

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

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

31 JULY 2024



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 31 July 2024, and the related interim condensed consolidated statement of comprehensive income for the three-month and nine-month periods then ended, and the related interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the nine-month 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.

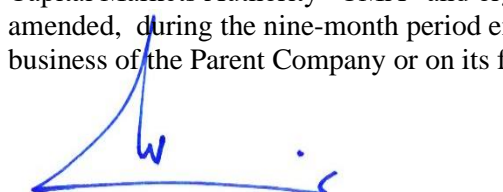
Conclusion

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, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association during the nine-month period ended 31 July 2024 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No. 7 of 2010 concerning establishment of Capital Markets Authority "CMA" and organization of security activity and its executive regulations, as amended, during the nine-month period ended 31 July 2024 that might have had a material effect on the business of the Parent Company or on its financial position.



BADER A. AL-ABDULJADER
LICENCE NO 207 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

12 September 2024
Kuwait

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 31 July 2024

	Notes	Three months ended		Nine months ended	
		31 July		31 July	
		2024	2023	2024	2023
		KD	KD	KD	KD
Continuing operations:					
REVENUES					
Revenue from services rendered		1,176,440	1,213,829	3,703,279	3,602,994
Revenue from real estate activities		489,555	479,015	1,484,875	1,419,108
Revenue from construction contracts		-	-	-	13,724
		<u>1,665,995</u>	<u>1,692,844</u>	<u>5,188,154</u>	<u>5,035,826</u>
COST OF REVENUES					
Cost of services rendered		768,360	809,598	2,316,064	2,309,311
Cost of real estate activities		206,460	190,076	510,557	445,198
Cost of construction contracts		261,835	187,505	713,634	275,158
		<u>1,236,655</u>	<u>1,187,179</u>	<u>3,540,255</u>	<u>3,029,667</u>
GROSS PROFIT		429,340	505,665	1,647,899	2,006,159
(Allowance for) reversal of expected credit losses, net		(5,554)	83,663	21,307	(183,384)
General and administrative expenses		(275,601)	(330,032)	(897,176)	(989,666)
PROFIT FROM OPERATIONS		148,185	259,296	772,030	833,109
Unrealized loss on change in fair value of investment properties	5	-	-	(52,279)	(277,771)
Realized gain on sale of investment property	5	239,000	293,000	239,000	293,000
Profit on investment deposits		111,413	81,441	249,787	235,237
Other income		4,627	4,605	13,312	67,205
Finance costs on murabaha payables		(64,808)	(140,392)	(248,366)	(386,619)
Finance costs on lease liabilities		(3,125)	(11,712)	(20,643)	(45,727)
PROFIT FOR THE PERIOD BEFORE TAXES FROM CONTINUING OPERATIONS		435,292	486,238	952,841	718,434
Contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS")		(3,961)	(5,006)	(8,627)	(6,950)
National Labour Support Tax ("NLST")		(10,829)	(9,836)	(11,901)	(24,380)
Zakat		(4,332)	(3,934)	(4,760)	(9,752)
Profit for the period from continuing operations		416,170	467,462	927,553	677,352
Discontinued operations:					
Profit from discontinued operations	4	4,873	14,348	5,714	84,455
PROFIT FOR THE PERIOD		421,043	481,810	933,267	761,807
Other comprehensive income:					
<i>Other comprehensive income that will not be reclassified to interim condensed statement of income in subsequent periods:</i>					
Net gain on equity instruments designated at fair value through other comprehensive income		29,421	-	29,421	13,839
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		450,464	481,810	962,688	775,646
BASIC AND DILUTED EARNINGS PER SHARE					
	3	<u>9.35 fils</u>	<u>10.69 fils</u>	<u>20.71 fils</u>	<u>16.91 fils</u>
BASIC AND DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS					
	3	<u>9.24 fils</u>	<u>10.38 fils</u>	<u>20.59 fils</u>	<u>15.03 fils</u>

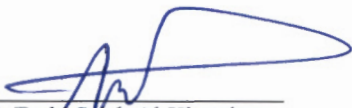
The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 July 2024

