

**Injazzat Real Estate Development Company  
K.S.C.P. and its Subsidiaries**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION**

**30 JUNE 2022 (UNAUDITED)**

## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF INJAZZAT REAL ESTATE DEVELOPMENT COMPANY K.S.C.P.**

### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Injazzat Real Estate Development Company K.S.C.P. (the “Parent Company”) and its Subsidiaries (collectively, the “Group”) as at 30 June 2022 and the related interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of comprehensive income for the three and six months periods then ended, and interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-months period then ended. 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*”. 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 accounts 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, have occurred during the six-months period ended 30 June 2022 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations, during the six-months period ended 30 June 2022 that might have had a material effect on the business of the Parent Company or on its financial position.



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ABDULKARIM ALSAMDAN  
LICENCE NO. 208-A  
EY  
AL AIBAN, AL OSAIMI & PARTNERS

2 August 2022  
Kuwait

## Injazzat Real Estate Development Company K.S.C.P. and its Subsidiaries

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(UNAUDITED)

For the six months ended 30 June 2022

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>INCOME</b>				
Rental income	<b>757,873</b>	688,423	<b>1,419,717</b>	1,396,792
Gain on disposal of investment properties	<b>113,314</b>	-	<b>408,546</b>	-
Distribution income from financial assets at fair value through profit or loss	<b>126,572</b>	408,146	<b>251,944</b>	504,189
Management fees	<b>24,567</b>	26,237	<b>56,205</b>	58,738
Interest income	<b>54,883</b>	40,636	<b>107,564</b>	75,095
Other income	<b>23,563</b>	2,137	<b>37,520</b>	18,975
Share of results of associates	<b>760,013</b>	149,698	<b>936,173</b>	217,650
Net foreign exchange gain (loss)	<b>9,814</b>	(16,615)	<b>26,666</b>	(41,445)
<b>Total income</b>	<b>1,870,599</b>	1,298,662	<b>3,244,335</b>	2,229,994
<b>EXPENSES</b>				
Real estate operating costs	<b>(303,418)</b>	(330,650)	<b>(558,355)</b>	(497,030)
Staff costs	<b>(217,829)</b>	(174,427)	<b>(400,137)</b>	(354,906)
Depreciation	<b>(59,952)</b>	(43,138)	<b>(102,508)</b>	(88,858)
Administrative expenses	<b>(47,996)</b>	(40,332)	<b>(88,743)</b>	(72,924)
Consultancy and professional fees	<b>(21,838)</b>	(47,367)	<b>(61,309)</b>	(68,121)
Provision for legal expenses	-	(235,883)	-	(235,883)
Finance costs	<b>(456,668)</b>	(379,666)	<b>(844,703)</b>	(756,296)
<b>Total expenses</b>	<b>(1,107,701)</b>	(1,251,463)	<b>(2,055,755)</b>	(2,074,018)
<b>Profit before tax</b>	<b>762,898</b>	47,199	<b>1,188,580</b>	155,976
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)	<b>(6,865)</b>	(425)	<b>(10,696)</b>	(1,404)
National Labour Support Tax (NLST)	<b>(20,386)</b>	(1,680)	<b>(31,590)</b>	(4,899)
Zakat	<b>(8,154)</b>	(672)	<b>(12,637)</b>	(1,961)
<b>PROFIT FOR THE PERIOD</b>	<b>727,493</b>	44,422	<b>1,133,657</b>	147,712
<b>BASIC AND DILUTED EARNINGS PER SHARE</b>	<b>2.15 Fils</b>	0.13 Fils	<b>3.35 Fils</b>	0.44 Fils

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

Injazzat Real Estate Development Company K.S.C.P. and its Subsidiaries  
 INTERIM CONDENSED CONSOLIDATED STATEMENT COMPREHENSIVE INCOME  
 (UNAUDITED)  
 For the six months ended 30 June 2022

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>PROFIT FOR THE PERIOD</b>	<b>727,493</b>	<b>44,422</b>	<b>1,133,657</b>	<b>147,712</b>
<b>Other comprehensive income (loss):</b>				
<i>Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:</i>				
Share of other comprehensive income (loss) of associates	<b>383,813</b>	(168,741)	<b>360,362</b>	(396,310)
Net exchange differences on translation of foreign operations	<b>(101,652)</b>	(15,773)	<b>89,458</b>	19,617
<b>Other comprehensive income (loss) for the period</b>	<b>282,161</b>	(184,514)	<b>449,820</b>	(376,693)
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	<b>1,009,654</b>	(140,092)	<b>1,583,477</b>	(228,981)
<b>Attributable to:</b>				
Equity holders of the Parent Company	<b>1,009,654</b>	(140,092)	<b>1,583,477</b>	(228,981)

