Grant Thornton
Al-Qatami, Al-Aiban & Partners

Interim condensed consolidated financial information and review report

Sanam Real Estate Company – KPSC and Subsidiaries

Kuwait

30 September 2022 (Unaudited)

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Report on review of interim condensed consolidated financial information

To the board of directors of
Sanam Real Estate Company – KPSC
Kuwait

Introduction
We have reviewed the accompanying interim condensed consolidated statement of financial position of Sanam Real Estate Company – KPSC (the "Parent Company") and Subsidiaries (collectively the "Group") as at 30 September 2022 and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the nine-month period then ended.

Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

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

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

Other matters
The interim condensed consolidated financial information for the period ended 30 September 2021 was reviewed by another independent auditor who expressed an unmodified conclusion on those information on 10 November 2021.

The consolidated financial statements for the year ended 31 December 2021 were audited by another independent auditor who issued a qualified opinion on these consolidated financial statements on 29 March 2022. The basis for the qualified opinion was that the Group did not fair value its unquoted investments classified as at FVTPL which amounted to KD829,797 as of 31 December 2021. However, this has been rectified by management during the current period and the comparatives have been restated (refer note 19).

Report on other legal and regulatory requirements
Based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. We further report that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016 and its executive regulations, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the nine-month period ended 30 September 2022 that might have had a material effect on the business or financial position of the Parent Company.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations during the nine-month period ended 30 September 2022 that might had a material effect on the business or financial position of the Parent Company.

Abdullatif M. Al-Aiban (CPA)
(Licence No. 94-A)
of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Kuwait
27 October 2022

Interim condensed consolidated statement of profit or loss and other comprehensive income

	Note	Three months ended		Nine months ended	
		30 Sept. 2022 (Unaudited) KD	30 Sept. 2021 (Unaudited) KD	**30 Sept. 2022 (Unaudited) KD**	30 Sept. 2021 (Unaudited) KD
Income					
Rental income		**60,208**	30,000	**120,708**	112,353
Change in fair value of investment properties	7	**-**	-	**(99,736)**	-
Dividend from financial assets at fair value through profit or loss		**-**	8,766	**57,734**	58,921
Net (loss)/gain from financial assets at FVTPL		**(27,142)**	152,918	**173,872**	435,549
Gain from sale of investment in real estate portfolio	8	**-**	-	**71,382**	47,438
Interest and other income		**286**	2,751	**3,388**	9,404
		33,352	194,435	**327,348**	663,665
Expenses and other charges					
Staff costs		**(19,797)**	(13,334)	**(70,794)**	(48,461)
General, administrative and other expenses		**(23,398)**	(24,609)	**(116,658)**	(80,707)
Amortization expenses		**(36,300)**	(34,333)	**(108,900)**	(102,999)
Depreciation expenses		**(951)**	(184)	**(1,407)**	(550)
Finance costs		**(14,241)**	(7,125)	**(20,577)**	(35,656)
		(94,687)	(79,585)	**(318,336)**	(268,373)
(Loss)/profit for the period before provision for National Labour Support Tax (NLST) and Zakat		**(61,335)**	114,850	**9,012**	395,292
Reversal of provision/(provision) for NLST		**502**	(8,453)	**-**	(8,453)
Reversal of provision/(provision) for Zakat		**201**	(3,381)	**-**	(3,381)
(Loss)/profit for the period		**(60,632)**	103,016	**9,012**	383,458
Other comprehensive income for the period		**-**	-	**-**	-
Total comprehensive (loss)/income for the period		**(60,632)**	103,016	**9,012**	383,458
Basic and diluted (loss)/earnings per share attributable to shareholders of the Parent Company (fils)	6	**(0.50)**	0.85	**0.07**	3.16