	Notes	31 July 2024 KD	(Audited) 31 October 2023 KD	31 July 2023 KD
ASSETS				
Non-current assets				
Property, plant and equipment		77,521	100,388	24,196
Investment properties	5	39,394,568	40,707,847	41,095,544
Investment in associates		-	9,795	9,795
Financial assets at fair value through other comprehensive income		310,043	340,380	356,582
Accounts receivable and other assets		781,895	781,895	781,895
Right of use assets		529,065	961,936	1,290,200
		<u>41,093,092</u>	<u>42,902,241</u>	<u>43,558,212</u>
Current assets				
Inventories		-	10,065	37,980
Contract assets		123,185	123,185	123,185
Accounts receivable and other assets		5,705,446	6,430,107	7,053,987
Investment deposits	6	8,150,000	8,155,774	10,804,162
Bank balances and cash	6	795,234	4,390,863	691,143
		<u>14,773,865</u>	<u>19,109,994</u>	<u>18,710,457</u>
Disposal group held for sale	4	677,360	-	-
TOTAL ASSETS		<u>56,544,317</u>	<u>62,012,235</u>	<u>62,268,669</u>
EQUITY AND LIABILITIES				
Equity				
Share capital		45,053,468	45,053,468	45,053,468
Statutory reserve		95,209	95,209	-
Voluntary reserve		95,209	95,209	-
Cumulative changes in fair values reserve		(3,739,063)	(3,814,082)	(3,806,741)
Retained earnings		1,587,938	700,269	653,946
TOTAL EQUITY		<u>43,092,761</u>	<u>42,130,073</u>	<u>41,900,673</u>
Non-current liabilities				
Employees' end of service benefits		1,030,783	1,141,850	1,117,544
Murabaha payables		6,815,677	7,256,796	11,053,420
Accounts payable and other liabilities		2,489,537	3,241,799	1,325,604
		<u>10,335,997</u>	<u>11,640,445</u>	<u>13,496,568</u>
Current liabilities				
Accounts payable and other liabilities		2,404,728	2,800,319	5,042,702
Murabaha payables		459,548	4,730,041	1,124,875
Lease liabilities		-	711,357	703,851
		<u>2,864,276</u>	<u>8,241,717</u>	<u>6,871,428</u>
Liabilities directly associated with the disposal group held for sale	4	251,283	-	-
TOTAL LIABILITIES		<u>13,451,556</u>	<u>19,882,162</u>	<u>20,367,996</u>
TOTAL EQUITY AND LIABILITIES		<u>56,544,317</u>	<u>62,012,235</u>	<u>62,268,669</u>


Saleh Turki Saleh Al-Khamis
Chairman

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

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 31 July 2024

	<i>Share capital KD</i>	<i>Statutory reserve KD</i>	<i>Voluntary reserve KD</i>	<i>Cumulative changes in fair values reserve KD</i>	<i>Retained earnings (accumulated losses) KD</i>	<i>Total KD</i>
As at 1 November 2023 (<i>Audited</i>)	45,053,468	95,209	95,209	(3,814,082)	700,269	42,130,073
Profit for the period	-	-	-	-	933,267	933,267
Other comprehensive income for the period	-	-	-	29,421	-	29,421
Total comprehensive income for the period	-	-	-	29,421	933,267	962,688
Net transfer to retained earnings on disposal of financial assets at fair value through other comprehensive income	-	-	-	45,598	(45,598)	-
As at 31 July 2024	45,053,468	95,209	95,209	(3,739,063)	1,587,938	43,092,761
As at 1 November 2022 (<i>Audited</i>)	45,053,468	-	-	(3,820,580)	(107,861)	41,125,027
Profit for the period	-	-	-	-	761,807	761,807
Other comprehensive income for the period	-	-	-	13,839	-	13,839
Total comprehensive income for the period	-	-	-	13,839	761,807	775,646
As at 31 July 2023	45,053,468	-	-	(3,806,741)	653,946	41,900,673

