

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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION**

31 MARCH 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 31 March 2024 and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three 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.

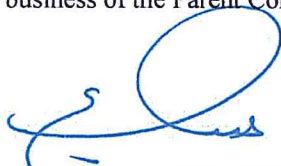
Conclusion

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 three-months period ended 31 March 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 activity and its executive regulations, as amended, during the three months period ended 31 March 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

5 May 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 three months ended 31 March 2024

	Notes	Three months ended 31 March	
		2024 KD	2023 KD
INCOME			
Rental income		729,057	779,943
Gain on disposal of investment properties	4	1,031,341	181,872
Distribution income from financial assets at fair value through profit or loss		127,758	126,621
Management fees		38,267	37,332
Interest income		121,690	172,020
Other income		31,869	12,827
Share of results of associates	5	383,150	257,697
Net foreign exchange gain		4,064	5,128
Total income		2,467,196	1,573,440
EXPENSES			
Real estate operating costs		(266,288)	(240,025)
Staff costs		(182,207)	(186,412)
Depreciation		(33,718)	(41,982)
Administrative expenses		(42,998)	(57,938)
Consultancy and professional fees		(40,240)	(35,149)
Finance costs		(460,671)	(545,669)
Total expenses		(1,026,122)	(1,107,175)
Profit before tax		1,441,074	466,265
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(12,970)	(4,196)
National Labour Support Tax (NLST)		(36,552)	(11,763)
Zakat		(14,622)	(4,705)
PROFIT FOR THE PERIOD		1,376,930	445,601
BASIC AND DILUTED EARNINGS PER SHARE	3	4.07 fils	1.32 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 three months ended 31 March 2024

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2024</i>	<i>2023</i>
	<i>KD</i>	<i>KD</i>
PROFIT FOR THE PERIOD	1,376,930	445,601
Other comprehensive income:		
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>		
Share of other comprehensive loss of associates	(1,576)	(21,765)
Net exchange differences on translation of foreign operations	51,500	61,892
Other comprehensive income for the period	49,924	40,127
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,426,854	485,728
Attributable to:		
Equity holders of the Parent Company	1,426,854	485,728

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)

		31 March 2024 KD	(Audited) 31 December 2023 KD	31 March 2023 KD
ASSETS				
Non-current assets				
Property and equipment		481,645	491,693	109,341
Investment properties	4	49,000,017	57,566,036	57,330,101
Investment in associates	5	22,647,357	22,734,879	21,541,726
Financial assets at fair value through profit or loss		7,490,992	7,490,992	7,443,964
Accounts receivable and other assets		3,612,395	3,641,628	3,684,004
		<u>83,232,406</u>	<u>91,925,228</u>	<u>90,109,136</u>
Current assets				
Accounts receivable and other assets		2,567,811	2,258,793	2,331,390
Term deposits		492,117	484,371	7,486,992
Cash and cash equivalents		14,191,731	8,061,484	3,066,841
		<u>17,251,659</u>	<u>10,804,648</u>	<u>12,885,223</u>
TOTAL ASSETS		<u><u>100,484,065</u></u>	<u><u>102,729,876</u></u>	<u><u>102,994,359</u></u>
EQUITY AND LIABILITIES				
EQUITY				
Share capital	6.1	34,564,860	34,564,860	34,564,860
Share premium		2,869,130	2,869,130	2,869,130
Statutory reserve		9,797,519	9,797,519	9,549,934
Voluntary reserve		477,511	477,511	353,718
Treasury shares	6.2	(625,684)	(625,684)	(625,684)
Treasury shares reserve		4,723,846	4,723,846	4,723,846
Foreign currency translation reserve		1,900,593	1,850,669	1,777,852
Retained earnings		4,960,861	5,275,634	3,744,026
TOTAL EQUITY		<u><u>58,668,636</u></u>	<u><u>58,933,485</u></u>	<u><u>56,957,682</u></u>
LIABILITIES				
Non-current liabilities				
Loans and borrowings	8	36,500,000	36,500,000	36,500,000
Accounts payable and other liabilities		1,019,886	990,323	981,075
		<u>37,519,886</u>	<u>37,490,323</u>	<u>37,481,075</u>
Current liabilities				
Accounts payable and other liabilities		4,295,543	6,306,068	4,555,602
Loans and borrowings	8	-	-	4,000,000
		<u>4,295,543</u>	<u>6,306,068</u>	<u>8,555,602</u>
TOTAL LIABILITIES		<u><u>41,815,429</u></u>	<u><u>43,796,391</u></u>	<u><u>46,036,677</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u>100,484,065</u></u>	<u><u>102,729,876</u></u>	<u><u>102,994,359</u></u>



