

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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION**

31 MARCH 2025 (UNAUDITED)



**Shape the future
with confidence**

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Injazzat Real Estate Development Company K.S.C.P. (the “Parent Company”) and its Subsidiaries (collectively, the “Group”) as at 31 March 2025 and the related interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three months period then ended. Management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, “*Interim Financial Reporting*”. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.” A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of accounts of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company’s Memorandum of Incorporation and Articles of Association, as amended, have occurred during the three-months period ended 31 March 2025 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 three months period ended 31 March 2025 that might have had a material effect on the business of the Parent Company or on its financial position.



SHEIKHA AL FULAIJ

LICENCE NO. 289A

EY

AL AIBAN, AL OSAIMI & PARTNERS

30 April 2025
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the three months ended 31 March 2025

		<i>Three months ended</i>	
		<i>31 March</i>	
	<i>Notes</i>	2025	2024
		KD	KD
INCOME			
Rental income		776,852	729,057
Gain on disposal of investment properties	4	-	1,031,341
Distribution income from financial assets at fair value through profit or loss		127,365	127,758
Management fees		46,989	38,267
Interest income		131,202	121,690
Other income		27,377	31,869
Share of results of associates	5	345,408	383,150
Net foreign exchange gain		28,471	4,064
Total income		1,483,664	2,467,196
EXPENSES			
Real estate operating costs		(286,034)	(266,288)
Staff costs		(211,435)	(182,207)
Depreciation		(34,840)	(33,718)
Administrative expenses		(59,202)	(42,998)
Consultancy and professional fees		(34,761)	(40,240)
Finance costs		(432,102)	(460,671)
Total expenses		(1,058,374)	(1,026,122)
Profit before tax		425,290	1,441,074
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(3,708)	(12,970)
National Labour Support Tax (NLST)		(11,584)	(36,552)
Zakat		(4,635)	(14,622)
PROFIT FOR THE PERIOD		405,363	1,376,930
BASIC AND DILUTED EARNINGS PER SHARE	3	1.20 fils	4.07 fils

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT COMPREHENSIVE INCOME (UNAUDITED)

For the three months ended 31 March 2025

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2025</i>	<i>2024</i>
	<i>KD</i>	<i>KD</i>
PROFIT FOR THE PERIOD	405,363	1,376,930
Other comprehensive income:		
<i>Other comprehensive income that may be reclassified to interim condensed consolidated income in subsequent periods:</i>		
Share of other comprehensive income (loss) of associates	5,202	(1,576)
Net exchange differences on translation of foreign operations	79,953	51,500
Other comprehensive income for the period	85,155	49,924
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	490,518	1,426,854
Attributable to:		
Equity holders of the Parent Company	490,518	1,426,854

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

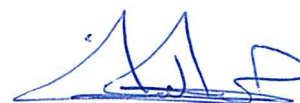
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 March 2025

		31 March 2025 KD	(Audited) 31 December 2024 KD	31 March 2024 KD
	Notes			
ASSETS				
Non-current assets				
Property and equipment		417,235	399,915	481,645
Investment properties	4	52,291,413	51,581,752	49,000,017
Investment in associates	5	23,263,324	23,321,366	22,647,357
Financial assets at fair value through profit or loss		8,561,747	8,561,747	7,490,992
Accounts receivable and other assets		3,481,400	3,537,791	3,612,395
		<u>88,015,119</u>	<u>87,402,571</u>	<u>83,232,406</u>
Current assets				
Accounts receivable and other assets		3,018,588	3,102,233	2,567,811
Term deposits		470,519	464,868	492,117
Cash and cash equivalents		10,693,773	10,513,022	14,191,731
		<u>14,182,880</u>	<u>14,080,123</u>	<u>17,251,659</u>
TOTAL ASSETS		<u>102,197,999</u>	<u>101,482,694</u>	<u>100,484,065</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		10,120,823	10,120,823	9,797,519
Voluntary reserve		639,163	639,163	477,511
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		2,036,467	1,951,312	1,900,593
Retained earnings		6,522,195	6,116,832	4,960,861
TOTAL EQUITY		<u>60,850,800</u>	<u>60,360,282</u>	<u>58,668,636</u>
LIABILITIES				
Non-current liabilities				
Loans and borrowings	8	36,500,000	36,500,000	36,500,000
Accounts payable and other liabilities		1,091,954	1,011,054	1,019,886
		<u>37,591,954</u>	<u>37,511,054</u>	<u>37,519,886</u>
Current liabilities				
Accounts payable and other liabilities		3,755,245	3,611,358	4,295,543
TOTAL LIABILITIES		<u>41,347,199</u>	<u>41,122,412</u>	<u>41,815,429</u>
TOTAL EQUITY AND LIABILITIES		<u>102,197,999</u>	<u>101,482,694</u>	<u>100,484,065</u>