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

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 31 July 2024

	Note	<i>Nine months ended</i>	
		<i>31 July</i>	
		2024	2023
		KD	KD
OPERATING ACTIVITIES			
Profit for the period before taxes from continuing operations		952,841	718,434
Profit for the period before taxes from discontinued operations	4	5,714	84,455
Profit for the period		958,555	802,889
<i>Non-cash adjustments to reconcile profit for the period to net cash flows:</i>			
Depreciation on property, plant, and equipment and right of use assets	5	462,868	1,330,052
Unrealized loss on change in fair value of investment properties	5	52,279	277,771
Realised gain on sale of investment property		(239,000)	(293,000)
Profit on investment deposits		(249,787)	(243,224)
Gain on sale of property, plant and equipment		(1,259)	-
(Reversal of) allowance for expected credit losses, net		(21,307)	183,384
Provision for employees' end of service benefits		141,793	125,204
Finance costs on Murabaha payables		248,366	386,619
Finance costs on Murabaha payables (under cost of real estate activities)		112,321	62,554
Finance costs on lease liabilities		20,643	45,727
		1,485,472	2,677,976
<i>Changes in working capital:</i>			
Inventories		-	886
Contract assets		-	925,396
Accounts receivable and other assets		633,406	(974,634)
Accounts payable and other liabilities		(964,477)	(745,324)
<i>Cash flows from operations</i>		1,154,401	1,884,300
Employees' end of service benefits paid		(160,606)	(136,277)
KFAS, NLST and Zakat paid		(49,635)	-
Net cash flows from operating activities		944,160	1,748,023
INVESTING ACTIVITIES			
Purchase of investment properties		-	(2,878,499)
Purchase of property, plant, and equipment		(81,552)	(11,338)
Proceeds from sale of property, plant, and equipment		2,410	-
Proceeds from sale of investment properties		1,500,000	2,700,000
Proceeds from capital redemption of equity instruments designated at FVOCI		59,758	10,000
Profit on investment deposits received		249,787	243,224
Net cash flows from investing activities		1,730,403	63,387
FINANCING ACTIVITIES			
Payments of murabaha payables		(26,957,067)	(29,390,994)
Proceeds from murabaha payables		22,264,527	28,545,155
Finance costs paid		(379,759)	(477,463)
Payment of lease liabilities		(732,000)	(735,505)
Net cash flows used in financing activities		(5,804,299)	(2,058,807)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(3,129,736)	(247,397)
Cash and cash equivalents as at 1 November		12,546,637	11,742,702
CASH AND CASH EQUIVALENTS AS AT 31 JULY	6	9,416,901	11,495,305

The attached notes 1 to 13 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 and for the period ended 31 July 2024

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 nine-months period ended 31 July 2024 was authorized for issuance in accordance with a resolution of the Parent Company's Board of Directors on 12 September 2024.

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

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's Tower, First, Second and Mezzanine Floors, Kuwait.

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial information of the Group for the Nine-months period ended 31 July 2024 has been prepared in accordance with IAS 34 "Interim Financial Reporting".

The interim condensed consolidated financial information is prepared on a historical cost basis except for investment properties and financial assets at fair value through other comprehensive income 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 interim condensed consolidated financial information does not include all information and disclosures required in the annual consolidated financial statements prepared in accordance with the International Financial Reporting Standards ("IFRS") and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 October 2023. 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 nine-month period ended 31 July 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 October 2024. For more details, please refer to the consolidated financial statements and its related disclosures for the year ended 31 October 2023.

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new accounting policy for noncurrent assets held for sale and discontinued operations, and adoption of the new standards effective as of 1 November 2023 (unless otherwise stated), and the adoption of the new policy. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

As at and for the period ended 31 July 2024

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

2.2 New standards, interpretations and amendments adopted by the Group (continued)

Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the interim condensed consolidated statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the interim condensed consolidated statement of profit or loss.

Additional disclosures are provided in Note 4. All other notes to the interim condensed consolidated financial information include amounts for continuing operations, unless indicated otherwise.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's interim condensed consolidated financial information.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements* provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments will have an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's consolidated financial statements at year end.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 July 2024

3 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 31 July, the Parent Company did not have any diluted shares, or treasury shares.

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>31 July</i>		<i>31 July</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
Profit for the period from:				
▶ Continuing operations (KD)	416,170	467,462	927,553	677,352
▶ Discontinued operations (KD)	4,873	14,348	5,714	84,455
Profit for the period attributable to equity holders of the Parent Company (KD)	421,043	481,810	933,267	761,807
Weighted average number of shares outstanding during the period (Shares)	45,053,468	45,053,468	45,053,468	45,053,468
Basic and diluted earnings per share attributable to equity holders of the Parent Company:				
▶ from continuing operations	9.24 fils	10.38 fils	20.59 fils	15.03 fils
▶ from discontinued operations	0.11 fils	0.32 fils	0.13 fils	1.87 fils
Basic and diluted earnings per share	9.35 fils	10.69 fils	20.71 fils	16.91 fils

There have been no transactions involving ordinary shares between the reporting date and the date of authorization of this interim condensed consolidated financial information which would require the restatement of earnings per share.

