

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

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

30 APRIL 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 30 April 2018, and the related interim condensed consolidated statement of income and the interim condensed consolidated statement of comprehensive income for the three-month and six-month periods then ended, and the related interim condensed consolidated statement of interim condensed consolidated statement of cash flows and changes in equity for the six-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, as amended, during the six-month period ended 30 April 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

7 June 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 30 April 2018

	Notes	Three months ended 30 April		Six months ended 30 April	
		2018 KD	2017 KD	2018 KD	2017 KD
CONTINUING OPERATIONS					
REVENUES					
Revenue from services rendered		2,182,214	2,095,668	4,352,555	4,388,787
Revenue from real estate activities		629,043	549,097	1,243,004	1,077,092
Revenue from construction contracts		688,217	2,641,735	2,732,326	5,275,242
		<u>3,499,474</u>	<u>5,286,500</u>	<u>8,327,885</u>	<u>10,741,121</u>
COST OF REVENUES					
Cost of services rendered		1,598,067	1,628,741	3,313,403	3,453,783
Cost of real estate activities		57,303	55,902	99,984	82,356
Cost of construction contracts	13	988,217	2,874,989	3,032,326	5,511,343
		<u>2,643,587</u>	<u>4,559,632</u>	<u>6,445,713</u>	<u>9,047,482</u>
GROSS PROFIT		855,887	726,868	1,882,172	1,693,639
Allowance for impairment of doubtful debts		-	-	-	(125,000)
General and administrative expenses		(349,343)	(400,944)	(773,969)	(870,559)
PROFIT FROM OPERATIONS		506,544	325,924	1,108,203	698,080
Share of results of associates		9,598	19,003	23,943	19,003
Net investment loss	3	(1,077)	(57,090)	(11,322)	(45,603)
Other income		6,273	9,063	23,192	25,270
Finance costs		(166,865)	(187,598)	(348,536)	(372,668)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS BEFORE PROVISION FOR NATIONAL LABOUR SUPPORT TAX (NLST) AND ZAKAT		354,473	109,302	795,480	324,082
NLST		(6,178)	(4,422)	(17,559)	(12,732)
Zakat		(2,471)	(1,768)	(7,024)	(5,092)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		345,824	103,112	770,897	306,258
DISCONTINUING OPERATIONS					
(Loss) profit for the period from discontinuing operations		(69,721)	95,428	(68,622)	68,112
PROFIT FOR THE PERIOD		276,103	198,540	702,275	374,370
BASIC AND DILUTED EARNINGS PER SHARE					
	4	<u>0.61 fils</u>	<u>0.44 fils</u>	<u>1.56 fils</u>	<u>0.83 fils</u>
BASIC AND DILUTED EARNINGS PER SHARE FROM CONTINUING					
	4	<u>0.77 fils</u>	<u>0.23 fils</u>	<u>1.71 fils</u>	<u>0.68 fils</u>

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)

For the period ended 30 April 2018

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 April</i>		<i>30 April</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
<i>Note</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Profit for the period	276,103	198,540	702,275	374,370
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
- Exchange differences on translation of foreign operations	(8,350)	7,487	(8,350)	7,487
Other comprehensive (loss) income for the period	(8,350)	7,487	(8,350)	16,559
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	267,753	206,027	693,925	390,929

