

**Inovent B.S.C.**

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

**31 MARCH 2018 (REVIEWED)**

# Inovest B.S.C.

Administration and contact details as at 31 March 2018

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**Commercial registration number**

**48848 obtained on 18 June 2002**

## **Board of Directors**

Dr.Omar Salem Al Mutawa	- Chairman
Bashar Naser Al Tuwaijri	- Vice-Chairman
Meshari Fuad Al Fozan	- Director
Khaled Abdulaziz Al Ghanem	- Director
Meshal Yousef Al Zayed	- Director
Yaqoub Yousef Bandar	- Director
Abdulrahman Hesham Al Neseif	- 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**

Bashar Naser Al Tuwaijri	- Chairman
Abdulrahman Hesham Al Neseif	- Vice-Chairman
Meshari Fuad Al Fozan	- Member
Sheikh Dawoud Salman Bin Essa	- Member

## **Nomination and Remuneration Committee members**

Dr.Omar Salem Al Mutawa	- Chairman
Meshal Yousef Al Zayed	- Vice-Chairman
Meshari Fuad Al Fozan	- Member

## **Audit and Risk Committee members**

Khaled Abdulaziz Al Ghanem	- Chairman
Abdulrahman Hesham Al Neseif	- Vice-Chairman
Yaqoub Yousef Bandar	- Member

## Inovest B.S.C.

Administration and contact details as at 31 March 2018

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### 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  
10th 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 2018**

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 dated 22- 4 - 2018 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 2018, 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 concluded by the Company during the Three Months Period Ended on 31 March 2018 that we have reviewed are in compliance with the Islamic Shari'a Rules and Principles.

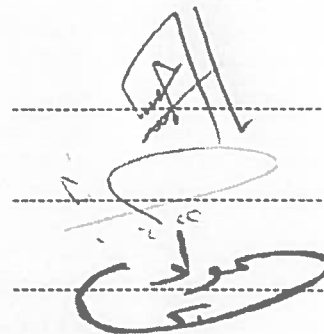
Also, the SSB has approved the financial statements and concluded that it's prepared in an acceptable form from Islamic Sharia view. The respective report has been prepared based on the information provided by the Company.

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 Salman Bin Essa**  
Vice-Chairman

**Shaikh Dr. Murad Bou Daia**  
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 2018, and the related interim consolidated statement 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.



29 April 2018  
Manama, Kingdom of Bahrain

Inovest B.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2018 (Reviewed)

		<i>Reviewed</i> <b>31 March</b> <i>2018</i> <b>US\$ '000</b>	<i>Audited</i> <b>31 December</b> <i>2017</i> <b>US\$ '000</b>
<b>ASSETS</b>			
Cash and bank balances	5	27,306	21,740
Accounts receivable	6	41,387	45,383
Investments	7	18,487	18,487
Investment in a joint venture and associates	8	85,817	85,938
Investment in real estate	9	76,823	76,823
Property, plant and equipment	10	12,459	12,965
Other assets	11	2,845	4,018
<b>TOTAL ASSETS</b>		<b>265,124</b>	<b>265,354</b>
<b>LIABILITIES AND OWNERS' EQUITY</b>			
<b>Liabilities</b>			
Other liabilities and accounts payable	12	99,577	102,256
Financing from a bank	13	12,014	12,927
<b>Total liabilities</b>		<b>111,591</b>	<b>115,183</b>
<b>Owners' Equity</b>			
Share capital		114,604	114,604
Less: Treasury shares	14	(1,239)	(1,239)
		<b>113,365</b>	<b>113,365</b>
Reserves		1,999	1,999
Retained earnings		10,022	7,036
Equity attributable to Parents' shareholders		<b>125,386</b>	<b>122,400</b>
Non-controlling interest		<b>28,147</b>	<b>27,771</b>
<b>Total owners' equity</b>		<b>153,533</b>	<b>150,171</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>265,124</b>	<b>265,354</b>



