

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

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

31 JULY 2018

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 2018, 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 statements of changes in equity and 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 2018 that might have had a material effect on the business of the Parent Company or on its financial position.



BADER A. AL ABDULJADER

LICENSE NO. 207 A

EY

AL AIBAN, AL OSAIMI & PARTNERS

12 September 2018

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 2018

		Three months ended 31 July		Nine months ended 31 July	
	Notes	2018 KD	2017 KD	2018 KD	2017 KD
CONTINUING OPERATIONS					
REVENUES					
Revenue from services rendered		2,057,008	2,126,967	6,409,563	6,515,754
Revenue from real estate activities		654,200	568,758	1,897,204	1,639,551
Revenue from construction contracts		4,421,008	537,002	7,153,334	5,812,244
		<u>7,132,216</u>	<u>3,232,727</u>	<u>15,460,101</u>	<u>13,967,549</u>
COST OF REVENUES					
Cost of services rendered		(1,685,996)	(1,617,125)	(4,999,399)	(5,070,908)
Cost of real estate activities		(57,548)	(27,500)	(157,532)	(109,856)
Cost of construction contracts	13	(4,425,275)	(1,003,658)	(7,457,601)	(6,515,001)
		<u>(6,168,819)</u>	<u>(2,648,283)</u>	<u>(12,614,532)</u>	<u>(11,695,765)</u>
GROSS PROFIT		963,397	584,444	2,845,569	2,271,784
Provision for doubtful debts		(224,291)	-	(224,291)	(125,000)
General and administrative expenses		(318,266)	(383,136)	(1,092,235)	(1,247,396)
		<u></u>	<u></u>	<u></u>	<u></u>
PROFIT FROM OPERATIONS		420,840	201,308	1,529,043	899,388
Share of results of associates		12,872	16,103	36,815	35,106
Net investment income (loss)	3	39,518	2,125	28,196	(43,478)
Other income		3,335	71,794	26,527	96,937
Finance costs		(139,545)	(186,226)	(488,081)	(558,894)
Foreign exchange gain		-	379	-	506
		<u></u>	<u></u>	<u></u>	<u></u>
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS BEFORE PROVISION FOR NATIONAL LABOUR SUPPORT TAX (NLST) AND ZAKAT					
		337,020	105,483	1,132,500	429,565
NLST		(10,551)	(3,195)	(28,110)	(15,927)
Zakat		(4,220)	(1,279)	(11,244)	(6,371)
		<u></u>	<u></u>	<u></u>	<u></u>
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		322,249	101,009	1,093,146	407,267
		<u></u>	<u></u>	<u></u>	<u></u>
DISCONTINUING OPERATIONS					
(Loss) profit for the period from discontinuing operations		(64,992)	9,966	(133,614)	78,078
		<u></u>	<u></u>	<u></u>	<u></u>
PROFIT FOR THE PERIOD		257,257	110,975	959,532	485,345
		<u></u>	<u></u>	<u></u>	<u></u>
BASIC AND DILUTED EARNINGS PER SHARE					
	4	0.57 fils	0.25 fils	2.13 fils	1.08 fils
		<u></u>	<u></u>	<u></u>	<u></u>
BASIC AND DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS					
	4	0.72 fils	0.22 fils	2.43 fils	0.90 fils
		<u></u>	<u></u>	<u></u>	<u></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 COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 31 July 2018

	Note	Three months ended 31 July		Nine months ended 31 July	
		2018 KD	2017 KD	2018 KD	2017 KD
Profit for the period		257,257	110,975	959,532	485,345
Other comprehensive (loss) income:					
<i>Items that are or may be reclassified to interim condensed consolidated statement of income in subsequent periods:</i>					
- Net unrealized (loss) gain of financial assets available for sale		(1,851)	46	(1,851)	411
- Realized (gain) loss on sale of financial assets available for sale transferred to interim condensed consolidated statement of income	3	(39,442)	(435)	(39,442)	8,272
- Exchange differences on translation of foreign operations		4,571	(18,858)	(3,779)	(11,371)
Other comprehensive (loss) income for the period		(36,722)	(19,247)	(45,072)	(2,688)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		220,535	91,728	914,460	482,657

