



PRESS RELEASE

INOVEST Discloses Financial Results for the Year Ended 31st December 2019

Board Recommends Distribution of 5% Stock Dividends, Subject to Regulatory Approval

Manama, Bahrain; February 17th, 2020: INOVEST announced its financial results for the three months ended 31st December 2019, showing a consolidated net profit attributable to the parent shareholders of US\$2.14 million in comparison to a US\$1.70 million for the same quarter of last year, representing an increase of 26%. The increase is largely due to management fees attributed to an INOVEST subsidiary. Accordingly, the Basic and Diluted Earnings Per Share for the last quarter of 2019, amounted to US cents 0.76 as compared to Earnings Per Share of US cents 0.60 for the same period in 2018. The net operating profit increased by 249% to US\$2.07 million compared to US\$0.6 million for the same period last year. The consolidated operating income for this quarter increased by 49% to reach US\$6.3 million in comparison to US\$4.22 million for the same quarter of 2018.

INOVEST's financial results for the year ended December 31st, 2019, show a consolidated net profit attributable to parent shareholders of US\$7.15 million, representing a 49% decline as compared to US\$14.01 million for last year. The decline remains primarily due to an expected decrease in revenue from the contracting activities, from completion of a major government project, and the capital gain from disposal of an investments that took place in the same period of last year. The Group also reported that Basic and Diluted Earnings Per Share of the parent company as at December 31st 2019 amounted to US cents 2.52 as compared to US cents 4.95 in 2018. The consolidated net operating profit decreased by 51%, reaching US\$6.17 million in comparison to US\$12.52 million for the same period of 2018. Looking at the Group's fiscal indicators, the Equity Attributable to Parent Shareholders, increased by 1% to stand at US\$138 million at the end of the of December 31st, 2019 in comparison to US\$137 million at 2018 year-end. Within the same period, INOVEST reported consolidated total assets of US\$244 million, representing a decrease of 9% in comparison to US\$267 million as of 2018 year-end. On the liquidity front, INOVEST continued to improve its liquidity position, with cash and bank balances representing 15% of the total consolidated assets. As of December 31st, 2019, the cash and bank balances rose to reach US\$37 million, a 3% increase from US\$36 million as of 31 December 2018. The operating income for 2019 dropped by 16% from US\$23.74 million to US\$19.94 million. In line with this, the Group's operating expenses increased, standing at US\$13.78 million for the twelve months of 2019 in comparison to US\$11.22 million for 2018, reflecting an increase of 23%. The increase stems, as in previous quarters this year, from completion of a major government project and therein the reclassification of labour expenses within our contracting arm from a project level cost to an operational level until work begins on new construction projects, which is expected within 2020.

In light of the positive results, the INOVEST Board of Directors recommended, in its last session held on February 16th, 2020, to the Annual General Assembly a stock dividend distribution of 5% of paid up capital subject to the approval of Central Bank of Bahrain and the Ministry of Industry and Commerce and Tourism.

Commenting on the results, INOVEST's Chairman Dr. Omar Al Mutawa said, "Our results for 2019 confirm the validity of our Board approved strategy. We have seen continuation in our profitability and steady progress for the fourth year running. On an operational and administrative level significant effort has been placed on strengthening our Group wide network towards overcoming challenges, as well as creating greater efficacy through establishing professional standards for Group-wide progress and development. We have no doubt that the benefits of this will manifest in the coming years, and at a strategic level. To that end, and on all counts, the principles of our strategy which are sustainability, profitable growth, and diversity through investments stand true. These principles are geared to create and deliver value to the company and its shareholders." Dr. Al Mutawa took the opportunity to thank INOVEST's shareholders for their continuous support and trust, and to acknowledge the significance and diligence of the executive team and employee efforts in achieving Group-wide goals.



From his end, Mr. Yasser Al Jar, CEO of INOVEST, said “INOVEST’s performance is squarely where we expect it to be, and is in line with our approved plans and strategies for 2019. Despite it being an economically difficult year in the market and region, we have, with the grace of God, managed to effectively implement the first year of our strategy and to further maintain positive financial indicators across the board; Return on Equity stands at 5%, Return on Assets at 3%, and in terms of liquidity, cash and bank balances represent a healthy 15% of the total consolidated assets. Moreover, we have already begun diversifying our portfolio and the first outcome of this directive is seen through a recently announced investment into the manufacturing sector in the State of Kuwait. The team continues to consider new opportunities, markets, and sectors that encourage consistent long-term growth and income generation.” Mr. Al Jar closed with a clear optimism of the Group’s performance in the upcoming year and extended his appreciation to the Board of Directors for their continuous support, and to each and every member of the Group for their dedication and hard work.

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.inovest.bh