

Interim condensed consolidated financial information and review report

Sanam Real Estate Company – KPSC and its Subsidiary

Kuwait

30 June 2022

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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 its Subsidiary (collectively the “Group”) as at 30 June 2022 and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-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

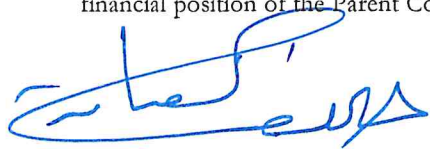
The interim condensed consolidated financial information for the period ended 30 June 2021 was reviewed by another independent auditor who expressed an unmodified conclusion on those information on 1 August 2021.

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 18).

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 six-month period ended 30 June 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 six-month period ended 30 June 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
21 July 2022

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

	Note	Three months ended		Six months ended	
		30 June 2022 (Unaudited) KD	30 June 2021 (Unaudited) KD	30 June 2022 (Unaudited) KD	30 June 2021 (Unaudited) KD
Income					
Rental income		31,250	41,042	60,500	82,353
Change in fair value of investment properties	7	(99,736)	-	(99,736)	-
Dividend from financial assets at fair value through profit or loss		57,734	41,167	57,734	50,155
Net (loss)/gain from financial assets at FVTPL		(273,274)	195,695	201,014	282,631
Gain from sale of investment in real estate portfolio	8	-	47,438	71,382	47,438
Interest and other income		200	1,575	3,102	6,653
		(283,826)	326,917	293,996	469,230
Expenses and other charges					
Staff costs		(24,027)	(17,588)	(50,997)	(35,127)
General, administrative and other expenses		(51,930)	(24,562)	(93,260)	(56,098)
Amortization expenses		(36,300)	(34,333)	(72,600)	(68,666)
Depreciation expenses		(228)	(183)	(456)	(366)
Finance costs		-	(12,028)	(6,336)	(28,531)
		(112,485)	(88,694)	(223,649)	(188,788)
(Loss)/profit for the period before provision for National Labour Support Tax (NLST) and Zakat		(396,311)	238,223	70,347	280,442
Reversal of provision/(provision) for NLST		11,318	-	(502)	-
Reversal of provision/(provision) for Zakat		4,527	-	(201)	-
(Loss)/profit for the period		(380,466)	238,223	69,644	280,442
Other comprehensive income for the period		-	-	-	-
Total comprehensive (loss)/income for the period		(380,466)	238,223	69,644	280,442
Basic and diluted (loss)/earnings per share attributable to shareholders of the Parent Company (fils)	6	(3.14)	1.96	0.57	2.31

The notes set out on pages 6 to 15 form an integral part of these interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Note	30 June 2022 (Unaudited) KD	(Restated) 31 Dec 2021 (Audited) KD	30 June 2021 (Unaudited) KD
Assets				
Non-current assets				
Property and equipment		10,165	2,643	1,377
Right of use of land		2,503,878	2,480,697	2,548,232
Investment properties	7	3,163,712	3,263,448	3,141,498
Investment in real estate portfolio	8	-	1,259,719	1,256,687
Financial assets at fair value through other comprehensive income		-	-	198,824
		5,677,755	7,006,507	7,146,618
Current assets				
Accounts receivable and other assets		61,705	7,992	7,858
Financial assets at fair value through profit or loss	9	492,278	2,919,429	3,064,180
Cash and cash equivalents	10	3,116,333	94,030	101,055
		3,670,316	3,021,451	3,173,093
Total Assets		9,348,071	10,027,958	10,319,711
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		(3,007,388)	(3,077,032)	(2,924,917)
Total equity		9,234,327	9,164,683	9,316,798
Liabilities				
Non-current liabilities				
Provision for end of service indemnity		47,524	42,655	41,895
Current liabilities				
Due to bank	13	-	719,958	899,627
Accounts payable and other liabilities		66,220	100,662	61,391
		66,220	820,620	961,018
Total Liabilities		113,744	863,275	1,002,913
Total Equity and Liabilities		9,348,071	10,027,958	10,319,711

Waleed Hamad Al-Sumait
Chairman

Dr. Sulaiman Tareq Al-Abduljader
Chief Executive Officer

The notes set out on pages 6 to 15 form an integral part of these interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity (Unaudited)

