

**AJIAL REAL ESTATE ENTERTAINMENT
COMPANY K.S.C.P. AND ITS SUBSIDIARY**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION
(UNAUDITED)**

30 JUNE 2023





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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Ajial Real Estate Entertainment Company K.S.C.P. (the “Parent Company”) and its subsidiary (collectively, the “Group”) as at 30 June 2023, and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income for the three months and six months period then ended, interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six months period then ended. The management of the Parent Company is responsible for the preparation and presentation of the interim condensed consolidated financial information in accordance with International Accounting Standard 34, *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on the 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 condensed consolidated 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 account 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 have occurred during the six months period ended 30 June 2023 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No 7 of 2010 concerning the Capital Markets Authority and its related regulations during the six-months period ended 30 June 2023 that might have had a material effect on the business of the Parent Company or on its financial position.

ABDULKARIM ALSAMDAN
LICENCE NO. 208 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

24 July 2023
Kuwait

Ajial Real Estate Entertainment Company K.S.C.P. and its Subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(UNAUDITED)

For the period ended 30 June 2023

	Notes	Three months ended		Six months ended	
		30 June		30 June	
		2023	2022	2023	2022
		KD	KD	KD	KD
Rental income		1,112,827	367,740	2,014,180	765,189
Property operating expenses		(237,104)	(59,039)	(511,967)	(122,310)
Net rental income		875,723	308,701	1,502,213	642,879
Revenue from rendering services		538,705	340	547,646	2,097
Rendering services expenses		(412,140)	(21,343)	(432,750)	(37,411)
Net services income (loss)		126,565	(21,003)	114,896	(35,314)
Share of result from associates	6	811,104	980,439	1,690,202	1,967,556
Unrealised gain (loss) on financial assets at fair value through profit or loss		146,807	(118,159)	99,060	(91,773)
Realised loss on sale of financial assets at fair value through profit or loss		-	-	-	(54,541)
Net investment income		957,911	862,280	1,789,262	1,821,242
Total operating income		1,960,199	1,149,978	3,406,371	2,428,807
Administrative expenses		(240,378)	(242,150)	(463,778)	(525,833)
Net operating income		1,719,821	907,828	2,942,593	1,902,974
Other income		45,182	853	75,896	3,523
Finance costs		(429,387)	(80,261)	(814,635)	(158,917)
PROFIT FOR THE PERIOD BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS), NATIONAL LABOUR SUPPORT TAX (NLST) AND ZAKAT		1,335,616	828,420	2,203,854	1,747,580
Contribution to KFAS		(3,885)	-	(3,885)	-
NLST		(30,118)	(24,054)	(53,505)	(47,904)
Zakat		(4,300)	(186)	(5,452)	(262)
PROFIT FOR THE PERIOD		1,297,313	804,180	2,141,012	1,699,414
BASIC AND DILUTED EARNINGS PER SHARE	4	6.39 fils	3.96 fils	10.54 fils	8.37 fils

The attached notes 1 to 15 form part of this interim condensed consolidated financial information.

Ajial Real Estate Entertainment Company K.S.C.P. and its Subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)

For the period ended 30 June 2023

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	2023	2022	2023	2022
	KD	KD	KD	KD
Profit for the period	1,297,313	804,180	2,141,012	1,699,414
Other comprehensive income				
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>				
<i>Foreign currency translation adjustments of an associate</i>	22,713	74,502	37,564	113,016
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,320,026	878,682	2,178,576	1,812,430


The attached notes 1 to 15 form part of this interim condensed consolidated financial information.

Ajjal Real Estate Entertainment Company K.S.C.P. and its Subsidiary
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL
POSITION (UNAUDITED)
As at 30 June 2023

