# INOVEST B.S.C.

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

**30 JUNE 2020 (REVIEWED)**

# Administration and contact details as at 30 June 2020

| | |
|---|---|
| **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 Nesef | - Director |
| **Chief Executive Officer** | |
| Yaser Hamad Al-jar | |
| **Board Secretary** | |
| Riyadh Mahmood Mulla Ahmed | |
| **Sharia’a Supervisory Board** | |
| Sheikh Dr. Khalid Shuja'a Al-Otaibi | - Chairman |
| Sheikh Dr. Dawoud Salman Bin Essa | - Vice-Chairman |
| Sheikh Dr. Murad Bou Daia | - Executive Member |
| **Corporate Governance Committee members** | |
| Meshari Fuad Al Fozan | - Chairman |
| Abdulrahman Hesham Al Nesef | - Vice-Chairman |
| Bashar Naser Al Tuwaijri | - Member |
| Sheikh Dr. Dawoud Salman Bin Essa | - Member |
| **Nomination and Remuneration Committee members** | |
| Dr.Omar Salem Al Mutawa | - Chairman |
| Meshari Fuad Al Fozan | - Vice-Chairman |
| Meshal Yousef Al Zayed | - Member |
| **Audit and Risk Committee members** | |
| Khaled Abdulaziz Al Ghanem | - Chairman |
| Abdulrahman Hesham Al Nesef | - Vice-Chairman |
| Yaqoub Yousef Bandar | - Member |

# Administration and contact details as at 30 June 2020

| | |
|---|---|
| **Registered office** | 19th floor, East Tower<br>Bahrain Financial Harbour<br>P.O. Box 18334<br>Manama<br>Kingdom of Bahrain<br>Telephone no. +973 1715 5777 |
| **Bankers** | Bahrain Islamic Bank B.S.C.<br>Ithmaar Bank B.S.C.<br>Kuwait Finance House (Bahrain) B.S.C. (c)<br>Kuwait Finance House (Kuwait) K.S.C.P.<br>Boubyan Bank (Kuwait)<br>Khaleeji Commercial Bank B.S.C.<br>Al Baraka Islamic Bank B.S.C. (c)<br>Al Salam Bank, Bahrain B.S.C. |
| **Auditors** | Ernst & Young (EY)<br>P.O. Box 140<br>10th Floor, East Tower<br>Bahrain World Trade Center<br>Manama, Kingdom of Bahrain |
| **Registrars** | Bahrain Clear<br>Bahrain Financial Harbour, Harbour Gate,<br>Level 4, P.O.Box 3203<br>Manama<br>Kingdom of Bahrain<br><br>Kuwait Clearing Company S.A.K.<br>P.O. Box 22077<br>Safat 13081<br>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 Six Months Period Ended 30 June 2020**

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 Tuesday 28 July 2020 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 six months period ended 30 June 2020, 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 six months period ended 30 June 2020 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 Dr. Dawoud Salman Bin Essa**
Vice-Chairman

**Shaikh Dr. Murad Bou Dala**
Member

Building a better working world

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**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 condensed consolidated statement of financial position of Inovest B.S.C. (the "Company") and its subsidiaries (together the "Group") as of 30 June 2020, and the related interim condensed consolidated statements of income, changes in owners' equity, cash flows and sources and uses of charity fund for the six-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.

Ernst & Young

28 July 2020
Manama, Kingdom of Bahrain

Inovest B.S.C.

# INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020 (Reviewed)

| | Note | ***Reviewed 30 June 2020 US$ '000*** | *Audited 31 December 2019 US$ '000* |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and bank balances | 4 | **25,172** | 37,315 |
| Accounts receivable | 5 | **25,547** | 18,672 |
| Investments | 6 | **13,052** | 13,052 |
| Investment in a joint venture and associates | 7 | **96,593** | 87,387 |
| Investment in real estate | 8 | **78,032** | 77,402 |
| Property, plant and equipment | 9 | **9,523** | 9,982 |
| Other assets | 10 | **664** | 521 |
| **TOTAL ASSETS** | | **248,583** | 244,331 |
| **LIABILITIES AND OWNERS' EQUITY** | | | |
| **Liabilities** | | | |
| Other liabilities and accounts payable | 11 | **76,545** | 75,369 |
| Financing from a bank | 12 | **5,445** | 6,386 |
| **Total liabilities** | | **81,990** | 81,755 |
| **Owners' Equity** | | | |
| Share capital | | **120,334** | 114,604 |
| Less: Treasury shares | 13 | **(1,309)** | (1,239) |
| | | **119,025** | 113,365 |
| Reserves | | **4,073** | 4,073 |
| Retained earnings | | **18,582** | 20,529 |
| Equity attributable to Parents' shareholders | | **141,680** | 137,967 |
| Non-controlling interest | | **24,913** | 24,609 |
| **Total owners' equity** | | **166,593** | 162,576 |
| **TOTAL LIABILITIES AND OWNERS' EQUITY** | | **248,583** | 244,331 |

Dr. Omar Salem Al Mutawa
Chairman

Bashar Naser Al Tuwaijri
Vice-Chairman

Yaser Hamad Al-Jar
Chief Executive Officer

The attached explanatory notes 1 to 22 form part of these interim condensed consolidated financial statements.