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

Injazzat Real Estate Development Company K.S.C.P. and its Subsidiaries  
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
 (UNAUDITED)  
 As at 30 June 2022

		(Audited)	
	Notes	30 June 2022 KD	31 December 2021 KD
		30 June 2021 KD	
<b>ASSETS</b>			
Cash and bank balances		2,540,192	5,202,387
Term deposits		434,069	428,123
Accounts receivable and other assets		6,586,581	7,500,097
Financial assets at fair value through profit or loss		7,814,453	8,077,815
Investment properties	4	69,763,746	61,896,588
Investment in associates	5	21,406,512	22,203,923
Property and equipment		210,998	283,668
<b>Total assets</b>		<b>108,756,551</b>	<b>105,592,601</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	6.1	34,564,860	34,564,860
Share premium		2,869,130	2,869,130
Statutory reserve		9,234,954	9,234,954
Voluntary reserve		196,228	196,228
Treasury shares	6.2	(618,412)	(610,946)
Treasury shares reserve		4,723,846	4,723,846
Foreign currency translation reserve		1,879,838	1,430,018
Fair value reserve		-	-
Retained earnings		3,658,919	4,217,919
<b>Total equity</b>		<b>56,509,363</b>	<b>56,626,009</b>
<b>LIABILITIES</b>			
Accounts payable and other liabilities		7,497,188	8,466,592
Loans and borrowings	8	44,750,000	40,500,000
<b>Total liabilities</b>		<b>52,247,188</b>	<b>48,966,592</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>108,756,551</b>	<b>105,592,601</b>



Dr. Abdulmohsen Medeij AlMedeij  
 Chairman



Mohammad Ibrahim Al-Farhan  
 Chief Executive Officer

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.



# Injazzat Real Estate Development Company K.S.C.P. and its Subsidiaries

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 KD	2021 KD
<b>OPERATING ACTIVITIES</b>			
Profit before tax		1,188,580	155,976
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Gain on disposal of investment properties	4	(408,546)	-
Distribution income from financial assets at fair value through profit or loss		(251,944)	(504,189)
Share of results of associates	5	(936,173)	(217,650)
Depreciation of property and equipment		38,980	22,608
Depreciation of right-of-use assets		63,528	66,250
Interest income		(107,564)	(75,095)
Provision for legal expenses		-	235,883
Finance cost on lease liabilities		5,270	8,845
Finance costs		839,433	747,451
		<b>431,564</b>	<b>440,079</b>
<i>Working capital adjustments:</i>			
Accounts receivable and other assets		531,238	761,587
Accounts payable and other liabilities		(901,516)	(200,988)
Cash flows from operations		<b>61,286</b>	<b>1,000,678</b>
Taxes paid		(139,654)	(32,274)
<b>Net cash flows (used in) from operating activities</b>		<b>(78,368)</b>	<b>968,404</b>
<b>INVESTING ACTIVITIES</b>			
Additions to property and equipment		(29,838)	-
Capital expenditure incurred on investment properties	4	(23,699)	(1,122,547)
Addition in investment properties	4	(9,867,895)	-
Proceeds from disposal of investment properties	4	2,764,316	-
Dividend received from investment in associates	5	375,203	-
Additions to interest in associates	5	(33,395)	(21,702)
Proceeds from capital redemption of investment in associates	5	1,752,138	60,259
Distribution income received from financial assets at fair value through profit or loss		386,400	153,295
Proceeds from capital redemption of financial assets at fair value through profit or loss		263,362	-
Interest income received		107,564	75,095
<b>Net cash flows used in investing activities</b>		<b>(4,305,844)</b>	<b>(855,600)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from loans and borrowings		7,500,000	482,841
Repayment of loans and borrowings		(3,250,000)	-
Cash dividends paid		(1,692,657)	-
Finance costs paid		(765,616)	(23,018)
Purchase of treasury shares		(7,466)	(21,410)
Payment of lease liabilities		(62,244)	(89,368)
<b>Net cash flows from financing activities</b>		<b>1,722,017</b>	<b>349,045</b>
<b>NET (DECREASE) INCREASE IN CASH AND BANK BALANCES</b>		<b>(2,662,195)</b>	<b>461,849</b>
Cash and bank balances at 1 January		5,202,387	2,367,007
<b>CASH AND BANK BALANCES AT 30 JUNE</b>		<b>2,540,192</b>	<b>2,828,856</b>

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

# Injazzat Real Estate Development 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 June 2022

### 1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Injazaat Real Estate Development Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2022 was authorised for issue in accordance with a resolution of the board of directors of the Parent Company on 2 August 2022.

