

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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION**

30 JUNE 2023 (UNAUDITED)



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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 2023 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 2023 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 2023 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

31 July 2023

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 2023

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
INCOME				
Rental income	812,330	757,873	1,592,273	1,419,717
Gain on disposal of investment properties	4 173,417	113,314	355,289	408,546
Distribution income from financial assets at fair value through profit or loss	127,613	126,572	254,234	251,944
Management fees	28,933	24,567	66,265	56,205
Interest income	166,689	54,883	332,709	107,564
Other income	126,078	23,563	138,905	37,520
Share of results of associates	5 249,094	760,013	506,791	936,173
Net foreign exchange gain	23,113	9,814	28,241	26,666
Total income	1,701,267	1,870,599	3,274,707	3,244,335
EXPENSES				
Real estate operating costs	(267,536)	(303,418)	(507,561)	(558,355)
Staff costs	(209,269)	(217,829)	(395,681)	(400,137)
Depreciation	(42,139)	(59,952)	(84,121)	(102,508)
Administrative expenses	(43,653)	(47,996)	(101,591)	(88,743)
Consultancy and professional fees	(22,862)	(21,838)	(58,011)	(61,309)
Finance costs	(492,048)	(456,668)	(1,037,717)	(844,703)
Total expenses	(1,077,507)	(1,107,701)	(2,184,682)	(2,055,755)
Profit before tax	623,760	762,898	1,090,025	1,188,580
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)	(5,614)	(6,865)	(9,810)	(10,696)
National Labour Support Tax (NLST)	(16,407)	(20,386)	(28,170)	(31,590)
Zakat	(6,564)	(8,154)	(11,269)	(12,637)
PROFIT FOR THE PERIOD	595,175	727,493	1,040,776	1,133,657
BASIC AND DILUTED EARNINGS PER SHARE	3 1.76 fils	2.15 fils	3.08 fils	3.35 fils

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

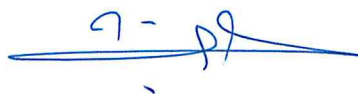
Injazzat Real Estate Development Company K.S.C.P. and its Subsidiaries
 INTERIM CONDENSED CONSOLIDATED STATEMENT COMPREHENSIVE INCOME
 (UNAUDITED)
 For the six months ended 30 June 2023

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
PROFIT FOR THE PERIOD	595,175	727,493	1,040,776	1,133,657
Other comprehensive income:				
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>				
Share of other comprehensive income (loss) of associates	2,548	383,813	(19,217)	360,362
Net exchange differences on translation of foreign operations	89,947	(101,652)	151,839	89,458
Other comprehensive income for the period	92,495	282,161	132,622	449,820
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	687,670	1,009,654	1,173,398	1,583,477
Attributable to:				
Equity holders of the Parent Company	687,670	1,009,654	1,173,398	1,583,477

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 2023

		<i>(Audited)</i>	
	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>
	<i>2023</i>	<i>2022</i>	<i>2022</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Notes</i>			
ASSETS			
Cash and cash equivalents	3,800,468	4,402,271	2,540,192
Term deposits	6,288,625	463,096	434,069
Accounts receivable and other assets	6,021,375	14,596,439	6,586,581
Financial assets at fair value through profit or loss	7,443,964	7,710,634	7,814,453
Investment properties	56,939,262	57,447,063	69,763,746
Investment in associates	21,793,368	21,711,156	21,406,512
Property and equipment	51,807	124,676	210,998
Total assets	102,338,869	106,455,335	108,756,551
EQUITY AND LIABILITIES			
EQUITY			
Share capital	34,564,860	34,564,860	34,564,860
Share premium	2,869,130	2,869,130	2,869,130
Statutory reserve	9,549,934	9,549,934	9,234,954
Voluntary reserve	353,718	353,718	196,228
Treasury shares	(625,684)	(625,684)	(618,412)
Treasury shares reserve	4,723,846	4,723,846	4,723,846
Foreign currency translation reserve	1,870,347	1,737,725	1,879,838
Retained earnings	4,339,201	4,990,128	3,658,919
Total equity	57,645,352	58,163,657	56,509,363
LIABILITIES			
Accounts payable and other liabilities	4,193,517	4,791,678	7,497,188
Loans and borrowings	40,500,000	43,500,000	44,750,000
Total liabilities	44,693,517	48,291,678	52,247,188
TOTAL EQUITY AND LIABILITIES	102,338,869	106,455,335	108,756,551



