

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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION**

30 JUNE 2024 (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 2024 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 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 the establishment of the Capital Markets Authority (“CMA”) and organization of security activities and its executive regulations, as amended, during the six months period ended 30 June 2024 that might have had a material effect on the business of the Parent Company or on its financial position.



ABDULKARIM ALSAMDAN

LICENCE NO. 208-A

EY

AL AIBAN, AL OSAIMI & PARTNERS

29 July 2024

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 2024

	Notes	<i>Three months ended</i>		<i>Six months ended</i>	
		<i>30 June</i>		<i>30 June</i>	
		2024	2023	2024	2023
		<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
INCOME					
Rental income		719,102	812,330	1,448,159	1,592,273
Gain on disposal of investment properties	4	-	173,417	1,031,341	355,289
Distribution income from financial assets at fair value through profit or loss		128,029	127,613	255,787	254,234
Management fees		47,033	28,933	85,300	66,265
Interest income		179,624	160,689	306,101	332,709
Other income		3,734	126,078	30,816	138,905
Share of results of associates	5	644,392	249,094	1,027,542	506,791
Net foreign exchange (loss) gain		(22,798)	23,113	(18,734)	28,241
Total income		1,699,116	1,701,267	4,166,312	3,274,707
EXPENSES					
Real estate operating costs		(296,387)	(267,536)	(562,675)	(507,561)
Staff costs		(215,510)	(209,269)	(397,717)	(395,681)
Depreciation		(33,572)	(42,139)	(67,290)	(84,121)
Administrative expenses		(64,944)	(43,653)	(107,942)	(101,591)
Consultancy and professional fees		(93,814)	(22,862)	(134,054)	(58,011)
Finance costs		(462,445)	(492,048)	(923,116)	(1,037,717)
Total expenses		(1,166,672)	(1,077,507)	(2,192,794)	(2,184,682)
Profit before tax		532,444	623,760	1,973,518	1,090,025
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(4,792)	(5,614)	(17,762)	(9,810)
National Labour Support Tax (NLST)		(13,834)	(16,407)	(50,386)	(28,170)
Zakat		(5,534)	(6,564)	(20,156)	(11,269)
PROFIT FOR THE PERIOD		508,284	595,175	1,885,214	1,040,776
BASIC AND DILUTED EARNINGS PER SHARE					
	3	1.50 fils	1.76 fils	5.57 fils	3.08 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 2024

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	2024	<i>2023</i>	2024	<i>2023</i>
	KD	<i>KD</i>	KD	<i>KD</i>
PROFIT FOR THE PERIOD	508,284	595,175	1,885,214	1,040,776
Other comprehensive income:				
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>				
Share of other comprehensive (loss) income of associates	(71,087)	2,548	(72,663)	(19,217)
Net exchange differences on translation of foreign operations	(114,220)	89,947	(62,720)	151,839
Other comprehensive (loss) income for the period	(185,307)	92,495	(135,383)	132,622
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	322,977	687,670	1,749,831	1,173,398
Attributable to:				
Equity holders of the Parent Company	322,977	687,670	1,749,831	1,173,398

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)

		(Audited)	
		30 June 2024	31 December 2023
	Notes	KD	KD
ASSETS			
Non-current assets			
Property and equipment		448,343	491,693
Investment properties	4	49,441,443	57,566,036
Investment in associates	5	23,283,802	22,734,879
Financial assets at fair value through profit or loss		7,490,992	7,490,992
Accounts receivable and other assets		3,575,907	3,641,628
		<u>84,240,487</u>	<u>91,925,228</u>
Current assets			
Accounts receivable and other assets		2,561,869	2,258,793
Term deposits		497,620	484,371
Cash and cash equivalents		12,529,348	8,061,484
		<u>15,588,837</u>	<u>10,804,648</u>
TOTAL ASSETS		<u><u>99,829,324</u></u>	<u><u>102,729,876</u></u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	6.1	34,564,860	34,564,860
Share premium		2,869,130	2,869,130
Statutory reserve		9,797,519	9,797,519
Voluntary reserve		477,511	477,511
Treasury shares	6.2	(625,684)	(625,684)
Treasury shares reserve		4,723,846	4,723,846
Foreign currency translation reserve		1,715,286	1,850,669
Retained earnings		5,469,145	5,275,634
TOTAL EQUITY		<u><u>58,991,613</u></u>	<u><u>58,933,485</u></u>
LIABILITIES			
Non-current liabilities			
Loans and borrowings	8	36,500,000	36,500,000
Accounts payable and other liabilities		1,005,325	990,323
		<u>37,505,325</u>	<u>37,490,323</u>
Current liabilities			
Accounts payable and other liabilities		3,332,386	6,306,068
Loans and borrowings	8	-	-
		<u>3,332,386</u>	<u>6,306,068</u>
TOTAL LIABILITIES		<u><u>40,837,711</u></u>	<u><u>43,796,391</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u>99,829,324</u></u>	<u><u>102,729,876</u></u>