The notes set out on pages 6 to 16 form an integral part of these interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Note	30 Sept. 2022 (Unaudited) KD	(Restated) 31 Dec 2021 (Audited) KD	30 Sept. 2021 (Unaudited) KD
Assets				
Non-current assets				
Property and equipment		**12,457**	2,643	1,397
Right of use of land		**2,467,578**	2,480,697	2,515,030
Investment properties	7	**5,498,212**	3,263,448	3,141,498
Investment in real estate portfolio	8	-	1,259,719	1,256,687
		7,978,247	7,006,507	6,914,612
Current assets				
Accounts receivable and other assets		**59,423**	7,992	5,928
Financial assets at fair value through profit or loss	9	**408,409**	2,919,429	3,286,675
Cash and cash equivalents	10	**2,542,954**	94,030	33,753
		3,010,786	3,021,451	3,326,356
Total Assets		**10,989,033**	10,027,958	10,240,968
Equity and liabilities				
Equity				
Share capital	11	**12,218,500**	12,218,500	12,218,500
Share premium	11	**184,196**	184,196	184,196
Treasury shares	12	**(184,196)**	(184,196)	(184,196)
Treasury shares profit reserve		**23,215**	23,215	23,215
Accumulated losses		**(3,068,020)**	(3,077,032)	(2,821,901)
Total equity		**9,173,695**	9,164,683	9,419,814
Liabilities				
Non-current liabilities				
Provision for end of service indemnity		**48,713**	42,655	42,336
Current liabilities				
Due to bank	13	-	719,958	704,895
Short term loan	14	**1,700,000**	-	-
Accounts payable and other liabilities		**66,625**	100,662	73,923
		1,766,625	820,620	778,818
Total Liabilities		**1,815,338**	863,275	821,154
Total Equity and Liabilities		**10,989,033**	10,027,958	10,240,968

Waleed Hamad Al-Sumait
Chairman

Dr. Sulaiman Tareq Al-Abduljader
Chief Executive Officer

The notes set out on pages 6 to 16 form an integral part of these interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity

	Share capital KD	Share premium KD	Treasury shares KD	Treasury shares profit reserve KD	Accumulated losses KD	Total KD
Balance at 1 January 2022 (Audited)	**12,218,500**	**184,196**	**(184,196)**	**23,215**	**(2,722,204)**	**9,519,511**
Effect of restatement (Note 19)	-	-	-	-	**(354,828)**	**(354,828)**
Balance at 1 January 2022 (restated) (Audited)	**12,218,500**	**184,196**	**(184,196)**	**23,215**	**(3,077,032)**	**9,164,683**
Total comprehensive income for the period	-	-	-	-	**9,012**	**9,012**
Balance at 30 September 2022 (Unaudited)	**12,218,500**	**184,196**	**(184,196)**	**23,215**	**(3,068,020)**	**9,173,695**
Balance at 1 January 2021 (Audited)	12,218,500	184,196	(184,196)	23,215	(3,205,359)	9,036,356
Total comprehensive income for the period	-	-	-	-	383,458	383,458
Balance at 30 September 2021 (Unaudited)	12,218,500	184,196	(184,196)	23,215	(2,821,901)	9,419,814

The notes set out on pages 6 to 16 form an integral part of these interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	Nine months ended 30 Sept. 2022 (Unaudited) KD	Nine months ended 30 Sept. 2021 (Unaudited) KD
OPERATING ACTIVITIES			
Profit for the period		**9,012**	383,458
Adjustments:			
Gain from sale of investment in real estate portfolio		**(71,382)**	(47,438)
Change in fair value of investment properties		**99,736**	-
Dividend from financial assets at fair value through profit or loss		**(57,734)**	(58,921)
Depreciation expenses		**1,407**	550
Amortization expenses		**108,900**	102,999
Interest and other income		**(3,388)**	(9,404)
Finance costs		**20,577**	35,656
Provision for end of service indemnity		**8,660**	1,753
		115,788	408,653
Changes in operating assets and liabilities:			
Accounts receivable and other assets		**(51,431)**	(3,625)
Financial assets at fair value through profit or loss		**2,511,020**	(504,714)
Accounts payable and other liabilities		**(34,037)**	13,023
End of service indemnity paid		**(2,602)**	-
Net cash from / (used in) operating activities		**2,538,738**	(86,663)
INVESTING ACTIVITIES			
Financial assets at fair value through other comprehensive income		**-**	498,834
Additions on investment in real estate portfolio		**-**	(1,256,687)
Additions to investment properties		**(2,334,500)**	-
Proceeds from sale of investment in real estate portfolio		**1,331,101**	1,256,687
Additions on right of use of land		**(95,781)**	(1,131)
Purchase of property and equipment		**(11,221)**	(204)
Change in cash at pledged investment portfolios		**66,224**	528,616
Interest and other income received		**3,388**	9,404
Dividend received from financial assets at fair value through profit or loss		**57,734**	58,921
Net cash (used in) / from investing activities		**(983,055)**	1,094,440
FINANCING ACTIVITIES			
Change in due to bank		**(719,958)**	(968,024)
Proceeds from short term loan		**1,700,000**	-
Finance costs paid		**(20,577)**	(35,656)
Net cash from / (used in) financing activities		**959,465**	(1,003,680)
Net increase in cash and cash equivalents		**2,515,148**	4,097
Cash and cash equivalents at the beginning of the period	10	**15,933**	11,924
Cash and cash equivalents at the end of the period	10	**2,531,081**	16,021