4 DISAPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATION

On 7 August 2024, the Group signed a sale agreement (“the agreement”) to sell its entire equity interest in its wholly owned subsidiary, ERESKO Security Company K.S.C. (Closed) (“Eresco”) to a related party for a total consideration of KD 550,000. The sale of subsidiary is expected to be completed within a year from the reporting date. Accordingly, as at 31 July 2024, the subsidiary is classified as a disposal group held for sale and as a discontinued operation.

Based on the contractual terms of the Agreement, the sale consideration will be collected through 12 monthly post-dated cheques of KD 25,000 in addition to an advance payment of KD 250,000 upon signing the agreement. Following the execution of the agreement, the transferred shares will be secured by a first-degree mortgage in favor of the Parent Company as collateral until successful fulfilment of the deferred instalments.

The results of Eresco for the period are presented below:

	<i>Nine months ended</i>	
	<i>31 July</i>	
	<i>2024</i>	<i>2023</i>
	<i>KD</i>	<i>KD</i>
Revenue from services rendered	1,113,804	1,090,223
Cost of services rendered	(984,322)	(876,107)
General and administrative expenses	(136,644)	(143,652)
Profit on investment deposits	7,536	7,987
Other income	5,340	6,004
Profit for the period from discontinued operations	5,714	84,455

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 July 2024

4 DISAPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATION (continued)

The major classes of assets and liabilities of Eresco classified as held for sale are as follows:

	<i>31 July 2024</i>
	<i>KD</i>
Assets	
Property, plant and equipment	73,271
Inventories	10,065
Accounts receivable and other assets	122,357
Investment deposits (Note 6)	222,000
Bank balances and cash (Note 6)	249,667
Assets held for sale	677,360
Liabilities	
Accounts payables and accruals	159,030
Employees' end of service benefits	92,253
Liabilities directly associated with assets held for sale	251,283
Net assets directly associated with disposal group	426,077

The net cash flow activities by the Eresco classified as held for sale are, as follows:

	<i>31 July</i>	<i>31 July</i>
	<i>2024</i>	<i>2023</i>
	<i>KD</i>	<i>KD</i>
Cash flows from (used in) operating activities	143,630	(38,745)
Cash flows from (used in) investing activities	17,122	(5,620)
Cash flows used in financing activities	(3,200)	(3,503)
Net cash inflow (outflow)	157,552	(47,868)

5 INVESTMENT PROPERTIES

	<i>31 July</i>	<i>(Audited)</i>	<i>31 July</i>
	<i>2024</i>	<i>31 October</i>	<i>31 July</i>
	<i>KD</i>	<i>2023</i>	<i>2023</i>
		<i>KD</i>	<i>KD</i>
As at the beginning of the period / year	40,707,847	40,901,816	40,901,816
Additions during the period / year	-	2,878,500	2,878,499
Sale during the period / year	(1,261,000)	(2,830,319)	(2,407,000)
Unrealized loss on change in fair value	(52,279)	(242,150)	(277,771)
As at the end of the period / year	39,394,568	40,707,847	41,095,544

The fair value of investment properties was determined as at 30 April 2024 by independent valuers specialized in valuing this type of properties. Description of the valuation methods is provided in detail in Note 10.

As at 31 July 2024, investment properties with carrying values of KD 15,419,000, KD 4,747,000 and KD NIL (31 October 2023: KD 15,293,000, KD 4,720,000 and KD 3,793,000) (31 July 2023: KD 17,192,000, KD 4,610,000 and KD 7,789,000) are pledged as a security against letters of guarantee and Murabaha payables to the Ultimate Parent Company, other related parties and local financial institutions, respectively.

During the period ended 31 July 2024, the Parent Company sold an investment property to a non-related party for a total consideration of KD 1,500,000. As a result, the Group realised a gain on sale of KD 239,000 in the interim condensed consolidated statement of comprehensive income.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 July 2024

6 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:

	31 July 2024 KD	<i>(Audited)</i> 31 October 2023 KD	31 July 2023 KD
Investment deposits	8,150,000	8,155,774	10,804,162
Bank balances and cash	795,234	4,390,863	691,143
Cash and cash equivalents as per the interim condensed consolidated statement of financial position	8,945,234	12,546,637	11,495,305
Cash and cash equivalents attributable to disposal group held for sale*	471,667	-	-
Cash and cash equivalents as per the interim condensed consolidated statement of cash flows	9,416,901	12,546,637	11,495,305

Bank balances and cash amounting to KD 119,603 and KD 49,872 (31 October 2023: KD 233,851 and KD 82,153, and 31 July 2023: KD 692,966 and KD 3,551) are held with the Ultimate Parent Company and other related parties (Note 7).

