

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

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

30 APRIL 2024



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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al-Enma'a Real Estate Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively "the Group") as at 30 April 2024, and the related 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 changes in equity and the interim condensed consolidated statement of cash flows 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.

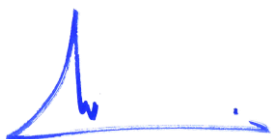
Conclusion

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 during the six-month period ended 30 April 2024 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No. 7 of 2010 concerning establishment of Capital Markets Authority "CMA" and organization of security activity and its executive regulations, as amended, during the six-month period ended 30 April 2024 that might have had a material effect on the business of the Parent Company or on its financial position.



BADER A. AL-ABDULJADER

LICENCE NO 207 A

EY

AL AIBAN, AL OSAIMI & PARTNERS

30 May 2024

Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 April 2024

	Notes	Three months ended 30 April		Six months ended 30 April	
		2024 KD	2023 KD	2024 KD	2023 KD
REVENUES					
Revenue from services rendered		2,211,019	1,444,911	3,244,224	3,115,522
Revenue from real estate activities		511,263	472,157	995,320	940,093
Revenue from construction contracts		-	13,724	-	13,724
		<u>2,722,282</u>	<u>1,930,792</u>	<u>4,239,544</u>	<u>4,069,339</u>
COST OF REVENUES					
Cost of services rendered		1,388,393	994,026	2,181,828	2,071,696
Cost of real estate activities		156,758	127,967	304,097	255,122
Cost of construction contracts		289,113	48,039	451,799	87,653
		<u>1,834,264</u>	<u>1,170,032</u>	<u>2,937,724</u>	<u>2,414,471</u>
GROSS PROFIT		888,018	760,760	1,301,820	1,654,868
Reversal of (allowance for) expected credit losses, net		3,821	(98,409)	26,861	(267,047)
General and administrative expenses		(351,086)	(449,619)	(713,361)	(754,551)
PROFIT FROM OPERATIONS		540,753	212,732	615,320	633,270
Unrealized loss on change in fair value of investment properties	5	(52,279)	(277,771)	(52,279)	(277,771)
Profit on investment deposits		80,173	77,198	144,425	158,526
Other income		4,192	57,603	12,001	68,520
Finance costs on murabaha payables		(69,232)	(126,387)	(183,558)	(246,227)
Finance costs on lease liabilities		(8,717)	(16,829)	(17,519)	(34,015)
PROFIT (LOSS) FOR THE PERIOD BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES ("KFAS"), PROVISION FOR NATIONAL LABOUR SUPPORT TAX ("NLST") AND ZAKAT		494,890	(73,454)	518,390	302,303
KFAS		(4,453)	735	(4,666)	(1,944)
NLST		(1,072)	(188)	(1,072)	(14,544)
Zakat		(429)	(75)	(429)	(5,818)
PROFIT (LOSS) FOR THE PERIOD		488,936	(72,982)	512,223	279,997
Other comprehensive income:					
<i>Other comprehensive income that will not be reclassified to interim condensed statement of income in subsequent periods:</i>					
Net gain on equity instruments designated at fair value through other comprehensive income		-	13,839	-	13,839
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		488,936	(59,143)	512,223	293,836
BASIC AND DILUTED EARNINGS (LOSSES) PER SHARE	4	1.09 fils	(0.16) fils	1.14 fils	0.62 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
FINANCIAL POSITION (UNAUDITED)

