

Interim condensed consolidated financial information and review report

**Sanam Real Estate Company – KPSC and its Subsidiary**

**Kuwait**

31 March 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 31 March 2022 and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-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**

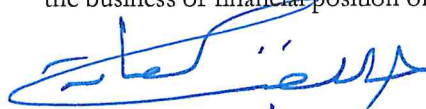
The interim condensed consolidated financial information for the period ended 31 March 2021 was reviewed by another independent auditor who expressed unmodified conclusion on those information on 4 May 2021.

The consolidated financial statements for the year ended 31 December 2021 were audited by another independent auditor who issued a qualified opinion on those 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 KD 829,797 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 three-month period ended 31 March 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 three-month period ended 31 March 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  
15 May 2022

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

|                                                                                                           | Note | Three months<br>ended 31<br>March 2022<br>(Unaudited)<br>KD | Three months<br>ended 31<br>March 2021<br>(Unaudited)<br>KD |
|-----------------------------------------------------------------------------------------------------------|------|-------------------------------------------------------------|-------------------------------------------------------------|
| <b>Income</b>                                                                                             |      |                                                             |                                                             |
| Rental income                                                                                             |      | 29,250                                                      | 41,311                                                      |
| Dividend from financial assets at fair value through profit or loss                                       |      | -                                                           | 8,988                                                       |
| Change in fair value of financial assets at FVTPL                                                         |      | 425,655                                                     | 74,003                                                      |
| Gain from sale of investment in real estate portfolio                                                     | 8    | 71,382                                                      | -                                                           |
| Realised gain from sale of financial assets at FVTPL                                                      |      | 48,633                                                      | 12,933                                                      |
| Interest and other income                                                                                 |      | 2,902                                                       | 5,078                                                       |
|                                                                                                           |      | <b>577,822</b>                                              | <b>142,313</b>                                              |
| <b>Expenses and other charges</b>                                                                         |      |                                                             |                                                             |
| Staff costs                                                                                               |      | (26,970)                                                    | (17,539)                                                    |
| General, administrative and other expenses                                                                |      | (41,330)                                                    | (31,536)                                                    |
| Amortization expenses                                                                                     |      | (36,300)                                                    | (34,333)                                                    |
| Depreciation expenses                                                                                     |      | (228)                                                       | (183)                                                       |
| Finance costs                                                                                             |      | (6,336)                                                     | (16,503)                                                    |
|                                                                                                           |      | <b>(111,164)</b>                                            | <b>(100,094)</b>                                            |
| <b>Profit for the period before provision for National Labour Support<br/>Tax (NLST) and Zakat</b>        |      | <b>466,658</b>                                              | <b>42,219</b>                                               |
| Provision for NLST                                                                                        |      | (11,820)                                                    | -                                                           |
| Provision for Zakat                                                                                       |      | (4,728)                                                     | -                                                           |
| <b>Profit for the period</b>                                                                              |      | <b>450,110</b>                                              | <b>42,219</b>                                               |
| Other comprehensive income for the period                                                                 |      | -                                                           | -                                                           |
| <b>Total comprehensive income for the period</b>                                                          |      | <b>450,110</b>                                              | <b>42,219</b>                                               |
| <b>Basic and diluted earnings per share attributable to shareholders<br/>of the Parent Company (fils)</b> | 6    | <b>3.71</b>                                                 | <b>0.35</b>                                                 |

