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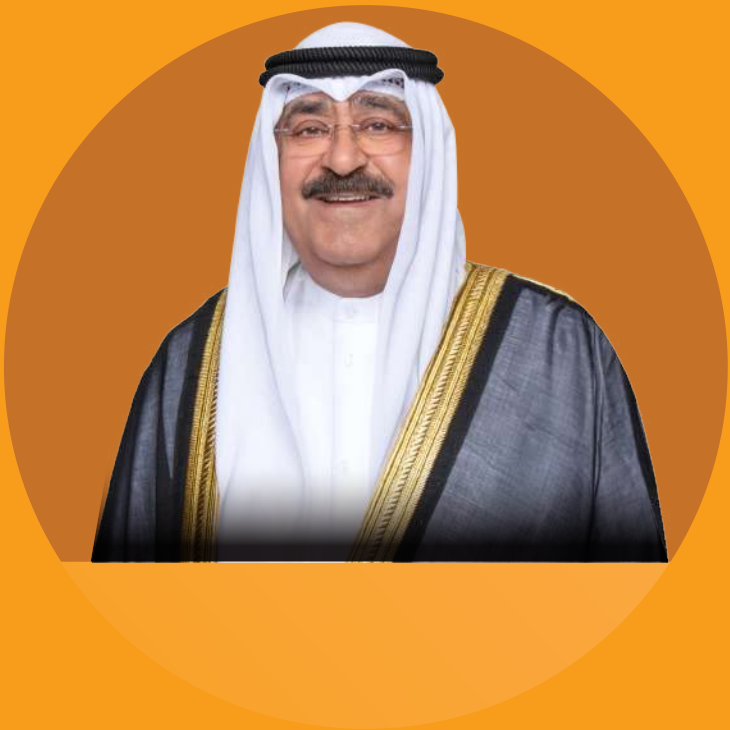
AJIAL
real estate
& entertainment

Annual Report 2024



HIS HIGHNESS SHEIKH MISHAL AL-AHMAD AL-JABER AL-SABAH
AMIR OF THE STATE OF KUWAIT

HIS HIGHNESS SHEIKH SABAH AL-KHALED AL-HAMAD AL-MUBARAK AL-SABAH
CROWN PRINCE OF THE STATE OF KUWAIT

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Chairman's Message

Dear Shareholders – Ajial Real Estate and Entertainment Company

On my behalf and on behalf of my colleagues, the members of the Board of Directors, I am pleased to present you, the 28th Annual Report of Ajial Real Estate & Entertainment Co., accompanied with the financial results for the fiscal year ended on 31st December 2024.

Dear Shareholders:

Ajial Real Estate Entertainment Company continued their run of extraordinary success in 2024 as the construction of Al-Andalus Complex is now complete and fully operational. Al-Andalus Complex is one of the latest commercial and investment projects in the State of Kuwait, specifically in the Hawally area. It gave a new face to the region with its urban excellence and the quality of its tenants. Moreover, it is considered by many to be their favorite urban destination that offers a broad and heterogeneous range of cultural, architectural, technological, social and natural experiences and products for leisure and business. Al-Andalus Complex has reached over 99% occupancy rate which has considerably improved the Company's revenue streams, it contains offices, medical clinics, commercial shops, and a cinema.

On another note, the Company enjoyed a successful run this year with a significant increase in its rental income of Al-Ajial Center, a landmark in Fahaheel area. Similarly, the rental incomes of Ajial's associates Al Hamra Real Estate and Al Madar Al Thahabia Co. (Kingdom of Saudi Arabia) have faced a slight decrease respectively, but performing well during the year nonetheless.

Financial Report

The balance sheet of Ajial Real Estate & Entertainment Co. clearly explains the Company's financial position for the fiscal year ended on 31/12/2024. The Company's net profit has reached KD 5,909,628 with an EPS of 28.25 fils compared to KD 4,470,415 in 2023, with an EPS of 21.37 fils, which represents an increase of 32%. Furthermore, the operational income has increased 21% from KD 7,537,214 in 2022 to KD 9,119,521 in 2024.

Administrative and general expenses have increased 1.31% from KD 172,619,336 in 2023 to KD 174,884,017 in 2024. Whereas, finance costs have fallen 4% from KD 1,690,640 in 2023 to KD 1,622,917 in 2024. The consolidated balance sheet shows that the assets have increased 2.84% from KD 136,691,294 in 2023 to KD 140,579,299 in 2024, and total liabilities have decreased 4.5% from KD 35,928,042 in 2023 to KD 34,304,718 in 2024. Moreover, Shareholders' equity is up by 2.84% from KD 136,691,294 in 2023 to KD 140,579,299 in 2024.

Furthermore, the board of directors proposed the distribution of 20% cash dividends for the shareholders in the fiscal year ended on 31st December, 2024.

In the end, I would like to take this opportunity to extend my sincere gratitude and appreciation to all Shareholders, Stakeholders, the Board, and last but not least to all Staff members for their great work. We look forward to a future filled with higher achievements.

Yours sincerely,

Shk. Ali Al Abdullah Al Khalifah Al Sabah
Chairman

To the Shareholders of
Ajial Real Estate & Entertainment Co.

Kuwait on 3rd February 2025

Undertaking of Integrity and Fairness of Reporting

According to Article (5-3) of Module Fifteen (Corporate Governance) of the Executive Bylaws of Law No. 7 of 2010. The Board of Directors undertake that the financial statements are provided in a fair and a sound way, they present all financial aspects of the company, including data and operational results, and they are prepared accurately in accordance with the International Accounting Standards approved by Capital Markets Authority for the financial year ended 31 December 2024.

Shk. Ali Abdullah Al Khalifah Al Sabah
Chairman

Shk. Hamad Mubarak Al Jaber Al Sabah
Vice Chairman

Mr. Abdulaziz Faisal Al Khatrash
Board Member

Ms. Tahani Al Ajmi
Board Member

Mr. Othman khaled Al Othman
Board Member

Audit Committee Report

For the Year Ended on 31 December 2024

Introduction

The Committee is comprised of three members, as follows:

1.	Shk. Hamad Mubarak Al Sabah	(Head of Committee)
2.	Ms. Tahani Al Ajmi	(Member)
3.	Mr. Othman Khaled Al Othman	(Member)

Committee Meetings and Performance/Achievements:

The Audit Committee holds its meetings on regular basis at least once each quarter of the year and when required or necessary. The Committee's Secretary prepares the minutes of meeting for each meeting and keeps track of all of the Committee's resolutions. The Committee held 7 meetings during the year and key achievements of the Committee were as follows:

- Ensuring soundness, transparency and integrity of the financial reports by reviewing periodically the financial statements and submitting their opinions and recommendations to the Board.
- Making recommendations to the Board on the appointment of the External Auditors and monitor their performance to ensure that they are not providing any other services other than the audit profession.
- Supervising the Internal Audit activities and provide recommendations on the recruitment and termination of the Internal Audit firm which carries out such activities for the Company.
- Reviewing the Internal Audit plan and results of the Internal Audit reports. As well as, resolving all audit observations on those reports.
- Viewing the Internal Control Review Report (ICR).
- Analyzing the applied accounting policies and provide the Board of Directors with opinion and recommendation in this regard
- Ensuring the Company complies with all rules and regulations of the regulatory bodies.

Committee Opinion on Company Internal Control Process

As per Committee follow up and supervision of internal audit in 2024, and based on risk assessment, the Committee believes that the Company has adequate and efficient internal control environment in place, as no material weaknesses were found, and no failures have been detected in the internal control systems. The Executive Management continues to implement internal controls in a manner ensuring protection of the Company assets and integrity of financial statements. Along with the efficiency of the operational activities of the Company with its financial, administrative and accounting processes.

Furthermore, excellent cooperation and coordination at the professional and practical level remains in place with Internal Auditors, which was reinforced by holding regular meetings to exchange information on matters related to Audit, Administrative Control and Risk Management. Also, the audit committee and the internal Auditor have met regularly during the year where they reviewed the results of the internal audit reports and ensured that the necessary corrective actions were taken concerning the observations stated in such reports.

Moreover, continuous communication of strategies, annual reports and individual plans have been made between the Internal Auditors and Executive Management to ensure adequate and efficient supervision in order to address any weaknesses and failures.

Shk. Hamad Mubarak Al Jaber Al Sabah
Vice Chairman

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Rule - 1 Construct a Balanced Board Composition

- **Brief on the composition of the Board of Directors, as follows:**

Name	Board Member Status (Executive/Non-Executive/ Independent), or Board Secretary	Education Qualification	Date of Election/ Appointment of Board Member/ Secretary
Shk. Ali Abdullah Al Khalifah Al Sabah	Non- Executive Board Member	BA	5 April 2023
Shk. Hamad Mubarak Al Jaber Al Sabah	Non- Executive Board Member	BA	5 April 2023
Mr. Abdulaziz Faisal Al Khatrash	Executive Board Member	BA	5 April 2023
Mrs. Tahani Al Ajmi	Independent Member	MA	5 April 2023
Mr. Othman Khaled Al Othman	Independent Member	BA	5 April 2023
Mr. Abdulwahab Nabeel Al Oraifan	Board Secretary	BA	9 April 2023

- **Brief on the professional experience of the Board of Directors:**

Shk. Ali Abdullah Al Khalifah Al Sabah:
Skh. Al Sabah has over 44 years of experience in the banking and real estate sectors. He was the chairman of Tijara & Real Estate Investment Co. and a Board member in Gulf bank and Kuwait Real Estate bank, which later on transformed to (Kuwait International Bank).

Shk. Hamad Mubarak Al Jaber Al Sabah:
Shk. Al Sabah is the vice chairman of the Board and a board member in Mjas General Trading Co. and has over 17 years of experience in the investment and real estate sectors. Shk. Al Sabah holds a Bachelor's degree in Business Administration from Boston University, USA.