Investment deposits amounting to KD 1,200,000 (31 October 2023: KD 5,605,774, and 31 July 2023: KD 5,704,162) are placed with the Ultimate Parent Company (Note 7).

*Cash and cash equivalents attributable to disposal group held for sale includes bank balances and cash amounting to KD 249,667 and investment deposits amounting to KD 222,000 (Note 4), out of which, bank balances and cash amounting to KD 40,995 and investment deposits amounting to KD 222,000 are placed with the Ultimate Parent Company (Note 7).

7 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 with related parties included in the interim condensed consolidated statement of comprehensive income are as follows:

	<i>Nine months ended 31 July</i>			
	<i>Ultimate Parent Company KD</i>	<i>Other related parties* KD</i>	2024 KD	2023 KD
Revenue from services rendered*	1,070,760	-	1,070,760	1,039,206
Revenue from real estate activities	36,000	-	36,000	-
Profit on investment deposits	127,774	-	127,774	149,419
Cost of services rendered	2,325	15,493	17,818	34,108
Cost of real estate activities	112,321	5,397	117,718	68,017
Cost of construction	8,954	4,870	13,824	5,417
General and administrative expenses	64	18,982	19,046	14,692
Finance costs on Murabaha payables	72,076	132,677	204,753	229,238

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7 RELATED PARTY TRANSACTIONS (continued)

	<i>Three months ended 31 July</i>			
	<i>Ultimate Parent Company</i>	<i>Other related parties*</i>	2024	2023
	<i>KD</i>	<i>KD</i>	KD	<i>KD</i>
Revenue from services rendered	345,606	-	345,606	314,613
Revenue from real estate activities	12,000	-	12,000	-
Profit on investment deposits	16,921	-	16,921	53,718
Cost of services rendered	32	5,173	5,205	12,839
Cost of real estate activities	37,304	1,695	38,999	41,292
Cost of construction	3,282	1,673	4,955	2,370
General and administrative expenses	-	6,094	6,094	5,661
Finance costs on Murabaha payables	22,064	42,745	64,809	71,474

* Revenue from services rendered includes KD 84,533 (31 July 2023: KD 96,990) which has been earned from trust and fiduciary activities (Note 12).

	<i>Three months ended 31 July</i>		<i>Nine months ended 31 July</i>	
	2024	2023	2024	2023
	KD	<i>KD</i>	KD	<i>KD</i>
<i>Key management compensations:</i>				
Salaries and other short-term benefits	88,676	84,012	267,871	268,037
Employees' end of service benefits	9,632	9,670	28,896	29,008
	98,308	93,682	296,767	297,045

Balances with related parties included in the interim condensed consolidated statement of financial position are as follows:

	<i>Ultimate Parent Company</i>	<i>Other related parties*</i>	31 July 2024	<i>(Audited) 31 October 2023</i>	<i>31 July 2023</i>
	<i>KD</i>	<i>KD</i>	KD	<i>KD</i>	<i>KD</i>
	Amounts due from related parties (included under "accounts receivable and other assets")	9,358	-	9,358	579,175
Investment deposits (Note 6)	1,200,000	-	1,200,000	5,605,774	5,704,162
Bank balances and cash (Note 6)	119,603	49,872	169,475	316,004	696,517
Murabaha payables	4,550,487	2,724,738	7,275,225	7,682,536	7,730,465
Accounts payable and other liabilities	8,000	24,781	32,781	19,653	41,256
Disposal group held for sale**	262,995	-	262,995	-	-

* *Other related parties include affiliates of the Ultimate Parent Company.*

** *Disposal group held for sale includes bank balances and cash amounting to KD 40,995 and investment deposits amounting to KD 222,000 which are placed with the Ultimate Parent Company.*

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

As of 31 July 2024, bank balances amounting to KD 2,704,591 (31 October 2023: KD 2,959,012, and 31 July 2023: KD 2,137,511), are related to fiduciary assets held with the Ultimate Parent Company (Note 12).

