net movement in Murabaha financing		(1,257)	-
Cash used in financing activity		(1,257)	-
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(8,061)</b>	<b>(856)</b>
Cash and cash equivalents at the beginning of the period		17,177	6,109
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>9,116</b>	<b>5,253</b>

The attached explanatory notes 1 to 16 form part of these interim condensed consolidated financial statements.

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

At 31 March 2014 (Unaudited)

**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 31 March 2014 was 540 (31 December 2013: 527).

The interim condensed consolidated financial statements for the three months ended 31 March 2014 were authorised for issue in accordance with a resolution of the Board of Directors dated 5 May 2014.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2014 (Unaudited)

### 2 ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The interim condensed consolidated financial statements of the Group for the three months ended 31 March 2014 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 2013. 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 2013, 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 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 2014 and 2013</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

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

<b>Held indirectly by the Company</b>				
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

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.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2014 (Unaudited)

### 3 CYCLICALITY OF OPERATIONS

The interim consolidated net income for the three-month period ended 31 March 2014 may not represent a proportionate share of the annual net profit or loss due to the variability of income and operating expenses.

### 4 TRADE AND OTHER RECEIVABLES

	<i>Unaudited</i> <b>31 March</b> 2014 US\$ '000	<i>Audited</i> 31 December 2013 US\$ '000
Trade receivables	24,409	26,779
Amounts due from related parties (note 12)	36,710	36,134
Prepayments and other receivables	4,953	1,889
Rent receivable	396	396
Advances to contractors and suppliers	548	532
	<b>67,016</b>	65,730
Less: provision for impaired receivables	<b>(5,300)</b>	(5,300)
	<b>61,716</b>	60,430

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

### 5 INVESTMENTS

	<i>Unaudited</i> <b>31 March</b> 2014 US\$ '000	<i>Audited</i> 31 December 2013 US\$ '000
<b>Equity-type instruments at fair value through equity - unquoted</b>		
Real estate related	23,539	24,039
Others	6,892	6,892
	<b>30,431</b>	30,931
Less: provision for impairment	<b>(7,001)</b>	(7,501)
Closing balance	<b>23,430</b>	23,430

### 6 INVESTMENT IN A JOINT VENTURE AND ASSOCIATES

	<i>Unaudited</i> <b>31 March</b> 2014 US\$ '000	<i>Audited</i> 31 December 2013 US\$ '000
At 1 January	98,245	90,811
Purchases during the period / year	-	16,627
Disposals during the period / year	-	(11,832)
Transfer from investments	-	3,938
Dividends received during the period / year	(1,194)	(398)
Net share of loss	(6)	(901)
At 31 March	<b>97,045</b>	98,245

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2014 (Unaudited)

7 INVESTMENT IN REAL ESTATE

	<i>Unaudited</i> 31 March 2014 US\$ '000	<i>Audited</i> 31 December 2013 US\$ '000
At 1 January	81,114	89,598
Purchases during the period / year	-	3,599
Disposals during the period / year	-	(10,119)
Transferred to properties under development	-	(1,793)
Unrealised fair value loss on investment in real estate	-	(171)
At 31 March	<b>81,114</b>	<b>81,114</b>

8 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 2014	4,284	4,627	1,289	1,281	2,179	13,660
Additions	-	2	7	43	390	442
At 31 March 2014	4,284	4,629	1,296	1,324	2,569	14,102
<b>Accumulated depreciation</b>						
At 1 January 2014	554	3,897	1,201	933	-	6,585
Charge	-	187	14	45	-	246
At 31 March 2014	554	4,084	1,215	978	-	6,831
<b>Net book amount:</b>						
At 31 March 2014	<b>3,730</b>	<b>545</b>	<b>81</b>	<b>346</b>	<b>2,569</b>	<b>7,271</b>
At 31 December 2013	3,730	730	88	348	2,179	7,075

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

	<i>Unaudited</i> Three months ended 31 March 2014 US\$ '000	2013 US\$ '000
Depreciation charged to expenses	188	190
Depreciation charged to contract costs	58	66
	<b>246</b>	<b>256</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2014 (Unaudited)

