

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

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

30 SEPTEMBER 2024



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 subsidiaries (collectively, the “Group”) as at 30 September 2024, and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income for the three-month and nine-month periods then ended, related interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the nine-month 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 nine-month period ended 30 September 2024 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our audit, we have not become aware of any violations of the provisions of Law No. 7 of 2010 concerning establishment of Capital Markets Authority (“CMA”) and organisation of security activity and its executive regulations, as amended, during the nine-month period ended 30 September 2024 that might have had a material effect on the business of the Parent Company or on its financial position.



BADER A. AL-ABDULJADER
LICENCE NO. 207 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

22 October 2024
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
(UNAUDITED)

For the period ended 30 September 2024

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2024	2023	2024	2023
		KD	KD	KD	KD
Rental income		1,480,750	1,368,917	4,457,199	3,383,097
Property operating expenses		(305,573)	(235,709)	(878,047)	(747,676)
Net rental income		1,175,177	1,133,208	3,579,152	2,635,421
Revenue from rendering services		678,412	758,161	1,803,855	1,305,807
Rendering services expenses		(409,510)	(492,741)	(1,154,111)	(925,491)
Net services income		268,902	265,420	649,744	380,316
Share of result from associates	5	970,867	804,007	2,828,715	2,494,209
Unrealised gain on financial assets at fair value through profit or loss		29,041	5,487	230,437	104,547
Realised gain on financial assets at fair value through profit or loss		-	1,160	-	1,160
Dividend income		50	4,380	114,805	4,380
Wakala investment deposits income		28,164	20,787	98,400	95,794
Net investment income		1,028,122	835,821	3,272,357	2,700,090
Total operating income		2,472,201	2,234,449	7,501,253	5,715,827
Administrative expenses		(243,287)	(244,180)	(757,205)	(707,957)
Expected credit losses		(96,018)	-	(192,553)	-
Net operating income		2,132,896	1,990,269	6,551,495	5,007,870
Other income		438	-	1,371	889
Finance costs		(410,220)	(429,114)	(1,236,890)	(1,243,750)
PROFIT FOR THE PERIOD BEFORE TAXES		1,723,114	1,561,155	5,315,976	3,765,009
Contribution to Kuwait Foundation for Advancement of Sciences (KFAS)		(6,418)	(6,537)	(21,077)	(10,422)
National Labour Support Tax (NLST)		(45,186)	(39,388)	(133,460)	(92,893)
Zakat		(8,984)	(8,170)	(26,617)	(13,622)
PROFIT FOR THE PERIOD		1,662,526	1,507,060	5,134,822	3,648,072
BASIC AND DILUTED EARNINGS PER SHARE	3	7.95 fils	7.20 fils	24.55 fils	17.44 fils

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 September 2024

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	2024	2023	2024	2023
	KD	KD	KD	KD
Profit for the period	1,662,526	1,507,060	5,134,822	3,648,072
Other comprehensive (loss) income				
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>				
Foreign currency translation adjustments of an associate	(39,067)	35,817	(54,255)	73,381
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,623,459	1,542,877	5,080,567	3,721,453