As at 30 April 2024

		30 April 2024	(Audited) 31 October 2023	30 April 2023
	Notes	KD	KD	KD
ASSETS				
Non-current assets				
Property, plant and equipment		124,299	100,388	37,428
Investment properties	5	40,655,568	40,707,847	43,502,544
Investment in associates		-	9,795	9,795
Financial assets at fair value through other comprehensive income		332,947	340,380	356,582
Accounts receivable and other assets		781,895	781,895	776,757
Right of use assets		673,355	961,936	1,709,901
		<u>42,568,064</u>	<u>42,902,241</u>	<u>46,393,007</u>
Current assets				
Inventories		10,065	10,065	38,303
Contract assets		123,185	123,185	233,515
Accounts receivable and other assets		6,941,636	6,430,107	7,072,597
Investment deposits	6	7,128,831	8,155,774	8,704,162
Bank balances and cash	6	546,742	4,390,863	1,120,581
		<u>14,750,459</u>	<u>19,109,994</u>	<u>17,169,158</u>
TOTAL ASSETS		<u><u>57,318,523</u></u>	<u><u>62,012,235</u></u>	<u><u>63,562,165</u></u>
EQUITY AND LIABILITIES				
Equity				
Share capital		45,053,468	45,053,468	45,053,468
Statutory reserve		95,209	95,209	-
Voluntary reserve		95,209	95,209	-
Cumulative changes in fair values reserve		(3,814,082)	(3,814,082)	(3,806,741)
Retained earnings		1,212,492	700,269	172,136
TOTAL EQUITY		<u>42,642,296</u>	<u>42,130,073</u>	<u>41,418,863</u>
Non-current liabilities				
Employees' end of service benefits		1,121,050	1,141,850	1,141,038
Murabaha payables		7,085,613	7,256,796	11,426,738
Accounts payable and other liabilities		2,413,395	3,241,799	1,327,260
Lease liabilities		-	-	728,876
		<u>10,620,058</u>	<u>11,640,445</u>	<u>14,623,912</u>
Current liabilities				
Accounts payable and other liabilities		2,832,313	2,800,319	5,277,288
Murabaha payables		494,980	4,730,041	1,545,653
Lease liabilities		728,876	711,357	696,449
		<u>4,056,169</u>	<u>8,241,717</u>	<u>7,519,390</u>
TOTAL LIABILITIES		<u>14,676,227</u>	<u>19,882,162</u>	<u>22,143,302</u>
TOTAL EQUITY AND LIABILITIES		<u><u>57,318,523</u></u>	<u><u>62,012,235</u></u>	<u><u>63,562,165</u></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 2024

	<i>Share capital KD</i>	<i>Statutory reserve KD</i>	<i>Voluntary reserve KD</i>	<i>Cumulative changes in fair values reserve KD</i>	<i>Retained earnings (accumulated losses) KD</i>	<i>Total KD</i>
As at 1 November 2023 (<i>Audited</i>)	45,053,468	95,209	95,209	(3,814,082)	700,269	42,130,073
Profit for the period	-	-	-	-	512,223	512,223
Total comprehensive income for the period	-	-	-	-	512,223	512,223
As at 30 April 2024	45,053,468	95,209	95,209	(3,814,082)	1,212,492	42,642,296
As at 1 November 2022 (<i>Audited</i>)	45,053,468	-	-	(3,820,580)	(107,861)	41,125,027
Profit for the period	-	-	-	-	279,997	279,997
Other comprehensive income for the period	-	-	-	13,839	-	13,839
Total comprehensive income for the period	-	-	-	13,839	279,997	293,836
As at 30 April 2023	45,053,468	-	-	(3,806,741)	172,136	41,418,863

