

**AL-ENMA'A REAL ESTATE COMPANY
K.S.C.P. AND ITS SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)**

30 APRIL 2017



Building a better
working world

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF AL ENMA'A REAL ESTATE COMPANY K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al Enma'a Real Estate Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively "the Group") as at 30 April 2017, and the related interim condensed consolidated statement of income and the interim condensed consolidated statement of comprehensive income for the three months and six months periods then ended, and the related interim condensed consolidated statement of cash flows and interim condensed consolidated statement of changes in equity for the six months period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34: Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the six months period ended 30 April 2017 that might have had a material effect on the business of the Parent Company or on its financial position.

WALEED A. AL OSAIMI
LICENSE NO. 68 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

MOHAMMED HAMED AL SULTAN
LICENSE NO. 100 A
AL SULTAN AND PARTNERS
MEMBER OF BAKER TILLY INTERNATIONAL

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

For the period ended 30 April 2017

	Notes	Three months ended 30 April		Six months ended 30 April	
		2017 KD	2016 KD	2017 KD	2016 KD
CONTINUING OPERATIONS					
REVENUES					
Revenue from services rendered		2,287,456	3,567,354	4,735,284	7,196,146
Revenue from real estate activities		573,002	638,385	1,122,513	1,271,814
Revenue from construction contracts		2,641,735	5,406,646	5,275,242	9,903,040
		<u>5,502,193</u>	<u>9,612,385</u>	<u>11,133,039</u>	<u>18,371,000</u>
COST OF REVENUES					
Cost of services rendered		1,829,480	2,991,089	3,796,580	6,088,184
Cost of real estate activities		77,156	80,901	137,776	141,034
Cost of construction contracts		2,874,989	5,833,371	5,511,343	10,620,129
		<u>4,781,625</u>	<u>8,905,361</u>	<u>9,445,699</u>	<u>16,849,347</u>
GROSS PROFIT		720,568	707,024	1,687,340	1,521,653
Provision for doubtful debts		-	-	(125,000)	-
General and administrative expenses		(394,645)	(447,127)	(864,260)	(839,690)
PROFIT FROM OPERATIONS		325,923	259,897	698,080	681,963
Share of results from associates		19,003	28,929	19,003	28,929
Net investment (loss) income	3	(57,090)	258,117	(45,603)	202,184
Other income		8,936	5,088	25,143	12,734
Finance costs		(187,598)	(219,624)	(372,668)	(433,119)
Foreign exchange gain		127	22,568	127	22,568
PROFIT FROM CONTINUING OPERATIONS BEFORE PROVISION FOR CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS), NATIONAL LABOUR SUPPORT TAX (NLST) AND ZAKAT		109,301	354,975	324,082	515,259
KFAS		-	(2,705)	-	(4,047)
NLST		(4,421)	(10,657)	(12,732)	(16,078)
Zakat		(1,768)	(4,263)	(5,092)	(6,431)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		103,112	337,350	306,258	488,703
DISCONTINUING OPERATION					
Profit (loss) for the period from discontinuing operation		95,428	(54,457)	68,112	(65,676)
PROFIT FOR THE PERIOD		198,540	282,893	374,370	423,027
BASIC AND DILUTED EARNINGS PER SHARE					
	4	<u>0.44 fils</u>	<u>0.63 fils</u>	<u>0.83 fils</u>	<u>0.94 fils</u>
BASIC AND DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS					
	4	<u>0.23 fils</u>	<u>0.75 fils</u>	<u>0.68 fils</u>	<u>1.08 fils</u>

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 April 2017

	Note	Three months ended 30 April		Six months ended 30 April	
		2017 KD	2016 KD	2017 KD	2016 KD
Profit for the period		198,540	282,893	374,370	423,027
Other comprehensive income (loss):					
<i>Items that are or may be reclassified to interim condensed consolidated statement of income in subsequent periods:</i>					
- Net unrealised gain of financial assets available for sale		-	241,635	365	216,375
- Realised (gain) loss on sale of financial assets available for sale transferred to interim condensed consolidated statement of income	3	-	(239,282)	8,707	(262,897)
- Impairment loss on financial assets available for sale transferred to interim condensed consolidated statement of income	3	-	-	-	36,900
- Exchange differences on translation of foreign operations		7,487	(22,358)	7,487	(22,358)
Other comprehensive income (loss) for the period		7,487	(20,005)	16,559	(31,980)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		206,027	262,888	390,929	391,047