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 2018

		31 July 2018 KD	(Audited) 31 October 2017 KD	31 July 2017 KD
	Notes			
ASSETS				
Non-current assets				
Property, plant and equipment		272,031	416,511	551,371
Investment properties	5	50,150,678	50,150,430	52,519,024
Investment in associates	6	1,642,258	1,609,222	1,590,557
Financial assets available for sale		4,040,898	4,160,717	5,795,327
Accounts receivable and other assets	7	3,155,419	3,013,904	4,561,408
		<u>59,261,284</u>	<u>59,350,784</u>	<u>65,017,687</u>
Current assets				
Inventories		68,604	83,425	144,114
Financial assets at fair value through profit or loss		340,442	655,850	634,747
Gross amount due from customers for contract works		3,540,855	2,804,979	2,498,222
Accounts receivable and other assets	7	15,944,600	17,291,540	18,854,841
Investment deposits		-	250,000	850,000
Cash and cash equivalents	8	214,011	702,119	1,291,194
		<u>20,108,512</u>	<u>21,787,913</u>	<u>24,273,118</u>
Assets classified as held for sale		<u>2,180,621</u>	<u>2,343,338</u>	<u>2,733,380</u>
		<u>22,289,133</u>	<u>24,131,251</u>	<u>27,006,498</u>
TOTAL ASSETS		<u>81,550,417</u>	<u>83,482,035</u>	<u>92,024,185</u>
EQUITY AND LIABILITIES				
Equity				
Share capital		45,053,468	45,053,468	45,053,468
Share premium		176,642	176,642	176,642
Statutory reserve		8,384,971	8,384,971	8,384,971
Voluntary reserve		4,544,599	4,544,599	4,591,927
Foreign currency translation reserve		44,632	48,411	39,453
Cumulative changes in fair value reserve		32,723	74,016	258,371
Accumulated losses		(8,939,116)	(9,898,648)	(1,306,268)
TOTAL EQUITY		<u>49,297,919</u>	<u>48,383,459</u>	<u>57,198,564</u>
Non-current liabilities				
Employees' end of service benefits		1,833,325	1,940,036	1,994,724
Murabaha payables		3,205,988	4,280,718	4,424,825
Accounts payable and other liabilities		6,018,090	5,997,151	6,373,852
		<u>11,057,403</u>	<u>12,217,905</u>	<u>12,793,401</u>
Current liabilities				
Gross amount due to customers for contract works		425,244	1,198,595	363,972
Murabaha payables		10,465,599	11,979,434	12,148,592
Accounts payable and other liabilities		9,151,621	8,411,008	8,095,285
		<u>20,042,464</u>	<u>21,589,037</u>	<u>20,607,849</u>
Liabilities directly associated with the assets held for sale		<u>1,152,631</u>	<u>1,291,634</u>	<u>1,424,371</u>
		<u>21,195,095</u>	<u>22,880,671</u>	<u>22,032,220</u>
TOTAL LIABILITIES		<u>32,252,498</u>	<u>35,098,576</u>	<u>34,825,621</u>
TOTAL EQUITY AND LIABILITIES		<u>81,550,417</u>	<u>83,482,035</u>	<u>92,024,185</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 2018

