الإنماء

شريكك العقاري

ANNUAL REPORT

2015

Tel.: 1866667 – 22203800 – Fax: 22469548 - www.enmaa.com

Enmaakw

الإنماء

شريكك العقاري

IN THE NAME OF ALLAH

(HE MAKE YOU RULE IN THE LAND,
THEN HE WILL SEE HOW YOU ACT)

AL-JAWHARA TOWER

AL-JON
TOWER

AL-ENMAA
TOWER

JASEM TOWER

شريكك العقاري

Authorised and paid-up capital KD 45,053,468
Distributed into 450,534,680 shares
Face Value 100 fils each

Mourqab - Abdullah Al-Moubarak St. Enmaa Tower - Opposite Scientific Museum
Tel.: 1866667 - Website: www.enmaa.com

الإنماء

شريكك العقاري

HIS HIGHNESS
SHEIKH SABAH AL-AHMAD AL-JABER AL-SABAH
AMIR OF THE STATE OF KUWAIT

HIS HIGHNESS
SHEIKH NAWAF AL-AHMAD AL-JABER AL-SABAH
CROWN PRINCE OF THE STATE OF KUWAIT

HIS HIGHNESS
SHEIKH JABER AL-MUBARAK AL-HAMAD AL-SABAH
PRIME MINISTER

KUWAIT FIRE SERVICE DIRECTORATE PROJECT

CONTENTS

BOARD MEMEBERS

KUWAIT INSTITUTE FOR SCIENTIFIC RESEARCH PROJECT

TARIQ FAHAD AL-SHAYA
CHAIRMAN

WALEED ABDULKAREEM AL-AZZAZ
VICE CHAIRMAN - CEO

ABDULMUHSIN MOHAMMED AL-ASAKER
BOARD MEMBER

REYAD NASSER AL-BADER
BOARD MEMBER

JASSER KHALED AL-JASSER
BOARD MEMBER

ABDULLAH ABDULMOHSEN AL-MEJHEM
BOARD MEMBER

AHMED ABDULMOHSEN AL-FARHAN
BOARD MEMBER

TARIQ SULAIMAN AL-MUDAF
BOARD SECRETARY

EXECUTIVE MANAGEMENT

MUBARAK AL-KABEER SECURITY DIRECTORATE PROJECT

WALEED ABDULKAREEM AL-AZZAZ
VICE CHAIRMAN - CEO

SULAIMAN SHAHEEN AL-GHANIM
ASST. CEO
OF REAL ESTATE SERVICES
SECTOR

TARIQ SULAIMAN AL-MUDAF
ASST. CEO
OF FINANCIAL & ADMINISTRATIVE
SECTOR

CHAIRMAN'S MESSAGE

TARIQ FAHAD AL-SHAYA

In the Name of Allah, and praise be to Allah, the Almighty, and blessings on His Prophet, Mohamed, and all his companions.

Dear Shareholders

First of all, I would like, personally and on behalf of the board members, to welcome you to the meeting of the Ordinary General Meeting of Al Enmaa Real Estate Company, in order to review with you the annual report of the fiscal year ending on 31/10/2015. The report contains the key achievements and financial position of the company during that year which we consider a distinguished one given the efforts made to develop performance and their effect on the achievement of the goals for development of the shareholders' equity rights.

Dear Shareholders:

The relentless efforts of your colleagues in the board to achieve the goals of the company continued. They have set a new integrated strategy for the next three years in line with the market conditions under the prevailing circumstances, and the low oil prices to meet our goals.

From this standpoint, and with the help of Allah, we focused on the provision of real estate services in the local market. We have also explored new real estate investment opportunities in the local and foreign markets, which had a positive impact on the enhancement and support of the company process of expansion in the local real estate market as a strategic partner that presents added value to the overall works of the company in the field of real estate industry to establish the name of the company as one of the most distinguished real estate companies in the Kuwaiti market.

The Company adopted, this year, according to the new strategic orientation and work plan the expansion of high-yielding projects with cash returns such as B.O.T. and PPP projects that represent promising investment opportunities in the company undertaking to expand its portfolio of similar projects.

Operational Activities:

The company continued the implementation of its strategy by focusing on the operational activities, especially in the field of real estate investment. The company exited from some investments in Kuwait and Bahrain while achieving a profit of KD 2,313,073, and completed some others under development properties which were successfully leased. This has increased the real estate portfolio by 21%, in addition to what the company has achieved good returns from organizing auctions. The company organized 6 auctions of which the company made KD 1,547,631. It continued implementation and delivery of seven contracting projects worth KD 93,862,432.

The projects of Kuwait Institute for Scientific Research and Kuwait Fire service Directorate were completed in 2015.

Institutional and Organizational Goals

The company management worked this year on the development of its institutional and organizational capacities in several fields. Restructuring the company in accordance with the new strategy came among its priorities to focus on key and important fields, particularly the real estate development and investment and real estate services, including auctions that contribute to supporting the company operational goals. The company Memorandum and Articles of Association were amended in accordance with Law 25 of 2012 as amended by Law 97 of 2013 and Executive Regulations thereof. The Financial and Administrative Sector was concerned with the reduction of expenses and costs, development of information technology systems to improve their technological data and speed of information using the best practices.

Company Business Results

With the Grace of Allah, the company achieved good results this year. The net profits of the company were KD 4,672,835 rising to 30% compared to last year of KD 3,589,900. The annual rate of return on capital rose to become 10% up by 3% from the last year of 7%. The book value of the company share rose this year to become 146 fills compared to 137 fills last year.

The company liabilities reduced by 19% in 2015 to become KD 19,888,657 compared to KD 24,587,359 for 2014. The net shareholders' equity for 2015 amounted to KD 65,816,260 compared to KD 61,607,913 for 2014; at an increase of (7%).

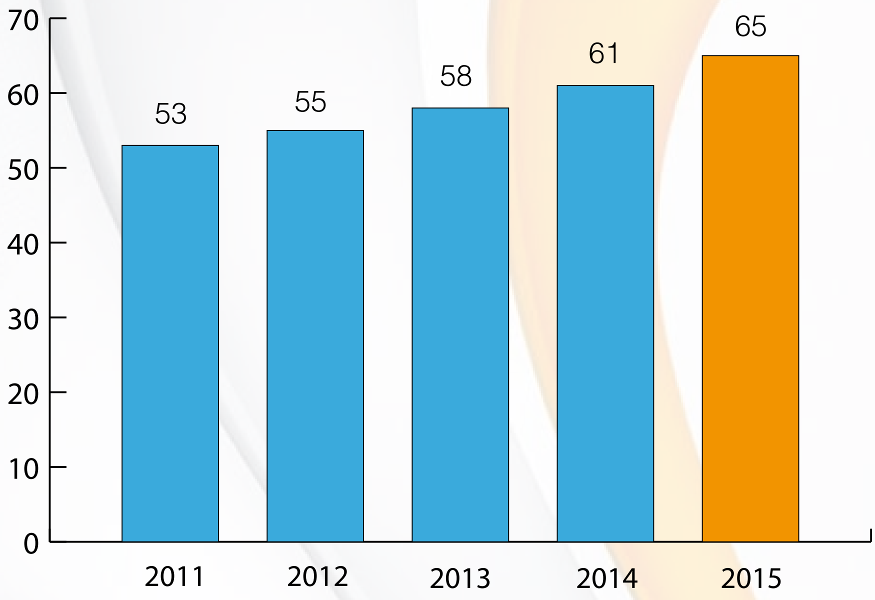
In conclusion, we praise Allah and thank Him for his blessings, and we pray to Allah Almighty to guide us to what pleases and satisfies Him, and to bestow continued success upon our endeavors and efforts to achieve the goals and aspirations of the company for the benefit of our beloved country under the leadership and guidance of His Highness the Amir Sheikh Sabah Al-Ahmad Al-Jaber Al -Sabah and His Highness the Crown Prince Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah , may Allah save them.

I also would like to express my regards and gratitude to the shareholders and to my colleagues, Members of the Board and all employees of the company who have spared no effort in sincere working diligently to achieve the interest and objectives of the company as well as the shareholders and to let the company make progress and advancement.

Peace be upon you.