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 30 April 2018

	Notes	30 April 2018 KD	(Audited) 31 October 2017 KD	30 April 2017 KD
ASSETS				
Non-current assets				
Property, plant and equipment		270,863	416,511	1,059,934
Investment properties	5	50,150,678	50,150,430	52,518,808
Investment in associates	6	1,624,815	1,609,222	1,593,312
Financial assets available for sale		4,153,275	4,160,717	5,872,296
Accounts receivable and other assets	7	3,155,419	3,013,904	4,159,768
		<u>59,355,050</u>	<u>59,350,784</u>	<u>65,204,118</u>
Current assets				
Inventories		72,768	83,425	153,121
Financial assets at fair value through profit or loss		340,366	655,850	638,341
Gross amount due from customers for contract works		3,396,593	2,804,979	3,027,249
Accounts receivable and other assets	7	16,512,697	17,291,540	18,004,520
Investment deposits		-	250,000	1,270,000
Bank balances and cash	8	788,498	702,119	901,793
		<u>21,110,922</u>	<u>21,787,913</u>	<u>23,995,024</u>
Assets classified as held for sale		2,415,151	2,343,338	2,947,025
		<u>23,526,073</u>	<u>24,131,251</u>	<u>26,942,049</u>
TOTAL ASSETS		<u>82,881,123</u>	<u>83,482,035</u>	<u>92,146,167</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		40,061	48,411	58,311
Cumulative changes in fair value reserve		74,016	74,016	258,760
Accumulated losses		(9,196,373)	(9,898,648)	(1,417,243)
Total equity		<u>49,077,384</u>	<u>48,383,459</u>	<u>57,106,836</u>
Non-current liabilities				
Employees' end of service benefits		1,850,049	1,940,036	1,994,787
Murabaha payables		3,564,232	4,280,718	1,138,914
Accounts payable and other liabilities		6,013,621	5,997,151	3,772,149
		<u>11,427,902</u>	<u>12,217,905</u>	<u>6,905,850</u>
Current liabilities				
Gross amount due to customers for contract works		495,595	1,198,595	460,641
Murabaha payables		11,109,835	11,979,434	15,864,656
Accounts payable and other liabilities		9,371,986	8,411,008	10,266,491
		<u>20,977,416</u>	<u>21,589,037</u>	<u>26,591,788</u>
Liabilities directly associated with the assets held for sale		1,398,421	1,291,634	1,541,693
		<u>22,375,837</u>	<u>22,880,671</u>	<u>28,133,481</u>
Total liabilities		<u>33,803,739</u>	<u>35,098,576</u>	<u>35,039,331</u>
TOTAL EQUITY AND LIABILITIES		<u>82,881,123</u>	<u>83,482,035</u>	<u>92,146,167</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 30 April 2018

	Share capital KD	Share premium KD	Statutory reserve KD	Voluntary reserve KD	Foreign currency Translation Reserve KD	Cumulative changes in fair value reserve KD	Accumulated losses KD	Total KD
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	-	-	-	-	-	-	702,275	702,275
Other comprehensive loss for the period	-	-	-	-	(8,350)	-	-	(8,350)
Total comprehensive (loss) income for the period	-	-	-	-	(8,350)	-	702,275	693,925
As at 30 April 2018	45,053,468	176,642	8,384,971	4,544,599	40,061	74,016	(9,196,373)	49,077,384
As at 1 November 2016 (Audited)	45,053,468	176,642	8,384,971	4,591,927	50,824	249,688	(1,791,613)	56,715,907
Profit for the period	-	-	-	-	-	-	374,370	374,370
Other comprehensive income for the period	-	-	-	-	7,487	9,072	-	16,559
Total comprehensive income for the period	-	-	-	-	7,487	9,072	374,370	390,929
As at 30 April 2017	45,053,468	176,642	8,384,971	4,591,927	58,311	258,760	(1,417,243)	57,106,836

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

For the period ended 30 April 2018

	Notes	Six months ended 30 April	
		2018 KD	2017 KD
OPERATING ACTIVITIES			
Profit for the period from continuing operations before provision for contribution to NLST and Zakat		795,480	324,082
(Loss) profit for the period from discontinuing operations		(68,622)	68,112
Profit for the period before provision for contribution to NLST and Zakat		726,858	392,194
Adjustments to reconcile profit for the period to net cash flows:			
Share of results of associates		(23,943)	(19,003)
Depreciation		59,895	127,759
(Gain) loss on disposal of property, plant and equipment		-	882
Net investment loss	3	11,322	45,603
Provision for doubtful debts		-	125,000
Provision for employees' end of service benefits		157,087	131,498
Finance costs		348,536	372,668
		1,279,755	1,176,601
Changes in working capital:			
Inventories		10,657	2,014
Financial assets at fair value through profit or loss		301,032	(54,328)
Gross amounts due from/ to customers for contract works		(1,294,614)	(447,232)
Accounts receivable and other assets		637,328	2,104,705
Accounts payable and other liabilities		247,507	(1,510,354)
Cash flows from operations		1,181,665	1,271,406
Employees' end of service benefits paid		(247,074)	(136,532)
Net cash flows from operating activities		934,591	1,134,874
INVESTING ACTIVITIES			
Additions to property, plant and equipment		(180)	(166,163)
Proceeds from disposal of property, plant and equipment		85,933	755
Additions to investment properties	5	(248)	(44,299)
Proceeds from sale of investment properties		-	728,828
Investment deposits, net		250,000	(1,020,000)
Proceeds from sale of financial assets available for sale		7,442	57,822
Dividends income received		3,130	15,733
Assets and liabilities classified as held for sale		34,974	(171,511)
Net cash flows from (used in) investing activities		381,051	(598,835)
FINANCING ACTIVITIES			
Net movement in murabaha payables		(1,749,422)	287,975
Finance costs paid		(185,199)	(372,668)
Net cash flows used in financing activities		(1,934,621)	(84,693)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(618,979)	451,346
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	29,179	637,398