Dr. Omar Salem Al Mutawa  
Chairman



Bashar Naser Al Tuwaijri  
Vice-Chairman

The attached explanatory notes 1 to 24 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 2018 (Reviewed)

	Note	Three months ended 31 March	
		2018	2017
		US\$ '000	US\$ '000
<b>OPERATING INCOME</b>			
Net income from construction contracts		2,590	2,928
Income from investment in real estate	15	1,363	1,141
Fee for management and other services		257	240
Net share of (loss) / income from investment in a joint venture and associates	8	(121)	35
Other income	16	1,124	321
<b>TOTAL OPERATING INCOME</b>		<b>5,213</b>	<b>4,665</b>
<b>OPERATING EXPENSES</b>			
Staff costs		1,046	1,366
General and administrative expenses		647	868
Property related expenses		212	67
Financing costs		181	214
Depreciation	10	147	105
<b>TOTAL OPERATING EXPENSES</b>		<b>2,233</b>	<b>2,620</b>
<b>NET OPERATING PROFIT</b>		<b>2,980</b>	<b>2,045</b>
Recoveries from impaired receivables	17	382	6,134
<b>PROFIT FOR THE PERIOD</b>		<b>3,362</b>	<b>8,179</b>
<b>Attributable to :</b>			
Equity shareholders of the parent		2,986	8,184
Non-controlling interest		376	(5)
<b>PROFIT FOR THE PERIOD</b>		<b>3,362</b>	<b>8,179</b>
<b>BASIC AND DILUTED EARNINGS</b>			
<b>PER SHARE (US cents)</b>	19	<b>1.06</b>	<b>2.87</b>



Dr. Omar Salem Al Mutawa  
Chairman



Bashar Naser Al Tuwaijri  
Vice-Chairman

The attached explanatory notes 1 to 24 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 2018 (Reviewed)

	Equity attributable to Parent's shareholders							Total owners' equity US\$ '000
	Share capital US\$ '000	Treasury shares US\$ '000	Reserves		Retained earnings US\$ '000	Total equity US\$ '000	Non-controlling interest US\$ '000	
			Statutory reserve US\$ '000	Share option reserve US\$ '000				
At 1 January 2018	114,604	(1,239)	1,957	42	7,036	122,400	27,771	150,171
Profit for the period	-	-	-	-	2,986	2,986	376	3,362
<b>At 31 March 2018</b>	<b>114,604</b>	<b>(1,239)</b>	<b>1,957</b>	<b>42</b>	<b>10,022</b>	<b>125,386</b>	<b>28,147</b>	<b>153,533</b>
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 18)	-	-	-	-	(7,977)	(7,977)	-	(7,977)
Profit for the period	-	-	-	-	8,184	8,184	(5)	8,179
<b>At 31 March 2017</b>	<b>114,604</b>	<b>(651)</b>	<b>1,371</b>	<b>42</b>	<b>9,951</b>	<b>125,317</b>	<b>13,635</b>	<b>138,952</b>

The attached explanatory notes 1 to 24 form part of these interim condensed consolidated financial statements.



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INTERIM CONSOLIDATED STATEMENT OF SOURCES AND USES OF  
CHARITY FUND

For the three month period ended 31 March 2018 (Reviewed)

	<i>Three months ended</i>	
	<i>31 March</i>	
	<b>2018</b>	<b>2017</b>
	<i>US\$ '000</i>	<i>US\$ '000</i>
<b>Sources of charity funds</b>		
Undistributed charity funds at the beginning of the period	-	626
Reversal of appropriation to charity funds	-	(626)
<b>Undistributed charity funds at end of period</b>	<b>-</b>	<b>-</b>

**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**

For the three month period ended 31 March 2018 (Reviewed)

