



Grant Thornton

Al-Qatami, Al-Aiban & Partners

Interim condensed consolidated financial information and review report

Sanam Real Estate Company – KPSC and Subsidiaries

Kuwait

30 June 2024 (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 June 2024 and the related interim condensed consolidated statements of profit or loss and other comprehensive income for the three-month and six-month periods then ended, and interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

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

Emphasis of matter

We draw attention to Note 7 to the interim condensed consolidated financial information which describes that the valuation carried out for a right of use land included under investment properties is based on the 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 six-month period ended 30 June 2024 that might have had a material effect on the business or financial position of the Parent Company.



Report on Review of Interim Condensed Consolidated Financial Information of Sanam Real Estate Company– KPSC (continued)

Report on other legal and regulatory requirements

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations during the six-month period ended 30 June 2024 that might had a material effect on the business or financial position of the Parent Company.

A handwritten signature in blue ink, appearing to read 'Abdullatif M. Al-Aiban'.

Abdullatif M. Al-Aiban (CPA)

(Licence No. 94-A)

of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Kuwait

12 August 2024

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

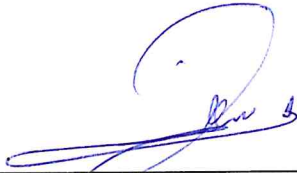
		Three months ended		Six months ended	
		30 June 2024	30 June 2023	30 June 2024	30 June 2023
	Note	(Unaudited) KD	(Unaudited) KD	(Unaudited) KD	(Unaudited) KD
Income					
Rental income		-	67,150	-	136,300
Net (loss) / gain from financial assets at FVTPL		(585)	1,389	(5,752)	1,389
Share of results of associate	8	43,287	-	131,902	-
Gain on acquisition of subsidiary	5	516,159	-	516,159	-
Management fees		68,074	-	136,207	-
Interest and other income		25,187	9,342	48,881	21,467
		652,122	77,881	827,397	159,156
Expenses and other charges					
Staff costs		(43,858)	(26,335)	(95,176)	(55,419)
General, administrative and other expenses		(25,099)	(28,630)	(48,180)	(52,844)
Amortization expenses		-	(17,966)	-	(36,732)
Depreciation expenses		(3,290)	(3,291)	(6,580)	(6,581)
		(72,247)	(76,222)	(149,936)	(151,576)
Profit for the period before provision for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), provision for Zakat and National Labour Support Tax (NLST)					
		579,875	1,659	677,461	7,580
Provision for contribution to KFAS		(5,219)	-	(6,097)	-
Provision for Zakat		(5,388)	(30)	(5,522)	(89)
Provision for NLST		(14,555)	(74)	(17,104)	(222)
Profit for the period		554,713	1,555	648,738	7,269
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		554,713	1,555	648,738	7,269
Basic and diluted earnings per share attributable to shareholders of the Parent Company (fils)					
	6	5.28	0.02	6.18	0.08

The notes set out on pages 7 to 19 form an integral part of these interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Note	30 June 2024 (Unaudited) KD	31 Dec 2023 (Audited) KD	30 June 2023 (Unaudited) KD
Assets				
Non-current assets				
Property, plant and equipment	5	1,070,246	70,390	76,571
Right of use of land	5	500,000	-	1,214,324
Investment properties	7	2,087,875	2,087,875	4,958,600
Financial assets at fair value through other comprehensive income		66,250	66,250	66,250
Investment in associate	8	5,069,442	4,937,540	-
		8,793,813	7,162,055	6,315,745
Current assets				
Inventory		49,644	-	-
Financial assets at fair value through profit or loss	9	270,529	276,281	284,218
Accounts receivable and other assets	10	721,731	74,664	174,428
Cash and cash equivalents	11	2,099,662	3,368,878	1,184,293
		3,141,566	3,719,823	1,642,939
Total assets		11,935,379	10,881,878	7,958,684
Equity and liabilities				
Equity				
Share capital	12	10,500,000	10,000,000	12,218,500
Legal reserve		75,373	75,373	-
Voluntary reserve		75,373	75,373	-
Foreign currency translation reserve		(1,645)	(1,645)	-
Share premium	12	-	-	184,196
Treasury shares	12	-	-	(184,196)
Treasury shares profit reserve	12	-	-	23,215
Retained earnings / (accumulated losses)		769,357	620,619	(4,399,351)
Total equity		11,418,458	10,769,720	7,842,364
Liabilities				
Non-current liabilities				
Provision for end of service indemnity		148,710	61,880	54,239
Current liabilities				
Accounts payable and other liabilities	13	368,211	50,278	62,081
		368,211	50,278	62,081
Total liabilities		516,921	112,158	116,320
Total equity and liabilities		11,935,379	10,881,878	7,958,684