*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 | 31 March<br>2022<br>(Unaudited)<br>KD | (Restated)<br>31 Dec<br>2021<br>(Audited)<br>KD | 31 March<br>2021<br>(Unaudited)<br>KD |
|-------------------------------------------------------------------|------|---------------------------------------|-------------------------------------------------|---------------------------------------|
| <b>Assets</b>                                                     |      |                                       |                                                 |                                       |
| <b>Non-current assets</b>                                         |      |                                       |                                                 |                                       |
| Property and equipment                                            |      | 7,168                                 | 2,643                                           | 1,560                                 |
| Right of use of land                                              |      | 2,540,178                             | 2,480,697                                       | 2,582,565                             |
| Investment properties                                             | 7    | 3,263,448                             | 3,263,448                                       | 3,141,498                             |
| Investment in real estate portfolio                               | 8    | -                                     | 1,259,719                                       | 1,209,249                             |
| Financial assets at fair value through other comprehensive income |      | -                                     | -                                               | 498,824                               |
|                                                                   |      | 5,810,794                             | 7,006,507                                       | 7,433,696                             |
| <b>Current assets</b>                                             |      |                                       |                                                 |                                       |
| Accounts receivable and other assets                              |      | 12,316                                | 7,992                                           | 13,940                                |
| Financial assets at fair value through profit or loss             | 9    | 3,366,424                             | 2,919,429                                       | 2,931,038                             |
| Cash and cash equivalents                                         | 10   | 571,856                               | 94,030                                          | 502,940                               |
|                                                                   |      | 3,950,596                             | 3,021,451                                       | 3,447,918                             |
| <b>Total Assets</b>                                               |      | <b>9,761,390</b>                      | <b>10,027,958</b>                               | <b>10,881,614</b>                     |
| <b>Equity and liabilities</b>                                     |      |                                       |                                                 |                                       |
| <b>Equity</b>                                                     |      |                                       |                                                 |                                       |
| 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                                                |      | (2,626,922)                           | (3,077,032)                                     | (3,163,140)                           |
| <b>Total equity</b>                                               |      | <b>9,614,793</b>                      | <b>9,164,683</b>                                | <b>9,078,575</b>                      |
| <b>Liabilities</b>                                                |      |                                       |                                                 |                                       |
| <b>Non-current liabilities</b>                                    |      |                                       |                                                 |                                       |
| Provision for employees' end of service benefits                  |      | 48,787                                | 42,655                                          | 41,239                                |
| <b>Current liabilities</b>                                        |      |                                       |                                                 |                                       |
| Due to bank                                                       | 13   | -                                     | 719,958                                         | 1,701,052                             |
| Accounts payable and other liabilities                            |      | 97,810                                | 100,662                                         | 60,748                                |
|                                                                   |      | 97,810                                | 820,620                                         | 1,761,800                             |
| <b>Total Liabilities</b>                                          |      | <b>146,597</b>                        | <b>863,275</b>                                  | <b>1,803,039</b>                      |
| <b>Total Equity and Liabilities</b>                               |      | <b>9,761,390</b>                      | <b>10,027,958</b>                               | <b>10,881,614</b>                     |



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<br>capital<br>KD | Share<br>premium<br>KD | Treasury<br>shares<br>KD | Treasury<br>shares profit<br>reserve<br>KD | Accumulated<br>losses<br>KD | Total<br>KD |
|---------------------------------------------|------------------------|------------------------|--------------------------|--------------------------------------------|-----------------------------|-------------|
| <b>Balance at 1 January 2022</b>            | 12,218,500             | 184,196                | (184,196)                | 23,215                                     | (2,722,204)                 | 9,519,511   |
| Effect of restatement (Note 18)             | -                      | -                      | -                        | -                                          | (354,828)                   | (354,828)   |
| <b>Balance at 1 January 2022 (restated)</b> | 12,218,500             | 184,196                | (184,196)                | 23,215                                     | (3,077,032)                 | 9,164,683   |
| Total comprehensive income for the period   | -                      | -                      | -                        | -                                          | 450,110                     | 450,110     |
| <b>Balance at 31 March 2022</b>             | 12,218,500             | 184,196                | (184,196)                | 23,215                                     | (2,626,922)                 | 9,614,793   |
| <b>Balance at 1 January 2021</b>            | 12,218,500             | 184,196                | (184,196)                | 23,215                                     | (3,205,359)                 | 9,036,356   |
| Total comprehensive income for the period   | -                      | -                      | -                        | -                                          | 42,219                      | 42,219      |
| <b>Balance at 31 March 2021</b>             | 12,218,500             | 184,196                | (184,196)                | 23,215                                     | (3,163,140)                 | 9,078,575   |

