

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

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

30 JUNE 2022

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 2022, and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income for the three-month and six-month periods 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 2022 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 2022 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

19 July 2022
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 2022

	Notes	<i>Three months ended</i>		<i>Six months ended</i>	
		<i>30 June</i>		<i>30 June</i>	
		2022	2021	2022	2021
		KD	KD	KD	KD
Rental and services income		368,080	306,378	767,286	604,988
Property operating expenses		(80,382)	(100,164)	(159,721)	(172,594)
Net rental income		287,698	206,214	607,565	432,394
Share of result from associates	7	980,439	814,697	1,967,556	1,763,066
Unrealised (loss) gain on financial assets at fair value through profit or loss		(118,159)	255,673	(91,773)	354,220
Realised loss on sale of financial assets at fair value through profit or loss		-	-	(54,541)	-
Dividend income		-	11,099	-	11,099
Net investment income		862,280	1,081,469	1,821,242	2,128,385
Total operating income		1,149,978	1,287,683	2,428,807	2,560,779
Administrative expenses		(242,150)	(200,029)	(525,833)	(392,110)
Net operating income		907,828	1,087,654	1,902,974	2,168,669
Other income		853	14,756	3,523	30,998
Finance costs		(80,261)	(94,410)	(158,917)	(198,778)
Reversal of legal claim	4	-	-	-	822,191
PROFIT FOR THE PERIOD BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS), NATIONAL LABOUR SUPPORT TAX (NLST) AND ZAKAT		828,420	1,008,000	1,747,580	2,823,080
Contribution to KFAS		-	(1,316)	-	(8,716)
NLST		(24,054)	(25,431)	(47,904)	(71,081)
Zakat		(186)	(2,324)	(262)	(11,539)
PROFIT FOR THE PERIOD		804,180	978,929	1,699,414	2,731,744
BASIC AND DILUTED EARNINGS PER SHARE	5	4.16 fils	5.06 fils	8.79 fils	14.12 fils

The attached notes 1 to 16 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 COMPREHENSIVE
INCOME (UNAUDITED)

For the period ended 30 June 2022

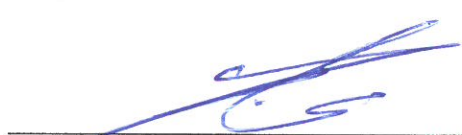
	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	2022	<i>2021</i>	2022	<i>2021</i>
	KD	<i>KD</i>	KD	<i>KD</i>
Profit for the period	804,180	978,929	1,699,414	2,731,744
Other comprehensive (loss) income				
<i>Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:</i>				
<i>Foreign currency translation adjustments of an associate</i>	74,502	(40,379)	113,016	(99,228)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	878,682	938,550	1,812,430	2,632,516

The attached notes 1 to 16 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 FINANCIAL
POSITION (UNAUDITED)**