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 April 2017

		30 April 2017 KD	(Audited) 31 October 2016 KD	30 April 2016 KD
ASSETS				
Non-current assets				
Property, plant and equipment		1,059,934	1,023,167	3,038,307
Investment properties	5	52,518,808	53,273,269	53,859,840
Investment in associates	6	1,593,312	1,566,822	856,330
Financial assets available for sale		5,872,296	5,929,753	7,704,762
Accounts receivable and other assets	7	4,159,768	3,419,017	2,851,707
		<u>65,204,118</u>	<u>65,212,028</u>	<u>68,310,946</u>
Current assets				
Inventories		153,121	155,135	1,548,878
Financial assets at fair value through profit or loss		638,341	566,710	706,710
Gross amount due from customers for contract works		3,027,249	2,314,754	6,720,806
Accounts receivable and other assets	7	18,004,520	20,974,975	27,249,308
Investment deposits		1,270,000	250,000	1,100,000
Bank balances and cash	8	901,793	554,250	903,108
		<u>23,995,024</u>	<u>24,815,824</u>	<u>38,228,810</u>
Assets classified as held for sale		2,947,025	2,687,381	-
		<u>26,942,049</u>	<u>27,503,205</u>	<u>38,228,810</u>
TOTAL ASSETS		<u>92,146,167</u>	<u>92,715,233</u>	<u>106,539,756</u>
EQUITY AND LIABILITIES				
Equity				
Share capital		45,053,468	45,053,468	45,053,468
Share premium		176,642	176,642	176,642
Statutory reserve		8,384,971	8,384,971	8,384,971
Voluntary reserve		4,591,927	4,591,927	4,692,796
Foreign currency translation reserve		58,311	50,824	72,846
Cumulative changes in fair values reserve		258,760	249,688	291,387
(Accumulated losses) retained earnings		(1,417,243)	(1,791,613)	7,535,197
Total equity		<u>57,106,836</u>	<u>56,715,907</u>	<u>66,207,307</u>
Non-current liabilities				
Employees' end of service benefits		1,994,787	1,999,821	2,089,644
Murabaha payables		1,138,914	2,564,147	4,550,428
Accounts payable and other liabilities		3,772,149	3,324,924	3,576,285
		<u>6,905,850</u>	<u>7,888,892</u>	<u>10,216,357</u>
Current liabilities				
Gross amount due to customers for contract works		460,641	195,377	90,442
Murabaha payables		15,864,656	14,151,448	14,377,922
Accounts payable and other liabilities		10,266,491	12,310,049	15,647,728
		<u>26,591,788</u>	<u>26,656,874</u>	<u>30,116,092</u>
Liabilities classified as held for sale		1,541,693	1,453,560	-
		<u>28,133,481</u>	<u>28,110,434</u>	<u>30,116,092</u>
Total liabilities		<u>35,039,331</u>	<u>35,999,326</u>	<u>40,332,449</u>
TOTAL EQUITY AND LIABILITIES		<u>92,146,167</u>	<u>92,715,233</u>	<u>106,539,756</u>