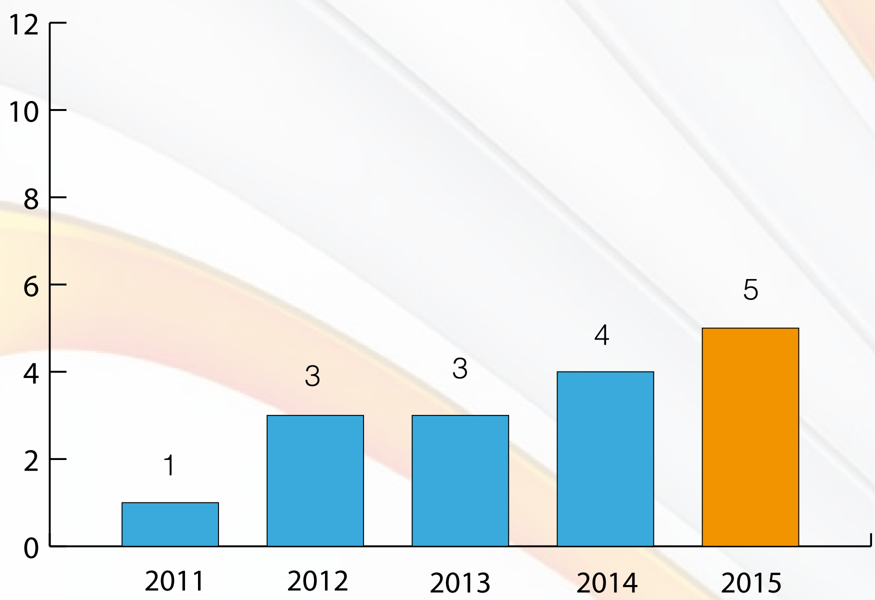
TARIQ FAHAD AL-SHAYA
CHAIRMAN

SHAREHOLDR'S EQUITY PROGRESS



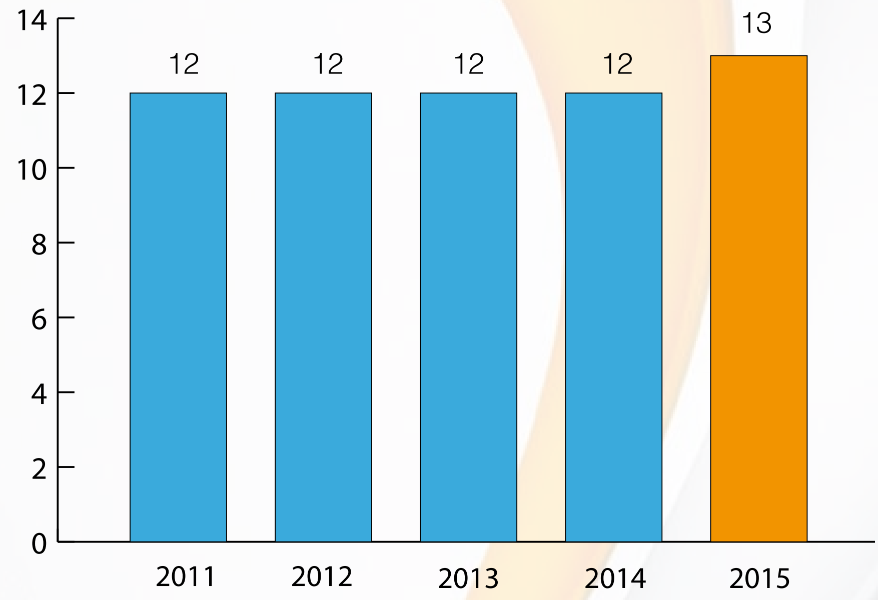
2011	53.00.122
2012	55.227.120
2013	57.861.166
2014	61.088.053
2015	65.420.047

PROFIT PROGRESS BEFORE DISTRIBUTION



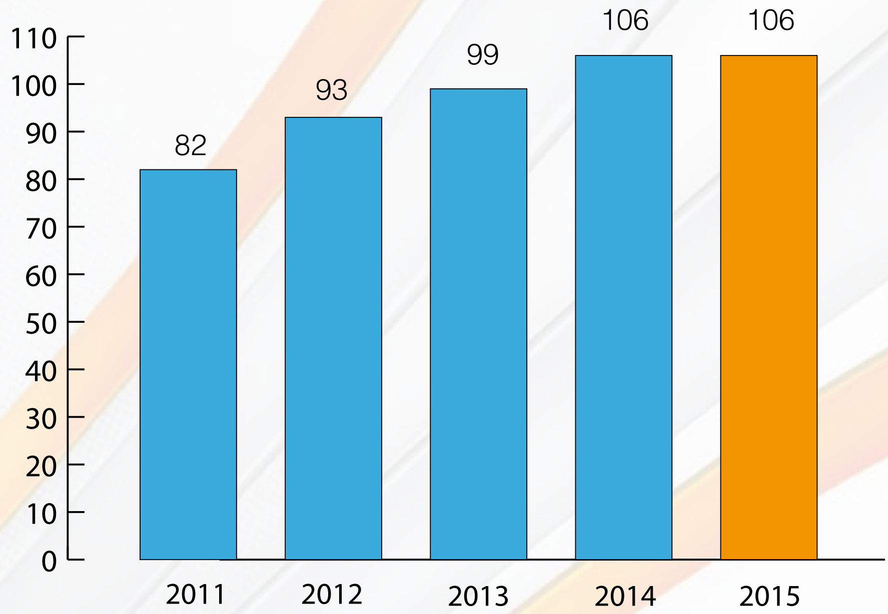
2011	1.155.318
2012	2.571.269
2013	3.055.710
2014	3.589.900
2015	4.672.835

RESERVES PROGRESS



2011	11.779.853
2012	11.578.611
2013	11.615.280
2014	12.193.167
2015	13.077.767

ASSETS PROGRESS



2011	81.713.197
2012	93.378.889
2013	99.003.693
2014	106.282.885
2015	105.604.482

AL-RIQQAH CLINIC

Al-Enma'a Real Estate Company K.S.C.P.
and its Subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS

AT 31 October 2015

EY
Building a better working world

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AL-ENMA'A REAL ESTATE COMPANY K.S.C.P.

Report on the Consolidated Financial Statements
We have audited the accompanying consolidated financial statements of Al-Enma'a Real Estate Company K.S.C.P. (the "Parent Company") and subsidiaries (collectively, the "Group"), which comprise the consolidated statement of financial position as at 31 October 2015, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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BAKER TILLY KUWAIT

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AL-ENMA'A REAL ESTATE COMPANY K.S.C.P. (continued)

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 October 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 25 of 2012, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 25 of 2012, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association have occurred during the year ended 31 October 2015 that might have had a material effect on the business of the Parent Company or on its financial position.

WALEED A. AL OSAIMI	MOHAMMED HAMED AL SULTAN
LICENCE NO. 68 A	LICENSE NO. 100 A
EY	AL SULTAN AND PARTNERS
AL AIBAN, AL OSAIMI & PARTNERS	MEMBER OF BAKER TILLY INTERNATIONAL

28 December 2015
Kuwait

CONSOLIDATED STATEMENT OF INCOME
For the year ended 31 October 2015

	Notes	2015 KD	2014 KD
Revenues			
Revenue from services rendered		**16,070,945**	16,696,552
Revenue from real estate activities		**2,281,490**	1,887,426
Revenue from construction contracts		**26,955,491**	17,764,238
Readymix cement factory sales		**4,477,611**	5,529,302
		49,785,537	41,877,518
Cost of revenues			
Cost of services rendered		**12,881,807**	14,457,528
Cost of real estate activities		**232,923**	139,608
Cost of construction contracts	3	**28,361,898**	18,338,943
Cost of readymix cement factory sales		**4,826,599**	5,451,130
		46,303,227	38,387,209
GROSS PROFIT		**3,482,310**	3,490,309
Administrative expenses		**(1,780,827)**	(1,564,317)
PROFIT FROM OPERATIONS		**1,701,483**	1,925,992
Share of results of associates	8	**24,242**	(82,589)
Net investment income	4	**4,140,223**	984,748
Other income		**33,656**	1,911,886
Finance costs		**(913,823)**	(996,015)
Foreign exchange loss		**(312,946)**	(154,122)
PROFIT FOR THE YEAR BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS), NATIONAL LABOUR SUPPORT TAX (NLST), ZAKAT AND BOARD OF DIRECTORS' REMUNERATION		**4,672,835**	3,589,900
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		**(42,056)**	(32,309)
National Labour Support Tax (NLST)		**(112,299)**	(94,722)
Zakat		**(44,920)**	(37,889)
Board of Directors' remuneration	23	**(91,600)**	(58,000)
PROFIT FOR THE YEAR		**4,381,960**	3,366,980
BASIC AND DILUTED EARNINGS PER SHARE	5	**9.73 fils**	7.47 fils

The attached notes 1 to 28 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPERHENSIVE INCOME

For the year ended 31 October 2015

	Notes	2015 KD	2014 KD
Profit for the year		**4,381,960**	3,366,980
Other comprehensive loss:			
Other comprehensive income (loss) to be reclassified to consolidated statement of income in subsequent periods:			
- Net unrealised gain (loss) on financial assets available for sale		**1,564,405**	(546,663)
- Exchange differences on translation of foreign operations		**48,925**	1,129
Total other comprehensive income (loss) to be reclassified to consolidated statement of income in subsequent periods		**1,613,330**	(545,534)
Realised gain on sale of financial assets available for sale transferred to consolidated statement of income	4	**(2,313,073)**	(148,896)
Impairment loss on financial assets available for sale transferred to consolidated statement of income	4	**576,096**	409,603
Exchange differences reclassified to consolidated statement of income on sale of an associate		-	(97,758)
		(1,736,977)	162,949
Other comprehensive loss for the year		**(123,647)**	(382,585)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**4,258,313**	2,984,395

The attached notes 1 to 28 form part of these consolidated financial statements.

