



Interim condensed consolidated financial information and review report

Sanam Real Estate Company – KPSC and Subsidiaries

Kuwait

31 March 2024 (Unaudited)

Sanam Real Estate Company – KPSC and Subsidiaries
Interim Condensed Consolidated Financial Information
31 March 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 31 March 2024 and the related interim condensed consolidated statements of profit or loss and other comprehensive income, statement of changes in equity and statement of 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”.

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 three-month period ended 31 March 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 three-month period ended 31 March 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
14 May 2024

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

	Note	Three months ended 31 March 2024 (Unaudited) KD	Three months ended 31 March 2023 (Unaudited) KD
Income			
Rental income		-	69,150
Net loss from financial assets at FVTPL		(5,167)	-
Share of results of associate		88,615	-
Interest and other income		91,827	12,125
		175,275	81,275
Expenses and other charges			
Staff costs		(51,318)	(29,084)
General, administrative and other expenses		(23,081)	(24,214)
Amortization expenses		-	(18,766)
Depreciation expenses		(3,290)	(3,290)
		(77,689)	(75,354)
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)		97,586	5,921
Provision for contributions to KFAS		(878)	-
Provision for Zakat		(134)	(59)
Provision for NLST		(2,549)	(148)
Profit for the period		94,025	5,714
Other comprehensive income for the period		-	-
Total comprehensive income for the period		94,025	5,714
Basic and diluted earnings per share attributable to shareholders of the Parent Company (Fils)	6	0.90	0.06

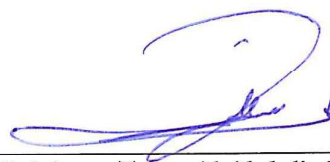
The notes set out on pages 7 to 18 form an integral part of these interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Note	31 March 2024 (Unaudited) KD	31 Dec 2023 (Audited) KD	31 March 2023 (Unaudited) KD
Assets				
Non-current assets				
Property and equipment		67,100	70,390	79,861
Right of use of land		-	-	1,232,290
Investment properties	7	2,087,875	2,087,875	4,940,000
Financial assets at fair value through other comprehensive income		66,250	66,250	66,250
Investment in associate	8	5,026,155	4,937,540	-
		7,247,380	7,162,055	6,318,401
Current assets				
Accounts receivable and other assets		180,192	74,664	127,027
Financial assets at fair value through profit or loss	9	271,114	276,281	282,829
Cash and cash equivalents	10	3,271,514	3,368,878	1,233,732
		3,722,820	3,719,823	1,643,588
Total assets		10,970,200	10,881,878	7,961,989
Equity and liabilities				
Equity				
Share capital	11	10,000,000	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	11	-	-	184,196
Treasury shares	11	-	-	(184,196)
Treasury shares profit reserve	11	-	-	23,215
Retained earnings / (accumulated losses)		714,644	620,619	(4,400,906)
Total equity		10,863,745	10,769,720	7,840,809
Liabilities				
Non-current liabilities				
Provision for end of service indemnity		66,261	61,880	52,583
Current liabilities				
Accounts payable and other liabilities		40,194	50,278	68,597
		40,194	50,278	68,597
Total liabilities		106,455	112,158	121,180
Total equity and liabilities		10,970,200	10,881,878	7,961,989



Waleed Hamad Al-Sumait
Chairman



Dr. Sulaiman Tareq Al-Abduljader
Vice chairman & CEO

The notes set out on pages 7 to 18 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
Total comprehensive income for the period	-	-	-	-	-	-	-	94,025	94,025
Balance at 31 March 2024 (Unaudited)	10,000,000	75,373	75,373	(1,645)	-	-	-	714,644	10,863,745
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	-	-	-	-	-	-	-	5,714	5,714
Balance at 31 March 2023 (Unaudited)	12,218,500	-	-	-	184,196	(184,196)	23,215	(4,400,906)	7,840,809