Saleh Turki Saleh Al-Khamis
Chairman

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

For the period ended 30 April 2017

	Notes	Six months ended 30 April	
		2017 KD	2016 KD
OPERATING ACTIVITIES			
Profit for the period from continuing operations before contribution to KFAS, NLST and Zakat		324,082	515,259
Profit (loss) for the period from discontinuing operation		68,112	(65,676)
		<hr/>	<hr/>
Profit for the period before contribution to KFAS, NLST and Zakat		392,194	449,583
Adjustments to reconcile profit for the period to net cash flows:			
Share of results from associates		(19,003)	(28,929)
Depreciation		127,759	466,660
Loss on disposal of property, plant and equipment		882	1,303
Net investment loss (income)	3	45,603	(202,184)
Provision for doubtful debts		125,000	-
Provision for employees' end of service benefits		131,498	339,568
Finance costs		372,668	433,119
		<hr/>	<hr/>
		1,176,601	1,459,120
Changes in working capital:			
Inventories		2,014	1,698,272
Financial assets at fair value through profit or loss		(54,328)	-
Gross amounts due from/ to customers for contract works		(447,232)	2,392,171
Accounts receivable and other assets		2,104,705	(5,959,410)
Assets classified as held for sale		(259,644)	-
Accounts payable and other liabilities		(1,510,354)	(2,474)
Liabilities classified as held for sale		88,133	-
		<hr/>	<hr/>
Cash flows from (used in) operations		1,099,895	(412,321)
Employees' end of service benefits paid		(136,532)	(146,022)
		<hr/>	<hr/>
Net cash flows from (used in) operating activities		963,363	(558,343)
INVESTING ACTIVITIES			
Additions to property, plant and equipment		(166,163)	(103,665)
Proceeds from disposal of property, plant and equipment		755	6,401
Additions to investment properties	5	(44,299)	(146,768)
Proceeds from sale of investment properties	5	728,828	-
Proceeds from sale of financial assets available for sale		57,822	545,442
Addition to investment deposits		(1,020,000)	(750,000)
Proceeds from liquidation of investment deposits		-	200,000
Dividend income received	3	15,733	9,418
		<hr/>	<hr/>
Net cash flows used in investing activities		(427,324)	(239,172)
FINANCING ACTIVITIES			
Net movement in murabaha payables		287,975	(960,307)
Finance costs paid		(372,668)	(433,119)
		<hr/>	<hr/>
Net cash flows used in financing activities		(84,693)	(1,393,426)
		<hr/>	<hr/>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		451,346	(2,190,941)
Cash and cash equivalents at the beginning of the period	8	186,052	1,223,402
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	8	637,398	(967,539)
		<hr/>	<hr/>

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 April 2017

	<i>Share capital KD</i>	<i>Share premium KD</i>	<i>Statutory reserve KD</i>	<i>Voluntary reserve KD</i>	<i>Foreign currency translation reserve KD</i>	<i>Cumulative changes in fair values reserve KD</i>	<i>(Accumulated losses) retained earnings KD</i>	<i>Total KD</i>
As at 1 November 2016 (Audited)	45,053,468	176,642	8,384,971	4,591,927	50,824	249,688	(1,791,613)	56,715,907
Profit for the period	-	-	-	-	-	-	374,370	374,370
Other comprehensive income for the period	-	-	-	-	7,487	9,072	-	16,559
Total comprehensive income for the period	-	-	-	-	7,487	9,072	374,370	390,929
As at 30 April 2017	45,053,468	176,642	8,384,971	4,591,927	58,311	258,760	(1,417,243)	57,106,836
As at 1 November 2015 (Audited)	45,053,468	176,642	8,384,971	4,692,796	95,204	301,009	7,112,170	65,816,260
Profit for the period	-	-	-	-	-	-	423,027	423,027
Other comprehensive loss for the period	-	-	-	-	(22,358)	(9,622)	-	(31,980)
Total comprehensive (loss) income for the period	-	-	-	-	(22,358)	(9,622)	423,027	391,047
As at 30 April 2016	45,053,468	176,642	8,384,971	4,692,796	72,846	291,387	7,535,197	66,207,307

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 April 2017

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Al Enma'a Real Estate Company K.S.C.P. (the "Parent Company") and its Subsidiaries (Collectively, the "Group") for the six months period ended 30 April 2017 was authorised for issuance in accordance with a resolution of the Parent Company's Board of Directors on 4 June 2017.

The Parent Company is a public Kuwaiti 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. All activities are conducted in accordance with Islamic Sharia.

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

The Annual General Assembly of the shareholders of the Parent Company held on 30 March 2017 approved the consolidated financial statements for the year ended 31 October 2016.

2 BASIS OF PREPARATION

The interim condensed consolidated financial information of the Group for the six months period ended 30 April 2017 has been prepared in accordance with International Accounting Standard (IAS 34).

The interim condensed consolidated financial information is prepared under the historical cost convention except for investment properties, financial assets available for sale and financial assets at fair value through profit or loss that have been measured at fair value.