Khaled Abdullah Merza
Chairman



Hamad Jassem Al Sadoun
CEO - Acting

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 three months ended 31 March 2025

	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 2025 (Audited)	34,564,860	2,869,130	10,120,823	639,163	(625,684)	4,723,846	1,951,312	6,116,832	60,360,282
Profit for the period	-	-	-	-	-	-	-	405,363	405,363
Other comprehensive income for the period	-	-	-	-	-	-	85,155	-	85,155
Total comprehensive income for the period	-	-	-	-	-	-	85,155	405,363	490,518
At 31 March 2025	34,564,860	2,869,130	10,120,823	639,163	(625,684)	4,723,846	2,036,467	6,522,195	60,850,800

	Share capital KD	Share premium KD	Statutory reserve KD	Voluntary reserve KD	Treasury shares KD	Treasury shares reserve KD	Foreign currency translation reserve KD	Retained earnings KD	Total KD
As at 1 January 2024 (Audited)	34,564,860	2,869,130	9,797,519	477,511	(625,684)	4,723,846	1,850,669	5,275,634	58,933,485
Profit for the period	-	-	-	-	-	-	-	1,376,930	1,376,930
Other comprehensive income for the period	-	-	-	-	-	-	49,924	-	49,924
Total comprehensive income for the period	-	-	-	-	-	-	49,924	1,376,930	1,426,854
Cash dividend (Note 7)	-	-	-	-	-	-	-	(1,691,703)	(1,691,703)
At 31 March 2024	34,564,860	2,869,130	9,797,519	477,511	(625,684)	4,723,846	1,900,593	4,960,861	58,668,636

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

For the three months ended 31 March 2025

		Three months ended 31 March	
	Notes	2025 KD	2024 KD
OPERATING ACTIVITIES			
Profit before tax		425,290	1,441,074
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Gain on disposal of investment properties	4	-	(1,031,341)
Distribution income from financial assets at fair value through profit or loss		(127,365)	(127,758)
Share of results of associates	5	(345,408)	(383,150)
Depreciation of property and equipment		1,890	2,040
Depreciation of right-of-use assets		32,950	31,678
Interest income		(131,202)	(121,690)
Finance cost on lease liabilities		5,736	6,844
Finance costs		426,366	453,827
Provision for employees' end of service benefits		38,062	21,005
		<u>326,319</u>	<u>292,529</u>
<i>Working capital adjustments:</i>			
Accounts receivable and other assets		(89,439)	2,220,215
Accounts payable and other liabilities		839,479	(2,954,341)
		<u>1,076,359</u>	<u>(441,597)</u>
Cash flows from (used in) operations			
KFAS paid		-	(112,202)
Taxes paid		-	(59,029)
		<u>1,076,359</u>	<u>(612,828)</u>
Net cash flows from (used in) operating activities			
INVESTING ACTIVITIES			
Additions to property and equipment		(353)	(536)
Capital expenditure incurred on investment properties	4	(685,597)	(283,334)
Proceeds from disposal of investment properties	4	-	7,431,341
Dividend received from investment in associates	5	408,652	405,956
Distribution income received from financial assets at fair value through profit or loss		127,365	127,758
Proceeds from capital redemption of investment in associates	5	-	63,140
Interest income received		131,202	121,690
Net movement in term deposits		(5,651)	(7,746)
		<u>(24,382)</u>	<u>7,858,269</u>
Net cash flows (used in) from investing activities			
FINANCING ACTIVITIES			
Finance costs paid		(886,791)	(1,081,295)
Payment of lease liabilities		(40,324)	(34,752)
		<u>(927,115)</u>	<u>(1,116,047)</u>
Net cash flows used in financing activities			
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Foreign currency adjustments		55,889	853
Cash and cash equivalents at 1 January		10,513,022	8,061,484
		<u>10,693,773</u>	<u>14,191,731</u>
CASH AND CASH EQUIVALENTS AT 31 MARCH			
Non-cash items excluded from the interim condensed consolidated statement of cash flows:			
Additions to right-of-use assets		(51,807)	(25,695)
Additions to lease liabilities		51,807	25,695

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2025

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Injazaat Real Estate Development Company K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively, the “Group”) for the three months ended 31 March 2025 was authorised for issue in accordance with a resolution of the board of directors of the Parent Company on 30 April 2025.

