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Grant Thornton
Al-Qatami, Al-Aiban & Partners

Interim condensed consolidated financial information and review report

Sanam Real Estate Company – KPSC and Subsidiaries

Kuwait

30 September 2023 (Unaudited)

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Report on review of interim condensed consolidated financial information

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

Introduction
We have reviewed the accompanying interim condensed consolidated statement of financial position of Sanam Real Estate Company – KPSC (the "Parent Company") and Subsidiaries (collectively the "Group") as at 30 September 2023 and the related interim condensed consolidated statements of profit or loss and other comprehensive income for the three-month and nine-month periods then ended and, interim condensed consolidated changes in equity and cash flows for the nine-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

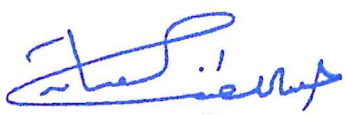
Scope of Review
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible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

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

Emphasis of matter
We draw attention to Note 7 to the interim condensed consolidated financial information which describes that the valuation carried out for the right of use land, for purpose of the impairment assessment at 31 December 2022, is based on fact that the Group will renew the right of use land lease contract for a further 30 years upon expiry of the lease contract in 2039. Though the management intends to develop the property and renew the lease upon expiry, the renewal itself depends upon the approval of such renewal request by the relevant authorities. The ultimate outcome of the said renewal cannot be determined presently and consequently no adjustments have been done to the carrying value of the right of use of land. Our conclusion is not modified in respect to this matter.

Report on other legal and regulatory requirements
Based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. We further report that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016 and its executive regulations, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the nine-month period ended 30 September 2023 that might have had a material effect on the business or financial position of the Parent Company.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations during the nine-month period ended 30 September 2023 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
22 October 2023

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

	Note	Three months ended		Nine months ended	
		30 Sept. 2023 (Unaudited) KD	30 Sept. 2022 (Unaudited) KD	**30 Sept. 2023 (Unaudited) KD**	30 Sept. 2022 (Unaudited) KD
Income					
Rental income		**69,150**	60,208	**205,450**	120,708
Change in fair value of investment properties		**-**	-	**-**	(99,736)
Dividend from financial assets at fair value through profit or loss		**-**	-	**-**	57,734
Net gain /(loss) from financial assets at FVTPL		**2,320**	(27,142)	**3,709**	173,872
Gain from sale of investment in real estate portfolio		**-**	-	**-**	71,382
Interest and other income		**1,492**	286	**22,959**	3,388
		72,962	33,352	**232,118**	327,348
Expenses and other charges					
Staff costs		**(38,136)**	(19,797)	**(93,555)**	(70,794)
General, administrative and other expenses		**(61,913)**	(23,398)	**(114,757)**	(116,658)
Amortization expenses		**(18,366)**	(36,300)	**(55,098)**	(108,900)
Depreciation expenses		**(3,290)**	(951)	**(9,871)**	(1,407)
Finance costs		**-**	(14,241)	**-**	(20,577)
		(121,705)	(94,687)	**(273,281)**	(318,336)
(Loss)/profit for the period before provision for National Labour Support Tax (NLST) and Zakat		**(48,743)**	(61,335)	**(41,163)**	9,012
Reversal of provision for NLST		**222**	502	**-**	-
Reversal of provision for Zakat		**89**	201	**-**	-
(Loss)/profit for the period		**(48,432)**	(60,632)	**(41,163)**	9,012
Other comprehensive income for the period		**-**	-	**-**	-
Total comprehensive (loss)/income for the period		**(48,432)**	(60,632)	**(41,163)**	9,012
Basic and diluted (loss)/earnings per share attributable to shareholders of the Parent Company (fils)	6	**(0.62)**	(0.77)	**(0.53)**	0.12

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Interim condensed consolidated statement of financial position

