

ARAM Group Company P.J.S.C and its
subsidiary
Sharjah - United Arab Emirates

Independent auditor's review report and
condensed consolidated interim financial
statements
For the six months period ended June 30,
2023

**ARAM Group Company P.J.S.C and its subsidiary
Sharjah - United Arab Emirates
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**ARAM Group Company P.J.S.C and its subsidiary
Sharjah - United Arab Emirates
General information**

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The Directors	<u>Name</u>	<u>Designation</u>	<u>Nationality</u>
	Mr. Khamis Mohamed Khamis Buharoon Al Shamsi	Chairman	Emirati
	Mr. Ebrahim Ahmad Al Manaiei	Vice Chairman	Kuwaiti
	Mr. Mohammad Jaffar Al Haj Ali Al Rhama	Board member	Emirati
	Mr. Christian Wolff	Board member	Norwegian
	Mr. Jassem Mubarak Masoud Al Dhaheri	Board member	Emirati
	Mr. Ali Mohd Zaid Ali Musmar	Chief Executive Officer	Jordanian

The Auditor : Crowe Mak
P.O. Box: 6954
Sharjah - United Arab Emirates

Ref: AM/B2354/Aug2023

Independent auditor's report on review of condensed consolidated interim financial statements

To,
The Shareholders
ARAM Group Company P.J.S.C and its subsidiary
Sharjah, United Arab Emirates

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of **ARAM Group Company P.J.S.C** (the "Entity") and its subsidiary (collectively referred to as the "Group") which comprise the condensed consolidated interim statement of financial position as at June 30, 2023, and the related condensed consolidated interim statement of profit or loss and other comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the six months period then ended and the explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial statements in accordance with International Accounting Standard, IAS 34 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standards 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 condensed consolidated interim financial statements for the six months period ended June 30, 2023 are not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting'.

Other matters

The consolidated financial statements of the Group for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on March 20, 2023.

Furthermore, the condensed consolidated interim financial information of the Group for the six months period ended June 30, 2022 were reviewed by other auditor who expressed an unmodified conclusion on those condensed consolidated interim financial statements on August 11, 2022.

For, Crowe Mak



Dr. Khalid Maniar
Founder & Managing Partner
Registration Number 24
Sharjah, U.A.E
August 14, 2023



ARAM Group Company P.J.S.C and its subsidiary
Sharjah - United Arab Emirates
Condensed consolidated interim statement of financial position as at June 30, 2023
In Arab Emirates Dirham

	Notes	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Assets			
<i>Non-current assets</i>			
Property, plant and equipment		137,268	161,078
Investment properties	3	152,286,883	161,603,098
Right-of-use assets	4	609,476	309,419
Investments carried at fair value through other comprehensive income (FVTOCI)	5	18,188,499	14,832,769
Total non-current assets		171,222,126	176,906,364
<i>Current assets</i>			
Trade and other receivables		1,223,053	1,515,706
Investments carried at fair value through profit or loss (FVTPL)	6	398,643	363,794
Cash and bank balances		8,665,459	1,706,979
Total current assets		10,287,155	3,586,479
Total assets		181,509,281	180,492,843
Equity and liabilities			
<i>Equity</i>			
Share capital		78,901,086	78,901,086
Statutory reserve		32,736,885	32,736,885
Voluntary reserve		13,055,943	13,055,943
Fair value reserve		364,940	(3,082,420)
Foreign currency translation reserve		(739,601)	(646,314)
Accumulated losses		(2,616,818)	(2,099,151)
Total equity		121,702,435	118,866,029
<i>Non-current liabilities</i>			
Lease liabilities	4	339,688	207,490
Bank borrowings - non-current portion	7	25,304,407	27,115,736
Employees' end of service benefits		828,675	760,401
Total non-current liabilities		26,472,770	28,083,627
<i>Current liabilities</i>			
Dividend payable		26,317,201	26,320,631
Lease liabilities	4	132,759	130,293
Bank borrowings	7	3,684,211	3,684,211
Trade and other payables	9	3,199,905	3,408,052
Total current liabilities		33,334,076	33,543,187
Total liabilities		59,806,846	61,626,814
Total equity and liabilities		181,509,281	180,492,843

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

The review report of the independent auditor is set out on pages 2 to 3.