Al-Enma'a Real Estate Company K.S.C.P. and its Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 October 2015

	Notes	2015 KD	2014 KD
ASSETS			
Non-current assets			
Property, plant and equipment	6	**3,409,006**	4,071,037
Investment properties	7	**53,713,072**	56,163,062
Investment in associates	8	**849,759**	776,592
Financial assets available for sale	9	**8,033,829**	11,738,496
Accounts receivable and other assets	13	**1,378,672**	3,652,242
		67,384,338	76,401,429
Current assets			
Inventories	10	**3,247,150**	4,025,838
Financial assets at fair value through profit or loss	11	**739,941**	767,731
Gross amount due from customers for contract work	12	**9,169,463**	3,706,775
Accounts receivable and other assets	13	**22,762,933**	18,826,880
Investment deposits	14	**550,000**	676,000
Bank balances and cash	15	**1,750,657**	1,878,232
		38,220,144	29,881,456
TOTAL ASSETS		**105,604,482**	106,282,885
EQUITY AND LIABILITIES			
Equity			
Share capital	16	**45,053,468**	45,053,468
Share premium		**176,642**	176,642
Statutory reserve	17	**8,384,971**	7,917,688
Voluntary reserve	18	**4,692,796**	4,275,479
Foreign currency translation reserve		**95,204**	46,279
Cumulative changes in fair values reserve		**301,009**	473,581
Retained earnings		**7,112,170**	3,664,776
Total equity		**65,816,260**	61,607,913
Non-current liabilities			
Employees' end of service benefits	19	**1,896,098**	2,097,720
Murabaha payables	20	**1,032,666**	817,364
Accounts payable and other liabilities	21	**561,222**	3,711,442
		3,489,986	6,626,526
Current liabilities			
Gross amount due to customers for contract work	12	**146,928**	164,814
Murabaha payables	20	**18,855,991**	23,769,995
Accounts payable and other liabilities	21	**17,295,317**	14,113,637
		36,298,236	38,048,446
Total liabilities		**39,788,222**	44,674,972
TOTAL EQUITY AND LIABILITIES		**105,604,482**	106,282,885

Tariq Fahad Al-Shaya
Chairman

Waleed Abdulkarim Al-Abdullah Al-Azzaz
Vice Chairman and Chief Executive Officer

The attached notes 1 to 28 form part of these consolidated financial statements.

Al-Enma'a Real Estate Company K.S.C.P. and its Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 October 2015

	Notes	2015 KD	2014 KD
OPERATING ACTIVITIES			
Profit for the year before taxes and Board of Directors' remuneration		**4,672,835**	3,589,900
Non-cash adjustments to reconcile profit for the year to net cash flows:			
Depreciation	6	**999,673**	1,188,922
Provision for impairment of trade receivables (utilised) charged, net	13	**14,402**	(173,817)
Provision for employees' end of service benefits	19	**480,380**	593,320
Share of results of associates	8	**(24,242)**	82,589
Net investment income	4	**(4,140,223)**	(984,748)
Gain on disposal of property, plant and equipment		**(26,346)**	(18,029)
Insurance claim recovered (classified as other income)	13	**-**	(1,673,930)
Finance costs		**913,823**	996,015
		2,890,302	3,600,222
Changes in operating assets and liabilities:			
Inventories		**778,688**	507,917
Gross amount due from/to customers for contract work		**(5,480,574)**	(1,851,726)
Accounts receivable and other assets		**(1,676,885)**	(146,260)
Accounts payable and other liabilities		**166,610**	2,385,771
Cash flows (used in) from operations		**(3,321,859)**	4,495,924
Employees' end of service benefits paid	19	**(682,002)**	(437,200)
Net cash flows (used in) from operating activities		**(4,003,861)**	4,058,724
INVESTING ACTIVITIES			
Additions to property, plant and equipment	6	**(459,746)**	(651,648)
Proceeds from sale of property, plant and equipment		**148,450**	139,726
Additions to investment properties	7	**(109,275)**	(4,132,470)
Proceeds from sale of investment properties		**4,916,631**	-
Proceed from sale of financial assets available for sale		**5,269,072**	392,032
Investment deposits made		**-**	(426,000)
Proceeds from liquidation of investment deposits		**126,000**	-
Dividend income received	4	**72,242**	253,943
Profit from investment deposits received	4	**1,428**	3,172
Net cash flows from (used in) investing activities		**9,964,802**	(4,421,245)
FINANCING ACTIVITIES			
Net movement in murabaha payables		**(4,698,702)**	2,077,278
Finance costs paid		**(913,823)**	(796,678)
Net cash flows (used in) from financing activities		**(5,612,525)**	1,280,600
NET INCREASE IN CASH AND CASH EQUIVALENTS		**348,416**	918,079
Cash and cash equivalents at 1 November	15	**874,986**	(43,093)
CASH AND CASH EQUIVALENTS AT 31 OCTOBER	15	**1,223,402**	874,986

The attached notes 1 to 28 form part of these consolidated financial statements.

Al-Enma'a Real Estate Company K.S.C.P. and its Subsidiaries
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 October 2015

	Share capital	*Share premium*	*Statutory reserve*	*Voluntary reserve*	*Foreign currency translation reserve*	*Cumulative changes in fair values reserve*	*Retained earnings*	*Total*
	KD	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*	*KD*
As at 1 November 2014	45,053,468	176,642	7,917,688	4,275,479	46,279	473,581	3,664,776	61,607,913
Profit for the year	-	-	-	-	-	-	4,381,960	4,381,960
Other comprehensive income (loss) for the year	-	-	-	-	48,925	(172,572)	-	(123,647)
Total comprehensive income (loss) for the year	-	-	-	-	48,925	(172,572)	4,381,960	4,258,313
Transfer to reserves	-	-	467,283	467,283	-	-	(934,566)	-
Zakat (Note 18)	-	-	-	(49,966)	-	-	-	(49,966)
As at 31 October 2015	**45,053,468**	**176,642**	**8,384,971**	**4,692,796**	**95,204**	**301,009**	**7,112,170**	**65,816,260**
As at 1 November 2013	45,053,468	176,642	7,558,698	4,056,582	142,908	759,537	1,015,776	58,763,611
Profit for the year	-	-	-	-	-	-	3,366,980	3,366,980
Other comprehensive loss for the year	-	-	-	-	(96,629)	(285,956)	-	(382,585)
Total comprehensive (loss) income for the year	-	-	-	-	(96,629)	(285,956)	3,366,980	2,984,395
Transfer to reserves	-	-	358,990	358,990	-	-	(717,980)	-
Zakat (Note 18)	-	-	-	(140,093)	-	-	-	(140,093)
As at 31 October 2014	45,053,468	176,642	7,917,688	4,275,479	46,279	473,581	3,664,776	61,607,913

The attached notes 1 to 28 form part of these consolidated financial statements.

1 INCORPORATION AND ACTIVITIES

The consolidated financial statements of Al-Enma'a Real Estate Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively, the "Group") for the year ended 31 October 2015 were authorised for issue in accordance with a resolution of the Parent Company's Board of Directors on 28 December 2015. The Annual General Assembly of the Parent Company's shareholders has the power to amend these consolidated financial statements after their issuance.

The Parent Company is a Kuwaiti public shareholding company registered and incorporated in Kuwait on 15 August 1993 whose shares are listed on the Kuwait Stock Exchange. The Parent Company is a subsidiary of Kuwait Finance House K.S.C.P. (the "Ultimate Parent Company"), a registered Islamic Bank in Kuwait whose shares are listed on the Kuwait Stock Exchange.

The Parent Company is engaged in real estate activities inside and outside Kuwait. The Parent Company's activities in real estate include contracting, management and maintenance of real estate. The Parent Company undertakes contracts to construct buildings and to carry out real estate, commercial, residential, industrial and touristic projects as well as security of public and private real estate, and the transportation of funds and precious metals, in addition to maintenance of mechanical and electrical spare parts and building materials. Surplus funds are invested in direct equity investments, real estate and equity portfolios managed by specialist managers, both local and foreign.

The registered office of the Parent Company is located at Abdullah Mubarak Street, Al-Enma'a Tower, First, Second and Mezzanine Floors, Kuwait.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB").

The consolidated financial statements have been prepared under the historical cost convention modified to include the measurement at fair value of investment properties, financial assets available for sale, financial assets at fair value through profit or loss.

The consolidated financial statements have been presented in Kuwaiti Dinars (KD), which is also the functional and presentation currency of the Parent Company.

2.2 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended standards recently issued by the IASB effective for annual periods beginning on or after 1 November 2014:

- ***Amendments to IAS 19 Defined Benefit Plans: Employee Contributions***

These amendments become effective for annual periods beginning on or after 1 July 2014. IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. It is not expected that these amendments would be relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

- ***IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amended)***

These amendments become effective for annual periods beginning on or after 1 January 2014. The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The application of these amendments did not impact the Group's financial position or performance since the Group has no offsetting arrangements.

- IAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets (Amendment)
These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash generating units for which impairment loss has been recognised or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided IFRS 13 is also applied. Though the application of these amendments did not result in any additional disclosures, the same would continue to be considered for future disclosures.

- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
These amendments become effective for annual periods beginning on or after 1 January 2014. The amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 *Consolidated Financial Statements*. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. The application of these amendments did not impact the Group's financial position or performance, since none of the entities in the Group would qualify to be an investment entity under IFRS 10.

- IFRIC 21 Levies
IFRIC 21 becomes effective for annual periods beginning on or after 1 January 2014. It clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. The application of this interpretation did not impact the Group's financial position or performance as the Group has applied the recognition principles under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* consistent with the requirements of IFRIC 21 in prior years.

- Annual improvements 2010-2012 Cycle
These improvements are effective from 1 July 2014 and had no impact on the Group. They include:

- IFRS 3 Business Combinations
The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable).

- IFRS 8 Operating Segments
The amendments are applied retrospectively and clarifies that:

- An entity must disclose the judgments made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'; and
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset.

- IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

- Annual improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 and had no impact on the Group. They include:

- IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies, for the scope exceptions within IFRS 3, that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3; and
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

- IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable).

- IAS 40 Investment Property

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or business combination.

Other new or amended standards which are effective on or after 1 November 2014 are not relevant to the Group and have no impact on the accounting policies, financial position or performance of the Group.

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Group's consolidated financial statements are listed below. The Group intends to adopt those standards when they become effective. However, the Group expects no significant impact from the adoption of these standards on its financial position or performance.