The notes set out on pages 7 to 18 form an integral part of these interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	Three months ended 31 March 2024 (Unaudited) KD	Three months ended 31 March 2023 (Unaudited) KD
OPERATING ACTIVITIES			
Profit for the period before provision for contribution to KFAS, provision for Zakat and NLST		97,586	5,921
Adjustments:			
Share of results of associate		(88,615)	-
Depreciation expenses		3,290	3,290
Amortization expenses		-	18,766
Interest income		(23,694)	(12,125)
Provision for end of service indemnity		4,381	2,613
		(7,052)	18,465
Changes in operating assets and liabilities:			
Accounts receivable and other assets		(37,395)	668,125
Financial assets at fair value through profit or loss		5,167	-
Accounts payable and other liabilities		(74,994)	(65,013)
Cash flows (used in) / from operation		(114,274)	621,577
KFAS paid		(6,784)	-
End of service indemnity paid		-	(265)
Net cash (used in) / from operating activities		(121,058)	621,312
INVESTING ACTIVITIES			
Purchase of property and equipment		-	(69,227)
Interest income received		23,694	-
Net cash from/(used in) investing activities		23,694	(69,227)
Net (decrease)/increase in cash and cash equivalents		(97,364)	552,085
Cash and cash equivalents at the beginning of the period	10	3,368,878	669,774
Cash and cash equivalents at the end of the period	10	3,271,514	1,221,859

The notes set out on pages 7 to 18 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 three-month period ended 31 March 2024 was authorised for issue by the Parent Company’s board of directors on 14 May 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 three-month period ended 31 March 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 three-month period ended 31 March 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 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 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 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 subsidiaries are as follows:

Name of Subsidiaries	Country of incorporation	Percentage of ownership			Activity
		31 March 2024	31 Dec. 2023	31 March 2023	
Eradat International Real Estate Company – KSC (Closed) (formerly: Fanan Real Estate Company – KSCC)	Kuwait	-	-	99.67%	Real estate
Sanam Innovation Holding -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)	Kuwait	99%	-	-	Real estate and investment

The subsidiaries are consolidated based on the management accounts for the period ended 31 March 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 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 company'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.

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 2024 (Unaudited)	Three months ended 31 March 2023 (Unaudited)
Profit for the period attributable to shareholders of the Parent Company (KD)	94,025	5,714
Weighted average number of shares outstanding during the period (excluding treasury shares) (share)	105,000,000	90,115,153
Basic and diluted earnings per share attributable to shareholders of the Parent Company (Fils)	0.90	0.06

The basic and diluted earnings per calculations for the period ended 31 March 2024 and 31 March 2023 have been adjusted to take account of the bonus shares proposed to be issued in 2024 (note 13)

The basic and diluted earnings per share reported during the previous period for the three months ended 31 March 2023 was 0.05 Fils before retroactive adjustments relating to decrease in share capital due to write off of losses during the previous year and rights issue (note 11) and proposed bonus share issuance (note 13).

Notes to the interim condensed consolidated financial information (continued)

7 Investment properties

	31 March 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 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	-
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	-	-	4,940,000
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	4,940,000

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.

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.

Notes to the interim condensed consolidated financial information (continued)

7 Investment properties (continued)

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:

	31 March 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 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	88,615	467	-
Balance at the end of the period /year	5,026,155	4,937,540	-

The Group accounted for its share of results in the above associate using 31 March 2024 unaudited financial statements.

9 Financial assets at fair value through profit or loss

	31 March 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 2023 (Unaudited) KD
Managed portfolios			
- Unquoted shares	240,256	244,858	257,412
Quoted securities	16,325	16,890	10,884
Unquoted securities	14,533	14,533	14,533
	271,114	276,281	282,829

Managed portfolios with a carrying value of KD 240,256 (31 December 2023: KD 244,858 and 31 March 2023: KD 257,412) are managed by a related party (Notes 12).

The hierarchy for determining and disclosing the fair values of financial instruments is presented in Note 15.