		<i>30 June</i> <i>2023</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2022</i> <i>KD</i>	<i>30 June</i> <i>2022</i> <i>KD</i>
ASSETS				
Non-current assets				
Property and equipment		1,962,459	1,682,424	231,495
Investment properties	5	89,936,555	89,490,000	85,930,052
Investment in associates	6	75,650,991	75,699,932	75,189,155
		167,550,005	166,872,356	161,350,702
Current assets				
Account receivables and prepayments		388,853	195,449	377,980
Financial assets at fair value through profit or loss	15	520,031	420,971	498,539
Wakala investment deposits		3,000,000	3,000,000	500,000
Bank balances and cash	7	834,615	713,209	2,638,386
		4,743,499	4,329,629	4,014,905
TOTAL ASSETS		172,293,504	171,201,985	165,365,607
EQUITY AND LIABILITIES				
Equity				
Share capital	8	20,420,505	19,448,100	19,448,100
Share premium		5,199,430	5,199,430	5,199,430
Statutory reserve		2,286,866	2,286,866	1,872,577
Voluntary reserve		2,103,235	2,103,235	1,688,946
Treasury shares	9	(319,250)	(319,250)	(319,250)
Effect of change in accounting policy of investment properties		46,118,487	46,118,487	46,118,487
Foreign currency translation reserve		42,659	5,095	27,650
Retained earnings		58,512,582	58,311,084	56,834,601
Total equity		134,364,514	133,153,047	130,870,541
Non-current liabilities				
Employees' end of service benefits		468,183	432,766	408,974
Account payables and accruals		940,372	708,987	746,733
Murabaha payables	10	31,000,000	31,750,000	29,600,000
		32,408,555	32,891,753	30,755,707
Current liabilities				
Account payables and accruals		3,540,009	3,806,622	3,362,217
Bank overdraft	9	480,426	600,563	377,142
Murabaha payables	10	1,500,000	750,000	-
		5,520,435	5,157,185	3,739,359
Total liabilities		37,928,990	38,048,938	34,495,066
TOTAL EQUITY AND LIABILITIES		172,293,504	171,201,985	165,365,607



Sheikh\ Ali\ Al Abdullah Al Khalifah Al Sabah
Chairman



Sheikh\ Hamad Mubarak Jaber Al Ahmad Al Sabah
Vice Chairman

The attached notes 1 to 15 form part of this interim condensed consolidated financial information.

Ajial Real Estate Entertainment Company K.S.C.P. and its Subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 June 2023

	<i>Share Capital KD</i>	<i>Share premium KD</i>	<i>Statutory reserve KD</i>	<i>Voluntary reserve KD</i>	<i>Treasury shares KD</i>	<i>Effect of change in accounting policy of investment properties KD</i>	<i>Foreign currency translation reserve KD</i>	<i>Retained earnings KD</i>	<i>Total equity KD</i>
As at 1 January 2023	19,448,100	5,199,430	2,286,866	2,103,235	(319,250)	46,118,487	5,095	58,311,084	133,153,047
Profit for the period	-	-	-	-	-	-	-	2,141,012	2,141,012
Other comprehensive income for the period	-	-	-	-	-	-	37,564	-	37,564
Total comprehensive income for the period	-	-	-	-	-	-	37,564	2,141,012	2,178,576
Dividendw (Note 8)	-	-	-	-	-	-	-	(967,109)	(967,109)
Bonus shares (Note 8)	972,405	-	-	-	-	-	-	(972,405)	-
As at 30 June 2023	20,420,505	5,199,430	2,286,866	2,103,235	(319,250)	46,118,487	42,659	58,512,582	134,364,514
As at 1 January 2022	19,448,100	5,199,430	1,872,577	1,688,946	(319,250)	46,118,487	(85,366)	56,102,298	130,025,222
Profit for the period	-	-	-	-	-	-	-	1,699,414	1,699,414
Other comprehensive income for the period	-	-	-	-	-	-	113,016	-	113,016
Total comprehensive income for the period	-	-	-	-	-	-	113,016	1,699,414	1,812,430
Dividends (note 8)	-	-	-	-	-	-	-	(967,111)	(967,111)
As at 30 June 2022	19,448,100	5,199,430	1,872,577	1,688,946	(319,250)	46,118,487	27,650	56,834,601	130,870,541

The attached notes 1 to 15 form part of this interim condensed consolidated financial information.