As at 30 June 2022

		<i>(Audited)</i>	
	<i>Notes</i>	<i>30 June 2022 KD</i>	<i>31 December 2021 KD</i>
		<i>30 June 2021 KD</i>	
ASSETS			
Non-current assets			
Property and equipment		231,495	276,712
Investment properties	6	85,930,052	83,175,515
Investment in associates	7	75,189,155	74,309,550
		<u>161,350,702</u>	<u>157,761,777</u>
			<u>150,833,133</u>
Current assets			
Receivable from sublease		-	179,842
Account receivables and prepayments		377,980	582,914
Financial assets at fair value through profit or loss		498,539	1,841,961
Wakala investment deposits		500,000	560,000
Bank balances and cash	8	2,638,386	1,880,407
		<u>4,014,905</u>	<u>5,045,124</u>
			<u>5,331,772</u>
TOTAL ASSETS		<u>165,365,607</u>	<u>162,806,901</u>
			<u>156,164,905</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	9	19,448,100	19,448,100
Share premium		5,199,430	5,199,430
Statutory reserve		1,872,577	1,872,577
Voluntary reserve		1,688,946	1,688,946
Treasury shares	10	(319,250)	(319,250)
Effect of change in accounting policy of investment properties		46,118,487	46,118,487
Foreign currency translation reserve		27,650	(85,366)
Retained earnings		56,834,601	56,102,298
Total equity		<u>130,870,541</u>	<u>130,025,222</u>
			<u>128,549,425</u>
Non-current liabilities			
Employees' end of service benefits		408,974	342,979
Account payables and accruals		746,733	599,433
Murabaha payables	11	29,600,000	27,800,000
		<u>30,755,707</u>	<u>28,742,412</u>
			<u>23,718,974</u>
Current liabilities			
Account payables and accruals		3,362,217	3,523,027
Bank overdraft	8	377,142	516,240
Murabaha payables		-	-
		<u>3,739,359</u>	<u>4,039,267</u>
			<u>3,896,506</u>
Total liabilities		<u>34,495,066</u>	<u>32,781,679</u>
			<u>27,615,480</u>
TOTAL EQUITY AND LIABILITIES		<u>165,365,607</u>	<u>162,806,901</u>
			<u>156,164,905</u>


Sheikh Ali Al Abdullah Al Khalifah Al Sabah
Chairman

The attached notes 1 to 16 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 2022

	<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 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 9)	-	-	-	-	-	-	-	(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
As at 1 January 2021	19,448,100	5,199,430	1,437,410	1,253,779	(319,250)	46,118,487	(26,379)	52,805,332	125,916,909
Profit for the period	-	-	-	-	-	-	-	2,731,744	2,731,744
Other comprehensive loss for the period	-	-	-	-	-	-	(99,228)	-	(99,228)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(99,228)	2,731,744	2,632,516
As at 30 June 2021	19,448,100	5,199,430	1,437,410	1,253,779	(319,250)	46,118,487	(125,607)	55,537,076	128,549,425

The attached notes 1 to 16 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 2022

	<i>Six months ended</i>	
	<i>30 June</i>	
<i>Notes</i>	2022	2021
	KD	KD
OPERATING ACTIVITIES		
Profit for the period before KFAS, NLST and Zakat	1,747,580	2,823,080
Adjustments to reconcile profit for the period to net cash flows:		
Depreciation	47,225	47,303
Share of result of associates	(1,967,556)	(1,763,066)
Unrealised loss (gain) on financial assets at fair value through profit or loss	91,773	(354,220)
Realised loss on sale of financial assets at fair value through profit or loss	54,541	-
Dividend income	-	(11,099)
Provision for employees' end of service benefits	68,230	25,392
Interest income	(1,583)	(22,409)
Finance costs	158,917	198,778
Reversal of legal claims	-	(822,191)
	199,127	121,568
Working capital adjustments:		
Account receivables and prepayments	204,934	203,106
Account payables and accruals	16,716	133,146
	420,777	457,820
Cash flows from operations	420,777	457,820
Employees' end of service benefits paid	(2,235)	(2,856)
	418,542	454,964
Net cash flows from operating activities		
INVESTING ACTIVITIES		
Additions to furniture and equipment	(2,008)	(17,061)
Additions to investment properties	(2,668,149)	(5,055,366)
Return of capital to investment in associates	134,943	95,791
Dividends received from associates	1,066,024	710,683
Proceeds from sale of financial assets at fair value through profit or loss	1,197,108	-
Net movement in wakala investment deposits	60,000	580,000
Interest income received	1,583	22,409
Dividend Received	-	11,099
Lease collection received	179,842	-
	(30,657)	(3,652,445)
Net cash flows used in investing activities		
FINANCING ACTIVITIES		
Dividends paid	(912,565)	(6,301)
Finance costs paid	(158,917)	(198,778)
Lease payments	(219,326)	(44,630)
Murabaha finance facilities available	1,800,000	3,500,000
	509,192	3,250,291
Net cash flows from financing activities		
NET INCREASE IN CASH AND CASH EQUIVALENTS		
	897,077	52,810
Cash and cash equivalents at the beginning of the period	1,364,167	1,702,970
	2,261,244	1,755,780
CASH AND CASH EQUIVALENTS AT 30 JUNE		
Non-cash transactions:		
Retention payable	86,388	440,744
Additions to investment properties	(86,388)	(440,744)

The attached notes 1 to 16 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 2022

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 2022 was categorized for issue in accordance with a resolution of the Board of Directors on 19 July 2022.

