

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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION**

30 SEPTEMBER 2024 (UNAUDITED)

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Injazzat Real Estate Development Company K.S.C.P. (the "Parent Company") and its Subsidiaries (collectively, the "Group") as at 30 September 2024 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 2024 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No. 7 of 2010 concerning the establishment of the Capital Markets Authority ("CMA") and organization of security activities and its executive regulations, as amended, during the nine months period ended 30 September 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

30 October 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 nine months ended 30 September 2024

		<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>Notes</i>	<i>2024 KD</i>	<i>2023 KD</i>	<i>2024 KD</i>	<i>2023 KD</i>
INCOME					
Rental income		739,151	756,603	2,187,310	2,348,876
Gain on disposal of investment properties	4	-	79,800	1,031,341	435,089
Distribution income from financial assets at fair value through profit or loss		128,669	128,832	384,456	383,066
Management fees		48,383	29,750	133,683	96,015
Interest income		174,302	149,881	480,403	482,590
Other income		29,959	36,782	60,775	175,687
Share of results of associates	5	273,542	388,228	1,301,084	895,019
Net foreign exchange (loss) gain		(41,213)	52,512	(59,947)	80,753
Total income		1,352,793	1,622,388	5,519,105	4,897,095
EXPENSES					
Real estate operating costs		(303,288)	(298,886)	(865,963)	(806,447)
Staff costs		(189,363)	(170,237)	(587,080)	(565,918)
Depreciation		(38,864)	(28,294)	(106,154)	(112,415)
Administrative expenses		(30,718)	(43,421)	(138,660)	(145,012)
Consultancy and professional fees		(49,946)	(43,531)	(184,000)	(101,542)
Finance costs		(466,370)	(510,032)	(1,389,486)	(1,547,749)
Total expenses		(1,078,549)	(1,094,401)	(3,271,343)	(3,279,083)
Profit before tax		274,244	527,987	2,247,762	1,618,012
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(2,468)	(4,752)	(20,230)	(14,562)
National Labour Support Tax (NLST)		(7,779)	(13,802)	(58,165)	(41,972)
Zakat		(3,111)	(5,521)	(23,267)	(16,790)
PROFIT FOR THE PERIOD		260,886	503,912	2,146,100	1,544,688
BASIC AND DILUTED EARNINGS PER SHARE	3	0.77 fils	1.49 fils	6.34 fils	4.57 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 nine months ended 30 September 2024

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
PROFIT FOR THE PERIOD	260,886	503,912	2,146,100	1,544,688
Other comprehensive income:				
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>				
Share of other comprehensive (loss) income of associates	(60,064)	28,377	(132,727)	9,160
Net exchange differences on translation of foreign operations	(106,507)	215,848	(169,227)	367,687
Other comprehensive (loss) income for the period	(166,571)	244,225	(301,954)	376,847
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	94,315	748,137	1,844,146	1,921,535
Attributable to:				
Equity holders of the Parent Company	94,315	748,137	1,844,146	1,921,535

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 2024

		30 September 2024	(Audited) 31 December 2023	30 September 2023
	Notes	KD	KD	KD
ASSETS				
Non-current assets				
Property and equipment		430,782	491,693	543,304
Investment properties	4	49,869,887	57,566,036	56,361,651
Investment in associates	5	23,578,785	22,734,879	22,734,138
Financial assets at fair value through profit or loss		7,490,992	7,490,992	7,443,964
Accounts receivable and other assets		3,526,731	3,641,628	3,714,713
		<u>84,897,177</u>	<u>91,925,228</u>	<u>90,797,770</u>
Current assets				
Accounts receivable and other assets		3,140,403	2,258,793	2,312,817
Term deposits		501,268	484,371	8,674,135
Cash and cash equivalents		10,553,129	8,061,484	1,319,983
		<u>14,194,800</u>	<u>10,804,648</u>	<u>12,306,935</u>
TOTAL ASSETS		<u>99,091,977</u>	<u>102,729,876</u>	<u>103,104,705</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		1,548,715	1,850,669	2,114,572
Retained earnings		5,730,031	5,275,634	4,843,113
TOTAL EQUITY		<u>59,085,928</u>	<u>58,933,485</u>	<u>58,393,489</u>
LIABILITIES				
Non-current liabilities				
Loans and borrowings	8	36,500,000	36,500,000	36,500,000
Accounts payable and other liabilities		1,045,737	990,323	1,527,533
		<u>37,545,737</u>	<u>37,490,323</u>	<u>38,027,533</u>
Current liabilities				
Accounts payable and other liabilities		2,460,312	6,306,068	2,683,683
Loans and borrowings	8	-	-	4,000,000
		<u>2,460,312</u>	<u>6,306,068</u>	<u>6,683,683</u>
TOTAL LIABILITIES		<u>40,006,049</u>	<u>43,796,391</u>	<u>44,711,216</u>
TOTAL EQUITY AND LIABILITIES		<u>99,091,977</u>	<u>102,729,876</u>	<u>103,104,705</u>