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 30 April 2024

	Note	Six months ended 30 April	
		2024 KD	2023 KD
OPERATING ACTIVITIES			
Profit for the period before KFAS, provision for NLST and Zakat		518,390	302,303
<i>Non-cash adjustments to reconcile profit for the period to net cash flows:</i>			
Depreciation on property, plant, and equipment and right of use assets		307,744	886,676
Unrealized loss on change in fair value of investment properties		52,279	277,771
Profit on investment deposits		(144,425)	(158,526)
Gain on sale of property, plant and equipment		(199)	-
(Reversal of) allowance for expected credit losses, net		(26,861)	267,047
Provision for employees' end of service benefits		97,841	85,229
Finance costs on Murabaha payables		183,558	246,227
Finance costs on Murabaha payables (under cost of real estate activities)		75,017	24,116
Finance costs on lease liabilities		17,519	34,015
		1,080,863	1,964,858
<i>Changes in working capital:</i>			
Inventories		-	563
Contract assets		-	632,081
Accounts receivable and other assets		(474,873)	(888,784)
Accounts payable and other liabilities		(802,577)	(490,306)
		(196,587)	1,218,412
<i>Cash flows (used in) from operations</i>		(118,641)	(72,808)
Employees' end of service benefits paid			
Net cash flows (used in) from operating activities		(315,228)	1,145,604
INVESTING ACTIVITIES			
Purchase of investment properties		-	(2,528,499)
Purchase of property, plant, and equipment		(43,075)	(895)
Proceeds from sale of property, plant, and equipment		200	-
Proceeds from capital redemption of equity instruments designated at FVOCI		7,433	10,000
Profit on investment deposits received		144,425	158,526
Net cash flows from (used in) investing activities		108,983	(2,360,868)
FINANCING ACTIVITIES			
Payments of murabaha payables		(19,452,224)	(16,362,491)
Proceeds from murabaha payables		15,059,684	15,959,684
Finance costs paid		(272,279)	(297,569)
Payment of lease liabilities		-	(2,319)
Net cash flows used in financing activities		(4,664,819)	(702,695)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(4,871,064)	(1,917,959)
Cash and cash equivalents as at 1 November		12,546,637	11,742,702
CASH AND CASH EQUIVALENTS AS AT 30 APRIL	6	7,675,573	9,824,743

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 2024

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Al Enma'a Real Estate Company K.S.C.P. (the "Parent Company") and its subsidiaries (Collectively, the "Group") for the six-months period ended 30 April 2024 was authorized for issuance in accordance with a resolution of the Parent Company's Board of Directors on 30 May 2024.

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

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

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

2 BASIS OF PREPARATION

The interim condensed consolidated financial information of the Group for the six-months period ended 30 April 2024 has been prepared in accordance with IAS 34 "Interim Financial Reporting".

The interim condensed consolidated financial information is prepared on a historical cost basis except for investment properties and financial assets at fair value through other comprehensive income that have been measured at fair value.

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

The interim condensed consolidated financial information does not include all information and disclosures required in the annual consolidated financial statements prepared in accordance with the International Financial Reporting Standards ("IFRS") and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 October 2023. In the opinion of the Parent Company's management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

Operating results for the six-month period ended 30 April 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 October 2024. For more details, please refer to the consolidated financial statements and its related disclosures for the year ended 31 October 2023.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 November 2023 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Definition of Accounting Estimates - Amendments to IAS 8

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

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

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 2024

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP (Continued)

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

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

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

4 BASIC AND DILUTED EARNINGS (LOSSES) PER SHARE

Basic earnings (losses) per share are calculated by dividing the profit (loss) for the period by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares). Diluted earnings (losses) per share are calculated by dividing the profit (loss) for the period by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares) plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. As at 30 April, the Parent Company did not have any diluted shares, or treasury shares.

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 April</i>		<i>30 April</i>	
	2024	2023	2024	2023
Profit (loss) for the period (KD)	488,936	(72,982)	512,223	279,997
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 (losses) per share	1.09 fils	(0.16) fils	1.14 fils	0.62 fils

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

5 INVESTMENT PROPERTIES

	<i>(Audited)</i>		
	<i>30 April</i>	<i>31 October</i>	<i>30 April</i>
	2024	2023	2023
	KD	KD	KD
As at the beginning of the period / year	40,707,847	40,901,816	40,901,816
Additions during the period / year	-	2,878,500	2,878,499
Sale during the period / year	-	(2,830,319)	-
Unrealized loss on change in fair value	(52,279)	(242,150)	(277,771)
As at the end of the period / year	40,655,568	40,707,847	43,502,544

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

As at 30 April 2024, investment properties with carrying values of KD 15,419,000, KD 4,747,000 and KD Nil (31 October 2023: KD 15,293,000, KD 4,720,000 and KD 3,793,000) (30 April 2023: KD 17,192,000, KD 4,610,000 and KD 7,789,000) are pledged as a security against letters of guarantee and Murabaha payables to the Ultimate Parent Company, other related parties and local financial institutions, respectively.

