

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

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

31 JANUARY 2018



Building a better
working world

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al Enma'a Real Estate Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively the "Group") as at 31 January 2018, and the related interim condensed consolidated statements of income, comprehensive income, cash flows and changes in equity for the three-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 that have occurred during the three-month period ended 31 January 2018 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

11 March 2018
Kuwait

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

For the period ended 31 January 2018

		<i>Three months ended 31 January</i>	
	<i>Notes</i>	2018 KD	2017 KD
CONTINUING OPERATIONS			
REVENUES			
Revenue from services rendered		2,170,341	2,293,119
Revenue from real estate activities		613,961	527,995
Revenue from construction contracts	13	2,044,109	2,633,507
		4,828,411	5,454,621
COST OF REVENUES			
Cost of services rendered		1,715,336	1,825,042
Cost of real estate activities		42,681	26,454
Cost of construction contracts	13	2,044,109	2,636,354
		3,802,126	4,487,850
GROSS PROFIT		1,026,285	966,771
Allowance for impairment of doubtful debts		-	(125,000)
General and administrative expenses		(424,626)	(469,615)
PROFIT FROM OPERATIONS		601,659	372,156
Share of results from associates		14,345	-
Net investment (loss) income	3	(10,245)	11,487
Other income		16,919	16,207
Finance costs		(181,671)	(185,070)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		441,007	214,780
KFAS		-	-
NLST		(11,381)	(8,310)
Zakat		(4,553)	(3,324)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		425,073	203,146
DISCONTINUING OPERATIONS			
Profit (loss) for the period from discontinuing operations		1,099	(27,316)
PROFIT FOR THE PERIOD		426,172	175,830
BASIC AND DILUTED EARNINGS PER SHARE	4	0.95 fils	0.39 fils
BASIC AND DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	4	0.94 fils	0.45 fils

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 January 2018

		<i>Three months ended</i>	
		<i>31 January</i>	
	<i>Note</i>	2018	2017
		KD	KD
Profit for the period		426,172	175,830
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 gain of financial assets available for sale		-	365
- Realized loss on sale of financial assets available for sale transferred to interim condensed consolidated statement of income	3	-	8,707
- Share of other comprehensive income of associate		(15,372)	-
Other comprehensive (loss) income for the period		(15,372)	9,072
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		410,800	184,902

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

Al-Enma'a Real Estate Company K.S.C.P. and its Subsidiaries
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL
POSITION (UNAUDITED)
As at 31 January 2018

		31 January 2018 KD	(Audited) 31 October 2017 KD	31 January 2017 KD
	<i>Notes</i>			
ASSETS				
Non-current assets				
Property, plant and equipment		303,666	416,511	1,122,258
Investment properties	5	50,150,678	50,150,430	53,278,942
Investment in associates	6	1,608,195	1,609,222	1,566,822
Financial assets available for sale		4,153,275	4,160,717	5,872,296
Accounts receivable and other assets	7	3,132,759	3,013,904	2,601,654
		59,348,573	59,350,784	64,441,972
Current assets				
Inventories		66,994	83,425	157,116
Financial assets at fair value through profit or loss		506,826	655,850	644,399
Gross amount due from customers for contract works		3,108,375	2,804,979	3,245,473
Accounts receivable and other assets	7	17,285,911	17,291,540	19,861,474
Investment deposits		250,000	250,000	250,000
Bank balances and cash	8	600,076	702,119	683,157
		21,818,182	21,787,913	24,841,619
Assets classified as held for sale		2,489,583	2,343,338	2,970,732
		24,307,765	24,131,251	27,812,351
TOTAL ASSETS		83,656,338	83,482,035	92,254,323
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		33,039	48,411	50,824
Cumulative change in fair value reserve		74,016	74,016	258,760
Accumulated losses		(9,472,476)	(9,898,648)	(1,615,783)
Total equity		48,794,259	48,383,459	56,900,809
Non-current liabilities				
Employees' end of service benefits		1,954,301	1,940,036	2,019,690
Murabaha payables		4,082,475	4,280,718	2,046,974
Accounts payable and other liabilities		6,008,930	5,997,151	3,873,660
		12,045,706	12,217,905	7,940,324
Current liabilities				
Gross amount due to customers for contract works		470,239	1,198,595	62,645
Murabaha payables		12,187,050	11,979,434	15,850,964
Accounts payable and other liabilities		8,880,102	8,411,008	9,839,821
		21,537,391	21,589,037	25,753,430
Liabilities classified as held for sale		1,278,982	1,291,634	1,659,760
		22,816,373	22,880,671	27,413,190
Total liabilities		34,862,079	35,098,576	35,353,514
TOTAL EQUITY AND LIABILITIES		83,656,338	83,482,035	92,254,323