- IFRS 9 Financial Instruments: Classification and Measurement

The IASB issued IFRS 9 *Financial Instruments: Classification and Measurement* in its final form in July 2014 and is effective for annual periods beginning on or after 1 January 2018 with a permission to early adopt. IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non- financial assets. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement*. The adoption of this standard will have an effect on the classification and measurement of the Group's financial assets but is not expected to have a significant impact on the classification and measurement of financial liabilities. The Group is in the process of quantifying the impact of this standard on the Group's financial statements, when adopted.

- Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

These amendments are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. These amendments are not expected to have any impact to the Group.

- IFRS 14 Regulatory Deferral Accounts

IFRS 14 becomes effective for annual periods beginning on or after 1 January 2016. IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of comprehensive income and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. Since the Group is an existing IFRS preparer, this standard would not apply.

- IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization

These amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. These amendments are not expected to have any impact on the Group since the Group had not used a revenue-based method to depreciate its non-current assets.

- Amendments to IAS 27 Equity Method in Separate Financial Statements

These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively.

For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. These amendments will not have any impact on the Group's consolidated financial statements.

Other new or amended standards which are issued but not yet effective, are not relevant to the Group and have no impact on the accounting policies, financial position or performance of the Group.

2.4 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at 31 October 2015.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in OCI;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in the consolidated statement of comprehensive income; and
- Reclassifies the Parent Company's share of components previously recognised in OCI to the consolidated statement of comprehensive income or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Details of the subsidiaries included in the consolidated financial statements are set out below:

Name of company	Country of incorporation	Effective interest in equity		Principal activities
		2015	2014	
Al-Enma'a For Security Services Company K.S.C. (Closed)	Kuwait	**99 %**	99 %	Security Services
Enma'a Gulf Real Estate Company W.L.L.	Saudi Arabia	**99 %**	99 %	Real Estate activities
Eresco Real Estate Development Company S.P.C.	Bahrain	**100 %**	100 %	Real Estate activities

1% of Enma'a Gulf Real Estate Company W.L.L. and Al-Enma'a For Security Services K.S.C. (Closed) are held in the name of a related party as nominee on behalf of the Parent Company, who has confirmed in writing that the Parent Company is the beneficial owner of those shares.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts and rebates, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks. The following specific recognition criteria must also be met before revenue is recognised:

(a) Revenue from services rendered represents revenue from managing properties, security services and maintenance services provided for others. Revenue from services rendered is recognised when earned.

(b) Revenue and profits from real estate activities represents revenue from managing real estate for others and renting properties. Real estate rental income arising from operating leases on investment properties is recognised in the consolidated statement of income on a straight line basis over the lease terms.

(c) Revenue and profits from long term construction contracts are calculated based on the percentage of completion achieved. Such contracts generally extend for periods in excess of one year. The amount of revenue and profit from fixed price construction contracts is recognised on the percentage of completion method, measured by reference to the percentage of actual costs incurred to date to estimated total costs for each contract applied to the estimated contract profit, reduced by the proportion of profit previously recognised. Profit is only recognised when the contract reaches a point where the ultimate profit can be estimated with reasonable certainty. During the early stages of a contract, contract revenue is recognised only to the extent of costs incurred that are expected to be recoverable; hence no profits are recognised. Claims and variation orders are only included in the determination of contract profit when negotiations have reached an advanced stage such that it is probable they will be approved by the contract owners and can be reliably measured. Anticipated losses on contracts are recognised in full as soon as they become apparent.

(d) Revenue from sale of goods including ready mix cement is recognised when the significant risk and rewards of ownership of the goods have passed to the buyer, usually on the delivery of the goods.

(f) Dividend income is recognised when the right to receive the payment is established.

(e) Profit from investment deposits is recognised on an accrual basis based on the expected profit distribution rates.

Operating leases

- Group as a lessor

Leases in which the lessor does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

- Group as a lessee

Operating lease payments are recognised as an operating expense in the consolidated statement of income on a straight-line basis over the lease term.

Finance costs

Finance costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other finance costs are expensed in the period they occur. Finance costs consist of profit and other costs that an entity incurs in connection with the borrowing of funds.

Taxes

Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)

The Parent Company calculates the contribution to KFAS at 1% of profit for the year in accordance with the modified calculation based on the Foundation's Board of Directors resolution, which states that income from associates and subsidiaries and transfer to statutory reserve should be excluded from profit for the year when determining the contribution.

National Labour Support Tax (NLST)

The Parent Company calculates the NLST in accordance with Law No. 19 of 2000 and the Minister of Finance Resolution No. 24 of 2006 at 2.5% of taxable profit for the year. Cash dividends from listed companies which are subjected to NLST are deducted from the profit for the year to determine the taxable profit.

Zakat

Zakat is calculated at 1% of the profit for the year in accordance with the requirements of the Ministry of Finance resolution No. 58/2007 effective from 10 December 2007. Zakat charge calculated in accordance with these requirements is charged to the consolidated statement of income.
In addition, in accordance with its internal guidelines, the Parent Company is calculating additional Zakat at 2.577% of the net assets that are subject to Zakat at the end of the year. Such amount is charged to voluntary reserve, and paid under the direction of the Ultimate Parent Company's Fatwa and Sharea'a Supervisory Board.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or a cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and then its recoverable amount is assessed as part of the cash-generating unit to which it belongs. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount by recognizing impairment loss in the consolidated statement of income.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit). In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by available fair value indicators.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of income.

Foreign currencies translation

- Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the consolidated statement of income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

- Group companies

As at the reporting date, the assets and liabilities of foreign operations are translated into the Parent Company's presentation currency at the rate of exchange prevailing at the reporting date and their statements of income are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised directly in the consolidated statement of other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated statement of income.

Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and any impairment in value. Land is not depreciated. Depreciation is calculated on a straight line basis over the estimated useful lives as follows:

- Buildings - 10 to 15 years
- Furniture and equipment - 3 to 7 years
- Motor vehicles – 3 to 6 years

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the consolidated statement of income as the expense is incurred.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Investment properties

Investment properties comprise properties under development and developed properties that are held to earn rentals or for capital appreciation or both. Properties held under a lease are classified as investment properties when they are held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

Investment properties are measured initially at cost, including transaction costs. Transaction costs include professional fees for legal services, commissions and other costs to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

Transfers are made to or from investment properties only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the investment property would result in either gains or losses on the retirement or disposal of the investment property. Any gains or losses are recognised in the consolidated statement of income in the period of derecognition.

No properties held under operating lease have been classified as investment properties.

Investment in jointly controlled properties is accounted for under the method of proportionate consolidation whereby the Group recognises its interest in liabilities, income and expenses relating to these properties.

Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The Group's investment in its associates is accounted for using the equity method of accounting.

Under the equity method, the investment in the associate is carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised or separately tested for impairment. The consolidated statement of income reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the other comprehensive income of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the consolidated statement of other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The share of profit of associates is shown on the face of the consolidated statement of income. This is the profit attributable to equity holders of the associate and therefore is profit after tax and minority interests in the subsidiaries of the associates.

The financial statements of the associates are prepared for the same reporting period as the Group and in case of different reporting date of associate, which are not more than three months, from that of the Group, adjustments are made for the effects of significant transactions or events that occur between that date and the date of the Group's consolidated financial statements. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated statement of income.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement of income.

Financial instruments – initial recognition, subsequent measurement and derecognition

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, financial assets held to maturity, financial assets available for sale, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets on initial recognition.

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets witfhin a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include financial assets available for sale, financial assets at fair value through profit or loss, gross amounts due form customers for contract works, accounts receivable and other assets, investment deposits and bank balances and cash.

At the reporting date, the Group did not have any financial assets held-to-maturity or as derivatives designated as hedging instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

- Financial assets available for sale

Financial assets available for sale include equity and debt securities. Equity and debt investments classified as available for sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss.

After initial recognition, financial assets available for sale are subsequently measured at fair value with unrealised gains or losses recognised as cumulative changes in fair values in other comprehensive income until the investment is derecognised or determined to be impaired, at which time the cumulative gain or loss is removed from the cumulative changes in fair values reserve and recognised in the consolidated statement of income. Financial assets whose fair value cannot be reliably measured are stated as cost less impairment losses, if any.

The Group evaluates whether the ability and intention to sell its available for sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held to maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For a financial asset reclassified from the available for sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the consolidated statement of income.

- Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Gains or losses of investment held for trading are recognised in the consolidated statement of income. Financial assets are designated at fair value through profit or loss if they are managed and their performance is evaluated on reliable fair value basis in accordance with documented investment strategy. Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in the consolidated statement of income.

The Group evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When in rare circumstances the Group is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets. The reclassification to facilities and receivables, available for sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation, these instruments cannot be reclassified after initial recognition.

- Gross amount due from/to customers for contract work

Gross amount due from/to customers for uncompleted contracts represents costs, which comprises direct materials, direct labour and an appropriate allocation of overheads including depreciation provided on property, plant and equipment, on a consistent basis, plus attributable profit to the extent that it is reasonably certain less provision for contingencies and any losses incurred or foreseen in bringing contracts to completion, and less any amounts received or receivable as progress billings.

- Accounts receivable and other assets

Amounts receivable from contract owners and trade accounts receivable are carried at amounts due, net of amounts estimated to be uncollectible. Where the time value of money is material, receivables are carried at amortised cost. An estimate for doubtful accounts is made when there is an objective evidence that the collection of the full amount is no longer probable. Bad debts are written off when the probability of recovery is assessed as being remote. The Group's terms of contracts require amounts to be paid within 90 days of the date of approval of the payment certificate by the contractor, except for the retentions which are normally paid upon final completion of contracts.