Inovest B.S.C.

# INTERIM CONSOLIDATED STATEMENT OF INCOME

For the six month period ended 30 June 2020 (Reviewed)

| | Note | *Three months ended 30 June* | | *Six months ended 30 June* | |
|---|---|---|---|---|---|
| | | ***2020*** | *2019* | ***2020*** | *2019* |
| | | ***US$ '000*** | *US$ '000* | ***US$ '000*** | *US$ '000* |
| **OPERATING INCOME** | | | | | |
| Net income / (loss) from construction contracts | | **60** | 732 | **(131)** | 1,917 |
| Income from investment in real estate | 14 | **1,308** | 1,145 | **2,629** | 5,570 |
| Income from investments | | **-** | - | **-** | 147 |
| Fee for management and other services | | **321** | 885 | **651** | 834 |
| Net share of income / (loss) from investment in a joint venture and associates | 7 | **14** | (197) | **(60)** | (326) |
| Other income | 15 | **1,103** | 1,584 | **1,519** | 1,752 |
| **TOTAL OPERATING INCOME** | | **2,806** | 4,149 | **4,608** | 9,894 |
| **OPERATING EXPENSES** | | | | | |
| Staff costs | | **1,055** | 1,401 | **2,427** | 2,913 |
| General and administrative expenses | | **537** | 1,181 | **1,218** | 1,964 |
| Property related expenses | | **509** | 336 | **1,061** | 735 |
| Financing costs | | **66** | 127 | **165** | 269 |
| Depreciation | 9 | **240** | 174 | **485** | 610 |
| **TOTAL OPERATING EXPENSES** | | **2,407** | 3,219 | **5,356** | 6,491 |
| **NET OPERATING PROFIT / (LOSS)** | | **399** | 930 | **(748)** | 3,403 |
| Reversal of expected credit losses | 4 & 5 | **59** | 658 | **5,919** | 1,379 |
| **PROFIT FOR THE PERIOD** | | **458** | 1,588 | **5,171** | 4,782 |
| **Attributable to :** | | | | | |
| Equity shareholders of the parent | | **195** | 1,273 | **4,788** | 4,294 |
| Non-controlling interest | | **263** | 315 | **383** | 488 |
| **PROFIT FOR THE PERIOD** | | **458** | 1,588 | **5,171** | 4,782 |
| **BASIC AND DILUTED EARNINGS PER SHARE (US cents)** | 17 | **0.07** | 0.43 | **1.61** | 1.45 |

Dr. Omar Salem Al Mutawa
Chairman

Bashar Naser Al Tuwaijri
Vice-Chairman

Yaser Hamad Al-Jar
Chief Executive Officer

The attached explanatory notes 1 to 22 form part of these interim condensed consolidated financial statements.

# INTERIM CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

For the six month period ended 30 June 2020 (Reviewed)

| | *Equity attributable to Parent's shareholders* | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | *Reserves* | | | | *Total* |
| | *Share capital* | *Treasury shares* | *Statutory reserve* | *Retained earnings* | *Total equity* | *Non-controling interest* | *owners' equity* |
| | *US$ '000* | *US$ '000* | *US$ '000* | *US$ '000* | *US$ '000* | *US$ '000* | *US$ '000* |
| As of 1 January 2020 as previously reported | 114,604 | (1,239) | 4,073 | 20,529 | 137,967 | 24,609 | 162,576 |
| Impact of adopting FAS 30 (note 2.5) | - | - | - | (1,065) | (1,065) | (79) | (1,144) |
| Restated balance at 1 January 2020 | 114,604 | (1,239) | 4,073 | 19,464 | 136,902 | 24,530 | 161,432 |
| Appropriation to charity funds | - | - | - | (10) | (10) | - | (10) |
| Bonus shares issued as dividend (note 16) | - | (70) | - | (5,660) | (5,730) | - | (5,730) |
| Shares issued | 5,730 | - | - | - | 5,730 | - | 5,730 |
| Profit for the period | - | - | - | 4,788 | 4,788 | 383 | 5,171 |
| **At 30 June 2020** | **120,334** | **(1,309)** | **4,073** | **18,582** | **141,680** | **24,913** | **166,593** |
| At 1 January 2019 | 114,604 | (1,239) | 3,358 | 19,808 | 136,531 | 27,822 | 164,353 |
| Appropriation to charity funds | - | - | - | (50) | (50) | - | (50) |
| Dividend paid | - | - | - | (5,660) | (5,660) | - | (5,660) |
| Capital redemption by a subsidiary | - | - | - | - | - | (2,832) | (2,832) |
| Profit for the period | - | - | - | 4,294 | 4,294 | 488 | 4,782 |
| At 30 June 2019 | 114,604 | (1,239) | 3,358 | 18,392 | 135,115 | 25,478 | 160,593 |

The attached explanatory notes 1 to 22 form part of these interim condensed consolidated financial statements.

# INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six month period ended 30 June 2020 (Reviewed)

| | Note | *Six months ended 30 June* **2020** **US$ '000** | *2019* *US$ '000* |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Profit for the period | | **5,171** | 4,782 |
| Adjustments for: | | | |
| Depreciation | 9 | **514** | 684 |
| Net share of loss from investment in a joint venture and associates | 7 | **60** | 326 |
| Gain on sale of investment in real estate | 14 | **-** | (3,197) |
| Reversal of expected credit losses | 5 | **(5,498)** | (1,379) |
| | | **247** | 1,216 |
| Net changes in operating assets and liabilities: | | | |
| Short-term deposits (with an original maturity of more than 90 days) | | **13,498** | (21,751) |
| Accounts receivable | | **(2,046)** | 15,187 |
| Other assets | | **(143)** | 528 |
| Accounts payable | | **1,166** | (11,990) |
| Net cash from / (used in) operating activities | | **12,722** | (16,810) |
| **INVESTING ACTIVITIES** | | | |
| Proceeds from sale of investment in real estate | | **-** | 6,641 |
| Purchase of investment in real estate | 8 | **(630)** | - |
| Purchase of property, plant and equipment | 9 | **(56)** | (10) |
| Proceeds from sale of property, plant and equipment | | **1** | - |
| Purchase of investment in a joint venture and associates | | **(9,266)** | - |
| Distributions received from a joint venture and associates | 7 | **-** | 651 |
| Proceeds from sale of investments | | **-** | 2,792 |
| Net cash (used in) / from investing activities | | **(9,951)** | 10,074 |
| **FINANCING ACTIVITIES** | | | |
| Net movement in financing from a bank | | **(941)** | (1,951) |
| Dividend paid | | **-** | (5,660) |
| Net cash used in financing activities | | **(941)** | (7,611) |
| **NET MOVEMENT IN CASH AND CASH EQUIVALENTS** | | **1,830** | (14,347) |
| Cash and cash equivalents at the beginning of the period | 4 | **22,062** | 36,243 |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD** | 4 | **23,892** | 21,896 |
| **Non cash transactions:** | | | |
| Contributions by the company toward charity funds | | **(10)** | (50) |
| Impact of first time adoption of FAS 30 | | **(1,144)** | - |
| Capital redemption by a subsidiary | | **-** | (2,832) |

The attached explanatory notes 1 to 22 form part of these interim condensed consolidated financial statements.

# INTERIM CONSOLIDATED STATEMENT OF SOURCES AND USES OF CHARITY FUND

For the six month period ended 30 June 2020 (Reviewed)

| | *Three months ended 30 June* | | *Six months ended 30 June* | |
|---|---|---|---|---|
| | ***2020*** | *2019* | ***2020*** | *2019* |
| | ***US$ '000*** | *US$ '000* | ***US$ '000*** | *US$ '000* |
| **Sources of charity funds** | | | | |
| Undistributed charity funds at the beginning of the period | **-** | - | **14** | - |
| Contributions by the Company | **-** | 50 | **10** | 50 |
| **Total sources of charity funds during the period** | **-** | 50 | **24** | 50 |
| **Uses of charity funds** | | | | |
| Contributions for charitable purposes | **-** | - | **-** | - |
| **Total uses of funds during the period** | **-** | - | **-** | - |
| **Undistributed charity funds at end of period** | **-** | 50 | **24** | 50 |

The attached explanatory notes 1 to 22 form part of these interim condensed consolidated financial statements.

## 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.

*Impact of Covid-19*

During the period ended 30 June 2020, there was an outbreak of coronavirus (COVID-19). The existing and anticipated effects of the outbreak on the global economy is expected to continue to evolve. Although these developments have not adversely impacted the Group's operations as of 30 June 2020, the scale and duration of these developments remain uncertain at this stage and could potentially negatively impact the Group’s financial position, financial performance and cash flows in the future, the extent of which is presently undeterminable.

Other income of US$ 775 thousand includes government grant received towards salary of Bahraini employees from April to June 2020 of US$ 462 thousand and electricity charges of US$ 313 thousand.

The number of staff employed by the Group as at 30 June 2020 was 303 employee (31 December 2019: 325 employee).

The interim condensed consolidated financial statements for the six months ended 30 June 2020 were authorised for issue in accordance with a resolution of the Board of Directors dated 28 July 2020.

## 2 ACCOUNTING POLICIES

### 2.1 Basis of preparation

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2020 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 2019. 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 2019 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:

| *Name of the subsidiary* | ***Ownership 2020*** | *Ownership 2019* | *Country of incorporation* | *Year of incorporation* | *Activity* |
|---|---|---|---|---|---|
| ***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. |

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

| *Name of the subsidiary* | ***Ownership 2020*** | *Ownership 2019* | *Country of incorporation* | *Year of incorporation* | *Activity* |
|---|---|---|---|---|---|
| ***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.** | **0%** | 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. |

**2 ACCOUNTING POLICIES (continued)**

**2.3 Basis of consolidation (continued)**

***Held indirectly by the Company (continued)***

| *Name of the subsidiary* | ***Ownership 2020*** | *Ownership 2019* | *Country of incorporation* | *Year of incorporation* | *Activity* |
|---|---|---|---|---|---|
| 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. | **60.21%** | 60.21% | 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.