ABDULLAH SULAIMAN IBRAHIM AL GHURAIR
Vice 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 CASH FLOWS

(UNAUDITED)

For the period ended 31 January 2018

		Three months ended 31 January	
	Notes	2018 KD	2017 KD
OPERATING ACTIVITIES			
Profit for the period from continuing operations before provision for contribution to KFAS, NLST and Zakat		441,007	214,780
Profit (loss) for the period from discontinuing operations		1,099	(27,316)
Profit for the period before provision for contribution to KFAS, NLST and Zakat		442,106	187,464
Adjustments to reconcile profit for the period to net cash flows:			
Share of results from associates		(14,345)	-
Depreciation		31,885	64,025
(Gain) loss on disposal of property, plant and equipment		(5,714)	-
Net investment loss (income)	3	10,245	(11,487)
Provision for doubtful debts		-	125,000
Provision for employees' end of service benefits		91,938	86,792
Finance costs		181,671	185,070
		737,786	636,864
Changes in working capital:			
Inventories		16,431	(1,981)
Financial assets at fair value through profit or loss		138,779	(57,495)
Gross amounts due from/ to customers for contract works		(1,031,752)	(1,063,451)
Accounts receivable and other assets		(113,226)	1,805,864
Accounts payable and other liabilities		189,302	(1,811,777)
Cash flows from operations		(62,680)	(491,976)
Employees' end of service benefits paid		(77,673)	(66,923)
Net cash flows from operating activities		(140,353)	(558,899)
INVESTING ACTIVITIES			
Additions to property, plant and equipment		-	(163,116)
Proceeds from disposal of property, plant and equipment		86,674	-
Additions to investment properties	5	(248)	(5,673)
Additions to financial assets available for sale		-	(17,250)
Proceeds from sale of financial assets available for sale		7,442	75,072
Assets and liabilities classified as held for sale		(158,897)	(77,151)
Net cash flows from investing activities		(65,029)	(188,118)
FINANCING ACTIVITIES			
Net movement in murabaha payables		(73,133)	1,182,343
Finance costs paid		(99,165)	(185,070)
Net cash flows used in financing activities		(172,298)	997,273
NET INCREASE IN CASH AND CASH EQUIVALENTS		(377,680)	250,256
Cash and cash equivalents at the beginning of the period	8	648,158	186,052
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	8	270,478	436,308

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 January 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) retained earnings 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	-	-	-	-	-	-	426,172	426,172
Other comprehensive loss for the period	-	-	-	-	(15,372)	-	-	(15,372)
Total comprehensive (loss) income for the period	-	-	-	-	(15,372)	-	426,172	410,800
As at 31 January 2018	45,053,468	176,642	8,384,971	4,544,599	33,039	74,016	(9,472,476)	48,794,259
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	-	-	-	-	-	-	175,830	175,830
Other comprehensive income for the period	-	-	-	-	-	9,072	-	9,072
Total comprehensive income for the period	-	-	-	-	-	9,072	175,830	184,902
As at 31 January 2017	45,053,468	176,642	8,384,971	4,591,927	50,824	258,760	(1,615,783)	56,900,809

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at and for the period 31 January 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 three-month period ended 31 January 2018 was authorised for issuance in accordance with a resolution of the Parent Company's Board of Directors on 11 March 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 the Kuwait Stock Exchange.