- Investment deposits

Investment deposits are stated at the balance invested and do not include related accrued profit (which is included in accounts receivable and other assets).

- Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash, net of outstanding bank overdrafts.

Derecognition

A financial asset (or, where applicable a part of financial asset or part of a Group of similar financial assets) is derecognised when:

- the rights to receive the cash flows from the asset have expired; or
- the Group has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into pass-through arrangement, , it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(ii) Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in profit or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If such evidence exists, an impairment loss is recognised in the consolidated statement of income.

- Financial assets available for sale

For financial assets available for sale, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the consolidated statement of income is removed from other comprehensive income and recognised in the consolidated statement of income. Impairment losses on equity investments are not reversed through the consolidated statement of income; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as financial assets available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the consolidated statement of income.

- Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has incurred, the amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred).

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the consolidated statement of income. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write off is later recovered, the recovery is credited to the consolidated statement of income.

(iii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss. loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, and in case of loans and borrowings, net of directly attributable transactions costs.

The Group's financial liabilities include murabaha payables, gross amounts due to customers for contract works and accounts payable and other liabilities.

At the reporting date, the Group did not have any financial liabilities at fair value through profit or loss or as derivatives designated as hedging instruments.

Subsequent measurement

Subsequent measurement of financial liabilities depends on their classification as follows:

- Murabaha payables

Murabaha payables represent amounts payable on a deferred settlement basis for assets purchased under murabaha arrangements. Murabaha payables are stated at the contractual amount payable, less deferred profit payable. Profit payable is expensed on a time apportionment basis taking account of the profit rate attributable and the balance outstanding.

- Accounts payable

Liabilities are recognised for amounts to be paid in the future for subcontracting work and goods or services received, whether or not billed to the Group. Accounts payable are normally settled within 60 days.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of income.

(iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 28.

Inventories

Inventory items are intended to be used partially in the Group's contracts, and are stated at the lower of cost and net realizable value. Costs are those expenses incurred in bringing each item to its present location and condition, determined on a weighted average basis.

Net realizable value is determined based on the estimated costs to purchase or replace a similar item including any expenses to be incurred in bringing such item to its present location and condition, determined on a weighted average basis.

Employees' end of service benefits

The Group provides end of service benefits to its expatriate employees in accordance with Kuwait Labour Law. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period in accordance with relevant labour law and the employees' contracts. The expected costs of these benefits are accrued over the period of employment. This liability, which is unfunded, represents the amount payable to each employee as a result of termination on the reporting date.

With respect to its national employees, the Group makes contributions to the Public Institution for Social Security calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation amount can be made.

Fiduciary assets

Assets and related deposits held in trust or in a fiduciary capacity are not treated as assets or liabilities of the Group and accordingly are not included in the consolidated statement of financial position.

Contingencies

Contingent assets are not recognised in the financial statements, but are disclosed when an inflow of economic benefits is probable.

Contingent liabilities are not recognised in the financial statements, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Segment information

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products and services within a particular economic environment (geographic segment), which is subject to risks and rewards that are different from those of other segments.

2.6 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

- Classification of real estate properties

Management decides on acquisition of a real estate property whether it should be classified as trading or investment property.

The Group classifies property as trading property if it is principally acquired or developed for sale in the ordinary course of business.

The Group classifies property as an investment property if it is acquired, developed or is in the process of development to principally generate rental income or for capital appreciation, or for undetermined future use.

- Classification of financial instruments

Management decides on acquisition of a financial instrument whether it should be classified as "at fair value through profit or loss" or "available for sale".

Classification of financial instruments as "at fair value through profit or loss" depends on how management monitors the performance of these financial instruments. When they have readily available reliable fair values and the changes in fair values are reported as part of profit or loss in the management accounts, they are classified as "at fair value through profit or loss".

The Group classifies all other financial instruments as financial assets available for sale.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

- Recognition of construction contract revenue

Recognised amounts of construction contract revenues and related receivables reflect management's best estimate of each contract's outcome and stage of completion. This includes the assessment of the profitability of on-going construction contracts and the order backlog. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty.

- Profit on uncompleted contracts

Profit on uncompleted contracts is only recognised when the contract reaches a point where the ultimate profit can be estimated with reasonable certainty. This requires the Group's management to determine the level at which reasonable estimates can be reached.

- Accumulated costs and estimated earnings on uncompleted contracts

Revenue from fixed price construction contracts is measured by reference to the percentage of actual costs incurred to date to the estimated total costs for each contract applied to the estimated contract revenue, and reduced by the proportion of revenue previously recognised. This requires the Group to use judgment in the estimation of the total cost expected to complete each project.

- Useful lives of property, plant and equipment

Management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where management believes the useful lives differ from previous estimates.

- Impairment of property, plant and equipment

A decline in the value of property, plant and equipment could have a significant effect on the amounts recognised in the consolidated financial statements. Management assesses the impairment of property, plant and equipment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Factors that are considered important which could trigger an impairment review include the following:

- significant decline in the market value which would be expected from the passage of time or normal use;
- significant changes in the technology and regulatory environments; or
- evidence from internal reporting which indicates that the economic performance of the asset is, or will be, worse than expected.

- Valuation of investment properties

The fair value of developed investment properties is determined based on valuation performed annually by independent professional real estate valuation experts using recognised valuation techniques recommended by the

International Valuation Standards Committee. Developed investment properties which generate rental income are valued using the income capitalization approach; whereas, the fair value of developed investment properties which do not generate rental income is determined using the market approach based on recent transactions for properties with characteristics and location similar to those of the Group's properties.

The fair value of investment properties under development is also determined based on valuation performed annually by independent professional real estate valuation experts using recognised valuation techniques recommended by the International Valuation Standards Committee, except if such values cannot be reliably determined. The fair value of investment properties under development is determined using a combination of the market approach for the land and cost approach for the construction work.

- Impairment of investment in associates

After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss on the Group's investment in its associated companies, at each reporting date based on existence of any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated statement of income.

- Valuation of unquoted equity investments

Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; or
- Other valuation models.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation.

- Impairment of financial assets available for sale

The Group treats available for sale equity investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgment. In addition, the Group evaluates other factors including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

- Impairment of inventories

Inventories are held at the lower of cost and net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

- *Impairment of accounts receivable*

An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

3 COST OF CONSTRUCTION CONTRACTS

Included in the cost of construction contracts for the year ended 31 October 2015 is an amount of KD 482,303 (2014: KD 858,448) representing expected losses on certain projects as it is probable at the reporting date.

4 NET INVESTMENT INCOME

	2015 KD	2014 KD
Gain on sale of investment properties (Note 7)	**1,358,008**	-
Unrealised gain on revaluation of investment properties (Note 7)	**999,358**	706,196
Gain on sale of an investment in an associate	**-**	290,117
Realised gain on sale of financial assets available for sale (Note 9)	**2,313,073**	148,896
Impairment loss on financial assets available for sale (Note 9)	**(576,096)**	(409,603)
Unrealised loss on financial assets at fair value through profit or loss (Note 11)	**(27,790)**	(7,973)
Dividend income	**72,242**	253,943
Profit from investment deposits	**1,428**	3,172
	4,140,223	984,748

5 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share are calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. As at 31 October, the Parent Company had no outstanding dilutive potential shares.

	2015 KD	2014 KD
Profit for the year (KD)	**4,381,960**	3,366,980
Weighted average number of shares outstanding during the year	**450,534,680**	450,534,680
Basic and diluted earnings per share	**9.73 fils**	7.47 fils

6 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land	*Buildings*	*Furniture and equipment*	*Motor vehicles*	*Total*
	KD	**KD**	**KD**	**KD**	**KD**
Cost:					
As at 1 November 2014	450,900	807,036	5,857,228	2,689,965	9,805,129
Additions	-	28,150	410,792	20,804	459,746
Disposals	-	(9,136)	(432,310)	(86,950)	(528,396)
As at 31 October 2015	**450,900**	**826,050**	**5,835,710**	**2,623,819**	**9,736,479**
Depreciation:					
As at 1 November 2014	-	356,489	3,853,908	1,523,695	5,734,092
Charge for the year	-	65,086	594,522	340,065	999,673
Relating to disposals	-	(9,135)	(320,068)	(77,089)	(406,292)
As at 31 October 2015	**-**	**412,440**	**4,128,362**	**1,786,671**	**6,327,473**
Net carrying amount:					
As at 31 October 2015	**450,900**	**413,610**	**1,707,348**	**837,148**	**3,409,006**

	Leasehold land	*Buildings*	*Furniture and equipment*	*Motor vehicles*	*Total*
	KD	**KD**	**KD**	**KD**	**KD**
Cost:					
As at 1 November 2013	450,900	706,067	5,916,432	2,785,634	9,859,033
Additions	-	100,969	521,076	29,603	651,648
Disposals	-	-	(580,280)	(125,272)	(705,552)
As at 31 October 2014	450,900	807,036	5,857,228	2,689,965	9,805,129
Depreciation:					
As at 1 November 2013	-	289,428	3,555,051	1,284,546	5,129,025
Charge for the year	-	67,061	771,305	350,556	1,188,922
Relating to disposals	-	-	(472,448)	(111,407)	(583,855)
As at 31 October 2014	-	356,489	3,853,908	1,523,695	5,734,092
Net carrying amount:					
As at 31 October 2014	450,900	450,547	2,003,320	1,166,270	4,071,037

The value of leasehold land is KD 450,900 (2014: KD 450,900). Notwithstanding the contractual term of the leases, management considers that, based on market experience, the leases are renewable indefinitely, at similar nominal rates of ground rent, and with no premium payable for renewal of the lease and, consequently, this leases has been accounted for as freehold land.