Dr. Abdulmohsen Medeij AlMedeij
Chairman

Mohammad Ibrahim Al-Farhan
Chief Executive Officer

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine months ended 30 September 2024

	Share capital KD	Share premium KD	Statutory reserve KD	Voluntary reserve KD	Treasury shares 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)	1,850,669	5,275,634	58,933,485
Profit for the period	-	-	-	-	-	-	2,146,100	2,146,100
Other comprehensive loss for the period	-	-	-	-	-	(301,954)	-	(301,954)
Total comprehensive income for the period	-	-	-	-	-	(301,954)	2,146,100	1,844,146
Cash dividend (Note 7)	-	-	-	-	-	-	(1,691,703)	(1,691,703)
At 30 September 2024	34,564,860	2,869,130	9,797,519	477,511	(625,684)	1,548,715	5,730,031	59,085,928

	Share capital KD	Share premium KD	Statutory reserve KD	Voluntary reserve KD	Treasury shares 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)	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)
At 30 September 2023	34,564,860	2,869,130	9,549,934	353,718	(625,684)	2,114,572	4,843,113	58,393,489

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 2024

		<i>Nine months ended</i> <i>30 September</i>	
	<i>Notes</i>	<i>2024</i> <i>KD</i>	<i>2023</i> <i>KD</i>
OPERATING ACTIVITIES			
Profit before tax		2,247,762	1,618,012
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Gain on disposal of investment properties	4	(1,031,341)	(435,089)
Distribution income from financial assets at fair value through profit or loss		(384,456)	(383,066)
Share of results of associates		(1,301,084)	(895,019)
Depreciation of property and equipment		5,717	29,850
Depreciation of right-of-use assets		100,437	82,565
Interest income		(480,403)	(482,590)
Finance cost on lease liabilities		19,978	2,095
Finance costs		1,369,508	1,545,654
Provision for employees' end of service benefits		91,380	98,243
		<u>637,498</u>	<u>1,180,655</u>
<i>Working capital adjustments:</i>			
Accounts receivable and other assets		(766,713)	8,568,909
Accounts payable and other liabilities		(3,214,358)	(446,482)
		<u>(3,343,573)</u>	<u>9,303,082</u>
Cash flows (used in) from operations		(12,561)	(37,322)
Employees' end of service benefits paid		(112,202)	-
KFAS paid		(59,029)	(81,509)
Taxes paid		<u>(3,527,365)</u>	<u>9,184,251</u>
Net cash flows (used in) from operating activities			
INVESTING ACTIVITIES			
Additions to property and equipment		(868)	(12,771)
Additional contribution in investment in associates		(81,505)	-
Capital expenditure incurred on investment properties	4	(1,359,686)	(606,352)
Proceeds from disposal of investment properties	4	9,931,341	1,812,516
Dividend received from investment in associates	5	405,956	405,362
Distribution income received from financial assets at fair value through profit or loss		384,456	383,066
Proceeds from capital redemption of financial assets at fair value through profit or loss	10	-	266,670
Interest income received		480,403	482,590
Net movement in term deposits		(16,897)	(8,211,039)
		<u>9,743,200</u>	<u>(5,479,958)</u>
Net cash flows from (used in) investing activities			
FINANCING ACTIVITIES			
Repayment of bank loan		(10,000,000)	(3,000,000)
Proceeds of murabaha		10,000,000	-
Cash dividends paid		(1,691,703)	(1,691,703)
Finance costs paid		(1,911,972)	(2,147,654)
Payment of lease liabilities		(107,123)	(105,083)
		<u>(3,710,798)</u>	<u>(6,944,440)</u>
Net cash flows used in financing activities			
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>2,505,037</u>	<u>(3,240,147)</u>
Foreign currency adjustments		(13,392)	157,859
Cash and cash equivalents at 1 January		8,061,484	4,402,271
		<u>10,553,129</u>	<u>1,319,983</u>
CASH AND CASH EQUIVALENTS AT 30 September			
Non-cash items excluded from the interim condensed consolidated statement of cash flows:			
Additions to right-of-use assets		(46,935)	(533,718)
Additions to lease liabilities		46,935	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 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 nine months ended 30 September 2024 was authorised for issue in accordance with a resolution of the board of directors of the Parent Company on 30 October 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 nine months ended 30 September 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 nine-month period ended 30 September 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.

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 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)

Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements

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 transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Group's interim condensed consolidated financial information.