The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2024

		<i>(Audited)</i>	
	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>
	<i>2024</i>	<i>2023</i>	<i>2023</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
ASSETS	<i>Notes</i>		
Non-current assets			
Property and equipment		1,803,256	1,879,799
Investment properties	4	90,396,752	89,994,000
Investment in associates	5	77,014,604	76,843,160
Wakala investment deposits	6	410,000	-
		<u>169,624,612</u>	<u>168,716,959</u>
Current assets			
Inventories		48,676	94,586
Accounts receivable and prepayments		223,981	254,564
Financial assets at fair value through profit or loss	13	752,457	522,020
Bank balances and cash	6	3,900,347	3,031,207
		<u>4,925,461</u>	<u>3,902,377</u>
TOTAL ASSETS		<u><u>174,550,073</u></u>	<u><u>172,619,336</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	7	21,033,120	20,420,505
Share premium		5,199,430	5,199,430
Statutory reserve		2,755,789	2,755,789
Voluntary reserve		2,572,158	2,572,158
Treasury shares	8	(319,250)	(319,250)
Effect of change in accounting policy of investment properties		46,118,487	46,118,487
Foreign currency translation reserve		(14,217)	40,038
Retained earnings		62,395,414	59,904,137
Total equity		<u>139,740,931</u>	<u>136,691,294</u>
Non-current liabilities			
Employees' end of service benefits		534,927	474,632
Account payables and accruals		1,007,410	1,002,101
Murabaha payables	9	30,000,000	30,250,000
		<u>31,542,337</u>	<u>31,726,733</u>
Current liabilities			
Accounts payable and accruals		2,641,805	2,701,309
Bank overdrafts	6	-	-
Murabaha payables	9	625,000	1,500,000
		<u>3,266,805</u>	<u>4,201,309</u>
Total liabilities		<u>34,809,142</u>	<u>35,928,042</u>
TOTAL EQUITY AND LIABILITIES		<u><u>174,550,073</u></u>	<u><u>172,619,336</u></u>


 Sheikh/ Ali Al Abdullah Al Khalifah Al Sabah
 Chairman


 Sheikh\ Hamad Mubarak Jaber Al Ahmad Al Sabah
 Vice Chairman

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 2024

	<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 2024 (audited)	20,420,505	5,199,430	2,755,789	2,572,158	(319,250)	46,118,487	40,038	59,904,137	136,691,294
Profit for the period	-	-	-	-	-	-	-	5,134,822	5,134,822
Other comprehensive income for the period	-	-	-	-	-	-	(54,255)	-	(54,255)
Total comprehensive income for the period	-	-	-	-	-	-	(54,255)	5,134,822	5,080,567
Bonus Shares (Note 7)	612,615	-	-	-	-	-	-	(612,615)	-
Cash dividends (Note 7)	-	-	-	-	-	-	-	(2,030,930)	(2,030,930)
At 30 September 2024	21,033,120	5,199,430	2,755,789	2,572,158	(319,250)	46,118,487	(14,217)	62,395,414	139,740,931
As at 1 January 2023 (audited)	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	-	-	-	-	-	-	-	3,648,072	3,648,072
Other comprehensive income for the period	-	-	-	-	-	-	73,381	-	73,381
Total comprehensive income for the period	-	-	-	-	-	-	73,381	3,648,072	3,721,453
Bonus Shares (Note 7)	972,405	-	-	-	-	-	-	(972,405)	-
Cash dividends (Note 7)	-	-	-	-	-	-	-	(967,109)	(967,109)
At 30 September 2023	20,420,505	5,199,430	2,286,866	2,103,235	(319,250)	46,118,487	78,476	60,019,642	135,907,391