	<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 2017 (Audited)	45,053,468	176,642	8,384,971	4,544,599	48,411	74,016	(9,898,648)	48,383,459
Profit for the period	-	-	-	-	-	-	959,532	959,532
Other comprehensive loss for the period	-	-	-	-	(3,779)	(41,293)	-	(45,072)
Total comprehensive (loss) income for the period	-	-	-	-	(3,779)	(41,293)	959,532	914,460
As at 31 July 2018	<u>45,053,468</u>	<u>176,642</u>	<u>8,384,971</u>	<u>4,544,599</u>	<u>44,632</u>	<u>32,723</u>	<u>(8,939,116)</u>	<u>49,297,919</u>
As at 1 November 2016 (Audited)	45,053,468	176,642	8,384,971	4,591,927	50,824	249,688	(1,791,613)	56,715,907
Profit for the period	-	-	-	-	-	-	485,345	485,345
Other comprehensive (loss) income for the period	-	-	-	-	(11,371)	8,683	-	(2,688)
Total comprehensive (loss) income for the period	-	-	-	-	(11,371)	8,683	485,345	482,657
As at 31 July 2017	<u>45,053,468</u>	<u>176,642</u>	<u>8,384,971</u>	<u>4,591,927</u>	<u>39,453</u>	<u>258,371</u>	<u>(1,306,268)</u>	<u>57,198,564</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 CASH FLOWS

(UNAUDITED)

For the period ended 31 July 2018

		<div> <div>Nine months ended</div> <div>31 July</div> </div>	
	Notes	<div>2018</div> <div>KD</div>	<div>2017</div> <div>KD</div>
OPERATING ACTIVITIES			
Profit for the period from continuing operations before provision for NLST and Zakat		1,132,500	429,565
(Loss) profit for the period from discontinuing operations		(133,614)	78,078
		998,886	507,643
Adjustments to reconcile profit for the period to net cash flows:			
Share of results of associates		(36,815)	(35,106)
Depreciation		87,076	188,853
Gain on disposal of property, plant and equipment		(9,062)	(64,548)
Net investment (income) loss	3	(28,196)	43,478
Provision for doubtful debts		224,291	125,000
Provision for employees' end of service benefits		237,530	199,902
Finance costs		488,081	558,894
		1,961,791	1,524,116
Changes in working capital:			
Inventories		14,821	11,021
Financial assets at fair value through profit or loss		301,032	(51,334)
Gross amounts due from/ to customers for contract works		(1,509,227)	(14,873)
Accounts receivable and other assets		981,134	852,743
Accounts payable and other liabilities		148,714	(1,467,364)
		1,898,265	854,309
Cash flows from operations		(344,241)	(204,999)
Employees' end of service benefits paid			
Net cash flows from operating activities		1,554,024	649,310
INVESTING ACTIVITIES			
Additions to property, plant and equipment		(28,524)	(173,865)
Proceeds from disposal of property, plant and equipment		94,990	521,356
Additions to investment properties		(248)	(44,515)
Proceeds from sale of investment properties		-	728,828
Additions to financial assets available for sale		-	(17,250)
Proceeds from sale of financial assets available for sale		117,968	152,087
Additions to investment deposits		-	(1,020,000)
Proceeds from liquidation of investment deposits		250,000	420,000
Dividends income received		3,130	18,023
Assets and liabilities classified as held for sale		23,714	(75,188)
		461,030	509,476
Net cash flows from investing activities			
FINANCING ACTIVITIES			
Murabaha payables received		41,607,992	52,608,701
Murabaha payables repaid		(44,275,119)	(52,810,913)
Finance costs paid		(409,519)	(498,860)
		(3,076,646)	(701,072)
Net cash flows used in financing activities			
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(1,061,592)	457,714
Cash and cash equivalents at the beginning of the year	8	648,158	186,052
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	8	(413,434)	643,766

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 2018

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 2018 was authorized for issuance in accordance with a resolution of the Parent Company's Board of Directors on 12 September 2018.

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

The Annual General Assembly of the shareholders of the Parent Company held on 28 March 2018 approved the consolidated financial statements for the year ended 31 October 2017.

2 BASIS OF PREPARATION

The interim condensed consolidated financial information of the Group for the nine-months period ended 31 July 2018 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, certain financial assets available for sale and financial assets at fair value through profit or loss that have been measured at fair value.

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

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 October 2017, except for the adoption of the amendments and annual improvements to IFRSs, relevant to the Group which are effective for annual reporting periods starting from 1 November 2017. The Group is in the process of assessing the impact on the accounting policies, financial position or performance of the Group.