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 consolidated financial statements of the Group for the year ended 31 December 2021 were approved by the shareholders of the Parent Company at the Annual General Assembly Meeting (AGM) held on 28 March 2022.

The registered head office of the Parent Company is located at Al Hamra Tower, 26th Floor, Office No. 2, P.O. Box 22448, Safat 13085, 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 accounting policies used in the preparation of these interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2021.

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 2021. In addition, results for the six months ended 30 June 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022. 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 2021, except for the adoption of new standards effective as of 1 January 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The adoption of these standards did not have any effect on the financial performance or financial position of the Group.

4 REVERSAL OF LEGAL CLAIM

In 2015, the Group raised a legal case against the Ministry of Finance requesting the cancellation of National Labour Support Tax (NLST) amounts claimed by the Ministry of Finance for the fiscal year 2012 and since that time, the case was under the assessment of the court of litigation. The final verdict was issued by the Court of Cassation on 10 March 2021 in favor of the Group stipulating the cancellation of this claim. Accordingly, based on the final verdict issued, the Group has reversed the excess provision recorded previously of KD 822,191 in the interim condensed consolidated statement of profit or loss for the period then ended.

5 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.

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 2022

5 BASIC AND DILUTED EARNINGS PER SHARE (continued)

	<i>Three months ended</i> <i>30 June</i>		<i>Six months ended</i> <i>30 June</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
Profit for the period (KD)	804,180	978,929	1,699,414	2,731,744
Weighted average number of shares outstanding (Shares)*	193,423,511	193,423,511	193,423,511	193,423,511
Basic and diluted earnings per share (fils)	4.16	5.06	8.79	14.12

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

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

6 INVESTMENT PROPERTIES

	<i>30 June</i>	<i>(Audited)</i> <i>31 December</i>	<i>30 June</i>
	<i>2022</i>	<i>2021</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
As at the beginning of the period / year	83,175,515	72,244,626	72,244,626
Additions	2,754,537	10,605,069	5,496,110
Change in fair value of investment properties	-	325,820	-
As at the end of the period / year	85,930,052	83,175,515	77,740,736

Investment properties are categorized as follows:

	<i>30 June</i>	<i>(Audited)</i> <i>31 December</i>	<i>30 June</i>
	<i>2022</i>	<i>2021</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Properties under development	60,422,543	57,675,515	51,718,456
Developed properties	25,507,509	25,500,000	26,022,280
As at the end of the period / year	85,930,052	83,175,515	77,740,736

As at 30 June 2022, investment properties with a carrying value of KD 82,122,544 (31 December 2021: KD 79,375,515 and 30 June 2021: KD 73,418,457) is pledged as a security against Murabaha payables of KD 29,600,000 (31 December 2021: KD 27,800,000 and 30 June 2021: KD 23,900,000) (Note 11) and bank overdraft of KD 377,142 (31 December 2021: KD 516,240 and 30 June 2021: KD 1,253) (Note 8).

The fair value of investment properties has been determined based on valuations performed by two independent professional real estate valuers, who are industry specialized in valuing such type of investment properties. One of these valuers is a local bank and the other is a local reputable accredited valuer. Both valuers have used the following methods:

- ▶ Properties under development has been valued using a combination of the sales comparison approach for the land and cost approach for the construction work.
- ▶ Developed properties which generates rental income has been valued using the income capitalization approach.

