

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

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

**31 JULY 2021**





Ernst & Young  
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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 31 July 2021, and the related interim condensed consolidated statement of income and the 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 2021 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 the Capital Markets Authority and its related regulations during the nine-month period ended 31 July 2021 that might have had a material effect on the business of the Parent Company or on its financial position.

WALEED A. AL OSAIMI

LICENCE NO. 68 A

EY

AL AIBAN, AL OSAIMI & PARTNERS

9 September 2021

Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME  
(UNAUDITED)

For the period ended 31 July 2021

Note	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>31 July</i>		<i>31 July</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>REVENUES</b>				
Revenue from services rendered	<b>1,747,583</b>	1,856,735	<b>5,565,488</b>	6,005,608
Revenue from real estate activities	<b>520,868</b>	572,822	<b>1,539,368</b>	1,749,341
Revenue from construction contracts	<b>98,160</b>	108,967	<b>894,834</b>	418,314
	<b>2,366,611</b>	2,538,524	<b>7,999,690</b>	8,173,263
<b>COST OF REVENUES</b>				
Cost of services rendered	<b>1,506,174</b>	1,414,421	<b>4,585,743</b>	4,505,637
Cost of real estate activities	<b>70,361</b>	39,798	<b>260,880</b>	151,925
Cost of construction contracts	<b>223,516</b>	160,883	<b>1,259,864</b>	553,141
	<b>1,800,051</b>	1,615,102	<b>6,106,487</b>	5,210,703
<b>GROSS PROFIT</b>	<b>566,560</b>	923,422	<b>1,893,203</b>	2,962,560
Reversal of (allowance for) expected credit losses	<b>34,890</b>	(376,876)	<b>(93,858)</b>	(670,435)
General and administrative expenses	<b>(277,944)</b>	(338,338)	<b>(941,588)</b>	(1,049,722)
<b>PROFIT FROM OPERATIONS</b>	<b>323,506</b>	208,208	<b>857,757</b>	1,242,403
Share of results of associates	-	-	-	5,919
Loss on sale of an associate	-	-	-	(229,641)
Net investment income (loss)	<b>14,761</b>	17,523	<b>47,769</b>	(677,912)
Other income	<b>9,271</b>	2,779	<b>89,437</b>	36,768
Finance costs on murabaha payables	<b>(57,514)</b>	(88,171)	<b>(188,953)</b>	(323,661)
Finance costs on lease liabilities	<b>(57,271)</b>	(80,343)	<b>(174,555)</b>	(246,943)
<b>PROFIT (LOSS) FOR THE PERIOD BEFORE PROVISION FOR NATIONAL LABOUR SUPPORT TAX (NLST) AND ZAKAT</b>	<b>232,753</b>	59,996	<b>631,455</b>	(193,067)
NLST	<b>(3,648)</b>	-	<b>(16,493)</b>	-
Zakat	<b>(1,459)</b>	-	<b>(6,597)</b>	-
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>227,646</b>	59,996	<b>608,365</b>	(193,067)
<b>BASIC AND DILUTED EARNINGS (LOSSES) PER SHARE</b>	<b>0.51 fils</b>	0.13 fils	<b>1.35 fils</b>	(0.43) fils

The attached notes 1 to 16 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 COMPREHENSIVE  
INCOME (UNAUDITED)

For the period ended 31 July 2021

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>31 July</i>		<i>31 July</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>Profit (loss) for the period</b>	<b>227,646</b>	59,996	<b>608,365</b>	(193,067)
<b>Other comprehensive loss</b>				
<i>Items that are or may be reclassified to interim condensed consolidated statement of income in subsequent periods:</i>				
- Exchanges differences on translation of foreign operation	-	-	-	117
- Recycling of foreign currency translation reserve upon disposal of associate	-	-	-	(33,785)
	-	-	-	(33,668)
<i>Items that will not be reclassified subsequently to interim condensed consolidated statement of income in subsequent periods:</i>				
- Change in fair value of financial assets at fair value through other comprehensive income	-	(290,789)	-	(356,506)
	-	(290,789)	-	(356,506)
<b>Other comprehensive loss for the period</b>	-	(290,789)	-	(390,174)
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	<b>227,646</b>	(230,793)	<b>608,365</b>	(583,241)

The attached notes 1 to 16 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 2021