The Parent Company is a Kuwaiti shareholding company incorporated and domiciled in Kuwait and whose shares are publicly traded in Kuwait Stock Exchange (“Boursa Kuwait”). The Parent Company’s registered postal address is P.O. Box 970, Safat 13010, State of Kuwait.

The Group is principally engaged in real estate activities. The primary objectives of the Parent Company is as follows:

- ▶ Ownership, purchasing, sale and development of all kinds of investment properties with exception to residential properties inside and outside the state of Kuwait for the benefit of the Parent Company and on the behalf of others.
- ▶ Ownership and sale of financial assets, bonds relating to real estate companies for the benefit of the Parent Company alone inside and outside the State of Kuwait.
- ▶ Preparation and delivery of studies relating to real estate activities.
- ▶ Maintenance activities relating to the properties owned by the Parent Company including civil, mechanical, electrical works and all required works to sustain the state of the properties.
- ▶ Organisation of real estate conventions relating to the Parent Company’s projects in accordance with the regulations set out by the Ministry of Commerce.
- ▶ Hosting auctions.
- ▶ Ownership of malls and residential complexes and managing them.
- ▶ Ownership of hotels, health clubs, tourism related facilities and leasing and releasing them.
- ▶ Management, operating and leasing all types of investment properties.
- ▶ Establishment and management of real estate investment funds.
- ▶ It is permitted for the Parent Company to invest in managed funds managed by specialised managers.

The Parent Company is authorised to have interest in or participate with any party or institution carrying out similar activities or those parties who will assist the Parent Company in achieving its objectives whether in Kuwait or abroad. The Parent Company has the right to establish, participate in or acquire such institutions.

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP’S ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial information for the three months ended 31 March 2025 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 2024.

Further, results for the three-month period ended 31 March 2025, are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2025.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2025

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

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 2024, except for the adoption of new amendments effective as of 1 January 2025. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Lack of exchangeability - Amendments to IAS 21

The amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025. When applying the amendments, an entity cannot restate comparative information.

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

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>31 March</i>	
	2025	2024
Profit for the period attributable to equity holders of the Parent Company (KD)	405,363	1,376,930
Weighted average number of shares outstanding during the period (excluding treasury shares)	338,340,630	338,340,630
Basic and diluted earnings per share (EPS)	1.20 fils	4.07 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:

	31 March 2025 KD	<i>(Audited)</i> 31 December 2024 KD	31 March 2024 KD
At the beginning of the period/year	51,581,752	57,566,036	57,566,036
Capitalised borrowing costs	64,726	280,856	71,678
Capital expenditure on owned property	620,871	2,196,297	211,656
Disposals	-	(8,900,000)	(8,900,000)
Change in fair value	-	330,418	-
Exchange differences	24,064	108,145	50,647
	52,291,413	51,581,752	49,000,017

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2025

4 INVESTMENT PROPERTIES (continued)

During the period, the Group incurred development expenditure of KD 685,597 during the period ended 31 March 2025 (31 December 2024: KD 2,477,153 and 31 March 2024: KD 283,334).

The fair value of investment properties was independently determined at 31 December 2024 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 22,765,874 (31 December 2024: KD 22,072,375 and 31 March 2024: KD 19,825,422) 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:

	31 March 2025 KD	(Audited) 31 December 2024 KD	31 March 2024 KD
At the beginning of the period / year	23,321,366	22,734,879	22,734,879
Additional contribution	-	83,378	-
Return of capital	-	-	(63,140)
Dividend	(408,652)	(406,137)	(405,956)
Share of results for the period / year	345,408	913,272	383,150
Exchange differences	5,202	(4,026)	(1,576)
At the end of the period / year	23,263,324	23,321,366	22,647,357

As at 31 March 2025, investment in associates with a carrying value of KD 20,744,394 (31 December 2024: KD 20,842,714 and 31 March 2024: KD 20,064,844) are pledged as security in order to fulfil collateral requirements of certain bank loans (Note 8).