Waleed Hamad Al-Sumait
Chairman


Dr. Sulaiman Tareq Al-Abduljader
Vice chairman & CEO

The notes set out on pages 7 to 19 form an integral part of these interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity

	Share capital KD	Legal reserve KD	Voluntary reserve KD	Foreign currency translation reserve KD	Share premium KD	Treasury shares KD	Treasury shares profit reserve KD	Retained earnings / (accumulated losses) KD	Total KD
Balance at 1 January 2024 (Audited)	10,000,000	75,373	75,373	(1,645)	-	-	-	620,619	10,769,720
Issue of bonus shares (note 12)	500,000	-	-	-	-	-	-	(500,000)	-
Total comprehensive income for the period	-	-	-	-	-	-	-	648,738	648,738
Balance at 30 June 2024 (Unaudited)	10,500,000	75,373	75,373	(1,645)	-	-	-	769,357	11,418,458
Balance at 1 January 2023 (Audited)	12,218,500	-	-	-	184,196	(184,196)	23,215	(4,406,620)	7,835,095
Total comprehensive income for the period	-	-	-	-	-	-	-	7,269	7,269
Balance at 30 June 2023 (Unaudited)	12,218,500	-	-	-	184,196	(184,196)	23,215	(4,399,351)	7,842,364

The notes set out on pages 7 to 19 form an integral part of these interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	Six months ended 30 June 2024 (Unaudited) KD	Six months ended 30 June 2023 (Unaudited) KD
OPERATING ACTIVITIES			
Profit for the period before provision for contribution to KFAS, provision for Zakat and NLST		677,461	7,580
Adjustments:			
Share of results of associate		(131,902)	-
Gain on acquisition of subsidiary		(516,159)	-
Depreciation expenses		6,580	6,581
Amortization expenses		-	36,732
Interest income		(48,881)	(21,467)
Provision for end of service indemnity		6,690	4,269
		(6,211)	33,695
Changes in operating assets and liabilities:			
Accounts receivable and other assets		(433,300)	617,614
Financial assets at fair value through profit or loss		5,752	(1,389)
Accounts payable and other liabilities		125,210	(71,633)
Cash flows (used in) / from operation		(308,549)	578,287
KFAS paid		(6,784)	-
Zakat paid		(7,654)	-
NLST paid		(19,134)	-
End of service indemnity paid		-	(265)
Net cash (used in) / from operating activities		(342,121)	578,022
INVESTING ACTIVITIES			
Additions to investment properties		-	(18,600)
Additions to property, plant and equipment		-	(69,228)
Net cash outflow resulting from acquisition of a subsidiary	5	(1,025,976)	-
Interest income received		48,881	12,452
Net cash used in investing activities		(977,095)	(75,376)
Net (decrease) / increase in cash and cash equivalents		(1,319,216)	502,646
Cash and cash equivalents at the beginning of the period	11	3,368,878	669,774
Cash and cash equivalents at the end of the period	11	2,049,662	1,172,420

The notes set out on pages 7 to 19 form an integral part of these interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information

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 - Salhiya Mall – Floor 5 - Kuwait.

This interim condensed consolidated financial information for the six-month period ended 30 June 2024 was authorised for issue by the Parent Company’s board of directors on 12 August 2024.

The annual consolidated financial statements for the year ended 31 December 2023 were approved by the shareholders at the Annual General Assembly Meeting held on 28 March 2024.