	Note	30 Sept. 2023 (Unaudited) KD	31 Dec 2022 (Audited) KD	30 Sept. 2022 (Unaudited) KD
Assets				
Non-current assets				
Property and equipment		**73,281**	13,924	12,457
Right of use of land	7	**1,195,958**	1,251,056	2,467,578
Investment properties	8	**4,961,551**	4,940,000	5,498,212
Financial assets at fair value through other comprehensive income		**66,250**	66,250	-
		6,297,040	6,271,230	7,978,247
Current assets				
Accounts receivable and other assets	9	**103,768**	783,027	59,423
Financial assets at fair value through profit or loss	10	**286,538**	282,829	408,409
Cash and cash equivalents	11	**2,024,120**	681,647	2,542,954
		2,414,426	1,747,503	3,010,786
Total assets		**8,711,466**	8,018,733	10,989,033
Equity and liabilities				
Equity				
Share capital	12	**7,835,095**	12,218,500	12,218,500
Contributions towards increase in share capital	12	**799,108**	-	-
Share premium	12	**-**	184,196	184,196
Treasury shares	12	**-**	(184,196)	(184,196)
Treasury shares profit reserve	12	**-**	23,215	23,215
Retained earnings / (accumulated losses)		**10,047**	(4,406,620)	(3,068,020)
Total equity		**8,644,250**	7,835,095	9,173,695
Liabilities				
Non-current liabilities				
Provision for end of service indemnity		**59,534**	50,235	48,713
Current liabilities				
Accounts payable and other liabilities		**7,682**	133,403	66,625
Short term loan		**-**	-	1,700,000
		7,682	133,403	1,766,625
Total liabilities		**67,216**	183,638	1,815,338
Total equity and liabilities		**8,711,466**	8,018,733	10,989,033

Waleed Hamad Al-Sumait
Chairman

Dr. Sulaiman Tareq Al-Abduljader
Vice chairman & CEO

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

	Share capital KD	Contributions towards increase in share capital KD	Share premium KD	Treasury shares KD	Treasury shares profit reserve KD	(Accumulated losses)/ Retained earnings KD	Total KD
Balance at 1 January 2023 (Audited)	**12,218,500**	**-**	**184,196**	**(184,196)**	**23,215**	**(4,406,620)**	**7,835,095**
Decrease in share capital (refer to note 12)	**(4,383,405)**	**-**	**(184,196)**	**184,196**	**(23,215)**	**4,406,620**	**-**
Contributions towards increase in share capital (refer to note 12)	**-**	**799,108**	**-**	**-**	**-**	**-**	**799,108**
Write back of dividends payable	**-**	**-**	**-**	**-**	**-**	**51,210**	**51,210**
Transactions with owners	**(4,383,405)**	**799,108**	**(184,196)**	**184,196**	**(23,215)**	**4,457,830**	**850,318**
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**-**	**(41,163)**	**(41,163)**
Balance at 30 September 2023 (Unaudited)	**7,835,095**	**799,108**	**-**	**-**	**-**	**10,047**	**8,644,250**
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	-	-	-	-	-	9,012	9,012
Balance at 30 September 2022 (Unaudited)	12,218,500	-	184,196	(184,196)	23,215	(3,068,020)	9,173,695

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

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Interim condensed consolidated statement of cash flows

	Note	Nine months ended 30 Sept. 2023 (Unaudited) KD	Nine months ended 30 Sept. 2022 (Unaudited) KD
OPERATING ACTIVITIES			
(Loss) / profit for the period		**(41,163)**	9,012
Adjustments:			
Gain from sale of investment in real estate portfolio		**-**	(71,382)
Change in fair value of investment properties		**-**	99,736
Dividend from financial assets at fair value through profit or loss		**-**	(57,734)
Depreciation expenses		**9,871**	1,407
Amortization expenses		**55,098**	108,900
Interest and other income		**(22,959)**	(3,388)
Finance costs		**-**	20,577
Provision for end of service indemnity		**9,564**	8,660
		10,411	115,788
Changes in operating assets and liabilities:			
Accounts receivable and other assets		**687,529**	(51,431)
Financial assets at fair value through profit or loss		**(3,709)**	2,511,020
Accounts payable and other liabilities		**(74,511)**	(34,037)
End of service indemnity paid		**(265)**	(2,602)
Net cash from operating activities		**619,455**	2,538,738
INVESTING ACTIVITIES			
Proceeds from sale of investment in real estate portfolio		**-**	1,331,101
Additions on right of use of land		**-**	(95,781)
Additions to investment properties		**(21,551)**	(2,334,500)
Purchase of property and equipment		**(69,228)**	(11,221)
Change in cash at pledged investment portfolios		**-**	66,224
Interest and other income received		**14,689**	3,388
Dividend received from financial assets at fair value through profit or loss		**-**	57,734
Net cash used in investing activities		**(76,090)**	(983,055)
FINANCING ACTIVITIES			
Change in due to bank		**-**	(719,958)
Proceeds from short term loan		**-**	1,700,000
Finance costs paid		**-**	(20,577)
Increase in contributions towards increase in share capital		**799,108**	-
Net cash from financing activities		**799,108**	959,465
Net increase in cash and cash equivalents		**1,342,473**	2,515,148
Cash and cash equivalents at the beginning of the period	11	**669,774**	15,933
Cash and cash equivalents at the end of the period	11	**2,012,247**	2,531,081

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

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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 23 February 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 was listed on Boursa Kuwait on 28 December 2004.