The condensed consolidated interim financial statements on pages 4 to 17 were approved on August 14, 2023 and signed on behalf of the Group, by:



Mr. Khamis Mohamed Khamis Buharoon Al Shamsi
Chairman



Mr. Ali Mohd Zaid Ali Musmar
Chief Executive Officer

**ARAM Group Company P.J.S.C and its subsidiary
Sharjah - United Arab Emirates
Condensed consolidated interim statement of profit or loss and other comprehensive income for the six months
period ended June 30, 2023
In Arab Emirates Dirham**

	Notes	Six months period ended		Three months period ended	
		June 30,		June 30,	
		2023	2022	2023	2022
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Rental income		5,836,458	5,210,150	3,090,354	2,700,276
Unrealised gain/(loss) on investments at FVTPL		35,769	87,329	(24,005)	173,506
Administrative and general expenses	10	(3,749,436)	(4,132,050)	(2,165,748)	(1,782,103)
Repairs and maintenance expenses		(769,170)	(674,581)	(336,383)	(267,632)
Finance costs		(1,190,738)	(785,098)	(588,962)	(366,597)
Loss on disposal of investment property		(1,038,615)	-	(1,038,615)	-
Dividend income		191,206	590,571	191,206	590,571
Other income		166,859	222,281	63,304	59,027
Net (loss)/profit for the period		(517,667)	518,602	(808,849)	1,107,048
Other comprehensive income / (loss)					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Net change in fair value of investments carried at FVTOCI		3,447,360	7,911,851	3,309,466	8,918,894
		3,447,360	7,911,851	3,309,466	8,918,894
<i>Items that may be reclassified subsequently to profit or loss</i>					
Exchange loss on translating foreign operation		(93,287)	(217,337)	(67,960)	(188,962)
		(93,287)	(217,337)	(67,960)	(188,962)
Total comprehensive income for the period		2,836,406	8,213,116	2,432,657	9,836,980
Basic and diluted (losses) / earnings per share	12	(0.007)	0.007	(0.010)	0.014

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

The review report of the independent auditor is set out on pages 2 to 3.

ARAM Group Company P.J.S.C and its subsidiary
Sharjah - United Arab Emirates
Condensed consolidated interim statement of changes in equity for the six months period ended June 30, 2023
In Arab Emirates Dirham

	Share capital	Statutory reserve	Voluntary reserve	Fair value reserve	Foreign currency translation reserve	Accumulated losses	Total equity
Balance as at December 31, 2021 (Audited)	78,901,086	31,787,073	12,106,131	(10,594,871)	(469,541)	(9,697,648)	102,032,230
Profit for the period	-	-	-	-	-	518,602	518,602
Other comprehensive income for the period	-	-	-	7,911,851	(217,337)	-	7,694,514
Total comprehensive income	-	-	-	7,911,851	(217,337)	518,602	8,213,116
Balance as at June 30, 2022 (Unaudited)	78,901,086	31,787,073	12,106,131	(2,683,020)	(686,878)	(9,179,046)	110,245,346
Balance as at December 31, 2022 (Audited)	78,901,086	32,736,885	13,055,943	(3,082,420)	(646,314)	(2,099,151)	118,866,029
Loss for the period	-	-	-	-	-	(517,667)	(517,667)
Other comprehensive income for the period	-	-	-	3,447,360	(93,287)	-	3,354,073
Total comprehensive income	-	-	-	3,447,360	(93,287)	(517,667)	2,836,406
Balance as at June 30, 2023 (Unaudited)	78,901,086	32,736,885	13,055,943	364,940	(739,601)	(2,616,818)	121,702,435

The accompanying notes form an integral part of these condensed consolidated interim financial statements.
The review report of the independent auditor is set out on pages 2 to 3.