### 9 TRADE AND OTHER PAYABLES

	<i>Unaudited</i> <b>31 March</b> <b>2014</b> <b>US\$ '000</b>	<i>Audited</i> <b>31 December</b> <b>2013</b> <b>US\$ '000</b>
Lease rent payables (note 9.1)	50,105	50,105
Accruals and other payables	18,009	18,415
Case compensation	7,610	10,870
Trade payables (note 9.2)	2,125	4,597
Amounts due to related parties (note 9.3)	2,055	1,612
Retentions payable	1,321	1,268
	<b>81,225</b>	<b>86,867</b>

#### Note 9.1

Lease rent payable relates to a subsidiary of the Company and is of a non-current nature.

#### Note 9.2

Trade payables are generally payable within 60 to 90 days of the suppliers' invoice date.

#### Note 9.3

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

### 10 IJARA AND MURABAHA FINANCING

	<i>Unaudited</i> <b>31 March</b> <b>2014</b> <b>US\$ '000</b>	<i>Audited</i> <b>31 December</b> <b>2013</b> <b>US\$ '000</b>
Ijara payable	2,947	2,947
Murabaha payable	35,753	37,010
Total Ijara and Murabaha financing	<b>38,700</b>	<b>39,957</b>

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 bankers.

The above financial facilities are secured against the following assets:

	<i>Unaudited</i> <b>31 March</b> <b>2014</b> <b>US\$ '000</b>	<i>Audited</i> <b>31 December</b> <b>2013</b> <b>US\$ '000</b>
Investment in real estate	40,090	40,090
Trade receivables	13,263	15,125
Investments	5,305	5,305
	<b>58,658</b>	<b>60,520</b>

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

At 31 March 2014 (Unaudited)

**11 INCOME FROM INVESTMENT IN REAL ESTATE**

	<i>Unaudited</i>	
	<i>Three months ended</i>	
	<i>31 March</i>	
	<b>2014</b>	<b>2013</b>
	<b>US\$ '000</b>	<b>US\$ '000</b>
Reversal of excess accruals (note 11.1)	<b>2,652</b>	-
Property related facilities income	-	93
Realised gain on sale of investment in real estate	-	249
Rental income	<b>90</b>	123
Other income	<b>4</b>	-
	<b>2,746</b>	<b>465</b>

**Note 11.1**

During the period, the Group reversed excess accruals amounting to US\$ 2.65 million relating to completed and sold projects. During the quarter, 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.

**12 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 2014 (Unaudited)

**12 RELATED PARTY BALANCES AND TRANSACTIONS (continued)**

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

	Unaudited 31 March 2014		Audited 31 December 2013	
	Key management personnel/ Shari'a board members/ external auditors US\$ '000	Significant shareholders / entities in which directors are interested US\$ '000	Key Associates and joint venture US\$ '000	Significant shareholders / entities in which directors are interested US\$ '000
Trade and other receivables	-	36,710	30,567	5,251
Trade and other payables	429	2,055	374	1,168
				Total US\$ '000
				36,134
				2,196

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

	Unaudited 31 March 2014		Unaudited 31 March 2013	
	Key management personnel/ Shari'a board members/ external auditors US\$ '000	Significant shareholders / entities in which directors are interested US\$ '000	Key Associates and joint venture US\$ '000	Significant shareholders / entities in which directors are interested US\$ '000
Income				Total US\$ '000
Income from advisory services	111	184	46	4,322
Net income from construction contracts	-	122	(61)	251
Other income	53	53	61	61
	164	359	46	4,634
Expenses				Total US\$ '000
Staff costs	531	531	-	369
General and administrative expenses	19	19	8	58
	19	550	8	435
	145	(191)	38	4,199
Income (loss) for the period				4,526
				(365)
				4,199

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2014 (Unaudited)

### 12 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Compensation of the key management personnel is as follows:

	<i>Unaudited</i> Three months ended 31 March	
	<b>2014</b> <i>BD '000</i>	<b>2013</b> <i>BD '000</i>
Salaries and other benefits	<b>359</b>	369
End of service benefits	<b>3</b>	-
	<b>362</b>	<b>369</b>

