

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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION**

**30 SEPTEMBER 2023 (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 September 2023 and the related interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of comprehensive income for the three and nine months periods then ended, and interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine-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 nine-months period ended 30 September 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 nine months period ended 30 September 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

30 October 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 nine months ended 30 September 2023

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</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>
<b>INCOME</b>				
Rental income	756,603	766,591	2,348,876	2,186,308
Gain on disposal of investment properties	4 79,800	558,752	435,089	967,298
Distribution income from financial assets at fair value through profit or loss	128,832	128,690	383,066	380,634
Management fees	29,750	25,669	96,015	81,873
Interest income	149,881	58,254	482,590	165,818
Other income	36,782	30,591	175,687	68,111
Share of results of associates	5 388,228	111,600	895,019	1,359,664
Net foreign exchange gain	52,512	17,350	80,753	44,016
<b>Total income</b>	<b>1,622,388</b>	<b>1,697,497</b>	<b>4,897,095</b>	<b>5,253,722</b>
<b>EXPENSES</b>				
Real estate operating costs	(298,886)	(408,525)	(806,447)	(966,880)
Staff costs	(170,237)	(155,054)	(565,918)	(555,191)
Depreciation	(28,294)	(43,446)	(112,415)	(145,954)
Administrative expenses	(43,421)	(28,418)	(145,012)	(117,161)
Consultancy and professional fees	(43,531)	(22,886)	(101,542)	(84,195)
Impairment of investment in associates	-	-	-	(311,891)
Finance costs	(510,032)	(535,816)	(1,547,749)	(1,380,519)
<b>Total expenses</b>	<b>(1,094,401)</b>	<b>(1,194,145)</b>	<b>(3,279,083)</b>	<b>(3,561,791)</b>
<b>Profit before tax</b>	<b>527,987</b>	<b>503,352</b>	<b>1,618,012</b>	<b>1,691,931</b>
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)	(4,752)	(4,531)	(14,562)	(15,227)
National Labour Support Tax (NLST)	(13,802)	(13,159)	(41,972)	(44,749)
Zakat	(5,521)	(5,264)	(16,790)	(17,901)
<b>PROFIT FOR THE PERIOD</b>	<b>503,912</b>	<b>480,398</b>	<b>1,544,688</b>	<b>1,614,054</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE</b>	<b>3 1.49 fils</b>	<b>1.42 fils</b>	<b>4.57 fils</b>	<b>4.77 fils</b>

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

Injazzat Real Estate Development Company K.S.C.P. and its Subsidiaries  
 INTERIM CONDENSED CONSOLIDATED STATEMENT COMPREHENSIVE INCOME  
 (UNAUDITED)

For the nine months ended 30 September 2023

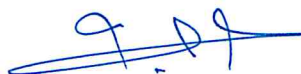
	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>PROFIT FOR THE PERIOD</b>	<b>503,912</b>	480,398	<b>1,544,688</b>	1,614,054
<b>Other comprehensive income:</b>				
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>				
Share of other comprehensive income of associates	<b>28,377</b>	45,836	<b>9,160</b>	406,198
Net exchange differences on translation of foreign operations	<b>215,848</b>	265,880	<b>367,687</b>	355,338
<b>Other comprehensive income for the period</b>	<b>244,225</b>	311,716	<b>376,847</b>	761,536
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>748,137</b>	792,114	<b>1,921,535</b>	2,375,590
<b>Attributable to:</b>				
Equity holders of the Parent Company	<b>748,137</b>	792,114	<b>1,921,535</b>	2,375,590

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

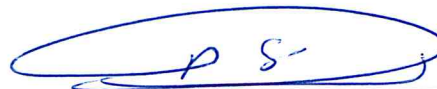
**Injazzat Real Estate Development Company K.S.C.P. and its Subsidiaries**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**(UNAUDITED)**