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

The principle activities of the Parent Company are as follows:

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

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

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

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

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

The address of the Parent Company's registered office is Kuwait City - Salhia Complex - Entrance No (1) - 5th Floor

This interim condensed consolidated financial information for the nine-month period ended 30 September 2023 was authorised for issue by the Parent Company's board of directors on 22 October 2023.

The annual consolidated financial statements for the year ended 31 December 2022 were approved by the shareholders at the Annual General Assembly Meeting held on 10 May 2023.

2 Basis of preparation and presentation

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

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

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

Operating results for the nine-months period ended 30 September 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023. For further details, refer to the Group's consolidated financial statements and its related disclosures for the year ended 31 December 2022.

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Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies

3.1 New and amended standards adopted by the Group

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

Standard or Interpretation	*Effective for annual periods beginning*
IAS 1 Amendments- Disclosure of accounting policies	1 January 2023
IAS 8 Amendments- Definition of accounting estimates	1 January 2023

IAS 1 Amendments – Disclosure of accounting policies

The amendments to IAS 1 require entities to disclose material accounting policies instead of significant accounting policies. The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial.

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

IAS 8 Amendments – Definition of accounting estimates

The amendments to IAS 8 inserted the definition of accounting estimates replacing the definition of a change in accounting estimates. Accounting estimates are now defined as monetary amounts in financial statements that are subject to measurement uncertainty.

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

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 2022.

5 Investment in subsidiaries

The details of the subsidiaries are as follows:

Name of Subsidiaries	Country of incorporation	Percentage of ownership			Activity
		30 Sept. 2023	31 Dec. 2022	30 Sept. 2022	
Eradat International Real Estate Company – KSC (Closed) (formerly: Fanan Real Estate Company – KSCC) (**)	Kuwait	**99.67%**	99.67%	99.67%	Real estate
Sanam Innovation Holding -WLL (Holding)	Kuwait	**99.60%**	99.60%	-	Real estate and investment
Sanam Limited FZC (*)	UAE	**100%**	-	-	Real estate and investment

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Notes to the interim condensed consolidated financial information (continued)

5 Investment in subsidiaries (continued)

The subsidiaries are consolidated based on the management accounts for the period ended 30 September 2023.

(*) Sanam Limited - Free Zone Company was incorporated during the current period by the Parent Company with a share capital of AED 100,000.

(**) On 27 Sept 2023, the shareholders of the subsidiary decided to reduce the share capital of the subsidiary to write of losses and then increase its share capital in kind by transferring certain assets and liabilities from a related party to the subsidiary. The related party will be transferring properties with a total value of KD49,463,000 and a net value of KD8,223,000 after excluding borrowings, and the consequent increase in capital is expected to result in the parent company's ownership declining to 37.53% during the next quarter. The management expects that this would result in the subsidiary becoming an associate company during the 4th quarter of 2023.

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

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

	Three months ended		Nine months ended	
	30 Sept. 2023 (Unaudited)	30 Sept. 2022 (Unaudited)	**30 Sept. 2023 (Unaudited)**	30 Sept. 2022 Unaudited)
(Loss)/profit for the period attributable to shareholders of the Parent Company (KD)	**(48,432)**	(60,632)	**(41,163)**	9,012
Weighted average number of shares outstanding during the period (excluding treasury shares) (share)	**78,350,950**	78,350,950	**78,350,950**	78,350,950
Basic and diluted (loss)/earnings per share attributable to shareholders of the Parent Company (Fils)	**(0.62)**	(0.77)	**(0.53)**	0.12

The weighted average number of shares outstanding during the previous periods has been restated to reflect the decrease in share capital due to write off of losses during the current period (note 12).

The basic and diluted (loss)/earnings per share reported during the previous period for the three months and nine months ended 30 September 2022, before the decrease in share capital noted above, was (0.50) Fils and 0.07 Fils respectively.