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8 CONTINGENT LIABILITIES

- (a) As at 31 July 2024, the Group has contingent liabilities representing letters of guarantee issued in the ordinary course of business amounting to KD 8,339,164 (31 October 2023: KD 16,034,188 and 31 July 2023: KD 15,955,688) from which it is anticipated that no material liability will arise.
- (b) Letter of guarantees amounting to KD 2,362,815 (31 October 2023: KD 10,065,688 and 31 July 2023: KD 10,065,688) are related to delayed projects amounting to KD 20,863,534 for which the Parent Company did not have approved extension on the project completion date.
- (c) The Parent Company has legal cases filed by subcontractors and the management of the Parent Company does not expect probable obligations from those legal cases. Please refer to Note 11 for more details on significant legal cases.

9 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 segment reporting, the Group has four reportable operating segments as follows:

<i>Construction projects:</i>	Undertaking contracts to construct buildings.
<i>Services rendered:</i>	Undertaking maintenance of mechanical and electrical spare parts and building materials, providing security services, and managing real estate for others.
<i>Real estate:</i>	Managing its own properties and renting properties for others.
<i>Investments:</i>	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 of the Parent Company monitors the operating results of its business units separately for making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with 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 the Groups' profit or loss.

During the periods ended 31 July 2024 and 31 July 2023, there were no significant inter-segment transactions. Segment assets and liabilities comprise those operating assets and liabilities that are directly attributable to the segment.

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9 SEGMENT INFORMATION (continued)

Segment information as at and for the nine months period ended 31 July is as follows:

	<i>Services Rendered* KD</i>	<i>Real estate KD</i>	<i>Construction projects KD</i>	<i>Investments KD</i>	<i>Unallocated KD</i>	<i>Total KD</i>
31 July 2024						
Segment revenues	4,829,959	1,484,875	-	436,508	13,312	6,764,654
Segment operating costs	(3,437,030)	(510,557)	(713,634)	-	-	(4,661,221)
Reversal of (allowance for) expected credit losses, net	22,763	(1,456)	-	-	-	21,307
Finance costs on Murabaha payables	-	-	-	(248,366)	-	(248,366)
Segment results	1,415,692	972,862	(713,634)	188,142	13,312	1,876,374
Finance costs on lease liabilities					(20,643)	(20,643)
Other operating expenses					(897,176)	(897,176)
KFAS, NLST and Zakat					(25,288)	(25,288)
Profit for the period						933,267
31 July 2023						
Segment revenues	4,707,208	1,419,108	13,724	250,466	67,205	6,457,711
Segment operating costs	(3,329,070)	(445,198)	(275,158)	-	-	(4,049,426)
Reversal of (allowance for) expected credit losses, net	47,202	(92,615)	(137,971)	-	-	(183,384)
Finance costs on Murabaha Payables	-	-	-	(386,619)	-	(386,619)
Segment results	1,425,340	881,295	(399,405)	(136,153)	67,205	1,838,282
Finance costs on lease liabilities					(45,727)	(45,727)
Other operating expenses					(989,666)	(989,666)
KFAS, NLST and Zakat					(41,082)	(41,082)
Profit for the period						761,807

* Services rendered includes the operational results of Eresco which is classified as disposal group held for sale as at 31 July 2024 and 31 July 2023 (Note 4).

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9 SEGMENT INFORMATION (continued)

The following table presents allocation of total assets, liabilities and capital expenditures and commitments:

	<i>Services rendered KD</i>	<i>Real estate KD</i>	<i>Construction projects KD</i>	<i>Investments KD</i>	<i>Unallocated KD</i>	<i>Total KD</i>
As at 31 July 2024						
Assets	2,051,142	34,226,433	5,068,378	14,873,316	325,048	56,544,317
Liabilities	1,450,005	29,027	2,912,712	7,300,036	1,759,776	13,451,556
As at 31 October 2023 (Audited)						
Assets	2,064,947	35,259,339	5,241,247	19,038,013	408,689	62,012,235
Liabilities	2,239,180	5,829	3,692,663	12,002,384	1,942,106	19,882,162
As at 31 July 2023						
Assets	2,483,771	35,240,613	6,211,809	17,976,367	356,109	62,268,669
Liabilities	2,308,155	17,918	3,761,142	12,178,295	2,102,486	20,367,996

10 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.

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.