The interim condensed consolidated financial information has been presented in Kuwaiti Dinar (KD), which is also the functional currency of the Parent Company.

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 October 2016, except for the adoption of the amendments and annual improvements to IFRSs, relevant to the Group which are effective for annual reporting periods starting from 1 November 2016. These amendments of the standards did not result in any material impact on the accounting policies, financial position or performance of the Group.

The interim condensed consolidated financial information does not contain all information and disclosures required for full consolidated financial statements prepared in accordance with the International Financial Reporting Standards ("IFRS") and should be read in conjunction with the Group's annual audited consolidated financial statements for the year ended 31 October 2016. In the opinion of the Parent Company's management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

Operating results for the six months period ended 30 April 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 October 2017. For more details, please refer to the consolidated financial statements and its related disclosures for the year ended 31 October 2016.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 April 2017

3 NET INVESTMENT (LOSS) INCOME

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 April</i>		<i>30 April</i>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Realised gain (loss) on sale of financial assets available for sale	-	239,282	(8,707)	262,897
Impairment loss on financial assets available for sale	-	-	-	(36,900)
Realised loss on sale of investment properties	(69,932)	-	(69,932)	-
Realised gain on sale of financial assets at fair value through profit or loss	898	-	3,799	-
Unrealised (loss) gain on financial assets at fair value through profit or loss	(3,789)	16,548	13,504	(33,231)
Dividend income	15,733	2,287	15,733	9,418
	<u>(57,090)</u>	<u>258,117</u>	<u>(45,603)</u>	<u>202,184</u>

4 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares). Diluted earnings per share are calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares) 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 30 April, the Parent Company did not have any diluted shares.

The information necessary to calculate basic and diluted earnings per share based on the weighted average number of shares outstanding, less treasury shares, during the period is as follows:

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 April</i>		<i>30 April</i>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
Profit for the period (KD)	<u>198,540</u>	<u>282,893</u>	<u>374,370</u>	<u>423,027</u>
Weighted average number of shares outstanding during the period	<u>450,534,680</u>	<u>450,534,680</u>	<u>450,534,680</u>	<u>450,534,680</u>
Basic and diluted earnings per share	<u>0.44 fils</u>	<u>0.63 fils</u>	<u>0.83 fils</u>	<u>0.94 fils</u>
Profit for the period from continuing operations (KD)	<u>103,112</u>	<u>337,350</u>	<u>306,258</u>	<u>488,703</u>
Weighted average number of shares outstanding during the period	<u>450,534,680</u>	<u>450,534,680</u>	<u>450,534,680</u>	<u>450,534,680</u>
Basic and diluted earnings per share from continuing operations	<u>0.23 fils</u>	<u>0.75 fils</u>	<u>0.68 fils</u>	<u>1.08 fils</u>
Profit (loss) for the period from discontinued operations (KD)	<u>95,428</u>	<u>(54,457)</u>	<u>68,112</u>	<u>(65,676)</u>
Weighted average number of shares outstanding during the period	<u>450,534,680</u>	<u>450,534,680</u>	<u>450,534,680</u>	<u>450,534,680</u>
Basic and diluted earnings (loss) per share from discontinued operations	<u>0.21 fils</u>	<u>(0.12) fils</u>	<u>0.15 fils</u>	<u>(0.14) fils</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 April 2017

5 INVESTMENT PROPERTIES

	<i>30 April</i> <i>2017</i> <i>KD</i>	<i>(Audited)</i> <i>31 October</i> <i>2016</i> <i>KD</i>	<i>30 April</i> <i>2016</i> <i>KD</i>
As at the beginning of the period / year	53,273,269	53,713,072	53,713,072
Additions during the period / year	44,299	292,707	146,768
Disposal during the period / year	(798,760)	-	-
Unrealised loss on revaluation	-	(732,510)	-
	<u>52,518,808</u>	<u>53,273,269</u>	<u>53,859,840</u>

Investment properties are categorised into:

	<i>30 April</i> <i>2017</i> <i>KD</i>	<i>(Audited)</i> <i>31 October</i> <i>2016</i> <i>KD</i>	<i>30 April</i> <i>2016</i> <i>KD</i>
Properties under development	2,384,067	4,495,000	4,311,768
Developed properties	50,134,741	48,778,269	49,548,072
	<u>52,518,808</u>	<u>53,273,269</u>	<u>53,859,840</u>

Properties under development include land and development costs amounting to KD 1,731,072 and KD 652,995 as at 30 April 2017 (31 October 2016: KD 3,401,521 and KD 1,093,479 and 30 April 2016: KD 3,364,028 and KD 947,740), respectively.