Dr. Abdulmohsen Medejj AlMedejj
Chairman



Mohammad Ibrahim Al-Farhan
Chief Executive Officer

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 31 March 2024

	Share capital KD	Share premium KD	Statutory reserve KD	Voluntary reserve KD	Treasury shares KD	Treasury shares reserve KD	Foreign currency translation reserve KD	Retained earnings KD	Total KD
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	-	-	-	-	-	-	-	1,376,930	1,376,930
Other comprehensive income for the period	-	-	-	-	-	-	49,924	-	49,924
Total comprehensive income for the period	-	-	-	-	-	-	49,924	1,376,930	1,426,854
Cash dividend (Note 7)	-	-	-	-	-	-	-	(1,691,703)	(1,691,703)
At 31 March 2024	34,564,860	2,869,130	9,797,519	477,511	(625,684)	4,723,846	1,900,593	4,960,861	58,668,636
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	-	-	-	-	-	-	-	445,601	445,601
Other comprehensive income for the period	-	-	-	-	-	-	40,127	-	40,127
Total comprehensive income for the period	-	-	-	-	-	-	40,127	445,601	485,728
Cash dividend (Note 7)	-	-	-	-	-	-	-	(1,691,703)	(1,691,703)
At 31 March 2023	34,564,860	2,869,130	9,549,934	353,718	(625,684)	4,723,846	1,777,852	3,744,026	56,957,682

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 three months ended 31 March 2024

	<i>Notes</i>	2024	2023
		KD	KD
OPERATING ACTIVITIES			
Profit before tax		1,441,074	466,265
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Gain on disposal of investment properties	4	(1,031,341)	(181,872)
Distribution income from financial assets at fair value through profit or loss		(127,758)	(126,621)
Share of results of associates		(383,150)	(257,697)
Depreciation of property and equipment		31,678	32,589
Depreciation of right-of-use assets		2,040	9,393
Interest income		(121,690)	(172,020)
Finance cost on lease liabilities		6,844	1,227
Finance costs		453,827	544,442
Provision for employees' end of service benefits		21,005	30,471
		<u>292,529</u>	<u>346,177</u>
<i>Working capital adjustments:</i>			
Accounts receivable and other assets		2,220,215	8,581,045
Accounts payable and other liabilities		(2,954,341)	(500,971)
		<u>267,874</u>	<u>807,074</u>
Cash flows (used in) from operations		(441,597)	8,426,251
Employees' end of service paid		-	(26,221)
KFAS paid		(112,202)	-
Taxes paid		(59,029)	-
		<u>(612,828)</u>	<u>8,400,030</u>
Net cash flows (used in) from operating activities			
INVESTING ACTIVITIES			
Additions to property and equipment		(536)	-
Capital expenditure incurred on investment properties	4	(283,334)	(371,277)
Proceeds from disposal of investment properties	4	7,431,341	678,032
Dividend received from investment in associates	5	405,956	405,362
Distribution income received from financial assets at fair value through profit or loss		127,758	126,621
Proceeds from capital redemption of financial assets at fair value through profit or loss	10	-	266,670
Proceeds from capital redemption of investment in associates	5	63,140	-
Interest income received		121,690	172,020
Net movement in term deposits		(7,746)	(7,023,896)
		<u>7,858,269</u>	<u>(5,746,468)</u>
Net cash flows from (used in) investing activities			
FINANCING ACTIVITIES			
Repayment of loans and borrowings		-	(3,000,000)
Finance costs paid		(1,081,295)	(979,051)
Payment of lease liabilities		(34,752)	(37,265)
		<u>(1,116,047)</u>	<u>(4,016,316)</u>
Net cash flows used in financing activities			
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
		<u>6,129,394</u>	<u>(1,362,754)</u>
Foreign currency adjustments		853	27,324
Cash and cash equivalents at 1 January		8,061,484	4,402,271
		<u>14,191,731</u>	<u>3,066,841</u>
CASH AND CASH EQUIVALENTS AT 31 MARCH			
Non-cash items excluded from the interim condensed consolidated statement of cash flows:			
Additions to right-of-use assets		(25,695)	(26,647)
Additions to lease liabilities		25,695	26,647

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 31 March 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 three months ended 31 March 2024 was authorised for issue in accordance with a resolution of the board of directors of the Parent Company on 5 May 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 three months ended 31 March 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 three-month period ended 31 March 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 31 March 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 31 March 2024