The notes set out on pages 6 to 16 form an integral part of these interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information (continued)

1 Incorporation and activities of the Parent Company

Sanam Real Estate Company – KPSC ("the Parent Company") was incorporated in 1982 as a Kuwaiti public shareholding company in accordance with the provisions of the Companies Law in the State of Kuwait.

The Parent Company's shares are listed on Boursa Kuwait.

The Group comprises the Parent Company and Subsidiaries (collectively referred to as "the Group"). The details of the Subsidiaries are described in (Note 5).

The principle activities of the Parent Company are as follows:

- Buying and selling land and real estate properties in favor of the parent company - managing, leasing and renting of real estate properties

- Buying and selling shares, bonds and securities of real estate companies in favor of the company inside the Kuwait and abroad. The company may acquire these entities or join with them.

- Utilizing the financial surpluses of the parent company by investing them in financial portfolios managed by specialized companies and entities.

- Preparing studies and providing consultations in of all kind's real estate fields. Organizing real estate exhibitions for real estate projects in accordance with the applicable regulations of the ministry.

- Direct participation in the infrastructural development of residential, commercial and industrial areas and projects under the "Build, Operation and Transfer (BOT) system and the management of real estate facilities under the BOT system.

The address of the Parent Company's registered office is Al Qibla – Area no. 13 – Building 20, Mezzanine 2 – office 1 -Kuwait.

This interim condensed consolidated financial information for the nine-month period ended 30 September 2022 was authorised for issue by the Parent Company's board of directors on 27 October 2022.

The annual consolidated financial statements for the year ended 31 December 2021 were approved by the shareholders at the Annual General Assembly Meeting held on 28 April 2022.

2 Basis of preparation and presentation

This interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting".

This interim condensed consolidated financial information is presented in Kuwaiti Dinars ("KD") which is the functional and presentation currency of the Group.

This interim condensed consolidated financial information does not include all information and disclosures required for complete consolidated financial statements prepared in accordance with the International Financial Reporting Standards. In the opinion of the management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation for the interim condensed consolidated financial information have been included.

Operating results for the nine-months period ended 30 September 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022. For further details, refer to the Group's consolidated financial statements and its related disclosures for the year ended 31 December 2021.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies

The accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3.1 New and amended standards adopted by the Group

The following new amendments or standards were effective for the current period.

Standard or Interpretation	*Effective for annual periods beginning*
IFRS 3 Amendment – Reference to the conceptual framework	1 January 2022
Annual Improvements 2018-2020 Cycle	1 January 2022

IFRS 3 – Reference to the conceptual framework

The amendments add a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination

The adoption of the amendments did not have a significant impact on the Group's interim condensed consolidated financial information.

Annual Improvements 2018-2020 Cycle

Amendment to IAS 1 simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences. Subsidiary that is a first-time adopter later than its parent might have been required to keep two parallel sets of accounting records for cumulative translation differences based on different dates of transition to IFRSs. However, the amendment extends the exemption to cumulative translation differences to reduce costs for first-time adopters.

Amendment to IFRS 9 relates to the '10 per cent' Test for Derecognition of Financial Liabilities – In determining whether to derecognise a financial liability that has been modified or exchanged, an entity assesses whether the terms are substantially different. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendment to IFRS 16 avoids the potential for confusion in applying IFRS 16 Leases because of how Illustrative Example 13 accompanying IFRS 16 had illustrated the requirements for lease incentives. Before the amendment, Illustrative Example 13 had included as part of the fact pattern a reimbursement relating to leasehold improvements; the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in IFRS 16. The IASB decided to remove the potential for confusion by deleting from Illustrative Example 13 the reimbursement relating to leasehold improvements.

