

**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,  
2024**

**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 Alshamsi	Chairman	Emirati
	Mr. Ziyad Mahmoud Khairalla Alhaji Alharmouzi	Board member	Emirati
	Mr. Mansoor Abduljabbar Abdulmohsen Ahmed Alsayegh	Board member	Emirati
	Ms. Alyazia Nasser Yousef Nasser Alzaabi	Board member	Emirati
	Ms. Najoud Abdulla Mohammad Burahima	Board member	Emirati

The Chief Executive Officer : Mr. Ali Mohd Zaid Ali Musmar

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

The Banks : Sharjah Islamic Bank P.J.S.C.  
Arab Bank PLC.  
National Bank of Kuwait S.A.K.P.

Ref: AM/B2354/August'2024

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

To,  
The Shareholders  
ARAM Group Company P.J.S.C and its subsidiary  
P.O. Box: 5440  
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 (together the "Group"), Sharjah, United Arab Emirates which comprise the condensed consolidated interim statement of financial position as at June 30, 2024, 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 other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard, IAS 34 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these 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, 2024 are not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting'.

For, Crowe Mak



Dr. Khalid Maniar  
Registered Auditor Number: 24  
Sharjah, United Arab Emirates  
August 13, 2024

**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, 2024**  
**In Arab Emirates Dirham**

	Notes	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
<b>Assets</b>			
<i>Non-current assets</i>			
Property, plant and equipment		92,063	115,773
Investment properties	4	103,650,000	103,650,000
Right-of-use assets	5	123,798	445,067
Investments carried at fair value through other comprehensive income (FVTOCI)	6	13,484,883	14,599,128
<b>Total non-current assets</b>		<b>117,350,744</b>	<b>118,809,968</b>
<i>Current assets</i>			
Investments carried at fair value through profit or loss (FVTPL)	7	515,629	635,946
Non-current assets held for sale	8	33,100,000	33,100,000
Trade and other receivables		780,416	1,240,216
Cash and bank balances		379,244	959,461
<b>Total current assets</b>		<b>34,775,289</b>	<b>35,935,623</b>
<b>Total assets</b>		<b>152,126,033</b>	<b>154,745,591</b>
<b>Equity and liabilities</b>			
<i>Equity</i>			
Share capital		78,901,086	78,901,086
Statutory reserve		33,190,039	33,190,039
Voluntary reserve		13,509,097	13,509,097
Fair value reserve		(4,323,074)	(3,290,770)
Foreign currency translation reserve		(664,899)	(691,710)
Retained earnings		1,965,368	1,388,193
<b>Total equity</b>		<b>122,577,617</b>	<b>123,005,935</b>
<i>Non-current liabilities</i>			
Employees' end of service benefits		833,862	859,179
Lease liabilities	5	-	70,686
Bank borrowings	9	21,681,749	23,493,078
Corporate tax liabilities		28,387	-
<b>Total non-current liabilities</b>		<b>22,543,998</b>	<b>24,422,943</b>
<i>Current liabilities</i>			
Dividend payable		562	562
Lease liabilities	5	139,999	336,847
Bank borrowings	9	3,684,211	3,684,211
Trade and other payables	11	2,773,545	2,952,551
Current liabilities on discontinued operations	12	406,101	342,542
<b>Total current liabilities</b>		<b>7,004,418</b>	<b>7,316,713</b>
<b>Total liabilities</b>		<b>29,548,416</b>	<b>31,739,656</b>
<b>Total equity and liabilities</b>		<b>152,126,033</b>	<b>154,745,591</b>

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 page 2.