**ARAM Group Company P.J.S.C and its subsidiary
Sharjah - United Arab Emirates**

**Condensed consolidated interim statement of cash flows for the six months period ended June 30, 2023
In Arab Emirates Dirham**

	Six months period ended	
	2023	2022
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Net (loss) / profit for the period	(517,667)	518,602
<i>Adjustments for:</i>		
Unrealised gain on investments carried at FVTPL	(35,769)	(87,329)
Depreciation on property, plant and equipment	26,656	41,402
Depreciation on right-of-use assets	109,110	62,609
Allowance for expected credit losses	237,874	386,184
Reversal of allowance for expected credit loss of trade receivables	(138,276)	(210,646)
Finance costs	1,190,738	754,322
Dividend income	(191,206)	(590,571)
Loss on disposal of investment property	1,038,615	-
Provision for employees' end of service benefits	70,393	76,933
	1,790,468	951,506
<i>Decrease in current assets</i>		
Trade and other receivables	193,055	61,546
<i>Decrease in current liabilities</i>		
Trade and other payables	(208,147)	(483,895)
Cash generated from operations	1,775,376	529,157
Employees' end-of-services benefits paid	(1,307)	(22,908)
Finance costs	(1,152,515)	(743,750)
Net cash generated from operating activities	621,554	(237,501)
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,101)	(80,454)
Dividend income received	191,206	590,571
Purchase of investment property	(222,400)	-
Proceeds from sale of investment property	8,500,000	-
Net cash generated from / (used in) investing activities	8,466,705	510,117
Cash flows from financing activities		
Payment of lease liabilities	(274,153)	(71,700)
Repayment of bank borrowings	(1,842,105)	(1,811,329)
Dividends paid	(3,430)	(30,296)
Net cash used in financing activities	(2,119,688)	(1,913,325)
Net increase / (decrease) in cash and cash equivalents	6,968,571	(1,640,709)
Cash and cash equivalents, beginning of the period	1,706,979	4,172,198
Effect of exchange rate changes on the balances held in foreign currencies	(10,091)	(12,943)
Cash and cash equivalents, end of the period	8,665,459	2,518,546
Cash and cash equivalents		
Cash in hand	31,081	35,338
Cash at banks	8,634,378	2,483,208
	8,665,459	2,518,546

The accompanying notes form an integral part of these condensed consolidated interim financial statements.
The review report of the independent auditor is set out on pages 2 to 3.

**ARAM Group Company P.J.S.C and its subsidiary
Sharjah - United Arab Emirates**

Notes to the condensed consolidated interim financial statements for the six months period ended June 30, 2023

1 Legal status and business activities

- 1.1 ARAM Group Company P.J.S.C, Sharjah** (the "Entity") is a public joint stock company registered under Emiri Decree number 133/76 issued on November 16, 1976. The trading register was issued by Economic Development Department, Government of Sharjah. The shares of the Entity are traded on the Abu Dhabi Securities Market.
- 1.2** The principal activities of the Entity comprise investing in financial instruments, investing in and leasing of properties, and investing in, establishment of, and management of agricultural, industrial, and commercial projects.
- 1.3** The registered office of the Entity is located at Al Khan Street, P.O. Box 5440, Sharjah, United Arab Emirates.
- 1.4** The management and control are vested with the board of directors.
- 1.5** The Entity controls the following subsidiary as at June 30, 2023 which has been consolidated in these condensed consolidated interim financial statements:

Sr. No	Name of the Branch	2023	2022	Country of operation and incorporation	Principal activity
1	Tarfan General Trading and Contracting (Ebrahim Ahmed Al-Manna'ei and Partners) W.L.L	100%	100%	State of Kuwait	General trading and contracting, purchase and sale of shares and bonds.

The subsidiary is a limited liability company incorporated in Kuwait. Two individuals own 2% of the subsidiary's share capital for and on behalf of the Entity; therefore, 100% beneficial ownership interest is with the Entity and hence there is no non-controlling interest.

- 1.6** These condensed consolidated interim financial statements incorporate the operating results of the Entity and its subsidiary (collectively referred to as the "Group").

2 Significant accounting policies

2.1 Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and are presented in United Arab Emirates Dirham (AED) which is the functional currency of the Entity.