The Parent Company is a Kuwaiti shareholding company incorporated and domiciled in Kuwait and whose shares are publicly traded in Kuwait Stock Exchange ("Boursa Kuwait"). The Parent Company's registered postal address is P.O. Box 970, Safat 13010, State of Kuwait.

The Group is principally engaged in real estate activities. The primary objectives of the Parent Company is as follows:

- ▶ Ownership, purchasing, sale and development of all kinds of investment properties with exception to residential properties inside and outside the state of Kuwait for the benefit of the Parent Company and on the behalf of others.
- ▶ Ownership and sale of financial assets, bonds relating to real estate companies for the benefit of the Parent Company alone inside and outside the State of Kuwait.
- ▶ Preparation and delivery of studies relating to real estate activities.
- ▶ Maintenance activities relating to the properties owned by the Parent Company including civil, mechanical, electrical works and all required works to sustain the state of the properties.
- ▶ Organisation of real estate conventions relating to the Parent Company's projects in accordance with the regulations set out by the Ministry of Commerce.
- ▶ Hosting auctions.
- ▶ Ownership of malls and residential complexes and managing them.
- ▶ Ownership of hotels, health clubs, tourism related facilities and leasing and releasing them.
- ▶ Management, operating and leasing all types of investment properties.
- ▶ Establishment and management of real estate investment funds.
- ▶ It is permitted for the Parent Company to invest in managed funds managed by specialised managers.

The Parent Company is authorised to have interest in or participate with any party or institution carrying out similar activities or those parties who will assist the Parent Company in achieving its objectives whether in Kuwait or abroad. The Parent Company has the right to establish, participate in or acquire such institutions.

### 2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The interim condensed consolidated financial information for the three months ended 30 June 2022 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2021.

Further, results for the six-month period ended 30 June 2022, are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

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

The accounting policies and methods of computation adopted 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 December 2021, except for the adoption of new amendments effective as of 1 January 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.



# Injazzat Real Estate Development 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 June 2022

### 2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

#### 2.2 New standards, interpretations and amendments adopted by the Group (continued)

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

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

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

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

These amendments had no impact on the interim condensed consolidated financial information of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

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

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the interim condensed consolidated financial information of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

Several other amendments and interpretations apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial information of the Group.

### 3 EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the profit for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
Profit for the period attributable to equity holders of the Parent Company (KD)	<u>727,493</u>	<u>44,422</u>	<u>1,133,657</u>	<u>147,712</u>
Weighted average number of shares outstanding during the period (excluding treasury shares)	<u>338,509,731</u>	<u>334,060,805</u>	<u>338,520,555</u>	<u>334,105,918</u>
<b>Basic and diluted earnings per share (EPS)</b>	<u><b>2.15 fils</b></u>	<u><b>0.13 fils</b></u>	<u><b>3.35 fils</b></u>	<u><b>0.44 fils</b></u>

There have been no transactions involving ordinary shares between the reporting date and the date of authorisation of this interim condensed consolidated financial information which would require the restatement of EPS.

## Injazzat Real Estate Development 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 June 2022

#### 4 INVESTMENT PROPERTIES

The movement in carrying value of investment properties is as follows:

	<b>30 June</b>	<i>(Audited)</i>	<b>30 June</b>
	<b>2022</b>	<b>31 December</b>	<b>2021</b>
	<b>KD</b>	<b>2021</b>	<b>2021</b>
		<i>(Audited)</i>	
		<b>31 December</b>	<b>2021</b>
		<b>2021</b>	<b>2021</b>
		<b>KD</b>	<b>KD</b>
At the beginning of the period/year	<b>61,896,588</b>	61,413,721	61,413,721
Additions	<b>9,867,895</b>	-	-
Capital expenditure on owned property	<b>23,699</b>	2,786,050	1,122,547
Disposal of investment properties	<b>(2,355,770)</b>	(3,270,351)	-
Change in fair value	<b>-</b>	1,024,748	-
Exchange differences	<b>331,334</b>	(57,580)	(173,427)
	<b>69,763,746</b>	61,896,588	62,362,841