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 2023

	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 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
	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 2022 (Audited)	34,564,860	2,869,130	9,234,954	196,228	(610,946)	4,723,846	1,430,018	4,217,919	56,626,009
Profit for the period	-	-	-	-	-	-	-	1,133,657	1,133,657
Other comprehensive income for the period	-	-	-	-	-	-	449,820	-	449,820
Total comprehensive income for the period	-	-	-	-	-	-	449,820	1,133,657	1,583,477
Cash dividends (Note 7)	-	-	-	-	-	-	-	(1,692,657)	(1,692,657)
Purchase of treasury shares	-	-	-	-	(7,466)	-	-	-	(7,466)
At 30 June 2022	34,564,860	2,869,130	9,234,954	196,228	(618,412)	4,723,846	1,879,838	3,658,919	56,509,363

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 2023

	Notes	Six months ended 30 June	
		2023 KD	2022 KD
OPERATING ACTIVITIES			
Profit before tax		1,090,025	1,188,580
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Gain on disposal of investment properties	4	(355,289)	(408,546)
Distribution income from financial assets at fair value through profit or loss		(254,234)	(251,944)
Share of results of associates		(506,791)	(936,173)
Depreciation of property and equipment		18,931	38,980
Depreciation of right-of-use assets		65,190	63,528
Interest income		(332,709)	(107,564)
Finance cost on lease liabilities		1,973	5,270
Finance costs		1,035,744	839,433
Provision for employees' end of service benefits		75,227	75,139
		<u>838,067</u>	<u>506,703</u>
<i>Working capital adjustments:</i>			
Accounts receivable and other assets		8,575,064	531,238
Accounts payable and other liabilities		(525,619)	(946,825)
		<u>8,887,512</u>	<u>91,116</u>
Cash flows from operations		(37,322)	(29,830)
Employees' end of service paid		(81,509)	(139,654)
Taxes paid			
		<u>8,768,681</u>	<u>(78,368)</u>
Net cash flows from (used in) operating activities			
INVESTING ACTIVITIES			
Additions to property and equipment		(6,515)	(29,838)
Capital expenditure incurred on investment properties	4	(510,078)	(23,699)
Advance payment of investment property		-	(9,867,895)
Proceeds from disposal of investment properties	4	1,432,716	2,764,316
Dividend received from investment in associates	5	405,362	375,203
Additions to interest in associates	5	-	(33,395)
Proceeds from capital redemption of investment in associates	5	-	1,752,138
Distribution income received from financial assets at fair value through profit or loss		254,234	386,400
Proceeds from capital redemption of financial assets at fair value through profit or loss		266,670	263,362
Interest income received		332,709	107,564
Net movement in term deposits		(5,825,529)	-
		<u>(3,650,431)</u>	<u>(4,305,844)</u>
Net cash flows used in investing activities			
FINANCING ACTIVITIES			
Proceeds from loans and borrowings		-	7,500,000
Repayment of loans and borrowings		(3,000,000)	(3,250,000)
Cash dividends paid		(1,691,703)	(1,692,657)
Finance costs paid		(1,051,586)	(765,616)
Purchase of treasury shares		-	(7,466)
Payment of lease liabilities		(69,055)	(62,244)
		<u>(5,812,344)</u>	<u>1,722,017</u>
Net cash flows (used in) from financing activities			
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Foreign currency translation adjustments		92,291	-
Cash and cash equivalents at 1 January		4,402,271	5,202,387
		<u>3,800,468</u>	<u>2,540,192</u>
CASH AND CASH EQUIVALENTS AT 30 JUNE			
Non-cash items excluded from the consolidated statement of cash flows:			
Additions to right-of-use assets		(20,183)	-
Additions to lease liabilities		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 2023

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 2023 was authorised for issue in accordance with a resolution of the board of directors of the Parent Company on 31 July 2023.

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 2023 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 2022.

Further, results for the six-month period ended 30 June 2023, are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

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 2022, except for the adoption of new amendments effective as of 1 January 2023. 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 2023

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)

Definition of Accounting Estimates - Amendments to IAS 8

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

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

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

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

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.

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>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
Profit for the period attributable to equity holders of the Parent Company (KD)	<u>595,175</u>	<u>727,493</u>	<u>1,040,776</u>	<u>1,133,657</u>
Weighted average number of shares outstanding during the period (excluding treasury shares)	<u>338,340,630</u>	<u>338,509,731</u>	<u>338,340,630</u>	<u>338,520,555</u>
Basic and diluted earnings per share (EPS)	<u>1.76 fils</u>	<u>2.15 fils</u>	<u>3.08 fils</u>	<u>3.35 fils</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 2023