Mr. Abdulaziz Faisal Al Khatrash:
Mr. Al Khatrash is a board member and CEO of Ajial Real Estate & Entertainment Co. and has over 24 years of experience in the investment and real estate sectors. He previously held the position of deputy CEO in Tijara & Real Estate Investment Co. Mr. Al Khatrash holds a Bachelor's degree in MIS from Northeastern University, USA.

Mrs. Tahani Al Ajmi:
Mrs. Al Ajmi has over 28 years of experience in various sectors such as investment, real estate and market research. She is the deputy CEO in Tijara & Real Estate Investment Co. and an independent board member in Ajial Real Estate & Entertainment Co. Mrs. Al Ajmi holds a Master degree in Strategic Management.

Mr. Othman Khaled Al Othman:
Mr. Al Othman has a vast experience in the banking sector. He is currently an independent board member in Ajial Real Estate & Entertainment Co. and holds a bachelor's degree in political sciences from Loyola Marymount University, USA.

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- **Brief on the Company's Board of Directors' meetings for the year 2024, through the following statement:**

Name of Member	Meeting (1) 05/02/24	Meeting (2) 01/03/24	Meeting (3) 25/03/24	Meeting (4) 01/05/24	Meeting (5) 22/05/24	Meeting (6) 29/07/24	Meeting (7) 05/08/24	Meeting (8) 09/09/24	Meeting (9) 14/10/24	Meeting (10) 22/10/24	Meeting (11) 07/11/24	Number of Meetings
Shk. Ali Abdullah Al-Sabah (Chairman)	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	11
Shk. Hamad Mubarak Al-Sabah (Vice-Chairman)	✔	✔	✔	✔	✔	–	–	✔	✔	✔	✔	9
Mr. Abdulaziz Faisal Al-Khatrash (Board Member & CEO)	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	11
Mrs. Tahani Al-Ajmi (Independent Member)	✔	✔	✔	✔	✔	✔	✔	✔	✔	–	✔	10
Mr. Othman Khaled Al Othman (Independent Member)	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	11

- **A summary of how to apply the requirements of registration and coordination and keeping the minutes of meetings of the Board of Directors of the company:**

The role of the Board Secretary of Ajial is to improve the efficiency of Board meetings and to ensure proper implementation of the resolutions made by the Board and Committee Members. To do so, minutes of meetings are documented and sorted out for each meeting, together with agendas and reports which are all kept in a safe and secure place. All minutes of meetings contain lists of attendees, absentees, topics of discussion and submitted reports and proposals. All are accessible and available for all Board Members at any time according to corporate governance rules and regulations.

- **An acknowledgment by the independent member that the controls of the independence are available:**

A copy of these acknowledgments is attached.

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Rule - 2 Establish Appropriate Roles and Responsibilities

- **Brief on how the company defines the policy of the tasks, responsibilities, and duties of each of the Members of the Board of Directors and executive management members, as well as the powers and authorities delegated to the executive management:**

The Board of Directors have developed the BOD charter which defined the roles and responsibilities of the Board and Executive Management as per the approved Company's organization structure. The Board also approved the policies and procedures of Board Committees and the Company's departments in detail.

• **Powers and authorities delegated to the Executive Management are as follows:**

1. Carry out and implement the strategies set out by the Board of Directors.
2. Develop executive objectives of each department and link such plans with the overall plan.
3. Overall monitoring of all departments and operations.
4. Ensure proper coordination between departments.
5. Problem solving issues related to the Management.
6. Review and update the internal policies and procedures of the company and accordingly distribute it to the Employees.

• **Achievements of the Board of Directors during the year:**

1. Carried on with the opening of Al-Andalus project.
2. Continued to reduce as much as possible the financial impact incurred from the Novel Corona Virus Pandemic.
3. Followed up on the risk mitigation strategies periodically with the executive management.
4. Kept on retaining investors and clients by responding to the executive management's visions.

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• Brief about the application of the formation requirements of independent specialized committees by the Board of Directors:

Name of Committee	Audit Committee	Risk Committee	Nomination and Remuneration Committee
Date of Formation & Term	10 April 2023 3 years	10 April 2023 3 years	10 April 2023 3 years
Number of Meetings	7	4	1
Committee Members and Chairman	• Shk. Hamad Al Sabah (Chairman) • Mrs. Tahani Al Ajmi (Member) • Mr. Othman Al Othman (Member)	• Mrs. Tahani Al Ajmi (Chairman) • Mr. Abdulaziz Al Khatrash (Member) • Mr. Othman Al Othman (Member)	• Shk. Hamad Al Sabah (Chairman) • Mr. Abdulaziz Al Khatrash (Member) • Mrs. Tahani Al Ajmi (Member)
Committee Functions and Achievements during the year	• Regular review of the company's financial statements and the observations made by the external auditors. • Consult the board on the appointment of the External auditors and monitor their activities. • Monitor the company internal audit function and recommend the appointment and termination of the internal auditor. • Ensure compliance with the rules and regulations of the regulatory authorities.	• Evaluate systems and mechanisms of identifying, measuring and monitoring various types of risks that may face the company as well as the company's acceptable risk level. • Prepare regular reports on the company's risk exposure and present these reports to the Board.	• Approve the renumeration of the Board of Directors and Executive Management. • Evaluate Board of Directors and Board Committees • Ensure that Members of a Board of Directors independency is valid. • Discuss the renumeration report.

• A summary of how to apply the requirements that allow the Members of the Board of directors to obtain accurate and timely information and data:

The Company has made all information available to Board Members that enables them to carry out their supervisory role over the Executive Management. Any meetings may be arranged with the Executive Management through the Board Secretary. Board Members, especially Independent Members, are encouraged to visit the Company with or without the presence of the Top Management. In addition, if Board Members have any queries or questions about any information or documents, they are free to approach the Board Secretary first so that he can coordinate with the respective department Manager and the Board Member.

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Rule - 3 Recruit Highly Qualified Candidates for the Board of Directors & Executive Management

- **Brief about the application of the formation requirements of the nominations and remunerations Committee:**

The Nomination and Remuneration Committee has been formed in accordance with corporate governance rules and regulations issued by Capital Markets Authority taking into consideration the following requirements in the selection of Committee Members:

1. The Committee is comprised of three members.
2. The Committee is chaired by a Non-Executive Board Member.
3. Chairman of the Board or CEO may be a Committee Member.

The objective of this committee is to attract highly experienced skilled Employees and to retain Employees with potential. Hence improving the competitive edge of the Company by carrying out the following functions and responsibilities:

1. Develop a clear remuneration policy for Board Members and executive management.
2. Ensure that the remuneration policy is in line with the interest of the Shareholders.
3. Prepare an annual governance report that includes the total remunerations given to Members of a Board of Directors, and the executive body and the managers; whether cash or benefits or privileges, of whatever nature and title, directly or indirectly through the company or Subsidiary Companies
4. Recommend on the nomination of Executive positions.

- **Report on the remunerations to the Members of the Board of Directors, Executive Management and Managers:**

1. Summary of the company's policy of compensations and incentives, specifically that related to Members of a Board of Directors, the Executive Management and the Managers.

The Remuneration policy is a payment plan of compensation and bonuses in compliance with Corporate Governance requirements issued by the Capital Markets Authority, Kuwait. It determines the appropriate pay rate for each particular set of responsibilities and tasks. It controls how the pay will increase as employees take on more responsibilities and tasks or move up in higher roles.

It ensures that remuneration package offered to the Company's Board of Directors and employees is competitive and ensures that the Company is able to attract and retain suitably qualified and experienced personnel. The remuneration offered in Ajial is structured so as to appropriately align management's interests with shareholders' interests and promote value creation in the Company. The remuneration policy and remuneration paid is appropriately disclosed by the Company in accordance with CMA guidelines.

The policy shall consist of the following guidelines:
1. Related to the KPIs as applicable to the directors/employees,
2. Consistent with the long term and short-term strategy and objectives of the Company,
3. Commensurate with the size, nature and the degree of risks of the role, as well as experience and qualifications of the director/employee of the Company
4. Balancing the structure of payroll that serves as an incentive to attract qualified individuals while it is not overvalued.

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Executive management and managers Remuneration
The executive management and managers' remuneration policy is designed in such a way that it motivates executive management and managers to pursue long term growth objectives and it is also aligned with their performance. It also forbids employees from entering into transactions and arrangements detrimental to the Company's interests.

Board Remuneration
This policy ensures that remuneration of the Board is within the ceilings provided by the regulatory authorities. The Chairman, Vice Chairman and other members of the Board may receive additional remuneration for their additional duties. The non-executive directors are remunerated by the way of fees in form of cash and not provided with any retirement benefits. Furthermore, they are not granted equity-based remuneration schemes unless approved by shareholders.

Procedure for recommendation of Remuneration
The remunerations Committee shall recommend the salary of the directors/employees to the Board after considering the profit of the year and in accordance with CMA guidelines. The Board of directors shall then approve the remuneration to members of Board, executive management and managers with or without modifications.

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2. Statements of the remunerations of the Board of Directors and the Executive management:

Remunerations and benefits of Members of Board of Directors			
Total number of members	Remunerations and benefits through the Parent Company		
	Fixed remuneration and benefits (Kuwaiti Dinar)	Variable remuneration and Benefits (Kuwaiti Dinar)	
	Health insurance	Annual remuneration	Committees' remuneration
5	-	75,000	-

Total remunerations and benefits granted to five senior executives who have received the highest remunerations						
Total number of executive positions	Remunerations and Benefits through the Parent Company					
	Fixed remuneration and benefits (Kuwaiti Dinar)					Variable remuneration and Benefits (Kuwaiti Dinar)
	Monthly salaries total (for the year)	Health & Life insurance	Annual Tickets	Leave & Indemnity Benefits	Social Security Benefits	Annual remuneration
5	277,040	9,203	5,000	46,462	11,385	93,105

3. Any substantial deviations from remuneration policy approved by Board of Directors.

None.