3 EARNINGS PER SHARE (EPS) (continued)

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2023</i>	<i>2022</i>
Profit for the period attributable to equity holders of the Parent Company (KD)	1,376,930	445,601
Weighted average number of shares outstanding during the period (excluding treasury shares)	338,340,630	338,340,630
Basic and diluted earnings per share (EPS)	4.07 fils	1.32 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>31 March</i>	<i>(Audited)</i>	<i>31 March</i>
	<i>2024</i>	<i>31 December</i>	<i>2023</i>
	<i>KD</i>	<i>2023</i>	<i>2023</i>
		<i>KD</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	283,334	1,098,142	371,277
Disposals/transfer	(8,900,000)	(1,901,592)	(496,160)
Change in fair value	-	888,743	-
Exchange differences	50,647	33,680	7,921
	49,000,017	57,566,036	57,330,101

During the period, the Group disposed certain units of an investment property with carrying value of KD 8,900,000 (31 December 2023: KD 1,377,427 and 31 March 2023: KD 496,160) for total consideration of KD 9,931,341 (31 December 2023: KD 1,812,516 and 31 March 2023: KD 678,032) resulting in gain of KD 1,031,341 (31 December 2023: KD 435,089 and 31 March 2023: KD 181,872) recognised in the interim condensed consolidated statement of profit or loss. Further the Group incurred development expenditure of KD 283,334 during the period ended 31 March 2024 (31 December 2023: KD 1,098,142 and 31 March 2023: KD 371,277).

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 19,825,422 (31 December 2023: KD 19,524,967 and 31 March 2023: KD 29,813,228) 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 31 March 2024

5 INVESTMENT IN ASSOCIATES

The movement in investment in associates is as follows:

	31 March 2024 KD	<i>(Audited)</i> 31 December 2023 KD	31 March 2023 KD
At the beginning of the period / year	22,734,879	21,711,156	21,711,156
Additional contribution	-	533,434	-
Return of capital	(63,140)	-	-
Dividend	(405,956)	(649,662)	(405,362)
Share of results for the period / year	383,150	1,033,413	257,697
Exchange differences	(1,576)	106,538	(21,765)
At the end of the period / year	<u>22,647,357</u>	<u>22,734,879</u>	<u>21,541,726</u>

As at 31 March 2024, investment in associates with a carrying value of KD 20,064,844 (31 December 2023: KD 20,157,608 and 31 March 2023: KD 19,003,154) 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 31 March 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 31 March 2023: KD 345,648,600) shares of 100 fils each. All shares are paid in cash.

6.2 Treasury shares

	31 March 2024	<i>(Audited)</i> 31 December 2023	31 March 2023
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)	716,181	635,793	562,714

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 rate (EIR)</i>	31 March 2024 KD	<i>(Audited)</i> 31 December 2023 KD	31 March 2023 KD
Bank loan	KD CBK discount rate plus 1.5%	<u>36,500,000</u>	<u>36,500,000</u>	<u>40,500,000</u>

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at and for the period ended 31 March 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:

	<i>31 March</i>	<i>(Audited)</i>	<i>31 March</i>
	<i>2024</i>	<i>31 December</i>	<i>31 March</i>
	<i>KD</i>	<i>2023</i>	<i>2023</i>
		<i>KD</i>	<i>KD</i>
Interim condensed consolidated statement of financial position:			
Receivables from associates	24,514	80,822	135,438
Receivables from other related parties	-	-	146,695
Receivables on sale of investment property from major shareholder	3,532,027	3,561,196	3,603,537
Other liabilities	100,000	-	-

Receivable on sale of investment property carries an interest rate of 1.5% (2022: 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>31 March</i>	
	<i>2024</i>	<i>2023</i>
	<i>KD</i>	<i>KD</i>
Interim condensed consolidated statement of profit or loss:		
Management fees	23,130	22,835
Interest income on receivables from a related party	50,478	51,791
	<u>73,608</u>	<u>74,626</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>31 March</i>	
	<i>2024</i>	<i>2023</i>
	<i>KD</i>	<i>KD</i>
<i>Compensation of key management personnel of the Group</i>		
Salaries and short-term benefits	174,809	203,698
Employees' end of service benefits	13,868	13,500
	<u>188,677</u>	<u>217,198</u>

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 31 March 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>
<i>As at 31 March 2024</i>			
Financial assets at fair value through profit or loss:			
Unquoted equity securities	7,490,992	-	7,490,992
<i>As at 31 December 2023 (Audited)</i>			
Financial assets at fair value through profit or loss:			
Unquoted equity securities	7,490,992	-	7,490,992
<i>As at 31 March 2023</i>			
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>
<i>31 March 2024</i>	
As at 1 January 2024	7,490,992
Capital redemptions	-
As at 31 March 2024	7,490,992