**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, 2024**  
**In Arab Emirates Dirham**


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The condensed consolidated interim financial statements on pages 3 to 20 were approved on August 13, 2024 and signed on behalf of the Group, by:



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Mr. Khamis Mohamed Khamis Buharoon Alshamsi  
Chairman



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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, 2024**  
**In Arab Emirates Dirham**

	Notes	Six months period ended		Three months period ended	
		June 30,		June 30,	
		2024	2023	2024	2023
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Continuing operations</b>					
Rental income		3,598,077	4,776,672	1,825,791	2,569,651
Unrealised (loss) / gain on investments at FVTPL		(108,025)	35,769	(235,255)	(24,005)
Loss on disposal of investments at FVTOCI and FVTPL		(52,347)	-	-	-
Administrative and general expenses	13	(3,034,618)	(3,749,436)	(1,571,040)	(2,165,748)
Repairs and maintenance expenses		(186,386)	(641,617)	(59,042)	(252,526)
Finance costs		(1,151,865)	(1,190,738)	(602,471)	(588,962)
Loss on disposal of investment property		-	(1,038,615)	-	(1,038,615)
Dividend income		190,947	191,206	190,947	191,206
Other income		218,598	166,859	76,945	63,304
<b>Loss for the period from continuing operations</b>		<b>(525,619)</b>	<b>(1,449,900)</b>	<b>(374,125)</b>	<b>(1,245,695)</b>
<b>Discontinued operations</b>					
Profit for the period from discontinued operations	14	1,200,125	932,233	622,909	436,846
<b>Net profit/(loss) before tax for the period</b>		<b>674,506</b>	<b>(517,667)</b>	<b>248,784</b>	<b>(808,849)</b>
Corporate tax expenses		(28,387)	-	(5,161)	-
<b>Net profit/(loss) for the period</b>		<b>646,119</b>	<b>(517,667)</b>	<b>243,623</b>	<b>(808,849)</b>
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		(1,101,248)	3,447,360	(2,821,947)	3,309,466
		(1,101,248)	3,447,360	(2,821,947)	3,309,466
<i>Items that may be reclassified subsequently to profit or loss</i>					
Exchange gain/(loss) on translating foreign operation		26,811	(93,287)	45,707	(67,960)
		26,811	(93,287)	45,707	(67,960)
<b>Total comprehensive (loss)/ income for the period</b>		<b>(428,318)</b>	<b>2,836,406</b>	<b>(2,532,617)</b>	<b>2,432,657</b>
<b>Basic and diluted earnings / (losses) per share</b>					
From continuing operations	16	(0.007)	(0.018)	(0.005)	(0.016)
From discontinued operations		0.015	0.012	0.008	0.006

The accompanying notes form an integral part of these condensed consolidated interim financial statements.  
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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, 2024  
 In Arab Emirates Dirham

	Share capital	Statutory reserve	Voluntary reserve	Fair value reserve	Foreign currency translation reserve	Accumulated (losses) / Retained earnings	Total equity
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/(loss) for the period	-	-	-	3,447,360	(93,287)	-	3,354,073
Total comprehensive income/(loss) for the period	-	-	-	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
Balance as at December 31, 2023 (Audited)	78,901,086	33,190,039	13,509,097	(3,290,770)	(691,710)	1,388,193	123,005,935
Profit for the period	-	-	-	-	-	646,119	646,119
Other comprehensive (loss)/income for the period	-	-	-	(1,101,248)	26,811	-	(1,074,437)
Total comprehensive (loss)/income for the period	-	-	-	(1,101,248)	26,811	646,119	(428,318)
Transfer of fair value reserve on disposal of investments carried at FV/TOCI	-	-	-	68,944	-	(68,944)	-
<b>Balance as at June 30, 2024 (Unaudited)</b>	<b>78,901,086</b>	<b>33,190,039</b>	<b>13,509,097</b>	<b>(4,323,074)</b>	<b>(664,899)</b>	<b>1,965,368</b>	<b>122,577,617</b>

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 page 2.