4 INVESTMENT PROPERTIES

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

	30 June	<i>(Audited)</i> 31 December	30 June
	2023	2022	2022
	KD	KD	KD
At the beginning of the period/year	57,447,063	61,896,588	61,896,588
Additions	-	9,848,545	9,867,895
Disposal of investment properties	(1,077,427)	(14,136,852)	(2,355,770)
Capital expenditure on owned property	510,078	73,898	23,699
Change in fair value	-	(534,616)	-
Exchange differences	59,548	299,500	331,334
	56,939,262	57,447,063	69,763,746

During the period, the Group disposed certain units of an investment property with carrying value of KD 1,077,427 (31 December 2022: KD 14,136,852 and 30 June 2022: KD 2,355,770) for total consideration of KD 1,432,716 (31 December 2022: KD 17,192,632 and 30 June 2022: KD 2,764,316) resulting in gain of KD 355,289 (31 December 2022: KD 3,055,780 and 30 June 2022: KD 408,546) recognised in the interim condensed consolidated statement of profit or loss. Further the Group incurred development expenditure of KD 510,078 during the period ended 30 June 2023 (31 December 2022: KD 73,898 and 30 June 2022: KD 23,699).

The fair value of investment properties was independently determined at 31 December 2022 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 29,970,253 (31 December 2022: KD 29,439,146 and 30 June 2022: KD 30,232,252) are pledged as security in order to fulfil collateral requirements of certain bank loans (Note 8).

5 INVESTMENT IN ASSOCIATES

The movement in investment in associates is as follows:

	30 June	<i>(Audited)</i> 31 December	30 June
	2023	2022	2022
	KD	KD	KD
At the beginning of the period / year	21,711,156	22,203,923	22,203,923
Additional contribution	-	325,330	33,395
Return of capital	-	(2,053,540)	(1,752,138)
Dividend	(405,362)	(375,203)	(375,203)
Impairment during the period / year	-	(311,891)	-
Share of results for the period / year	506,791	1,829,898	936,173
Exchange differences	(19,217)	92,639	360,362
At the end of the period / year	21,793,368	21,711,156	21,406,512

As at 30 June 2023, investment in associates with a carrying value of KD 19,252,752 (31 December 2022: KD 19,207,438 and 30 June 2022: KD 19,403,410) 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 2023

6 SHARE CAPITAL AND TREASURY SHARES

6.1 Share capital

At 30 June 2023, the authorised, issued and fully paid-up capital of the Parent Company comprised 345,648,600 (31 December 2022: 345,648,600 and 30 June 2022: 345,648,600) shares of 100 fils each. All shares are paid in cash.

6.2 Treasury shares

	30 June 2023	<i>(Audited)</i> 31 December 2022	30 June 2022
Number of treasury shares	7,307,970	7,307,970	7,217,470
Percentage of issued shares	2.11%	2.11%	2.08%
Cost of treasury shares (KD)	625,684	625,684	618,412
Market value of treasury shares (KD)	599,254	583,907	606,267

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 21 March 2023 approved the consolidated financial statements for the year ended 31 December 2022 and approved distribution of cash dividend of 5 fils per share (2021: 5 fils) and directors' remuneration of KD 70,000 (2021: 70,000) for the year then ended.

8 LOANS AND BORROWINGS

	<i>Currency</i>	<i>Effective interest rate (EIR)</i>	30 June 2023 KD	<i>(Audited)</i> 31 December 2022 KD	30 June 2022 KD
Bank loan	KD	CBK discount rate plus 1.5% to 2%	40,500,000	43,500,000	44,750,000

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.

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:

	30 June 2023 KD	<i>(Audited)</i> 31 December 2022 KD	30 June 2022 KD
Interim condensed consolidated statement of financial position:			
Receivables from associates	206,994	76,166	9,608
Receivables from other related parties	146,862	146,835	121,849
Receivables on sale of investment property from major shareholder	3,591,256	3,617,445	3,624,888
Payables to an associate	-	-	34,500

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 2023

9 RELATED PARTY DISCLOSURES (continued)

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>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Interim condensed consolidated statement of profit or loss:				
Management fees	22,685	22,422	45,520	47,705
Interest income on receivables from a related party	48,950	35,526	100,741	68,888
	<u>71,635</u>	<u>57,948</u>	<u>146,261</u>	<u>116,593</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>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</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	104,876	153,201	308,574	247,581
Employees' end of service benefits	14,236	12,375	27,736	24,274
	<u>119,112</u>	<u>165,576</u>	<u>336,310</u>	<u>271,855</u>