The subsidiary determines its own financial currency and its assets and liabilities have been translated into AED at the closing rate at the reporting date. Income and expenses have been translated into the Group's presentation currency at the average rate over the reporting period. Exchange differences are charged/credited to the condensed consolidated interim statement of other comprehensive income.

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for investment properties, investments at fair value through profit or loss and investments at fair value through other comprehensive income that are measured at fair values.

The accounting policies and methods of computation adopted in preparing these condensed consolidated interim financial information are consistent with those used in the audited consolidated financial statements for the year ended December 31, 2022 which are the latest audited consolidated financial statements available.

All aspects of the financial risk management objectives and policies are consistent with those disclosed in the audited consolidated financial statements for the year ended December 31, 2022.

2 Significant accounting policies (continued)

2.1 Basis of preparation (continued)

These condensed consolidated interim financial information do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2022.

The condensed consolidated result for the six months period ended June 30, 2023 is not necessarily indicative of the result that may be expected for the financial year ending December 31, 2023.

The preparation of these condensed consolidated interim financial information require the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, incomes and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited consolidated financial statements as at and for the year ended December 31, 2022.

The accounting policies used in the preparation of condensed consolidated interim financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2022. Certain amendments to accounting standards and annual improvements, as disclosed in the Group's most recent annual consolidated financial statements for the year ended December 31, 2022, are applicable to the Group but do not have any material impact on these condensed consolidated interim financial statements.

2.2 Basis of consolidation

The condensed consolidated interim financial statements consolidate the unaudited interim financial statements of the subsidiary referred to in Note 1.5, on line by line basis, with unaudited financial statements of the Entity for the period. All significant inter group investments, receivables, payables and other such transactions are eliminated on consolidation.

All significant transactions and balances between the Entity and its subsidiary are eliminated.

2.3 Liquidity risk - unclaimed dividends

The Securities and Commodities Authority (the Authority) issued its letter dated April 30, 2023 reference number E.M.SH/KH/258/2023, stating that the Authority has been appointed to manage the uncollected profits of locally listed public joint stock companies prior to March 2015 and requires public joint stock companies to stop the company's procedures for distributing uncollected profits prior to March 2015 from receipt of the letter and to transfer the full value of uncollected profits prior to March 2015 to the Authority's account no later than May 21, 2023.

As at June 30, 2023, the unclaimed dividends amounted to AED 26,317,201 (December 31, 2022: AED 26,320,631) which were payable to the shareholders. Considering the Group's current liabilities exceed its current assets by AED 23,046,921 (December 31, 2022: AED 29,956,708), the liquidity position of the Group will be impacted should the Group transfer the aforesaid amount of unclaimed dividends to the Authority's account. However, the Group has submitted application to the Authority seeking approval from the Authority for partial deposit of the amount of unclaimed dividends and further time extension for depositing the remaining balance.

**ARAM Group Company P.J.S.C and its subsidiary
Sharjah - United Arab Emirates**

Notes to the condensed consolidated interim financial statements for the six months period ended June 30, 2023

In Arab Emirates Dirham

3 Investment properties

	June 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Land	16,690,000	16,690,000
Buildings	135,596,883	144,913,098
	152,286,883	161,603,098

The movements of investment properties are as follows:

Balance at the beginning of the period / year	161,603,098	152,570,000
Additions during the period / year	222,400	117,900
Disposals during the period / year	(9,538,615)	-
Increase in fair value during the period / year	-	8,915,198
Balance at the end of the period / year	152,286,883	161,603,098

The Group's investment properties consist of residential towers and buildings, offices, warehouses and undeveloped parcels of land. They include certain properties with carrying value of AED 62 million as at June 30, 2023 (December 31, 2022: AED 62 million) having first degree mortgage in favour of Sharjah Islamic Bank (Note 7).

As at December 31, 2022, the fair values of the properties are based on valuations performed by an independent valuer who is a specialist in valuing these types of investment properties.

Management follows the accounting policy of carrying out the fair valuation of investment property on an annual basis.