Amendment to IAS 41 removes the requirement in IAS 41.22 to exclude taxation cash flows when measuring fair value. This amendment aligns the requirements in IAS 41 on fair value measurement with those in other IFRS Standards.

The adoption of the amendments did not have a significant impact on the Group's interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information (continued)

4 Judgement and estimates

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2021. Further, note 20 discusses the impact of COVID-19 on the preparation of the interim condensed consolidated financial information.

5 Investment in subsidiaries

The details of the subsidiaries are as follows:

Name of Subsidiaries	Country of incorporation	Percentage of ownership			Activity
		30 Sept. 2022	31 Dec. 2021	30 Sept. 2021	
Fanan Real Estate Company – KSC (Closed)	Kuwait	**99.67%**	99.67%	99.67%	Real estate
Sanam Innovation Holding - WLL (Holding) (*)	Kuwait	**99.60%**	-	-	Real estate and investment

(*) Sanam Innovation Holding -WLL (Holding) was incorporated during the current period by the Parent Company with a share capital of KD250,000. The Parent Company owns directly 99.6% and remaining 0.4% is held in the name of Fanan Real Estate Company -KSCC (subsidiary of the Group).

The subsidiaries are consolidated based on the management accounts for the period ended 30 September 2022.

6 Basic and diluted (loss)/earnings per share attributable to the shareholders of the Parent Company

Basic and diluted (loss)/earnings per share is calculated by dividing the (loss)/profit for the period attributable to shareholders of the Parent Company by weighted average number of shares outstanding during the period as follows:

	Three months ended		Nine months ended	
	30 Sept. 2022 (Unaudited)	30 Sept. 2021 (Unaudited)	**30 Sept. 2022 (Unaudited)**	30 Sept. 2021 (Unaudited)
(Loss)/profit for the period attributable to shareholders of the Parent Company (KD)	**(60,632)**	103,106	**9,012**	383,458
Weighted average number of shares outstanding during the period (excluding treasury shares) (share)	**121,312,400**	121,312,400	**121,312,400**	121,312,400
Basic and diluted (loss)/earnings per share attributable to shareholders of the Parent Company (Fils)	**(0.50)**	0.85	**0.07**	3.16

Notes to the interim condensed consolidated financial information (continued)

7 Investment properties

	30 Sept. 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	30 Sept. 2021 (Unaudited) KD
Balance at beginning of the period/year	**3,263,448**	3,141,498	3,141,498
Additions during the period/year	**2,334,500**	-	-
Change in fair value during the period/year	**(99,736)**	121,950	-
Balance at end of the period/year	**5,498,212**	3,263,448	3,141,498

This represents value of an investment property in Bneid Al-Qar area in the State of Kuwait with a carrying value of KD2,600,000 (31 December 2021: KD2,600,000 and 30 September 2021: KD2,580,000) and a residential villa in the Jumeirah area in the United Arab Emirates with a carrying value of KD563,712 (31 December 2021: KD663,448 and 30 September 2021: KD561,498). The Group's management decided to fair value its investment properties at 30 June 2022 (based on valuations from independent valuers) and recorded a loss on change in fair value of KD99,736.

During the current quarter, the Group purchased an investment property located in Al Farwaniyah area in the State of Kuwait for a consideration of KD 2,334,500. The property is pledged against a short-term loan obtained from a local Bank (Note 14).

8 Investment in real estate portfolio

	30 Sept. 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	30 Sept. 2021 (Unaudited) KD
Balance at the beginning of the period/year	**1,259,719**	1,209,249	1,209,249
Additions during the period/year	**-**	1,256,687	1,256,687
Disposal during the period/year	**(1,259,719)**	(1,209,249)	(1,209,249)
Change in fair value	**-**	3,032	-
Balance at the end of the period/year	**-**	1,259,719	1,256,687

This represented at 31 December 2021 the value of a land in the Kingdom of Saudi Arabia - Riyadh City - Sheikh Jaber Street. During the current period, the Group sold its total investment in the real estate portfolio for a total consideration of SAR16,508,310 equivalent to KD1,331,101 and this resulted in a gain of KD71,382 being recognized in the interim condensed consolidated statement of profit or loss and other comprehensive income for the current period.