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

	<i>Level 1 KD</i>	<i>Level 2 KD</i>	<i>Level 3 KD</i>	<i>Total KD</i>
As at 31 July 2024				
Investment properties	-	5,269,568	34,125,000	39,394,568
Financial assets at fair value through other comprehensive income	-	-	310,043	310,043
	-	5,269,568	34,435,043	39,704,611
As at 31 October 2023 (Audited)				
Investment properties	-	5,542,847	35,165,000	40,707,847
Financial assets at fair value through other comprehensive income	-	-	340,380	340,380
	-	5,542,847	35,505,380	41,048,227

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10 FAIR VALUE MEASUREMENT (continued)

	<i>Level 1</i> <i>KD</i>	<i>Level 2</i> <i>KD</i>	<i>Level 3</i> <i>KD</i>	<i>Total</i> <i>KD</i>
<i>As at 31 July 2023</i>				
Investment properties	-	5,991,544	35,104,000	41,095,544
Financial assets at fair value through other comprehensive income	-	-	356,582	356,582
	<u>-</u>	<u>5,991,544</u>	<u>35,460,582</u>	<u>41,452,126</u>

There were no transfers between fair value hierarchies during the period ended 31 July 2024, the year ended 31 October 2023 and the period ended 31 July 2023.

The following table shows a reconciliation of the opening and closing amounts of level three assets, which are recorded at fair value:

	<i>Investment properties</i> <i>KD</i>	<i>Financial assets at FVOCI</i> <i>KD</i>
<i>31 July 2024</i>		
As at the beginning of the period	35,165,000	340,380
Capital redemption of equity instruments designated at FVOCI	-	(30,337)
Net gain recorded in the profit or loss	221,000	-
Net purchases, transfers, sales and settlements	(1,261,000)	-
As at the end of the period	<u>34,125,000</u>	<u>310,043</u>
 <i>31 October 2023 (Audited)</i>		
As at the beginning of the year	34,851,000	373,025
Net loss recorded in the profit or loss	(157,500)	-
Net loss recorded in other comprehensive income	-	(5,270)
Net purchases, transfers, sales and settlements	471,500	(27,375)
As at the end of the year	<u>35,165,000</u>	<u>340,380</u>
 <i>31 July 2023</i>		
As at the beginning of the period	34,851,000	373,025
Additions during the period	2,878,499	-
Capital redemption of equity instruments designated at FVOCI	-	(16,443)
Net purchases, transfers, sales and settlements	(2,407,000)	-
Net loss recorded in profit or loss	(218,499)	-
As at the end of the period	<u>35,104,000</u>	<u>356,582</u>

Description of significant unobservable inputs to valuation of financial assets:

Unquoted equity securities classified as financial assets at fair value through other comprehensive income are valued using certain inputs and assumptions to determine the fair value based on the average market multiples method, price to book value of comparable companies, and discount for lack marketability and control.

Description of valuation methods used in the fair valuation of investment properties:

- ▶ Properties are valued using the income capitalization approach. 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 using the current market discount rate.
- ▶ Lands are valued using the market approach. Market approach is based on a comparison of active market prices for similar properties and recent arm length's market transactions, adjusted for difference in the nature, location or condition of the specific property.

11 LEGAL CASES

- a) During the year ended 31 October 2018, the Parent Company filed a legal case against a contract owner claiming the recovery of previously incurred delay penalties amounting to KD 3,851,136. On 13 December 2020, the Court of First Instance has issued a verdict which entitled the Parent Company to recover the final payment of the contract amounting to KD 163,159. This ruling was appealed by both sides of the legal case, and on 30 May 2022, the appeal was rejected, and the legal case was dismissed by the court for premature filing. The Group filed an appeal against the ruling at the Court of Cassation. On 8 November 2023, the legal case was dismissed from the court following an out-of-court settlement between the disputed parties. Based on which, the contract owner released the withheld bank guarantees of KD 7,702,272 during the period ended 31 July 2024.
- b) During the prior years, a subcontractor filed a legal case against the Parent Company claiming recovery of costs incurred on one of the projects. On 26 January 2021, the Court of first instance has issued an initial verdict awarding the subcontractor an amount of KD 6,588,572. The Parent Company filed an appeal against the ruling at the Court of Appeal, and on 20 February 2022, the Court of appeal's verdict was issued supporting the first ruling. The Group appealed against the ruling at the Court of Cassation. On 12 June 2022, the Court of Cassation approved the Group's request to suspend the enforcement of the abovementioned verdict awaiting the outcome of the final ruling.