Depreciation charge for the year has been charged to the consolidated statement of income as follows:

	2015	2014
	KD	KD
Cost of services rendered	**617,938**	691,926
Cost of construction contracts	**353,707**	471,815
Administrative expenses	**28,028**	25,181
	999,673	1,188,922

7 INVESTMENT PROPERTIES

	2015	2014
	KD	KD
As at 1 November	**56,163,062**	43,913,179
Additions	**109,275**	11,543,687
Disposals	**(3,558,623)**	-
Unrealised gain on revaluation (Note 4)	**999,358**	706,196
As at 31 October	**53,713,072**	56,163,062

As at 31 October, investment properties are categorised into:

	2015	2014
	KD	KD
Properties under development	**4,165,000**	10,523,980
Developed properties	**49,548,072**	45,639,082
	53,713,072	56,163,062

Properties under development include land and development cost amounting to KD 3,355,642 and KD 809,358 (2014: KD 8,811,094 and KD 1,712,886), respectively.

As at 31 October, the Group's investment properties are geographically located as follows:

	2015	2014
	KD	KD
Kuwait	**44,727,274**	43,604,980
Gulf Council Countries	**8,985,798**	12,558,082
	53,713,072	56,163,062

The fair value of investment properties has been determined based on valuation performed by two independent professional real estate valuation experts who are specialized in valuing such type of properties. Both valuers have used the following methods:

- Developed properties which generate rental income have been valued using the income capitalization approach assuming full capacity of the property;
- Developed properties which do not generate rental income have been valued using the market approach based on recent transactions for properties with characteristics and location similar to those of the Group's properties;
- Properties under development have been valued using the combination of the market approach for the land and the cost approach for the construction works.

Description of the above valuation methods is provided in details in Note 28.

For valuation purpose, the Group has selected the lower of those two valuations (2014: the lower of two valuations). Based on those valuations, the Group has recognized an unrealized gain on revaluation of KD 999,358 (2014: KD 706,196) in the consolidated statement of income (Note 4).

As at 31 October 2015, an investment property with a carrying value of KD 2,388,869 (2014: KD 1,862,865) represents the Group's interest in a jointly controlled property which is located in Bahrain. The fair value of this property has been valued by an independent registered professional real estate valuer in Bahrain.

As at 31 October 2015, investment properties with a carrying value amounting to KD 39,153,362 and KD 9,615,000 (2014: KD 37,885,244 and KD 9,337,000) are pledged as a security against murabaha payables to the Ultimate Parent Company and local financial institutions, respectively (Note 20).

During the year ended 31 October 2015, the Group has sold certain investment properties with carrying value of KD 3,558,623 to third parties with total consideration of KD 4,916,631. This has resulted in a realised gain on sale of investment properties of KD 1,358,008 which has been recorded in the consolidated statement of income.

As at 31 October 2015, the Group has developed properties which generate rental income amounting to KD 40,562,274 (2014: KD 33,081,000). The significant assumptions made relating to valuation of such properties are set out below:

	2015	2014
Total area available for rent (sqm)	**16,951**	14,497
Average monthly rent per sqm (KD)	**14**	14
Average yield rate	**7%**	8%
Occupancy rate	**100%**	100%

Sensitivity analysis

The table below presents the sensitivity of the valuation to changes in the significant assumptions underlying the valuation of the investment properties.

	Changes in significant assumptions	**2015** **KD**	2014 KD
Average monthly rent per sqm (KD)	+/- 5 %	**2,028,114**	1,654,050
Average yield rate	+/- 5 BP	**1,931,537**	1,575,286

8 INVESTMENT IN ASSOCIATES

Details of the Group's associates as at 31 October are set out below:

Name of company	*Country of incorporation*	*Effective interest in equity*		*Principal activities*
		2015	2014	
Central Energy Company B.S.C.C.	Bahrain	**16.5%**	16.5%	Energy supply and related activities
The Kingdom Towers Real Estate Company W.L.L.	Bahrain	**25.0%**	25.0%	Real estate activities

The Parent Company exercises significant influence over Central Energy Company B.S.C.C. through the power to participate in the financial and operation policy decisions. The associates are not listed.

Movement of investment in associates during the year is as follows:

	2015	2014
	KD	KD
As at 1 November	**776,592**	6,127,304
Share of results	**24,242**	(82,589)
Foreign currency translation adjustments	**48,925**	(96,629)
Disposal of an associate	**-**	(5,171,494)
As at 31 October	**849,759**	776,592

The following table illustrates summarised financial information of investment in associates:

	2015	2014
	KD	KD
Share of associates' assets and liabilities as at 31 October:		
Non-current assets	**773,465**	643,068
Current assets	**117,404**	159,531
Non-current liabilities	**(2,896)**	(1,047)
Current liabilities	**(38,214)**	(24,960)
Net assets	**849,759**	776,592
Share of associates' revenue and results for the year ended 31 October:		
Revenue	**124,746**	202,415
Results	**24,242**	(82,589)

9 FINANCIAL ASSETS AVAILABLE FOR SALE

	2015	2014
	KD	KD
Local:		
Quoted equity securities	**66,064**	149,342
Unquoted equity securities	**3,483**	11,024
Managed fund	-	2,020,000
	69,547	2,180,366
Foreign:		
Quoted equity securities	**8,272**	9,152
Unquoted equity securities	**7,956,010**	9,548,978
	7,964,282	9,558,130
	8,033,829	11,738,496

During the year ended 31 October 2015, an impairment loss amounting to KD 25,276 (2014: KD 4,292) has been recognised in the consolidated statement of income on local quoted equity securities on which there has been a significant or prolonged decline in their value.

As at 31 October 2015, unquoted local and foreign equity securities amounting to KD 7,959,493 (2014: KD 9,560,002) are carried at cost because fair value could not be reliably measured on a regular basis. Information for such investments is restricted to periodic investment performance reports provided by investment managers. At 31 October 2015, management has reviewed these investments to assess whether impairment has occurred in their value; and accordingly, an impairment loss amounting to KD 550,820 (2014: KD 405,311) has been recognised in the consolidated statement of income on these investments. Management is not aware of any circumstances that would indicate further impairment in the value of these investments at the reporting date.

During the year ended 31 October 2015, the local managed fund amounted to KD 2,020,000 has been liquidated for a cash consideration of KD 4,200,000, resulted in a realised gain of KD 2,180,000 recognised into the consolidated statement of income.

10 INVENTORIES

	2015	2014
	KD	KD
Steel	**2,748,165**	3,531,896
Others	**498,985**	493,942
	3,247,150	4,025,838

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015	2014
	KD	KD
Held for trading:		
Local quoted equity securities	**74,391**	164,924
Designated as at fair value through profit or loss:		
Local unquoted equity securities	**184,939**	196,087
Foreign unquoted equity securities	**480,611**	406,720
	665,550	602,807
	739,941	767,731

As at 31 October 2015, the fair value of unquoted equity securities designated as at fair value through profit or loss is determined based on periodic reports provided by the related investment manager.
Unrealised loss on financial assets at fair value through profit or loss included in consolidated statement of income comprise the following:

	2015	2014
	KD	KD
Held for trading:		
Local quoted equity securities	**(90,444)**	(51,160)
Designated as at fair value through profit or loss:		
Local unquoted equity securities	**(11,237)**	(2,743)
Foreign unquoted equity securities	**73,891**	45,930
	62,654	43,187
Unrealised loss on financial assets at fair value through profit or loss (Note 4)	**(27,790)**	(7,973)

12 GROSS AMOUNT DUE FROM/TO CUSTOMERS FOR CONTRACT WORK

	2015	2014
	KD	KD
Accumulated costs and estimated earnings on contracts in progress	**82,032,318**	56,492,014
Progress billings on contracts in progress	**(73,009,783)**	(52,950,053)
	9,022,535	3,541,961

Gross amounts due from/to customers for contract work are disclosed on the consolidated statement of financial position as follows:

	2015 KD	2014 KD
Gross amount due from customers for contract work	**9,169,463**	3,706,775
Gross amount due to customers for contract work	**(146,928)**	(164,814)
	9,022,535	3,541,961

13 ACCOUNTS RECEIVABLE AND OTHER ASSETS

	2015 KD	2014 KD
Non-current		
Retention receivables	**1,378,672**	3,652,242
Current		
Trade receivables and amounts due from contracts' owners, net	**8,886,583**	8,845,170
Amounts due from related parties (Note 23)	**653,808**	603,872
Retention receivables	**4,131,758**	2,665,275
Advances to suppliers	**4,402,861**	1,670,447
Advances to subcontractors	**1,990,050**	2,181,196
Prepaid expenses and refundable deposits	**417,765**	285,024
Other receivables	**2,280,108**	2,575,896
	22,762,933	18,826,880
	24,141,605	22,479,122

Movements in the provision for impairment of trade receivables and amounts due from contracts' owners during the year ended 31 October were as follows:

	2015 KD	2014 KD
As at 1 November	**1,236,898**	3,084,645
Charge for the year	**14,402**	174,643
Utilised during the year	-	(348,460)
Doubtful debts recovered	-	(1,673,930)
As at 31 October	**1,251,300**	1,236,898

As at 31 October, the ageing analysis of unimpaired trade receivables and amounts due from contracts' owners is as follows:

			Past due but not impaired		
	Total KD	Neither past due nor impaired KD	Less than 3 months KD	3 to 6 months KD	6 to 12 months KD
2015	**8,886,583**	**905,135**	**3,817,876**	**2,004,718**	**2,158,854**
2014	8,845,170	2,876,034	619,964	2,501,873	2,847,299

Unimpaired trade receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collaterals over trade receivables and amounts due from contracts' owners .