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Rule - 4 Safeguard the Integrity of Financial Reporting

- **Written undertakings by both the Board of Directors and the Executive Management of the soundness and integrity of the prepared financial reports:**

The Executive Management have submitted a written undertaking that the Company's financial reports are provided in a sound and fair manner, presented all financial aspects of the Company, including data and operational results, and prepared in accordance with the International Accounting Standards approved by the Capital Markets Authority. Moreover, the annual report submitted to Shareholders includes the Board's undertaking / acknowledgement of the soundness and integrity of all financial statements and reports related to the Company's activities.

- **Brief about the application of the formation requirements of the audit committee:**

The Audit Committee was formed in accordance with the corporate governance rules and regulations issued by Capital Markets Authority, taking into consideration the following requirements in the selection of Committee Members:

1. Committee to be formed of at least three members including an Independent Member.
2. Chairman of the Board and CEO shall not be Committee Members.
3. Chairman of Committee shall be a Non-Executive Board Member.
4. Committee shall include at least a member of educational qualification and/or practical experience in the accounting and financial fields.

- **In case of any conflicts between the recommendations of the audit committee and the resolutions of the Board of Directors, a statement shall be included detailing and clarifying the recommendations and the reason(s) of the Board of Directors non-compliance therewith:**

There has been no conflict between the Audit Committee recommendations and Board decisions which would require a detailed statement that explains such conflicts.

- **Verification of the independence and neutrality of the external Auditor:**

The Company takes into account the principles and rules of Capital Markets Authority towards ensuring independence and neutrality of External Auditors. Following the best governance practices, the Company evaluates the External Auditor on annual basis based on a specific mechanism focusing on the performance, professionalism and independence under the supervision of the Audit Committee.

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Rule - 5 Apply Sound Systems of Risk Management and Internal Audit

• A brief statement on the application of the formation requirements of a department / an office / an independent unit of risk management:

The Company has appointed a Risk Management Coordinator whose responsibility is to identify and monitor the risks associated with the Company's activities. As a result, the Company's risk exposure has been evaluated by preparing periodic reports to the Risk Management Committee. As best practice measures, the Risk Management Coordinator is fully independent by reporting directly to the Board through the Risk Management Committee without granting him any financial authorities.

• A brief about the application of the formation requirements of the risk management committee:

Risk Management Committee is formed in accordance with corporate governance rules and regulations issued by Capital Markets Authority, taking into account the following requirements in the selection of the Committee Members:

1. Committee to be formed of at least three members, including an Independent Member.
2. Chairman of the Board shall not be a Committee Member.
3. Chairman of Committee shall be a Non-Executive Board Member.

• Summary clarifying the control and internal audit systems:

The Company has a good internal control environment that includes all company activities. The organizational structure of the Company supports the dual audit (Four Eyes Principles). An external office has been appointed to prepare an Internal Control Review (ICR) report which allows the Company to identify and address the weaknesses of such controls.

• A brief statement on the application of the formation requirements the internal audit department / office / unit:

The Audit Committee considered the cost/benefit of establishing an internal audit unit within the Company or appoint an external firm to carry out the internal audit activities. As a result, the Committee decided to appoint an external firm to cooperate with the Company's internal Audit Coordinator to carry out such activities. The Audit Committee ensures the efficiency of the Company's operations and that the internal audit structure covers all the Company's areas of activities.

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Rule - 6 Promote Code of Conduct and Ethical Standards

- **A summary of the business charter including standards and determinants of code of conduct and ethical standards:**

The code of conduct and ethical standards charter the company adopted guides the company's dealings with all clients, employees, and the community in which it operates. Implementing this charter is considered one of the most important components of the corporate governance framework. The Board and Executive Management are fully committed to support the application of these standards regardless of the potential negative consequences. Failure to adhere to these standards will be investigated and may lead to disciplinary action being taken or refer certain cases to the regulatory authorities.

The Company is also committed to achieving the highest levels of governance and has established those values by applying measures to maintain confidentiality of information by adopting a Whistle-blowing policy which encourages Employees to report any complaint related to bad behavior / illegal or unprofessional actions. The company aims to provide new tools for better communication and to allow whistleblowers to disclose their communications in full confidentiality.

- **Summary of the policies and mechanisms on reducing the conflicts of interest:**

Conflict of interest occurs when the interest of an Employee is in conflict with that of the Company. In order to ensure maximum levels of transparency and objectivity, the Company at all times ensures that its transactions are carried out on the basis of equality, fairness and integrity. The policy of related party transactions has been reviewed and considered to be consistent with the Company's activities. In addition, the Company adopted a set of procedures regulating disclosure of potential conflicts of interest and the mechanism of addressing it. The Audit Committee is generally responsible for implementing the policy of conflict of interest as well as monitoring and reviewing the implementation of its procedures. However, the audit committee may delegate the daily responsibilities of overseeing the compliance and the implementation of that policy and procedures to whom it sees fit.

Procedures for Mitigating Conflict of Interest:

1. Board members and senior officers should not have any direct or indirect interest in the contracts and transactions of Company unless approved by General Assembly or was done at “arm’s length” or at competitive market rates.
2. The Company should not grant any unauthorized credit facility or provide any guarantee to a board member.
3. The employees shall not offer, ask for, provide or accept anything of value for favorable treatment from the Company, customers, suppliers or potential suppliers or others
4. Those applying for tenders, contracts, supplying goods, for employment or rendering services, have to declare their interests including relationships with Director or Senior officers with the Company.

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Rule - 7 Ensure Timely and High-Quality Disclosure & Transparency

• **Summary of the application of mechanisms for presentation and accurate and transparent disclosure that define aspects, areas and characteristics of disclosure:**

The company aim is to enhance the accountability of the Company and its management, towards its stakeholders in general by giving access to the accurate and consistent information that will enable them to understand its governance, strategy, policies, activities, practices and facilitate evaluation of its performance. In compliance with the requirements of CMA, the company applies the policy of disclosure and transparency on the Board of directors and employees of the company. The Company shall consistently make disclosures of inside information that is precise, has not been made public, relates directly or indirectly to the company; and if made public, would have a significant effect on the price of the company's shares. The policy includes [a] methods for disclosing financial and non-financial information [b] ways to disclose all information transparently, in a timely manner, without discrimination [c] procedures through which information is categorized in terms of its material importance, nature and periodicity.

The Company made the following disclosures during the year:
1. The issuance of the interim financial statements.
2. List of Insiders.
3. The shareholders who hold 5% or more of the company's share capital.
4. BOD meeting results.
5. All transactions made in the company's treasury shares.
6. Announcement of the AGM & EAGM meetings and their results.
7. Reschedule of credit facilities.
8. Disclosure of corporate actions.
9. Disclosure of Lawsuits and Court Judgments.
10. Increase in share in an associate company.

• **Brief about the application of the requirements of the Board of Directors disclosure and executive management disclosures, and the managers' disclosures:**

The Company has in place a special record comprising the disclosures and notifications made by the Insiders, Members of the Board of Directors, the Executive Management, and the Managers. It also contains all data related to compensations, salaries, incentives and other financial benefits that were granted directly or indirectly by the company or Subsidiary Companies. All shareholders of the company shall have the right to access this record during the normal working hours of the company without any fees or charges. Moreover, the company insures to update this data record periodically to reflect the reality of the conditions of Related Parties.

• **A brief statement on the application of the formation requirements of a unit of investors affairs:**

The Company established a unit for handling Investors' affairs which is in charge of providing information and reports required for its potential Investors. This unit is run by the Account's Manager but under the supervision of the CEO. Moreover, policies and procedures have been put in place to ensure proper independence of the Investors' affairs unit which enables these Investors to have timely access to relevant information and reports.

• **Brief on how to develop the infrastructure for the information technology on which it shall significantly rely on in the disclosure processes:**

The Company seeks to further enhance the use of its IT functions to build proper communication channels with Shareholders, Investors and Stakeholders. Corporate governance and investor relations sections have been created in the Company's website, in which all updated information is made available to assist Shareholders and Investors to exercise their rights in evaluating the Company's performance.

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Rule - 8 Respect the Rights of Shareholders

- **A summary of the application of the requirements for the identification and protection of the general rights of shareholders, in order to ensure fairness and equality amongst all shareholders:**

The Company enforces the application of the shareholders rights policy to ensure that Shareholders have timely access to the company information; including its financial performance, objectives, corporate governance and the Company's risk exposure. This will enable the Shareholders to exercise their rights in an efficient manner and allow Shareholders and Investors to easily interact with the Company.

The following are some of the general rights of a shareholder mentioned in the Company's articles of association:

1. Any shareholder shall be entitled to authorize another person to attend to the general assembly in accordance with a special proxy or an authorization prepared by the company for this purpose.
2. Allow shareholders to participate effectively in the general assembly and vote on the resolutions thereof.
3. The Board shall develop an apparent policy for profits distribution of various types (cash/ non-cash) so that shareholders' and company's interests are accomplished.
4. The general assembly shall disclose the proposed profits distribution and the date of distribution.
5. When preparing the general assembly's agenda, the Board of Directors shall consider adding the matters items that shareholders want to discuss to the agenda of general assembly.

- **A summary of the creation of a special record at the Clearing Agency as part of the requirements for on-going monitoring of shareholders' data:**

A record is kept with the Clearing Company that contains the names, nationalities, address and number of shares of each Shareholder of Ajial. Any changes to this information are updated accordingly. Any Stakeholder may request access to information in the aforesaid record from Ajial or the Clearing Company.

- **Brief on how to encourage shareholders to participate and vote in the company's general assembly meetings:**

The Company encourages Shareholders to exercise their rights to participate in the Company's Annual General Meeting and vote regardless of their level or position. The Company's Shareholders' rights policy sets out the mechanism of participation and voting in the Annual General Meetings.