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 | Three months<br>ended 31<br>March 2022<br>(Unaudited)<br>KD | Three months<br>ended 31<br>March 2021<br>(Unaudited)<br>KD |
|-------------------------------------------------------------------|------|-------------------------------------------------------------|-------------------------------------------------------------|
| <b>OPERATING ACTIVITIES</b>                                       |      |                                                             |                                                             |
| Profit for the period                                             |      | 450,110                                                     | 42,219                                                      |
| Adjustments:                                                      |      |                                                             |                                                             |
| Gain from sale of investment in real estate portfolio             |      | (71,382)                                                    | -                                                           |
| Depreciation expenses                                             |      | 228                                                         | 183                                                         |
| Amortization expenses                                             |      | 36,300                                                      | 34,333                                                      |
| Interest and other income                                         |      | (2,902)                                                     | (5,078)                                                     |
| Finance costs                                                     |      | 6,336                                                       | 16,503                                                      |
| Provision for employees' end of service benefits                  |      | 6,132                                                       | 656                                                         |
|                                                                   |      | 424,822                                                     | 88,816                                                      |
| Changes in operating assets and liabilities:                      |      |                                                             |                                                             |
| Accounts receivable and other assets                              |      | (4,324)                                                     | (11,637)                                                    |
| Financial assets at fair value through profit or loss             |      | (446,995)                                                   | (149,077)                                                   |
| Accounts payable and other liabilities                            |      | (2,852)                                                     | (152)                                                       |
| Net cash used in operating activities                             |      | (29,349)                                                    | (72,050)                                                    |
| <b>INVESTING ACTIVITIES</b>                                       |      |                                                             |                                                             |
| Financial assets at fair value through other comprehensive income |      | -                                                           | 10                                                          |
| Proceeds from sale of investment in real estate portfolio         |      | 1,331,101                                                   | -                                                           |
| Additions on right of use of land                                 |      | (95,781)                                                    | -                                                           |
| Purchase of property and equipment                                |      | (4,753)                                                     | -                                                           |
| Interest and other income received                                |      | 2,902                                                       | 5,078                                                       |
| Net cash from investing activities                                |      | 1,233,469                                                   | 5,088                                                       |
| <b>FINANCING ACTIVITIES</b>                                       |      |                                                             |                                                             |
| Change in cash at pledged investment portfolios                   |      | (32,154)                                                    | 59,554                                                      |
| Change in due to bank                                             |      | (719,958)                                                   | 28,133                                                      |
| Finance costs paid                                                |      | (6,336)                                                     | (16,503)                                                    |
| Net cash (used in)/from financing activities                      |      | (758,448)                                                   | 71,184                                                      |
| Net increase in cash and cash equivalents                         |      | 445,672                                                     | 4,222                                                       |
| 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   | 461,605                                                     | 16,146                                                      |

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 three-month period ended 31 March 2022 was authorised for issue by the Parent Company’s board of directors on 15 May 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 three-months period ended 31 March 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 these interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2021. The 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    |
|------------------------------------------|--------------------------|-------------------------|--------------|---------------|-------------|
|                                          |                          | 31 March 2022           | 31 Dec. 2021 | 31 March 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 31 March 2022.

### 6 Basic and diluted earnings per share attributable to the shareholders of the Parent Company

Basic and diluted earnings per share is calculated by dividing the 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 31 March 2022 (Unaudited) | Three months ended 31 March 2021 (Unaudited) |
|-----------------------------------------------------------------------------------------------------|----------------------------------------------|----------------------------------------------|
| Profit for the period attributable to shareholders of the Parent Company (KD)                       | 450,110                                      | 42,219                                       |
| Weighted average number of shares outstanding during the period (excluding treasury shares) (share) | 121,312,400                                  | 121,312,400                                  |
| Basic and diluted earnings per share attributable to shareholders of the Parent Company (Fils)      | 3.71                                         | 0.35                                         |

### 7 Investment properties

|                                             | 31 March 2022 (Unaudited) KD | 31 Dec. 2021 (Audited) KD | 31 March 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 | -                            | 121,950                   | -                            |
| Balance at end of the period/year           | 3,263,448                    | 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 and a residential villa in the Jumeirah area in the United Arab Emirates with a carrying value of KD663,448. The fair value of these investment properties at 31 December 2021 was determined based on valuations obtained from two independent valuers.