Ajial Real Estate Entertainment Company K.S.C.P. and its Subsidiary
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

For the period ended 30 June 2023

		<i>Six months ended</i>	
		<i>30 June</i>	
		2023	2022
<i>Notes</i>		KD	KD
OPERATING ACTIVITIES			
	Profit for the period before KFAS, NLST and Zakat	2,203,854	1,747,580
	Adjustments to reconcile profit for the period before KFAS, NLST and Zakat to net cash flows:		
	Depreciation	54,047	47,225
	Share of result of associates	(1,690,202)	(1,967,556)
	Unrealised gain (loss) on financial assets at fair value through profit or loss	(99,060)	91,773
	Realised loss on sale of financial assets at fair value through profit or loss	-	54,541
	Provision for employees' end of service benefits	35,417	68,230
	Interest income	(75,007)	(1,583)
	Finance costs	814,635	158,917
		1,243,684	199,127
	Working capital adjustments:		
	Account receivables and prepayments	(193,404)	204,934
	Account payables and accruals	(145,830)	16,716
	Cash flows from operations	904,450	420,777
	Employees' end of service benefits paid	-	(2,235)
	Net cash flows from operating activities	904,450	418,542
INVESTING ACTIVITIES			
	Additions to furniture and equipment	(334,082)	(2,008)
	Additions to investment properties	(446,555)	(2,668,149)
	Return of capital to investment in associates	-	134,943
	Dividends received from associates	1,776,707	1,066,024
	Lease collection received	-	179,842
	Proceeds from sale of financial assets at fair value through profit or loss	-	1,197,108
	Net movement in term deposits	-	60,000
	Interest income received	75,007	1,583
	Net cash flows from (used in) investing activities	1,071,077	(30,657)
FINANCING ACTIVITIES			
	Murabaha finance facilities available	-	1,800,000
	Lease payments	-	(219,326)
	Dividends paid	(919,349)	(912,565)
	Finance costs paid	(814,635)	(158,917)
	Net cash flows (used in) from financing activities	(1,733,984)	509,192
	NET INCREASE IN CASH AND CASH EQUIVALENTS	241,543	897,077
	Cash and cash equivalents at the beginning of the period	112,646	1,364,167
	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	354,189	2,261,244
Non-cash transactions:			
	Utilization of advance payment to contractor	-	86,388
	Additions to investment properties	-	(86,388)

The attached notes 1 to 15 form part of this interim condensed consolidated financial information.

Ajial Real Estate Entertainment Company K.S.C.P. and its Subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2023

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Ajial Real Estate Entertainment Company K.S.C.P. (the “Parent Company”) and its Subsidiary (collectively, the “Group”) for the six months period ended 30 June 2023 was authorized for issue in accordance with a resolution of the Parent Company’s Board of Directors on 24 July 2023.

The consolidated financial statements of the Group for the year ended 31 December 2022 were approved by the shareholders of the Parent Company at the Annual General Assembly Meeting (AGM) held on 5 April 2023.

The Parent Company is a Kuwaiti Public Shareholding Company registered and incorporated in Kuwait on 26 October 1996. The Group is engaged in real estate, contracting and entertainment activities and all related real estate trading activities, which includes renting, purchasing and selling lands and buildings. The Parent Company’s shares are listed on Boursa Kuwait.

The registered head office of the Parent Company is located at Hawally, Block 5, Beirut Street, Al-Andalus Complex, 16th Floor, P.O. Box 44301, Hawally 32058, Kuwait.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim condensed consolidated financial information of the Group has been prepared in accordance with IAS 34 Interim Financial Reporting (“IAS 34”), ‘*Interim Financial Reporting*’.

The interim condensed consolidated financial information is presented in Kuwaiti Dinars (“KD”), which is also the functional currency of the Parent Company.

The interim condensed consolidated financial information does not contain all information and disclosures required for annual consolidated financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2022. In addition, results for the six months ended 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting policies 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 standards effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial information of the Group.

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.

Ajial Real Estate Entertainment Company K.S.C.P. and its Subsidiary
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
 INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2023

**3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP
 (continued)**

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

The amendments had no impact on the Group's interim condensed consolidated financial statements but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Group's interim condensed consolidated financial information, as it does not have assets or liabilities in scope of IAS 12 as at the reporting date.

4 BASIC AND DILUTED EARNINGS PER SHARE

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

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	2023	2022	2023	2022
Profit for the period (KD)	1,297,313	804,180	2,141,012	1,699,414
Weighted average number of shares outstanding (Shares)*	203,094,687	203,094,687	203,094,687	203,094,687
Basic and diluted earnings per share (fils)	6.39	3.96	10.54	8.37

* The weighted average of shares takes into account the weighted average effect of changes in treasury shares during the period.

Basic and diluted earnings per share for the comparative period presented has been adjusted to reflect the effect of bonus shares (Note 8).