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

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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
	<hr/>
As at 31 December 2023	7,490,992
	<hr/> <hr/>
<i>31 March 2023</i>	
<i>Financial assets at FVTPL</i>	
	<i>Non-listed equity investments</i>
	<i>KD</i>
As at 1 January 2023	7,710,634
Capital redemptions	(266,670)
	<hr/>
As at 31 March 2023	7,443,964
	<hr/> <hr/>

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.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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

	<i>Three months ended</i>				<i>Three months ended</i>			
	<i>31 March 2024 (Unaudited)</i>		<i>31 March 2023 (Unaudited)</i>					
	<i>Domestic</i>	<i>International</i>	<i>Domestic</i>	<i>International</i>	<i>Domestic</i>	<i>International</i>	<i>Domestic</i>	<i>International</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Rental income	44,250	684,807	729,057	1,031,341	156,570	623,373	779,943	181,872
Gain on disposal of investment properties	1,031,341	-	1,031,341	-	-	181,872	181,872	-
Distribution income from financial assets at fair value through profit or loss	-	127,758	127,758	127,758	-	126,621	126,621	37,332
Management fees	1,260	37,007	38,267	38,267	6,608	30,724	37,332	172,020
Interest income	114,969	6,721	121,690	121,690	172,020	-	172,020	12,827
Other income	5,070	26,799	31,869	31,869	-	12,827	12,827	257,697
Share of results of associates	-	383,150	383,150	383,150	-	257,697	257,697	5,128
Net foreign exchange gain	4,064	-	4,064	4,064	5,128	-	5,128	-
Total income	1,200,954	1,266,242	2,467,196	2,467,196	340,326	1,233,114	1,573,440	1,573,440
Real estate operating costs	(9,497)	(256,791)	(266,288)	(266,288)	(27,003)	(213,022)	(240,025)	(186,412)
Staff costs	(182,207)	-	(182,207)	(182,207)	(186,412)	-	(186,412)	(41,982)
Depreciation	(26,894)	(6,824)	(33,718)	(33,718)	(36,210)	(5,772)	(41,982)	(57,938)
Administrative expenses	(34,458)	(8,540)	(42,998)	(42,998)	(42,292)	(15,646)	(57,938)	(35,149)
Consultancy and professional fees	(37,837)	(2,403)	(40,240)	(40,240)	(30,869)	(4,280)	(35,149)	(545,669)
Finance costs	(78,021)	(382,650)	(460,671)	(460,671)	(76,979)	(468,690)	(545,669)	(20,664)
KFAS, NLST and Zakat	(64,144)	-	(64,144)	(64,144)	(20,664)	-	(20,664)	-
Total expenses and other charges	(433,058)	(657,208)	(1,090,266)	(1,090,266)	(420,429)	(707,410)	(1,127,839)	(1,127,839)
PROFIT (LOSS) FOR THE PERIOD	767,896	609,034	1,376,930	1,376,930	(80,103)	525,704	445,601	445,601

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 31 March 2024

11 SEGMENT INFORMATION (continued)

	31 March 2024 (Unaudited)			31 December 2023 (Audited)			31 March 2023 (Unaudited)		
	Domestic KD	International KD	Total KD	Domestic KD	International KD	Total KD	Domestic KD	International KD	Total KD
Total assets	21,426,912	79,057,153	100,484,065	31,464,909	71,264,967	102,729,876	36,047,492	66,946,867	102,994,359
Total liabilities	8,125,826	33,689,603	41,815,429	9,117,764	34,678,627	43,796,391	9,861,378	36,175,299	46,036,677
Commitments	17,358,967	-	17,358,967	18,104,083	-	18,104,083	136,528	310,661	447,189

Disaggregated revenue information

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

Timing of revenue recognition	Three months ended 31 March 2024			Three months ended 31 March 2023		
	Domestic KD	International KD	Total KD	Domestic KD	International KD	Total KD
At a point in time	1,031,341	4,706	1,036,047	-	186,571	186,571
Over time	3,999	29,562	33,561	9,075	23,558	32,633
Total revenue from contracts with customers	1,035,340	34,268	1,069,608	9,075	210,129	219,204

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

12 COMMITMENTS AND CONTINGENCIES

Capital commitments

As at 31 March 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 17,358,967 (31 December 2023: KD 18,104,083 and 31 March 2023: KD 447,189). There are no contractual commitments in respect of completed investment properties.

Contingencies

	31 March	<i>(Audited)</i>	
	2024	31 December	31 March
	KD	2023	2023
		KD	KD
Letters of guarantee	887,100	984,371	967,020

The Group has contingent liabilities in respect of bank guarantee arising in the ordinary course of business from which it is anticipated that no material liabilities will arise. Time deposits amounting to KD 887,100 (31 December 2023: KD 984,371 and 31 March 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.