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Rule - 9 Recognize the Roles of Stakeholders

- **Brief about conditions and policies that ensure protection and recognition of the rights of stakeholders:**

As mentioned in the stakeholder's policy the company is committed towards its stakeholders as follows:

1. Stakeholders: To achieve sustainable value for stakeholders and strive to achieve good financial returns and work for the benefit of the stakeholders.
2. Suppliers and service providers: Dealing in a direct and clear manner and on the basis of trust. Striving to build and maintain good relationships with suppliers and service providers, and the company must ensure that information related to them is kept confidential
3. Employees: Dealing with employees with dignity and respect and providing equal job opportunities to all employees in the field of employment, which included matters related to recruitment, compensation / benefits, professional development and promotions. It is the duty of the Board of Directors to provide a safe and healthy work environment while taking into consideration respect for human and employee rights.
4. Society: Participation in improving the standard of living wherever the company operates and ensuring that resources are used reasonably in order to preserve the environment. The company's Board of Directors aim that the society is able to benefit from the company's efforts in public, charitable and other social activities.

- **Brief on how to encourage stakeholders to keep track of the company's various activities:**

The Company allows Stakeholders to access information relevant to the Company's activities in an easy and timely manner, as Stakeholders are welcomed to express their views about the Company. The Company's policies encourage Stakeholders to inform the Board of any practices prohibited in the Whistleblowing policy. The company and the stakeholders must also ensure the confidentiality of the information, hence, both parties should conclude agreements based on this regard.

Rule - 10 Encourage and Enhance Performance

- **A summary of the application of the requirements for the development of mechanisms that allow Members of the Board of Directors and Executive Management to attend the training programs and courses regularly:**

The purpose of the Board of Directors & Executive Management training policy & procedures is to train the Company's directors and members of the executive management, to identify the area of improvement and to articulate the Company's organizational goals for properly managing operations of the Company and also to keep them abreast with the latest developments in the administrative, financial and economic fields.

Board Members and Executive Management performance is evaluated each year. Thus, the Company provides ongoing training programs for Board and Executive Management as per their training requirements. Professional/Personal development activities for members must be approved in advance by the Board of Directors for which a training budget is prepared.

Corporate Governance Report 2024

- **Brief on how to evaluate the performance of the Board as a whole, and the performance of each Member of the Board of Directors and the Executive Management:**

The Company applies a self-appraisal policy for the Board and each Member separately through a set of questions which allows each Member to evaluate themselves. In order to evaluate their achievements and assess the challenges faced, and how it impacted the work quality and performance. Eventually this will help them to benefit from the process and become more efficient. The company uses Key Performance Indicators (KPIs) to evaluate its Executive Management. At the end of the year a comprehensive evaluation is done for each employee by their respective managers. This evaluation is based on weights and percentages, that differ for every employee, to measure the employee's performance in achieving his/her goals.

- **An overview of the Board of Director's efforts in asserting the importance of corporate value creation with the employees at the company through achieving the company's strategic goals and improving key performance indicators:**

The Board of Directors is committed to develop an integrated reporting system to be a communication tool by setting out mechanisms relevant to corporate strategy, governance, performance and future expectations. This will create value in the long term and bridge the gap between current company reports and the information required by the investors in order to evaluate investment values and company forecasts etc.

Rule - 11 Focus on the Importance of Corporate Social Responsibility

- **A summary of the development of a policy to ensure a balance between each of the company goals and society goals:**

Corporate Social Responsibility [CSR] represents the continuous commitment of the Company through ethical behaviour, to achieve sustainable development for society in general and its employees in particular. The Board of Directors sets out the CSR policies and procedures for balancing social and environmental objectives with the Company's economic objectives and as part of its initiatives to fulfil its social responsibility to stakeholders, employees, community and environment in the course of conducting its business operations.

The Board, Marketing & PR department and employees are allocated CSR responsibilities as follows:

Board of directors:

- Oversight of social and environmental risk management and CSR performance
- Ensure a balance between the Company's objectives and the Community's objectives
- Highlight the Company's efforts in community service by implementing specific mechanisms and programs, establishing performance benchmarks, comparison with peers and CSR work plans

Corporate Governance Report 2024

Marketing & PR:

◦ Creating CSR awareness through educational programs for employees
◦ Planning and implementing awareness programs for community to identify the social responsibility according to clear mechanisms and highlighting the issues that contribute to social development.

Employees:
◦ All employees are responsible for implementing CSR activities as formulated by the Board on an ongoing basis. Employee involvement is a critical success factor for CSR performance.

- **Brief about the programs and mechanisms helping to highlight the company's efforts exerted in the field of social work:**

In order to achieve and maintain a proper balance between Socio-Environmental objectives and the Company's business objectives, the Company aims to meet its obligation towards Society, Stakeholders, Employees, and the Environment by immersing in the field of social work which includes but not limited to the following:

1. Held workshops in nonprofit organizations such as Al Sidra Association for psychological care of cancer patients.
2. Raised and donated money to Al Sidra for the cancer patients fund which covers medical expenses for non-Kuwaiti patients
3. Sponsored children's events with various shows for arts and crafts in cooperation with the Kuwait Society for the Care of Children in Hospital and Bayt Abdullah for Children's Care.
4. Partnered with Qawafil charity for relief and development to help raise money for the kids in Gaza & Lebanon.
5. Hosting women's workshops aimed at supporting and empowering women and society, in addition to spreading expertise in the field of small projects.

Corporate sustainability

- **A summary of the sustainability factors adopted by in the company:**

Ajial Real Estate & Entertainment's strategy aims to establish a foundation for creating long-term value, and enhancing the role of environment, social and governance in the company and across its subsidiaries and stakeholders. This strategy includes five priorities: creating an attractive workplace, achieving positive environmental results, encouraging community engagement, governance, and sustainable economic impact.

Furthermore, one of our core principles is the commitment to contributing to the prosperity of society. We strive to deliver on our commitments to the communities in which we operate, by capitalizing on our ESG strategy, implementing corporate governance practices, prioritizing our people, embracing environmental and social responsibility, and harnessing the advancement of technology.

Overall, we recognize the need to integrate ESG principles into the company's operations, and our strategy will serve as a guideline in advancing in these kinds of initiatives. We remain committed to meeting the expectations of our investors and stakeholders and leveraging ESG principles to drive more corporate responsible business practices.

Shk. Hamad Mubarak Al Jaber Al Sabah
Vice Chairman

Audit Report 2024

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AJIAL REAL ESTATE ENTERTAINMENT COMPANY K.S.C.P.

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Ajial Real Estate Entertainment Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Audit Report 2024

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AJIAL REAL ESTATE ENTERTAINMENT COMPANY K.S.C.P.

Report on the Audit of Consolidated Financial Statements (continued)
Key Audit Matters (continued)

Valuation of investment properties

Key audit matter	How the key audit matter was addressed in the audit
The Group's investment properties represent 52% of the Group's total assets and are measured at fair value for an amount of KD 90,200,000 as at 31 December 2024 as disclosed in Note 4 to the consolidated financial statements. The management of the Group engages professionally qualified external valuers to assess the fair value of its investment properties on an annual basis. The valuation of investment properties is highly dependent on estimates and assumptions, such as rental value, occupancy rates, discount rates, maintenance status, and financial stability of tenants, market knowledge and historical transactions. Given the size of investment properties and the complexity of valuation and the importance of disclosures relating to assumptions used in the valuation, we considered the valuation of investment properties as a key audit matter.	Our audit procedures included, among others, the following: - We assessed the competence, independence and integrity of the external valuers. - We assessed for valuation reports obtained whether the valuation methods as applied by the external valuers are acceptable for the purpose of the valuation of the underlying investment properties. - We assessed the appropriateness of the property related data, including key estimates and assumptions as used by the external valuers by comparing amongst others prevailing market rents, market yields and evidence of comparable market transactions and other publicly available information of the property industry. - We performed audit procedures on a sample of the investment properties, to test whether property specific standing data supplied to the external valuers by management reflected the underlying property records held by the Group. - We assessed the adequacy and the appropriateness of the Group's disclosures concerning investment properties in Note 4 to the consolidated financial statements.

Audit Report 2024

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AJIAL REAL ESTATE ENTERTAINMENT COMPANY K.S.C.P. (continued)

Other information included in the Group's 2024 Annual Report

Management is responsible for the other information. Other information consists of the information included in the Group's 2024 Annual Report, other than the consolidated financial statements and our auditor's report thereon. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of our auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Audit Report 2024

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AJIAL REAL ESTATE ENTERTAINMENT COMPANY K.S.C.P. (continued)

Report on the Audit of Consolidated Financial Statements (continued)
Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Audit Report 2024

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AJIAL REAL ESTATE ENTERTAINMENT COMPANY K.S.C.P. (continued)

Report on the Audit of Consolidated Financial Statements (continued)
Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (contiued)

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that, we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No 1 of 2016, as amended, and its executive regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No 1 of 2016, as amended, and its executive regulations, as amended, nor of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 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 organization of security activity and its executive regulations, as amended, during the year ended 31 December 2024 that might have had a material effect on the business of the Parent Company or on its financial position.