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of the authorization of this interim condensed consolidated financial information.

5 INVESTMENT PROPERTIES

	<i>30 June</i>	<i>(Audited)</i>	<i>30 June</i>
	2023	<i>31 December</i>	<i>30 June</i>
	KD	2022	2022
		KD	KD
As at the beginning of the period / year	89,490,000	83,175,515	83,175,515
Additions	446,555	6,006,868	2,754,537
Change in fair value of investment properties	-	1,964,780	-
Transfer to property and equipment	-	(1,657,163)	-
As at the end of the period / year	89,936,555	89,490,000	85,930,052

Ajial Real Estate Entertainment Company K.S.C.P. and its Subsidiary
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
 INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2023

5 INVESTMENT PROPERTIES (continued)

As at 30 June 2023, investment properties with a carrying value of KD 64,732,138 (31 December 2022: KD 64,340,000 and 30 June 2022: KD 82,122,544) is pledged as a security against Murabaha payables of KD 32,500,000 (31 December 2022: KD 32,500,000 and 30 June 2022: KD 29,600,000) (Note 10) and bank overdraft of KD 480,426 (31 December 2022: KD 600,563 and 30 June 2022: KD 377,142) (Note 7).

The fair value of investment properties has been determined based on valuations performed by two independent professional real estate valuers, who are industry specialize in valuing such type of investment properties. One of these valuers is a local bank and the other is a local reputable accredited valuer. As required by the Capital Market Authority (CMA), the Group has selected the lower of these valuations.

The Management believes that there is no significant change in the fair value of investment properties since the latest valuation performed as at 31 December 2022.

Fair value hierarchy disclosures for investment properties are provided in Note 15.

6 INVESTMENT IN ASSOCIATES

Movement in the carrying value of investment in associates during the period /year is as follows:

	30 June	<i>(Audited)</i> 31 December	30 June
	2023	2022	2022
	KD	KD	KD
At the beginning of the period / year	75,699,932	74,309,550	74,309,550
Share of results	1,690,202	2,608,457	1,967,556
Return of capital	-	(242,512)	(134,943)
Dividends received	(1,776,707)	(1,066,024)	(1,066,024)
Foreign currency translation adjustments	37,564	90,461	113,016
At the end of the period / year	75,650,991	75,699,932	75,189,155

The share of results of an associate for the period ended 30 June 2023 have been recorded based on the management accounts.

7 CASH AND CASH EQUIVALENTS

For the purpose of the interim condensed consolidated statement of cash flows, cash and cash equivalents are comprised of the following:

	30 June	<i>(Audited)</i> 31 December	30 June
	2023	2022	2022
	KD	KD	KD
Bank balances and cash	834,615	713,209	2,638,386
Less: Bank overdraft	(480,426)	(600,563)	(377,142)
Total cash and cash equivalents	354,189	112,646	2,261,244

Bank overdraft represent facilities granted by local bank in Kuwaiti Dinars and carries an effective interest rates of 1.25% (31 December 2022: 1.25% and 30 June 2022: 1.5%) per annum over the Central Bank of Kuwait discount rate which is secured against certain investment properties (Note 5).

Ajial Real Estate Entertainment Company K.S.C.P. and its Subsidiary
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
 INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2023

8 SHARE CAPITAL

	30 June 2023 KD	<i>(Audited)</i> 31 December 2022 KD	30 June 2022 KD
Authorized, issued and paid up share capital			
204,205,050 shares of 100 fils each (31 December 2022):			
194,481,000 shares of 100 fils each and 30 June 2022			
194,481,000 shares of 100 fils each) fully paid in cash	20,420,505	19,448,100	19,448,100

On 5 April 2023, the Annual General Assembly meeting of the Parent Company's shareholders approved distribution of dividends for the year ended 31 December 2022 as follows:

- ▶ Cash dividends of 5 fils per share (31 December 2021: 5 fils per share) to the eligible shareholders as detailed in the schedule approved by Annual General Assembly, after excluding treasury shares; and
- ▶ Bonus shares of 5% (31 December 2021: Nil) to the eligible shareholders as detailed in the schedule approved by Annual General Assembly.