Further, certain prior period amounts have been adjusted to conform to the current period presentation. These adjustments were made in order to more appropriately present certain items of interim condensed consolidated statement of income. Such adjustments do not affect previously reported assets, liabilities, equity and profit for the period, nor affect the interim condensed consolidated cash flow statement.

The interim condensed consolidated financial information does not include all information and disclosures required in the annual 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 2017. 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 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 October 2018. For more details, please refer to the consolidated financial statements and its related disclosures for the year ended 31 October 2017.

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 2018

3 NET INVESTMENT INCOME (LOSS)

	<i>Three months ended 31 July</i>		<i>Nine months ended 31 July</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Realized gain (loss) on sale of financial assets available for sale	39,442	435	39,442	(8,272)
Realized loss on sale of investment properties	-	-	-	(69,932)
Realized (loss) gain on sale of financial assets at fair value through profit or loss	-	(2,100)	(26,686)	1,699
Unrealized gain on financial assets at fair value through profit or loss	76	1,500	12,310	15,004
Dividend income	-	2,290	3,130	18,023
	<u>39,518</u>	<u>2,125</u>	<u>28,196</u>	<u>(43,478)</u>

4 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares). Diluted earnings per share are calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares) plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. As at 31 July, the Parent Company did not have any diluted shares, or treasury shares.

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

	<i>Three months ended 31 July</i>		<i>Nine months ended 31 July</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
Profit for the period (KD)	257,257	110,975	959,532	485,345
Weighted average number of shares outstanding during the period	450,534,680	450,534,680	450,534,680	450,534,680
Basic and diluted earnings per share	<u>0.57 fils</u>	<u>0.25 fils</u>	<u>2.13 fils</u>	<u>1.08 fils</u>
Profit for the period from continuing operations (KD)	322,249	101,009	1,093,146	407,267
Weighted average number of shares outstanding during the period	450,534,680	450,534,680	450,534,680	450,534,680
Basic and diluted earnings per share from continuing operations	<u>0.72 fils</u>	<u>0.22 fils</u>	<u>2.43 fils</u>	<u>0.90 fils</u>
(Loss) profit for the period from discontinuing operations (KD)	(64,992)	9,966	(133,614)	78,078
Weighted average number of shares outstanding during the period	450,534,680	450,534,680	450,534,680	450,534,680
Basic and diluted (loss) earnings per share from discontinuing operations	<u>(0.14) fils</u>	<u>0.02 fils</u>	<u>(0.30) fils</u>	<u>0.17 fils</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 July 2018

5 INVESTMENT PROPERTIES

Investment properties are categorized into:

	<i>31 July 2018 KD</i>	<i>(Audited) 31 October 2017 KD</i>	<i>31 July 2017 KD</i>
Properties under development	-	2,280,000	2,384,283
Developed properties	50,150,678	47,870,430	50,134,741
	<u>50,150,678</u>	<u>50,150,430</u>	<u>52,519,024</u>

As of 31 July 2018, investment properties with a carrying value amounting to KD 26,994,248 and KD 11,949,000 (31 October 2017: KD 31,582,000 and KD 7,361,000 and 31 July 2017: KD 32,508,118 and KD 7,671,000) are pledged as a security against murabaha payables to the Ultimate Parent Company (Note 9) and local financial institutions, respectively.

6 INVESTMENT IN ASSOCIATES

The Parent Company had entered into an agreement with related parties to swap its entire 16.5% equity interest in Central Energy Company B.S.C.C., formerly an associate of the Group and an amount due from the associate, along with its entire 13.3% equity interest in South Bahrain Water Company B.S.C.C., formerly classified as a financial asset available for sale for a 22.5% equity interest in Energy Central Utilities Bahrain South Water Company B.S.C.C. As a result, the Group has recognized the sale transaction related to the investment in an associate and the financial asset available for sale in the consolidated statement of income during the year ended 31 October 2016.