As at 30 September 2023

		<i>(Audited)</i>		
	<i>Notes</i>	<b>30 September 2023</b>	<b>31 December 2022</b>	<b>30 September 2022</b>
		<b>KD</b>	<b>KD</b>	<b>KD</b>
<b>ASSETS</b>				
Cash and cash equivalents		1,319,983	4,402,271	2,403,905
Term deposits		8,674,135	463,096	440,017
Accounts receivable and other assets		6,027,530	14,596,439	6,641,114
Financial assets at fair value through profit or loss		7,443,964	7,710,634	7,814,453
Investment properties	4	56,361,651	57,447,063	68,893,176
Investment in associates	5	22,734,138	21,711,156	21,115,924
Property and equipment		543,304	124,676	167,963
<b>Total assets</b>		<b>103,104,705</b>	<b>106,455,335</b>	<b>107,476,552</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
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		9,549,934	9,549,934	9,234,954
Voluntary reserve		353,718	353,718	196,228
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		2,114,572	1,737,725	2,191,554
Retained earnings		4,843,113	4,990,128	4,139,316
<b>Total equity</b>		<b>58,393,489</b>	<b>58,163,657</b>	<b>57,294,204</b>
<b>LIABILITIES</b>				
Accounts payable and other liabilities		4,211,216	4,791,678	6,682,348
Loans and borrowings	8	40,500,000	43,500,000	43,500,000
<b>Total liabilities</b>		<b>44,711,216</b>	<b>48,291,678</b>	<b>50,182,348</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>103,104,705</b>	<b>106,455,335</b>	<b>107,476,552</b>



Dr. Abdulmohsen Medeij AlMedeij  
Chairman



Mohammad Ibrahim Al-Farhan  
Chief Executive Officer

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

**Injazzat Real Estate Development Company K.S.C.P. and its Subsidiaries**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
For the nine months ended 30 September 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	-	-	-	-	-	-	-	1,544,688	1,544,688
Other comprehensive income for the period	-	-	-	-	-	-	376,847	-	376,847
Total comprehensive income for the period	-	-	-	-	-	-	376,847	1,544,688	1,921,535
Cash dividend (Note 7)	-	-	-	-	-	-	-	(1,691,703)	(1,691,703)
<b>At 30 September 2023</b>	<b>34,564,860</b>	<b>2,869,130</b>	<b>9,549,934</b>	<b>353,718</b>	<b>(625,684)</b>	<b>4,723,846</b>	<b>2,114,572</b>	<b>4,843,113</b>	<b>58,393,489</b>
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	-	-	-	-	-	-	-	1,614,054	1,614,054
Other comprehensive income for the period	-	-	-	-	-	-	761,536	-	761,536
Total comprehensive income for the period	-	-	-	-	-	-	761,536	1,614,054	2,375,590
Cash dividends (Note 7)	-	-	-	-	-	-	-	(1,692,657)	(1,692,657)
Purchase of treasury shares	-	-	-	-	(14,738)	-	-	-	(14,738)
<b>At 30 September 2022</b>	<b>34,564,860</b>	<b>2,869,130</b>	<b>9,234,954</b>	<b>196,228</b>	<b>(625,684)</b>	<b>4,723,846</b>	<b>2,191,554</b>	<b>4,139,316</b>	<b>57,294,204</b>