	Notes	31 July 2021 KD	(Audited) 31 October 2020 KD	31 July 2020 KD
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		194,331	283,229	318,880
Investment properties	6	41,138,050	41,138,050	41,669,376
Investment in associates		9,795	9,795	9,795
Financial assets at fair value through other comprehensive income		1,111,587	1,111,587	1,637,002
Accounts receivable and other assets		680,531	673,830	712,512
Right of use assets		4,637,899	5,893,699	6,304,212
		<u>47,772,193</u>	<u>49,110,190</u>	<u>50,651,777</u>
<b>Current assets</b>				
Inventories		122,045	126,695	128,667
Financial assets at fair value through profit or loss		2,807	1,837	2,598
Contract assets		3,363,617	3,463,376	4,066,205
Accounts receivable and other assets		11,068,603	12,788,217	13,075,848
Investment deposits	7	5,903,744	6,903,616	6,903,616
Bank balances and cash	7	1,510,603	2,046,511	603,933
		<u>21,971,419</u>	<u>25,330,252</u>	<u>24,780,867</u>
<b>TOTAL ASSETS</b>		<u><b>69,743,612</b></u>	<u><b>74,440,442</b></u>	<u><b>75,432,644</b></u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
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	16	-	4,479,673	4,479,673
Cumulative changes in fair value reserve		(3,082,215)	(3,082,215)	(2,652,444)
Accumulated losses	16	(6,263,306)	(11,351,344)	(11,084,773)
<b>TOTAL EQUITY</b>		<u><b>44,269,560</b></u>	<u><b>43,661,195</b></u>	<u><b>44,357,537</b></u>
<b>Non-current liabilities</b>				
Employees' end of service benefits		1,732,573	1,798,160	1,831,912
Murabaha payables		3,172,737	3,742,041	4,130,115
Accounts payable and other liabilities		3,013,266	4,712,772	4,885,838
Lease liabilities		3,362,696	2,825,215	4,656,362
		<u>11,281,272</u>	<u>13,078,188</u>	<u>15,504,227</u>
<b>Current liabilities</b>				
Contract liabilities		233,465	255,545	207,680
Murabaha payables		5,864,059	7,238,597	6,762,326
Accounts payable and other liabilities		6,921,306	7,484,707	6,939,414
Lease liabilities		1,173,950	2,722,210	1,661,460
		<u>14,192,780</u>	<u>17,701,059</u>	<u>15,570,880</u>
<b>TOTAL LIABILITIES</b>		<u><b>25,474,052</b></u>	<u><b>30,779,247</b></u>	<u><b>31,075,107</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>69,743,612</b></u>	<u><b>74,440,442</b></u>	<u><b>75,432,644</b></u>

  
Saleh Turki Saleh Al-Khamis  
Chairman

The attached notes 1 to 16 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 2021

	<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 value reserve KD</i>	<i>Accumulated losses KD</i>	<i>Total KD</i>
As at 1 November 2020 (Audited)	45,053,468	176,642	8,384,971	4,479,673	-	(3,082,215)	(11,351,344)	43,661,195
Profit for the period	-	-	-	-	-	-	608,365	608,365
Other comprehensive loss for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	608,365	608,365
Extinguishment of accumulated losses against voluntary reserve (Note 16)	-	-	-	(4,479,673)	-	-	4,479,673	-
<b>As at 31 July 2021</b>	<b>45,053,468</b>	<b>176,642</b>	<b>8,384,971</b>	<b>-</b>	<b>-</b>	<b>(3,082,215)</b>	<b>(6,263,306)</b>	<b>44,269,560</b>
As at 1 November 2019 (Audited)	45,053,468	176,642	8,384,971	4,479,673	33,668	(2,295,938)	(10,891,706)	44,940,778
Loss for the period	-	-	-	-	-	-	(193,067)	(193,067)
Other comprehensive loss for the period	-	-	-	-	(33,668)	(356,506)	-	(390,174)
Total comprehensive loss for the period	-	-	-	-	(33,668)	(356,506)	(193,067)	(583,241)
As at 31 July 2020	45,053,468	176,642	8,384,971	4,479,673	-	(2,652,444)	(11,084,773)	44,357,537

The attached notes 1 to 16 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 2021