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 CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2024

	<i>Share capital KD</i>	<i>Share premium KD</i>	<i>Statutory reserve KD</i>	<i>Voluntary reserve KD</i>	<i>Treasury shares KD</i>	<i>Treasury shares reserve KD</i>	<i>Foreign currency translation reserve KD</i>	<i>Retained earnings KD</i>	<i>Total KD</i>
As at 1 January 2024 (Audited)	34,564,860	2,869,130	9,797,519	477,511	(625,684)	4,723,846	1,850,669	5,275,634	58,933,485
Profit for the period	-	-	-	-	-	-	-	1,885,214	1,885,214
Other comprehensive income for the period	-	-	-	-	-	-	(135,383)	-	(135,383)
Total comprehensive income for the period	-	-	-	-	-	-	(135,383)	1,885,214	1,749,831
Cash dividend (Note 7)	-	-	-	-	-	-	-	(1,691,703)	(1,691,703)
At 30 June 2024	34,564,860	2,869,130	9,797,519	477,511	(625,684)	4,723,846	1,715,286	5,469,145	58,991,613

	<i>Share capital KD</i>	<i>Share premium KD</i>	<i>Statutory reserve KD</i>	<i>Voluntary reserve KD</i>	<i>Treasury shares KD</i>	<i>Treasury shares reserve KD</i>	<i>Foreign currency translation reserve KD</i>	<i>Retained earnings KD</i>	<i>Total KD</i>
As at 1 January 2023 (Audited)	34,564,860	2,869,130	9,549,934	353,718	(625,684)	4,723,846	1,737,725	4,990,128	58,163,657
Profit for the period	-	-	-	-	-	-	-	1,040,776	1,040,776
Other comprehensive income for the period	-	-	-	-	-	-	132,622	-	132,622
Total comprehensive income for the period	-	-	-	-	-	-	132,622	1,040,776	1,173,398
Cash dividend (Note 7)	-	-	-	-	-	-	-	(1,691,703)	(1,691,703)
At 30 June 2023	34,564,860	2,869,130	9,549,934	353,718	(625,684)	4,723,846	1,870,347	4,339,201	57,645,352

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 2024

	Notes	2024 KD	2023 KD
OPERATING ACTIVITIES			
Profit before tax		1,973,518	1,090,025
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Gain on disposal of investment properties	4	(1,031,341)	(355,289)
Distribution income from financial assets at fair value through profit or loss		(255,787)	(254,234)
Share of results of associates		(1,027,542)	(506,791)
Depreciation of property and equipment		3,896	18,931
Depreciation of right-of-use assets		63,394	65,190
Interest income		(306,101)	(332,709)
Finance cost on lease liabilities		13,299	1,973
Finance costs		909,817	1,035,744
Provision for employees' end of service benefits		41,937	75,227
		<u>385,090</u>	<u>838,067</u>
<i>Working capital adjustments:</i>			
Accounts receivable and other assets		(237,355)	8,575,064
Accounts payable and other liabilities		(2,635,961)	(525,619)
		<u>(2,488,226)</u>	<u>8,887,512</u>
Cash flows (used in) from operations		(2,488,226)	8,887,512
Employees' end of service benefits paid		(4,097)	(37,322)
KFAS paid		(112,202)	-
Taxes paid		(59,029)	(81,509)
		<u>(2,663,554)</u>	<u>8,768,681</u>
Net cash flows (used in) from operating activities			
INVESTING ACTIVITIES			
Additions to property and equipment		(868)	(6,515)
Capital expenditure incurred on investment properties	4	(783,174)	(510,078)
Proceeds from disposal of investment properties	4	9,931,341	1,432,716
Dividend received from investment in associates	5	405,956	405,362
Distribution income received from financial assets at fair value through profit or loss		255,787	254,234
Proceeds from capital redemption of financial assets at fair value through profit or loss	10	-	266,670
Interest income received		306,101	332,709
Net movement in term deposits		(13,249)	(5,825,529)
		<u>10,101,894</u>	<u>(3,650,431)</u>
Net cash flows from (used in) investing activities			
FINANCING ACTIVITIES			
Repayment of loans and borrowings		-	(3,000,000)
Cash dividends paid		(1,691,703)	(1,691,703)
Finance costs paid		(1,152,973)	(1,051,586)
Payment of lease liabilities		(70,847)	(69,055)
		<u>(2,915,523)</u>	<u>(5,812,344)</u>
Net cash flows used in financing activities			
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
		4,522,817	(694,094)
Foreign currency adjustments		(54,953)	92,291
Cash and cash equivalents at 1 January		8,061,484	4,402,271
		<u>12,529,348</u>	<u>3,800,468</u>
CASH AND CASH EQUIVALENTS AT 30 JUNE			
Non-cash items excluded from the interim condensed consolidated statement of cash flows:			
Additions to right-of-use assets		(23,072)	(20,183)
Additions to lease liabilities		23,072	20,183