- a) The fair value of investment properties was independently determined at 31 December 2021 by accredited independent valuers who are specialised in valuing such type of properties using a mix of income capitalization method and the market comparison approach considering the nature usage of each property. The valuation of the Group's investment properties is performed on an annual basis as management believes that there are no significant circumstances that have arisen during the period, which may have a significant impact on fair value.
- b) Investment properties with a carrying value of KD 30,232,252 (31 December 2021: KD 20,549,415 and 30 June 2021: KD 21,190,465) are pledged as security in order to fulfil collateral requirements of certain bank loans (Note 8).
- c) During the period, the Group disposed certain units of an investment property with carrying value of KD 2,355,770 for total consideration of KD 2,764,316 resulting in gain of KD 408,546 recognised in the interim condensed consolidated statement of profit or loss.

#### 5 INVESTMENT IN ASSOCIATES

The movement in investment in associates is as follows:

	<b>30 June</b>	<i>(Audited)</i>	<b>30 June</b>
	<b>2022</b>	<b>31 December</b>	<b>2021</b>
	<b>KD</b>	<b>2021</b>	<b>2021</b>
		<i>(Audited)</i>	
		<b>31 December</b>	<b>2021</b>
		<b>2021</b>	<b>2021</b>
		<b>KD</b>	<b>KD</b>
At the beginning of the period / year	<b>22,203,923</b>	21,981,955	21,981,955
Additions	<b>33,395</b>	33,000	21,702
Return of capital	<b>(1,752,138)</b>	(392,691)	(60,259)
Dividend	<b>(375,203)</b>	-	-
Share of results for the period / year	<b>936,173</b>	815,064	217,650
Exchange differences	<b>360,362</b>	(233,405)	(396,310)
At the end of the period / year	<b>21,406,512</b>	22,203,923	21,764,738

As at 30 June 2022, investment in associates with a carrying value of KD 19,403,410 (31 December 2021: KD 19,532,108 and 30 June 2021: KD 18,902,259) are pledged as security in order to fulfil collateral requirements of certain bank loans (Note 8).

## Injazzat Real Estate Development 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 June 2022

#### 6 SHARE CAPITAL AND TREASURY SHARES

##### 6.1 Share capital

At 30 June 2022, the authorised, issued and fully paid-up capital of the Parent Company comprised 345,648,600 (31 December 2021: 345,648,600 and 30 June 2021: 345,648,600) shares of 100 fils each. All shares are paid in cash.

##### 6.2 Treasury shares

	<i>30 June</i> <i>2022</i>	<i>(Audited)</i> <i>31 December</i> <i>2021</i>	<i>30 June</i> <i>2021</i>
Number of treasury shares	7,217,470	7,117,101	11,782,286
Percentage of issued shares	2.08%	2.06%	3.41%
Cost of treasury shares (KD)	618,412	610,946	1,126,326
Market value of treasury shares (KD)	606,267	711,710	895,453

Reserves equivalent to the cost of the treasury shares held are not available for distribution during the holding period of such shares.

#### 7 ANNUAL GENERAL ASSEMBLY RESOLUTIONS

The annual general meeting (AGM) of the shareholders of the Parent Company held on 20 April 2022 approved the consolidated financial statements for the year ended 31 December 2021 and approved distribution of cash dividend of 5% and directors' remuneration of KD 70,000 for the year then ended.

#### 8 LOANS AND BORROWINGS

	<i>Currency</i>	<i>Effective interest rate (EIR)</i>	<i>30 June</i> <i>2022</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2021</i> <i>KD</i>	<i>30 June</i> <i>2021</i> <i>KD</i>
Bank loans	KD	CBK discount rate plus 1.75% to 2%	<u>44,750,000</u>	<u>40,500,000</u>	<u>40,500,000</u>

Bank loans are secured by certain investment properties and investments in associates (Notes 4 and 5). Bank loans are payable on various instalments ending on 15 July 2026, with a bullet payment on 15 August 2026.

#### 9 RELATED PARTY DISCLOSURES

Related parties represent the major shareholders, associates, entities under common control, directors and executive officers of the Group, close members of their families and entities of which they are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the Group's management.