** During the period, Circo Total Facility Management Co. W.L.L. was liquidiated.

**2.4 New standards, interpretations and amendments**

These interim condensed consolidated financial statements have been prepared using accounting policies, which are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of following FASs as explained below.

***FAS 30 - Impairment, Credit Losses and Onerous Commitments***

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". As permitted by FAS 30, the standard will be applied prospectively and the comparative amounts will not be restated. FAS 30 replaces the ‘incurred loss’ model in FAS 11 with Expected Credit Loss (ECL) model. The new impairment model also applies to certain financing commitments and financial guarantee contracts but not to equity investments.

FAS 30 was introduced in order to overcome the delay in recognition of impairment and thus moves from an incurred loss model to an expected loss model. This model accounts for increasing credit risk to assess and compute loss allowances. The amount of expected credit loss (ECL) recognised as a loss allowance or provision depends on the extent of credit deterioration since initial recognition.

Under the general approach, there are two measurement basis:

- 12-month ECLs (Stage 1), which applies to all exposures (from initial recognition) as long as there is no significant deterioration in credit quality; and
- Lifetime ECLs (Stage 2 and Stage 3), which applies when a significant increase in credit risk has occurred on an individual or collective basis.

12-month ECLs will be calculated for all Stage 1 exposures and lifetime ECLs will be calculated for all Stage 2 and Stage 3 exposures.

An alternative to this approach is the simplified approach, which is required for receivables that do not contain a significant financing component. For trade and other receivables, it is an accounting policy choice to follow the simplified approach. Under the simplified approach, loss is calculated on lifetime ECLs rather than the two-stage process under the general approach. Tracking of credit risk is not required; instead the approach requires a loss allowance based on lifetime ECL at each reporting date, right from origination.

The Group portfolio is made up of the following asset classes:

- Bank balances and placements
- Trade and other Receivables

**2 ACCOUNTING POLICIES (continued)**

**2.4 New standards, interpretations and amendments (continued)**

***FAS 30 - Impairment, Credit Losses and Onerous Commitments (continued)***
The general approach to ECL calculation applies to the bank balances and placements portfolio. The simplified approach to ECL calculation applies to the trade and other receivables portfolio.

To reflect the differences between FAS 30 and FAS 11, the Group has disclosed the transition in Note 2.5 of these interim condensed consolidated financial statements.

***FAS 31 Investment Agency (Al-Wakala Bi Al-Istithmar)***
This standard defines the accounting principles and reporting requirements for investment agency (Al-Wakala Bi Al-Istithmar) transactions and instruments, in the hands of both the principal and the agent. This standard is effective beginning on or after 1 January 2020, with early adoption permitted.

The standard requires the principal to evaluate the nature of the investment as either a) a pass-through investment or b) wakala venture.

A pass-through investment is an investment in which the involvement of the agent, as well as, the options for transferability of the instrument are limited and the investor principally takes a direct exposure on the underlying assets. An investor shall apply the pass-through investment approach for its investments in an investment agency instruments; unless it opts to apply the wakala venture approach.

Under this approach, the principal shall initially recognize the assets underlying the wakala arrangement in its books of account applying the initial recognition principles as applicable in line with respective FAS.

The principal may opt to apply the wakala venture approach if, and only if, the investment agency contract meets any of the conditions required under certain conditions.

Under this approach, an investment shall be accounted for in the books of the investor applying the “equity method of accounting”; where the investment shall be recognised initially at cost and subsequently shall be measured at the end of the financial period at carrying amount and shall be adjusted to include the investor’s share in profit or loss of the wakala venture.

From the agent perspective, the standard requires that at inception of the transaction the agent shall recognize an agency arrangement under off-balance sheet approach since the agent does not control the related assets / business. However, there are exceptions to off-balance sheet approach where by virtue of additional considerations attached to the instrument based on investment agency may mandate the same to be accounted for as on-balance sheet.

An agent may maintain multi-level investment arrangements. Under such arrangement, the Bank will reinvest Wakala funds into a secondary contract. Such secondary contracts shall be accounted for in line with the requirements of respective FAS in the books of the agent.

The Management performed impact assessment for the implementation of FAS 31 and from the principal perspective, have opted to use Wakala venture approach with respect to their Wakala placements instead of pass-through approach given the difficulties for the principal to identify in which assets the funds are invested in, and hence, the investment shall be accounted for applying the equity method of accounting.