During the period ended June 30, 2023, the Group has sold one of its investment properties located at Al Majaz 2, Sharjah, United Arab Emirates with carrying value of AED 9,538,615 and has incurred a loss of AED 1,038,615 on the same.

4 Leases

a) Right-of-use assets

The right-of-use assets pertains to office premises on lease. The carrying value of the right-of-use assets is as follows:

	June 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Cost		
Balance at the beginning of the period / year	745,737	754,423
Additions during the period / year	410,408	-
Foreign exchange loss (net) during the period / year	(6,848)	(8,686)
Balance at the end of the period / year	1,149,297	745,737

ARAM Group Company P.J.S.C and its subsidiary
Sharjah - United Arab Emirates

Notes to the condensed consolidated interim financial statements for the six months period ended June 30, 2023

In Arab Emirates Dirham

4 Leases (continued)

	June 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Accumulated depreciation		
Balance at the beginning of the period / year	436,318	316,169
Foreign exchange loss (net) during the period / year	(5,607)	(5,067)
Charge for the period / year	109,110	125,216
Balance at the end of the period / year	539,821	436,318
Carrying value at the end of the period / year	609,476	309,419

b) Lease liabilities

Comprising:	June 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Current portion	132,759	130,293
Non-current portion	339,688	207,490
	472,447	337,783

Lease liabilities are presented in the condensed consolidated statement of financial position as follows:

Balance at the beginning of the period / year	337,783	467,410
Additions during the period / year	410,408	-
Add: Interest charge during the period / year	7,447	19,643
Less: payments during the period / year	(274,153)	(143,640)
Foreign exchange gain (net) during the period / year	(9,038)	(5,630)
Balance at the end of the period / year	472,447	337,783

5 Investments carried at fair value through other comprehensive income (FVTOCI)

	June 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Quoted investments	15,572,563	12,203,654
Unquoted investments	2,615,936	2,629,115
	18,188,499	14,832,769

The movements of investments carried at FVTOCI are as follows:

Balance at the beginning of the period / year	14,832,769	7,493,801
Increase in fair value during the period / year	3,447,360	7,512,451
Foreign exchange loss (net) during the period / year	(91,630)	(173,483)
Balance at the end of the period / year	18,188,499	14,832,769

**ARAM Group Company P.J.S.C and its subsidiary
Sharjah - United Arab Emirates**

Notes to the condensed consolidated interim financial statements for the six months period ended June 30, 2023

In Arab Emirates Dirham

5 Investments carried at fair value through other comprehensive income (FVTOCI) (continued)

The geographical distribution of investments carried at FVTOCI is as follows:

	June 30, 2023	December 31, 2022
In Kuwait	18,188,499	14,832,769

The above quoted investments are valued at the closing rate on June 22, 2023.

Management follows the accounting policy of carrying out the fair valuation of unquoted investments on an annual basis.

6 Investments carried at fair value through profit or loss (FVTPL)

	June 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Quoted investments	216,051	180,282
Unquoted investments	182,592	183,512
	398,643	363,794

The movements of investments carried at FVTPL are as follows:

Balance at the beginning of the period / year	363,794	422,171
Increase / (decrease) in fair value during the period / year	35,769	(56,231)
Foreign exchange loss (net) during the period / year	(920)	(2,146)
Balance at the end of the period / year	398,643	363,794

The geographical distribution of investments carried at FVTPL is as follows:

In United Arab Emirates	216,051	180,282
In Kuwait	182,592	183,512
	398,643	363,794

Management follows the accounting policy of carrying out the fair valuation of unquoted investments on an annual basis.

7 Bank borrowings

	June 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Non-current	25,304,407	27,115,736
Current	3,684,211	3,684,211
	28,988,618	30,799,947

During the year 2021, the Group entered into a "One-off Ijarah facility" arrangement with Sharjah Islamic Bank to settle a legal claim and other related legal expenses. The facility is repayable in equal semi-annual installments over a period of ten years plus profit rate of 6 months EIBOR + 2.5% p.a., with a floor of 4% p.a.