Notes to the interim condensed consolidated financial information (continued)

10 Cash and cash equivalents

	31 March 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 2023 (Unaudited) KD
Cash and bank balances	2,204,707	552,240	221,224
Cash in portfolios (a)	66,807	66,638	12,508
Short term bank deposits (b)	1,000,000	2,750,000	1,000,000
Cash and cash equivalents for the purpose of the consolidated statement of financial position	3,271,514	3,368,878	1,233,732
Less: Cash at pledged investment portfolios (see below)	-	-	(11,873)
Cash and cash equivalents for the purpose of the consolidated statement of cash flows	3,271,514	3,368,878	1,221,859

- a) Cash in portfolios include an amount KD 66,807 (31 December 2023: KD 66,638 and 31 March 2023: KD635) managed by a related party (Notes 12).
- b) Short term deposits are placed with local banks and mature within three months and carry effective interest rate 4.63% (31 December 2023: ranging from 4% to 4.4% and 31 March 2023: 4.85%) per annum.

11 Share capital, share premium and treasury shares

	Authorised	Issued	Paid up
31 March 2024			
Shares of 100 Fils each	100,000,000	100,000,000	100,000,000
31 December 2023			
Shares of 100 Fils each	100,000,000	100,000,000	100,000,000
31 March 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)

11 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.

Subsequent event

Subsequent to the reporting date, the Parent Company's share capital increased by KD500,000 as a result of issuance of bonus shares (note 13). The share capital increase was registered in the commercial register on 28 April 2024.

12 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 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 2023 (Unaudited) KD
Amounts included in the interim condensed consolidated statement of financial position			
Financial assets at fair value through profit or loss	240,256	244,858	257,412
Accounts receivable and other assets	-	-	32,634
Cash and cash equivalents	66,807	66,638	635
Due from associate company	124,170	52,830	-
		Three months ended 31 March 2024 (Unaudited) KD	Three months ended 31 March 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		-	3,348
Other income – management fees from associate		68,133	-
Compensation of key management personnel:			
Salaries and short-term benefits		16,500	10,500
Remuneration for members of the committees		4,050	-
End of service benefits		1,626	1,010

Notes to the interim condensed consolidated financial information (continued)

12 Related party transactions (continued)

The Group's investments at fair value through profit or loss with a carrying value of KD 240,256 (31 December 2023: KD244,858 and 31 March 2023: KD257,412) (refer note 9) and cash and cash equivalents include an amount KD 66,807 (31 December 2023: KD66,638 and 31 March 2023: KD635) (refer note 10) are managed/held by a related party.

13 Dividend distribution and Annual General Assembly

The Annual General Assembly of the Parent Company's shareholders held on 28 March 2024 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 the amount of KD 10,000,000 to the amount of KD 10,500,000, by issuing bonus shares of KD 500,000 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.

14 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 31 March 2024 (Unaudited):				
Income	107,142	-	68,133	175,275
Profit/(loss) for the period	107,015	-	(12,990)	94,025
As of 31 March 2024:				
Total assets	8,635,033	2,087,875	247,292	10,970,200
Total liabilities	-	-	106,455	106,455
Net assets	8,635,033	2,087,875	140,837	10,863,745
Period ended 31 March 2023 (Unaudited):				
Income	12,125	69,150	-	81,275
Profit/(loss) for the period	11,975	47,036	(53,297)	5,714
As of 31 March 2023:				
Total assets	1,661,468	6,208,524	91,997	7,961,989
Total liabilities	-	-	121,180	121,180
Net assets	1,661,468	6,208,524	(29,183)	7,840,809

Notes to the interim condensed consolidated financial information (continued)

15 Fair value measurement

15.1 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).

15.2 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 2024 (Unaudited) KD	31 Dec 2023 (Audited) KD	31 March 2023 (Unaudited) KD
Financial assets:			
Amortised cost:			
Cash and cash equivalents	3,271,514	3,368,878	1,233,732
Accounts receivable and other assets (excluding prepaid expenses and advance payment)	135,485	72,152	115,231
At fair value:			
Financial assets at fair value through profit or loss	271,114	276,281	282,829
Financial assets at fair value through other comprehensive income	66,250	66,250	66,250
	3,744,363	3,783,561	1,698,042
Financial liabilities:			
At amortised cost:			
Accounts payable and other liabilities	40,194	50,278	68,597
	40,194	50,278	68,597