بدر عادل العبدالجادر

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

3 February 2025
Kuwait

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2024

	Notes	2024 KD	2023 KD
Rental income		**5,970,944**	4,782,435
Property operating expenses		**(1,149,268)**	(1,005,490)
Net rental income		**4,821,676**	3,776,945
Revenue from rendering services		**2,396,193**	1,719,243
Rendering services expenses		**(1,512,561)**	(1,158,382)
Net services income		**883,632**	560,861
Valuation loss on investment properties	4	**(347,182)**	(47,810)
Share of result from associates	5	**3,254,882**	2,884,992
Unrealised gain on financial assets at fair value through profit or loss		**261,207**	135,566
Realised gain (loss) on sale of financial assets at fair value through profit or loss		**3,135**	(865)
Dividend income		**114,805**	110,161
Wakala investment deposits income		**127,366**	117,364
Net investment income		**3,414,213**	3,199,408
Total operating income		**9,119,521**	7,537,214
Administrative expenses		**(1,098,279)**	(1,022,503)
Expected credit losses		**(232,308)**	(136,060)
Net operating income		**7,788,934**	6,378,651
Other income		**35,147**	1,214
Finance costs		**(1,622,917)**	(1,690,640)
PROFIT FOR THE YEAR BEFORE TAX AND DIRECTORS' REMUNERATION		**6,201,164**	4,689,225
Contribution to Kuwait Foundation for Advancement of Sciences ("KFAS")		**(20,809)**	(10,223)
Zakat		**(30,802)**	(15,261)
Contribution to National Labour Support Tax (NLST)		**(164,925)**	(118,326)
Directors' remuneration	13	**(75,000)**	(75,000)
PROFIT FOR THE YEAR		**5,909,628**	4,470,415
BASIC AND DILUTED EARNINGS PER SHARE	3	**28.25 fils**	21.37 fils

The attached notes 1 to 18 form part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2024

	Notes	2024 KD	2023 KD
PROFIT FOR THE YEAR		5,909,628	4,470,415
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations (associates)		9,307	34,943
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		5,918,935	4,505,358

The attached notes 1 to 18 form part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the year ended 31 December 2024

	Notes	**2024 KD**	2023 KD
ASSETS			
Non-current assets			
Property and equipment		**1,748,931**	1,879,799
Investment properties	4	**90,200,000**	89,994,000
Investment in associates	5	**78,426,833**	76,843,160
		170,375,764	168,716,959
Current assets			
Inventories		**74,162**	94,586
Accounts receivables and prepayments		**280,398**	254,564
Financial assets at fair value through profit or loss	18	**1,051,708**	522,020
Cash and short-term deposits	6	**3,101,985**	3,031,207
		4,508,253	3,902,377
Total assets		**174,884,017**	172,619,336
Equity and liabilities			
Equity			
Share capital	7	**21,033,120**	20,420,505
Share premium		**5,199,430**	5,199,430
Statutory reserve	8	**3,375,905**	2,755,789
Voluntary reserve	9	**3,192,274**	2,572,158
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		**49,345**	40,038
Retained earnings		**61,929,988**	59,904,137
Total equity		**140,579,299**	136,691,294
Non-current liabilities			
Employees' end of service benefits		**552,168**	474,632
Accounts payables and accruals	11	**1,013,810**	1,002,101
Murabaha payables	12	**30,000,000**	30,250,000
		31,565,978	31,726,733
Current liabilities			
Account payables and accruals	11	**2,738,740**	2,701,309
Murabaha payable	12	**-**	1,500,000
		2,738,740	4,201,309
Total liabilities		**34,304,718**	35,928,042
TOTAL EQUITY AND LIABILITIES		**174,884,017**	172,619,336

Sheikh/ Ali Al Abdullah Al Khalifah Al Sabah
Chairman

Sheikh/ Hamad Mubarak Jaber Al Ahmad Al Sabah
Vice Chairman

The attached notes 1 to 18 form part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2024

	Share capital KD	Share premium KD	Statutory reserve KD	Voluntary reserve KD
As at 1 January 2024	20,420,505	5,199,430	2,755,789	2,572,158
Profit for the year	-	-	-	-
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	-	-
Transfer to reserves	-	-	620,116	620,116
Bonus shares issue (Note 7)	612,615	-	-	-
Cash dividends (Note 7)	-	-	-	-
At 31 December 2024	21,033,120	5,199,430	3,375,905	3,192,274
As at 1 January 2023	19,448,100	5,199,430	2,286,866	2,103,235
Profit for the year	-	-	-	-
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	-	-
Transfer to reserves	-	-	468,923	468,923
Bonus shares issue (Note 7)	972,405	-	-	-
Cash dividends (Note 7)	-	-		
At 31 December 2023	20,420,505	5,199,430	2,755,789	2,572,158

The attached notes 1 to 18 form part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2024

Treasury shares KD	Effect of change in accounting policy of investment properties KD	Foreign currency translation reserve KD	Retained earnings KD	Total equity KD
(319,250)	46,118,487	40,038	59,904,137	136,691,294
-	-	-	5,909,628	5,909,628
-	-	9,307	-	9,307
-	-	9,307	5,909,628	5,918,935
-	-	-	(1,240,232)	-
-	-	-	(612,615)	-
-	-	-	(2,030,930)	(2,030,930)
(319,250)	46,118,487	49,345	61,929,988	140,579,299
(319,250)	46,118,487	5,095	58,311,084	133,153,047
-	-	-	4,470,415	4,470,415
-	-	34,943	-	34,943
-	-	34,943	4,470,415	4,505,358
-	-	-	(937,846)	-
-	-	-	(972,405)	-
-	-		(967,111)	(967,111)
(319,250)	46,118,487	40,038	59,904,137	136,691,294

The attached notes 1 to 18 form part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2024

	Notes	2024 KD	2023 KD
OPERATING ACTIVITIES			
Profit for the year before tax and directors' remuneration		6,201,164	4,689,225
Adjustments to reconcile profit before tax and directors' remuneration to net cash flows:			
Depreciation expense			
Valuation loss on investment properties		219,353	158,605
Share of result from associates	4	347,182	47,810
Unrealised gain on financial assets at fair value through profit or loss	5	(3,254,882)	(2,884,992)
Realised (gain) loss on sale of financial assets at fair value through profit or loss		(261,207)	(135,566)
Dividend income		(3,135)	865
Expected credit losses		(114,805)	(110,161)
Interest income		232,308	136,060
Provision for employees' end of service benefits		(127,366)	(117,364)
Finance costs		77,536	58,977
		1,622,917	1,690,640
		4,939,065	3,534,099
Working capital adjustments:			
Inventories		20,424	(81,797)
Accounts receivables and prepayments		(238,590)	(194,846)
Accounts payables and accruals		(540,716)	(1,110,181)
Cash flows from operations		4,180,183	2,147,275
Employees' end of service benefits paid		-	(17,111)
Taxes paid		(143,932)	(66,582)
Net cash flows from operating activities		4,036,251	2,063,582
INVESTING ACTIVITIES			
Additions to property and equipment		(88,485)	(355,980)
Additions to investment properties	4	(553,182)	(551,810)
Purchase of additional shares in an associate	5	(922,500)	-
Return on capital from an associate	5	115,626	-
Distributions received from an associate	5	2,487,390	1,776,707
Proceeds from disposal of financial assets at fair value through profit or loss		-	33,652
Dividend income received		114,805	110,161
Net movement in wakala investment deposits		(1,910,000)	3,000,000
Interest income received		114,091	104,246
Net cash flows from investing activities		(642,255)	4,116,976
FINANCING ACTIVITIES			
Dividends paid		(1,984,959)	(961,494)
Finance costs paid		(1,498,259)	(1,550,503)
Repayment of murabaha payable		(1,750,000)	(750,000)
Net cash flows used in financing activities		(5,233,218)	(3,261,997)
NET (DECREASE) INCREASE IN CASH AND SHORT-TERM DEPOSITS		(1,839,222)	2,918,561
Cash and short-term deposits at 1 January		3,031,207	112,646
CASH AND SHORT-TERM DEPOSITS AT 31 DECEMBER	6	1,191,985	3,031,207
Non-cash transactions excluded from the statement of cash flows:			
Disposal of financial assets at fair value through profit or loss	18	6,277	-
Purchases of financial assets at fair value through profit or loss	18	(271,623)	-

The attached notes 1 to 18 form part of these consolidated financial statements.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2024

1- CORPORATE INFORMATION

The consolidated financial statements of Ajial Real Estate Entertainment Company K.S.C.P. (the "Parent Company") and its Subsidiaries (collectively, the "Group") for the year ended 31 December 2024 were authorised for issue in accordance with a resolution of the Board of Directors on 3 February 2025. The General Assembly of the Parent Company's shareholders has the power to amend these consolidated financial statements in the Annual General Assembly meeting ("AGM") of the Parent Company's shareholders.

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 proposed and paid by the Group for the year then ended are provided in Note 7.2.

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

The Parent Company activities are, as follows:

1. All real estate activities including buying and selling lands, real estate and renting and leasing thereof inside and outside Kuwait.
2. Establish and maintain buildings and real estate projects including establishment of residential complexes thereof.
3. Establish commercial markets and entertainment centres, touristic facilities and building special accommodations.
4. 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.
5. Prepare studies for real estate projects, whether general of private and execute thereof directly or by proxy.
6. Manage properties inside or outside Kuwait and perform works which helps it to achieve its objectives.
7. 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 head office of the Parent Company is located at Hawally, Block 5, Beirut Street, Al-Andalus Complex, 16th Floor and its registered postal address is P.O. Box 44301, Hawally 32058, Kuwait.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2024

1.2 GROUP INFORMATION

The consolidated financial statements of the Group include:

Subsidiaries

Name of the company	Country of incorporation	% equity interest		Principal activities
		2024	2023	
Al Hamra Cinema Company K.S.C. (Closed)*	Kuwait	**98%**	98%	Entertainment
Ajial and Al Andalus for Organising and Managing Trade Exhibition S.P.C.	Kuwait	**100%**	100%	Organising and managing trade exhibition

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

Associates

Name of the company	Country of incorporation	% equity interest		Year- end	Principal activities
		2024	2023		
Al Hamra Real Estate Company K.S.C. (Closed)	Kuwait	**35.53%**	35.53%	October 31	Real estate
Al Madar Al Thahabia Company W.L.L. ("Al Madar")*	Saudi Arabia	**31%**	24%	December 31	Real estate

* During the year, the Group acquired additional shares for KD 922,500 resulted in an increase in its % of equity interest from 24% to 31%.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2024

2- BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").
The consolidated financial statements have been prepared on a historical cost basis, except for investment properties and financial assets at fair value through profit or loss that have been measured at fair value.
The consolidated financial statements have been presented in Kuwaiti Dinars (KD), which is also the functional and presentation currency of the Parent Company.
The Group has prepared the consolidated financial statements on the basis that it will continue to operate as a going concern.
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 year period then ended. Such reclassification has been made to improve the quality of information presented.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Parent Company and its Subsidiaries as at 31 December 2024.
Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING
2.2 BASIS OF CONSOLIDATION (continued)

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises assets (including goodwill), liabilities, non-controlling interests, and other components of equity while any resultant gain or loss is recognised in the consolidated statement of profit or loss. Consideration received and any investment retained are recognised in the consolidated statement of financial position at fair value. It also reclassifies any share of components previously recognised in OCI to the consolidated statement of profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations
The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback
The amendments in IFRS 16 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 consolidated financial statements.