### 13 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 2014</i>					
	<i>Investment and related services</i> <i>US\$ '000</i>	<i>Construction Contracts</i> <i>US\$ '000</i>	<i>Development and sale of industrial plots</i> <i>US\$ '000</i>	<i>Property and facility management services</i> <i>US\$ '000</i>	<i>Eliminations</i> <i>US\$ '000</i>	<i>Total</i> <i>US\$ '000</i>
Net revenues from						
external customers	124	965	3,009	246	-	4,344
Inter-segment transactions	-	(45)	-	32	13	-
Share of (loss) / profit from investment in a joint venture and associates	(44)	-	38	-	-	(6)
Other income	-	34	217	-	-	251
<b>Total revenue</b>	<b>80</b>	<b>954</b>	<b>3,264</b>	<b>278</b>	<b>13</b>	<b>4,589</b>
<b>Segment (loss) / profit</b>	<b>(2,186)</b>	<b>557</b>	<b>3,076</b>	<b>14</b>	<b>45</b>	<b>1,506</b>

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

At 31 March 2014 (Unaudited)

**13 SEGMENTAL INFORMATION (continued)**

	31 March 2013					
	<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	4,554	(590)	330	182	-	4,476
Inter-segment transactions	-	142	-	37	(179)	-
Share of (loss) / profit from investment in a joint venture and associates	(271)	-	97	-	-	(174)
Other income	111	194	56	-	-	361
<b>Total (loss) / revenue</b>	<b>4,394</b>	<b>(254)</b>	<b>483</b>	<b>219</b>	<b>(179)</b>	<b>4,663</b>
<b>Segment (loss) / profit</b>	<b>421</b>	<b>(579)</b>	<b>294</b>	<b>29</b>	<b>(142)</b>	<b>23</b>

(b) Segment information relating to the interim consolidated statement of financial position as at 31 March 2014 and 31 December 2013 is disclosed as follows:

	31 March 2014					
	<i>Investment and related services</i> US\$ '000	<i>Construction Contracts</i> US\$ '000	<i>Development and sale of industrial plots</i> US\$ '000	<i>Property and facility management services</i> US\$ '000	<i>Eliminations</i> US\$ '000	<i>Total</i> US\$ '000
Segment assets	273,474	30,435	67,037	3,305	(86,533)	287,718
Segment liabilities	61,694	8,633	56,421	1,935	(8,758)	119,925

	31 December 2013					
	<i>Investment and related services</i> US\$ '000	<i>Construction Contracts</i> US\$ '000	<i>Development and sale of industrial plots</i> US\$ '000	<i>Property and facility management services</i> US\$ '000	<i>Eliminations</i> US\$ '000	<i>Total</i> US\$ '000
Segment assets	273,161	30,310	65,058	3,174	(78,594)	293,109
Segment liabilities	65,377	9,065	57,519	1,819	(6,956)	126,824

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

At 31 March 2014 (Unaudited)

**14 CONTINGENCIES AND COMMITMENTS**

The Group has the following credit related commitments:

	<i>Unaudited</i> <b>31 March</b> <b>2014</b> <b>US\$ '000</b>	<i>Audited</i> <b>31 December</b> <b>2013</b> <b>US\$ '000</b>
Guarantees	<b>17,992</b>	17,992

The Group has the following operating lease commitments:

	<i>Unaudited</i> <b>31 March</b> <b>2014</b> <b>US\$ '000</b>	<i>Audited</i> <b>31 December</b> <b>2013</b> <b>US\$ '000</b>
Future minimum lease payments:		
Within one year	<b>730</b>	755
After one year but not more than five years	<b>2,115</b>	2,311
More than five years	<b>50,105</b>	50,105
Total	<b>52,950</b>	53,171

**15 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 2014, the carrying value of such assets is US\$ 280 million (31 December 2013: US\$ 282 million).

**16 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, total assets, total liabilities or owners' equity of the Group as previously reported.