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

Ajjal Real Estate Entertainment Company K.S.C.P. and its Subsidiaries

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)**

For the period ended 30 September 2024

	Notes	<i>Nine months ended 30 September</i>	
		2024	2023
		KD	KD
OPERATING ACTIVITIES			
Profit for the period before taxes		5,315,976	3,765,009
<i>Adjustments to reconcile profit for the period before taxes to net cash flows:</i>			
Depreciation of property and equipment and right-of-use assets		164,219	106,199
Share of result of associates	5	(2,828,715)	(2,494,209)
Unrealised gain on financial assets at fair value through profit or loss		(230,437)	(104,547)
Realised gain on sale of financial assets at fair value through profit or loss		-	(1,160)
Dividend income		(114,805)	(4,380)
Expected credit loss		192,553	-
Provision for employees' end of service benefits		60,295	52,074
Wakala investment deposits income		(98,400)	(95,794)
Finance costs		1,236,890	1,243,750
		3,697,576	2,466,942
<i>Working capital adjustments:</i>			
Inventories		45,910	338
Accounts receivable and prepayments		(147,169)	(172,437)
Accounts payable and accruals		(268,314)	(974,278)
Cash flows from operations		3,328,003	1,320,565
Taxes paid		(143,932)	(63,416)
Net cash flows from operating activities		3,184,071	1,257,149
INVESTING ACTIVITIES			
Purchase of furniture and equipment		(87,676)	(334,056)
Capital expenditure on investment property		(402,752)	(524,922)
Distributions received from associates	5	2,487,390	1,776,707
Return of capital from investment in associates	5	115,626	-
Proceeds from sale of financial assets at fair value through profit or loss		-	1,955
Net movement in term deposits		(2,910,000)	2,000,000
Wakala investment deposits income received		83,599	95,794
Dividend income received		114,805	4,380
Net cash flows (used in) from investing activities		(599,008)	3,019,858
FINANCING ACTIVITIES			
Dividends paid		(1,984,924)	(959,809)
Repayment of debt and borrowings		(1,125,000)	(375,000)
Finance costs paid		(1,105,999)	(1,243,750)
Net cash flows used in financing activities		(4,215,923)	(2,578,559)
NET (DECREASE) INCREASE IN BANK BALANCES AND CASH		(1,630,860)	1,698,448
Bank balances and cash at the beginning of the period		3,031,207	112,646
BANK BALANCES AND CASH AT 30 SEPTEMBER	6	1,400,347	1,811,094

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2024

1.1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Ajial Real Estate Entertainment Company K.S.C.P. (the “Parent Company”) and its Subsidiaries (collectively, the “Group”) for the nine months period ended 30 September 2024 was authorised for issue in accordance with a resolution of the Parent Company’s Board of Directors on 22 October 2024.

The consolidated financial statements of the Group for the year ended 31 December 2023 were approved by the shareholders of the Parent Company at the Annual General Assembly Meeting (AGM) held on 19 March 2024. Dividends declared by the Group for the year then ended are provided in Note 7.

The Parent Company is a public Kuwaiti shareholding company listed on Boursa Kuwait, registered and incorporated in Kuwait on 26 October 1996.

The Parent Company activities are, as follows:

- ▶ All real estate activities including buying and selling lands, real estate and renting and leasing thereof inside and outside Kuwait.
- ▶ Establish and maintain buildings and real estate projects including establishment of residential complexes thereof.
- ▶ Establish commercial markets and entertainment centers, touristic facilities and building special accommodations.
- ▶ Perform all contracting works and trade in building materials requires for real estates and invest in companies and projects shares with similar objects to the Parent Company’s.
- ▶ Prepare studies for real estate projects, whether general of private and execute thereof directly or by proxy.
- ▶ Manage properties inside or outside Kuwait and perform works which helps it to achieve its objectives.
- ▶ Manage real estate portfolios for its accounts or for third parties and the Parent Company may have interest or take part in any aspect with persons and companies, establishments and entities which manage or practice works with similar objects or which may cooperate with it to achieve its objectives or be merged therein or buy thereof, or be affiliated thereto.

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, State of Kuwait.

1.2 GROUP INFORMATION

The interim condensed consolidated financial statements of the Group include:

Subsidiaries

<i>Name</i>	<i>Country of incorporation</i>	<i>% equity interest</i>			<i>Principal activities</i>
		<i>30 September 2024</i>	<i>31 December 2023</i>	<i>30 September 2023</i>	
			<i>(Audited)</i>		
Al Hamra Cinema Company K.S.C. (Closed)*	Kuwait	98%	98%	98%	Entertainment
Ajial and Al Andalus for Organising and Managing Trade Exhibition S.P.C.	Kuwait	100%	100%	100%	Organising and managing trade exhibition

* The remaining shares in this subsidiary is held by other parties on behalf of the Group. Therefore, the effective ownership of the Group in this subsidiary is 100%.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2024

1.2 GROUP INFORMATION (continued)

Associates

Name	Country of incorporation	% equity interest			Principal activities
		30 September 2024	31 December 2023 (Audited)	30 September 2023	
Al Hamra Real Estate Company K.S.C. (Closed)	Kuwait	35.53%	35.53%	35.53%	Real estate
Al Madar Al Thahabia Company W.L.L. ("Al Madar")	Saudi Arabia	24%	24%	24%	Real estate

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

2.1 Basis of preparation

The interim condensed consolidated financial information for the nine months ended 30 September 2024 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The management considers that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than twelve months from the end of the reporting period.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2023.