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current
The amendments to IAS 1 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, an entity is required to 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 consolidated financial statements.

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

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING
2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures 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 amendments had no impact on the Group's consolidated financial statements.

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new and amended standards and interpretations are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements. None of these are expected to have a significant impact on the Group's consolidated financial statements.

2.5 MATERIAL ACCOUNTING POLICY INFORMATION
2.5.1 Business combination and goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

2.5.1 Business combinations and acquisition of non-controlling interests
When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

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

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)
2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions in IAS 37 Provisions, Contingent Liabilities and Contingent Assets or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

2.5.2 Revenue recognition
Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers. The Group has generally concluded that it is the principal in its revenue arrangements.

Rental income
The Group earns revenue from acting as a lessor in operating leases which do not transfer substantially all of the risks and rewards incidental to ownership of an investment property.

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in the consolidated statement of comprehensive income due to its operating nature.

Rendering of services to tenants
For investment property held primarily to earn rental income, the Group enters as a lessor into lease agreements that fall within the scope of IFRS 16. These agreements include certain services offered to tenants (i.e., customers) including common area maintenance services (such as cleaning, security, etc), as well as other support services (e.g., reception services and other related services). The consideration charged to tenants for these services includes fees charged.

The Group has determined that these services constitute distinct non-lease components (transferred separately from the right to use the underlying asset) and are within the scope of IFRS 15. The Group allocates the consideration in the contract to the separate lease and revenue (non-lease) components on a relative stand-alone selling price basis.

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

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)
2.5.2 Revenue recognition (continued)

Rendering of services to tenants (continued)
These services represent a series of daily services that are individually satisfied over time because the tenants simultaneously receive and consume the benefits provided by the Group. The Group applies the time elapsed method to measure progress.

Revenue from of sale of real estate
Income from the sale of real estates is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the asset.

The sale of completed property constitutes a single performance obligation and the Group has determined that this is satisfied at the point in time when control transfers. For unconditional exchange of contracts, this generally occurs when legal title transfers to the customer. For conditional exchanges, this generally occurs when all significant conditions are satisfied. Payments are received when legal title transfers which is usually within six months from the date when contracts are signed.

2.5.3 Interest income
Interest income is recognised as the interest accrues using effective interest method.

2.5.4 Dividend income
Dividend income is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

2.5.5 Dividend distribution
The Group recognises a liability to pay a dividend when the distribution is no longer at the discretion of the Group. As per the companies law, a distribution is authorised when it is approved by the shareholders at the annual general assembly meeting ("AGM"). A corresponding amount is recognised directly in equity.

Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date.

2.5.6 Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)
2.5.7 Taxationt

Kuwait Foundation for the Advancement of Sciences (KFAS)
The contribution to KFAS is calculated at 1% of the profit for the year attributable to the Parent Company in accordance with the modified calculation based on the Foundation's Board of Directors' resolution, which states that income from associates and subsidiaries, and transfer to statutory reserve until the reserve reaches 50% of share capital should be excluded from the profit base when determining the contribution. The contribution to KFAS is payable in full before the AGM is held in accordance with the Ministerial Resolution (184/2022).

Zakat
Zakat is calculated at 1% of the profit for the year in accordance with the requirements of the Ministry of Finance resolution No. 58/2007 effective from 10 December 2007.

National Labour Support Tax (NLST)
The Parent Company calculates the NLST in accordance with Law No. 19 of 2000 and the Minister of Finance Resolutions No. 24 of 2006 at 2.5% of taxable profit for the year. As per law, income from associates and subsidiaries, cash dividend from listed companies which are subjected to NLST have been deducted from the profit for the year.

2.5.8 Current versus non-current classification
The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:
- Expected to be realised or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Bank balances and cash unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

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

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)
2.5.9 Property and equipment

Property and equipment is stated at cost less accumulated depreciation and any impairment in value, if any. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

- Furniture and decorations	5-10 years
- Equipment	5 -10 years

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in profit or loss as the expense is incurred.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

The residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

2.5.10 Investment properties
Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of comprehensive income in the period in which they arise. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying appropriate valuation models.
Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15.

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

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)
2.5.10 Investment properties (continued)t

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Transfer from properties under development are made upon completion of the work and the property being ready for its intended use at carrying value and subsequently fair valued at reporting date.

2.5.11 Investment in associates
The Group holds interests in associates.

The financial statements of the investees are prepared for the same reporting period as the Group. The accounting policies of the investees are aligned with those of the Group. Therefore, no adjustments are made when measuring and recognising the Group's share of the profit or loss of the investees after the date of acquisition.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture are accounted for using the equity method.

The aggregate of the Group's share of profit or loss of associates is shown on the face of the consolidated statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately. Thus, reversals of impairments may effectively include reversal of goodwill impairments. Impairments and reversals are presented within 'Share of results of an associate" in the consolidated statement of profit or loss.

2.5.12 Inventories
Inventories are intended to be used partially for the normal recurring maintenance of the Group's investment properties and are stated at the lower of cost and net realizable value. Costs are those expenses incurred in bringing each item to its present location and condition, determined on a weighted average basis.

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

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)
2.5.13 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2.5.13 Impairment of non-financial assets (continued)
The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised whenever the carrying amount of the asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

2.5.14 Financial instruments - initial recognition and subsequent measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

- **Financial assets**

Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

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

2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

- **Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Group has not designated any financial assets as at fair value and financial assets at amortised cost is more relevant to the Group.

- **Financial assets at amortised cost (debt instruments)**

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Since the Group's financial assets (tenant and other receivables and cash and short-term deposits) meet these conditions, they are subsequently measured at amortised cost.

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

BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)
2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)
2.5.14 Financial instruments - initial recognition and subsequent measurement (continued)

- **Financial assets (continued)**

- **Financial assets at fair value through OCI (debt instruments)**

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group does not have any financial assets classified under this category.

- **Financial assets designated at fair value through OCI (equity instruments)**

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group does not have any financial assets classified under this category.

- **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes certain equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
The Group elected to classify its non-listed equity investments under this category.

- **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

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

BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)
2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)
2.5.14 Financial instruments - initial recognition and subsequent measurement (continued)

- **Financial assets (continued)**

- **Derecognition (continued)**

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

- **Impairment of financial assets**

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix for corporate customers that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

ii) Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial liabilities include lease liabilities, account payables and other payables, loans and borrowings including bank overdrafts.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and trade payables, net of directly attributable transaction costs. Refer to the accounting policy on leases for the initial recognition and measurement of lease liabilities, as this is not in the scope of IFRS 9.

Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

The Group has not designated any financial liability as at fair value through profit or loss and financial liabilities at amortised cost is more relevant to the Group.

Financial liabilities at amortised cost (loans and borrowings)

Murabaha payable
After initial recognition, profit-bearing facilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Accounts payable and accruals
Accounts payable and accruals are recognised for amounts to be paid in the future for services received, whether billed by the supplier or not.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

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

- **3 Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

- **2.5.15 Cash and short-term deposits**

Cash and short-term deposits in the consolidated statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group’s cash management.

- **2.5.16 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)
2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)
2.5.16 Fair value measurement (continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised 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
- 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 in the consolidated financial statements 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.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 18.

2.5.17 Treasury shares

The Parent Company’s own shares are accounted for as treasury shares and are stated at cost. When the treasury shares are sold, gains are credited to a separate account in equity (treasury shares reserve) which is non-distributable. Any realised losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings then reserves. Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of reserves, retained earnings and the treasury shares reserve account. No cash dividends are distributed on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

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

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)
2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.5.18 Foreign currencies
The Group's consolidated financial statements are presented in KD, which is also the Parent Company's functional currency. For each entity, the Group determines the functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

- **Transactions and balances**

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

- **Group companies**

On consolidation, the assets and liabilities of foreign operations are translated into KD at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

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

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)
2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.5.19 Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.5.20 Employees' end of service benefits
The Group provides end of service benefits to all its employees under the Kuwait Labour Law. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Further, with respect to its national employees, the Group also makes contributions to the Public Institution for Social Security calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

2.5.21 Contingencies
Contingent assets are not recognised in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

Contingent liabilities are not recognised in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

2.5.22 Segment information
A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

2.5.23 Events after the reporting period
If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, the Group will assess if the information affects the amounts that it recognises in the Group's consolidated financial statements. The Group will adjust the amounts recognised in its consolidated financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in the light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its consolidated financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

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

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)
2.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.6 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

2.6.1 Significant judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Classification of real estate properties

Determining the classification of a property depends on particular circumstances and management's intentions. Property that is held for resale in the ordinary course of business or that in the process of development for such sale is classified as inventory. Property held to earn rental income or for capital appreciation, or both is classified as investment property. Property held for use in the production or supply of goods and services or for administrative purposes is classified as property and equipment.

Classification of financial assets

The Group determines the classification of financial assets based on the assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and profit on the principal amount outstanding.

2.6.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes of the related consolidated financial statement line items below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Valuation of investment properties

The fair value of investment properties is determined by real estate valuation experts using recognised valuation techniques and the principles of IFRS 13 Fair Value Measurement.

Investment properties under development are measured based on estimates prepared by independent real estate valuation experts, except where such values cannot be reliably determined. The significant methods and assumptions used by valuers in estimating the fair value of investment properties are set out in Note 4.

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

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)
2.6 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

2.6.2 Estimates and assumptions (continued)

Impairment of financial assets at amortised cost
The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost. For tenant receivables, the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Actual results may differ from these estimates.

Impairment of associates
Investment in associates are accounted for under the equity method of accounting for associates, whereby these investments are initially stated at cost, and are adjusted thereafter for the post-acquisition change in the Group's share of the net assets of the associates less any impairment losses. The Group is required to assess, at each reporting date, whether there are indications of impairment. If such indications exist, the management estimates the recoverable amount of the associate in order to determine the extent of the impairment loss (if any). The identification of impairment indicators and determination of the recoverable amounts require management to make significant judgements, estimates and assumptions.