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 2024

6 CASH AND CASH EQUIVALENTS

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

	30 April 2024 KD	<i>(Audited)</i> 31 October 2023 KD	30 April 2023 KD
Investment deposits	7,128,831	8,155,774	8,704,162
Bank balances and cash	546,742	4,390,863	1,120,581
	7,675,573	12,546,637	9,824,743

Bank balances and cash amounting to KD 282,528 and KD 27 (31 October 2023: KD 233,851 and KD 82,153) (30 April 2023: KD 1,077,909 and KD 6,707) are held with the Ultimate Parent Company and other related parties (Note 7).

Investment deposits amounting to KD 1,628,831 (31 October 2023: KD 5,605,774) and (30 April 2023: KD 5,704,162) are placed with the Ultimate Parent Company (Note 7).

7 RELATED PARTY TRANSACTIONS

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

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

	<i>Six months ended 30 April</i>			
	<i>Ultimate Parent Company KD</i>	<i>Other related parties* KD</i>	2024 KD	2023 KD
Revenue from services rendered*	725,154	-	725,154	724,593
Revenue from real estate activities	24,000	-	24,000	-
Profit on investment deposits	110,853	-	110,853	95,701
Cost of services rendered	2,293	10,320	12,613	21,269
Cost of real estate activities	75,017	3,702	78,719	26,725
Cost of construction	5,672	3,197	8,869	3,047
General and administrative expenses	64	12,888	12,952	9,031
Finance costs on Murabaha payables	50,012	89,932	139,944	157,764

	<i>Three months ended 30 April</i>			
	<i>Ultimate Parent Company KD</i>	<i>Other related parties* KD</i>	2024 KD	2023 KD
Revenue from services rendered	420,077	-	420,077	333,023
Revenue from real estate activities	12,000	-	12,000	-
Profit on investment deposits	55,692	-	55,692	51,124
Cost of services rendered	-	245	245	6,198
Cost of real estate activities	37,303	1,597	38,900	25,168
Cost of construction	3,955	1,469	5,424	865
General and administrative expenses	32	5,903	5,935	5,165
Finance costs on Murabaha payables	24,870	44,362	69,232	81,916

* Revenue from services rendered includes KD 55,869 (30 April 2023: KD 73,785) which has been earned from trust and fiduciary activities (Note 12).

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 2024

7 RELATED PARTY TRANSACTIONS (continued)

	Three months ended 30 April		Six months ended 30 April	
	2024 KD	2023 KD	2024 KD	2023 KD
<i>Key management compensations:</i>				
Salaries and other short-term benefits	92,182	90,921	179,195	184,025
Employees' end of service benefits	9,632	9,669	19,264	19,338
	<u>101,814</u>	<u>100,590</u>	<u>198,459</u>	<u>203,363</u>

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

	Ultimate Parent Company KD	Other related parties* KD	30 April 2024 KD	(Audited) 31 October 2023 KD	30 April 2023 KD
Amounts due from related parties (included under "accounts receivable and other assets")	13,385	-	13,385	579,175	115,181
Investment deposits (Note 6)	1,628,831	-	1,628,831	5,605,774	5,704,162
Bank balances and cash (Note 6)	282,528	27	282,555	316,004	1,084,616
Murabaha payables	4,802,608	2,777,985	7,580,593	7,682,536	8,384,915
Accounts payable and other liabilities	8,000	49,396	57,396	19,653	58,071

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

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

As of 30 April 2024, investment deposits and bank balances amounting to KD Nil and KD 2,702,419 (31 October 2023: KD Nil and KD 2,959,012, and 30 April 2023: KD 2,500,000 and KD 3,242,806), respectively, are related to fiduciary assets held with the Ultimate Parent Company (Note 12).