	Note	Three months ended	
		31 March	
		2018	2017
		US\$ '000	US\$ '000
<b>OPERATING ACTIVITIES</b>			
Profit for the period		3,362	8,179
Adjustments for:			
Depreciation	10	511	400
Net share of loss / (income) from investment in a joint venture and associates	8	121	(35)
Gain on sale of investment in real estate	15	-	(772)
Recoveries from impaired receivables	17	(382)	(6,134)
		<b>3,612</b>	<b>1,638</b>
Net changes in operating assets and liabilities:			
Short-term deposits (with an original maturity of more than 90 days)		(1,591)	7,380
Accounts receivable		4,378	6,586
Receivable from real estate lease right		-	(29)
Other assets		1,173	(291)
Accounts payable		(2,679)	3,281
Net cash from operating activities		<b>4,893</b>	<b>18,565</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of available-for-sale investment		-	(780)
Purchase of property, plant and equipment	10	(5)	(599)
Purchase of investment in real estate		-	(2,865)
Net cash used in investing activities		<b>(5)</b>	<b>(4,244)</b>
<b>FINANCING ACTIVITIES</b>			
Net movement in financing from a bank		(913)	(869)
Dividend paid		-	(7,977)
Net cash used in financing activities		<b>(913)</b>	<b>(8,846)</b>
<b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS</b>		<b>3,975</b>	<b>5,475</b>
Cash and cash equivalents at the beginning of the period	5	21,540	32,617
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	5	<b>25,515</b>	<b>38,092</b>
<b>Non cash transactions:</b>			
Non cash settlement of accounts receivable to property, plant and equipment		-	3,883

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## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2018 (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 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.
- 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 2018 was 720 employee (31 December 2017: 768 employee).

The interim condensed consolidated financial statements for the three months ended 31 March 2018 were authorised for issue in accordance with a resolution of the Board of Directors dated 29 April 2018.

### 2 ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The interim condensed consolidated financial statements of the Group for the three months ended 31 March 2018 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 2017. 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.

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

At 31 March 2018 (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 2017 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 2018</i>	<i>Ownership 2017</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%	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):

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

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

At 31 March 2018 (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 2018</i>	<i>Ownership 2017</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.
BIW Labor Accomodation Co W.L.L. (note 4)	56.67%	56.67%	Kingdom of Bahrain	2007	Buying, selling and management of properties.

\* 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:

- a Providing financing to the Project including providing guarantees and required insurance as deemed appropriate;
- b Providing technical and administrative management for the Project;
- c Liable for payment of salaries and benefits including compensating them for anything relating to their rights;
- d Sub-contracting and coordinating with sub-contractors, including monitoring and taking corrective actions with respect to their progress relating to sub-contracted activities;
- e Completing all activities related to the Project with all relevant Government authorities and private sector;
- f Liable to pay for insurance, taxes and fines imposed by any party relating to the project;
- g Provide all required guarantees for the Project;
- h 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;
- i 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;
- j Obligated to provide the agreement to any parties financing the Project;
- k 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
- l Relieves ERESKO from any obligations related to the Project and ERESKO does not guarantee neither support any obligation with respect to the Project contract.

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

At 31 March 2018 (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 ERESO, which states that the later will not have any right in the share of assets and profits of ERESO Tamcon JV B.S.C. (c).

Considering the key terms of the above arrangement and despite the legal form, ERESO 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.

**2.4 New standard issued but not yet effective**

The standard issued but not yet effective, up to the date of issuance of the Group's financial statements is disclosed below. The Group intends to adopt this standard, when it becomes effective.

**FAS 30 - Impairment, Credit Losses and Onerous Contracts (FAS 30)**

FAS 30 was issued in November 2017. The requirements relating to impairment and credit losses of FAS 30 represent a significant change from FAS 11 "Provisions and Reserves". The standard is effective from the financial periods beginning on or after 1 January 2020, where early adoption is permitted. The Group has not early adopted the standard and is in the process of making an assessment of the impact of impairment requirements of FAS 30 on accumulated retained earnings.

**3 CYCLICALITY OF OPERATIONS**

The interim consolidated net income for the three-month period ended 31 March 2018 may not represent a proportionate share of the annual net profit or loss due to the variability of income and operating expenses.