***FAS 33 Investment in sukuk, shares and similar instruments***
This standard aims at setting out principles for the classification, recognition, measurement, presentation, and disclosure of investment in Sukuk, shares and other similar instruments of investments made by Islamic financial institution. The standard defines the key types of instruments of Shari’ah compliant investments and the primary accounting treatments commensurate to the characteristic and business model of institution under which the investments are made, managed and held.

This standard supersedes FAS 25 “Investment in Sukuk” and shall be effective beginning or after 1 January 2020 with early adoption permitted.

**2 ACCOUNTING POLICIES (continued)**

**2.4 New standards, interpretations and amendments (continued)**

***FAS 33 Investment in sukuk, shares and similar instruments (continued)***

For the purpose of this standard, each investment is to be categorized as one of the below investment categories depending on it nature:

- Monetary Debt-type instrument;
- Non-monetary Debt-type instrument;
- Equity-type instrument; and
- Other investment instruments.

**Classification**

Unless the irrevocable initial recognition choices provided below are exercised, the Group shall classify investments subject to this standard as subsequently measured at either (i) amortised cost, (ii) fair value through equity or (iii) fair value through statement of income, on the basis of both the Group's business model for managing investments and the expected cash flow characteristics of the investment.

Investment in a monetary debt-type instrument, as it reflects a debt at the back-end, shall be classified and measured at cost, till the time the transaction at the back-end is executed, and at amortised cost thereafter.

Investment in a non-monetary debt-type instrument or other investment instrument, may be classified under any of the three categories depending on the Group's business model.

Investment in equity-type instrument is classified as investment at fair value through statement of income unless the Group makes an irrevocable classification choice at initial recognition to classify this as investment at fair value through equity.

An investment held for trading purposes shall always fall in fair value through statement of income classification.

**Recognition and Initial measurement**

All investment shall be initially recognised at their value plus transaction costs except for investments at fair value through statement of income. Transaction costs relating to investments at fair value through statement of income are charged to the statement of income when incurred. A regular way purchase of investments shall be recognised upon the transfer of control to investor.

**Subsequent measurement**

*Investments at amortised cost*

Investments carried at amortised cost shall be re-measured as such using the effective profit rate method. All gains or losses arising from the amortization process and those arising from de-recognition or impairment of the investment, are recognised in the statement of income. Investment carried at amortised cost shall be tested for impairment at each reporting period in accordance with FAS 30 "Impairment, credit losses and onerous commitments".

*Investments at fair value through statement of income*

Investment carried at fair value through statement of income shall be re-measured at fair value at end of each reporting period. The resultant remeasurement gain or loss, if any being the difference between the carrying amount and the fair value shall be recognised in the statement of income.

*Investments at fair value through equity*

Investment carried at fair value through equity shall be re-measured at fair value at the end of each reporting period. The resultant re-measurement gain or loss, if any, being the difference between the carrying amount and the fair value shall be directly recognised in equity under "investments fair value reserve". Investment carried at fair value through equity shall be tested for impairment at each reporting period in accordance with FAS 30 "Impairment, credit losses and onerous commitments".

## 2 ACCOUNTING POLICIES (continued)

### 2.4 New standards, interpretations and amendments (continued)

***FAS 33 Investment in sukuk, shares and similar instruments (continued)***

**Reclassification**

When, and only when, the Group changes its business model for managing investments, it shall reclassify all affected financial assets prospectively from the reclassification date. In case of reclassification, the Group shall not restate any previously recognised gains, losses (including impairment gains or losses) or returns/ profits.

The management of the Group assessed the implementation of FAS 33 and concluded the following:

Except for investments, all financial assets held by the Group are classified as investments in a monetary debt-type instruments and accordingly classified at amortised cost. With regard to the investments, the Group opted to classify them as investment at fair value through equity.

The adoption of the above standard did not have a material impact on these consolidated financial statements as investments previously classified as fair value through equity continue to be classified as fair value through equity.

***FAS 34 Financial Reporting for Sukuk -holders***

This standard prescribes the accounting principles and reporting requirements for underlying assets of a sukuk instrument. It requires the originator to prepare or cause to prepare financing reports as needed under this standard. This standard shall be effective from the financial periods beginning on or after 1 January 2020, with early adoption permitted.

Adoption of the above standard did not have any impact on the accounting and the interim condensed consolidated financial statements of the Group for the period ended 30 June 2020.

### 2.5 Transition disclosure

Changes in accounting policies resulting from the adoption of FAS 30 have been applied retrospectively, except comparative periods which have not been restated. Below are the differences in the carrying amounts of financial assets that have resulted from the adoption of FAS 30 which require adjustment in retained earnings and financial assets as at 1 January 2020.