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>Total</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>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>As at 30 June 2023</i>				
Financial assets at fair value through profit or loss:				
Unquoted equity securities	7,443,964	-	-	7,443,964
	<u>7,443,964</u>	<u>-</u>	<u>-</u>	<u>7,443,964</u>
<i>As at 31 December 2022 (Audited)</i>				
Financial assets at fair value through profit or loss:				
Unquoted equity securities	7,710,634	-	-	7,710,634
	<u>7,710,634</u>	<u>-</u>	<u>-</u>	<u>7,710,634</u>
<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
	<u>7,814,453</u>	<u>-</u>	<u>-</u>	<u>7,814,453</u>

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10 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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</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>
<i>Non-listed equity investments</i>	
<i>KD</i>	
<i>31 December 2022 (Audited)</i>	
As at 1 January 2022	8,077,815
Capital redemptions	(263,666)
Remeasurement recognised in profit or loss	(103,515)
As at 31 December 2022	<u>7,710,634</u>
<i>Non-listed equity investments</i>	
<i>KD</i>	
<i>30 June 2022</i>	
As at 1 January 2022	8,077,815
Capital redemptions	(263,362)
As at 30 June 2022	<u>7,814,453</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.

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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:

	Six months ended			Six months ended		
	30 June 2023 (Unaudited)			30 June 2022 (Unaudited)		
	Domestic KD	International KD	Total KD	Domestic KD	International KD	Total KD
Rental income	313,140	1,279,133	1,592,273	215,467	1,204,250	1,419,717
Gain on disposal of investment properties	-	355,289	355,289	49,200	359,346	408,546
Distribution income from financial assets at fair value through profit or loss	-	254,234	254,234	-	251,944	251,944
Management fees	9,128	57,137	66,265	-	56,205	56,205
Interest income	323,603	9,106	332,709	107,564	-	107,564
Other income	127,785	11,120	138,905	2,736	34,784	37,520
Share of results of associates	-	506,791	506,791	-	936,173	936,173
Net foreign exchange gain	28,241	-	28,241	26,666	-	26,666
Total income	801,897	2,472,810	3,274,707	401,633	2,842,702	3,244,335
Real estate operating costs	(54,628)	(452,933)	(507,561)	(110,604)	(447,751)	(558,355)
Staff costs	(395,681)	-	(395,681)	(400,137)	-	(400,137)
Depreciation	(72,599)	(11,522)	(84,121)	(88,253)	(14,255)	(102,508)
Administrative expenses	(73,540)	(28,051)	(101,591)	(69,142)	(19,601)	(88,743)
Consultancy and professional fees	(50,932)	(7,079)	(58,011)	(58,402)	(2,907)	(61,309)
Finance costs	(147,969)	(889,748)	(1,037,717)	(107,994)	(736,709)	(844,703)
KFAS, NLST and Zakat	(49,249)	-	(49,249)	(54,923)	-	(54,923)
Total expenses and other charges	(844,598)	(1,389,333)	(2,233,931)	(889,455)	(1,221,223)	(2,110,678)
(LOSS) PROFIT FOR THE PERIOD	(42,701)	1,083,477	1,040,776	(487,822)	1,621,479	1,133,657

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11 SEGMENT INFORMATION (continued)

	30 June 2023 (Unaudited)			31 December 2022 (Audited)			30 June 2022 (Unaudited)		
	Domestic KD	International KD	Total KD	Domestic KD	International KD	Total KD	Domestic KD	International KD	Total KD
Total assets	29,880,027	72,458,842	102,338,869	30,085,654	76,369,681	106,455,335	29,366,169	79,390,382	108,756,551
Total liabilities	8,596,185	36,097,332	44,693,517	9,052,492	39,239,186	48,291,678	8,496,194	43,750,994	52,247,188
Commitments	11,423,200	311,320	11,734,520	73,150	310,560	383,710	138,122	310,966	449,088
Disaggregated revenue information									
The following presents the disaggregation of the Group's revenue from contracts with customers:									
Timing of revenue recognition									
At a point in time	-	-	359,988	-	359,988	359,988	49,200	363,986	413,186
Over time	-	-	61,566	-	61,566	61,566	-	51,564	51,564
Total revenue from contracts with customers	-	-	421,554	-	421,554	421,554	49,200	415,550	464,750

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12 COMMITMENTS AND CONTINGENCIES

Capital commitments

As at 30 June 2023, 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 11,734,520 (31 December 2022: KD 383,710 and 30 June 2022: KD 449,088). There are no contractual commitments in respect of completed investment properties.

Contingencies

	30 June	<i>(Audited)</i> 31 December	30 June
	2023	2022	2022
	KD	KD	KD
Letters of guarantee	967,020	967,020	434,069

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 967,020 (31 December 2022: KD 967,020 and 30 June 2022: KD 434,069) 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.