**ARAM Group Company P.J.S.C and its subsidiary
Sharjah - United Arab Emirates**

Notes to the condensed consolidated interim financial statements for the six months period ended June 30, 2023

In Arab Emirates Dirham

7 Bank borrowings (continued)

The facility is secured against the following securities and guarantees:

- a). First degree registered mortgage over certain properties in favour of Sharjah Islamic Bank (Note 3).
- b). Assignment of fire insurance policy over Ijarah properties in favour of Sharjah Islamic Bank.
- c). Cheque covering the total facility amount.
- d). Notarized power of attorney in favour of Sharjah Islamic Bank or its appointed agent to cover amount of fixed and variable rentals.
- e). Assignment of rental cover from investment properties specified in the facility letter.

8 Related party transactions

The Group enters into transactions with other entities that fall within the definition of a related party as contained in IAS 24, Related party disclosures. Such transactions are in the normal course of business and at terms that correspond to those on normal arms-length transactions. Related parties comprise entities under common ownership and/or common management and control; their partners and key management personnel. There were no outstanding balances recoverable from/payable to related parties as at June 30, 2023.

The management decides on the terms and conditions of the transactions and services received/rendered from/to related parties as well as other charges, if applicable.

a) Key management personnel compensations

The compensation of key management personnel is as follows:

	Six months period ended June 30,		Three months period ended June 30,	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Salaries and other short-term benefits	668,666	660,000	333,333	313,333
End of service benefits	24,000	30,000	6,000	10,000
Directors' sitting fee for FY2022	400,000	-	400,000	-
Directors' sitting fee for FY2023	24,000	24,000	6,000	6,000
Directors' travel and other expenses	25,436	13,732	5,912	7,538
	1,142,102	727,732	751,245	336,871

9 Trade and other payables

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Trade payables	231,538	174,115
Contract liabilities - rent received in advance	934,694	1,216,254
Tenants' refundable deposits	1,023,877	1,018,490
Accrued interest	247,253	245,933
Accrued expenses	762,543	753,260
	3,199,905	3,408,052

**ARAM Group Company P.J.S.C and its subsidiary
Sharjah - United Arab Emirates**

Notes to the condensed consolidated interim financial statements for the six months period ended June 30, 2023

In Arab Emirates Dirham

10 Administrative and general expenses

	Six months period ended June 30,		Three months period ended June 30,	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Staff costs	1,303,683	1,245,109	685,043	617,065
Legal and professional fees	368,958	1,066,207	253,677	286,020
Allowance for expected credit loss of trade receivables	237,874	386,184	105,623	155,724
Directors' remuneration expenses	692,666	690,000	339,333	323,333
Directors' sitting fee and other expenses	449,436	37,732	411,912	13,538
Depreciation on right-of-use asset	109,110	62,609	78,168	31,305
Depreciation on property, plant and equipment	26,656	41,402	12,961	22,210
Utilities	234,397	190,843	106,371	107,121
Miscellaneous expenses	326,656	411,964	172,660	225,787
	3,749,436	4,132,050	2,165,748	1,782,103

11 Seasonality of results

The Group's income consists of rental and investment income. Rental income is not significantly affected by any seasonal impact as it depends on annual lease contracts which are recognised in the condensed consolidated interim statement of profit or loss on a straight-line method and in accordance with different terms of these lease contracts. In addition, there is limited fluctuation on the rent rates where the Group's investment properties are located.

Investment income depends on market conditions, investment activities of the Group and declaration of profit by investee companies, which are of a seasonal nature. Accordingly, results of investment income for the period ended June 30, 2023 are not comparable to those relating to the comparative period and are not indicative of the results that might be expected for the year ending December 31, 2023.

12 Basic and diluted earnings/(losses) per share

	Six months period ended June 30,		Three months period ended June 30,	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit/(loss) for the period (AED)	(517,667)	518,602	(808,849)	1,107,048
Number of shares	78,901,086	78,901,086	78,901,086	78,901,086
Basic and diluted earnings/(losses) per share (AED)	(0.007)	0.007	(0.010)	0.014

Basic earnings per share is calculated by dividing the profit for the period by the weighted average number of shares outstanding at the end of the reporting period. The Group has not issued any instruments which would have a dilutive impact on earnings per share when exercised.