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Notes to the interim condensed consolidated financial information (continued)

7 Right of use of land

	30 Sept. 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 Sept. 2022 (Unaudited)
Cost			
At beginning of the period/year	**3,168,211**	4,252,652	4,252,652
Additions during the period/year	**-**	95,781	95,781
Impairment in value during the period/year	**-**	(1,180,222)	-
At end of the period/year	**3,168,211**	3,168,211	4,348,433
Accumulated amortisation			
At beginning of the period/year	**(1,917,155)**	(1,771,955)	(1,771,955)
Amortisation for the period/year	**(55,098)**	(145,200)	(108,900)
At end of the period/year	**(1,972,253)**	(1,917,155)	(1,880,855)
Net book value	**1,195,958**	1,251,056	2,467,578

On 10 May 2005, one of the subsidiary's of the Group signed an agreement with the owner of the concession to lease part of a land in Al Jaddaf, Dubai (on a Build-Operate-Transfer (BOT) basis), owned by the Dubai Municipality – Department of Dubai Train. The lease period is 30 years commencing on 9 September 2009. The Group paid an amount of AED105,000,000 (equivalent to KD8,319,004) in full in previous years for the lease.

The cost of this lease is being amortized over the lease period which ends on 8 September 2039.

At 31 December 2022, the land was evaluated by an authorized independent valuer in the United Arab Emirates and the value amounted to AED15,000,000 (equivalent to KD1,251,056) as at that date, and this value was determined by the valuer on the assumption that the BOT period will be renewed for an equal term of 30 years on its expiry (which is after 17 years on 8 September 2039). In order to arrive at the market value of the property, the valuer has adopted the residual approach, which involves the calculation of the Gross Development value (GDV) of the proposed development (construction of Hotel apartment buildings) assuming it is complete and discounting the GDV at an appropriate discount rate for the period of construction. The construction costs of the proposed development are assumed and deducted from the GDV to arrive at a residual value of land. When calculating the GDV due from holding the completed development (during the BOT and renewal period) less the development costs, several key assumptions have been made by the valuer which includes, among others, the renewal of the BOT agreement for another 30 years at expiry (at the original cost of AED 105,000,000), total built floor area for the proposed Hotel apartment (448,939 Square feet), expected cashflows from the proposed development, cost of construction per square feet (AED 275), construction period (2 years), discount rate (9%), and developers profit rate (5% of GDV).The valuer has used the residual approach due to lack of comparable evidence and transactions for the land. Based on the valuation carried out by the independent valuer, during the previous year, an amount of KD1,180,222 was recognized in the consolidated statement of profit or loss and other comprehensive income as impairment in value of right of use of land.

The Group intends to develop the above land according to the concession agreement and intends to renew the right of use land agreement on its expiry for another 30 years, as such renewal is in line with industry practice.

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Notes to the interim condensed consolidated financial information (continued)

8 Investment properties

	30 Sept. 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 Sept. 2022 (Unaudited) KD
Balance at beginning of the period/year	**4,940,000**	3,263,448	3,263,448
Additions during the period/year	**21,551**	2,334,500	2,334,500
Disposal during the period/year	**-**	(663,448)	-
Change in fair value during the period/year	**-**	5,500	(99,736)
Balance at end of the period/year	**4,961,551**	4,940,000	5,498,212

9 Accounts receivable and other assets

At 31 December 2022 accounts receivable and other assets included an amount of KD571,872 which represented the consideration due on disposal of a residential villa located in the Jumeirah area in the United Arab Emirates and this amount was fully received during the 1st quarter of 2023.

10 Financial assets at fair value through profit or loss

	30 Sept. 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 Sept. 2022 (Unaudited) KD
Managed portfolios			
- Unquoted shares	**256,251**	257,412	383,696
Quoted securities	**15,754**	10,884	10,180
Unquoted securities	**14,533**	14,533	14,533
	286,538	282,829	408,409

Managed portfolios with a carrying value of KD 256,251 (31 December 2022: KD 257,412 and 30 September 2022: KD383,696) are managed by a related party (Notes 13).

The hierarchy for determining and disclosing the fair values of financial instruments is presented in Note 16.