2 Basis of preparation and presentation

The interim condensed consolidated financial information of the Group for the six-month period ended 30 June 2024 has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

The annual consolidated financial statements for the year ended 31 December 2023 were prepared in accordance with the IFRS Accounting Standards (“IFRS Accounting Standards”) as issued by the International Accounting Standards Board (“IASB”).

This interim condensed consolidated financial information is presented in Kuwaiti Dinars (“KD”) which is the functional and presentation currency of the Parent Company.

The interim condensed consolidated financial information does not include all information and disclosures required for complete financial statements prepared in accordance with the IFRS Accounting Standards. In the opinion of the Parent Company’s management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

Operating results for the six-month period ended 30 June 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024. For further details, refer to the consolidated financial statements and its related disclosures for the year ended 31 December 2023.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies

The accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the new and amended IFRS Accounting Standards effective as of 1 January 2024 as described in Note 3.1. 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 IFRS Accounting Standards adopted by the Group

The following new IFRS Accounting Standards or amendments to existing IFRS Accounting Standards were effective for the current period.

<i>Description</i>	<i>Effective for annual periods beginning</i>
IAS 1 Amendments- Classification of liabilities as current or non-current	1 January 2024
IAS 7 and IFRS 7 Supplier finance arrangement disclosures	1 January 2024
IFRS 16 Amendments- Lease liability in a sale and leaseback	1 January 2024

IAS 1 Amendments - Classification of current or non-current

The amendments to IAS 1 clarify the classification of a liability as either current or non-current is based on the entity's rights at the end of the reporting period. Stating management expectations around whether they will defer settlement or not does not impact the classification of the liability. It has added guidance about lending conditions and how these can impact classification and has included requirements for liabilities that can be settled using an entity's own instruments.

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

IAS 7 and IFRS 7 Amendments – Supplier finance arrangements

The amendments to IAS 7 and IFRS 7 added disclosure objectives to IAS 7 to enable the users of the financial statements to assess how the supplier finance arrangements effect an entity's liabilities and cash flows, and to understand the effect of these arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it. While the amendments do not explicitly define supplier finance arrangements it instead describes characteristics of such arrangements.

To meet the disclosure objectives, an entity is required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- Liquidity risk information

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)

3 Changes in accounting policies (continued)

3.1 New and amended IFRS Accounting Standards adopted by the Group (continued)

IFRS 16 Amendments – Lease liability in a sale and leaseback

The amendments to IFRS 16 requires a seller-lessee to measure the right-of-use asset arising from a sale and leaseback transaction at the proportion of the previous carrying amount of the asset that relates to the right of use the seller-lessee retains. Accordingly, in a sale and leaseback transaction the seller-lessee recognises only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. The initial measurement of the lease liability that arise from a sale and leaseback transaction is a consequence of how the seller-lessee measures the right-of-use asset and the gain or loss recognised at the date of the transaction. The new requirements do not prevent a seller-lessee from recognising in any gain or loss relating to the partial or full termination of a lease.

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 2023.

5 Investment in subsidiaries

The details of the direct and indirect subsidiaries are as follows:

Name of Subsidiaries	Country of incorporation	Percentage of ownership			Activity
		30 June 2024	31 Dec. 2023	30 June 2023	
Eradat International Real Estate Company – KSC (Closed)	Kuwait	-	-	99.67%	Real estate
Sanam Innovation Holding Company - WLL (Holding)	Kuwait	99.60%	99.60%	99.60%	Real estate and investment
Sanam Limited FZC (5.1)	UAE	100%	100%	-	Real estate and investment
Sanam Capital Holding Company - WLL (Holding) (5.2)	Kuwait	99%	-	-	Real estate and investment
European Concrete Ready-Mix Company - WLL (Subsidiary of Sanam Innovation Holding Company - WLL) (5.3)	Kuwait	99%	-	-	Ready mixed concrete production

The subsidiaries are consolidated based on the management accounts for the period ended 30 June 2024.