**4 ACQUISITION OF A SUBSIDIARY****Acquisition of BIW Labor Accomodation Co W.L.L.**

During July 2017, the Group increased its effective equity stake in one of its associates (BIW Labor Accomodation Co W.L.L.) to 56.67%, resulting in de-recognition of its investment in associate and acquisition of investment in a subsidiary (BIW Labor Accomodation Co W.L.L.) 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 BIW Labor Accomodation Co W.L.L. as at the date of acquisition were:

	1 July 2017 Fair value recognised on acquisition US\$ '000
<b>Assets</b>	
Investment properties	28,779
Accounts receivables and other assets	487
Cash and cash equivalents	4,525
	<hr/> 33,791
<b>Liability</b>	
Accounts payables	(1,635)
	<hr/>
<b>Total identifiable net assets at fair value</b>	<u><u>32,156</u></u>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2018 (Reviewed)

### 4 ACQUISITION OF A SUBSIDIARY (continued)

Non-controlling interest measured at share of net assets (43.33%)	(13,934)
Gain on bargain purchase	(129)
<b>Purchase consideration</b>	<b>18,093</b>
Total consideration comprised of :	
Investment in associate derecognised (note 8)	17,785
Cash consideration	308
	<b>18,093</b>

### 5 CASH AND BANK BALANCES

	<i>Reviewed</i> <b>31 March</b> <b>2018</b> <i>US\$ '000</i>	<i>Audited</i> <b>31 December</b> <b>2017</b> <i>US\$ '000</i>
Short-term deposits (with an original maturity of 90 days or less)	<b>5,637</b>	4,244
Current account balances with banks (note 5.1)	<b>19,839</b>	17,249
Cash in hand	<b>39</b>	47
Total cash and cash equivalents	<b>25,515</b>	21,540
Short-term deposits (with an original maturity of more than 90 days)	<b>1,791</b>	200
Total cash and bank balances	<b>27,306</b>	21,740

#### Note 5.1

Current account balances with banks include US\$ 5.13 million (31 December 2017: US\$ 9.44 million) balance with a bank relating to one of a subsidiary of the Group, which has received an advance from a client to work on construction contract. The current account balances with banks are non-profit bearing.

### 6 ACCOUNTS RECEIVABLE

	<i>Reviewed</i> <b>31 March</b> <b>2018</b> <i>US\$ '000</i>	<i>Audited</i> <b>31 December</b> <b>2017</b> <i>US\$ '000</i>
Amounts due from related parties (note 20)	<b>32,213</b>	33,089
Trade receivables	<b>31,306</b>	30,547
Other receivables	<b>6,730</b>	11,208
Rent receivable	<b>1,199</b>	996
	<b>71,448</b>	75,840
Less: provision for impaired receivables	<b>(30,061)</b>	(30,457)
	<b>41,387</b>	45,383

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

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

At 31 March 2018 (Reviewed)

**6 ACCOUNTS RECEIVABLE (continued)**

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

	<i>Reviewed</i> <b>31 March</b> 2018 <i>US\$ '000</i>	<i>Audited</i> <b>31 December</b> 2017 <i>US\$ '000</i>
At 1 January	30,457	24,365
Write back	(382)	(9,417)
Charge	-	15,534
Write off	(14)	(25)
	<u>30,061</u>	<u>30,457</u>

**7 INVESTMENTS**

	<i>Reviewed</i> <b>31 March</b> 2018 <i>US\$ '000</i>	<i>Audited</i> <b>31 December</b> 2017 <i>US\$ '000</i>
<b>Equity-type instruments at fair value through equity - unquoted</b>		
Real estate related	23,273	23,273
Others	3,642	3,642
	<u>26,915</u>	<u>26,915</u>
Less: provision for impairment	(8,428)	(8,428)
	<u>18,487</u>	<u>18,487</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.