As at the reporting date, the legal formalities of transferring the equity ownership of the investment in an associate to the Parent Company are still in progress.

7 ACCOUNTS RECEIVABLE AND OTHER ASSETS

	<i>31 July 2018 KD</i>	<i>(Audited) 31 October 2017 KD</i>	<i>31 July 2017 KD</i>
<i>Non-current</i>			
Retention receivables	3,155,419	3,013,904	4,561,408
<i>Current</i>			
Trade receivables, net	3,767,749	4,419,201	4,059,440
Amounts due from contracts' owners, net	2,343,612	2,697,730	3,059,153
Amounts due from related parties (Note 9)	582,271	424,204	328,942
Retention receivables	1,645,454	1,754,208	246,784
Subcontractors debit balances, net	4,939,043	4,526,941	8,277,578
Advances to subcontractors	658,303	931,098	1,010,174
Prepaid expenses and refundable deposits	493,850	838,094	111,052
Other receivables	1,514,318	1,700,064	1,761,718
	<u>15,944,600</u>	<u>17,291,540</u>	<u>18,854,841</u>
	<u>19,100,019</u>	<u>20,305,444</u>	<u>23,416,249</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 2018

8 CASH AND CASH EQUIVALENTS

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

	31 July 2018 KD	(Audited) 31 October 2017 KD	31 July 2017 KD
Bank balances and cash	214,011	702,119	891,194
Short term investment deposits	-	-	400,000
Cash and cash equivalents	214,011	702,119	1,291,194
Bank overdrafts (included under accounts payable and other liabilities)	(627,445)	(53,961)	(647,428)
Cash and cash equivalents at the end of the period /year	(413,434)	648,158	643,766

As at 31 July 2018, bank balances and cash include an amount of KD 143,263 (31 October 2017: KD 483,806 and 31 July 2017: KD 877,904) which represents amounts held with the Ultimate Parent Company (Note 9).

As at 31 July 2018, bank overdrafts include an amount of KD 37,266 (31 October 2017: KD 27,331 and 31 July 2017: KD 176,273) which represents amounts withdrawn from the Ultimate Parent Company (Note 9).

The Parent Company manages on behalf of the Ultimate Parent Company, a portfolio of real estate assets. These real estate assets, investment deposits, and bank balances relating to these fiduciary accounts are not included in the interim condensed statement of financial position.

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 2018

9 RELATED PARTY TRANSACTIONS

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

Transactions and balances with related parties included in the interim condensed consolidated financial information are as follows:

	<i>Ultimate Parent Company KD</i>	<i>Nine months ended 31 July</i>	
		<i>2018 KD</i>	<i>2017 KD</i>
<i>Interim condensed consolidated statement of income:</i>			
Revenue from services rendered	2,297,655	2,297,655	2,212,718
Finance costs	242,176	242,176	338,894

Revenue from services rendered include KD 224,074 (2017: KD 329,080) which has been earned from trust and fiduciary activities.

	<i>Ultimate Parent Company KD</i>	<i>31 July 2018 KD</i>	<i>(Audited) 31 October 2017 KD</i>	<i>31 July 2017 KD</i>
<i>Interim condensed consolidated statement of financial position:</i>				
Amounts due from related parties (Note 7)	582,271	582,271	424,204	328,942
Investment deposits	-	-	250,000	850,000
Bank balances and cash (Note 8)	143,263	143,263	483,806	877,904
Murabaha payables	4,535,805	4,535,805	7,070,962	7,892,223
Bank overdrafts (included under accounts payable and other liabilities) (Note 8)	37,266	37,266	27,331	176,273

As of 31 July 2018, murabaha payables due to the Ultimate Parent Company are secured against certain investment properties with a carrying value amounting to KD 26,994,248 (31 October 2017: KD 31,582,000 and 31 July 2017: KD 32,508,118), respectively (Note 5).