On 5 April 2023, the Extra-Ordinary General Assembly ("EGM") of the Parent Company's shareholders approved the increase of the Parent Company's authorised, issued, and paid up share capital by issuing 9,724,050 bonus shares amounting to KD 972,405 to the shareholders registered in the Parent Company's records. The issuance of bonus shares were made from the Group's retained earnings.

9 TREASURY SHARES

	30 June 2023 KD	<i>(Audited)</i> 31 December 2022 KD	30 June 2022 KD
Number of treasury shares	1,110,363	1,057,489	1,057,489
Percentage of ownership	0.54%	0.54%	0.54%
Market value (KD)	255,383	306,672	306,672
Cost (KD)	319,250	319,250	319,250

The weighted average market price of the Parent Company's shares for the period ended 30 June 2023 was 230 fils per share (31 December 2022: 290 fils per share and 30 June 2022: 290 fils per share)

Reserves equivalent to the cost of treasury shares are not available for distribution throughout the period/year these shares are held by the Group as per CMA guidelines.

10 MURABAHA PAYABLE

Murabaha payable is obtained from a local bank, denominated in Kuwaiti Dinar, mature on various dates, carry an average profit rate of 1.25% (31 December 2022: 1.25% and 30 June 2022: 1.5 %) per annum over the Central Bank of Kuwait's discount rate and secured against certain investment properties with carrying value of KD 64,732,138 as at 30 June 2023 (31 December 2022: KD 64,340,000 and 30 June 2022: KD 82,122,544) (Note 5).

Ajjal Real Estate Entertainment Company K.S.C.P. and its Subsidiary
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
 INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2023

11 RELATED PARTY DISCLOSURES

These represent transactions with major shareholders, directors, executive officers and key management personnel of the Group, close members of their families and companies of which they are principal owners or over which they are able to exercise control or significant influence entered into by the Group in the ordinary course of business. Pricing policies and terms of these transactions are approved by the Parent Company's management.

Transactions and balances with related parties included in the interim condensed consolidated financial information are as follows:

	30 June	<i>(Audited)</i>	
	2023	31 December	30 June
	KD	2022	2022
		KD	KD
<i>Interim condensed consolidated statement of profit or loss:</i>			
Rent and other expense (included in property operating expenses and administrative expenses)	-	-	1,125
<i>Interim condensed consolidated statement of financial position:</i>			
Amounts due to related party	-	-	55,411

Amounts due to a related party is interest free and is payable within one year from the reporting date.

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	2023	2022	2023	2022
	KD	KD	KD	KD
<i>Compensation of key management personnel:</i>				
Salaries and short-term benefits	44,945	47,334	94,716	100,241
Employees' end of service benefits	7,264	7,264	14,448	36,068
	52,209	54,598	109,164	136,309

On 6 February 2023, the Board of Directors of the Parent Company proposed directors' remuneration of KD 75,000 for the year ended 31 December 2022 (2021: KD 75,000). This proposal was subject to the approval of the shareholders at the AGM of the Parent Company.

The Annual General Assembly of the Parent Company's shareholders held on 5 April 2023 approved the board of directors' recommendation to distribute a directors' remuneration of KD 75,000 (2021: KD 75,000).

12 CONTINGENT LIABILITIES

As at 30 June 2023, the Group has contingent liabilities representing letter of guarantee amounting to KD 21,399 (31 December 2022: KD 21,399 and 30 June 2022: KD 21,399) issued to the Ministry of Finance in respect of its investment properties, from which it is anticipated that no material liability will arise.

13 CAPITAL COMMITMENTS

The Group has entered into construction contracts with third parties and is consequently committed to future capital expenditure in respect of properties under construction of KD Nil (31 December 2022: KD Nil and 30 June 2022: KD 2,997,962).

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14 SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on their products and services, and has two reportable operating segments as follows:

- ▶ Real estate investing activities comprises investment and trading in real estate and construction or development of real estate for the sale in the ordinary course of business and other related real estate services.
- ▶ Equities and other investing activities comprise participation in financial and real estate funds and managing the Group's liquidity requirements.