As at 30 April 2017, investment properties with a carrying value amounting to KD 32,507,903 and KD 7,391,000 (31 October 2016: KD 32,463,603 and KD 7,671,000 and 30 April 2016: KD 39,300,131 and KD 7,391,000) are pledged as a security against murabaha payables to the Ultimate Parent Company (Note 9) and local financial institutions, respectively.

As at 30 April 2017, an investment property with a carrying value of KD 2,924,481 (31 October 2016: KD 2,924,481 and 30 April 2016: KD 2,388,869) represents the Group's interest in a jointly controlled property which is located in Bahrain.

6 INVESTMENTS IN ASSOCIATES

On 4 October 2016, the Parent Company has entered into an agreement with related parties to swap its entire 16.5% equity interest in Central Energy Company B.S.C.C., an associate of the Group with a carrying value amounting to KD 773,691 and an amount due from the associate of KD 682, along with its entire 13.3% equity interest in South Bahrain Water Company B.S.C.C. classified as a financial asset available for sale with a carrying value amounting to KD 315,612, for a 22.5% equity interest in Energy Central Utilities Bahrain South Water Company B.S.C.C. with a carrying value of KD 1,509,197. As a result, during the year ended 31 October 2016, the Group has recognised gain on sale of an investment in an associate amounting to KD 387,004 and a realised gain on sale of financial asset available for sale amounting to KD 32,208 in the consolidated statement of income of the year ended 31 October 2016.

As at the reporting date of the interim condensed consolidated financial information, the legal formalities of transferring the equity ownership of the investment in an associate to the Parent Company were under process.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 April 2017

7 ACCOUNTS RECEIVABLE AND OTHER ASSETS

	<i>30 April</i> 2017 KD	<i>(Audited)</i> 31 October 2016 KD	<i>30 April</i> 2016 KD
<i>Non-current</i>			
Retention receivables	4,159,768	3,419,017	2,851,707
<i>Current</i>			
Trade receivables and amounts due from contracts' owners, net	6,838,407	7,825,080	12,626,060
Amounts due from related parties (Note 9)	337,834	407,335	565,784
Retention receivables	599,221	1,405,501	2,251,300
Subcontractors debit balances	7,227,709	7,424,429	7,783,761
Advances to subcontractors	993,258	1,216,912	1,314,695
Prepaid expenses and refundable deposits	106,280	537,358	175,353
Other receivables	1,901,811	2,158,360	2,532,355
	<u>18,004,520</u>	<u>20,974,975</u>	<u>27,249,308</u>
	<u>22,164,288</u>	<u>24,393,992</u>	<u>30,101,015</u>

8 CASH AND CASH EQUIVALENTS

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

	<i>30 April</i> 2017 KD	<i>(Audited)</i> 31 October 2016 KD	<i>30 April</i> 2016 KD
Bank balances and cash	901,793	554,250	903,108
Bank overdrafts (included under accounts payable and other liabilities)	(264,395)	(368,198)	(1,870,647)
	<u>637,398</u>	<u>186,052</u>	<u>(967,539)</u>

As at 30 April 2017, bank balances and cash include an amount of KD 144,857 and KD Nil (31 October 2016: KD 214,883 and KD Nil and 30 April 2016: KD 505,108 and KD 46,094) which represents amounts held with the Ultimate Parent Company and an entity under common control, respectively (Note 9).

As at 30 April 2017, bank overdrafts include an amount of KD 112,542 (31 October 2016: KD 108,589 and 30 April 2016: KD 107,099) which represents amounts withdrawn from the Ultimate Parent Company (Note 9).