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

As of 31 July 2018, investment deposits and bank balances amounting to 2,500,000 and KD 5,566,383 (31 October 2017: KD 2,500,000 and KD 11,291,995, and 31 July 2017: KD 2,500,000 and KD 10,699,084) respectively, are related to fiduciary assets held with the Ultimate Parent Company.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at 31 and for the period ended 31 July 2018

9 RELATED PARTY TRANSACTIONS (continued)

	<i>Nine months ended</i>	
	<i>31 July</i>	
	<i>2018</i>	<i>2017</i>
	<i>KD</i>	<i>KD</i>
<i>Key management compensations:</i>		
Salaries and other short-term benefits	182,862	293,775
Employees' end of service benefits	22,377	24,765
	<u>205,239</u>	<u>318,540</u>

10 CONTINGENT LIABILITIES

- (a) As at 31 July 2018, the Group has contingent liabilities representing letters of guarantee issued in the ordinary course of business amounting to KD 20,091,689 (31 October 2017: KD 24,491,495 and 31 July 2017: KD 24,553,390) from which it is anticipated that no material liability will arise.
- (b) Letter of guarantees amounting to KD 15,016,986 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 obligation from those legal cases.

11 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 five reportable operating segments as follows:

Manufacturing: production and distribution of ready-mix cement.

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 2018 and 31 July 2017, 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 31 and for the period ended 31 July 2018

11 SEGMENT INFORMATION (continued)

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

	<i>Manufacturing*</i> KD	<i>Construction Projects</i> KD	<i>Services Rendered</i> KD	<i>Real Estate</i> KD	<i>Investments</i> KD	<i>Unallocated</i> KD	<i>Total</i> KD
<i>Nine months ended 31 July 2018</i>							
Segment revenues	907,063	7,153,334	6,409,563	1,897,204	65,011	26,527	16,458,702
Operating and administrative expenses	(1,040,677)	(7,414,728)	(4,994,609)	(157,532)	(604,440)	(1,200,108)	(15,412,094)
Depreciation	-	(42,873)	(4,790)	-	(11,032)	(28,381)	(87,076)
Segment costs	(1,040,677)	(7,457,601)	(4,999,399)	(157,532)	(615,472)	(1,228,489)	(15,499,170)
(Loss) profit for the period	(133,614)	(304,267)	1,410,164	1,739,672	(550,461)	(1,201,962)	959,532
<i>As at 31 July 2018</i>							
Assets	2,180,621	15,521,881	6,276,505	43,293,320	13,524,007	754,083	81,550,417
Liabilities	1,152,631	12,533,518	2,078,522	2,464,121	11,258,972	2,764,734	32,252,498
Capital expenditures and commitments	-	-	-	28,524	248	-	28,772
<i>As at 31 October 2017</i>							
Assets	2,343,338	19,063,652	3,419,357	41,087,277	16,786,118	782,293	83,482,035
Liabilities	1,291,634	12,741,343	1,851,892	2,730,123	13,578,394	2,905,190	35,098,576
Capital expenditures and commitments	-	-	-	45,802	95,194	90,363	231,359

* This segment refers to the ready mix factory that is classified as held for sale.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at 31 and for the period ended 31 July 2018

11 SEGMENT INFORMATION (continued)

	<i>Manufacturing*</i> <i>KD</i>	<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 2017</i>							
Segment revenues	2,267,405	5,812,244	6,515,754	1,639,551	(8,372)	97,443	16,324,025
Operating and administrative expenses	(2,189,327)	(6,374,146)	(5,064,893)	(109,856)	(731,315)	(1,180,290)	(15,649,827)
Depreciation	-	(140,855)	(6,015)	-	(12,285)	(29,698)	(188,853)
Segment costs	(2,189,327)	(6,515,001)	(5,070,908)	(109,856)	(743,600)	(1,209,988)	(15,838,680)
Profit (loss) for the period	78,078	(702,757)	1,444,846	1,529,695	(751,972)	(1,112,545)	485,345
<i>As at 31 July 2017</i>							
Assets	2,733,380	16,818,003	8,434,139	42,542,702	20,504,088	991,873	92,024,185
Liabilities	1,424,371	11,882,995	2,081,591	2,741,654	13,920,405	2,774,605	34,825,621
Capital Expenditures	-	7,863	-	44,515	95,194	70,808	218,380

* This segment refers to the ready mix factory that is classified as held for sale.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 and for the period ended 31 July 2018

12 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.