13 Contingent liabilities and commitments

The Group is subject to litigations in the normal course of business, mainly on claims relating to recoveries of cheques from tenants. Although the ultimate outcome of these claims cannot be presently determined, the total amount of claims is not material to the condensed consolidated interim financial statements.

Except for the above and ongoing business obligations which are under normal course of business, there has been no other known contingent liabilities and commitments on the Group's condensed consolidated interim financial statements as of reporting date.

14 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, differences can arise between book values and the fair value estimates. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

Fair value of financial instruments carried at amortised cost

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the condensed consolidated interim financial statements approximate their fair values.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial and non-financial assets and liabilities are determined using similar valuation techniques and assumptions as used in the audited annual financial statements for the year ended December 31, 2022.

The following table provides an analysis of financial and non-financial instruments that are measured subsequent to initial recognition at fair value on a recurring basis, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- 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 included within Level 1 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).

**ARAM Group Company P.J.S.C and its subsidiary
Sharjah - United Arab Emirates**

Notes to the condensed consolidated interim financial statements for the six months period ended June 30, 2023

In Arab Emirates Dirham

14 Fair value measurement (continued)

June 30, 2023 (Unaudited)

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
Financial assets:				
Investments carried at FVTPL				
Quoted equities	216,051	-	-	216,051
Unquoted equities	-	-	182,592	182,592
Investments carried at FVTOCI				
Quoted equities	15,572,563	-	-	15,572,563
Unquoted equities	-	-	2,615,936	2,615,936
Non-financial assets:				
Investment properties	-	-	152,286,883	152,286,883
	<u>15,788,614</u>	<u>-</u>	<u>155,085,411</u>	<u>170,874,025</u>

December 31, 2022 (Audited)

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
Financial assets:				
Investments carried at FVTPL				
Quoted equities	180,282	-	-	180,282
Unquoted equities	-	-	183,512	183,512
Investments carried at FVTOCI				
Quoted equities	12,203,654	-	-	12,203,654
Unquoted equities	-	-	2,629,115	2,629,115
Non-financial assets:				
Investment properties	-	-	161,603,098	161,603,098
	<u>12,383,936</u>	<u>-</u>	<u>164,415,725</u>	<u>176,799,661</u>

There are no transfers made between the levels during the period and there are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

ARAM Group Company P.J.S.C and its subsidiary**Sharjah - United Arab Emirates****Notes to the condensed consolidated interim financial statements for the six months period ended June 30, 2023****In Arab Emirates Dirham****15 Uncertainty related to key estimates***Fair value of investments*

The fair value of equities decreases as a result of changes in the levels of equity index and the value of individual stocks. The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities.

The effect on equity (fair value reserve) as a result of a change in the fair value of equity instruments quoted on the different stock exchange markets and held at FVOCI at June 30, 2023, due to reasonably possible changes in the prices of these quoted shares held by the Group, with all other variables held constant, is as follows:

	<u>June 30, 2023 (Unaudited)</u>		<u>December 31, 2022 (Audited)</u>	
	Change in market prices %	Effect on equity (fair value reserve)	Change in market prices %	Effect on equity (fair value reserve)
Market Index				
Kuwait	+5%	778,628	+5%	610,183
	-5%	(778,628)	-5%	(610,183)

The effect on condensed consolidated interim statement of profit or loss and other comprehensive income as a result of a change in the fair value of equity instruments quoted on the different stock exchange markets and held at FVTPL at June 30, 2023, due to reasonably possible changes in the prices of these quoted shares held by the Group, with all other variables held constant, is as follows:

	<u>June 30, 2023 (Unaudited)</u>		<u>December 31, 2022 (Audited)</u>	
	Change in market prices %	Effect on consolidated income statement	Change in market prices %	Effect on consolidated income statement
Market Index				
U.A.E.	+5%	10,803	+5%	9,014
	-5%	(10,803)	-5%	(9,014)