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 2021.

Fair value hierarchy disclosures for investment properties are provided in Note 16.

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 2022

7 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
	2022	2021	2021
	KD	KD	KD
At the beginning of the period / year	74,309,550	71,910,996	71,910,996
Share of results	1,967,556	3,340,472	1,763,066
Return of capital	(134,943)	(172,248)	(95,791)
Dividends received	(1,066,024)	(710,683)	(710,683)
Foreign currency translation adjustments	113,016	(58,987)	(99,228)
	<u>75,189,155</u>	<u>74,309,550</u>	<u>72,768,360</u>

The share of results of an associate for the period ended 30 June 2022 have been recorded based on the management accounts.

8 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
	2022	2021	2021
	KD	KD	KD
Bank balances and cash	2,638,386	1,880,407	1,757,033
Less: Bank overdraft	(377,142)	(516,240)	(1,253)
Total cash and cash equivalents	<u>2,261,244</u>	<u>1,364,167</u>	<u>1,755,780</u>

Bank overdraft represent facilities granted by local bank in Kuwaiti Dinars and carries an effective interest rates of 1.5% (31 December 2021: 1.5% and 30 June 2021: 1.5%) per annum over the Central Bank of Kuwait discount rate which is secured against certain investment properties (Note 6).

9 SHARE CAPITAL

	30 June	<i>(Audited)</i> 31 December	30 June
	2022	2021	2021
	KD	KD	KD
Authorized, issued and paid up share capital			
194,481,000 shares of 100 fils each (31 December 2021:			
194,481,000 shares of 100 fils each and 30 June 2021			
194,481,000 shares of 100 fils each) fully paid in cash	19,448,100	19,448,100	19,448,100
	<u>19,448,100</u>	<u>19,448,100</u>	<u>19,448,100</u>

The Annual General Assembly meeting (“AGM”) of the Parent Company’s shareholders held on 28 March 2022 approved the Board of Directors’ recommendation to distribute cash dividends of 5 fils per share for the year ended 31 December 2021 (2020: Nil).

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 2022

10 TREASURY SHARES

	30 June 2022 KD	<i>(Audited)</i> 31 December 2021 KD	30 June 2021 KD
Number of treasury shares	1,057,489	1,057,489	1,057,489
Percentage of ownership	0.54%	0.54%	0.54%
Market value (KD)	306,672	321,477	248,510
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 2022 was 290 fils per share (31 December 2021: 304 fils per share and 30 June 2021: 235 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.

11 MURABAHA PAYABLE

Murabaha payable is obtained from a local bank, denominated in Kuwaiti Dinar and carry a profit rate of 1.5% (31 December 2021: 1.5% and 30 June 2021: 1.5%) per annum over the Central Bank of Kuwait's discount rate and secured against certain investment properties with carrying value of KD 82,122,544 as at 30 June 2022 (31 December 2021: 79,375,515 and 30 June 2021: KD 73,418,457) (Note 6).

12 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:

	<i>Three months ended</i> 30 June		<i>Six months ended</i> 30 June	
	2022 KD	2021 KD	2022 KD	2021 KD
<i>Interim condensed consolidated statement of profit or loss</i>				
Rent and other expense (included in property operating expenses and administrative expenses) (an associate)	1,125	1,110	2,244	2,224
			<i>(Audited)</i>	
	Associate	30 June	31 December	30 June
	KD	2022	2021	2021
		KD	KD	KD
<i>Interim condensed consolidated statement of financial position:</i>				
Amounts due to related party	55,411	55,411	155,617	142,381
Lease liabilities	-	-	445,829	888,533

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

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 2022

12 RELATED PARTY DISCLOSURES (continued)

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Compensation of key management personnel:</i>				
Salaries and short-term benefits	47,334	40,963	100,241	83,180
Employees' end of service benefits	7,264	6,232	36,068	12,416
	54,598	47,195	136,309	95,596

On 7 February 2022, the Board of Directors of the Parent Company proposed directors' remuneration of KD 75,000 for the year ended 31 December 2021 (2020: KD 20,000). 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 28 March 2022 approved the board of directors' recommendation to distribute a directors' remuneration of KD 75,000 (2020: KD 20,000).