**Impact of adopting FAS 30**

Following is the impact of early adoption of FAS 30:

| | *31 December 2019 Balance* | *Transition adjustment* | *1 January 2020 balance* |
|---|---|---|---|
| | *US$ 000* | *US$ 000* | *US$ 000* |
| Cash and bank balances | 37,315 | (475) | 36,840 |
| Accounts receivable | 18,672 | (669) | 18,003 |
| | 55,987 | (1,144) | 54,843 |

## 3 CYCLICALITY OF OPERATIONS

The interim consolidated net income for the six-month period ended 30 June 2020 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

| | ***Reviewed 30 June 2020 US$ '000*** | *Audited 31 December 2019 US$ '000* |
|---|---|---|
| Current account balances with banks | **4,744** | 12,751 |
| Short-term deposits (with an original maturity of 90 days or less) | **19,135** | 9,297 |
| Cash in hand | **13** | 14 |
| Total cash and cash equivalents | **23,892** | 22,062 |
| Short-term deposits (with an original maturity of more than 90 days) | **1,416** | 15,253 |
| | **25,308** | 37,315 |
| Less: Provisions for expected credit loss | **(136)** | - |
| Total cash and bank balances | **25,172** | 37,315 |

Movements in the provision for expected credit loss:

| | ***Reviewed 30 June 2020 US$ '000*** | *Audited 31 December 2019 US$ '000* |
|---|---|---|
| At 1 January | **475** | - |
| Reversals during the period / year | **(339)** | - |
| | **136** | - |

## 5 ACCOUNTS RECEIVABLE

| | ***Reviewed 30 June 2020 US$ '000*** | *Audited 31 December 2019 US$ '000* |
|---|---|---|
| Amounts due from related parties (note 18) | **14,748** | 14,604 |
| Trade receivables | **9,716** | 8,737 |
| Other receivables | **21,580** | 20,918 |
| Rent receivable | **1,878** | 1,699 |
| | **47,922** | 45,958 |
| Less: provision for expected credit losses | **(22,375)** | (27,286) |
| | **25,547** | 18,672 |

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

**5 ACCOUNTS RECEIVABLE (continued)**

The movement in the Group's provision for expected credit losses is as follows:

| | ***Reviewed 30 June 2020 US$ '000*** | *Audited 31 December 2019 US$ '000* |
|---|---|---|
| At 1 January | **27,286** | 28,900 |
| Write back | **(6,001)** | - |
| Impact of adoption of FAS 30 | **669** | - |
| Charge | **421** | (1,614) |
| | **22,375** | 27,286 |

**6 INVESTMENTS**

| | ***Reviewed 30 June 2020 US$ '000*** | *Audited 31 December 2019 US$ '000* |
|---|---|---|
| **Equity-type instruments at fair value through equity - unquoted** | | |
| Equity investment in real estate | **13,052** | 13,052 |

These are unquoted equity investments that are classified as fair value through equity (FVTE). All these investments have underlying real estate development projects. The recoverable amount of these investments has been determined by management based on valuations carried out by independent real estate experts.

**7 INVESTMENT IN A JOINT VENTURE AND ASSOCIATES**

| | ***Reviewed 30 June 2020 US$ '000*** | *Audited 31 December 2019 US$ '000* |
|---|---|---|
| At 1 January | **87,387** | 88,500 |
| Acquisitions | **9,266** | - |
| Distributions during the period / year | **-** | (651) |
| Gain on barging purchase* | **9,574** | - |
| Net share of loss | **(9,634)** | (462) |
| | **96,593** | 87,387 |

*During the year ended 31 December 2019, a proceeding issued by GCC arbitration centre was ruled in favor of one of the investors in a project company managed by the Group. As per the verdict the Company is required to return the investment amount of US$ 15 million which would result in recapitalization of the investment in the Company's books and additional expenses to be borne by the Company. However, on 12 January 2020, the Group and the Investor entered into a an amicable settlement and signed agreement wherein, the Group returned US$ 6,631 thousand cash to the investor, and acquired shares worth US$ 16,205 thousand in the project company, thus booking a gain of US$ 9,574 thousand during the period.

## 8 INVESTMENT IN REAL ESTATE

| | ***Reviewed 30 June 2020 US$ '000*** | *Audited 31 December 2019 US$ '000* |
|---|---|---|
| At 1 January | **77,402** | 80,786 |
| Purchases | **630** | 60 |
| Disposals | **-** | (3,444) |
| | **78,032** | 77,402 |

## 9 PROPERTY, PLANT AND EQUIPMENT

| | *Buildings on leasehold land US$ '000* | *Machinery, equipment furniture and fixtures US$ '000* | *Computer hardware and software US$ '000* | *Motor vehicles US$ '000* | *Total US$ '000* |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 1 January 2020 | 10,122 | 10,581 | 1,587 | 2,242 | 24,532 |
| Additions | - | 3 | 53 | - | 56 |
| Disposals | - | (130) | (68) | (38) | (236) |
| At 30 June 2020 | 10,122 | 10,454 | 1,572 | 2,204 | 24,352 |
| **Accumulated depreciation** | | | | | |
| At 1 January 2020 | 2,324 | 8,963 | 1,437 | 1,826 | 14,550 |
| Charge | 204 | 211 | 49 | 50 | 514 |
| Disposals | - | (129) | (68) | (38) | (235) |
| At 30 June 2020 | 2,528 | 9,045 | 1,418 | 1,838 | 14,829 |
| **Net book amount:** | | | | | |
| **At 30 June 2020** | **7,594** | **1,409** | **154** | **366** | **9,523** |
| At 31 December 2019 | 7,798 | 1,618 | 150 | 416 | 9,982 |