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

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

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

For the nine months ended 30 September 2023

	Notes	Nine months ended 30 September	
		2023 KD	2022 KD
<b>OPERATING ACTIVITIES</b>			
Profit before tax		1,618,012	1,691,931
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Gain on disposal of investment properties	4	(435,089)	(967,298)
Distribution income from financial assets at fair value through profit or loss		(383,066)	(380,634)
Share of results of associates		(895,019)	(1,359,664)
Impairment of investment in associates		-	311,891
Depreciation of property and equipment		29,850	95,344
Depreciation of right-of-use assets		82,565	50,610
Interest income		(482,590)	(165,818)
Finance cost on lease liabilities		2,095	7,212
Finance costs		1,545,654	1,373,307
Provision for employees' end of service benefits		98,243	98,048
		<u>1,180,655</u>	<u>754,929</u>
<i>Working capital adjustments:</i>			
Accounts receivable and other assets		8,568,909	345,194
Accounts payable and other liabilities		(446,482)	(1,398,504)
Cash flows from (used in) operations		<u>9,303,082</u>	<u>(298,381)</u>
Employees' end of service paid		(37,322)	(8,059)
Taxes paid		(81,509)	(218,153)
		<u>9,184,251</u>	<u>(524,593)</u>
<b>INVESTING ACTIVITIES</b>			
Additions to property and equipment		(12,771)	(30,249)
Capital expenditure incurred on investment properties	4	(606,352)	(40,554)
Addition to investment property		-	(9,899,120)
Proceeds from disposal of investment properties	4	1,812,516	4,568,314
Dividend received from investment in associates	5	405,362	375,203
Additions to interest in associates	5	-	(17,601)
Proceeds from capital redemption of investment in associates	5	-	2,184,368
Distribution income received from financial assets at fair value through profit or loss		383,066	579,937
Proceeds from capital redemption of financial assets at fair value through profit or loss	10	266,670	263,362
Interest income received		482,590	165,818
Net movement in term deposits		(8,211,039)	-
		<u>(5,479,958)</u>	<u>(1,850,522)</u>
<b>FINANCING ACTIVITIES</b>			
Proceeds from loans and borrowings		-	7,500,000
Repayment of loans and borrowings		(3,000,000)	(4,500,000)
Cash dividends paid		(1,691,703)	(1,692,657)
Finance costs paid		(2,147,654)	(1,607,659)
Purchase of treasury shares		-	(14,738)
Payment of lease liabilities		(105,083)	(108,313)
		<u>(6,944,440)</u>	<u>(423,367)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>			
Foreign currency translation adjustments		(3,240,147)	(2,798,482)
Cash and cash equivalents at 1 January		157,859	-
		<u>4,402,271</u>	<u>5,202,387</u>
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>			
		<u>1,319,983</u>	<u>2,403,905</u>
<b>Non-cash items excluded from the consolidated statement of cash flows:</b>			
Additions to right-of-use assets		(533,718)	-
Additions to lease liabilities		533,718	-
Transfer of investment property as capital contribution in an associate		524,165	-

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 September 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 nine months ended 30 September 2023 was authorised for issue in accordance with a resolution of the board of directors of the Parent Company on 30 Oct 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 nine months ended 30 September 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 nine-month period ended 30 September 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.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 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>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</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)	<b>503,912</b>	480,398	<b>1,544,688</b>	1,614,054
Weighted average number of shares outstanding during the period (excluding treasury shares)	<b>338,340,630</b>	338,387,347	<b>338,340,630</b>	338,475,664
<b>Basic and diluted earnings per share (EPS)</b>	<b>1.49 fils</b>	1.42 fils	<b>4.57 fils</b>	4.77 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.

# 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 September 2023

### 4 INVESTMENT PROPERTIES

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

	<b>30 September 2023 KD</b>	<i>(Audited)</i> <b>31 December 2022 KD</b>	<b>30 September 2022 KD</b>
At the beginning of the period/year	57,447,063	61,896,588	61,896,588
Additions	-	9,848,545	9,899,120
Capital expenditure on owned property	606,352	73,898	40,554
Disposal/transfer of investment properties	(1,901,592)	(14,136,852)	(3,601,016)
Change in fair value	-	(534,616)	-
Exchange differences	209,828	299,500	657,930
	<u><b>56,361,651</b></u>	<u><b>57,447,063</b></u>	<u><b>68,893,176</b></u>

During the period, the Group disposed certain units of an investment property with carrying value of KD 1,377,427 (31 December 2022: KD 14,136,852 and 30 September 2022: KD 3,601,016) for total consideration of KD 1,812,516 (31 December 2022: KD 17,192,632 and 30 September 2022: KD 4,568,314) resulting in gain of KD 435,089 (31 December 2022: KD 3,055,780 and 30 September 2022: KD 967,298) recognised in the interim condensed consolidated statement of profit or loss. Further the Group incurred development expenditure of KD 606,352 during the period ended 30 September 2023 (31 December 2022: KD 73,898 and 30 September 2022: KD 40,554).