Certain prior period amounts have been reclassified to conform to the current period presentation. There is no effect of these reclassifications on the previously reported equity and profit for the period then ended. Such reclassification has been made to improve the quality of information presented.

2.2 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 2023, except for the adoption of new standards effective as of 1 January 2024. 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 2024, but do not have an impact on the interim condensed consolidated financial information of the Group.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

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

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

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments had no impact on the Group's interim condensed consolidated financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2024

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

2.2 New standards, interpretations and amendments adopted by the Group (continued)

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

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

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

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

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

3 BASIC AND DILUTED EARNINGS PER SHARE (EPS)

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>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	2024	2023	2024	2023
Profit for the period (KD)	1,662,526	1,507,060	5,134,822	3,648,072
Weighted average number of shares outstanding (Shares)*	209,187,527	209,187,527	209,187,527	209,187,527
Basic and diluted earnings per share (fils)	7.95 fils	7.20 fils	24.55 fils	17.44 fils

* 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 7).

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2024

4 INVESTMENT PROPERTIES

	<i>30 September</i> <i>2024</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2023</i> <i>KD</i>	<i>30 September</i> <i>2023</i> <i>KD</i>
As at the beginning of the period / year	89,994,000	89,490,000	89,490,000
Capital expenditure on investment property	402,752	551,810	524,922
Change in fair value	-	(47,810)	-
As at the end of the period / year	90,396,752	89,994,000	90,014,922

As at 30 September 2024, investment properties with a carrying value of KD 65,290,960 (31 December 2023: KD 64,974,000 and 30 September 2023: KD 64,794,836) is pledged as a security against Murabaha payables of KD 30,625,000 (31 December 2023: KD 31,750,000 and 30 September 2023: KD 32,125,000) (Note 9) and bank overdraft of KD Nil (31 December 2023: Nil and 30 September 2023: KD 53,478) (Note 6).

The valuations of investment properties were performed at 31 December by two accredited independent valuers with recognised and relevant professional qualification and experience in the locations and categories of the investment properties being valued. As required by the Capital Market Authority (CMA), the Group has selected the lower of these valuations. The valuation models applied are consistent and fair value is determined using a mix of the income capitalisation method and the market comparison approach considering the nature and usage of each property. Valuation of the Group's investment property portfolio is performed on an annual basis as management believes that there are no significant circumstances that have arisen during the interim reporting period, which may have a material impact on fair value.

5 INVESTMENT IN ASSOCIATES

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

	<i>30 September</i> <i>2024</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2023</i> <i>KD</i>	<i>30 September</i> <i>2023</i> <i>KD</i>
At the beginning of the period / year	76,843,160	75,699,932	75,699,932
Share of results	2,828,715	2,884,992	2,494,209
Distributions received	(2,487,390)	(1,776,707)	(1,776,707)
Return of capital	(115,626)	-	-
Exchange differences	(54,255)	34,943	73,381
At the end of the period / year	77,014,604	76,843,160	76,490,815

The share of results of an associate for the period ended 30 September 2024 have been recorded based on the management accounts.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2024

6 BANK BALANCES AND CASH

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

	<i>30 September</i> <i>2024</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2023</i> <i>KD</i>	<i>30 September</i> <i>2023</i> <i>KD</i>
Cash on hand	5,315	34,932	-
Bank balances	1,395,032	996,275	1,864,572
Wakala investment deposits*	2,910,000	2,000,000	1,000,000
	<u>4,310,347</u>	<u>3,031,207</u>	<u>2,864,572</u>
Bank balances and cash	4,310,347	3,031,207	2,864,572
Less: Bank overdrafts***	-	-	(53,478)
	<u>4,310,347</u>	<u>3,031,207</u>	<u>2,811,094</u>
Bank balances and cash as disclosed in interim condensed consolidated statement of financial position	4,310,347	3,031,207	2,811,094
Less: Wakala investment deposits with original maturity of more than 3 months**	(2,910,000)	-	(1,000,000)
	<u>1,400,347</u>	<u>3,031,207</u>	<u>1,811,094</u>
Bank balances and cash for the purpose of the consolidated statement of cash flows	1,400,347	3,031,207	1,811,094