14 INVESTMENT DEPOSITS

These represent investment deposits denominated in local currency placed with the Ultimate Parent Company (Note 23) and local financial institutions amounting to KD 250,000 and KD 300,000 as at 31 October 2015 (2014: KD 250,000 and KD 426,000), respectively. Such deposits are valid for one year and are automatically renewable for a similar period. The average rate of profit on these deposits during the year ended 31 October 2015 was 1.9% (2014: 1.9%) per annum.

15 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated statement of cash flows are reconciled to the related items in the consolidated statement of financial position as follows:

	2015 KD	2014 KD
Bank balances and cash	**1,750,657**	1,878,232
Bank overdrafts (Note 21)	**(527,255)**	(1,003,246)
	1,223,402	874,986

As at 31 October 2015, bank balances and cash include an amount of KD 1,278,784 and KD 152,311 (2014: KD 221,278 and KD Nil) which represents amounts held with the Ultimate Parent Company and a related party (Note 23).

As at 31 October 2015, bank overdrafts include an amount of KD 78,116 (2014: KD 704,257) which represents amounts withdrawn from the Ultimate Parent Company (Note 23).

The Parent Company manages, on behalf of the Ultimate Parent Company, a portfolio of real estate assets. These real estate assets and the bank balances relating to these fiduciary accounts are not included in these consolidated financial statements (Note 24).

16 SHARE CAPITAL

	Authorised, issued and fully paid	
	2015 KD	2014 KD
450,534,680 shares of 100 fils each (fully paid in cash)	**45,053,468**	45,053,468

17 STATUTORY RESERVE

In accordance with the Companies Law and the Parent Company's Articles of Association, 10% of the profit for the year before contributions to KFAS, NLST, Zakat and Board of Directors' remuneration has been transferred to statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the reserve totals 50% of paid-up share capital. Distribution of the statutory reserve is limited to the amount required to enable the payment of a dividend of 5% of paid-up share capital to be made in years when accumulated profits are not sufficient for the payment of a dividend of that amount.

18 VOLUNTARY RESERVE

As required by the Parent Company's Articles of Association, 10% of the profit for the year before contributions to KFAS, NLST, Zakat and Board of Directors' remuneration has been transferred to voluntary reserve. Such annual transfers may be discontinued by a resolution of the General Assembly of the Parent Company's shareholders upon recommendation by the Parent Company's Board of Directors.

During the year ended 31 October 2015, an additional Zakat of KD 49,966 (2014: KD 140,093) has been charged to voluntary reserve to be paid under the direction of the Ultimate Parent Company's Fatwa and Sharea'a Supervisory Board in accordance with the Parent Company's internal guidelines.

19 EMPLOYEES' END OF SERVICE BENEFITS

In accordance with the Kuwait Labor Law, the Parent Company provides for end of service benefits for its expatriate employees. The movement of the provision for employees' end of service benefits recognised in the consolidated statement of financial position as at 31 October is as follows:

	2015	2014
	KD	KD
As at 1 November	**2,097,720**	1,941,600
Charge for the year	**480,380**	593,320
Payments made during the year	**(682,002)**	(437,200)
As at 31 October	**1,896,098**	2,097,720

20 MURABAHA PAYABLES

	2015	2014
	KD	KD
Gross amount	**20,385,770**	25,105,270
Less: deferred profit	**(497,113)**	(517,911)
	19,888,657	24,587,359

Murabaha payables are disclosed in the consolidated statement of financial position as follows:

	2015	2014
	KD	KD
Non-current	**1,032,666**	817,364
Current	**18,855,991**	23,769,995
	19,888,657	24,587,359

Murabaha payables represent amounts payable on a deferred settlement basis for assets purchased under Islamic financing arrangements. Murabaha payables carry profit at a rate ranging from 4% to 6% (2014: 4% to 5%) per annum.

As at 31 October 2015, murabaha payables amounting to KD 9,488,725 and KD 3,999,515 (2014: KD 11,946,015 and KD 6,968,773) are granted by the Ultimate Parent Company and a related party, respectively (Note 23).

As at 31 October 2015, murabaha payables are secured against pledge of certain investment properties with a carrying value amounting to KD 39,153,362 and KD 9,615,000 (2014: KD 37,885,244 and KD 9,337,000) to the Ultimate Parent Company and local financial institutions, respectively (Note 7).

21 ACCOUNTS PAYABLE AND OTHER LIABILITIES

	2015	2014
	KD	KD
Non-current		
Retentions payable	**561,222**	3,711,442
Current		
Trade payables	**4,280,653**	4,782,591
Advance payment received from contracts' owners	**3,311,489**	4,360,836
Deferred income	**71,828**	103,215
Retentions payable	**5,261,394**	176,778
Dividend payable	**72,834**	72,834
Bank overdraft (Note 15 & 23)	**527,255**	1,003,246
Other liabilities	**3,769,864**	3,614,137
	17,295,317	14,113,637
	17,856,539	17,825,079

Accounts payable and other liabilities as at 31 October 2015 and 2014 are denominated in Kuwaiti Dinar.

22 SEGMENT INFORMATION

For management purposes, the Group is organized into business units, based on their products and services, in order to manage its various lines of business. For the purpose of segment reporting, the Group has five reportable operating segments as follows:

a) Products and services information

Manufacturing**:** production and distribution of readymix cement.

Projects and maintenance**:** undertaking contracts to construct buildings and maintenance of mechanical and electrical spare parts and building materials.

Real estate: Managing real estate for others and renting properties.

Investments: participating and investing in shares of local and foreign companies and real estate properties.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

Reported segment profit or loss is based on internal management reporting information that is regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance, and is reconciled to Group profit or loss.

There are no significant inter-segment transactions. Segment assets and liabilities comprise those operating assets and liabilities that are directly attributable to the segment.

Segment reporting information is illustrated as follows:

	Manufacturing	**Projects & maintenance**	**Real estate**	**Investments**	**Unallocated**	**Total**
	KD	**KD**	**KD**	**KD**	**KD**	**KD**
Year ended 31 October 2015						
Segment revenue	4,477,611	34,791,305	10,550,277	4,164,465	-	53,983,658
Segment results	233,129	(498,156)	4,774,803	2,915,532	-	7,425,308
Depreciation	(582,117)	(371,480)	(15,970)	(2,078)	(28,028)	(999,673)
Unallocated expenses, net	-	-	-	-	**(2,043,675)**	**(2,043,675)**
Profit for the year	**(348,988)**	**(869,636)**	**4,758,833**	**2,913,454**	**(2,071,703)**	**4,381,960**
As at 31 October 2015						
Assets	3,715,745	35,788,273	53,713,073	10,173,529	2,213,862	105,604,482
Liabilities	**1,183,536**	**14,899,988**	**44,317**	**20,181,212**	**3,479,196**	**39,788,222**
Investment in associates	-	-	-	849,759	-	849,759
Capital expenditures	**129,674**	**294,056**	**145,291**	**-**	**-**	**569,021**

	Manufacturing	**Projects & maintenance**	**Real estate**	**Investments**	**Unallocated**	**Total**
	KD	**KD**	**KD**	**KD**	**KD**	**KD**
Year ended 31 October 2014						
Segment revenue	5,529,302	29,341,960	8,918,142	984,748	-	44,774,152
Segment results	738,910	1,150,983	3,468,498	984,748	-	6,343,139
Depreciation	(635,556)	(514,342)	(13,843)	-	(25,181)	(1,188,922)
Unallocated expenses, net	-	-	-	-	(1,787,237)	(1,787,237)
Profit for the year	103,354	636,641	3,454,655	984,748	(1,812,418)	3,366,980
As at 31 October 2014						
Assets	3,895,476	29,902,024	56,163,062	13,958,819	2,363,504	106,282,885
Liabilities	1,601,698	13,707,759	83,156	25,338,192	3,944,167	44,674,972
Investment in associates	-	-	-	776,592	-	776,592
Capital expenditures	158,111	471,681	4,154,326	-	-	4,784,118

b) Geographical segment

The Group operates in four geographical markets, the domestic market in Kuwait, the regional market in the Gulf Countries and overseas in USA and Europe and other countries. The following table shows the distribution of the Group's segment assets and revenues by geographical markets.

	Kuwait		Gulf council countries		USA and Europe		Other countries		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	KD	KD	**KD**	KD	**KD**	KD	**KD**	KD	**KD**	KD
Assets	87,133,390	82,841,539	15,074,783	19,409,472	688,583	1,079,416	2,707,726	2,952,458	105,604,482	106,282,885
Revenues	**49,098,789**	44,120,098	**4,884,869**	619,373	-	34,681	-	-	**53,983,658**	44,774,152

23 RELATED PARTY TRANSACTIONS

These represent transactions with i.e. major shareholders, associates, directors and executive officers of the Group, close members of their families and companies of which they are principal owners or over which they are able to exercise control or significant influence entered into by the Group in the ordinary course of business. Pricing policies and terms of these transactions are approved by the Parent Company's Board of Directors.