	<i>Nine months ended</i>	
	<i>31 July</i>	
Note	<b>2021</b>	<b>2020</b>
	<b>KD</b>	<b>KD</b>
<b>OPERATING ACTIVITIES</b>		
Profit (loss) for the period before provision for National Labor Support Tax (NLST) and Zakat	<b>631,455</b>	(193,067)
Non-cash adjustments to reconcile profit for the period to net cash flows:		
Depreciation on property, plant and equipment and right of use assets	<b>1,336,044</b>	1,465,604
Gain on disposal of property, plant and equipment	<b>(4,040)</b>	(20,475)
Share of results of associates	<b>-</b>	(5,919)
Net investment (income) loss	<b>(47,769)</b>	677,912
Allowance for expected credit losses	<b>93,858</b>	670,435
Provision for employees' end of service benefits	<b>193,534</b>	218,168
Finance costs on murabaha payables	<b>188,953</b>	323,661
Finance costs on murabaha payables under cost of real estate activities	<b>25,820</b>	58,627
Finance costs on lease liabilities	<b>174,555</b>	246,943
Loss on sale of an associate	<b>-</b>	229,641
	<b>2,592,410</b>	3,671,530
Changes in working capital:		
Inventories	<b>4,650</b>	5,194
Contract assets	<b>104,295</b>	(80,825)
Contract liabilities	<b>(22,080)</b>	(14,389)
Accounts receivable and other assets	<b>1,614,519</b>	(1,473,538)
Accounts payable and other liabilities	<b>(1,683,947)</b>	(308,213)
Cash flows from operations	<b>2,609,847</b>	1,799,759
Employees' end of service benefits paid	<b>(259,121)</b>	(84,829)
Net cash flows from operating activities	<b>2,350,726</b>	1,714,930
<b>INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	<b>(791)</b>	(2,558)
Proceeds from disposal of property, plant and equipment	<b>13,485</b>	24,425
Proceeds from liquidation of investment deposits	<b>-</b>	200,000
Proceeds from sale of investment in associate	<b>-</b>	1,450,551
Profit from investment deposits received	<b>46,799</b>	95,805
Net cash flows from investing activities	<b>59,493</b>	1,768,223
<b>FINANCING ACTIVITIES</b>		
Net movement in murabaha payables	<b>(1,980,738)</b>	(2,060,684)
Finance costs paid	<b>(177,877)</b>	(184,441)
Payment of lease liabilities	<b>(1,185,334)</b>	(732,000)
Net cash flows used in financing activities	<b>(3,343,949)</b>	(2,977,125)
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(933,730)</b>	506,028
Cash and cash equivalents at the beginning of the year	<b>8,343,850</b>	6,394,567
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>7,410,120</b>	6,900,595
	7	
<b>Non-cash items excluded from the interim condensed consolidated statement of cash flows:</b>		
Transitional adjustment to right-of-use assets on adoption of IFRS 16	<b>-</b>	(7,558,778)
Adjustment to accounts receivable and other assets on adoption of IFRS 16	<b>-</b>	755,899
Transitional adjustment to lease liabilities on adoption of IFRS 16	<b>-</b>	6,802,879
	<b>-</b>	-

The attached notes 1 to 16 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 2021

### 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 2021 was authorized for issuance in accordance with a resolution of the Parent Company's Board of Directors on 9 September 2021.

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.

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 Mezzanen three Floors, Kuwait.

The Annual General Assembly of the shareholders of the Parent Company held on 23 March 2021 approved the consolidated financial statements for the year ended 31 October 2020.

### 2 BASIS OF PREPARATION

The interim condensed consolidated financial information of the Group for the nine-months period ended 31 July 2021 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, financial assets at fair value through other comprehensive income 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 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 2020. 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-months period ended 31 July 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 October 2021. For more details, please refer to the consolidated financial statements and its related disclosures for the year ended 31 October 2020.

Certain prior period amounts have been reclassified to conform with current period presentation but has no effect neither on the profit (loss) for the period ended 31 July 2020 nor on the total equity as at 31 July 2020. Such reclassifications have been made to improve the quality of information presented.

### 3 CHANGES IN ACCOUNTING POLICIES

#### **New standards, interpretations, and amendments adopted by the Group**

The accounting policies adopted, and methods of computation followed are consistent with those of the previous financial year, except for items disclosed below. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2020 and 2021, but do not have an impact on the interim condensed consolidated financial information of the Group.



As at and for the period ended 31 July 2021

### 3 CHANGES IN ACCOUNTING POLICIES (continued)

#### **Amendments to IFRS 3: Definition of a Business**

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, these amendments have no impact on the interim condensed consolidated financial information of the Group.

#### **Amendments to IAS 1 and IAS 8: Definition of Material**

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the interim condensed consolidated financial information of, nor is there expected to be any future impact to the Group.

### 4 STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Group's interim condensed consolidated financial information are listed below.

#### **Reference to the Conceptual Framework – Amendments to IFRS 3**

In May 2020, the IASB issued Amendments to IFRS 3 *Business Combinations - Reference to the Conceptual Framework*. The amendments are intended to replace a reference to the *Framework for the Preparation and Presentation of Financial Statements*, issued in 1989, with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

The amendments are not expected to have a material impact on the Group.