### 8 Investment in real estate portfolio

|                                              | 31 March<br>2022<br>(Unaudited)<br>KD | 31 Dec.<br>2021<br>(Audited)<br>KD | 31 March<br>2021<br>(Unaudited)<br>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                          | -                                     |
| Disposal during the period/year              | (1,259,719)                           | (1,209,249)                        | -                                     |
| Change in fair value                         | -                                     | 3,032                              | -                                     |
| <b>Balance at the end of the period/year</b> | <b>-</b>                              | <b>1,259,719</b>                   | <b>1,209,249</b>                      |

This represents 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 KD 1,331,101 and this resulted in a gain of KD71,382 being recognized in the interim condensed consolidated statement of profit or loss for the current period.

### 9 Financial assets at fair value through profit or loss

|                     | 31 March<br>2022<br>(Unaudited)<br>KD | (Restated)<br>31 Dec.<br>2021<br>(Audited)<br>KD | 31 March<br>2021<br>(Unaudited)<br>KD |
|---------------------|---------------------------------------|--------------------------------------------------|---------------------------------------|
| Managed portfolios  |                                       |                                                  |                                       |
| - Quoted shares     | 2,866,258                             | 2,444,502                                        | 2,101,326                             |
| - Unquoted shares   | 475,453                               | 450,214                                          | 804,999                               |
| Quoted securities   | 10,180                                | 10,180                                           | 10,180                                |
| Unquoted securities | 14,533                                | 14,533                                           | 14,533                                |
|                     | <b>3,366,424</b>                      | <b>2,919,429</b>                                 | <b>2,931,038</b>                      |

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.

### 10 Cash and cash equivalents

|                                                                                                      | 31 March<br>2022<br>(Unaudited)<br>KD | 31 Dec.<br>2021<br>(Audited)<br>KD | 31 March<br>2021<br>(Unaudited)<br>KD |
|------------------------------------------------------------------------------------------------------|---------------------------------------|------------------------------------|---------------------------------------|
| Cash and bank balances                                                                               | 461,605                               | 15,933                             | 16,146                                |
| Cash in portfolios                                                                                   | 110,251                               | 78,097                             | 486,794                               |
| <b>Cash and cash equivalents for the purpose of the consolidated statement of financial position</b> | <b>571,856</b>                        | <b>94,030</b>                      | <b>502,940</b>                        |
| Less: Cash at pledged investment portfolios (see below)                                              | (110,251)                             | (78,097)                           | (486,794)                             |
| <b>Cash and cash equivalents for the purpose of the consolidated statement of cash flows</b>         | <b>461,605</b>                        | <b>15,933</b>                      | <b>16,146</b>                         |

Cash in portfolios is managed by a related party. The portfolios are pledged against overdraft facility (note 13).

## Notes to the interim condensed consolidated financial information (continued)

### 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 31 March 2021).

The share premium is non-distributable.

### 12 Treasury shares

|                             | 31 March<br>2022<br>(Unaudited)<br>KD | 31 Dec.<br>2021<br>(Audited)<br>KD | 31 March<br>2021<br>(Unaudited)<br>KD |
|-----------------------------|---------------------------------------|------------------------------------|---------------------------------------|
| Number of treasury shares   | 872,600                               | 872,600                            | 872,600                               |
| Percentage of issued shares | 0.71%                                 | 0.71%                              | 0.71%                                 |
| Market value (KD)           | 74,258                                | 68,848                             | 35,776                                |
| Cost (KD)                   | 184,196                               | 184,196                            | 184,196                               |