6 SHARE CAPITAL AND TREASURY SHARES

6.1 Share capital

At 31 March 2025, the authorised, issued and fully paid-up capital of the Parent Company comprised 345,648,600 (31 December 2024: 345,648,600 and 31 March 2024: 345,648,600) shares of 100 fils each. All shares are paid in cash.

6.2 Treasury shares

	31 March 2025	(Audited) 31 December 2024	31 March 2024
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)	752,721	738,105	716,181

Reserves equivalent to the cost of the treasury shares held are not available for distribution during the holding period of such shares.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2025

7 ANNUAL GENERAL ASSEMBLY RESOLUTIONS

The annual general meeting (AGM) of the shareholders of the Parent Company held on 17 April 2025 approved the consolidated financial statements for the year ended 31 December 2024 and approved distribution of cash dividend of 5 fils per share (2023: 5 fils) and directors' remuneration of KD 70,000 (2023: KD 30,000) for the year then ended.

8 LOANS AND BORROWINGS

				(Audited)	
	Currency	Effective interest rate (EIR)	31 March 2025 KD	31 December 2024 KD	31 March 2024 KD
Bank borrowings	Kuwaiti Dinar	CBK discount rate Plus 1.25% to 1.50%	36,500,000	36,500,000	36,500,000

The Group's secured bank borrowings comprise of:

- ▶ Bank loan amount to KD 26,500,000 (31 December 2024: 26,500,000 and 31 March 2024: 36,500,000) from a credit facility having a cash limit of KD 34,150,000 (31 December 2024: KD 34,150,000 and 31 March 2024: KD 44,150,000), which carries a profit/interest rate of 1.50% (31 December 2024: 1.50% and 31 March 2024: 1.50%) per annum over CBK discount rate and which is repayable by amounts KD 5,458,000 and KD 21,042,000 on 15 July 2026 and 15 August 2026 respectively.
- ▶ Islamic financing amounting to KD 10,000,000 (31 December 2024: 10,000,000) from a credit facility having a cash limit of KD 20,000,000 (31 December 2024: 20,000,000), which carries a profit rate of 1.25% (31 December 2024: 1.25%) per annum over CBK discount rate and which is repayable on 31 March 2031 respectively.

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:

	31 March 2025 KD	(Audited) 31 December 2024 KD	31 March 2024 KD
Interim condensed consolidated statement of financial position:			
Receivables from associates	4,700	26,773	24,514
Receivables from major shareholder	3,401,130	3,457,592	3,532,027
Other receivables	-	-	100,000
Payable to an associate	194,968	-	-

Receivable on sale of investment property carries an interest rate of 1.5 % (2024: 1.5%) 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 31 March	
	2025 KD	2024 KD
Interim condensed consolidated statement of income:		
Management fees	23,342	23,130
Interest income on receivables from a related party	46,239	50,478
	69,581	73,608

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2025

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 31 March</i>	
	<i>2025</i>	<i>2024</i>
	<i>KD</i>	<i>KD</i>
<i>Compensation of key management personnel of the Group</i>		
Salaries and short-term benefits	121,854	174,809
Employees' end of service benefits	12,483	13,868
	134,337	188,677

10 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in orderly transactions between market participants at the measurement date.

Fair values

The following table provides the fair value measurement hierarchy of the Group's financial instruments.

	<i>Fair value measurement using</i>			
	<i>Quoted prices in active markets (Level 1)</i>	<i>Significant observable inputs (Level 2)</i>	<i>Significant unobservable inputs (Level 3)</i>	
	<i>Total KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
As at 31 March 2025				
Financial assets at fair value through profit or loss:				
Unquoted equity securities	8,561,747	-	-	8,561,747
As at 31 December 2024 (Audited)				
Financial assets at fair value through profit or loss:				
Unquoted equity securities	8,561,747	-	-	8,561,747
As at 31 March 2024				
Financial assets at fair value through profit or loss:				
Unquoted equity securities	7,490,992	-	-	7,490,992

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>
31 March 2025	
As at 1 January 2025	8,561,747
As at 31 March 2025	<u>8,561,747</u>
 <i>Financial assets at FVTPL</i>	 <i>Non-listed equity investments</i>
	<i>KD</i>
31 December 2024 (Audited)	
As at 1 January 2024	7,490,992
Remeasurement recognised in statement of income	1,070,755
As at 31 December 2024	<u>8,561,747</u>
 <i>Financial assets at FVTPL</i>	 <i>Non-listed equity investments</i>
	<i>KD</i>
31 March 2024	
As at 1 January 2024	7,490,992
As at 31 March 2024	<u>7,490,992</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:

	<i>Three months ended 31 March 2025 (Unaudited)</i>			<i>Three months ended 31 March 2024 (Unaudited)</i>		
	<i>Domestic KD</i>	<i>International KD</i>	<i>Total KD</i>	<i>Domestic KD</i>	<i>International KD</i>	<i>Total KD</i>
Rental income	44,250	732,602	776,852	44,250	684,807	729,057
Gain on disposal of investment properties	-	-	-	1,031,341	-	1,031,341
Distribution income from financial assets at fair value through profit or loss	-	127,365	127,365	-	127,758	127,758
Management fees	3,546	43,443	46,989	1,260	37,007	38,267
Interest income	126,007	5,195	131,202	114,969	6,721	121,690
Other income	1,361	26,016	27,377	5,070	26,799	31,869
Share of results of associates	-	345,408	345,408	-	383,150	383,150
Net foreign exchange gain	28,471	-	28,471	4,064	-	4,064
Total income	203,635	1,280,029	1,483,664	1,200,954	1,266,242	2,467,196
Real estate operating costs	(5,306)	(280,728)	(286,034)	(9,497)	(256,791)	(266,288)
Staff costs	(211,435)	-	(211,435)	(182,207)	-	(182,207)
Depreciation	(27,738)	(7,102)	(34,840)	(26,894)	(6,824)	(33,718)
Administrative expenses	(49,691)	(9,511)	(59,202)	(34,458)	(8,540)	(42,998)
Consultancy and professional fees	(33,085)	(1,676)	(34,761)	(37,837)	(2,403)	(40,240)
Finance costs	(127,270)	(304,832)	(432,102)	(78,021)	(382,650)	(460,671)
KFAS, NLST and Zakat	(19,927)	-	(19,927)	(64,144)	-	(64,144)
Total expenses and other charges	(474,452)	(603,849)	(1,078,301)	(433,058)	(657,208)	(1,090,266)
(LOSS) PROFIT FOR THE PERIOD	(270,817)	676,180	405,363	767,896	609,034	1,376,930

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11 SEGMENT INFORMATION (continued)

	<i>31 March 2025 (Unaudited)</i>			<i>31 December 2024 (Audited)</i>			<i>31 March 2024 (Unaudited)</i>		
	<i>Domestic KD</i>	<i>International KD</i>	<i>Total KD</i>	<i>Domestic KD</i>	<i>International KD</i>	<i>Total KD</i>	<i>Domestic KD</i>	<i>International KD</i>	<i>Total KD</i>
Total assets	25,712,335	76,485,664	102,197,999	24,759,926	76,722,768	101,482,694	21,426,912	79,057,153	100,484,065
Total liabilities	8,455,818	32,891,381	41,347,199	9,060,358	32,062,054	41,122,412	8,125,826	33,689,603	41,815,429
Commitments	15,078,055	-	15,078,055	15,734,819	-	15,734,819	17,358,967	-	17,358,967

Disaggregated revenue information

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

<i>Timing of revenue recognition</i>	<i>Three months ended 31 March 2025</i>			<i>Three months ended 31 March 2024</i>		
	<i>Domestic KD</i>	<i>Domestic KD</i>	<i>Domestic KD</i>	<i>Domestic KD</i>	<i>International KD</i>	<i>Total KD</i>
At a point of time	-	-	-	1,031,341	4,706	1,036,047
Over time	3,546	43,443	46,989	3,999	29,562	33,561
Total revenue from contracts with customers	3,546	43,443	46,989	1,035,340	34,268	1,069,608

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12 COMMITMENTS AND CONTINGENCIES

Capital commitments

As at 31 March 2025, 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 15,078,055 (31 December 2024: KD 15,734,819 and 31 March 2024: KD 17,358,967) There are no contractual commitments in respect of completed investment properties.

Contingencies

	31 March 2025 KD	(Audited) 31 December 2024 KD	31 March 2024 KD
Letters of guarantee	865,502	859,851	887,100

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 470,519 (31 December 2024: KD 464,868 and 31 March 2024: KD 492,117) 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.