#### **Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16**

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

# 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 2021

### 4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

#### IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

### 5 BASIC AND DILUTED EARNINGS (LOSSES) PER SHARE

Basic earnings (losses) per share are calculated by dividing the profit (loss) for the period by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares). Diluted earnings (losses) per share are calculated by dividing the profit (loss) 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>	
	<b>2021</b>	2020	<b>2021</b>	2020
Profit (loss) for the period (KD)	<b>227,646</b>	59,996	<b>608,365</b>	(193,067)
Weighted average number of shares outstanding during the period	<b>450,534,680</b>	450,534,680	<b>450,534,680</b>	450,534,680
<b>Basic and diluted earnings (losses) per share</b>	<b>0.51 fils</b>	0.13 fils	<b>1.35 fils</b>	(0.43) fils

### 6 INVESTMENT PROPERTIES

	<i>31 July</i>	<i>(Audited)</i>	<i>31 July</i>
	<b>2021</b>	<i>31 October</i>	<i>31 July</i>
	<b>KD</b>	<i>2020</i>	<i>2020</i>
		<b>KD</b>	<b>KD</b>
As at the beginning of the period / year	<b>41,138,050</b>	42,443,004	42,443,004
Unrealized loss on evaluation	-	(1,304,954)	(773,628)
	<b>41,138,050</b>	41,138,050	41,669,376

The fair value of investment properties has been determined based on valuation performed by two independent professional real estate valuation experts as of 31 October 2020 who are specialized in valuing such type of properties. Both valuers have used the following methods:

- ▶ Some developed properties have been valued using the income capitalization approach assuming full capacity of the property;
- ▶ Other developed properties 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;

Description of the above valuation methods is provided in detail in Note 11. There are no events or circumstances which will impact the fair value of the investment properties at the reporting date.

# 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 2021

### 6 INVESTMENT PROPERTIES (continued)

As at 31 July 2021, investment properties with a carrying value amounting to KD 16,820,000 and KD 12,232,000 (31 October 2020: KD 16,820,000 and KD 12,232,000 and 31 July 2020: KD 17,023,000 and KD 12,302,000) are pledged as a security against murabaha payables and letter of guarantees to the Ultimate Parent Company (Note 8 and 9) and local financial institutions, respectively.

### 7 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>31 July</i> <i>2021</i> <i>KD</i>	<i>(Audited)</i> <i>31 October</i> <i>2020</i> <i>KD</i>	<i>31 July</i> <i>2020</i> <i>KD</i>
Investment deposits	<b>5,903,744</b>	6,903,616	6,903,616
Bank balances and cash	<b>1,510,603</b>	2,046,511	603,933
	<b>7,414,347</b>	8,950,127	7,507,549
Less:			
Bank overdrafts (included under accounts payable and other liabilities)	<b>(4,227)</b>	(606,277)	(606,954)
Cash and cash equivalents at the end of the period /year	<b>7,410,120</b>	8,343,850	6,900,595

As at 31 July 2021, bank balances and cash include an amount of KD 1,117,253 (31 October 2020: KD 989,262 and 31 July 2020: KD 289,271) which represents amounts held with the Ultimate Parent Company (Note 8).

As at 31 July 2021, investment deposits include an amount of KD 5,903,744 (31 October 2020: KD 6,903,616 and 31 July 2020: KD 6,903,616) which represents amounts held with the Ultimate Parent Company (Note 8).

As at 31 July 2021, bank overdrafts include an amount of KD 2,954 (31 October 2020: KD 24 and 31 July 2020: KD 24) which represents amounts withdrawn from the Ultimate Parent Company (Note 8).

## 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 2021

#### 8 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>Interim condensed consolidated statement of income:</i>	<i>Three months ended 31 July</i>				<i>Nine months ended 31 July</i>			
	<i>Other Related parties</i>	<i>Ultimate Parent Company</i>	<i>Total 2021</i>	<i>Total 2020</i>	<i>Other Related parties</i>	<i>Ultimate Parent Company</i>	<i>Total 2021</i>	<i>Total 2020</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Revenue from services rendered	-	839,567	839,567	770,325	-	2,553,324	2,553,324	2,488,692
Profit on investment deposits	-	14,059	14,059	17,854	-	46,799	46,799	90,580
Cost of services rendered	5,281	-	5,281	-	26,307	-	26,307	11,649
Cost of construction	-	-	-	17,110	2,719	-	2,719	33,211
General and administrative expenses	449	-	449	-	15,645	-	15,645	28,158
Finance costs on murabaha payables	-	-	-	26,513	-	16,880	16,880	100,342

Revenue from services rendered include KD 142,241 (31 July 2020: KD 110,778) which has been earned from trust and fiduciary activities (Note 15).