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at t 30 April 2017

9 RELATED PARTY TRANSACTIONS

These represent transactions with 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 interim condensed consolidated financial information are as follows:

	<i>Ultimate Parent Company</i>	<i>Six months ended 30 April</i>		
		<i>2017 KD</i>	<i>2016 KD</i>	
<i>Interim condensed consolidated statement of income</i>				
Revenue from services rendered	1,466,066	1,466,066	1,828,181	
Finance costs	231,851	231,851	332,641	
	<i>Ultimate Parent Company</i>	<i>30 April 2017 KD</i>	<i>(Audited) 31 October 2016 KD</i>	<i>30 April 2016 KD</i>
<i>Interim condensed consolidated statement of financial position</i>				
Amounts due from related parties (Note 7)	337,834	337,834	407,335	565,784
Investment deposits	950,000	950,000	250,000	250,000
Bank balances and cash (Note 8)	144,857	144,857	214,883	551,202
Murabaha payables	8,806,284	8,806,284	10,224,114	12,145,051
Bank overdrafts (included under accounts payable and other liabilities) (Note 8)	112,542	112,542	108,589	107,099

As at 30 April 2017, murabaha payables due to the Ultimate Parent Company are secured against pledge of certain investment properties with a carrying value amounting to KD 32,507,903 (31 October 2016: KD 32,463,603 and 30 April 2016: KD 39,300,131), respectively (Note 5).

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9 RELATED PARTY TRANSACTIONS (continued)

	Six months ended	
	30 April	
	2017	2016
	KD	KD
<i>Key management compensations</i>		
Salaries and other short-term benefits	220,483	121,089
Employees' end of service benefits	17,196	15,487
	<u>237,679</u>	<u>136,576</u>

10 CONTINGENT LIABILITIES

As at 30 April 2017, the Group has contingent liabilities representing letters of guarantee issued in the ordinary course of business amounting to KD 24,553,390 (31 October 2016: KD 26,368,100 and 30 April 2016: KD 26,099,570) from which it is anticipated that no material liability will arise.

11 SEGMENTAL INFORMATION

For management purposes, the Group is organised 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 four reportable operating segments as follows:

Manufacturing: production and distribution of readymix cement.

Projects and maintenance: undertaking contracts to construct buildings, 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.

Management of the Parent Company 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 interim condensed consolidated financial information.

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.

During the periods ended 30 April 2017 and 30 April 2016, there were no significant inter-segment transactions. Segment assets and liabilities comprise those operating assets and liabilities that are directly attributable to the segment.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 April 2017

11 SEGMENTAL INFORMATION (continued)

Segmental reporting information as at and for the six months period ended 30 April is as follows:

	<i>Manufacturing KD</i>	<i>Projects & maintenance KD</i>	<i>Real estate KD</i>	<i>Investments KD</i>	<i>Unallocated KD</i>	<i>Total KD</i>
<i>Six months ended 30 April 2017</i>						
Segment revenue	1,752,464	6,197,690	4,935,349	77,309	-	12,962,812
Segment results	68,112	(342,942)	1,769,811	(373,998)	-	1,120,983
Depreciation	-	(99,107)	(1,938)	(7,491)	(19,223)	(127,759)
Unallocated expenses	-	-	-	-	(618,854)	(618,854)
Profit (loss) for the period	68,112	(442,049)	1,767,873	(381,489)	(638,077)	374,370
<i>As at 30 April 2017</i>						
Assets	3,182,101	26,039,539	52,518,808	9,373,949	1,031,770	92,146,167
Liabilities	1,541,690	13,007,585	137,943	17,593,048	2,759,065	35,039,331
Investment in associates	-	-	-	1,593,312	-	1,593,312
Capital expenditures	-	112	44,300	95,194	70,857	210,463
<i>As at 31 October 2016 (Audited)</i>						
Assets	2,687,381	27,470,797	53,273,269	8,313,285	970,501	92,715,233
Liabilities	1,453,560	15,342,347	38,673	16,362,575	2,802,171	35,999,326
Investment in associates	-	-	-	1,566,822	-	1,566,822
Capital expenditures	34,690	187,760	292,956	443	27,794	543,643