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

| | *Reviewed Six months ended 30 June* | |
|---|---|---|
| | ***2020 US$ '000*** | *2019 US$ '000* |
| Depreciation charged to contract costs | **29** | 74 |
| Depreciation charged to expenses | **485** | 610 |
| | **514** | 684 |

## 10 OTHER ASSETS

| | ***Reviewed*** ***30 June*** ***2020*** ***US$ '000*** | *Audited* *31 December* *2019* *US$ '000* |
|---|---|---|
| Advances to contractors | **320** | 212 |
| Prepayments | **344** | 309 |
| | **664** | 521 |

## 11 OTHER LIABILITIES AND ACCOUNTS PAYABLE

| | ***Reviewed*** ***30 June*** ***2020*** ***US$ '000*** | *Audited* *31 December* *2019* *US$ '000* |
|---|---|---|
| Lease rent payables (note 11.1) | **50,105** | 50,105 |
| Accruals and other payables | **8,813** | 8,594 |
| Provision for case compensation (note 11.2) | **8,497** | 8,497 |
| Amounts due to related parties (note 11.3 and 18) | **4,259** | 4,754 |
| Retentions payable | **2,788** | 2,808 |
| Trade payables | **1,751** | 528 |
| Advances from construction clients | **332** | 83 |
| | **76,545** | 75,369 |

**Note 11.1**
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 MOICT, 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 11.2**
The Company has a history of legal claims filed against it. Due to such claims history the management made an assessment of potential future claims against the company and accordingly recognised provisions for such future contingencies.

**Note 11.3**
Amounts due to related parties are unsecured, bear no profit, have no fixed repayment terms and are authorised by the Group's management.

## 12 FINANCING FROM A BANK

| | ***Reviewed*** ***30 June*** ***2020*** ***US$ '000*** | *Audited* *31 December* *2019* *US$ '000* |
|---|---|---|
| Commodity murabaha financing | **5,445** | 6,386 |

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.

## 13 TREASURY SHARES

Treasury shares represent 3,675,000 (31 December 2019: 3,500,000) shares amounting to US$ 1,308,680 (31 December 2019: US$ 1,238,680) representing 1.22% (31 December 2019: 1.22%) of the issued share capital, held by the Group.

## 14 INCOME FROM INVESTMENT IN REAL ESTATE

| | *Reviewed Six months ended 30 June* | |
|---|---|---|
| | ***2020*** | *2019* |
| | ***US$ '000*** | *US$ '000* |
| Rental income | **2,629** | 2,373 |
| Gain on sale of investment in real estate | **-** | 3,197 |
| | **2,629** | 5,570 |

## 15 OTHER INCOME

| | *Reviewed Six months ended 30 June* | |
|---|---|---|
| | ***2020*** | *2019* |
| | ***US$ '000*** | *US$ '000* |
| Electricity and water services | **338** | 1,348 |
| Profit on short-term deposits | **307** | 284 |
| Others* | **874** | 120 |
| | **1,519** | 1,752 |

*Other income includes government grant received towards salary of Bahraini employees from April to June 2020 of US$ 462 thousand and electricity charges of US$ 313 thousand (note 1).

## 16 BONUS SHARES

Following the shareholders' approval at the Annual General Meeting held on 22 March 2020, bonus shares of one share for every 20 shares, with a nominal value of 40 cents, totalling US$ 5,730 thousand were issued for the year ended 31 December 2019.

## 17 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:

| | *Reviewed Six months ended 30 June* | |
|---|---|---|
| | ***2020*** | *2019* |
| Income attributable to the equity shareholders of the parent for the period - US$ '000 | **4,788** | 4,294 |
| Weighted average number of shares outstanding at the beginning and end of the period - in thousands | **297,162** | 297,162 |
| Earnings per share - US cents | **1.61** | 1.45 |

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

## 18 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.

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

| | *Reviewed 30 June 2020* | | | | *Audited 31 December 2019* | | | |
|---|---|---|---|---|---|---|---|---|
| | ***Associates and joint venture US$ '000*** | ***Key management personnel/ Board members/ external auditors US$ '000*** | ***Other related parties US$ '000*** | ***Total US$ '000*** | *Associates and joint venture US$ '000* | *Key management personnel/ Board members/ external auditors US$ '000* | *Other related parties US$ '000* | *Total US$ '000* |
| Accounts receivable - gross | **9,674** | **-** | **5,074** | **14,748** | 9,635 | - | 4,969 | 14,604 |
| Provision for impaired receivables | **(2,998)** | **-** | **(2,409)** | **(5,407)** | (8,764) | - | (2,408) | (11,172) |
| Accounts receivable - net | **6,676** | **-** | **2,665** | **9,341** | 871 | - | 2,561 | 3,432 |
| Accounts payable | **4,255** | **4** | **-** | **4,259** | 4,529 | - | 225 | 4,754 |