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

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

Notes to the interim condensed consolidated financial information (continued)

15 Fair value measurement (continued)

15.2 Fair value measurement of financial instruments (continued)

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

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
31 March 2024 (Unaudited)				
At FVTPL:				
Managed portfolios	-	-	240,256	240,256
Foreign quoted securities	16,325	-	-	16,325
Local unquoted securities	-	-	14,533	14,533
At FVTOCI:				
- Unquoted securities	-	-	66,250	66,250
	16,325	-	321,039	337,364
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
31 March 2023 (Unaudited)				
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

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:

	31 March 2024 (Unaudited) KD	31 Dec 2023 (Audited) KD	31 March 2023 (Unaudited) KD
Opening balance	325,641	338,195	338,195
Change in fair value recognised in profit or loss	(4,602)	(12,554)	-
Closing balance	321,039	325,641	338,195

Notes to the interim condensed consolidated financial information (continued)

15 Fair value measurement (continued)

15.2 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.

16 Subsequent events

Subsequent to the reporting date on 6 May 2024, the Parent Company acquired 100% stake in an industrial company for KD1,050,000 through the subsidiary company, Sanam Innovation Holding – WLL. The impact of this transaction will be reflected during the 2nd quarter depending on the completion of the necessary procedures by the official authorities.

نبذة عن جرات ثورنتون

إن شركة جرات ثورنتون هي شبكة عالمية تتكون من 58,000 موظف في الشركات الأعضاء في أكثر من 130 دولة بهدف مشترك – بغية تقديم يد العون لكم في تحقيق طموحاتكم. هذا هو السبب في أن شبكتنا تجمع بين النطاق العالمي والقدرات والرؤى والفهم المحلي. لذلك، سواء أكانت نشأتكم في سوق واحد أو أكثر وتنتقل إلى العمل بشكل أكثر فاعلية والقيام بإدارة المخاطر والتنظيم أو تحقيق قيمة أصحاب المصلحة، فإن شركتنا الأعضاء لديها القدرة على العمل في خدمات التأكيد والضرائب والاستشارات بجودة ترقى إلى توقعاتكم.

تأسست شركة جرات ثورنتون – القطاعي والعيان وشركاهم سنة 1973 وهي إحدى أقدم مكاتب المحاسبة العامة في دولة الكويت، وقد كانت عضوًا لدى شركة جرات ثورنتون العالمية منذ 1985. إن هذا الانتماء والارتباط يساعدنا في الاستفادة من خبرات وموارد المنظمة الدولية لتقديم خدمات احترافية عالية المستوى لعملائنا في الكويت.

نستثمر بالاستماع وبناء العلاقات واستيعاب مخاوفكم لتقديم ما لدينا من خبرات بشكل شخصي وسري للغاية.

نعمل بوتيرة تتناسب معكم.

لهذا السبب نرحب بالفكر الجديد ووجهات النظر المتنوعة لإيجاد أفضل الحلول.

نحن لا نتنبأ بالمستقبل، ولكن نساعدكم على خطه بأيديكم.

تشير "شركة جرات ثورنتون" إلى العلامة التجارية التي بموجبها تقدم الشركات الأعضاء في جرات ثورنتون خدمات التأكيد والضرائب والاستشارات لعملائها و/ أو تشير إلى واحدة أو أكثر من الشركات الأعضاء، حسب السياق. تشير "GTIL" إلى شركة جرات ثورنتون العالمية المحدودة. إن شركة جرات ثورنتون العالمية المحدودة والشركات الأعضاء لا تمثل شراكة عالمية. شركة جرات ثورنتون العالمية المحدودة وكل شركة عضو تحتل كيان قانوني منفصل. يتم تقديم الخدمات من قبل الشركات الأعضاء. لا تقدم شركة جرات ثورنتون العالمية المحدودة خدمات للعملاء. شركة جرات ثورنتون العالمية المحدودة وشركاتها الأعضاء ليسوا وكلاء ولا يلتزمون بعضهم البعض وليست مسؤولة عن أفعال أو تقصير من جانب بعضها البعض.

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