*Wakala investment deposits are denominated in Kuwaiti Dinars, placed with a local bank, carry a fixed profit rate of 4.2% (31 December 2023: 4.5% and 30 September 2023: 4.75%) per annum.

**Wakala investment deposits include one deposit maturing at 31 December 2025 classified as non-current assets. The deposit balance is blocked as a security against letter of guarantee issued to the Ministry of Finance.

***Bank overdraft represent facilities granted by local bank in Kuwaiti Dinars and carries an effective profit rate of 1% (31 December 2023: 1.25% and 30 September 2023: 1.25%) per annum over the Central Bank of Kuwait discount rate which is secured against certain investment properties (Note 4).

7 SHARE CAPITAL AND DISTRIBUTIONS MADE AND PROPOSED

7.1 Share capital

Authorised, issued and paid-up share capital consists of 210,331,201 shares of 100 fils each (31 December 2023: 204,205,050 shares of 100 fils each and 30 September 2023: 204,205,050 shares of 100 fils each), fully paid in cash.

7.2 Distributions made and proposed

The Board of Directors in their meeting held on 5 February 2024, proposed a cash dividend of 10 fils per share (31 December 2022: 5 fils per share) and bonus shares of 3% (31 December 2022: 5%).

On 19 March 2024, the proposed dividend for the year ended 31 December 2023 were approved by the shareholders of the Parent Company at the annual general meeting (AGM) and recognised as a liability as of that date.

Dividends payable as at 30 September 2024 amounted to KD 222,163 (31 December 2023: KD 176,157 and 30 September 2023: KD 177,840) and recorded within "accounts payable and accruals" in the interim condensed consolidated statement of financial position.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2024

8 TREASURY SHARES

	<i>30 September</i> 2024 <i>KD</i>	<i>(Audited)</i> <i>31 December</i> 2023 <i>KD</i>	<i>30 September</i> 2023 <i>KD</i>
Number of treasury shares	1,143,673	1,110,363	1,110,363
Percentage of issued share capital	0.54%	0.54%	0.54%
Market value (KD)	298,499	283,143	275,370
Cost (KD)	319,250	319,250	319,250

Reserves equivalent to the cost of the treasury shares held less treasury shares reserve are not available for distribution during the holding period of such shares as per CMA guidelines.

9 MURABAHA PAYABLES

Murabaha payable represent facilities obtained from a local bank with multiple maturity dates and carry an average profit rate of 1% (31 December 2023: 1.25% and 30 September 2023: 1.25%) per annum over the Central Bank of Kuwait's discount rate. The facilities are secured against certain investment properties with carrying value of KD 65,290,960 as at 30 September 2024 (31 December 2023: KD 64,974,000 and 30 September 2023: KD 64,794,836) (Note 4).

10 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.

The Group did not enter in any transactions with related parties during the nine months ended Sept 2024 and 2023. No outstanding balances are owed by (to) related parties as at the reporting date.

Compensation of key management personnel and board of directors:

Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group. The aggregate value of transactions related to key management personnel were as follows:

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	2024 <i>KD</i>	2023 <i>KD</i>	2024 <i>KD</i>	2023 <i>KD</i>
Salaries and short-term benefits	47,203	46,907	137,818	141,623
Employees' end of service benefits	7,423	7,344	21,951	21,791
	54,626	54,251	159,769	163,414

The Board of Directors of the Parent Company proposed directors' remuneration of KD 75,000 for the year ended 31 December 2023 (31 December 2022: KD 75,000). This proposal approved by the shareholders of the Parent Company at the AGM held on 19 March 2024.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2024

11 CONTINGENT LIABILITIES

As at 30 September 2024, the Group has contingent liabilities representing letter of guarantee amounting to KD 429,532 (31 December 2023: KD 21,399 and 30 September 2023: 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.