	Share capital KD	Share premium KD	Treasury shares KD	Treasury shares profit reserve KD	Accumulated losses KD	Total KD
Balance at 1 January 2022	12,218,500	184,196	(184,196)	23,215	(2,722,204)	9,519,511
Effect of restatement (Note 18)	-	-	-	-	(354,828)	(354,828)
Balance at 1 January 2022 (restated)	12,218,500	184,196	(184,196)	23,215	(3,077,032)	9,164,683
Total comprehensive income for the period	-	-	-	-	69,644	69,644
Balance at 30 June 2022	12,218,500	184,196	(184,196)	23,215	(3,007,388)	9,234,327
Balance at 1 January 2021	12,218,500	184,196	(184,196)	23,215	(3,205,359)	9,036,356
Total comprehensive income for the period	-	-	-	-	280,442	280,442
Balance at 30 June 2021	12,218,500	184,196	(184,196)	23,215	(2,924,917)	9,316,798

The notes set out on pages 6 to 15 form an integral part of these interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	Six months ended 30 June 2022 (Unaudited) KD	Six months ended 30 June 2021 (Unaudited) KD
OPERATING ACTIVITIES			
Profit for the period		69,644	280,442
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)	(50,155)
Depreciation expenses		456	366
Amortization expenses		72,600	68,666
Interest and other income		(3,102)	(6,653)
Finance costs		6,336	28,531
Provision for end of service indemnity		7,471	1,312
Changes in operating assets and liabilities:		124,025	275,071
Accounts receivable and other assets		(53,713)	(5,555)
Financial assets at fair value through profit or loss		2,427,151	(282,219)
Accounts payable and other liabilities		(34,442)	491
End of service indemnity paid		(2,602)	-
Net cash from/(used in) operating activities		2,460,419	(12,212)
INVESTING ACTIVITIES			
Financial assets at fair value through other comprehensive income		-	300,010
Additions on investment in real estate portfolio		-	(1,256,687)
Proceeds from sale of investment in real estate portfolio		1,331,101	1,256,687
Additions on right of use of land		(95,781)	-
Purchase of property and equipment		(7,978)	-
Change in cash at pledged investment portfolios		(1,383,489)	461,538
Interest and other income received		3,102	6,653
Dividend received from financial assets at fair value through profit or loss		57,734	50,155
Net cash (used in)/from investing activities		(95,311)	818,356
FINANCING ACTIVITIES			
Change in due to bank		(719,958)	(773,292)
Finance costs paid		(6,336)	(28,531)
Net cash used in financing activities		(726,294)	(801,823)
Net increase in cash and cash equivalents		1,638,814	4,321
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	1,654,747	16,245

The notes set out on pages 6 to 15 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 its Subsidiary (collectively referred to as “the Group”). The details of the subsidiary 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 six-month period ended 30 June 2022 was authorised for issue by the Parent Company’s board of directors on 21 July 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 six-months period ended 30 June 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.

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
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 19 discusses the impact of COVID-19 on the preparation of the interim condensed consolidated financial information.

5 Subsidiaries

The details of the subsidiaries are as follows:

Name of Subsidiary	Country of incorporation	Percentage of ownership			Activity
		30 June 2022	31 Dec. 2021	30 June 2021	
Fanan Real Estate Company – KSC (Closed)	Kuwait	99.67%	99.67%	99.67%	Real estate

The subsidiary is consolidated based on the management accounts for the period ended 30 June 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		Six months ended	
	30 June 2022 (Unaudited)	30 June 2021 (Unaudited)	30 June 2022 (Unaudited)	30 June 2021 (Unaudited)
(Loss)/profit for the period attributable to shareholders of the Parent Company (KD)	(380,466)	238,223	69,644	280,442
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)	(3.14)	1.96	0.57	2.31

7 Investment properties

	30 June 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	30 June 2021 (Unaudited) KD
Balance at beginning of the period/year	3,263,448	3,141,498	3,141,498
Change in fair value during the period/year	(99,736)	121,950	-
Balance at end of the period/year	3,163,712	3,263,448	3,141,498

Notes to the interim condensed consolidated financial information (continued)

7 Investment properties (continued)

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 June 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 June 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.

8 Investment in real estate portfolio

	30 June 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	30 June 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 June 2022 (Unaudited) KD	(Restated) 31 Dec. 2021 (Audited) KD	30 June 2021 (Unaudited) KD
Managed portfolios			
- Quoted shares	56,578	2,444,502	2,235,044
- Unquoted shares	410,987	450,214	804,423
Quoted securities	10,180	10,180	10,180
Unquoted securities	14,533	14,533	14,533
	492,278	2,919,429	3,064,180

The above portfolios 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 17.

Notes to the interim condensed consolidated financial information (continued)

10 Cash and cash equivalents

	30 June 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	30 June 2021 (Unaudited) KD
Cash and bank balances	1,654,747	15,933	16,245
Cash in portfolios	1,461,586	78,097	84,810
Cash and cash equivalents for the purpose of the consolidated statement of financial position	3,116,333	94,030	101,055
Less: Cash at pledged investment portfolios (see below)	(1,461,586)	(78,097)	(84,810)
Cash and cash equivalents for the purpose of the consolidated statement of cash flows	1,654,747	15,933	16,245

Cash in portfolios is managed by a related party. The portfolios are pledged against 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 June 2021).