5.1 Sanam Limited - Free Zone Company was incorporated during the year 2023 by the Parent Company with a share capital of AED 100,000. During the year 2023, the concession agreement referred to in note (7) to the interim condensed consolidated financial information was transferred to the subsidiary from another local subsidiary of the Group.

Notes to the interim condensed consolidated financial information (continued)

5 Investment in subsidiaries (continued)

During December 2023, the Group's management approved to increase the capital of the subsidiary - Sanam Limited Company – UAE to reach AED 50 million through increase in cash and in Kind and decided that a new investor will invest in cash an amount of AED 25Mn to own a stake of 50% of the subsidiary's capital. Consequently, the Group on 28 December 2023 signed an agreement with the related party to this effect, and the increase in capital along with execution of other requirements stated in the agreement is expected to occur during the year 2024. The impact of this transaction will be reflected during the year 2024, when the conditions in the agreement are met by both parties.

5.2 Sanam Capital Holding Company - WLL (Holding) was incorporated during the current period by the Parent Company with a share capital of KD250,000.

5.3 Acquisition of subsidiary

During the 2nd quarter of the current period, the Group acquired 100% equity stake in European Concrete ready Mix Company -WLL (a Kuwaiti Company operating in the Ready Mixed Concrete Production) and the acquisition was accounted in accordance with IFRS 3 as follows:

	19 May 2024 (Audited) KD
Total consideration	1,061,000
Less: recognized amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment (a)	1,006,436
Right of use of land (a)	500,000
Inventory	49,644
Accounts receivable and other assets (a)	213,767
Long term bank deposits	50,000
Cash and bank balances	35,024
Accounts payable and other liabilities	(197,572)
Provision for end of service indemnity	(80,140)
Total identifiable net assets	1,577,159
Negative goodwill (gain on acquisition of subsidiary)	(516,159)

- a) The initial accounting for the business combination is provisional due to its complexity and will be adjusted retrospectively (if required) when the final purchase price allocation is completed during the one-year measurement period from the acquisition date.

The property, plant and equipment and right of use of land related to the subsidiary have been valued and recognised at fair value. The subsidiary's accounts receivable and other assets have been fair valued and recognised at KD213,767.

- b) For the purpose of the interim condensed consolidated statement of cash flows, the net cash outflow on acquisition of subsidiary is KD1,025,976.
- c) The audited financial statements of the subsidiary as at 19 May 2024 has been consolidated with Group's interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information (continued)

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		Six months ended	
	30 June 2024 (Unaudited)	30 June 2023 (Unaudited)	30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
Profit for the period attributable to shareholders of the Parent Company (KD)	554,713	1,555	648,738	7,269
Weighted average number of shares outstanding during the period (excluding treasury shares) (share)	105,000,000	90,115,153	105,000,000	90,115,153
Basic and diluted earnings per share attributable to shareholders of the Parent Company (Fils)	5.28	0.02	6.18	0.08

The basic and diluted earnings per share reported during the previous period for the three months and six months ended 30 June 2023 were 0.01 Fils and 0.06 Fils respectively, before retroactive adjustments relating to decrease in share capital due to write off of losses during the previous year and rights issue (note 12) and bonus share issue (note 15).

7 Investment properties

	30 June 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	30 June 2023 (Unaudited) KD
Owned properties			
Balance at beginning of the period/year	-	4,940,000	4,940,000
Additions during the period/year	-	21,551	18,600
Disposed as a result of loss of control of a subsidiary company during the period/year	-	(4,961,551)	-
Balance at the end of the period/year	-	-	4,958,600
Leased properties			
Balance at beginning of the period/year	2,087,875	-	-
Transferred from right of use of land during the period/year	-	1,190,306	-
Additions during the period/year	-	17,772	-
Change in fair value during the period/year	-	879,797	-
Balance at the end of the period/year	2,087,875	2,087,875	-
Total balance at the end of the period/year	2,087,875	2,087,875	4,958,600

Leased properties represent right to use a land in United Arab Emirates (UAE), where the Group has signed a concession agreement 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.