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 30 April 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 Six-month period ended 30 April 2018 was authorized for issuance in accordance with a resolution of the Parent Company's Board of Directors on 7 June 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.

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 six-month period ended 30 April 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 six-month period ended 30 April 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 30 April 2018

3 NET INVESTMENT LOSS

	<i>Three months ended 30 April</i>		<i>Six months ended 30 April</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 loss on sale of financial assets available for sale	-	-	-	(8,707)
Realized loss on sale of investment properties	-	(69,932)	-	(69,932)
Realized (loss) gain on sale of financial assets at fair value through profit or loss	(5,522)	898	(26,686)	3,799
Unrealized gain (loss) on financial assets at fair value through profit or loss	1,315	(3,789)	12,234	13,504
Dividend income	3,130	15,733	3,130	15,733
	<u>(1,077)</u>	<u>(57,090)</u>	<u>(11,322)</u>	<u>(45,603)</u>

4 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares). Diluted earnings per share are calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares) plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. As at 30 April, the Parent Company did not have any diluted shares, 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 30 April</i>		<i>Six months ended 30 April</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
Profit for the period (KD)	<u>276,103</u>	<u>198,540</u>	<u>702,275</u>	<u>374,370</u>
Weighted average number of shares outstanding during the period	<u>450,534,680</u>	<u>450,534,680</u>	<u>450,534,680</u>	<u>450,534,680</u>
Basic and diluted earnings per share	<u>0.61 fils</u>	<u>0.44 fils</u>	<u>1.56 fils</u>	<u>0.83 fils</u>
Profit for the period from continuing operations (KD)	<u>345,824</u>	<u>103,112</u>	<u>770,897</u>	<u>306,258</u>
Weighted average number of shares outstanding during the period	<u>450,534,680</u>	<u>450,534,680</u>	<u>450,534,680</u>	<u>450,534,680</u>
Basic and diluted earnings per share from continuing operations	<u>0.77 fils</u>	<u>0.23 fils</u>	<u>1.71 fils</u>	<u>0.68 fils</u>
(Loss) profit for the period from discontinuing operations (KD)	<u>(69,721)</u>	<u>95,428</u>	<u>(68,622)</u>	<u>68,112</u>
Weighted average number of shares outstanding during the period	<u>450,534,680</u>	<u>450,534,680</u>	<u>450,534,680</u>	<u>450,534,680</u>
Basic and diluted (loss) earnings per share from discontinuing operations	<u>(0.15) fils</u>	<u>0.21 fils</u>	<u>(0.15) fils</u>	<u>0.15 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 30 April 2018

5 INVESTMENT PROPERTIES

	<i>30 April</i> <i>2018</i> <i>KD</i>	<i>(Audited)</i> <i>31 October</i> <i>2017</i> <i>KD</i>	<i>30 April</i> <i>2017</i> <i>KD</i>
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	44,299
Disposal during the period / year	-	(798,760)	(798,760)
Unrealized loss on revaluation	-	(2,369,881)	-
As at the end of the period / year	<u>50,150,678</u>	<u>50,150,430</u>	<u>52,518,808</u>

Investment properties are categorized into:

	<i>30 April</i> <i>2018</i> <i>KD</i>	<i>(Audited)</i> <i>31 October</i> <i>2017</i> <i>KD</i>	<i>30 April</i> <i>2017</i> <i>KD</i>
Properties under development	-	2,280,000	2,384,067
Developed properties	50,150,678	47,870,430	50,134,741
	<u>50,150,678</u>	<u>50,150,430</u>	<u>52,518,808</u>

As of 30 April 2018, investment properties with a carrying value amounting to KD 26,994,248 and KD 7,361,000 (31 October 2017: KD 31,582,000 and KD 7,361,000 and 30 April 2017: KD 32,507,903 and KD 7,391,000) are pledged as a security against murabaha payables to the Ultimate Parent Company (Note 9) and local financial institutions, respectively.