9 Financial assets at fair value through profit or loss

	30 Sept. 2022 (Unaudited) KD	(Restated) 31 Dec. 2021 (Audited) KD	30 Sept. 2021 (Unaudited) KD
Managed portfolios			
- Quoted shares	**-**	2,444,502	2,457,283
- Unquoted shares	**383,696**	450,214	804,679
Quoted securities	**10,180**	10,180	10,180
Unquoted securities	**14,533**	14,533	14,533
	408,409	2,919,429	3,286,675

Notes to the interim condensed consolidated financial information (continued)

9 Financial assets at fair value through profit or loss (continued)

Managed portfolios with a carrying value of KD Nil (31 December 2021: KD2,894,716 and 30 September 2021: KD3,261,962) are managed by a related party and are pledged against an overdraft facility (Notes 10 and 13).

The hierarchy for determining and disclosing the fair values of financial instruments is presented in (Note 18).

10 Cash and cash equivalents

	30 Sept. 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	30 Sept. 2021 (Unaudited) KD
Cash and bank balances	**2,531,019**	15,933	16,021
Cash in portfolios	**11,935**	78,097	17,732
Cash and cash equivalents for the purpose of the consolidated statement of financial position	**2,542,954**	94,030	33,753
Less: Cash at pledged investment portfolios (see below)	**(11,873)**	(78,097)	(17,732)
Cash and cash equivalents for the purpose of the consolidated statement of cash flows	**2,531,081**	15,933	16,021

Cash in portfolios include an amount KD Nil (31 December 2021: KD78,097 and 30 September 2021: KD17,732) managed by a related party and are pledged against an overdraft facility (Note 13).

11 Share capital and share premium

The authorized, issued and fully paid up share capital of the Parent Company comprised of 122,185,000 shares of 100 fils each (122,185,000 shares as at 31 December 2021 and 30 September 2021).

The share premium is non-distributable.

12 Treasury shares

	30 Sept. 2022 (Unaudited)	31 Dec. 2021 (Audited)	30 Sept. 2021 (Unaudited)
Number of treasury shares	**872,600**	872,600	872,600
Percentage of issued shares	**0.71%**	0.71%	0.71%
Market value (KD)	**51,920**	68,848	60,209
Cost (KD)	**184,196**	184,196	184,196

13 Due to bank

Due to bank represents an overdraft facility of KD1,000,000 (31 December 2021 and 30 September 2021: KD1,750,000) obtained from a local bank that matures on 15 January 2023 and carry an annual interest rate of 2.5% (31 December 2021 and 30 September 2021: 2.5%) over CBK discount rate and is secured by pledge of the Group's portfolio managed by a related party (notes 9 and 10). The Group had not utilised any amounts of the overdraft facility as of 30 June 2022 and during the current quarter the Group cancelled the overdraft facility contract with the local bank.

Notes to the interim condensed consolidated financial information (continued)

14 Short term loan

	Effective interest rates %	30 Sept. 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	30 Sept. 2021 (Unaudited) KD
Local bank – Kuwaiti Dinar (a)	4.15%	1,700,000	-	-
		1,700,000	-	-

a) During the current period, the Group has obtained a short-term loan facility from a local bank amounting to KD 1,700,000 and the loan is due on 1 August 2023.

This facility is secured by certain local investment properties with a carrying value of KD2,334,500 as of 30 Sep 2022 (Note 7).

15 Related party transactions

Related parties represent directors and key management personnel of the Group, major shareholders and companies in which directors and key management personnel of the Parent Company are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the Parent Company's management.

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

	30 Sept. 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	30 Sept. 2021 (Unaudited) KD
Amounts included in the interim condensed consolidated statement of financial position			
Cash and cash equivalents	62	78,097	17,732

	Nine months ended 30 Sept. 2022 (Unaudited) KD	Nine months ended 30 Sept. 2021 (Unaudited) KD
Transactions included in the interim condensed consolidated statement of profit or loss and other comprehensive income		
Portfolio management fees – included within general, administrative and other expenses	17,138	18,578
Compensation of key management personnel:		
Salaries and short-term benefits	34,473	24,000
Remuneration for members of the committees	11,700	-
End of service benefits	4,094	-

The Group's investments at fair value through profit or loss with a carrying value of KD383,696 (31 December 2021: KD2,894,716 and 30 September 2021: KD3,261,962) (refer note 9) and cash and cash equivalents include an amount KD62 (31 December 2021: KD78,097 and 30 September 2021: KD17,732) (refer note 10) are managed/held by a related party.