As at 31 July 2018, the fair values of financial assets with the exception of certain financial assets available for sale carried at cost amounting to KD 4,039,809 (31 October 2017: KD 4,157,777 and 31 July 2017: KD 5,792,387) are not materially different from their carrying values.

Fair value hierarchy

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

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

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

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
As at 31 July 2018				
Investment properties	-	7,162,430	42,988,248	50,150,678
Financial assets available for sale	1,089	-	-	1,089
Financial assets at fair value through profit or loss	1,390	-	339,052	340,442
	<u>2,479</u>	<u>7,162,430</u>	<u>43,327,300</u>	<u>50,492,209</u>
As at 31 October 2017 (Audited)				
Investment properties	-	9,442,430	40,708,000	50,150,430
Financial assets available for sale	2,940	-	-	2,940
Financial assets at fair value through profit or loss	316,798	-	339,052	655,850
	<u>319,738</u>	<u>9,442,430</u>	<u>41,047,052</u>	<u>50,809,220</u>
As at 31 July 2017				
Investment properties	-	12,504,024	40,015,000	52,519,024
Financial assets available for sale	2,940	-	-	2,940
Financial assets at fair value through profit or loss	103,037	-	531,710	634,747
	<u>105,977</u>	<u>12,504,024</u>	<u>40,546,710</u>	<u>53,156,711</u>

During the periods / year ended 31 July 2018, 31 October 2017 and 31 July 2017, there were no transfers between Level 1 and Level 2 fair value measurement.

During the period ended 31 July 2018 and year ended 31 October 2017, a transfer of one property with a carrying value of KD 2,280,000 (31 October 2017: KD 2,118,000) from level 2 fair value measurement to 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 31 and for the period ended 31 July 2018

12 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 condensed) consolidated statement of income KD</i>	<i>Net purchases, transfers, sales and settlements KD</i>	<i>As at the end of the period KD</i>
31 July 2018				
Investment properties	40,708,000	-	2,280,248	42,988,248
Financial assets at fair value through profit or loss	339,052	-	-	339,052
	<u>41,047,052</u>	<u>-</u>	<u>2,280,248</u>	<u>43,327,300</u>
	<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 purchases, transfers, sales and settlements KD</i>	<i>As at the end of the year KD</i>
31 October 2017 (audited)				
Investment properties	40,813,761	(1,462,233)	1,356,472	40,708,000
Financial assets at fair value through profit or loss	531,710	(192,658)	-	339,052
	<u>41,345,471</u>	<u>(1,654,891)</u>	<u>1,356,472</u>	<u>41,047,052</u>
	<i>As at the beginning of the year</i>	<i>Net losses recorded in the (interim condensed) consolidated statement of income</i>	<i>Net purchases, transfers, sales and settlements</i>	<i>As at the end of the period</i>
31 July 2017				
Investment properties	40,813,760	-	(798,760)	40,015,000
Financial assets at fair value through profit or loss	531,710	-	-	531,710
	<u>41,345,470</u>	<u>-</u>	<u>(798,760)</u>	<u>40,546,710</u>

Description of significant unobservable inputs to valuation of financial assets:

Unquoted equity securities are valued based on adjusted net assets book value.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at 31 and for the period ended 31 July 2018

12 FAIR VALUE MEASUREMENT (continued)

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.

Properties under development

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

13 COST OF CONSTRUCTION CONTRACTS

The cost of construction contracts includes the cost deduction of KD 387,537 associated with the subcontractor's final payment certificates signed during the current period which relates to projects preliminary delivered to customers in prior years.