# 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 2021

### 8 RELATED PARTY TRANSACTIONS (continued)

	<i>Ultimate Parent Company KD</i>	<i>31 July 2021 KD</i>	<i>(Audited) 31 October 2020 KD</i>	<i>31 July 2020 KD</i>
<i>Interim condensed consolidated statement of financial position:</i>				
Amounts due from related parties (included under accounts receivable and other assets)	<b>228,690</b>	<b>228,690</b>	394,398	380,742
Investment deposits (Note 7)	<b>5,903,744</b>	<b>5,903,744</b>	6,903,616	6,903,616
Bank balances and cash (Note 7)	<b>1,117,253</b>	<b>1,117,253</b>	989,262	289,271
Murabaha payables	-	-	982,451	1,105,204
Bank overdrafts (included under accounts payable and other liabilities) (Note 7)	<b>2,954</b>	<b>2,954</b>	24	24

As of 31 July 2021, Murabaha payable due to the Ultimate Parent Company are secured against certain investment properties with a carrying value amounting to KD Nil (31 October 2020: KD 16,820,000 and 31 July 2020: KD 17,023,000), respectively (Note 6).

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

As of 31 July 2021, investment deposits and bank balances amounting to KD 2,500,000 and KD 4,093,643 (31 October 2020: KD 2,500,000 and KD 4,016,354, and 31 July 2020: KD 2,500,000 and KD 4,012,545) respectively, are related to fiduciary assets held with the Ultimate Parent Company (Note 15).

	<i>Three months ended 31 July</i>		<i>Nine months ended 31 July</i>	
	<i>2021 KD</i>	<i>2020 KD</i>	<i>2021 KD</i>	<i>2020 KD</i>
<i>Key management compensations:</i>				
Salaries and other short-term benefits	<b>42,496</b>	59,524	<b>190,596</b>	214,238
Employees' end of service benefits	<b>3,073</b>	5,771	<b>14,969</b>	19,679
	<b>45,569</b>	65,295	<b>205,565</b>	233,917

### 9 CONTINGENT LIABILITIES

- (a) As at 31 July 2021, the Group has contingent liabilities representing letters of guarantee issued in the ordinary course of business amounting to KD 17,490,344 (31 October 2020: KD 17,500,344 and 31 July 2020: KD 17,491,282) from which it is anticipated that no material liability will arise, out of which are letter of guarantees to the Ultimate Parent Company amounting to KD 13,079,570 (31 October 2020: KD 13,079,570 and 31 July 2020: KD 13,080,070) are secured against certain investment properties with a carrying value amounting to KD 16,820,000 (31 October 2020: KD 16,820,000 and 31 July 2020: KD 17,023,000), respectively (Note 6).
- (b) Letter of guarantees amounting to KD 11,729,335 (31 October 2020: KD 11,729,335 and 31 July 2020: KD 11,729,835) are related to delayed projects amounting to KD 97,110,242 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 13 for more details on significant legal cases.

## 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 2021

#### **10 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:

*Construction Projects:* undertaking contracts to construct buildings.

*Services Rendered:* undertaking maintenance of mechanical and electrical spare parts and building materials, providing security services, and managing real estate for others.

*Real estate:* managing its own properties and renting properties for others.

*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 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 Group profit or loss.

During the periods ended 31 July 2021 and 31 July 2020, 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 and for the period ended 31 July 2021