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

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

2 BASIS OF PREPARATION

The interim condensed consolidated financial information of the Group for the three months period ended 31 January 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, 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 three months period ended 31 January 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 31 January 2018

3 NET INVESTMENT (LOSS) INCOME

	<i>Three months ended 31 January</i>	
	<i>2018</i>	<i>2017</i>
	<i>KD</i>	<i>KD</i>
Realized loss on sale of financial assets available for sale	-	(8,707)
Realized (loss) gain on sale of financial assets at fair value through profit or loss	(21,164)	2,901
Unrealized gain on financial assets at fair value through profit or loss	10,919	17,293
	<u>(10,245)</u>	<u>11,487</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 January, 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 January</i>	
	<i>2018</i>	<i>2017</i>
Profit for the period (KD)	426,172	175,830
Weighted average number of shares outstanding during the period	450,534,680	450,534,680
Basic and diluted earnings per share	0.95 fils	0.39 fils
Profit for the period from continuing operations (KD)	425,073	203,146
Weighted average number of shares outstanding during the period	450,534,680	450,534,680
Basic and diluted earnings per share from continuing operations	0.94 fils	0.45 fils
Profit (loss) for the period from discontinuing operations (KD)	1,099	(27,316)
Weighted average number of shares outstanding during the period	450,534,680	450,534,680
Basic and diluted earnings (loss) per share from discontinuing operations	0.002 fils	(0.06) fils

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 31 January 2018

5 INVESTMENT PROPERTIES

	31 January 2018 KD	(Audited) 31 October 2017 KD	31 January 2017 KD
As at the beginning of the period / year	50,150,430	53,273,269	53,273,269
Additions during the period / year	248	45,802	5,673
Disposal during the period / year	-	(798,760)	-
Unrealized loss on revaluation	-	(2,369,881)	-
As at the end of the period / year	50,150,678	50,150,430	53,278,942

Investment properties are categorized into:

	31 January 2018 KD	(Audited) 31 October 2017 KD	31 January 2017 KD
Properties under development	2,280,248	2,280,000	4,500,673
Developed properties	47,870,430	47,870,430	48,778,269
	50,150,678	50,150,430	53,278,942

As at 31 January 2018, investment properties with a carrying value amounting to KD 31,582,248 and KD 7,361,000 (31 October 2017: KD 31,582,000 and KD 7,361,000 and 31 January 2017: KD 32,463,603 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 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.

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 31 January 2018

7 ACCOUNTS RECEIVABLE AND OTHER ASSETS

	<i>31 January 2018 KD</i>	<i>(Audited) 31 October 2017 KD</i>	<i>31 January 2017 KD</i>
<i>Non-current</i>			
Retention receivables	3,132,759	3,013,904	2,601,654
<i>Current</i>			
Trade receivables and amounts due from contracts' owners, net	8,023,460	7,116,933	6,777,419
Amounts due from related parties (Note 9)	419,419	424,204	269,631
Retention receivables	1,720,720	1,754,208	2,237,106
Subcontractors debit balances, net	4,190,848	4,526,941	7,235,385
Advances to subcontractors	788,642	931,096	1,103,297
Prepaid expenses and refundable deposits	550,615	838,094	456,682
Other receivables	1,592,207	1,700,064	1,781,954
	17,285,911	17,291,540	19,861,474
	20,418,670	20,305,444	22,463,128

8 CASH AND CASH EQUIVALENTS

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

	<i>31 January 2018 KD</i>	<i>(Audited) 31 October 2017 KD</i>	<i>31 January 2017 KD</i>
Bank balances and cash	600,076	702,119	683,157
Bank overdrafts (included under accounts payable and other liabilities)	(329,598)	(53,961)	(246,849)
Cash and cash equivalents as per the interim condensed consolidated statement of cash flows	270,478	648,158	436,308

As at 31 January 2018, bank balances and cash include an amount of KD 351,436 and (31 October 2017: KD 483,806 and 31 January 2017: KD 647,121) which represents amounts held with the Ultimate Parent Company (Note 9).