Segment reporting information is as follows:

	<i>Real estate activities KD</i>	<i>Entertainment activities</i>	<i>Equities and other investing activities KD</i>	<i>Unallocated KD</i>	<i>Total KD</i>
<i>Period ended 30 June 2023</i>					
Segment revenue	2,014,180	547,646	1,789,262	75,896	4,426,984
Segment expenses	(1,078,589)	(432,750)	(248,014)	(526,619)	(2,285,972)
Segment results	935,591	114,896	1,541,248	(450,723)	2,141,012
<i>Period ended 30 June 2022</i>					
Segment revenue	765,189	2,097	1,967,556	3,523	2,738,365
Segment expenses	(122,310)	(37,411)	(305,231)	(573,999)	(1,038,951)
Segment results	642,879	(35,314)	1,662,325	(570,476)	1,699,414
<i>As at 30 June 2023</i>					
Segment assets	86,457,442	5,395,001	76,171,022	4,270,042	172,293,507
Segment liabilities	23,920,798	159,845	10,000,000	3,848,352	37,928,995
<i>As at 31 December 2022 (audited)</i>					
Segment assets	86,040,000	3,450,000	76,120,903	5,591,082	171,201,985
Segment liabilities	23,809,550	3,083	10,000,000	4,236,305	38,048,938
<i>As at 30 June 2022</i>					
Segment assets	82,122,544	3,807,508	75,687,694	3,747,861	165,365,607
Segment liabilities	20,586,327	47,484	10,000,000	3,861,255	34,495,066

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15 FAIR VALUE MEASUREMENT

Investment properties and financial assets at fair value through profit or loss have been stated at fair values. For other financial assets and financial liabilities carried at amortized cost, the carrying value is not significantly different from their fair values as most of these assets and liabilities are of short-term maturity or repriced immediately based on market movement in interest rates.

Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the interim condensed consolidated financial information are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- ▶ 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; and
- ▶ Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table shows an analysis of the Group's assets recorded at fair value by level of the fair value hierarchy:

	<i>Level 2</i> <i>KD</i>	<i>Level 3</i> <i>KD</i>	<i>Total</i> <i>KD</i>
<i>As at 30 June 2023</i>			
Investment properties	-	89,936,555	89,936,555
Financial assets at fair value through profit or loss	55,628	464,403	520,031
<i>As at 31 December 2022 (Audited)</i>			
Investment properties	-	89,490,000	89,490,000
Financial assets at fair value through profit or loss	58,464	362,507	420,971
<i>As at 30 June 2022</i>			
Investment properties	-	85,930,053	85,930,053
Financial assets at fair value through profit or loss	-	498,539	498,539

The following table shows a reconciliation of the opening and closing amount of level 3 financial assets:

	<i>At the</i> <i>beginning</i> <i>of the period /</i> <i>year</i> <i>KD</i>	<i>Net gains (losses)</i> <i>KD</i>	<i>Net purchases,</i> <i>transfers, sales</i> <i>and settlements</i> <i>KD</i>	<i>At the</i> <i>end of the period /</i> <i>year</i> <i>KD</i>
<i>Financial assets at fair value through</i>				
<i>profit or loss</i>				
30 June 2023	362,506	101,897	-	464,403
31 December 2022 (Audited)	1,786,513	(166,467)	(1,257,539)	362,507
30 June 2022	1,786,513	(36,325)	(1,251,649)	498,539
<i>Investment properties</i>				
30 June 2023	89,490,000	-	446,555	89,936,555
31 December 2022 (Audited)	83,175,515	1,964,780	4,349,705	89,490,000
30 June 2022	83,175,515	-	2,754,538	85,930,053

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15 FAIR VALUE MEASUREMENT (continued)

Description of significant unobservable inputs to valuation of financial assets:

Managed funds:

Managed funds have been valued based on Net Asset Value (NAV) provided by the custodian of the fund, the sensitivity of the fair value measurement to changes in unobservable inputs is not available.

Unquoted equity securities:

	<i>Valuation techniques</i>	<i>Significant unobservable inputs</i>	<i>Range</i>	<i>Sensitivity of the input to fair value</i>
Unquoted equity securities	Average market multiples approach	DLOM *	20%-50%	5% increase (decrease) in the discount would decrease (increase) the fair value by KD 23,220

* Discount for lack of marketability represents the amounts that the Group has determined that market participants would take into account when pricing the investments.

Description of valuation techniques used and key inputs to valuation of investment properties:

Developed properties

Developed properties are valued using the income capitalization approach, which is based on capitalization of the discounted annual cash flows from the property. This is calculated by discounting rental income generated annually by the property using the current market discount rate.

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