The Parent Company has also filed another case against the same subcontractor. On 17 May 2022, the Court of first instance issued an initial verdict obligating the subcontractor to pay the Parent Company an amount of KD 2,850,286 and the related legal charges. The subcontractor appealed against this ruling, and on 20 November 2022, the court of appeals verdict was issued supporting the first ruling due to enrichment without reason. On 28 December 2022 the subcontractor filed an appeal at the Court of Cassation, however, the hearing session has not been set up to the date of approval of this interim condensed consolidated financial information.

Management and the legal counsel believe that there is uncertainty around the case and the ultimate outcome of the case by the Court of Cassation cannot be determined presently. However, management believes they have sufficient provisions against the legal cases on account of the related claim with the same subcontractor and the provisions already recorded against the receivables from the subcontractor.

- c) During the year ended 31 October 2019, the Parent Company filed a legal case against one of the contractors seeking to refund the liquidated performance guarantee of KD 900,000 and the advance payment amounting to KD 441,402. On 6 February 2022, the Court of first instance has issued a verdict which entitled the Parent Company to reimburse an amount of KD 483,166 in addition to the liquidated guarantees. The decision was appealed by the main contractor and the Parent Company at the Court of Appeal. The Court of Appeal's verdict was issued 22 January 2023 adjusted the awarded amount by the Court of first instance to be KD 85,176 and declined the Parent Company's right to claim the guarantees. The Parent Company filed an appeal against the ruling in the Court of Cassation, which was transferred to the Cassation Prosecution for final opinion. As a result, the Parent Company recorded an additional allowance for expected credit losses of KD 342,409 against the outstanding balance due from the contractor. On 23 January 2024, the Court of Appeal's verdict adjusted the Court of Appeal's verdict and obligated the Parent Company to pay the contractor an amount of KD 85,176, which was paid during the period ended 31 July 2024.
- d) During the year ended 31 October 2019, a subcontractor filed a legal case against the Parent Company seeking final settlement of the subcontract's balance. On 22 March 2021, the Court of first instance has issued a verdict mandating the Parent Company to settle an amount of KD 183,855. On 22 February 2023, the Court of Appeals verdict adjusted the first verdict, mandating the Parent Company to pay an amount of KD 176,992 plus 7% interest starting from 14 January 2019. On 17 May 2023, the Court of Appeals has ordered the continuation of the execution of the verdict, and it was fully executed during the year in which the Parent Company has fully settled the demanded verdict amount. As a result, the Parent Company recorded a loss of KD 161,397 during the year ended 31 October 2023, and filed an appeal in the Court of Cassation before the consultation room. On 12 November 2023, the filed appeal was rejected.

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12 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 July 2024 amounted to KD 2,850,772 (31 October 2023: KD 3,041,165 and 31 July 2023: KD 2,908,788), out of which are bank balances related to the Ultimate Parent Company amounting to KD 2,704,591 (31 October 2023: KD 2,959,012 and 31 July 2023: KD 2,137,511).

Revenue from services rendered includes KD 744,604 (31 July 2023: KD 269,778) arising from trust and fiduciary activities, out of which KD 84,533 (31 July 2023: KD 96,990) has been earned from services rendered to the Ultimate Parent Company (Note 7).

13 ANNUAL GENERAL ASSEMBLY MEETING (AGM)

The Annual General Assembly Meeting ("AGM") of the Parent Company's shareholders which was held on 11 February 2024 approved:

- ▶ The consolidated financial statements for the year ended 31 October 2023.
- ▶ The distribution of Board of directors' remuneration of KD 15,000 to the independent member of the Board of Directors.
- ▶ The Board of Directors' recommendation not to distribute dividends for the year ended 31 October 2023.
- ▶ The authorization of the Board of Directors to trade in the Parent Company's shares to the extent of 10% of its share capital in accordance with guidelines of the law No.7 of 2010 and its executive regulations and subsequent amendments.

The Annual General Assembly Meeting ("AGM") of the Parent Company's shareholders was held on 12 March 2023 and approved:

- ▶ The consolidated financial statements for the year ended 31 October 2022.
- ▶ The distribution of Board of directors' remuneration of KD 9,000 to the independent member of the Board of Directors.
- ▶ The Board of Directors' recommendation not to distribute dividends for the year ended 31 October 2022.
- ▶ The authorization of the Board of Directors to trade in the Parent Company's shares to the extent of 10% of its share capital in accordance with guidelines of the law No.7 of 2010 and its executive regulations and subsequent amendments.