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

| | *Reviewed 30 June 2020* | | | | *Reviewed 30 June 2019* | | | |
|---|---|---|---|---|---|---|---|---|
| | ***Associates and joint venture US$ '000*** | ***Key management personnel/ Board members/ external auditors US$ '000*** | ***Other related parties US$ '000*** | ***Total US$ '000*** | *Associates and joint venture US$ '000* | *Key management personnel/ Board members/ external auditors US$ '000* | *Other related parties US$ '000* | *Total US$ '000* |
| **Income** | | | | | | | | |
| Fee for management and other services | **24** | **-** | **-** | **24** | 16 | - | 24 | 40 |
| Net share of loss from investment in a joint venture and associates | **(60)** | **-** | **-** | **(60)** | (326) | - | - | (326) |
| | **(36)** | **-** | **-** | **(36)** | (310) | - | 24 | (286) |
| **Expenses** | | | | | | | | |
| Staff costs | **-** | **877** | **-** | **877** | - | 1,233 | - | 1,233 |
| General and administrative expenses | **2** | **96** | **30** | **128** | 3 | 530 | 13 | 546 |
| | **2** | **973** | **30** | **1,005** | 3 | 1,763 | 13 | 1,779 |
| **Profit** | | | | | | | | |
| Reversal of expected credit losses | **5,766** | **-** | **-** | **5,766** | - | - | - | - |

## 18 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

**Compensation of the key management personnel is as follows:**

| | *Reviewed Six months ended 30 June* | |
|---|---|---|
| | ***2020*** | *2019* |
| | ***US$ '000*** | *US$ '000* |
| Salaries and other benefits | **877** | 1,233 |

## 19 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:

| | ***30 June 2020 - Reviewed*** | | | | |
|---|---|---|---|---|---|
| | ***Investment and related services US$ '000*** | ***Construction contracts US$ '000*** | ***Development and sale of industrial plots US$ '000*** | ***Eliminations US$ '000*** | ***Total US$ '000*** |
| Net revenues from external customers | 300 | (131) | 2,930 | 50 | 3,149 |
| Inter-segment transactions | 155 | - | 313 | (468) | - |
| Share of loss from investment in a joint venture and associates | (57) | - | - | (3) | (60) |
| Other income | 213 | 589 | 767 | (50) | 1,519 |
| Total revenue | **611** | **458** | **4,010** | **(471)** | **4,608** |
| Segment (loss) / profit | **4,529** | **(1,746)** | **2,358** | **30** | **5,171** |

## 19 SEGMENTAL INFORMATION (continued)

| | *30 June 2019 - Reviewed* | | | | | |
|---|---|---|---|---|---|---|
| | *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* | *Total US$ '000* |
| Net revenues from external customers | 358 | 1,918 | 6,333 | (288) | - | 8,321 |
| Inter-segment transactions | - | - | 3 | 376 | (379) | - |
| Income from investments | 147 | - | - | - | - | 147 |
| Share of loss from investment in a joint venture and associates | (326) | - | - | - | - | (326) |
| Other income | 29 | 128 | 1,595 | - | - | 1,752 |
| Total revenue | 208 | 2,046 | 7,931 | 88 | (379) | 9,894 |
| Segment profit | (2,576) | (443) | 7,746 | 26 | 29 | 4,782 |

(b) Segment information relating to the interim consolidated statement of financial position as at 30 June 2020 and 31 December 2019 is disclosed as follows:

| | ***30 June 2020 - Reviewed*** | | | | | |
|---|---|---|---|---|---|---|
| | ***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*** | ***Total US$ '000*** |
| Segment assets | **400,922** | **45,797** | **119,268** | **-** | **(317,404)** | **248,583** |
| Segment liabilities | **155,700** | **8,862** | **52,761** | **-** | **(135,333)** | **81,990** |

| | *31 December 2019 - Audited* | | | | | |
|---|---|---|---|---|---|---|
| | *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* | *Total US$ '000* |
| Segment assets | 300,804 | 46,939 | 115,524 | 313 | (219,249) | 244,331 |
| Segment liabilities | 48,982 | 7,883 | 51,661 | 46 | (26,817) | 81,755 |

## 20 CONTINGENCIES AND COMMITMENTS

The Group has the following credit related commitments:

| | ***Reviewed 30 June 2020 US$ '000*** | *Audited 31 December 2019 US$ '000* |
|---|---|---|
| Guarantees | **22,058** | 20,765 |

The Group has the following operating lease commitments:

| | ***Reviewed 30 June 2020 US$ '000*** | *Audited 31 December 2019 US$ '000* |
|---|---|---|
| Future minimum lease payments: | | |
| Within one year | **544** | 160 |
| After one year but not more than five years | **2,053** | - |
| Total | **2,597** | 160 |

## 21 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 30 June 2020, the carrying value of such assets is US$ 100 million (31 December 2019: US$ 128 million).

## 22 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.