The share premium is non-distributable.

12 Treasury shares

	30 June 2022 (Unaudited)	31 Dec. 2021 (Audited)	30 June 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)	55,061	68,848	58,464
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 June 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 June 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 has not utilised any amounts of the overdraft facility as of 30 June 2022.

14 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 June 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	30 June 2021 (Unaudited) KD
Amounts included in the interim condensed consolidated statement of financial position			
Cash and cash equivalents	1,449,713	78,097	84,810

Notes to the interim condensed consolidated financial information (continued)

14 Related party transactions (continued)

	Six months ended 30 June 2022 (Unaudited) KD	Six months ended 30 June 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	14,510	12,288
Compensation of key management personnel:		
Salaries and short-term benefits	22,459	18,000
Remuneration for members of the committees	11,700	-
End of service benefits	3,219	-

The Group's investments at fair value through profit or loss (refer note 9) and certain cash and cash equivalents (refer note 10) are managed/held by a related party.

15 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.

16 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 June 2022 (Unaudited):				
Income	261,850	32,146	-	293,996
Profit/(loss) for the period	247,340	1,539	(179,235)	69,644
As of 30 June 2022:				
Total assets	3,608,611	5,667,590	71,870	9,348,071
Total liabilities	-	-	113,744	113,744
Net assets	3,608,611	5,667,590	(41,874)	9,234,327
Period ended 30 June 2021 (Unaudited):				
Income	339,439	129,791	-	469,230
Profit/(loss) for the period	327,151	119,471	(166,180)	280,442
As of 30 June 2021:				
Total assets	3,364,059	6,946,417	9,235	10,319,711
Total liabilities	-	899,627	103,286	1,002,913
Net assets	3,364,059	6,046,790	(94,051)	9,316,798

Notes to the interim condensed consolidated financial information (continued)

17 Fair value measurement

17.1 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 six Levels of a fair value hierarchy. The six 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).

17.2 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 June 2022 (Unaudited) KD	(Restated) 31 Dec. 2021 (Audited) KD	30 June 2021 (Unaudited) KD
Financial assets:			
Financial assets at amortised cost:			
Cash and cash equivalents	3,116,333	94,030	101,055
Accounts receivable and other assets (excluding prepaid expenses and advance payment to purchase an asset)	640	890	-
Financial assets at fair value:			
Financial assets at fair value through profit or loss	492,278	2,919,429	3,064,180
Financial assets at fair value through other comprehensive income	-	-	198,824
	3,609,251	3,014,349	3,364,059
Financial liabilities:			
Financial liabilities at amortised cost:			
Due to bank	-	719,958	899,627
Accounts payable and other liabilities	66,220	100,662	61,391
	66,220	820,620	961,018

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.

Notes to the interim condensed consolidated financial information (continued)

17 Fair value measurement (continued)

17.2 Fair value measurement of financial instruments (continued)

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 June 2022 (Unaudited)				
<i>Financial assets at fair value through profit or loss:</i>				
Managed portfolios	56,578	-	410,987	467,565
Quoted securities	10,180	-	-	10,180
Unquoted securities	-	-	14,533	14,533
	66,758	-	425,520	492,278
31 December 2021 (Audited) (Restated)				
<i>Financial assets at fair value through profit or loss:</i>				
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 June 2021 (Unaudited)				
<i>Financial assets at fair value through profit or loss:</i>				
Managed portfolios	2,235,044	-	804,423	3,039,467
Quoted securities	10,180	-	-	10,180
Unquoted securities	-	-	14,533	14,533
<i>Financial assets at fair value through other comprehensive income:</i>				
Managed portfolio – investment in bonds	-	198,824	-	198,824
	2,245,224	198,824	818,956	3,263,004

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:

Notes to the interim condensed consolidated financial information (continued)

17 Fair value measurement (continued)

17.2 Fair value measurement of financial instruments (continued)

Level 3 fair value measurements (continued)

	30 June 2022 (Unaudited) KD	(Restated) 31 Dec. 2021 (Audited) KD	30 June 2021 (Unaudited) KD
Opening balance	464,747	819,575	819,575
Change in fair value recognised in profit or loss	(39,227)	(354,828)	(619)
Closing balance	425,520	464,747	818,956

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.

18 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)

Notes to the interim condensed consolidated financial information (continued)

18 Effect of restatement (continued)

	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

19 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.

20 Comparative figures

Other than as disclosed in note 18, 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.