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

	<i>Reviewed</i> <b>31 March</b> 2018 <i>US\$ '000</i>	<i>Audited</i> <b>31 December</b> 2017 <i>US\$ '000</i>
At 1 January	8,428	11,678
Write off	-	(3,250)
	<u>8,428</u>	<u>8,428</u>



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2018 (Reviewed)

### 8 INVESTMENT IN A JOINT VENTURE AND ASSOCIATES

	<i>Reviewed</i> <b>31 March</b> <b>2018</b> <b>US\$ '000</b>	<i>Audited</i> <b>31 December</b> <b>2017</b> <b>US\$ '000</b>
At 1 January	<b>85,938</b>	91,629
Acquisitions	-	6,788
Gain on bargain purchase	-	3,393
Transfer from investments	-	748
Net share of (loss) / income	<b>(121)</b>	1,165
Transfer to a subsidiary (note 4)	-	(17,785)
	<b>85,817</b>	<b>85,938</b>

### 9 INVESTMENT IN REAL ESTATE

	<i>Reviewed</i> <b>31 March</b> <b>2018</b> <b>US\$ '000</b>	<i>Audited</i> <b>31 December</b> <b>2017</b> <b>US\$ '000</b>
At 1 January	<b>76,823</b>	50,810
Acquisition of a subsidiary (note 4)	-	28,779
In-kind settlement of receivables	-	5,199
In-kind settlement of dividend	-	1,976
Gain on sale of investment in real estate	-	1256
Unrealised fair value loss on investment in real estate	-	(749)
Disposals	-	(10,448)
	<b>76,823</b>	<b>76,823</b>

### 10 PROPERTY, PLANT AND EQUIPMENT

	<i>Buildings on</i> <i>leasehold</i> <i>land</i> <i>US\$ '000</i>	<i>Machinery,</i> <i>equipment</i> <i>furniture</i> <i>and fixtures</i> <i>US\$ '000</i>	<i>Computer</i> <i>hardware</i> <i>and</i> <i>software</i> <i>US\$ '000</i>	<i>Motor</i> <i>vehicles</i> <i>US\$ '000</i>	<i>Total</i> <i>US\$ '000</i>
<b>Cost</b>					
At 1 January 2018	10,122	10,489	1,481	2,263	24,355
Additions	-	4	1	-	5
At 31 March 2018	10,122	10,493	1,482	2,263	24,360
<b>Accumulated depreciation</b>					
At 1 January 2018	1,512	7,001	1,339	1,538	11,390
Charge	101	322	20	68	511
At 31 March 2018	1,613	7,323	1,359	1,606	11,901
<b>Net book amount:</b>					
At 31 March 2018	<b>8,509</b>	<b>3,170</b>	<b>123</b>	<b>657</b>	<b>12,459</b>
At 31 December 2017	8,610	3,488	142	725	12,965

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2018 (Reviewed)

### 10 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>Three months ended</i> <i>31 March</i>	
	<b>2018</b>	<b>2017</b>
	<b>US\$ '000</b>	<b>US\$ '000</b>
Depreciation charged to contract costs	<b>364</b>	295
Depreciation charged to expenses	<b>147</b>	105
	<b>511</b>	400

### 11 OTHER ASSETS

	<i>Reviewed</i> <i>31 March</i> <b>2018</b> <b>US\$ '000</b>	<i>Audited</i> <i>31 December</i> <b>2017</b> <b>US\$ '000</b>
Advances to contractors	<b>2,262</b>	3,552
Prepayments	<b>583</b>	466
	<b>2,845</b>	4,018