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 ended 30 April 2018

7 ACCOUNTS RECEIVABLE AND OTHER ASSETS

	<i>30 April</i> 2018 <i>KD</i>	<i>(Audited)</i> <i>31 October</i> 2017 <i>KD</i>	<i>30 April</i> 2017 <i>KD</i>
<i>Non-current</i>			
Retention receivables	3,155,419	3,013,904	4,159,768
<i>Current</i>			
Trade receivables and amounts due from contracts' owners, net	7,145,452	7,116,931	6,838,407
Amounts due from related parties (Note 9)	415,758	424,204	337,834
Retention receivables	1,645,454	1,754,208	599,221
Subcontractors debit balances, net	4,831,554	4,526,941	7,227,709
Advances to subcontractors	651,343	931,098	993,258
Prepaid expenses and refundable deposits	347,163	838,094	106,280
Other receivables	1,475,973	1,700,064	1,901,811
	16,512,697	17,291,540	18,004,520
	19,668,116	20,305,444	22,164,288

8 CASH AND CASH EQUIVALENTS

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

	<i>30 April</i> 2018 <i>KD</i>	<i>(Audited)</i> <i>31 October</i> 2017 <i>KD</i>	<i>30 April</i> 2017 <i>KD</i>
Bank balances and cash	788,498	702,119	901,793
Bank overdrafts (included under accounts payable and other liabilities)	(759,319)	(53,961)	(264,395)
Cash and cash equivalents as per the interim condensed consolidated statement of cash flows	29,179	648,158	637,398

As at 30 April 2018, bank balances and cash include an amount of KD 333,280 and (31 October 2017: KD 483,806 and 30 April 2017: KD 144,857) which represents amounts held with the Ultimate Parent Company (Note 9).

As at 30 April 2018, bank overdrafts include an amount of KD 16,094 (31 October 2017: KD 27,331 and 30 April 2017: KD 112,542) 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 ended 30 April 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>Six months ended</i>	
		<i>2018</i>	<i>2017</i>
	<i>KD</i>	<i>30 April</i>	<i>2017</i>
<i>Interim condensed consolidated statement of income</i>			
Revenue from services rendered	1,404,381	1,404,381	1,466,066
Finance costs	168,618	168,618	231,851

Revenue from services rendered include KD 151,458 (2017: KD 224,074) which has been earned from trust and fiduciary activities.

	<i>Ultimate Parent Company</i>	<i>30 April 2018</i>	<i>KD</i>		<i>(Audited)</i>	<i>31 October 2017</i>	<i>KD</i>		<i>30 April 2017</i>	<i>KD</i>
<i>Interim condensed consolidated statement of financial position</i>										
Amounts due from related parties (Note 7)	415,758	415,758			424,204				337,834	
Investment deposits	-	-			250,000				950,000	
Bank balances and cash	333,280	333,280			483,806				144,857	
Murabaha payables	5,002,398	5,002,398			7,070,962				8,806,284	
Bank overdrafts (included under accounts payable and other liabilities) (Note 8)	16,094	16,094			27,331				112,542	

As of 30 April 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 30 April 2017: KD 32,507,903), respectively (Note 5).

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

As of 30 April 2018, investment deposits and bank balances amounting to KD 2,500,000 and KD 5,231,904 (31 October 2017: KD 2,500,000 and KD 11,291,995, and 30 April 2017: KD 2,500,000 and KD 9,776,018) respectively, are related to fiduciary assets held with the Ultimate Parent Company.

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As at 31 and for the period ended 30 April 2018

9 RELATED PARTY TRANSACTIONS (continued)

	Six months ended	
	30 April	
	2018	2017
	KD	KD
<i>Key management compensations</i>		
Salaries and other short-term benefits	121,822	220,483
Employees' end of service benefits	14,809	17,196
	<u>136,631</u>	<u>237,679</u>

10 CONTINGENT LIABILITIES

- As at 30 April 2018, the Group has contingent liabilities representing letters of guarantee issued in the ordinary course of business amounting to KD 20,067,417 (31 October 2017: KD 24,491,495 and 30 April 2017: KD 24,553,390) from which it is anticipated that no material liability will arise.
- 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.
- 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 30 April 2018 and 30 April 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 30 April 2018