As at 31 January 2018, bank overdrafts include an amount of KD 15,623 (31 October 2017: KD 27,331 and 31 January 2017: KD 63,699) 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 and the 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 31 January 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</i>	<i>Three months ended 31 January</i>	
		<i>2018</i>	<i>2017</i>
		<i>KD</i>	<i>KD</i>
<i>Interim condensed consolidated statement of income</i>			
Revenue from services rendered	685,011	685,011	737,843
Profit from investment deposits	3,729	3,729	-
Finance costs	91,407	91,407	120,539

Revenue from services rendered include KD 80,051 (2017: KD 114,429) which has been earned from trust and fiduciary activities.

	<i>Ultimate Parent Company</i>	<i>31 January 2018</i>	<i>(Audited) 31 October 2017</i>	<i>31 January 2017</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Interim condensed consolidated statement of financial position</i>				
Amounts due from related parties (Note 7)	419,419	419,419	424,204	269,631
Investment deposits	250,000	250,000	250,000	250,000
Bank Balances and cash	351,436	351,436	483,806	647,121
Murabaha payables	6,136,741	6,136,741	7,070,962	9,616,350
Bank overdrafts (included under accounts payable and other liabilities) (Note 8)	15,623	15,623	27,331	63,699

As at 31 January 2018, murabaha payables due to the Ultimate Parent Company are secured against certain investment properties with a carrying value amounting to KD 31,582,248 (31 October 2017: KD 31,582,000 and 31 January 2017: KD 32,463,603), respectively (Note 5).

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

As of 31 January 2018, investment deposits and bank balances amounting to KD 2,500,000 and KD 8,807,811 (31 October 2017: KD 2,500,000 and KD 11,291,995, and 31 January 2017: KD 2,500,000 and KD 10,823,268) 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 31 January 2018

9 RELATED PARTY TRANSACTIONS (continued)

	<i>Three months ended 31 January</i>	
	<i>2018</i>	<i>2017</i>
	<i>KD</i>	<i>KD</i>
<i>Key management compensations</i>		
Salaries and other short-term benefits	60,976	69,288
Employees' end of service benefits	7,487	8,633
	68,463	77,921

10 CONTINGENT LIABILITIES

- (a) As at 31 January 2018, the Group has contingent liabilities representing letters of guarantee issued in the ordinary course of business amounting to KD 22,221,670 (31 October 2017: KD 24,491,495 and 31 January 2017: KD 26,185,298) from which it is anticipated that no material liability will arise.
- (b) Letter of guarantees amounting to KD 14,475,636 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 four reportable operating segments as follows:

Manufacturing: production and distribution of ready-mix cement.

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

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

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

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 operating profit or loss and is measured consistently with operating profit or loss in the interim condensed consolidated financial information.

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

During the periods ended 31 January 2018 and 31 January 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 31 January 2018

11 SEGMENT INFORMATION (continued)

Segment information as at and for the three months period ended 31 January is as follows:

	<i>Manufacturing KD</i>	<i>Projects and maintenance KD</i>	<i>Real estate KD</i>	<i>Investments KD</i>	<i>Unallocated KD</i>	<i>Total KD</i>
Three months ended 31 January 2018						
Segment revenue	297,885	2,399,425	2,428,986	42,183	-	5,168,479
Segment results	1,099	(4,607)	1,048,546	(156,895)	-	888,143
Depreciation	-	(17,178)	(475)	(3,757)	(10,475)	(31,885)
Unallocated expenses	-	-	-	-	(430,086)	(430,086)
Profit (loss) for the period	1,099	(21,785)	1,048,071	(160,652)	(440,561)	426,172
As at 31 January 2018						
Assets	2,489,583	21,408,057	57,131,995	2,053,562	573,141	83,656,338
Liabilities	1,278,982	15,317,268	461,837	14,927,668	2,876,324	34,862,079
Investment in associates	-	-	-	1,608,195	-	1,608,195
Capital expenditures and commitments	-	-	258	-	-	258
As at 31 October 2017						
Assets	2,343,338	20,723,012	57,537,913	2,815,687	62,085	83,482,035
Liabilities	1,291,634	15,677,551	191,750	15,336,010	2,601,631	35,098,576
Investment in associates	-	-	-	1,609,222	-	1,609,222
Capital expenditures and commitments	-	-	45,802	95,194	90,342	231,338