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 2024

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Injazzat Real Estate Development Company K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2024 was authorised for issue in accordance with a resolution of the board of directors of the Parent Company on 29 July 2024.

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 six months ended 30 June 2024 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 2023.

Further, results for the six-month period ended 30 June 2024, are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

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 2023, except for the adoption of new amendments effective as of 1 January 2024. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2024

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)

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

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

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

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

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- ▶ What is meant by a right to defer settlement;
- ▶ That a right to defer must exist at the end of the reporting period
- ▶ That classification is unaffected by the likelihood that an entity will exercise its deferral right
- ▶ That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

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.

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 2024

3 EARNINGS PER SHARE (EPS) (continued)

	<i>Three months ended</i> <i>30 June</i>		<i>Six months ended</i> <i>30 June</i>	
Profit for the period attributable to equity holders of the Parent Company (KD)	508,284	595,175	1,885,214	1,040,776
Weighted average number of shares outstanding during the period (excluding treasury shares)	338,340,630	338,340,630	338,340,630	338,340,630
Basic and diluted earnings per share (EPS)	1.50 fils	1.76 fils	5.57 fils	3.08 fils

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.

4 INVESTMENT PROPERTIES

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

	<i>30 June</i> <i>2024</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2023</i> <i>KD</i>	<i>30 June</i> <i>2023</i> <i>KD</i>
At the beginning of the period/year	57,566,036	57,447,063	57,447,063
Capital expenditure on owned property	783,174	1,098,142	510,078
Disposals/transfer	(8,900,000)	(1,901,592)	(1,077,427)
Change in fair value	-	888,743	-
Exchange differences	(7,767)	33,680	59,548
	49,441,443	57,566,036	56,939,262

During the period, the Group disposed certain units of an investment property with carrying value of KD 8,900,000 (31 December 2023: KD 1,901,592 and 30 June 2023: KD 1,077,427) for total consideration of KD 9,931,431 (31 December 2023: KD 1,812,516 and 30 June 2023: KD 1,432,716) resulting in gain of KD 1,031,431 (31 December 2023: KD 435,089 and 30 June 2023: KD 355,289) recognised in the interim condensed consolidated statement of profit or loss. Further the Group incurred development expenditure of KD 783,174 during the period ended 30 June 2024 (31 December 2023: KD 1,098,142 and 30 June 2023: KD 510,078).

The fair value of investment properties was independently determined at 31 December 2023 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.

Investment properties with a carrying value of KD 20,305,506 (31 December 2023: KD 19,524,967 and 30 June 2023: KD 29,970,253) 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 2024

5 INVESTMENT IN ASSOCIATES

The movement in investment in associates is as follows:

	30 June	<i>(Audited)</i>	
	2024	<i>31 December</i>	<i>30 June</i>
	KD	<i>2023</i>	<i>2023</i>
		<i>KD</i>	<i>KD</i>
At the beginning of the period / year	22,734,879	21,711,156	21,711,156
Additional contribution	-	533,434	-
Dividend	(405,956)	(649,662)	(405,362)
Share of results for the period / year	1,027,542	1,033,413	506,791
Exchange differences	(72,663)	106,538	(19,217)
At the end of the period / year	23,283,802	22,734,879	21,793,368

As at 30 June 2024, investment in associates with a carrying value of KD 20,327,293 (31 December 2023: KD 20,157,608 and 30 June 2023: KD 19,252,752) are pledged as security in order to fulfil collateral requirements of certain bank loans (Note 8).