8 CONTINGENT LIABILITIES

- As at 30 April 2024, the Group has contingent liabilities representing letters of guarantee issued in the ordinary course of business amounting to KD 8,339,164 (31 October 2023: KD 16,034,188 and 30 April 2023: KD 17,079,334) from which it is anticipated that no material liability will arise.
- Letter of guarantees amounting to KD 2,362,815 (31 October 2023: KD 10,065,688 and 30 April 2023: KD 11,246,335) are related to delayed projects amounting to KD 20,863,534 for which the Parent Company did not have approved extension on the project completion date.
- The Parent Company has legal cases filed by subcontractors and the management of the Parent Company does not expect probable obligations from those legal cases. Please refer to Note 11 for more details on significant legal cases.

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 2024

9 SEGMENT INFORMATION

For management purposes, the Group is organized into business units, based on their products and services, in order to manage its various lines of business. For segment reporting, the Group has four reportable operating segments as follows:

<i>Construction projects:</i>	Undertaking contracts to construct buildings.
<i>Services rendered:</i>	Undertaking maintenance of mechanical and electrical spare parts and building materials, providing security services, and managing real estate for others.
<i>Real estate:</i>	Managing its own properties and renting properties for others.
<i>Investments:</i>	Participating and investing in shares of local and foreign companies and real estate properties.

No operating segments have been aggregated to form the above reportable operating segments.

Management of the Parent Company monitors the operating results of its business units separately for making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the interim condensed consolidated financial information.

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

During the periods ended 30 April 2024 and 30 April 2023, there were no significant inter-segment transactions. Segment assets and liabilities comprise those operating assets and liabilities that are directly attributable to the segment.

Segment information as at and for the six months period ended 30 April is as follows:

	<i>Services rendered KD</i>	<i>Real estate KD</i>	<i>Construction projects KD</i>	<i>Investments KD</i>	<i>Unallocated KD</i>	<i>Total KD</i>
30 April 2024:						
Segment revenues	3,244,224	995,320	-	92,146	12,001	4,343,691
Segment operating costs	(2,181,828)	(304,097)	(451,799)	-	-	(2,937,724)
Reversal of allowance for expected credit losses, net	129	26,732	-	-	-	26,861
Finance costs on Murabaha payables	-	-	-	(183,558)	-	(183,558)
Segment results	1,062,525	717,955	(451,799)	(91,412)	12,001	1,249,270
Finance costs on lease liabilities					(17,519)	(17,519)
Other operating expenses					(713,361)	(713,361)
KFAS, NLST and Zakat					(6,167)	(6,167)
Profit for the period					512,223	512,223

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

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9 SEGMENT INFORMATION (continued)

	<i>Services rendered KD</i>	<i>Real estate KD</i>	<i>Construction projects KD</i>	<i>Investments KD</i>	<i>Unallocated KD</i>	<i>Total KD</i>
<i>30 April 2023:</i>						
Segment revenues	3,115,522	940,093	13,724	(119,245)	68,520	4,018,614
Segment operating costs	(2,071,696)	(255,122)	(87,653)	-	-	(2,414,471)
Allowance for expected credit losses, net	(7,557)	(97,715)	(161,775)	-	-	(267,047)
Finance costs on Murabaha payables	-	-	-	(246,227)	-	(246,227)
Segment results	<u>1,036,269</u>	<u>587,256</u>	<u>(235,704)</u>	<u>(365,472)</u>	<u>68,520</u>	<u>1,090,869</u>
Finance costs on lease liabilities					(34,015)	(34,015)
Other operating expenses					(754,551)	(754,551)
KFAS, NLST and Zakat					(22,306)	(22,306)
Profit for the period					<u>279,997</u>	<u>279,997</u>