Notes to the interim condensed consolidated financial information (continued)

16 Annual General Assembly

The annual general assembly of the Parent Company's shareholders held on 28 April 2022 approved the consolidated financial statements for the year ended 31 December 2021. Furthermore, it approved the board of directors' proposal not to distribute any cash dividends for the year ended 31 December 2021 and not to pay any remuneration to the board of directors for the year ended 31 December 2021.

The annual general assembly of the Parent Company's shareholders held on 20 April 2021 approved the consolidated financial statements for the financial year ended 31 December 2020. Furthermore, it approved the board of directors' proposal not to distribute any cash dividends for the year ended 31 December 2020 and not to pay any remuneration to the board of directors for the year ended 31 December 2020.

17 Segmental analysis

The Group operates its activities in real estate and investment segments. The following is the segments information, which conforms with the internal reporting presented to management:

	Investments KD	Real estate KD	Unallocated KD	Total KD
Period ended 30 September 2022 (Unaudited):				
Income	**234,994**	**92,354**	**-**	**327,348**
Profit/(loss) for the period	**217,856**	**14,862**	**(223,706)**	**9,012**
As of 30 September 2022:				
Total assets	**2,951,363**	**7,965,790**	**71,880**	**10,989,033**
Total liabilities	**-**	**1,700,000**	**115,338**	**1,815,338**
Net assets	**2,951,363**	**6,265,790**	**(43,458)**	**9,173,695**
Period ended 30 September 2021 (Unaudited):				
Income	503,874	159,791	-	663,665
Profit/(loss) for the period	485,296	146,102	(247,940)	383,458
As of 30 September 2021:				
Total assets	3,320,428	6,913,215	7,325	10,240,968
Total liabilities	-	704,895	116,259	821,154
Net assets	3,320,428	6,208,320	(108,934)	9,419,814

18 Fair value measurement

18.1 Fair value hierarchy

Fair value represents the price that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants at the measurement date.

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the interim condensed consolidated financial information (continued)

18 Fair value measurement (continued)

18.2 Fair value measurement of financial instruments

The carrying amounts of the Group's financial assets and liabilities as stated in the interim condensed consolidated statement of financial position may be categorized as follows:

	30 Sept. 2022 (Unaudited) KD	(Restated) 31 Dec 2021 (Audited) KD	30 Sept. 2021 (Unaudited) KD
Financial assets:			
Financial assets at amortised cost:			
Cash and cash equivalents	**2,542,954**	94,030	33,753
Accounts receivable and other assets (excluding prepaid expenses and advance payment)	**23,026**	890	-
Financial assets at fair value:			
Financial assets at fair value through profit or loss	**408,409**	2,919,429	3,286,675
	2,974,389	3,014,349	3,320,428
Financial liabilities:			
Financial liabilities at amortised cost:			
Due to bank	**-**	719,958	704,895
Short term loan	**1,700,000**	-	-
Accounts payable and other liabilities	**66,625**	100,662	73,923
	1,766,625	820,620	778,818

Management considers that the carrying amounts of financial assets and liabilities, which are stated at amortized cost, approximate their fair values.

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets and liabilities measured at fair value on a recurring basis in the interim condensed consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
30 September 2022 (Unaudited)				
Financial assets at fair value through profit or loss:				
Managed portfolios	**-**	**-**	**383,696**	**383,696**
Quoted securities	**10,180**	**-**	**-**	**10,180**
Unquoted securities	**-**	**-**	**14,533**	**14,533**
	10,180	**-**	**398,229**	**408,409**

Notes to the interim condensed consolidated financial information (continued)

18 Fair value measurement (continued)

18.2 Fair value measurement of financial instruments (continued)

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
31 December 2021 (Audited) (Restated)				
Financial assets at fair value through profit or loss:				
Managed portfolios	2,444,502	-	450,214	2,894,716
Quoted securities	10,180	-	-	10,180
Unquoted securities	-	-	14,533	14,533
	2,454,682	-	464,747	2,919,429
30 September 2021 (Unaudited)				
Financial assets at fair value through profit or loss:				
Managed portfolios	2,457,283	-	804,679	3,261,962
Quoted securities	10,180	-	-	10,180
Unquoted securities	-	-	14,533	14,533
	2,467,463	-	819,212	3,286,675

There have been no significant transfers between levels 1 and 2 during the reporting period.