### 12 OTHER LIABILITIES AND ACCOUNTS PAYABLE

	<i>Reviewed</i> <i>31 March</i> <b>2018</b> <b>US\$ '000</b>	<i>Audited</i> <i>31 December</i> <b>2017</b> <b>US\$ '000</b>
Lease rent payables (note 12.1)	<b>50,105</b>	50,105
Accruals and other payables	<b>26,792</b>	26,178
Case compensation (note 12.2)	<b>8,739</b>	8,739
Advance from a client for construction contracts	<b>5,126</b>	9,439
Trade payables	<b>4,412</b>	3,578
Retentions payable	<b>4,385</b>	4,187
Amounts due to related parties (note 12.3 and 20)	<b>18</b>	30
	<b>99,577</b>	102,256

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

At 31 March 2018 (Reviewed)

**12 OTHER LIABILITIES AND ACCOUNTS PAYABLE (continued)****Note 12.1**

The Group's subsidiary entered into a long term lease contract with the Ministry of Industry, Commerce and Tourism ("MOICT") 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**

During 2015, 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\$ 701 thousand including interest of 4% p.a. of US\$ 26 thousand from the date of the claim until full settlement plus US\$ 8 thousand lawyer fees and other suitable expenses.

The company has a history of legal claims filed against it. Due to such claims history the management has made an assessment of potential future claims against the company and accordingly made an additional provision of US\$ 8,030 thousand for such future contingencies.

**Note 12.3**

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> <b>31 March</b> <b>2018</b> <b>US\$ '000</b>	<i>Audited</i> <b>31 December</b> <b>2017</b> <b>US\$ '000</b>
Commodity murabaha financing	<b>12,014</b>	12,927

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.

**14 TREASURY SHARES**

Treasury shares represent 3,500,000 (31 December 2017: 3,500,000) shares amounting to US\$ 1,238,680 (31 December 2017: US\$ 1,238,680) representing 1.22% (31 December 2017: 1.22%) of the issued share capital, held by the Group. During the period, the Company did not repurchased any additional shares (31 December 2017: 1,872,175 shares at US\$ 587,550).

**15 INCOME FROM INVESTMENT IN REAL ESTATE**

	<i>Reviewed</i> <i>Three months ended</i> <i>31 March</i>	
	<b>2018</b> <b>US\$ '000</b>	<b>2017</b> <b>US\$ '000</b>
Rental income	<b>1,363</b>	369
Gain on sale of investment in real estate	-	772
	<b>1,363</b>	1,141

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2018 (Reviewed)

### 16 OTHER INCOME

	<i>Reviewed</i>	
	<i>Three months ended</i>	
	<i>31 March</i>	
	<b>2018</b>	2017
	<b>US\$ '000</b>	US\$ '000
Electricity and water services	1,007	111
Profit on short-term deposits	52	112
Others	65	98
	<b>1,124</b>	321

### 17 RECOVERIES FROM IMPAIRED RECEIVABLES

The Group reversed an amount of US\$ 382 thousand (31 March 2017: US\$ 3,916 thousand) as a result of settlements in respect of outstanding account receivables due from third parties.

The Group had no provision recoveries against outstanding receivables due from related parties (31 March 2017: 2,218 thousand)

### 18 DIVIDEND PAID

During 2017, 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.

### 19 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>	
	<b>2018</b>	2017
Income attributable to the equity shareholders of the parent for the period - US\$ '000	<b>2,986</b>	8,184
Weighted average number of shares outstanding at the beginning and end of the period - in thousands	<b>283,011</b>	284,883
Earnings per share - US cents	<b>1.06</b>	2.87

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

### 20 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 2018 (Reviewed)

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

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

	Reviewed 31 March 2018				Audited 31 December 2017			
	Associates and joint venture US\$ '000	management personnel/ Board members/ external auditors US\$ '000	Other related parties US\$ '000	Total US\$ '000	Associates and joint venture US\$ '000	management personnel/ Board members/ external auditors US\$ '000	Other related parties US\$ '000	Total US\$ '000
Accounts receivable - gross	9,543	-	22,670	32,213	9,488	-	23,601	33,089
Provision for impaired receivables	(8,764)	-	(17,699)	(26,463)	(8,764)	-	(17,699)	(26,463)
Accounts receivable - net	779	-	4,971	5,750	724	-	5,902	6,626
Accounts payable	1	7	10	18	1	28	1	30