### 13 Due to bank

Due to bank represents an overdraft facility of 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 31 March 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 31 March 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:

|                                                                                                | 31 March<br>2022<br>(Unaudited)<br>KD | 31 Dec.<br>2021<br>(Audited)<br>KD                     | 31 March<br>2021<br>(Unaudited)<br>KD                  |
|------------------------------------------------------------------------------------------------|---------------------------------------|--------------------------------------------------------|--------------------------------------------------------|
| <b>Amounts included in the interim condensed consolidated statement of financial position</b>  |                                       |                                                        |                                                        |
| Cash and cash equivalents                                                                      | 98,378                                | 78,097                                                 | 486,794                                                |
|                                                                                                |                                       | <b>Three months ended 31 March 2022 (Unaudited) KD</b> | <b>Three months ended 31 March 2021 (Unaudited) KD</b> |
| <b>Transactions included in the interim condensed consolidated statement of profit or loss</b> |                                       |                                                        |                                                        |
| Portfolio management fees – included within general, administrative and other expenses         |                                       | 7,038                                                  | 6,569                                                  |
| <b>Compensation of key management personnel:</b>                                               |                                       |                                                        |                                                        |
| Salaries and short-term benefits                                                               |                                       | 15,990                                                 | 16,883                                                 |
| End of service benefits                                                                        |                                       | 6,132                                                  | 656                                                    |

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.

## Notes to the interim condensed consolidated financial information (continued)

### 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<br>KD | Real estate<br>KD | Unallocated<br>KD | Total<br>KD |
|------------------------------------------------|-------------------|-------------------|-------------------|-------------|
| <b>Period ended 31 March 2022 (Unaudited):</b> |                   |                   |                   |             |
| Income                                         | 477,190           | 100,632           | -                 | 577,822     |
| Profit/(loss) for the period                   | 470,152           | 94,752            | (114,794)         | 450,110     |
| <b>As of 31 March 2022:</b>                    |                   |                   |                   |             |
| Total assets                                   | 3,938,280         | 5,803,626         | 19,484            | 9,761,390   |
| Total liabilities                              | -                 | -                 | 146,597           | 146,597     |
| Net assets                                     | 3,938,280         | 5,803,626         | (127,113)         | 9,614,793   |
| <b>Period ended 31 March 2021 (Unaudited):</b> |                   |                   |                   |             |
| Income                                         | 101,002           | 41,311            | -                 | 142,313     |
| Profit/(loss) for the period                   | 94,433            | 34,332            | (86,546)          | 42,219      |
| <b>As of 31 March 2021:</b>                    |                   |                   |                   |             |
| Total assets                                   | 3,932,802         | 6,933,312         | 15,500            | 10,881,614  |
| Total liabilities                              | -                 | 1,701,052         | 101,987           | 1,803,039   |
| Net assets                                     | 3,932,802         | 5,232,260         | (86,487)          | 9,078,575   |

### 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 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)

### 17 Fair value measurement (continued)

#### 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:

|                                                                           | 31 March<br>2022<br>(Unaudited)<br>KD | (Restated)<br>31 Dec.<br>2021<br>(Audited)<br>KD | 31 March<br>2021<br>(Unaudited)<br>KD |
|---------------------------------------------------------------------------|---------------------------------------|--------------------------------------------------|---------------------------------------|
| <b>Financial assets at amortised cost:</b>                                |                                       |                                                  |                                       |
| Cash and cash equivalents                                                 | 571,856                               | 94,030                                           | 502,940                               |
| Accounts receivable and other assets (excluding prepaid expenses)         | 790                                   | 890                                              | -                                     |
| <b>Financial assets at fair value through profit or loss:</b>             |                                       |                                                  |                                       |
| Financial assets at fair value through profit or loss                     | 3,366,424                             | 2,919,429                                        | 2,931,038                             |
| <b>Financial assets at fair value through other comprehensive income:</b> |                                       |                                                  |                                       |
| Financial assets at fair value through other comprehensive income         | -                                     | -                                                | 498,824                               |
|                                                                           | <b>3,939,070</b>                      | <b>3,014,349</b>                                 | <b>3,932,802</b>                      |
| <b>Financial liabilities:</b>                                             |                                       |                                                  |                                       |
| <b>Financial liabilities at amortised cost:</b>                           |                                       |                                                  |                                       |
| Due to bank                                                               | -                                     | 719,958                                          | 1,701,052                             |
| Accounts payable and other liabilities                                    | 97,810                                | 100,662                                          | 60,748                                |
|                                                                           | <b>97,810</b>                         | <b>820,620</b>                                   | <b>1,761,800</b>                      |