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As at 30 April 2017

11 SEGMENTAL INFORMATION (continued)

	<i>Manufacturing KD</i>	<i>Projects & maintenance KD</i>	<i>Real estate KD</i>	<i>Investments KD</i>	<i>Unallocated KD</i>	<i>Total KD</i>
<i>Six months ended 30 April 2016</i>						
Segment revenue	2,614,863	13,171,585	5,212,148	253,682	-	21,252,278
Segment results	219,962	(181,883)	1,883,769	(176,450)	-	1,745,398
Depreciation	(285,638)	(161,982)	(5,516)	(2,987)	(10,537)	(466,660)
Unallocated expenses	-	-	-	-	(855,711)	(855,711)
(Loss) profit for the period	(65,676)	(343,865)	1,878,253	(179,437)	(866,248)	423,027
<i>As at 30 April 2016</i>						
Assets	3,556,622	37,674,938	53,859,840	10,367,802	1,080,554	106,539,756
Liabilities	1,327,892	16,691,931	28,534	19,349,209	2,934,883	40,332,449
Investments in associates	-	-	-	856,330	-	856,330
Capital expenditures	3,452	76,489	147,017	1,037	22,438	250,433

12 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.

As at 30 April 2017, the fair values of financial assets with the exception of certain financial assets available for sale carried at cost amounting to KD 5,870,422 (31 October 2016: KD 5,895,404 and 30 April 2016: KD 7,644,874) are not materially different from their carrying values.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of assets recorded at fair value by valuation technique:

- 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; and
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 April 2017

12 FAIR VALUE MEASUREMENTS (continued)

The following table shows an analysis of assets recorded at fair value by level of the fair value hierarchy:

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
<i>As at 30 April 2017</i>				
Investment properties	-	12,503,808	40,015,000	52,518,808
Financial assets available for sale	1,874	-	-	1,874
Financial assets at fair value through profit or loss	106,631	-	531,710	638,341
	<u>108,505</u>	<u>12,503,808</u>	<u>40,546,710</u>	<u>53,159,023</u>
<i>As at 31 October 2016 (Audited)</i>				
Investment properties	-	12,459,508	40,813,761	53,273,269
Financial assets available for sale	34,349	-	-	34,349
Financial assets at fair value through profit or loss	35,000	-	531,710	566,710
	<u>69,349</u>	<u>12,459,508</u>	<u>41,345,471</u>	<u>53,874,328</u>
<i>As at 30 April 2016</i>				
Investment properties	-	12,432,260	41,427,580	53,859,840
Financial assets available for sale	59,888	-	-	59,888
Financial assets at fair value through profit or loss	77,348	-	629,362	706,710
	<u>137,236</u>	<u>12,432,260</u>	<u>42,056,942</u>	<u>54,626,438</u>

During the periods/ year ended 30 April 2017, 31 October 2016 and 30 April 2016, 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 assets which are recorded at fair value.

	As at the beginning of the period/ year KD	Net losses recorded in the (interim condensed) consolidated statement of income KD	Net purchases, transfers, sales and settlements KD	As at the end of the period/ year KD
<i>30 April 2017</i>				
Investment properties	40,813,761	-	(798,761)	40,015,000
Financial assets at fair value through profit or loss	531,710	-	-	531,710
	<u>41,345,471</u>	<u>-</u>	<u>(798,761)</u>	<u>40,546,710</u>
<i>31 October 2016 (audited)</i>				
Investment properties	41,427,580	(613,819)	-	40,813,761
Financial assets at fair value through profit or loss	665,550	(133,751)	(89)	531,710
	<u>42,093,130</u>	<u>(747,570)</u>	<u>(89)</u>	<u>41,345,471</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 April 2017

12 FAIR VALUE MEASUREMENTS (continued)

	As at the beginning of the period/ year	Net losses recorded in the (interim condensed) consolidated statement of income	Net purchases, transfers, sales and settlements	As at the end of the period/ year
<i>30 April 2016</i>				
Investment properties	41,427,580	-	-	41,427,580
Financial assets at fair value through profit or loss	665,550	(36,188)	-	629,362
	<u>42,093,130</u>	<u>(36,188)</u>	<u>-</u>	<u>42,056,942</u>

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 adjusted with other valuation inputs.

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 capitalisation approach using full capacity of the property. Income capitalisation approach is based on capitalisation of the discounted annual cash flows from the property which is calculated by discounting rental income generated annually by the property, 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.