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 31 January 2018

11 SEGMENT INFORMATION (continued)

	<i>Manufacturing KD</i>	<i>Projects & maintenance KD</i>	<i>Real estate KD</i>	<i>Investments KD</i>	<i>Unallocated KD</i>	<i>Total KD</i>
<i>Period ended 31 January 2017</i>						
Segment revenue	890,581	3,114,666	2,516,180	27,695	-	6,549,122
Segment results	(27,316)	(16,804)	920,831	(154,766)	-	721,945
Depreciation	-	(61,214)	(1,041)	(2,609)	(9,008)	(73,872)
Unallocated expenses	-	-	-	-	(472,243)	(472,243)
(Loss) profit for the period	(27,316)	(78,018)	919,790	(157,375)	(481,251)	175,830
<i>As at 31 January 2017</i>						
Assets	2,832,843	26,987,890	53,278,942	8,333,517	821,131	92,254,323
Liabilities	1,659,760	12,440,577	68,332	18,008,893	3,175,952	35,353,514
Investments in associates	-	-	-	1,566,822	-	1,566,822
Capital expenditures	34,690	99,946	5,922	443	27,788	168,789

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 January 2018, the fair values of financial assets with the exception of certain financial assets available for sale carried at cost amounting to KD 4,151,790 (31 October 2017: KD 4,159,232 and 31 January 2017: KD 5,870,421) 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.

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 31 January 2018

12 FAIR VALUE MEASUREMENT (continued)

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

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
As at 31 January 2018				
Investment properties	-	9,442,678	40,708,000	50,150,678
Financial assets available for sale	1,485	-	-	1,485
Financial assets at fair value through profit or loss	167,774	-	339,052	506,826
	<u>169,259</u>	<u>9,442,678</u>	<u>41,047,052</u>	<u>50,658,989</u>
As at 31 October 2017 (Audited)				
Investment properties	-	9,442,430	40,708,000	50,150,430
Financial assets available for sale	1,485	-	-	1,485
Financial assets at fair value through profit or loss	316,798	-	339,052	655,850
	<u>318,283</u>	<u>9,442,430</u>	<u>41,047,052</u>	<u>50,807,765</u>
As at 31 January 2017				
Investment properties	-	12,465,181	40,813,761	53,278,942
Financial assets available for sale	1,875	-	-	1,875
Financial assets at fair value through profit or loss	112,689	-	531,710	644,399
	<u>114,564</u>	<u>12,465,181</u>	<u>41,345,471</u>	<u>53,925,216</u>

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

During the year ended 31 October 2017, a transfer of one property with a carrying value of KD 2,118,000 from level 3 fair value measurement to level 2 fair value measurement.

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

	As at the beginning of the period/ year KD	Net losses recorded in the (interim condensed) consolidated statement of income KD	Net purchases, transfers, sales and settlements KD	As at the end of the period/ year KD
31 January 2018				
Investment properties	40,708,000	-	-	40,708,000
Financial assets at fair value through profit or loss	339,052	-	-	339,052
	<u>41,047,052</u>	<u>-</u>	<u>-</u>	<u>41,047,052</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 and for the period 31 January 2018

12 FAIR VALUE MEASUREMENT (continued)

	<i>As at the beginning of the period/ 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/ year KD</i>
<i>31 October 2017 (audited)</i>				
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>31 January 2017</i>				
Investment properties	40,813,761	-	-	40,813,761
Financial assets at fair value through profit or loss	531,710	-	-	531,710
	<u>41,345,471</u>	<u>-</u>	<u>-</u>	<u>41,345,471</u>

Description of significant unobservable inputs to valuation of financial assets:

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

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 of 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 271,188 associated with the subcontractor's final payment certificates signed during the current period which relates to projects preliminary delivered to customers in prior years.