Useful lives of depreciable assets
Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment

Provision for impairment of inventories
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

3 BASIC AND DILUTED EARNINGS PER SHARE
Basic earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year (excluding treasury shares). Diluted earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year (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 at the reporting date, the Group had no outstanding dilutive potential 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 Subsidiaries

3 BASIC AND DILUTED EARNINGS PER SHARE

	2024	2023
Profit for the year (KD)	**5,909,628**	4,470,415
Weighted average number of ordinary shares outstanding during the year (excluding treasury shares)	**209,187,528**	209,187,528
Basic and diluted earnings per share	**28.25 fils**	21.37 fils

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

Basic and diluted earnings per share calculations for the year ended 31 December 2023 have been adjusted to take into account the bonus shares issue (Note 7).

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

4 INVESTMENT PROPERTIES

	2024 KD	2023 KD
As at 1 January	**89,994,000**	89,490,000
Additions	**553,182**	551,810
Change in fair value	**(347,182)**	(47,810)
As at 31 December	**90,200,000**	89,994,000

As at 31 December 2024, an investment property with fair value of KD 65,650,000 (2023: KD 64,974,000) is pledged as a security against Murabaha facilities of KD 30,000,000 (31 December 2023: KD 31,750,000) (Note 12).

The fair value of investment properties has been determined based on valuations performed by two independent and accredited valuers with recognised and relevant professional qualification and with recent experience in locations and categories of investment properties being valued. 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.

Fair value is determined using a mix of the income capitalisation method and market-based approach. Fair value using the income capitalisation method, under the Level 3 fair value hierarchy, is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation (discount) rate. Under the market-based approach, fair value is estimated based on cost price for comparable property. The unit of comparison applied by the Group is the price per square meter (‘sqm’).

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

4 INVESTMENT PROPERTIES (continued)

The significant assumptions made relating to valuation of the investment properties and the sensitivity of the valuation to changes in these assumptions, are set out below:

	2024 KD	2023 KD
Market comparable method – Level 2	**2,750,000**	3,120,000
Income capitalisation method – Level 3	**87,450,000**	86,874,000
	90,200,000	89,994,000

A quantitative sensitivity analysis is, as shown below:

The table below presents the sensitivity of the valuation to changes in the most significant assumptions underlying the valuation of investment properties.

Significant unobservable valuation input (Level 2)

	Range		Changes in assumptions	Effect on fair value	
	2024 KD	2023 KD		**2024 KD**	2023 KD
Price per square meter	**324**	367	±5%	**137,500**	156,000

Significant unobservable valuation inputs (Level 3)

	Range		Sensitivity used	Effect on fair value	
	2024 KD	2023 KD		**2024 KD**	2023 KD
Average rent (KD)	**11.11**	11.03	± 5%	**3,533,835**	3,544,024
Capitalisation rate	**8.12%**	8.17%	± 50 basis point	**437,927**	439,367
Occupancy rate	**96.21%t**	95.35%	± 5%	**3,672,910**	3,716,963

5 INVESTMENT IN ASSOCIATES

Movement in the carrying amount of investment in associates during the year is as follows:

	2024 KD	2023 KD
As at 1 January	**76,843,160**	75,699,932
Share of results	**3,254,882**	2,884,992
Purchase of additional shares	**922,500**	-
Return of capital	**(115,626)**	-
Distributions received	**(2,487,390)**	(1,776,707)
Exchange differences	**9,307**	34,943
As at 31 December	**78,426,833**	76,843,160

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

5 INVESTMENT IN ASSOCIATES (continued)

The Group's interest in associatesis accounted for using the equity method in the consolidated financial statements. Summarised financial information of the associates, based on its IFRS financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

	Al Hamra Real Estate Company K.S.C. (Closed)* KD	Al Madar Al Thahabia Company W.L.L.** KD	2024 KD	2023 KD
Summarised statement of financial position				
Assets	282,764,856	25,205,472	307,970,328	314,041,940
Liabilities	(83,385,917)	(729,681)	(84,115,598)	(88,445,482)
Total equity	199,378,939	24,475,791	223,854,730	225,596,458
% equity interest	35.53%	31%		
Group's carrying amount of the investment	70,839,338	7,587,495	78,426,833	76,843,160
Summarised statement of profit or loss and other comprehensive income				
Revenues	18,704,480	2,552,399	21,256,879	19,751,214
Profit (loss) for the year	9,501,963	(246,577)	9,255,386	7,790,148
Other comprehensive income for the year	-	30,022	30,022	145,596
Total comprehensive income (loss) for the year	9,501,963	(216,555)	9,285,408	7,935,744
Group's share of results for the year	3,376,047	(121,165)	3,254,882	2,884,992
Group's share of other comprehensive income for the year	-	9,307	9,307	34,943
Capital redemption during the year	-	115,626	115,626	-
Distributions received	2,487,390	-	2,487,390	1,776,707

* The reporting date of Al Hamra Real Estate Company K.S.C. (Closed) is 31 October and there were no significant events or transactions between the reporting dates of the associate and 31 December.

** During the year, the Group acquired additional shares in the associate for a purchase consideration of KD 922,500 resulting in an increase in its equity interest from 24% to 31%.

The associates had no material contingent liabilities or capital commitments as at 31 December 2024 and 2023.

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

6 CASH AND SHORT-TERM DEPOSITS

For the purpose of the consolidated statement of cash flows, Bank balances and cash are comprised of the following:

	2024 KD	2023 KD
Cash on hand	5,879	34,932
Cash at banks	1,186,106	996,275
Wakala investment deposits*	1,910,000	2,000,000
Cash and short-term deposits	3,101,985	3,031,207
Bank balances and cash as disclosed in consolidated statement of financial position	3,101,985	3,031,207
Less: Wakala investment deposits with original maturity of more than 3 months	(1,910,000)	-
Cash and short-term deposits for the purpose of consolidated statement of cash flow	1,191,985	3,031,207

* Wakala investment deposits are denominated in Kuwaiti Dinars, placed with a local bank and carry a fixed profit rate of 4.25% (31 December 2023: 4.5%) per annum.

7 SHARE CAPITAL AND GENERAL ASSEMBLY MEETING

7.1 Share capital

	Authorised, issued and fully paid up share capital			
	2024 KD	2023 KD	2024 Shares	2023 Shares
100 fils each (2023: 100 fils each), fully paid in cash.	21,033,120	20,420,505	210,331,201	204,205,050

7.2 Distributions made and proposed

The Board of Directors in their meeting held on 5 February 2024, proposed for the year ended 31 December 2023 a cash dividend of 10 fils per share (31 December 2022: 5 fils per share) and a bonus shares issue 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 31 December 2024 amounted to KD 222,128 (31 December 2023: KD 176,157) and recorded within "accounts payable and accruals" in the consolidated statement of financial position.

The Board of Directors in their meeting held on 3 February 2025, proposed for the year ended 31 December 2024 a cash dividend of 20 fils per share. This proposal is subject to the approval by the Parent Company's shareholders' AGM.

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

8 STATUTORY RESERVE

In accordance with the Companies' Law, and the Parent Company's Memorandum of Incorporation and Articles of Association, a minimum of 10% of the profit for the year before contributions to KFAS, NLST, Zakat and board of directors' remuneration shall be transferred to the statutory reserve based on the recommendation of the Parent Company's board of directors. The annual general assembly of the Parent Company may resolve to discontinue such transfer when the reserve exceeds 50% of the issued share capital.

Distribution of the statutory reserve is limited to the amount required to enable the payment of a dividend of 5% of paid up share capital to be made in years when retained earnings are not sufficient for the payment of a dividend of that amount.

9 VOLUNTARY RESERVE

In accordance with the Companies' Law, and the Parent Company's Memorandum of Incorporation and Articles of Association, a maximum of 10% of the profit for the year before contributions to KFAS, NLST, Zakat and board of directors' remuneration is required to be transferred to the voluntary reserve. Such annual transfers may be discontinued by a resolution of the shareholders' general assembly upon a recommendation by the Board of Directors. There are no restrictions on the distribution of this reserve.

10 TREASURY SHARES

	2024	2023
Number of shares	**1,143,673**	1,110,363
Percentage of issued shares	**0.54%**	0.54%
Market value (KD)	**309,935**	283,143
Cost (KD)	**319,250**	319,250

The weighted average market price of the Parent Company's shares for the year ended 31 December 2024 was 271 fils per share (31 December 2023: 255 fils per share).

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

Treasury shares increased by 33,310 shares resulted from bonus shares approved by the AGM (Note 7).

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

11 ACCOUNT PAYABLES AND ACCRUALS

	2024 KD	2023 KD
Amounts due to contractors and suppliers	**1,038,279**	1,227,216
Rent received in advance from tenants	**359,559**	316,742
Deposits from tenants	**1,013,810**	1,002,101
Accrued expenses	**548,898**	495,421
KFAS payable	**20,809**	10,223
Dividends payable	**222,128**	176,157
Other payables	**549,067**	475,550
	3,752,550	3,703,410
Disclosed in the consolidated statement of financial position as follows:		
Non-current	**1,013,810**	1,002,101
Current	**2,738,740**	2,701,309
	3,752,550	3,703,410

*The amount paid to KFAS during the year ended 31 December 2024 is KD 10,223 (2023: KD 2,632).

12 MURABAHA PAYABLES

	2024 KD	2023 KD
Gross amount	**30,376,712**	32,166,719
Less: deferred finance costs	**(376,712)**	(416,719)
	30,000,000	31,750,000
Non-current	**30,000,000**	30,250,000
Current	**-**	1,500,000

Murabaha payables is obtained from a local bank, denominated in Kuwaiti Dinar and secured against investment properties with a carrying value of KD 65,650,000 as at 31 December 2024 (2023: KD 64,974,000) (Note 4)

Murabaha payables carry an average profit rate of 1% (31 December 2023: 1.25%) per annum over the Central Bank of Kuwait discount rate.