12 SEGMENT INFORMATION

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

- ▶ **Real estate:** 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.
- ▶ **Entertainment:** Owning, operating and utilising cinemas and leasing cinemas to governmental and private entities.
- ▶ **Investment:** Participation in financial and real estate funds and investment in equity securities.
- ▶ **Other unallocated items:** Revenues and expenses that are not included under the above segments

Segment reporting information is as follows:

	<i>Real estate KD</i>	<i>Entertainment KD</i>	<i>Investment KD</i>	<i>Unallocated KD</i>	<i>Total KD</i>
<i>Period ended 30 September 2024</i>					
Segment revenue	4,457,199	1,803,855	3,272,357	1,371	9,534,782
Segment results	2,544,094	644,535	2,878,179	(931,986)	5,134,822
<i>Period ended 30 September 2023</i>					
Segment revenue	3,383,097	1,305,807	2,700,090	889	7,389,883
Segment results	1,770,578	380,316	2,331,137	(833,959)	3,648,072
As at 30 September 2024					
Segment assets	87,267,824	4,047,530	77,767,060	5,467,659	174,550,073
Segment liabilities	21,632,410	169,991	10,000,000	3,006,741	34,809,142
<i>31 December 2023 (Audited)</i>					
Segment assets	86,874,000	5,015,587	77,365,180	3,364,569	172,619,336
Segment liabilities	22,752,101	158,308	10,000,000	3,017,633	35,928,042
<i>As at 30 September 2023</i>					
Segment assets	86,531,873	5,393,247	77,015,538	3,232,203	172,172,861
Segment liabilities	23,162,160	230,795	10,000,000	2,872,515	36,265,470

13 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

For financial assets and liabilities that are recognised in the interim condensed consolidated financial information at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the nine months ended 30 September 2024.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2024

13 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

Valuation methods and assumptions

The following methods and assumptions were used to estimate the fair values:

Financial assets and liabilities at amortised cost

Fair value of financial instruments at amortised cost is not materially different from their carrying values, at the reporting date, as most of these instruments are of short-term maturity or re-priced immediately based on market movement in interest rates.

Managed funds:

Fair value of investee funds are based on net asset value (NAV) reported by the fund managers of such funds. The Group classifies the fair value of these securities as Level 2.

Unlisted equity securities

The Group invests in private equity companies that are not quoted in an active market. Transactions in such investments do not occur on a regular basis. The Group uses a market-based valuation technique for the majority of these positions. The Group determines comparable public companies (peers) based on industry, size, leverage and strategy, and calculates an appropriate trading multiple for each comparable company identified. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the investee company to measure the fair value. The Group classifies the fair value of these securities as Level 3.

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

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

The following table provides the fair value measurement hierarchy of the Group's financial instruments measured at fair value:

	<i>Level 2</i> <i>KD</i>	<i>Level 3</i> <i>KD</i>	<i>Total</i> <i>KD</i>
As at 30 September 2024	20,783	731,674	752,457
As at 31 December 2023 (Audited)	20,497	501,523	522,020
As at 30 September 2023	54,822	469,901	524,723

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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13 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Reconciliation of Level 3 fair values

The following table shows a reconciliation all movements in the fair value of items categorised within Level 3 between the beginning and the end of the reporting period:

	<i>Non-listed equity investments</i>			<i>At the end of the period / year</i> <i>KD</i>
	<i>At the beginning of the period / year</i> <i>KD</i>	<i>Net gains (losses)</i> <i>KD</i>	<i>Net purchases (sales)</i> <i>KD</i>	
30 September 2024	501,523	230,151	-	731,674
31 December 2023 (Audited)	362,507	139,811	(795)	501,523
30 September 2023	362,507	107,394	-	469,901

Description of significant unobservable inputs to valuation of financial assets:

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

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

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