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

	Reviewed 31 March 2018				Reviewed 31 March 2017			
	Associates and joint venture US\$ '000	management personnel/ Board members/ external auditors US\$ '000	Other related parties US\$ '000	Total 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	8	-	54	62	44	-	118	162
Fee for management and other services	-	-	-	-	-	-	(509)	(509)
Income from investments	(121)	-	-	(121)	35	-	-	35
Net share of (loss) / income from investment in a joint venture and associates	(113)	-	54	(59)	79	-	(391)	(312)
<b>Expenses</b>								
Staff costs	-	381	-	381	-	615	-	615
General and administrative expenses	1	93	17	111	1	525	20	546
	1	474	17	492	1	1,140	20	1,161
Recoveries from impaired receivables (note 17)	-	-	-	-	3,916	-	-	3,916

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2018 (Reviewed)

### 20 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>	
	<b>2018</b>	<b>2017</b>
	<b>US\$ '000</b>	<b>US\$ '000</b>
Salaries and other benefits	<b>381</b>	<b>615</b>

### 21 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 2018 - 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	157	2,590	1,479	(16)	-	4,210
Inter-segment transactions	-	-	-	66	(66)	-
Share of loss from investment in a joint venture and associates	(121)	-	-	-	-	(121)
Other income	-	65	1,051	8	-	1,124
<b>Total revenue</b>	<b>36</b>	<b>2,655</b>	<b>2,530</b>	<b>58</b>	<b>(66)</b>	<b>5,213</b>
<b>Segment (loss) / profit</b>	<b>(1,134)</b>	<b>2,004</b>	<b>2,476</b>	<b>16</b>	<b>-</b>	<b>3,362</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2018 (Reviewed)

### 21 SEGMENTAL INFORMATION (continued)

	31 March 2017 - Reviewed					
	<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	951	2,928	363	67	-	4,309
Inter-segment transactions	-	-	-	2	(2)	-
Share of (loss) / profit from investment in joint ventures and associates	(110)	-	145	-	-	35
Other income	52	22	241	6	-	321
<b>Total revenue</b>	<b>893</b>	<b>2,950</b>	<b>749</b>	<b>75</b>	<b>(2)</b>	<b>4,665</b>
<b>Segment (loss) / profit</b>	<b>(646)</b>	<b>2,004</b>	<b>6,778</b>	<b>43</b>	<b>-</b>	<b>8,179</b>

(b) Segment information relating to the interim consolidated statement of financial position as at 31 March 2018 and 31 December 2017 is disclosed as follows:

	31 March 2018 - Reviewed					
	<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	286,130	67,020	110,580	1,059	(199,665)	265,124
Segment liabilities	62,850	31,881	56,335	45	(39,520)	111,591
	31 December 2017- Audited					
	<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	280,609	67,324	91,694	3,555	(177,828)	265,354
Segment liabilities	63,821	34,173	56,834	2,027	(41,672)	115,183

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

At 31 March 2018 (Reviewed)

**22 CONTINGENCIES AND COMMITMENTS**

The Group has the following credit related commitments:

	<i>Reviewed</i> <b>31 March</b> <b>2018</b> <i>US\$ '000</i>	<i>Audited</i> <b>31 December</b> <b>2017</b> <i>US\$ '000</i>
Guarantees	<b>23,200</b>	23,200

The Group has the following operating lease commitments:

	<i>Reviewed</i> <b>31 March</b> <b>2017</b> <i>US\$ '000</i>	<i>Audited</i> <b>31 December</b> <b>2017</b> <i>US\$ '000</i>
Future minimum lease payments:		
Within one year	<b>453</b>	464
After one year but not more than five years	<b>457</b>	563
Total	<b>910</b>	1,027

**23 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 2018, the carrying value of such assets is US\$ 143 million (31 December 2017: US\$ 144 million).

**24 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.