Changes in liabilities arising from financing activities:

	2024 KD	2023 KD
As at 1 January	**31,750,000**	32,500,000
Cash outflow	**(1,750,000)**	(750,000)
As at 31 December	**30,000,000**	31,750,000

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13 RELATED PARTY DISCLOSURES

These represent transactions and balances 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 year ended 2024 and 2023.No outstanding balances are owed by (to) related parties as at the reporting date.

Compensation of key management personnel

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

	Transaction values for the year ended 31 December	
	2024 KD	2023 KD
Salaries and short-term employee benefits	**246,098**	236,825
End of services benefits	**29,294**	29,135
	275,392	265,960

On 3 February 2025, the Board of Directors of the Parent Company proposed directors' remuneration of KD 75,000 for the year ended 31 December 2024 (2023: KD 75,000). This proposal is subject to the approval of the shareholders at the AGM of the Parent Company.

The shareholders of the Parent Company at the AGM held on 19 March 2024 approved the board of directors' recommendation to distribute a directors' remuneration of KD 75,000 for the year ended 31 December 2023.

14 COMMITMENTS AND CONTINGENT LIABILITIES

14.1 Commitments

The Group has no commitments in respect of certain investment properties.

14.2 Contingencies

As at 31 December 2024, the Group has contingent liabilities representing a letter of guarantee amounting to KD 429,532 (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.

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

15 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 activities comprise 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 activities comprise Owning, operating and utilizing cinemas and leasing cinemas to governmental and private entities.
- Equities and other investing activities comprise participation in financial and real estate funds and managing the Group's liquidity requirements.

31 December 2024	Real estate activities KD	Entertainment activities KD	Equities and other investing activities KD	Unallocated KD	Total KD
Segment revenue	5,776,350	2,243,605	3,761,395	35,147	11,816,497
Segment results	3,162,896	851,293	3,241,121	(1,345,682)	5,909,628
Segment assets	90,988,090	1,984,302	81,401,816	509,809	174,884,017
Segment liabilities	22,310,063	225,653	10,326,030	1,442,972	34,304,718
Other disclosures					
Share of results from associates	-	-	3,254,882	-	3,254,882
Investment in associates	-	-	78,426,833	-	78,426,833
31 December 2023 Segment revenue	4,811,504	1,642,596	3,247,218	982	9,702,300
Segment results	2,378,004	608,533	2,728,177	(1,244,299)	4,470,415
Segment assets	90,713,088	1,895,588	79,482,312	528,348	172,619,336
Segment liabilities	24,377,998	148,307	10,132,144	1,269,593	35,928,042
Share of results from associates	-	-	2,884,992	-	2,884,992
Investment in associates	-	-	76,843,160	-	76,843,160

Geographically, Group's assets are predominantly located in Kuwait, as a result, no geographic segment information has been provided.

16 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk activities are governed by appropriate policies and procedures as these financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities.

The main risks arising from Group's financial instruments are credit risk, liquidity risk and exposure to market risk limited to interest rate risk, as none of the Group's financial instruments are in foreign currency risk or listed on the stock exchange. The Group's Board of Directors' reviews and agrees policies for managing each of these risks which are summarised below.

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16.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's exposure to credit risk primarily from trade and other receivables arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets as follows:

	2024 KD	2023 KD
Cash and short-term deposits	3,096,106	2,996,275
Tenant receivables, net	82,417	111,211
Other receivables (excluding prepaid expenses and advances)	131,181	76,615
	3,309,704	3,184,101

Tenant receivables

The Group uses a provision matrix based on the Group's historical observed default rates to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances. The Group assumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The Group does not hold collateral as security.

The table below provides information about the credit risk exposure on the Group's tenant receivables using a provision matrix:

	Rent receivables		**Total**
	< 180 days KD	**> 180 days KD**	**KD**
31 December 2024 Estimated total gross carrying amount at default	86,894	503,256	590,150
Estimated credit loss	4,477	503,256	507,733
Expected credit loss rate	5%	100%	
31 December 2023 Estimated total gross carrying amount at default	117,332	269,304	386,636
Estimated credit loss	6,121	269,304	275,425
Expected credit loss rate	5%	100%	

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16.1 Credit risk (continued)

Bank balances and short-term deposits
Credit risk from balances with banks and financial institutions is limited because the counterparties are reputable financial institutions with appropriate credit-ratings assigned by international credit-rating agencies. Further, the principal amounts of deposits in local banks (including saving accounts and current accounts) are guaranteed by the Central Bank of Kuwait in accordance with Law No. 30 of 2008 Concerning Guarantee of Deposits at Local Banks in the State of Kuwait which came into effect on 3 November 2008.

Impairment on cash at banks has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash at banks have low credit risk based on the external credit ratings of the counterparties.

Refundable deposits and other receivables
Refundable deposits and other receivables are considered to have a low risk of default and management believes that the counterparties have a strong capacity to meet contractual cash flow obligations in the near term. As a result, the impact of applying the expected credit risk model at the reporting date was immaterial.

16.2 Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. To manage this risk, the Group periodically assesses the financial viability of customers and invests in bank deposits or other investments that are readily realisable. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

The table below summarises the maturity profile of the Group's undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates.

	Less than 3 months KD	3 to 12 months KD	1 to 5 years KD	More than 5 years KD	Total KD
2024					
Murabaha payables	375,000	1,125,000	6,000,000	31,875,000	39,375,000
Account payables and accruals*	1,038,279	1,340,902	1,013,810	-	3,392,991
Total	1,413,279	2,465,902	7,013,810	31,875,000	42,767,991
2023					
Murabaha payables	791,719	2,345,625	15,884,063	22,326,250	41,347,657
Account payables and *accruals	1,227,216	1,157,351	1,002,101	-	3,386,668
Total	2,018,935	3,502,976	15,850,081	22,326,250	44,734,325

* excluding rent received in advance.

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16.3 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to change in market prices. Market risks comprises three types of risk: foreign currency risk, profit rate risks, and other price risk, such as equity price risk.

16.3.1 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market profit rates. The Group's exposure to the risk of changes in market profit rates relates primarily to the Group's Murabaha payables with floating interest rates.

At the reporting date, the Group's Murabaha payables at variable rate were mainly denominated in Kuwaiti Dinar.

Exposure to profit rate risk

The profit rate profile of the Group's profit -bearing financial instruments as reported to the management of the Group is as follows:

	2024 KD	2023 KD
Fixed-rate instruments		
Wakala investment deposits	**1,910,000**	2,000,000
Variable-rate instruments		
Murabaha payables	**(30,000,000)**	(31,750,000)

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Fair value sensitivity analysis for variable-rate instruments

A reasonably possible change of 25 basis points in interest rates at the reporting date would have increased or decreased profit before tax by KD 75,000 (2023: KD 79,375). This analysis assumes that all other variables remain constant.

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17 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. No changes were made in the objectives, policies or processes during the years ended 31 December 2024 and 31 December 2023.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, accounts payable and accruals (excluding rent received in advance from tenants) and Murabaha payables, less cash and short-term deposits. Capital comprises total equity.

	2024 KD	2023 KD
Accounts payable and accruals*	**3,392,991**	3,386,668
Murabaha payables	**30,000,000**	31,750,000
Less: Cash and short-term deposits	**(3,101,985)**	(3,031,207)
Net debt	**30,291,006**	32,105,461
Equity	**140,579,299**	136,691,294
Total capital and net debt	**170,870,305**	168,796,755
Gearing ratio	**18%**	19%

* Excluding rent received in advance.

18 FAIR VALUES OF FINANCIAL INSTRUMENTS

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

Unquoted equity investments
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. Unquoted equity securities are valued based on book value and price to book multiple method, multiples using latest financial statements available of the investee entities. The Group classifies the fair value of these investments as Level 3.

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18 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Funds

The Group invests in managed funds, including private equity funds, which are not quoted in an active market and which may be subject to restrictions on redemptions such as lock up periods. The management considers the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investing, to ensure they are reasonable and appropriate. Therefore, the NAV of these investee funds may be used as an input into measuring their fair value. The Group classifies these funds as either Level 2 or Level 3.

Other financial assets and liabilities at amortised cost

Fair value of other financial instruments 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. The fair value of financial assets and financial liabilities with a demand feature is not less than its face value.

Fair value hierarchy

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

	Significant observable inputs (Level 2) KD	Significant unobservable inputs (Level 3) KD	Total KD
Financial assets at fair value through profit or loss **31 December 2024**			
Managed funds	**20,770**	**-**	**20,770**
Local unquoted equity securities	**-**	**1,030,93**	**1,030,938**
	20,770	**1,030,938**	**1,051,708**
31 December 2023			
Managed funds	20,497	-	20,497
Local unquoted equity securities	-	501,523	501,523
	20,497	501,523	522,020

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18 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

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

Unlisted equity securities at fair value through profit or loss

	At the beginning of the year KD	Net gains recorded in profit or loss KD	Net purchases, transfers, sales and settlements KD	At the end of the year KD
31 December 2024	**501,523**	**264,069**	**265,346**	**1,030,938**
31 December 2023	362,507	139,811	(795)	501,523

There were no transfers between levels of the fair value hierarchy on Group's financial assets during 2024 or 2023.

The fair value of financial assets classified as level 3 are, in certain circumstances, measured using valuation techniques that incorporate assumptions that are not evidenced by the prices from observable current market transactions in the same instrument and are not based on observable market data. The Group employs valuation techniques, depending on the instrument type and available market data. For example, in the absence of active market, an investment's fair value is estimated on the basis of an analysis of the investee's financial position and results, risk profile and other factors. Favorable and unfavorable changes in the value of financial assets are determined on the basis of changes in the value of the instruments as a result of varying the levels of the unobservable parameters, quantification of which is judgmental. The management assessed that the impact on profit or loss would be immaterial if the relevant risk variables used to fair value the financial assets classified as Level 3 were altered by 5 percent.