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

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

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

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

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

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

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

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

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

3 EARNINGS PER SHARE (EPS)

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2024

3 EARNINGS PER SHARE (EPS) (continued)

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	2024	2023	2024	2023
Profit for the period attributable to equity holders of the Parent Company (KD)	260,886	503,912	2,146,100	1,544,688
Weighted average number of shares outstanding during the period (excluding treasury shares)	338,340,630	338,340,630	338,340,630	338,340,630
Basic and diluted earnings per share (EPS)	0.77 fils	1.49 fils	6.34 fils	4.57 fils

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

4 INVESTMENT PROPERTIES

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

	<i>30 September</i> <i>2024</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2023</i> <i>KD</i>	<i>30 September</i> <i>2023</i> <i>KD</i>
At the beginning of the period/year	57,566,036	57,447,063	57,447,063
Capital expenditure on owned property	1,359,686	1,098,142	606,352
Disposals/transfer	(8,900,000)	(1,901,592)	(1,901,592)
Change in fair value	-	888,743	-
Exchange differences	(155,835)	33,680	209,828
	49,869,887	57,566,036	56,361,651

During the period, the Group disposed/transfers certain units of an investment property with carrying value of KD 8,900,000 (31 December 2023: KD 1,901,592 and 30 September 2023: KD 1,901,592) for total consideration of KD 9,931,341 (31 December 2023: KD 1,812,516 and 30 September 2023: KD 1,812,516) resulting in gain of KD 1,031,341 (31 December 2023: KD 435,089 and 30 September 2023: KD 435,089) recognised in the interim condensed consolidated statement of profit or loss. Further the Group incurred development expenditure of KD 1,359,686 during the period ended 30 September 2024 (31 December 2023: KD 1,098,142 and 30 September 2023: KD 606,352).

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

Investment properties with a carrying value of KD 20,831,993 (31 December 2023: KD 19,524,967 and 30 September 2023: KD 29,292,423) 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 September 2024

5 INVESTMENT IN ASSOCIATES

The movement in investment in associates is as follows:

	<i>30 September 2024 KD</i>	<i>(Audited) 31 December 2023 KD</i>	<i>30 September 2023 KD</i>
At the beginning of the period / year	22,734,879	21,711,156	21,711,156
Additional contribution	81,505	533,434	524,165
Dividend	(405,956)	(649,662)	(405,362)
Share of results for the period / year	1,301,084	1,033,413	895,019
Exchange differences	(132,727)	106,538	9,160
At the end of the period / year	<u>23,578,785</u>	<u>22,734,879</u>	<u>22,734,138</u>

As at 30 September 2024, investment in associates with a carrying value of KD 20,403,604 (31 December 2023: KD 20,157,608 and 30 September 2023: KD 20,190,552) are pledged as security in order to fulfil collateral requirements of certain bank loans (Note 8).

6 SHARE CAPITAL AND TREASURY SHARES

6.1 Share capital

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

6.2 Treasury shares

	<i>30 September 2024</i>	<i>(Audited) 31 December 2023</i>	<i>30 September 2023</i>
Number of treasury shares	7,307,970	7,307,970	7,307,970
Percentage of issued shares	2.11%	2.11%	2.11%
Cost of treasury shares (KD)	625,684	625,684	625,684
Market value of treasury shares (KD)	738,105	635,793	621,177

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: KD 70,000) for the year then ended.

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 2024

8 LOANS AND BORROWINGS

				(Audited)	
	Currency	Effective interest rate (EIR)	30 September 2024 KD	31 December 2023 KD	30 September 2023 KD
Bank loan*	KD	CBK discount rate plus 1.5%	26,500,000	36,500,000	40,500,000
Islamic Finance payables**	KD	CBK discount rate plus 1.25%	10,000,000	-	-
			<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.

** Islamic Finance payables represent Murabaha payable facilities obtained from a local Islamic Bank and are denominated in Kuwaiti dinars. Murabaha payable is payable on various instalments starting on 31 March 2026, with a bullet payment on 31 March 2031.

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:

		(Audited)	
	30 September 2024 KD	31 December 2023 KD	30 September 2023 KD
Interim condensed consolidated statement of financial position:			
Receivables from associates	17,395	80,822	101,161
Receivables from other related parties	-	120,037	146,933
Receivables from major shareholder	3,446,101	3,561,196	3,603,989

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

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

	Three months ended 30 September		Nine months ended 30 September	
	2024 KD	2023 KD	2024 KD	2023 KD
Interim condensed consolidated statement of profit or loss:				
Management fees	23,007	23,254	69,334	68,774
Interest income on receivables from a related party	49,766	50,983	150,372	151,724
	<u>72,773</u>	<u>74,237</u>	<u>219,706</u>	<u>220,498</u>

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9 RELATED PARTY DISCLOSURES (continued)