Measurement at fair value
Valuation methods and techniques used for the purpose of measuring fair value have not been changed compared to the previous reporting period.

Level 3 fair value measurements
The Group's financial assets and liabilities classified in Level 3 uses valuation techniques based on significant inputs that are not based on observable market data. The financial instruments within this level can be reconciled from beginning to ending of the financial period/year as follows:

	30 Sept. 2022 (Unaudited) KD	(Restated) 31 Dec 2021 (Audited) KD	30 Sept. 2021 (Unaudited) KD
Opening balance	**464,747**	819,575	819,575
Change in fair value recognised in profit or loss	**(66,518)**	(354,828)	(363)
Closing balance	**398,229**	464,747	819,212

The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialists for complex valuations, where required. Valuation techniques are selected based on the characteristics of each financial instrument, with the overall objective of maximizing the use of market-based information.

Notes to the interim condensed consolidated financial information (continued)

19 Effect of restatement

The Group did not fair value its unquoted investments classified as at FVTPL which amounted to KD829,797 as of 31 December 2021. However, during the current period the latest available financial information relating to these unquoted investments have been obtained and accordingly the Parent Company's management, using valuation techniques, estimated the fair value of these investments as of 31 December 2021, which has resulted in a change in fair value loss of KD 354,828. Consequently, the Group restated the previous year's financial statements by restating the carrying value of the financial assets at fair value through profit or loss and the accumulated losses as at 31 December 2021 in accordance with IAS 8: Accounting policies, changes in accounting estimates and errors in the financial information, to rectify the error. The restatement has impacted the comparative consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity for the year ended 31 December 2021. The impact of the restatement to the consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income for the previous year is shown below:

	As previously reported as at 31 Dec. 2021 KD	Effect of restatement KD	Restated balance as at 31 Dec. 2021 KD
Consolidated statement of financial position			
Assets			
Financial assets at fair value through profit or loss	**3,274,257**	**(354,828)**	**2,919,429**
Equity			
Accumulated losses	**(2,722,204)**	**(354,828)**	**(3,077,032)**

	As previously reported for the year ended 31 Dec. 2021 KD	Effect of restatement KD	Restated balance for the year ended 31 Dec. 2021 KD
Consolidated statement of profit or loss and other comprehensive income			
Profit for the year - KD	**483,155**	**(354,828)**	**128,327**
Basic and diluted earnings per share attributable to shareholders of the Parent Company (fils)	**3.98**	**(2.92)**	**1.06**

20 Covid-19 Pandemic Impact

The outbreak of Coronavirus ("COVID-19") pandemic and related global responses have caused material disruptions to businesses around the world, leading to an economic slowdown. Global and local equity markets have experienced significant volatility and weakness. During the year 2020 and 2021 governments and central banks have reacted with various financial packages and reliefs designed to stabilize economic conditions.

The Group's operating environment has moderately rebound and the Group is gradually recovering from the effects of COVID-19 pandemic. Management of the Group is actively monitoring any future effects COVID-19 may have on its business operations, however high vaccination rates and other measures taken by the government significantly reduces the impact of latest variants of the virus.

Notes to the interim condensed consolidated financial information (continued)

21 Comparative figures

Other than as disclosed in note 19, certain other comparative figures have been reclassified to conform with the current period's presentation of the interim condensed consolidated financial information. This reclassification has no effect on the consolidated financial statements for the previous year and the interim condensed consolidated financial information for the previous period including equity, net profit and cash and cash equivalents.

22 Subsequent event

Subsequent to the reporting date, the Parent Company entered into a preliminary agreement to sell an investment property represented by a residential villa located in the Jumeirah area in the United Arab Emirates for a total consideration of AED6,850,000 equivalent to KD578,000 and this will result in a gain of KD14,288. The Parent Company expects to complete the sale transaction during the 4th quarter of 2022.

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