Notes to the interim condensed consolidated financial information (continued)

7 Investment properties (continued)

The property was evaluated by an authorized independent valuer in the United Arab Emirates and the value amounted to AED25,000,000 (equivalent to KD2,087,875) as at 31 December 2023, 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 16 years on 8 September 2039). In order to arrive at the market value of the property, the valuer has considered the comparable method of valuation, which involves making adjustments to the sale price of comparable properties to account for differences in location, plot area and shape, potential built-up area allowance, height allowance, date of sale, potential views and other individual characteristics.

Though transactional evidence provides the most accurate (when examined and extrapolated) means of assessing value, the Valuer has stated that there is a definitive lack of transparency within the current Dubai property market, and as such there is limited publicly reported comparable transactional evidence of land or building sales. The current lack of such evidence within Dubai means that the valuer assessed on a notional value basis, subject to professional opinion, with the potential inherent flaws that this may produce in the reported value. The valuer has valued in accordance with typical Concession Agreement terms, on the basis that the existing concession agreement can be transferred to any intending third party and that any Lessee may sub-lease the subject property together with any improvements erected thereon. In order to arrive at a value the valuer has analysed evidence of Leasehold land transactions in the United Arab Emirates and have analysed this evidence in comparison to that of similar Freehold Land in the UAE to derive a benchmark discount rate for Leasehold Land and this benchmark discount rate has been applied to the aforementioned comparable evidence to derive the subject property's Fair Value. In conclusion, taking into account the inherent characteristics and tenure of the subject property the valuer has used AED 250-350 per sq. ft (equivalent to KD 21 – 29 per sq. ft) to value the concession right land area.

The Group has decided to develop the 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. Accordingly, in order to facilitate development of the property and to bring in a new investor to finance the development, the Group transferred the property from a local subsidiary to a 100% owned foreign subsidiary located in the United Arab Emirates (UAE). Consequently, the concession agreement has been transferred in the name of a 100% owned UAE subsidiary, and during December 2023 the Group has signed an agreement with a related party to jointly develop the property where the related party will participate in the increase in capital (in cash) of the subsidiary for a stake in the subsidiary (refer Note 5.1).

8 Investment in associate

This represents the Group's ownership of 37.53% (2023: 37.53%) in Eradat International Real Estate Company – KSC (Closed), a real estate company operating in Kuwait. The associate is unquoted.

8.1 Movement of investment in associate during the period /year is as follows:

	30 June 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	30 June 2023 (Unaudited) KD
Balance at beginning of the period/year	4,937,540	-	-
Addition due to deconsolidation of a subsidiary	-	4,937,073	-
Share of results	131,902	467	-
Balance at the end of the period /year	5,069,442	4,937,540	-

The Group accounted for its share of results in the above associate using 30 June 2024 unaudited financial statements.

Notes to the interim condensed consolidated financial information (continued)

9 Financial assets at fair value through profit or loss

	30 June 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	30 June 2023 (Unaudited) KD
Managed portfolios (unquoted shares)	240,255	244,858	257,412
Quoted securities	15,741	16,890	12,273
Unquoted securities	14,533	14,533	14,533
	270,529	276,281	284,218

Managed portfolios with a carrying value of KD 240,255 (31 December 2023: KD 244,858 and 30 June 2023: KD 257,412) are managed by a related party (Notes 14).

The hierarchy for determining and disclosing the fair values of financial instruments is presented in Note 17.

10 Accounts receivable and other assets

	30 June 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	30 June 2023 (Unaudited) KD
Trade receivables (refer Note 5)	308,361	-	-
Less: allowance for impairment of receivables	(146,714)	-	-
	161,647	-	-
Advance payment to purchase properties	813,310	813,310	813,310
Advance payment to acquire an investment	300,000	-	-
Less: provision for impairment of advance payments	(813,310)	(813,310)	(813,310)
	300,000	-	-
Due from associate company (note 14)	56,074	52,830	-
Amount due on sale of IFVTP	-	-	66,532
Tenants receivable	-	-	26,650
Advance payment to suppliers	114,286	-	7,924
Refundable deposits	11,175	11,175	12,175
Prepaid expenses	26,289	2,512	51,892
Staff receivables	52,260	140	240
Other receivables	-	8,007	9,015
	721,731	74,664	174,428