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

	<i>Services rendered KD</i>	<i>Real estate KD</i>	<i>Construction projects KD</i>	<i>Investments KD</i>	<i>Unallocated KD</i>	<i>Total KD</i>
<i>As at 30 April 2024</i>						
Assets	<u>3,085,508</u>	<u>35,490,530</u>	<u>5,120,247</u>	<u>13,328,537</u>	<u>293,701</u>	<u>57,318,523</u>
Liabilities	<u>2,245,786</u>	<u>20,263</u>	<u>2,880,505</u>	<u>7,606,162</u>	<u>1,923,511</u>	<u>14,676,227</u>
<i>As at 31 October 2023 (Audited)</i>						
Assets	<u>2,064,947</u>	<u>35,259,339</u>	<u>5,241,247</u>	<u>19,038,013</u>	<u>408,689</u>	<u>62,012,235</u>
Liabilities	<u>2,239,180</u>	<u>5,829</u>	<u>3,692,663</u>	<u>12,002,384</u>	<u>1,942,106</u>	<u>19,882,162</u>
<i>As at 30 April 2023</i>						
Assets	<u>3,621,954</u>	<u>37,620,937</u>	<u>5,210,567</u>	<u>16,365,540</u>	<u>743,167</u>	<u>63,562,165</u>
Liabilities	<u>2,268,359</u>	<u>93,825</u>	<u>4,339,533</u>	<u>12,972,391</u>	<u>2,469,194</u>	<u>22,143,302</u>

10 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy

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

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

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As at and for the period ended 30 April 2024

10 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 KD</i>	<i>Level 2 KD</i>	<i>Level 3 KD</i>	<i>Total KD</i>
<i>As at 30 April 2024</i>				
Investment properties	-	5,269,568	35,386,000	40,655,568
Financial assets at fair value through other comprehensive income	-	-	332,947	332,947
	<u>-</u>	<u>5,269,568</u>	<u>35,718,947</u>	<u>40,988,515</u>
	<u><u>-</u></u>	<u><u>5,269,568</u></u>	<u><u>35,718,947</u></u>	<u><u>40,988,515</u></u>
	<i>Level 1 KD</i>	<i>Level 2 KD</i>	<i>Level 3 KD</i>	<i>Total KD</i>
<i>As at 31 October 2023 (Audited)</i>				
Investment properties	-	5,542,847	35,165,000	40,707,847
Financial assets at fair value through other comprehensive income	-	-	340,380	340,380
	<u>-</u>	<u>5,542,847</u>	<u>35,505,380</u>	<u>41,048,227</u>
	<u><u>-</u></u>	<u><u>5,542,847</u></u>	<u><u>35,505,380</u></u>	<u><u>41,048,227</u></u>
	<i>Level 1 KD</i>	<i>Level 2 KD</i>	<i>Level 3 KD</i>	<i>Total KD</i>
<i>As at 30 April 2023</i>				
Investment properties	-	5,991,544	37,511,000	43,502,544
Financial assets at fair value through other comprehensive income	-	-	356,582	356,582
	<u>-</u>	<u>5,991,544</u>	<u>37,867,582</u>	<u>43,859,126</u>
	<u><u>-</u></u>	<u><u>5,991,544</u></u>	<u><u>37,867,582</u></u>	<u><u>43,859,126</u></u>

There were no transfers between fair value hierarchies during the period ended 30 April 2024, the year ended 31 October 2023 and the period ended 30 April 2023.

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

	<i>Investment properties KD</i>	<i>Financial assets at FVOCI KD</i>
<i>30 April 2024</i>		
As at the beginning of the period	35,165,000	340,380
Capital redemption of equity instruments designated at FVOCI	-	(7,433)
Net gain recorded in the profit or loss	221,000	-
	<u>35,386,000</u>	<u>332,947</u>
As at the end of the period	<u><u>35,386,000</u></u>	<u><u>332,947</u></u>
<i>31 October 2023 (Audited)</i>		
As at the beginning of the year	34,851,000	373,025
Net loss recorded in the profit or loss	(157,500)	-
Net loss recorded in other comprehensive income	-	(5,270)
Net purchases, transfers, sales and settlements	471,500	(27,375)
	<u>35,165,000</u>	<u>340,380</u>
As at the end of the year	<u><u>35,165,000</u></u>	<u><u>340,380</u></u>