The following table provides the aggregate amount of transactions and outstanding balances with related parties:

	<i>30 June</i> <i>2022</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2021</i> <i>KD</i>	<i>30 June</i> <i>2021</i> <i>KD</i>
<b>Interim condensed consolidated statement of financial position:</b>			
Receivables from associates	9,608	6,657	2,269
Receivables from other related parties	121,849	121,699	121,647
Receivables on sale of investment property from major shareholder	3,624,888	3,608,035	3,636,086
Payables to an associate	34,500	166,216	144,936

# Injazzat Real Estate Development 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 June 2022

### 9 RELATED PARTY DISCLOSURES (disclosure)

The following table provides the aggregate amount of transactions with related parties:

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>Interim condensed consolidated statement of profit or loss:</b>				
Management fees	22,422	24,584	47,705	49,444
Interest income on receivables from a related party	35,526	40,601	68,888	75,016
	<u>57,948</u>	<u>65,185</u>	<u>116,593</u>	<u>124,460</u>

#### Key management personnel

Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group. The aggregate value of transactions related to key management personnel were as follows:

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Compensation of key management personnel of the Group</i>				
Salaries and short-term benefits	153,201	111,141	247,581	199,761
Employees' end of service benefits	12,375	11,791	24,274	23,582
	<u>165,576</u>	<u>122,932</u>	<u>271,855</u>	<u>223,343</u>

### 10 FINANCIAL INSTRUMENTS

Set out below, is an overview of financial assets, other than cash and bank balances and term deposits, and financial liabilities held by the Group as at 30 June 2022, 31 December 2021 and 30 June 2021:

	<i>30 June</i>	<i>(Audited)</i>	<i>30 June</i>
	<i>2022</i>	<i>31 December</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>Financial assets at amortised cost:</b>			
Accounts receivable and other assets	6,586,581	7,500,097	5,601,777
<b>Financial assets at fair value through profit or loss:</b>			
Unquoted equity securities	7,814,453	8,077,815	8,162,790
<b>Total</b>	<u>14,401,034</u>	<u>15,577,912</u>	<u>13,764,567</u>
<b>Financial liabilities at amortised cost:</b>			
Accounts payable and other liabilities	7,497,188	8,466,592	8,038,350
Loans and borrowings	44,750,000	40,500,000	40,500,000
<b>Total</b>	<u>52,247,188</u>	<u>48,966,592</u>	<u>48,538,350</u>

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### 11 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

#### Fair values

The following table provides the fair value measurement hierarchy of the Group's financial instruments.

	<i>Fair value measurement using</i>		
	<i>Quoted prices in active markets (Level 1) KD</i>	<i>Significant observable inputs (Level 2) KD</i>	<i>Significant unobservable inputs (Level 3) KD</i>
<i>As at 30 June 2022</i>			
Financial assets at fair value through profit or loss:			
Unquoted equity securities	7,814,453	-	7,814,453
<i>As at 31 December 2021 (Audited)</i>			
Financial assets at fair value through profit or loss:			
Unquoted equity securities	8,077,815	-	8,077,815
<i>As at 30 June 2021</i>			
Financial assets at fair value through profit or loss:			
Unquoted equity securities	8,162,790	-	8,162,790

There were no transfers between Level 1 and Level 2 fair value measurements during the period/ year, and no transfers into or out of Level 3 fair value measurements during the period / year.

#### Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- ▶ 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
- ▶ Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

#### Reconciliation of Level 3 fair values

The following table shows a reconciliation of all movements in the fair value of items categorised within Level 3 between the beginning and the end of the reporting period:

#### Reconciliation of recurring fair value measurements categorised within Level 3 of the fair value hierarchy:

<i>Financial assets at FVTPL</i>	<i>Non-listed equity investments KD</i>
<i>30 June 2022</i>	
As at 1 January 2022	8,077,815
Capital redemptions	(263,362)
As at 30 June 2022	7,814,453

## Injazzat Real Estate Development 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 June 2022

#### 11 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

<i>Financial assets at FVTPL</i>	<i>Non-listed equity investments</i>
	<i>KD</i>
<i>31 December 2021 (Audited)</i>	
As at 1 January 2021	8,162,790
Remeasurement recognised in profit or loss	(84,975)
As at 31 December 2021	<u>8,077,815</u>
<i>Financial assets at FVTPL</i>	<i>Non-listed equity investments</i>
	<i>KD</i>
<i>30 June 2021</i>	
As at 1 January 2021	8,162,790
Remeasurement recognised in profit or loss	-
As at 30 June 2021	<u>8,162,790</u>

For assets classified as level 3, fair value is estimated using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of similar assets; or other valuation techniques. The Group has also performed a sensitivity analysis by varying these input factors by 5%. Based on such analysis, there is no material impact on the interim condensed consolidated financial information.