11 Cash and cash equivalents

	30 Sept. 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 Sept. 2022 (Unaudited) KD
Cash and bank balances	**1,195,013**	669,712	2,531,019
Cash in portfolios (a)	**79,107**	11,935	11,935
Short term bank deposits (b)	**750,000**	-	-
Cash and cash equivalents for the purpose of the consolidated statement of financial position	**2,024,120**	681,647	2,542,954
Less: Cash at pledged investment portfolios (see below)	**(11,873)**	(11,873)	(11,873)
Cash and cash equivalents for the purpose of the consolidated statement of cash flows	**2,012,247**	669,774	2,531,081

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Notes to the interim condensed consolidated financial information (continued)

11 Cash and cash equivalents (continued)

a) Cash in portfolios include an amount KD67,234 (31 December 2022: KD62 and 30 September 2022: KD62) managed by a related party (Notes 13).

b) During the period, short term deposits are placed with local banks and mature within three months and carry an average effective interest rate of 4.375% per annum.

12 Share capital, share premium and treasury shares

	Authorised	Issued	Paid up
30 September 2023			
Shares of 100 Fils each	**100,000,000**	**100,000,000**	**78,350,950**
31 December 2022			
Shares of 100 Fils each	122,185,000	122,185,000	122,185,000
30 September 2022			
Shares of 100 Fils each	122,185,000	122,185,000	122,185,000

The shareholders at the extraordinary general assembly held on 17 July 2023 approved to restructure the share capital of the Parent Company as follows:

1- Reduce the Parent Company's authorized, issued and paid up share capital from KD12,218,500 to KD7,835,095 by an amount of KD4,383,405 by cancelling 43,834,050 shares, including cancelling the treasury shares of 872,600 at nominal value, settling the treasury shares profit reserve and the share premium with the accumulated losses account as follows:

   a) Cancellation of 872,600 shares representing the full balance of treasury shares with a nominal value of 100 fils per share, equivalent to KD87,260.
   b) Set off the difference of KD96,936 (loss) between the cost of treasury shares (KD184,196) and its nominal value, against the balances of the treasury shares profit reserve, and the excess loss of KD73,721 is to be transferred to the accumulated losses to become KD4,480,341.
   c) Use the share premium balance of KD184,196 to set off part of the accumulated losses.
   d) Decrease the share capital by the remaining amount of the adjusted accumulated losses, amounting to KD4,296,145, so that the revised share capital amounts to KD7,835,095.

The required approval from Ministry of Commerce has been obtained on 7 August 2023.

2- Increase the authorized, issued and paid up share capital from KD7,835,095 to KD10,000,000 in cash by issuing 21,649,050 shares at nominal value of 100 fils per share, without share premium, amounting to KD2,164,905.

The required approval from Ministry of Commerce has been obtained on 9 August 2023.

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Notes to the interim condensed consolidated financial information (continued)

12 Share capital, share premium and treasury shares (continued)

Following approval of the Capital Markets Authority (CMA), part of subscription to increase the share capital in cash amounting to KD799,108, has been received and shown under "Contributions towards increase in share capital", as the subscriptions period has not yet been completed. The subscription period was completed on 12 October 2023 and the share issued was 21,649,050.

13 Related party transactions

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

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

	30 Sept. 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 Sept. 2022 (Unaudited) KD
Amounts included in the interim condensed consolidated statement of financial position			
Financial assets at fair value through profit or loss	**256,251**	257,412	-
Accounts receivable and other assets	**23,050**	89,166	-
Cash and cash equivalents	**67,234**	62	62

	Three months ended		**Nine months ended**	
	30 Sept. 2023 (Unaudited) KD	30 Sept. 2022 (Unaudited) KD	**30 Sept. 2023 (Unaudited) KD**	30 Sept. 2022 (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	**416**	2,628	**566**	17,138
Real estate management fees – included within general, administrative and other expenses	**2,420**	-	**7,190**	-
Compensation of key management personnel:				
Salaries and short-term benefits	**12,500**	12,014	**33,500**	34,473
Remuneration for members of the committees	**6,150**	-	**9,150**	11,700
End of service benefits	**2,741**	875	**4,760**	4,094

The Group's investments at fair value through profit or loss with a carrying value of KD256,251 (31 December 2022: KD257,412 and 30 September 2022: KD383,696) (refer note 10) and cash and cash equivalents include an amount KD67,234 (31 December 2022: KD62 and 30 September 2022: KD62) (refer note 11) are managed/held by a related party. Further the Group's real estate with a carrying value of KD4,961,551 are managed by a related party.