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 circumstance that have arisen during the period, which may have a significant impact on fair value.

Investment properties with a carrying value of KD 29,292,423 (31 December 2022: KD 29,439,146 and 30 September 2022: KD 30,378,448) 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:

	<b>30 September 2023 KD</b>	<i>(Audited)</i> <b>31 December 2022 KD</b>	<b>30 September 2022 KD</b>
At the beginning of the period / year	21,711,156	22,203,923	22,203,923
Additional contribution*	524,165	325,330	17,601
Return of capital	-	(2,053,540)	(2,184,368)
Dividend	(405,362)	(375,203)	(375,203)
Impairment during the period / year	-	(311,891)	(311,891)
Share of results for the period / year	895,019	1,829,898	1,359,664
Exchange differences	9,160	92,639	406,198
At the end of the period / year	<u><b>22,734,138</b></u>	<u><b>21,711,156</b></u>	<u><b>21,115,924</b></u>

As at 30 September 2023, investment in associates with a carrying value of KD 20,190,552 (31 December 2022: KD 19,207,438 and 30 September 2022: KD 19,532,431) are pledged as security in order to fulfil collateral requirements of certain bank loans (Note 8).

\* During the period, the Group transferred an investment property as capital contribution to an associate amounting to KD 524,165.

# 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 September 2023

### 6 SHARE CAPITAL AND TREASURY SHARES

#### 6.1 Share capital

At 30 September 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 September 2022: 345,648,600) shares of 100 fils each. All shares are paid in cash.

#### 6.2 Treasury shares

	<i>30 September</i> <i>2023</i>	<i>(Audited)</i> <i>31 December</i> <i>2022</i>	<i>30 September</i> <i>2022</i>
Number of treasury shares	<b>7,307,970</b>	7,307,970	7,307,970
Percentage of issued shares	<b>2.11%</b>	2.11%	2.11%
Cost of treasury shares (KD)	<b>625,684</b>	625,684	625,684
Market value of treasury shares (KD)	<b>621,177</b>	583,907	613,869

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

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.

### 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>30 September</i> <i>2023</i>	<i>(Audited)</i> <i>31 December</i> <i>2022</i>	<i>30 September</i> <i>2022</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>Interim condensed consolidated statement of financial position:</b>			
Receivables from associates	<b>101,161</b>	76,166	10,745
Receivables from other related parties	<b>146,933</b>	146,835	121,998
Receivables on sale of investment property from major shareholder	<b>3,603,989</b>	3,617,445	3,668,941
Payables to an associate	-	-	10,667

# 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 September 2023

### 9 RELATED PARTY DISCLOSURES (continued)

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

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</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>
<b>Interim condensed consolidated statement of profit or loss:</b>				
Management fees	23,254	22,728	68,774	70,433
Interest income on receivables from a related party	50,983	41,860	151,724	110,748
	<u>74,237</u>	<u>64,588</u>	<u>220,498</u>	<u>181,181</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>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</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	94,177	413,450	341,758
Employees' end of service benefits	13,867	12,137	41,603	36,411
	<u>118,743</u>	<u>106,314</u>	<u>455,053</u>	<u>378,169</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>Quoted prices in active markets (Level 1)</i>	<i>Significant observable inputs (Level 2)</i>	<i>Significant unobservable inputs (Level 3)</i>
	<i>Total</i>		
	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>As at 30 September 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>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>7,710,634</u>
<i>As at 30 September 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>7,814,453</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 30 September 2023

### 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 September 2023</i>	
As at 1 January 2023	7,710,634
Capital redemptions	(266,670)
As at 30 September 2023	<u>7,443,964</u>
<i>Financial assets at FVTPL</i>	<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>Financial assets at FVTPL</i>	<i>Non-listed equity investments</i>
	<i>KD</i>
<i>30 September 2022</i>	
As at 1 January 2022	8,077,815
Capital redemptions	(263,362)
As at 30 September 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.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2023

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:

	Nine months ended			Nine months ended		
	30 September 2023 (Unaudited)			30 September 2022 (Unaudited)		
	Domestic KD	International KD	Total KD	Domestic KD	International KD	Total KD
Rental income	469,297	1,879,579	2,348,876	332,587	1,853,721	2,186,308
Gain on disposal of investment properties	79,800	355,289	435,089	349,200	618,098	967,298
Distribution income from financial assets at fair value through profit or loss	-	383,066	383,066	-	380,634	380,634
Management fees	13,088	82,927	96,015	-	81,873	81,873
Interest income	468,835	13,755	482,590	165,818	-	165,818
Other income	131,220	44,467	175,687	2,736	65,375	68,111
Share of results of associates	-	895,019	895,019	-	1,359,664	1,359,664
Net foreign exchange gain	80,753	-	80,753	44,016	-	44,016
<b>Total income</b>	<b>1,242,993</b>	<b>3,654,102</b>	<b>4,897,095</b>	<b>894,357</b>	<b>4,359,365</b>	<b>5,253,722</b>
Real estate operating costs	(70,079)	(736,368)	(806,447)	(228,651)	(738,229)	(966,880)
Staff costs	(565,918)	-	(565,918)	(555,191)	-	(555,191)
Depreciation	(94,789)	(17,626)	(112,415)	(124,653)	(21,301)	(145,954)
Administrative expenses	(110,424)	(34,588)	(145,012)	(89,893)	(27,268)	(117,161)
Consultancy and professional fees	(92,293)	(9,249)	(101,542)	(80,333)	(3,862)	(84,195)
Impairment of investment in associates	-	-	-	-	(311,891)	(311,891)
Finance costs	(219,080)	(1,328,669)	(1,547,749)	(136,893)	(1,243,626)	(1,380,519)
KFAS, NLIST and Zakat	(73,324)	-	(73,324)	(77,877)	-	(77,877)
<b>Total expenses and other charges</b>	<b>(1,225,907)</b>	<b>(2,126,500)</b>	<b>(3,352,407)</b>	<b>(1,293,491)</b>	<b>(2,346,177)</b>	<b>(3,639,668)</b>
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>17,086</b>	<b>1,527,602</b>	<b>1,544,688</b>	<b>(399,134)</b>	<b>2,013,188</b>	<b>1,614,054</b>

Injazzat Real Estate Development Company K.S.C.P. and Subsidiaries  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**

As at and for the period ended 30 September 2023

**11 SEGMENT INFORMATION (continued)**

	30 September 2023 (Unaudited)			31 December 2022 (Audited)			30 September 2022 (Unaudited)		
	Domestic KD	International KD	Total KD	Domestic KD	International KD	Total KD	Domestic KD	International KD	Total KD
Total assets	29,759,352	73,345,353	103,104,705	30,085,654	76,369,681	106,455,335	28,768,266	78,708,286	107,476,552
Total liabilities	8,582,152	36,129,064	44,711,216	9,052,492	39,239,186	48,291,678	6,561,295	43,621,053	50,182,348
Commitments	11,424,945	-	11,424,945	73,150	310,560	383,710	118,172	315,122	433,294

**Disaggregated revenue information**

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

Timing of revenue recognition	Nine months ended 30 September 2023			Nine months ended 30 September 2022		
	Domestic KD	International KD	Total KD	Domestic KD	International KD	Total KD
At a point in time	79,800	359,988	439,788	349,200	622,739	971,939
Over time	-	91,316	91,316	-	77,232	77,232
Total revenue from contracts with customers	79,800	451,304	531,104	349,200	699,971	1,049,171

## 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 September 2023

#### 12 COMMITMENTS AND CONTINGENCIES

##### *Capital commitments*

As at 30 September 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 11,424,945 (31 December 2022: KD 383,710 and 30 September 2022: KD 433,294). There are no contractual commitments in respect of completed investment properties.

##### *Contingencies*

	<i>(Audited)</i>		
	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>
	<i>2023</i>	<i>2022</i>	<i>2022</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Letters of guarantee	<b>470,695</b>	967,020	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 470,695 (31 December 2022: KD 967,020 and 30 September 2022: 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.