13 CONTINGENT LIABILITIES

As at 30 June 2022, the Group has contingent liabilities representing letter of guarantee amounting to KD 21,399 (31 December 2021: KD 21,399 and 30 June 2021: 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.

14 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 2,997,962 (31 December 2021: KD 3,687,276 and 30 June 2021: KD 6,596,990).

15 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</i>	<i>Equities and other investing activities</i>	<i>Unallocated</i>	<i>Total</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Period ended 30 June 2022</i>				
Segment revenue	767,286	1,821,242	3,523	2,592,051
Segment expenses	(159,721)	(149,589)	(583,327)	(892,637)
Segment results	607,565	1,671,653	(579,804)	1,699,414
<i>As at 30 June 2022</i>				
Segment assets	85,930,052	75,687,694	3,747,861	165,365,607
Segment liabilities	20,995,301	10,000,000	3,499,765	34,495,066

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15 SEGMENT INFORMATION (continued)

	<i>Real estate activities KD</i>	<i>Equities and other investing activities KD</i>	<i>Unallocated KD</i>	<i>Total KD</i>
<i>As at 31 December 2021 (Audited)</i>				
Segment assets	83,175,515	76,151,511	3,479,875	162,806,901
Segment liabilities	19,079,644	10,000,000	3,702,035	32,781,679
<i>Period ended 30 June 2021</i>				
Segment revenue	604,988	2,128,385	853,189	3,586,562
Segment expenses	(288,201)	(83,171)	(483,446)	(854,818)
Segment results	316,787	2,045,214	369,743	2,731,744
<i>As at 30 June 2021</i>				
Segment assets	77,740,736	74,633,301	3,790,868	156,164,905
Segment liabilities	14,493,724	10,000,000	3,121,756	27,615,480

16 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 KD</i>	<i>Level 3 KD</i>	<i>Total KD</i>
<i>As at 30 June 2022</i>			
Investment properties	60,422,544	25,507,509	85,930,052
Financial assets at fair value through profit or loss	-	498,539	498,539
<i>As at 31 December 2021 (Audited)</i>			
Investment properties	57,675,515	25,500,000	83,175,515
Financial assets at fair value through profit or loss	-	1,841,961	1,841,961
<i>As at 30 June 2021</i>			
Investment properties	51,718,456	26,022,280	77,740,736
Financial assets at fair value through profit or loss	-	1,864,941	1,864,941

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16 FAIR VALUE MEASUREMENT (continued)

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

	<i>At the beginning of the period / year KD</i>	<i>Net gains (losses) KD</i>	<i>Net purchases, transfers, sales and settlements KD</i>	<i>At the end of the period / year KD</i>
<i>Financial assets at fair value though profit or loss 30 June 2022</i>	1,841,961	(91,773)	(1,251,649)	498,539
31 December 2021 (Audited)	1,510,721	331,240	-	1,841,961
30 June 2021	1,510,721	354,220	-	1,864,941
<i>Investment properties 30 June 2022</i>	25,500,000	-	7,509	25,507,509
31 December 2021 (Audited)	26,020,000	(523,180)	3,180	25,500,000
30 June 2021	26,020,000	-	2,280	26,022,280

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 24,927.

* 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:

Investment properties

Property under development

Property under development is valued using a combination of the sales comparison approach for the land and cost approach for the construction work. Sales comparison approach is based on a comparison of active market prices for similar properties and recent arm's length market transactions, adjusted for difference in the nature, location or condition of the specific property. Estimated cost approach is based on a comparison of the cost of constructing a similar property taking into consideration depreciation of the construction costs, adjusted for difference in the nature, location or condition of the specific property.

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.