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Notes to the interim condensed consolidated financial information (continued)

14 Dividend distribution and Annual General Assembly

The annual general assembly of the Parent Company's shareholders held on 10 May 2023 approved the consolidated financial statements for the year ended 31 December 2022. Furthermore, it approved the board of directors' proposal not to distribute any cash dividends for the year ended 31 December 2022 and not to pay any remuneration to the board of directors for the year ended 31 December 2022.

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.

15 Segmental analysis

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

	Investments KD	Real estate KD	Unallocated KD	Total KD
Period ended 30 September 2023 (Unaudited):				
Income	**25,850**	**205,450**	**818**	**232,118**
Profit/(loss) for the period	**25,284**	**134,983**	**(201,430)**	**(41,163)**
As of 30 September 2023:				
Total assets	**2,376,908**	**6,157,509**	**177,049**	**8,711,466**
Total liabilities	**-**	**-**	**67,216**	**67,216**
Net assets	**2,376,908**	**6,157,509**	**109,833**	**8,644,250**
Period ended 30 September 2022 (Unaudited):				
Income	234,994	92,354	-	327,348
Profit/(loss) for the period	217,856	14,862	(223,706)	9,012
As of 30 September 2022:				
Total assets	2,951,363	7,965,790	71,880	10,989,033
Total liabilities	-	1,700,000	115,338	1,815,338
Net assets	2,951,363	6,265,790	(43,458)	9,173,695

16 Fair value measurement

16.1 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 nine Levels of a fair value hierarchy. The nine Levels are defined based on the observability of significant inputs to the measurement, as follows:

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Notes to the interim condensed consolidated financial information (continued)

16 Fair value measurement (continued)

16.1 Fair value hierarchy (continued)

- 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).

16.2 Fair value measurement of financial instruments

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

	30 Sept. 2023 (Unaudited) KD	31 Dec 2022 (Audited) KD	30 Sept. 2022 (Unaudited) KD
Financial assets:			
Amortised cost:			
Cash and cash equivalents	**2,024,120**	681,647	2,542,954
Accounts receivable and other assets (excluding prepaid expenses and advance payment)	**44,635**	731,660	23,026
At fair value:			
Financial assets at fair value through profit or loss	**286,538**	282,829	408,409
Financial assets at fair value through other comprehensive income	**66,250**	66,250	-
	2,421,543	1,762,386	2,974,389
Financial liabilities:			
At amortised cost:			
Short term loan	**-**	-	1,700,000
Accounts payable and other liabilities	**7,682**	133,403	66,625
	7,682	133,403	1,766,625

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

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

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

	Level 1 KD	**Level 2 KD**	**Level 3 KD**	**Total KD**
30 September 2023 (Unaudited)				
At FVTPL:				
Managed portfolios	**-**	**-**	**256,251**	**256,251**
Foreign quoted securities	**15,754**	**-**	**-**	**15,754**
Local unquoted securities	**-**	**-**	**14,533**	**14,533**
At FVTOCI:				
- Unquoted securities	**-**	**-**	**66,250**	**66,250**
	15,754	**-**	**337,034**	**352,788**

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Notes to the interim condensed consolidated financial information (continued)

16 Fair value measurement (continued)

16.2 Fair value measurement of financial instruments (continued)

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
31 December 2022 (Audited)				
At FVTPL:				
Managed portfolios	-	-	257,412	257,412
Foreign quoted securities	10,884	-	-	10,884
Local unquoted securities	-	-	14,533	14,533
At FVTOCI:				
- Unquoted securities	-	-	66,250	66,250
	10,884	-	338,195	349,079
30 September 2022 (Unaudited)				
At FVTPL:				
Managed portfolios	-	-	383,696	383,696
Foreign quoted securities	10,180	-	-	10,180
Local unquoted securities	-	-	14,533	14,533
	10,180	-	398,229	408,409

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

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

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

	30 Sept. 2023 (Unaudited) KD	31 Dec 2022 (Audited) KD	30 Sept. 2022 (Unaudited) KD
Opening balance	**338,195**	464,747	464,747
Additions	**-**	66,250	-
Disposals	**-**	(31,642)	-
Change in fair value recognised in profit or loss	**(1,161)**	(161,160)	(66,518)
Closing balance	**337,034**	338,195	398,229

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.

17 Comparative information

Certain other comparative figures have been reclassified to conform to the presentation in the current period, and such reclassification does not affect previously reported net assets, net equity and net results for the period or net increase in cash and cash equivalents.

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