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10 FAIR VALUE MEASUREMENT (continued)

	<i>Investment properties KD</i>	<i>Financial assets at FVOCI KD</i>
<i>30 April 2023</i>		
As at the beginning of the period	34,851,000	373,025
Additions during the period	2,878,499	-
Capital redemption of equity instruments designated at FVOCI	-	(16,443)
Net loss recorded in profit or loss	(218,499)	-
	<u>37,511,000</u>	<u>356,582</u>

Description of significant unobservable inputs to valuation of financial assets:

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

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

- ▶ Properties are valued using the income capitalization approach. Income capitalization approach is based on capitalization of the discounted annual cash flows from the property, which is calculated by discounting rental income generated annually by the property using the current market discount rate.
- ▶ Lands are valued using the market approach. Market approach is based on a comparison of active market prices for similar properties and recent arm length's market transactions, adjusted for difference in the nature, location or condition of the specific property.

11 LEGAL CASES

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

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

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

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11 LEGAL CASES (continued)

- c) During the year ended 31 October 2019, the Parent Company filed a legal case against one of the contractors seeking to refund the liquidated performance guarantee of KD 900,000 and the advance payment amounting to KD 441,402. On 6 February 2022, the Court of first instance has issued a verdict which entitled the Parent Company to reimburse an amount of KD 483,166 in addition to the liquidated guarantees. The decision was appealed by the main contractor and the Parent Company at the Court of Appeal. The Court of Appeal's verdict was issued 22 January 2023 adjusted the awarded amount by the Court of first instance to be KD 85,176 and declined the Parent Company's right to claim the guarantees. The Parent Company filed an appeal against the ruling in the Court of Cassation, which was transferred to the Cassation Prosecution for final opinion. As a result, the Parent Company recorded an additional allowance for expected credit losses of KD 342,409 against the outstanding balance due from the contractor. On 23 January 2024, the Court of Appeal's verdict adjusted the Court of Appeal's verdict and obligated the Parent Company to pay the contractor an amount of KD 85,176, which was paid during the period ended 30 April 2024.
- d) During the year ended 31 October 2019, a subcontractor filed a legal case against the Parent Company seeking final settlement of the subcontract's balance. On 22 March 2021, the Court of first instance has issued a verdict mandating the Parent Company to settle an amount of KD 183,855. On 22 February 2023, the Court of Appeals verdict adjusted the first verdict, mandating the Parent Company to pay an amount of KD 176,992 plus 7% interest starting from 14 January 2019. On 17 May 2023, the Court of Appeals has ordered the continuation of the execution of the verdict, and it was fully executed during the year in which the Parent Company has fully settled the demanded verdict amount. As a result, the Parent Company recorded a loss of KD 161,397 during the year ended 31 October 2023, and filed an appeal in the Court of Cassation before the consultation room. On 12 November 2023, the filed appeal was rejected.

12 FIDUCIARY ASSETS

The Group manages rented real estate portfolios on behalf of the Ultimate Parent Company and other third parties. The Group collects rental income and deposits it in fiduciary bank accounts.

The aggregate value of investment deposits and bank balances held in a trust or fiduciary capacity by the Group at 30 April 2024 amounted to KD Nil and KD 2,850,533 respectively (31 October 2023: KD Nil and KD 3,041,165 and 30 April 2023: 2,500,000 and KD 3,378,516, respectively), out of which are investment deposits and bank balances related to the Ultimate Parent Company amounting to KD Nil and KD 2,702,419 respectively (31 October 2023: KD Nil and KD 2,959,012 and 30 April 2023: KD 2,500,000 and KD 3,242,806 respectively).

Revenue from services rendered includes KD 494,630 (30 April 2023: KD 185,716) arising from trust and fiduciary activities, out of which KD 55,869 (30 April 2023: KD 73,785) has been earned from services rendered to the Ultimate Parent Company (Note 7).

13 ANNUAL GENERAL ASSEMBLY MEETING (AGM)

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

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

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

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

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