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>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</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	108,387	104,876	388,983	413,450
Employees' end of service benefits	16,853	13,867	44,589	41,603
	<u>125,240</u>	<u>118,743</u>	<u>433,572</u>	<u>455,053</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>KD</i>
<i>As at 30 September 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 30 September 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

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10 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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>
30 September 2024	
As at 1 January 2024	7,490,992
Capital redemptions	-
As at 30 September 2024	<u>7,490,992</u>
 <i>Financial assets at FVTPL</i>	 <i>Non-listed equity investments</i>
	<i>KD</i>
31 December 2023 (Audited)	
As at 1 January 2023	7,710,634
Capital redemptions	(266,670)
Remeasurement recognised in profit or loss	47,028
As at 31 December 2023	<u>7,490,992</u>
 <i>Financial assets at FVTPL</i>	 <i>Non-listed equity investments</i>
	<i>KD</i>
30 September 2023	
As at 1 January 2023	7,710,634
Capital redemptions	(266,670)
As at 30 September 2023	<u>7,443,964</u>

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

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

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

	Nine months ended 30 September 2024 (Unaudited)			Nine months ended 30 September 2023 (Unaudited)		
	Domestic	International	Total	Domestic	International	Total
	KD	KD	KD	KD	KD	KD
Rental income	132,750	2,054,560	2,187,310	469,297	1,879,579	2,348,876
Gain on disposal of investment properties	1,031,341	-	1,031,341	79,800	355,289	435,089
Distribution income from financial assets at fair value through profit or loss	-	384,456	384,456	-	383,066	383,066
Management fees	8,513	125,170	133,683	13,088	82,927	96,015
Interest income	460,228	20,175	480,403	468,835	13,755	482,590
Other income	282	60,493	60,775	131,220	44,467	175,687
Share of results of associates	-	1,301,084	1,301,084	-	895,019	895,019
Net foreign exchange (loss) gain	(59,947)	-	(59,947)	80,753	-	80,753
Total income	1,573,167	3,945,938	5,519,105	1,242,993	3,654,102	4,897,095
Real estate operating costs	(32,473)	(833,490)	(865,963)	(70,079)	(736,368)	(806,447)
Staff costs	(587,080)	-	(587,080)	(565,918)	-	(565,918)
Depreciation	(85,654)	(20,500)	(106,154)	(94,789)	(17,626)	(112,415)
Administrative expenses	(108,000)	(30,660)	(138,660)	(110,424)	(34,588)	(145,012)
Consultancy and professional fees	(169,040)	(14,960)	(184,000)	(92,293)	(9,249)	(101,542)
Finance costs	(240,317)	(1,149,169)	(1,389,486)	(219,080)	(1,328,669)	(1,547,749)
KFAS, NLST and Zakat	(101,662)	-	(101,662)	(73,324)	-	(73,324)
Total expenses and other charges	(1,324,226)	(2,048,779)	(3,373,005)	(1,225,907)	(2,126,500)	(3,352,407)
PROFIT FOR THE PERIOD	248,941	1,897,159	2,146,100	17,086	1,527,602	1,544,688

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11 SEGMENT INFORMATION (continued)

	30 September 2024 (Unaudited)			31 December 2023 (Audited)			30 September 2023 (Unaudited)		
	Domestic KD	International KD	Total KD	Domestic KD	International KD	Total KD	Domestic KD	International KD	Total KD
Total assets	21,393,420	77,698,557	99,091,977	31,464,909	71,264,967	102,729,876	29,759,352	73,345,353	103,104,705
Total liabilities	8,082,629	31,923,420	40,006,049	9,117,764	34,678,627	43,796,391	8,582,152	36,129,064	44,711,216
Commitments	16,382,574	-	16,382,574	18,104,083	-	18,104,083	11,424,945	-	11,424,945

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 2024			Nine months ended 30 September 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	79,800	359,988	439,788
Over time	16,762	112,215	128,977	-	91,316	91,316
Total revenue from contracts with customers	1,048,103	116,921	1,165,024	79,800	451,304	531,104

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12 COMMITMENTS AND CONTINGENCIES

Capital commitments

As at 30 September 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 16,382,574 (31 December 2023: KD 18,104,083 and 30 September 2023: KD 11,424,945) There are no contractual commitments in respect of completed investment properties.

Contingencies

	<i>30 September 2024 KD</i>	<i>(Audited) 31 December 2023 KD</i>	<i>30 September 2023 KD</i>
Letters of guarantee	896,252	984,371	470,695

The Group has contingent liabilities in respect of bank guarantees arising in the ordinary course of business from which it is anticipated that no material liabilities will arise. Time deposits amounting to KD 501,269 (31 December 2023: KD 484,371 and 30 September 2023: KD 470,695) 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.