Management assessed that the carrying value of financial instruments at amortised cost is not significantly different from their fair values as most of these assets and liabilities are of short-term maturity or are re-priced immediately based on market movement in interest rates. The fair value of financial assets and financial liabilities with a demand feature is not less than its face value.

## Injazzat Real Estate Development Company K.S.C.P. and Subsidiaries

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2022

#### 12 SEGMENT INFORMATION

For management purposes, the Group's activities are concentrated in real estate investments. The Group's activities are concentrated in two main segments: Domestic (Kuwait) and International (Kingdom of Bahrain, United Arab Emirates, Saudi Arabia, Qatar, Europe and USA). The Group's segmental information is as follows:

	Six months ended 30 June 2022 (Unaudited)			Six months ended 30 June 2021 (Unaudited)		
	Domestic	International	Total	Domestic	International	Total
	KD	KD	KD	KD	KD	KD
Rental income	215,467	1,204,250	1,419,717	212,640	1,184,152	1,396,792
Gain on disposal of investment properties	49,200	359,346	408,546	-	-	-
Distribution income from financial assets at fair value through profit or loss	-	251,944	251,944	-	504,189	504,189
Management fees	-	56,205	56,205	-	58,738	58,738
Interest income	107,564	-	107,564	75,095	-	75,095
Other income	2,736	34,784	37,520	3,511	15,464	18,975
Share of results of associates	-	936,173	936,173	-	217,650	217,650
Net foreign exchange gain (loss)	26,666	-	26,666	(41,445)	-	(41,445)
<b>Total income</b>	<b>401,633</b>	<b>2,842,702</b>	<b>3,244,335</b>	<b>249,801</b>	<b>1,980,193</b>	<b>2,229,994</b>
Real estate operating costs	(110,604)	(447,751)	(558,355)	(59,697)	(437,333)	(497,030)
Staff costs	(400,137)	-	(400,137)	(354,906)	-	(354,906)
Depreciation	(88,253)	(14,255)	(102,508)	(71,673)	(17,185)	(88,858)
Administrative expenses	(69,142)	(19,601)	(88,743)	(52,018)	(20,906)	(72,924)
Consultancy and professional fees	(58,402)	(2,907)	(61,309)	(63,236)	(4,885)	(68,121)
Provision for legal expenses	-	-	-	-	(235,883)	(235,883)
Finance costs	(107,994)	(736,709)	(844,703)	(32,732)	(723,564)	(756,296)
KFAS, NLST and Zakat	(54,923)	-	(54,923)	(8,264)	-	(8,264)
<b>Total expenses and other charges</b>	<b>(889,455)</b>	<b>(1,221,223)</b>	<b>(2,110,678)</b>	<b>(642,526)</b>	<b>(1,439,756)</b>	<b>(2,082,282)</b>
<b>(LOSS) PROFIT FOR THE PERIOD</b>	<b>(487,822)</b>	<b>1,621,479</b>	<b>1,133,657</b>	<b>(392,725)</b>	<b>540,437</b>	<b>147,712</b>

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12 SEGMENT INFORMATION (continued)

	30 June 2022 (Unaudited)			31 December 2021 (Audited)			30 June 2021 (Unaudited)		
	Domestic KD	International KD	Total KD	Domestic KD	International KD	Total KD	Domestic KD	International KD	Total KD
Total assets	29,366,169	79,390,382	108,756,551	22,822,436	82,770,165	105,592,601	19,904,671	81,611,933	101,516,604
Total liabilities	8,496,194	43,750,994	52,247,188	4,827,882	44,138,710	48,966,592	4,572,165	43,966,185	48,538,350
Commitments	138,122	310,966	449,088	212,742	306,706	519,448	567,252	305,236	872,488

Disaggregated revenue information

The following presents the disaggregation of the Group's revenue from contracts with customers:

Timing of revenue recognition	Six months ended 30 June 2022			Six months ended 30 June 2021		
	Domestic KD	International KD	Total KD	Domestic KD	International KD	Total KD
At a point in time	-	4,641	4,641	-	5,708	5,708
Over time	-	51,564	51,564	-	53,030	53,030
Total revenue from contracts with customers	-	56,205	56,205	-	58,738	58,738