Notes to the interim condensed consolidated financial information (continued)

11 Cash and cash equivalents

	30 June 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	30 June 2023 (Unaudited) KD
Cash and bank balances	732,855	552,240	1,171,784
Cash in portfolios (a)	66,807	66,638	12,509
Long term bank deposits	50,000	-	-
Short term bank deposits (b)	1,250,000	2,750,000	-
Cash and cash equivalents for the purpose of the consolidated statement of financial position	2,099,662	3,368,878	1,184,293
Less: Term deposit maturing after three months	(50,000)	-	-
Less: Cash at pledged investment portfolios	-	-	(11,873)
Cash and cash equivalents for the purpose of the consolidated statement of cash flows	2,049,662	3,368,878	1,172,420

- a) Cash in portfolios include an amount KD66,807 (31 December 2023: KD66,638 and 30 June 2023: KD636) managed by a related party (Notes 14).
- b) Short term deposits are placed with local banks and mature within three months and carry effective interest rate 4% (31 December 2023: ranging from 4% to 4.4% and 30 June 2023: Nil) per annum.

12 Share capital, share premium and treasury shares

	Authorised	Issued	Paid up
30 June 2024			
Shares of 100 Fils each	105,000,000	105,000,000	105,000,000
31 December 2023			
Shares of 100 Fils each	100,000,000	100,000,000	100,000,000
30 June 2023			
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.

Notes to the interim condensed consolidated financial information (continued)

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

The required approval from Ministry of Commerce was 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 to existing shareholders (rights issue), amounting to KD2,164,905.

Following approval of the Capital Markets Authority (CMA), the Parent Company's issued capital was increased by KD2,164,905 and registered in the commercial register of the Ministry of Commerce on 26 October 2023. The capital increase was fully subscribed and on 12 October 2023, Kuwait Clearing Company approved the allotment of the new shares.

During the current period, the Parent Company's share capital increased by KD500,000 as a result of issuance of bonus shares (note 15). The share capital increase was registered in the commercial register on 28 April 2024.

13 Accounts payable and other liabilities

	30 June 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	30 June 2023 (Unaudited) KD
Trade payable	198,322	750	57,379
Due to related parties (note 14)	132,500	-	-
Provision for NLST, Zakat and KFAS	28,723	33,572	311
Accrued expenses	3,900	8,510	-
Provision for staff leave	4,766	7,446	4,391
	368,211	50,278	62,081

14 Related party transactions

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

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

	30 June 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	30 June 2023 (Unaudited) KD
Amounts included in the interim condensed consolidated statement of financial position			
Financial assets at fair value through profit or loss (note 9)	240,255	244,858	257,412
Accounts receivable and other assets	-	-	26,000
Cash and cash equivalents (note 11)	66,807	66,638	636
Due from associate company (note 10)	56,074	52,830	-
Due to related parties (note 13)	132,500	-	-

Notes to the interim condensed consolidated financial information (continued)

14 Related party transactions (continued)

	Three months ended		Six months ended	
	30 June 2024 (Unaudited) KD	30 June 2023 (Unaudited) KD	30 June 2024 (Unaudited) KD	30 June 2023 (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	-	-	127	150
Real estate management fees – included within general, administrative and other expenses	-	2,945	-	6,293
Management fees - from associate	68,074	-	136,207	-
Compensation of key management personnel:				
Salaries and short-term benefits	29,270	10,500	45,770	21,000
Remuneration for members of the committees	3,900	3,000	7,950	3,000
End of service benefits	1,587	1,009	3,213	2,019

The Group's investments at fair value through profit or loss with a carrying value of KD240,255 (31 December 2023: KD244,858 and 30 June 2023: KD257,412) (refer note 9) and cash and cash equivalents of KD66,807 (31 December 2023: KD66,638 and 30 June 2023: KD636) (refer note 11) are managed/held by a related party.