6 SHARE CAPITAL AND TREASURY SHARES

6.1 Share capital

At 30 June 2024, the authorised, issued and fully paid-up capital of the Parent Company comprised 345,648,600 (31 December 2023: KD 345,648,600 and 30 June 2023: KD 345,648,600) shares of 100 fils each. All shares are paid in cash.

6.2 Treasury shares

	30 June	<i>(Audited)</i>	
	2024	<i>31 December</i>	<i>30 June</i>
		<i>2023</i>	<i>2023</i>
Number of treasury shares	7,307,970	7,307,970	7,307,970
Percentage of issued shares	2.11%	2.11%	2.11%
Cost of treasury shares (KD)	625,684	625,684	625,684
Market value of treasury shares (KD)	694,257	635,793	599,254

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 18 March 2024 approved the consolidated financial statements for the year ended 31 December 2023 and approved distribution of cash dividend of 5 fils per share (2022: 5 fils) and directors' remuneration of KD 70,000 (2022: 70,000) for the year then ended.

8 LOANS AND BORROWINGS

		<i>Effective interest</i>	30 June	<i>(Audited)</i>	
	<i>Currency</i>	<i>rate (EIR)</i>	2024	<i>31 December</i>	<i>30 June</i>
			KD	<i>2023</i>	<i>2023</i>
				<i>KD</i>	<i>KD</i>
Bank loan	KD	CBK discount rate plus 1.5%	36,500,000	36,500,000	40,500,000

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

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 2024

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 outstanding balances and transactions and with related parties:

	30 June	<i>(Audited)</i> 31 December	30 June
	2024	2023	2023
	KD	KD	KD
Interim condensed consolidated statement of financial position:			
Receivables from associates	47,513	80,822	206,994
Receivables from other related parties	-	120,037	146,862
Receivables on sale of investment property from major shareholder	3,495,465	3,561,196	3,591,256
Other liabilities	100,000	-	-

Receivable on sale of investment property carries an interest rate of 1.5 % (2023: 2%) per annum over CBK discount rate and has no fixed maturity. It is also secured by an investment property registered in the name of the Group and can be called upon if the counterparty is in default under the terms of the agreement.

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>	
	2024	2023	2024	2023
	KD	KD	KD	KD
Interim condensed consolidated statement of profit or loss:				
Management fees	23,197	22,685	46,327	45,520
Interest income on receivables from a related party	50,128	48,950	100,606	100,741
	73,325	71,635	146,933	146,261

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>	
	2024	2023	2024	2023
	KD	KD	KD	KD
<i>Compensation of key management personnel of the Group</i>				
Salaries and short-term benefits	105,787	104,876	280,596	308,574
Employees' end of service benefits	13,868	14,236	27,736	27,736
	119,655	119,112	308,332	336,310

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 2024

10 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)</i>	<i>Significant observable inputs (Level 2)</i>	<i>Significant unobservable inputs (Level 3)</i>
<i>Total KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
As at 30 June 2024			
Financial assets at fair value through profit or loss:			
Unquoted equity securities	7,490,992	-	7,490,992
As at 31 December 2023 (Audited)			
Financial assets at fair value through profit or loss:			
Unquoted equity securities	7,490,992	-	7,490,992
As at 30 June 2023			
Financial assets at fair value through profit or loss:			
Unquoted equity securities	7,443,964	-	7,443,964

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>
30 June 2024	
As at 1 January 2024	7,490,992
Capital redemptions	-
As at 30 June 2024	7,490,992

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 2024

10 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

<i>Financial assets at FVTPL</i>	<i>Non-listed equity investments</i>
	<i>KD</i>
<i>31 December 2023 (Audited)</i>	
As at 1 January 2023	7,710,634
Capital redemptions	(266,670)
Remeasurement recognised in profit or loss	47,028
As at 31 December 2023	<u>7,490,992</u>
<i>Financial assets at FVTPL</i>	<i>Non-listed equity investments</i>
	<i>KD</i>
<i>30 June 2023</i>	
As at 1 January 2023	7,710,634
Capital redemptions	(266,670)
As at 30 June 2023	<u>7,443,964</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 its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2024

11 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, Europe and USA). The Group's segmental information is as follows:

	<i>Six months ended</i> <i>30 June 2024 (Unaudited)</i>			<i>Six months ended</i> <i>30 June 2023 (Unaudited)</i>		
	<i>Domestic</i> <i>KD</i>	<i>International</i> <i>KD</i>	<i>Total</i> <i>KD</i>	<i>Domestic</i> <i>KD</i>	<i>International</i> <i>KD</i>	<i>Total</i> <i>KD</i>
Rental income	88,500	1,359,659	1,448,159	313,140	1,279,133	1,592,273
Gain on disposal of investment properties	1,031,341	-	1,031,341	-	355,289	355,289
Distribution income from financial assets at fair value through profit or loss	-	255,787	255,787	-	254,234	254,234
Management fees	5,825	79,475	85,300	9,128	57,137	66,265
Interest income	292,667	13,434	306,101	323,603	9,106	332,709
Other income	29,473	1,343	30,816	127,785	11,120	138,905
Share of results of associates	-	1,027,542	1,027,542	-	506,791	506,791
Net foreign exchange (loss) gain	(18,734)	-	(18,734)	28,241	-	28,241
Total income	1,429,072	2,737,240	4,166,312	801,897	2,472,810	3,274,707
Real estate operating costs	(59,726)	(502,949)	(562,675)	(54,628)	(452,933)	(507,561)
Staff costs	(397,717)	-	(397,717)	(395,681)	-	(395,681)
Depreciation	(53,606)	(13,684)	(67,290)	(72,599)	(11,522)	(84,121)
Administrative expenses	(87,781)	(20,161)	(107,942)	(73,540)	(28,051)	(101,591)
Consultancy and professional fees	(82,382)	(51,672)	(134,054)	(50,932)	(7,079)	(58,011)
Finance costs	(157,950)	(765,166)	(923,116)	(147,969)	(889,748)	(1,037,717)
KFAS, NLST and Zakat	(88,304)	-	(88,304)	(49,249)	-	(49,249)
Total expenses and other charges	(927,466)	(1,353,632)	(2,281,098)	(844,598)	(1,389,333)	(2,233,931)
PROFIT (LOSS) FOR THE PERIOD	501,606	1,383,608	1,885,214	(42,701)	1,083,477	1,040,776

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 2024

11 SEGMENT INFORMATION (continued)

	<i>30 June 2024 (Unaudited)</i>			<i>31 December 2023 (Audited)</i>			<i>30 June 2023 (Unaudited)</i>		
	<i>Domestic KD</i>	<i>International KD</i>	<i>Total KD</i>	<i>Domestic KD</i>	<i>International KD</i>	<i>Total KD</i>	<i>Domestic KD</i>	<i>International KD</i>	<i>Total KD</i>
Total assets	22,488,935	77,340,389	99,829,324	31,464,909	71,264,967	102,729,876	29,880,027	72,458,842	102,338,869
Total liabilities	8,499,769	32,337,942	40,837,711	9,117,764	34,678,627	43,796,391	8,596,185	36,097,332	44,693,517
Commitments	17,027,748	-	17,027,748	18,104,083	-	18,104,083	11,423,200	311,320	11,734,520

Disaggregated revenue information

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

<i>Timing of revenue recognition</i>	<i>Six months ended 30 June 2024</i>			<i>Six months ended 30 June 2023</i>		
	<i>Domestic KD</i>	<i>International KD</i>	<i>Total KD</i>	<i>Domestic KD</i>	<i>International KD</i>	<i>Total KD</i>
At a point in time	1,031,341	4,706	1,036,047	-	359,988	359,988
Over time	11,326	69,268	80,594	-	61,566	61,566
Total revenue from contracts with customers	1,042,667	73,974	1,116,641	-	421,554	421,554

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 2024

12 COMMITMENTS AND CONTINGENCIES

Capital commitments

As at 30 June 2024, the Group had ongoing construction contracts with third parties and is consequently committed to future capital expenditure in respect of investment properties under development of KD 17,027,748 (31 December 2023: KD 18,104,083 and 30 June 2023: KD 11,423,200). There are no contractual commitments in respect of completed investment properties.

Contingencies

	30 June	<i>(Audited)</i>	
	2024	<i>31 December</i>	<i>30 June</i>
	KD	<i>2023</i>	<i>2023</i>
		<i>KD</i>	<i>KD</i>
Letters of guarantee	892,604	984,371	967,020

The Group has contingent liabilities in respect of bank guarantees arising in the ordinary course of business from which it is anticipated that no material liabilities will arise. Time deposits amounting to KD 497,620 (31 December 2023: KD 484,371 and 30 June 2023: KD 967,020) are restricted against letters of guarantee provided to the Group by its bank.

Legal claim contingency

The Group operates in the real estate industry and is subject to legal disputes with tenants in the normal course of business. Management does not believe that such proceedings will have a material effect on its results and financial position.

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