Transactions and balances with related parties included in the consolidated financial statements are as follows:

	Ultimate Parent Company	Entity under common control	Total 2015	Total 2014
	KD	**KD**	**KD**	KD
Consolidated statement of income				
Revenue from services rendered	**2,793,512**	**-**	**2,793,512**	2,988,734
Gain on sale of an investment in an associate (Note 4)	**-**	**-**	**-**	290,117
Dividend income	**-**	**-**	**-**	120,000
Finance costs	**441,718**	**300,786**	**742,504**	951,382

Revenue from services rendered includes KD 495,295 (2014: KD 706,439) which has been earned from trust and fiduciary activities (Note 24).

	Ultimate Parent Company	Associate	Entity under common control	Total 2015	Total 2014
	KD	KD	KD	KD	KD
Consolidated statement of financial position					
Managed fund (Note 9)	-	-	-	-	2,020,000
Amounts due from related parties (Note 13)	**617,985**	**35,823**	-	**653,808**	603,872
Investment deposits (Note 14)	**250,000**	-	-	**250,000**	250,000
Bank balances and cash (Note 15)	**1,278,784**	-	**152,311**	**1,431,095**	221,278
Murabaha payables (Note 20)	**9,488,725**	-	**3,999,515**	**13,488,240**	18,914,788
Bank overdrafts (Note 15 & 21)	**78,116**	-	-	**78,116**	704,257

Amounts due from related parties are interest free and are receivable on demand.

	2015	2014
	KD	KD
Key management compensation		
Salaries and other short-term benefits	**234,984**	249,340
Employees' end of service benefits	**37,021**	166,373
Board of Directors' remuneration	**91,600**	58,000
	363,605	473,713

The Board of Directors' remuneration of KD 91,600 for the year ended 31 October 2015 is subject to approval by the ordinary general assembly of the shareholders of the Parent Company.

24 FIDUCIARY ASSETS

The Group manages rented real estate portfolios on behalf of the Ultimate Parent Company and other third parties. The Group collects rental income and deposits it in fiduciary bank accounts.

The aggregate value of bank balances held in a trust or fiduciary capacity by the Group at 31 October 2015 amounted to KD 15,021,565 (2014: KD 15,993,811).

Revenue from services rendered includes KD 870,881 (2014: KD 1,047,440) arising from trust and fiduciary activities, out of which KD 495,295 (2014: 706,439) has been earned from services rendered to the Ultimate Parent Company (Note 23).

25 CONTINGENT LIABILITIES

As at 31 October 2015, the Group has contingent liabilities representing letters of guarantee issued in the ordinary course of business amounting to KD 29,787,108 (2014: KD 29,128,333) from which it is anticipated that no material liability will arise.

26 RISK MANAGEMENT

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk, the latter being subdivided into profit rate risk, foreign currency risk and equity price risk. No changes were made in the risk management objectives and policies during the years ended 31 October 2015 and 31 October 2014. The management of the Parent Company reviews and agrees policies for managing each of these risks which are summarised below.

26.1 Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument leading to financial loss.

The Group has policies and procedures in place to limit the amount of credit exposure to any counter party and to monitor the collection of receivables on an ongoing basis. The Group limits its credit risk with regard to bank balances by only dealing with reputable banks. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts as disclosed in Note 13.

Maximum exposure to credit risk

The Group's exposure to credit risk from bank balances and accounts receivable arises from default of the counterparty. Where financial instruments are recorded at fair value, it represents the current maximum credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values. The maximum exposure is the carrying amount as described in the consolidated statement of financial position.

The Group's largest five customers account for 66% of the total outstanding receivables as at 31 October 2015 (2014: 48%)

26.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. The risk is managed by the Group by ensuring bank facilities are available and by monitoring on a regular basis that sufficient funds are available to meet future commitments.

The Group limits its liquidity risk by ensuring adequate credit facilities are available. The Group terms of service require amounts to be paid within 60 days of the date of rendering of service. Trade payables are normally settled within 60 days of the date of purchase.

The following table summarises the maturities of the Group's undiscounted financial liabilities as at 31 October, based on contractual payment dates and current market profit rates:

	Less than 3 months KD	3 to 6 months KD	6 to12 months KD	Over one year KD	Total KD
٢٠١٥					
Murabaha payables	**11,565,135**	**3,675,064**	**3,908,704**	**1,236,867**	**20,385,770**
Accounts payable and other liabilities	**6,699,710**	**6,101,932**	**1,182,186**	**561,222**	**14,545,050**
Total financial liabilities	**18,264,845**	**9,776,996**	**5,090,890**	**1,798,089**	**34,930,820**
Contingent liabilities	**9,838,135**	**5,268,977**	**8,186,227**	**6,493,769**	**29,787,108**

	Less than 3 months KD	3 to 6 months KD	6 to12 months KD	Over one year KD	Total KD
٢٠١٤					
Murabaha payables	20,403,791	2,390,873	1,199,751	1,110,855	25,105,270
Accounts payable and other liabilities	2,452,494	6,776,067	524,240	3,711,442	13,464,243
Total financial liabilities	22,856,285	9,166,940	1,723,991	4,822,297	38,569,513
Contingent liabilities	9,859,972	2,960,883	9,296,681	7,010,797	29,128,333

26.3 Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market variables such as profit rates, foreign exchange rates and equity prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all financial instruments traded in the market.

26.3.1 Profit rate risk

Profit rate risk arises from the possibility that changes in profit rates will affect future cash flows or the fair values of financial instruments. The Group is not exposed to significant profit rate risk since its borrowings are from Islamic financial institutions at fixed profit rates.

26.3.2 Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The following table demonstrates the sensitivity of the Group's profit (due to changes in the fair value of financial assets and liabilities) to a 5% possible change in the exchange rates, with all other variables held constant.

Currency	**2015**	2014
	KD	KD
US Dollar	**24,031**	20,336
EURO	**-**	-
GBP	**-**	-
Bahraini Dinar	**(190,444)**	(346,648)
Omani Riyal	**-**	-
	(166,413)	(326,312)

Management believes that there is a limited risk of significant losses due to exchange rate fluctuations and consequently the Group does not hedge foreign currency exposure.

26.3.3 Equity price risk

Equity price risk arises from the change in fair values of equity investments. The Group manages this risk though diversification of investments in terms of geographical distribution and industry concentration.

The effect on the Group's profit and other comprehensive income (as a result of a change in the fair value of financial assets) due to a 5% change in market indices, with all other variables held constant, is as follows:

	2015		2014	
	Effect on profit for the year	**Effect on other comprehensive income**	**Effect on profit for the year**	**Effect on other comprehensive income**
	KD	**KD**	KD	KD
Market indices				
Kuwait	**9,813**	**3,477**	8,246	7,467

The effect on the Group's profit and other comprehensive income (as a result of a change in the fair value of financial assets) due to a 5% change in foreign market indices, with all other variables held constant, is not significant.

27 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 October 2015 and 31 October 2014. Capital comprises share capital, share premium, statutory reserve, voluntary reserve and retained earnings and is measured at KD 65,420,047 as at 31 October 2015 (2014: KD 61,088,053).

28 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair values of financial assets, with the exception of certain financial assets available for sale are carried at cost (Note 9), are not materially different from their carrying values.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy at 31 October:

	Level 1	**Level 2**	**Level 3**	**Total**
	KD	**KD**	**KD**	**KD**
2015				
Investment properties	**-**	**12,285,492**	**41,427,580**	**53,713,072**
Financial assets available for sale	**74,336**	**-**	**-**	**74,336**
Financial assets at fair value through profit or loss	**74,391**	**-**	**665,550**	**739,941**
	148,727	**12,285,492**	**42,093,130**	**54,527,349**
٢٠١٤				
Investment properties	-	22,313,457	33,849,605	56,163,062
Financial assets available for sale	158,494	-	-	158,494
Financial assets at fair value through profit or loss	164,924	-	602,807	767,731
	323,418	22,313,457	34,452,412	57,089,287

During the years ended 31 October 2015 and 31 October 2014, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of level 3 fair value measurements.

The following table shows a reconciliation of the opening and closing amounts of level 3 financial assets which are recorded at fair value.

	At the beginning of the year	**Net gains recorded in the consolidated statement of income**	**Net purchases, transfers, sales and settlements**	**At the end of the year**
	KD	**KD**	**KD**	**KD**
٢٠١٥ October ٣١				
Investment properties	**33,849,605**	**1,614,062**	**5,963,913**	**41,427,580**
Financial assets at fair value through profit or loss	**602,807**	**62,743**	**-**	**665,550**
	34,452,412	**1,676,805**	**5,963,913**	**42,093,130**
٢٠١٤ October ٣١				
Investment properties	28,202,000	3,041,311	2,606,294	33,849,605
Financial assets at fair value through profit or loss	559,620	43,187	-	602,807
	28,761,620	3,084,498	2,606,294	34,452,412

Description of significant unobservable inputs to valuation of financial assets:
Unquoted equity securities are valued based on book value and price to book value multiple method. Multiples are determined using the latest financial statements available of the investee entities.

Description of valuation methods used in the fair valuation of investment properties:
- Developed properties which generate rental income
These properties are valued using the income capitalization approach assuming full capacity of the property. Income capitalization approach is based on capitalization of the discounted annual cash flows from the property which is calculated by discounting rental income generated annually by the property, assuming full capacity, using the current market discount rate.

- Developed properties which do not generate rental income
These properties are valued using the market approach. Market approach is based on a comparison of active market prices for similar properties and recent arm's length market transactions, adjusted for difference in the nature, location or condition of the specific property.

- Properties under development
Properties under development are valued using the combination of the market approach, as described above, for the land and the cost approach for the construction works. Cost approach is based on a comparison of the cost of constructing a similar property taking into consideration depreciation of the construction costs and fair value of the land, adjusted for difference in the nature, location or condition of the specific property.