15 Dividend distribution and Annual General Assembly

The Annual General Assembly of the Parent company held on 28 March 2024, the shareholders approved the consolidated financial statements for the year ended 31 December 2023 and the board of directors' proposal to issue 5% bonus shares, not to distribute any cash dividends and not to pay any remuneration to the board of directors for the year ended 31 December 2023. However, due to the absence of a quorum, The Extraordinary General Assembly meeting, to approve the increase in the authorised, issued and paid-up share capital by issuing bonus shares, was postponed to 4 April 2024.

The Extraordinary General Assembly was held on 4 April 2024 and the shareholders approved to increase the Parent Company's authorized, issued and paid-up capital from KD 10,000,000 to KD 10,500,000, by issuing bonus shares of KD500,000 distributed into 5,000,000 shares with a nominal value of 100 fils per share.

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.

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:

Notes to the interim condensed consolidated financial information (continued)

16 Segmental analysis (continued)

	Investments KD	Real estate KD	Unallocated KD	Total KD
Period ended 30 June 2024 (Unaudited):				
Income	691,190	-	136,207	827,397
Profit/(loss) for the period	691,063	-	(42,325)	648,738
As of 30 June 2024:				
Total assets	7,805,883	2,087,875	2,041,621	11,935,379
Total liabilities	-	-	516,921	516,921
Net assets	7,805,883	2,087,875	1,524,700	11,418,458
Period ended 30 June 2023 (Unaudited):				
Income	22,856	136,300	-	159,156
Profit/(loss) for the period	22,706	93,275	(108,712)	7,269
As of 30 June 2023:				
Total assets	1,610,308	6,199,574	148,802	7,958,684
Total liabilities	-	-	116,320	116,320
Net assets	1,610,308	6,199,574	32,482	7,842,364

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).

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:

Notes to the interim condensed consolidated financial information (continued)

17 Fair value measurement (continued)

17.2 Fair value measurement of financial instruments (continued)

	30 June 2024 (Unaudited) KD	31 Dec 2023 (Audited) KD	30 June 2023 (Unaudited) KD
Financial assets:			
Amortised cost:			
Cash and cash equivalents	2,099,662	3,368,878	1,184,293
Accounts receivable and other assets (excluding prepaid expenses and advance payment)	281,156	72,152	114,612
At fair value:			
Financial assets at fair value through profit or loss	270,529	276,281	284,218
Financial assets at fair value through other comprehensive income	66,250	66,250	66,250
	2,717,597	3,783,561	1,649,373
Financial liabilities:			
At amortised cost:			
Accounts payable and other liabilities	368,211	50,278	62,081
	368,211	50,278	62,081

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 June 2024 (Unaudited)				
At FVTPL:				
Managed portfolios	-	-	240,255	240,255
Foreign quoted securities	15,741	-	-	15,741
Local unquoted securities	-	-	14,533	14,533
At FVTOCI:				
- Unquoted securities	-	-	66,250	66,250
	15,741	-	321,038	336,779
31 December 2023 (Audited)				
At FVTPL:				
Managed portfolios	-	-	244,858	244,858
Foreign quoted securities	16,890	-	-	16,890
Local unquoted securities	-	-	14,533	14,533
At FVTOCI:				
- Unquoted securities	-	-	66,250	66,250
	16,890	-	325,641	342,531

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 KD	Level 2 KD	Level 3 KD	Total KD
30 June 2023 (Unaudited)				
At FVTPL:				
Managed portfolios	-	-	257,412	257,412
Foreign quoted securities	12,273	-	-	12,273
Local unquoted securities	-	-	14,533	14,533
At FVTOCI:				
- Unquoted securities	-	-	66,250	66,250
	12,273	-	338,195	350,468

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 June 2024 (Unaudited) KD	31 Dec 2023 (Audited) KD	30 June 2023 (Unaudited) KD
Opening balance	325,641	338,195	338,195
Change in fair value recognised in profit or loss	(4,603)	(12,554)	-
Closing balance	321,038	325,641	338,195

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.