11 SEGMENT INFORMATION (continued)

Segment information as at and for the six months period ended 30 April 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>
Six months ended						
30 April 2018						
Segment revenue	761,269	3,438,935	4,888,950	62,499	-	9,151,653
Segment results	(68,622)	(251,264)	2,165,689	(305,240)		1,540,563
Depreciation	-	(31,315)	(938)	(7,484)	(20,158)	(59,895)
Unallocated expenses	-	-	-	-	(778,393)	(778,393)
(Loss) profit for the period	(68,622)	(282,579)	2,164,751	(312,724)	(798,551)	702,275
As at 30 April 2018						
Assets	2,415,151	21,413,963	56,795,392	1,836,607	420,010	82,881,123
Liabilities	1,398,421	15,450,509	940,119	13,338,465	2,676,225	33,803,739
Investment in associates	-	-	-	1,624,815	-	1,624,815
Capital expenditures and commitments	-	-	248	-	180	428
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

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 and for the period ended 30 April 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>Six months ended 30 April 2017</i>						
Segment revenue	1,752,464	6,197,690	4,935,349	77,309	-	12,962,812
Segment results	68,112	(342,942)	1,769,811	(373,998)	-	1,120,983
Depreciation	-	(99,107)	(1,938)	(7,491)	(19,223)	(127,759)
Unallocated expenses	-	-	-	-	(618,854)	(618,854)
Profit (loss) for the period	68,112	(442,049)	1,767,873	(381,489)	(638,077)	374,370
<i>As at 30 April 2017</i>						
Assets	2,947,025	26,039,539	52,753,884	9,373,949	1,031,770	92,146,167
Liabilities	1,541,693	13,007,585	137,940	17,593,048	2,759,065	35,039,331
Investment in associates	-	-	-	1,593,312	-	1,593,312
Capital expenditures	-	112	44,300	95,194	70,857	210,463

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 30 April 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 30 April 2017: KD 5,870,811) are not materially different from their carrying values.

Fair value hierarchy

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

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

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 31 and for the period ended 30 April 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:

	<i>Level 1</i> KD	<i>Level 2</i> KD	<i>Level 3</i> KD	<i>Total</i> KD
<i>As at 30 April 2018</i>				
Investment properties	-	7,162,430	42,988,248	50,150,678
Financial assets available for sale	1,485	-	-	1,485
Financial assets at fair value through profit or loss	1,314	-	339,052	340,366
	<u>2,799</u>	<u>7,162,430</u>	<u>43,327,300</u>	<u>50,492,529</u>
<i>As at 31 October 2017 (Audited)</i>				
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>
<i>As at 30 April 2017</i>				
Investment properties	-	12,503,808	40,015,000	52,518,808
Financial assets available for sale	1,874	-	-	1,874
Financial assets at fair value through profit or loss	106,631	-	531,710	638,341
	<u>108,505</u>	<u>12,503,808</u>	<u>40,546,710</u>	<u>53,159,023</u>

During the periods / year ended 30 April 2018, 31 October 2017 and 30 April 2017, there were no transfers between Level 1 and Level 2 fair value measurement.

During the period ended 30 April 2018 and year ended 31 October 2017, a transfer of one property with a carrying value of KD 2,280,248 (31 October 2017: KD 2,118,000) from level 2 fair value measurement to level 3 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.

	<i>As at the</i> <i>beginning of</i> <i>the period/</i> <i>year</i> KD	<i>Net losses</i> <i>recorded in the</i> <i>(interim</i> <i>condensed)</i> <i>consolidated</i> <i>statement of</i> <i>income</i> KD	<i>Net purchases,</i> <i>transfers, sales</i> <i>and settlements</i> KD	<i>As at the end of</i> <i>the period/</i> <i>year</i> KD
<i>30 April 2018</i>				
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>

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As at 31 and for the period ended 30 April 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>30 April 2017</i>				
Investment properties	40,813,761	-	(798,761)	40,015,000
Financial assets at fair value through profit or loss	531,710	-	-	531,710
	<u>41,345,471</u>	<u>-</u>	<u>(798,761)</u>	<u>40,546,710</u>

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 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 351,384 associated with the subcontractor's final payment certificates signed during the current period which relates to projects preliminary delivered to customers in prior years.