#### 10 SEGMENT INFORMATION (continued)

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

	<i>Construction projects KD</i>	<i>Services rendered KD</i>	<i>Real estate KD</i>	<i>Investments KD</i>	<i>Unallocated KD</i>	<i>Total KD</i>
<i>Nine months ended 31 July 2021</i>						
Segment revenues	<u>894,834</u>	<u>5,565,488</u>	<u>1,539,368</u>	<u>47,769</u>	<u>89,437</u>	<u>8,136,896</u>
Operating and administrative expenses	<u>(1,258,053)</u>	<u>(4,567,496)</u>	<u>(260,880)</u>	<u>(468,141)</u>	<u>(884,281)</u>	<u>(7,438,851)</u>
Depreciation	<u>(1,811)</u>	<u>(18,247)</u>	<u>-</u>	<u>(88)</u>	<u>(69,534)</u>	<u>(89,680)</u>
Segment costs	<u>(1,259,864)</u>	<u>(4,585,743)</u>	<u>(260,880)</u>	<u>(468,229)</u>	<u>(953,815)</u>	<u>(7,528,531)</u>
(Loss) profit for the period	<u>(365,030)</u>	<u>979,745</u>	<u>1,278,488</u>	<u>(420,460)</u>	<u>(864,378)</u>	<u>608,365</u>
<i>As at 31 July 2021</i>						
Assets	<u>11,376,138</u>	<u>7,994,739</u>	<u>35,332,986</u>	<u>13,964,380</u>	<u>1,075,369</u>	<u>69,743,612</u>
Liabilities	<u>7,625,023</u>	<u>5,969,025</u>	<u>886,227</u>	<u>8,257,993</u>	<u>2,735,784</u>	<u>25,474,052</u>
Capital expenditures and commitments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>791</u>	<u>791</u>
	<i>Construction projects KD</i>	<i>Services rendered KD</i>	<i>Real Estate KD</i>	<i>Investments KD</i>	<i>Unallocated KD</i>	<i>Total KD</i>
<i>As at 31 October 2020</i>						
Assets	<u>12,909,719</u>	<u>9,367,986</u>	<u>35,576,256</u>	<u>15,556,555</u>	<u>1,029,926</u>	<u>74,440,442</u>
Liabilities	<u>9,987,879</u>	<u>6,920,510</u>	<u>1,664,301</u>	<u>9,417,149</u>	<u>2,789,408</u>	<u>30,779,247</u>
Capital expenditures and commitments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,558</u>	<u>2,558</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 and for the period ended 31 July 2021

**10 SEGMENT INFORMATION (continued)**

	<i>Construction Projects KD</i>	<i>Services Rendered KD</i>	<i>Real Estate KD</i>	<i>Investments KD</i>	<i>Unallocated KD</i>	<i>Total KD</i>
<i>Nine months ended 31 July 2020</i>						
Segment revenues	418,314	6,005,608	1,749,341	101,634	36,768	8,311,665
Operating and administrative expenses	(549,049)	(3,224,652)	(151,925)	(1,506,775)	(1,606,727)	(7,039,128)
Depreciation	(4,092)	(1,280,985)	-	(1,959)	(178,568)	(1,465,604)
Segment costs	(553,141)	(4,505,637)	(151,925)	(1,508,734)	(1,785,295)	(8,504,732)
(Loss) profit for the period	(134,827)	1,499,971	1,597,416	(1,407,100)	(1,748,527)	(193,067)
<i>As at 31 July 2020</i>						
Assets	11,782,520	11,067,681	35,995,694	15,373,217	1,213,532	75,432,644
Liabilities	9,563,566	7,600,303	1,784,740	9,178,479	2,948,019	31,075,107
Capital expenditures and commitments	-	-	2,558	-	-	2,558



# 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 2021

### 11 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</i> <i>KD</i>	<i>Level 2</i> <i>KD</i>	<i>Level 3</i> <i>KD</i>	<i>Total</i> <i>KD</i>
<b><i>As at 31 July 2021</i></b>				
Investment properties	-	6,025,050	35,113,000	41,138,050
Financial assets at fair value through profit or loss	2,807	-	-	2,807
Financial assets at fair value through other comprehensive income	-	-	1,111,587	1,111,587
	<u>2,807</u>	<u>6,025,050</u>	<u>36,224,587</u>	<u>42,252,444</u>
 <i>As at 31 October 2020 (Audited)</i>				
Investment properties	-	6,025,050	35,113,000	41,138,050
Financial assets at fair value through profit or loss	1,837	-	-	1,837
Financial assets at fair value through other comprehensive income	-	-	1,111,587	1,111,587
	<u>1,837</u>	<u>6,025,050</u>	<u>36,224,587</u>	<u>42,251,474</u>
 <i>As at 31 July 2020</i>				
Investment properties	-	6,311,376	35,358,000	41,669,376
Financial assets at fair value through profit or loss	2,598	-	-	2,598
Financial assets at fair value through other comprehensive income	-	-	1,637,002	1,637,002
	<u>2,598</u>	<u>6,311,376</u>	<u>36,995,002</u>	<u>43,308,976</u>

During the periods / year ended 31 July 2021, 31 October 2020 and 31 July 2020, there were no transfers between Level 1, level 2, and level 3 fair value measurement.