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<br>KD    | Level 2<br>KD | Level 3<br>KD  | Total<br>KD      |
|---------------------------------------------------------------|------------------|---------------|----------------|------------------|
| <b>31 March 2022 (Unaudited)</b>                              |                  |               |                |                  |
| <b>Financial assets at fair value through profit or loss:</b> |                  |               |                |                  |
| Managed portfolios                                            | 2,866,258        | -             | 475,453        | 3,341,711        |
| Quoted securities                                             | 10,180           | -             | -              | 10,180           |
| Unquoted securities                                           | -                | -             | 14,533         | 14,533           |
|                                                               | <b>2,876,438</b> | <b>-</b>      | <b>489,986</b> | <b>3,366,424</b> |

## Notes to the interim condensed consolidated financial information (continued)

### 17 Fair value measurement (continued)

#### 17.2 Fair value measurement of financial instruments (continued)

|                                                                                   | Level 1<br>KD | Level 2<br>KD | Level 3<br>KD | Total<br>KD |
|-----------------------------------------------------------------------------------|---------------|---------------|---------------|-------------|
| <b>31 December 2021 (Audited)<br/>(Restated)</b>                                  |               |               |               |             |
| <i>Financial assets at fair value<br/>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   |
| <b>31 March 2021 (Unaudited)</b>                                                  |               |               |               |             |
| <i>Financial assets at fair value<br/>through profit or loss:</i>                 |               |               |               |             |
| Managed portfolios                                                                | 2,101,326     | -             | 804,999       | 2,906,325   |
| Quoted securities                                                                 | 10,180        | -             | -             | 10,180      |
| Unquoted securities                                                               | -             | -             | 14,533        | 14,533      |
| <i>Financial assets at fair value<br/>through other comprehensive<br/>income:</i> |               |               |               |             |
| Managed portfolio – investment in<br>bonds                                        | -             | 498,824       | -             | 498,824     |
|                                                                                   | 2,111,506     | 498,824       | 819,532       | 3,429,862   |

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 the financial period/year as follows:

|                                                   | 31 March<br>2022<br>(Unaudited)<br>KD | (Restated)<br>31 Dec.<br>2021<br>(Audited)<br>KD | 31 March<br>2021<br>(Unaudited)<br>KD |
|---------------------------------------------------|---------------------------------------|--------------------------------------------------|---------------------------------------|
| Opening balance                                   | 464,747                               | 819,575                                          | 819,575                               |
| Change in fair value recognised in profit or loss | 25,239                                | (354,828)                                        | (43)                                  |
| <b>Closing balance</b>                            | <b>489,986</b>                        | <b>464,747</b>                                   | <b>819,532</b>                        |

## 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)

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<br>reported as at<br>31 Dec. 2021<br>KD              | Effect of<br>restatement<br>KD | Restated<br>balance as at<br>31 Dec. 2021<br>KD              |
|------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------|--------------------------------------------------------------|
| <b>Consolidated statement of financial position</b>                                            |                                                                    |                                |                                                              |
| <b>Assets</b>                                                                                  |                                                                    |                                |                                                              |
| Financial assets at fair value through profit or loss                                          | 3,274,257                                                          | (354,828)                      | 2,919,429                                                    |
| <b>Equity</b>                                                                                  |                                                                    |                                |                                                              |
| Accumulated losses                                                                             | (2,722,204)                                                        | (354,828)                      | (3,077,032)                                                  |
|                                                                                                | As previously<br>reported for<br>the year<br>ended<br>31 Dec. 2021 | Effect of<br>restatement       | Restated<br>balance for<br>the year<br>ended<br>31 Dec. 2021 |
| <b>Consolidated statement of profit or loss and other comprehensive income</b>                 |                                                                    |                                |                                                              |
| 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.

## Notes to the interim condensed consolidated financial information (continued)

### **19 Covid-19 Pandemic Impact (continued)**

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.

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