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 2021

**11 FAIR VALUE MEASUREMENT (continued)**

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

	<i>As at the beginning of the year KD</i>	<i>Net losses recorded in the interim consolidated statement of income KD</i>	<i>Net losses recorded in the interim condensed statement of comprehensive income KD</i>	<i>Net purchases, transfers, sales and settlements KD</i>	<i>As at the end of the period KD</i>
<b>31 July 2021</b>					
Investment properties	35,113,000	-	-	-	35,113,000
Financial assets at fair value through other comprehensive income	1,111,587	-	-	-	1,111,587
	<u>36,224,587</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,224,587</u>
	<i>At the beginning of the year KD</i>	<i>Net losses recorded in the consolidated statement of income KD</i>	<i>Net losses recorded in the consolidated statement of comprehensive income KD</i>	<i>Net purchases, transfers, sales and settlements KD</i>	<i>At the end of the year KD</i>
<b>31 October 2020 (Audited)</b>					
Investment properties	35,796,000	(683,000)	-	-	35,113,000
Financial assets at fair value through other comprehensive income	1,993,508	-	(786,277)	(95,644)	1,111,587
	<u>37,789,508</u>	<u>(683,000)</u>	<u>(786,277)</u>	<u>(95,644)</u>	<u>36,224,587</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 and for the period ended 31 July 2021

### 11 FAIR VALUE MEASUREMENT (continued)

	<i>As at the beginning of the year KD</i>	<i>Net losses recorded in the interim condensed consolidated statement of income KD</i>	<i>Net losses recorded in the interim condensed consolidated statement of comprehensive income KD</i>	<i>As at the end of the period KD</i>
<i>31 July 2020</i>				
Investment properties	35,796,000	(438,000)	-	35,358,000
Financial assets at fair value through other comprehensive income	1,993,508	-	(356,506)	1,637,002
	<u>37,789,508</u>	<u>(438,000)</u>	<u>(356,506)</u>	<u>36,995,002</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:

##### *Developed properties*

- ▶ 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.
- ▶ Properties 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.

### 12 COVID-19 AND RISK MANAGEMENT IN THE CURRENT ECONOMIC SCENARIO

The preparation of the Group's interim condensed consolidated financial information requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The outbreak of novel coronavirus ("COVID-19") since early 2020, globally caused disruptions to businesses and economic activity globally and the declaration of this pandemic by the World Health Organization necessitated the Group's management to revisit its significant judgments in applying the Group's accounting policies and the methods of computation and the key sources of estimation applied to the annual consolidated financial statements for the year ended 31 October 2020.

Whilst it is challenging now, to predict the full extent and duration of its business and economic impact, the Group's management carried out an impact assessment on the overall Group's operations and business aspects and concluded that, as of the issuance date of these interim condensed consolidated financial information, no significant changes are required to the judgements and key estimates.

However, in the view of the current uncertainty, any future change in the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future periods. As the situation is rapidly evolving with future uncertainties, management will continue to assess the impact based on prospective developments.

#### 12.1 Risk management

The management is monitoring and reassessing the risk management objectives and policies based on the current updates on COVID-19. For the period ended 31 July 2021, there were no significant changes to the risk management objectives and policies as compared to the audited consolidated financial statements as at 31 October 2020.

## 12 COVID-19 AND RISK MANAGEMENT IN THE CURRENT ECONOMIC SCENARIO (continued)

### 12.1 Risk management (continued)

#### 12.1.1 Credit risk

The Group has concluded that it is not significantly exposed to credit risk as a result of the outbreak as its financial assets constitute bank balances and cash, trade receivables, contract assets, and retention receivables. While cash and bank balances are subject to the impairment requirements of IFRS 9, management determined that the identified impairment loss on bank balances and cash was immaterial as these balances are mostly held with counterparties with appropriate credit-ratings assigned by international credit-rating agencies.

The Group's exposure to credit risk from trade receivables, contract assets, and retention receivables is influenced mainly by the individual characteristics of each customer. Credit risk is managed by ensuring that collections are made on a timely manner and by requiring customers to pay advances, substantially eliminating the Group's credit risk in this respect. However, the effects of COVID-19 may increase the amount of ECL recognised relating to trade receivables, contract assets, and retention receivables due to the disruptive effects of the pandemic (e.g. shutdown of operations, reduced consumer spending, etc.). In measuring ECL, the Group considered the actions taken and it expects to take (e.g. delays in payments and rent concessions) and the effect of those actions on cash flows.

#### 12.1.2 Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn.

- ▶ Day to day funding is managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature.
- ▶ Maintaining rolling forecasts of the Group's overall liquidity position on the basis of expected cash flows.
- ▶ Monitoring liquidity ratios and net current assets against internal standards.
- ▶ Maintaining debt financing plans.

The Group expects a significantly adverse impact on its liquidity due to COVID-19 outbreak. Management has taken several steps in protecting cash flows through compensating cost saving measures and reductions to discretionary capital expenditure. Further, the Group aims to maintain the level of its bank balances and cash at an amount in excess of expected cash outflows on financial liabilities.

### 12.2 Subsequent events

The implications of COVID-19 are ongoing and the ultimate outcome of this event is unknown and therefore the full impact on the Group for events and circumstances that arose after the reporting date cannot be reasonably quantified at the authorisation date of this interim condensed consolidated financial information. The effect of COVID-19 on the Group, when known, will be incorporated into the determination of the Group's estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities.

## 13 LEGAL CASES

On the 24 November 2020, the court of appeal issued a verdict stating that an amount of KD 1,085,931 is to be paid by the Group to a subcontractor, in addition to returning the letters of guarantee amounting to KD 121,600 to the subcontractor. On the 19 January 2021, the Group has presented an appeal to the court of cassation regarding the verdict issued and up to the date of the issuance of the interim condensed consolidated financial information, no final verdict has been issued by the court of cassation obligating the Group to pay these amounts. Despite those above mentioned facts, the Group has paid the disputed amounts during the current period ended 31 July 2021.

On the 13 December 2020, the court of first instance has issued an initial verdict stating that an amount of KD 163,159 is due to the Group from a subcontractor. The decision has been appealed by both sides of the legal case, and the court decision to discuss the appeal is set on 8 September 2021 and up to the date of the issuance of the interim condensed consolidated financial information, no final verdict issued by the court has been issued.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 July 2021

**13 LEGAL CASES (continued)**

On the 30 December 2020, the court of appeal issued a verdict stating that an amount of KD 247,692, in addition to interest amounting to 7 % of the amount is to be paid by the Group to a subcontractor. The Group presented an appeal to the court of cassation in regard to the verdict issued by the court of appeal and up to the date of the issuance of the interim condensed consolidated financial information, no final verdict has been issued by the court of cassation obligating the Group to pay these amounts. Despite those above mentioned facts, the Group has paid the disputed amounts during the current period ended 31 July 2021.

On the 26 January 2021, the court of first instance has issued an initial verdict stating that an amount of KD 6,588,572 is due from the Group to a subcontractor. The decision has been appealed by the Group, and the court decision to discuss the appeal is set on 19 September 2021 and up to the date of the issuance of the interim condensed consolidated financial information, no final verdict issued by the court has been issued.

**14 GOVERNMENT GRANT**

During the reporting period, the Parent Company has received financial support amounting to KD 75,105 which is accounted for in accordance with IAS 20 '*Accounting for Government Grants and Disclosures of Government Assistance*' and is recognised in the interim condensed consolidated statement of income within 'other income'.

**15 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 investment deposits and bank balances held in a trust or fiduciary capacity by the Group at 31 July 2021 amounted to KD 2,500,000 and KD 4,856,062, respectively (31 October 2020: KD 2,500,000 & 4,685,432 and 31 July 2020: KD 2,500,000 and KD 5,012,831 respectively), out of which are investment deposits and bank balances related to the Ultimate Parent Company amounting to KD 2,500,000 and KD 4,093,643, respectively (31 October 2020: KD 2,500,000 & 4,016,354 and 31 July 2020: KD 2,500,000 & 4,012,545 respectively).

Revenue from services rendered includes KD 322,729 (31 July 2020: KD 294,498) arising from trust and fiduciary activities, out of which KD 142,241 (31 July 2020: KD 110,788) has been earned from services rendered to the Ultimate Parent Company (Note 8).

**16 ANNUAL GENERAL ASSEMBLY MEETING (AGM)**

The Annual General Assembly Meeting ("AGM") of the shareholders of the Parent Company held on 23 March 2021 approved the consolidated financial statements for the year ended 31 October 2020 and approved the resolution to not distribute any cash dividends for the year ended 31 October 2020 (31 October 2019: KD Nil) and not to distribute Board of Directors' remuneration (2019: KD Nil).

The Annual General Assembly Meeting ("AGM") of the shareholders of the Parent Company held on 23 March 2021 also approved the extinguishment of accumulated losses amounting to KD 4,479,673 against the voluntary reserve, and all the necessary legal and regulatory approvals were obtained.

#### About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over.

We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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