**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,**  
**2024**  
**In Arab Emirates Dirham**

	Six months period ended June 30,	
	2024 (Unaudited)	2023 (Unaudited)
<b>Cash flows from operating activities</b>		
Loss for the period from continuing operations	(525,619)	(1,449,900)
Profit for the period from discontinued operations	1,200,125	932,233
Net profit/(loss) for the period before tax	674,506	(517,667)
<i>Adjustments for:</i>		
Unrealised loss/(gain) on investments carried at FVTPL	108,025	(35,769)
Depreciation on property, plant and equipment	23,714	26,656
Depreciation on right-of-use assets	112,961	109,110
Allowance for expected credit losses	70,008	237,874
Reversal of allowance for expected credit loss of trade receivables	(121,053)	(138,276)
Finance costs	1,151,865	1,190,738
Dividend income	(190,947)	(191,206)
Loss on disposal of investments at FVTOCI and FVTPL	52,347	-
Loss on disposal of investment property	-	1,038,615
Provision for employees' end of service benefits	1,659	70,393
	1,883,085	1,790,468
<i>Decrease in current assets</i>		
Trade and other receivables	510,845	193,055
<i>(Decrease) / increase in current liabilities</i>		
Trade and other payables	(179,006)	(208,147)
Current liabilities on discontinued operations	63,559	-
<b>Cash generated from operations</b>	2,278,483	1,775,376
Employees' end-of-services benefits paid	(28,273)	(1,307)
<b>Net cash generated from operating activities</b>	2,250,210	1,774,069
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	-	(2,101)
Dividend income received	190,947	191,206
Purchase of investment property	-	(222,400)
Proceeds from sale of investment property	-	8,500,000
<b>Net cash generated from investing activities</b>	190,947	8,466,705
<b>Cash flows from financing activities</b>		
Payment of principal portion of lease liabilities	(59,264)	(260,845)
Payment of interest portion of lease liabilities	(12,462)	(13,308)
Repayment of bank borrowings	(1,811,329)	(1,842,105)
Finance costs paid	(1,139,403)	(1,152,515)
Dividends paid	-	(3,430)
<b>Net cash used in financing activities</b>	(3,022,458)	(3,272,203)
<b>Net (decrease) / increase in cash and cash equivalents</b>	(581,301)	6,968,571
Cash and cash equivalents, beginning of the period	959,461	1,706,979
Effect of exchange rate changes on the balances held in foreign currencies	1,084	(10,091)
<b>Cash and cash equivalents, end of the period</b>	379,244	8,665,459
<b>Cash and cash equivalents</b>		
Cash in hand	26,162	31,081
Cash at banks	353,082	8,634,378
	379,244	8,665,459

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 page 2.

**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, 2024**

**1 Legal status and business activities**

- 1.1 ARAM Group Company P.J.S.C, Sharjah, United Arab Emirates** (the "Entity") is a public joint stock company incorporated on January 26, 1977, 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 is vested with the Directors.
- 1.5** The Entity controls the following subsidiary as at June 30, 2024 which has been consolidated in these condensed consolidated interim financial statements:

<b>Sr. No.</b>	<b>Name of the Branch</b>	<b>2024</b>	<b>2023</b>	<b>Country of operation and incorporation</b>	<b>Principal activity</b>
<b>1</b>	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. One individual owns 1% 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 trading license nos. 1233 of the Entity and 2003/328 of its subsidiary, herein together referred to as the "Group".

**2 Application of new and revised International Financial Reporting Standards (IFRSs)**

**2.1 New and amended IFRS Standards that are effective for the current year**

In the current period, the Group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after January 1, 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these condensed consolidated interim financial statements.

**New and revised IFRSs**

**Effective for  
annual periods  
beginning on  
or after**

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	January 1, 2024
Amendments to IFRS 16: Lease Liability in a Sale and Leaseback	January 1, 2024
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	January 1, 2024

Management has adopted the new and amended IFRS standards in the current period and believes that these standards do not have material impact on these condensed consolidated interim financial statements unless mentioned above.

## 2 New standards and amendments (continued)

### 2.2 New and revised IFRS in issue but not yet effective

At the date of authorisation of these condensed consolidated interim financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
IFRS 18 Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	January 1, 2027
Amendments to IAS 21: Lack of Exchangeability	January 1, 2025
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of assets between an Investor and its Associate or Joint Venture	No effective date set

Management anticipates that these standards will not have any significant impact on these condensed consolidated interim financial statements.

## 3 Material accounting policies

### 3.1 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 Group.

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, 2023 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, 2023.

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, 2023.

The condensed consolidated result for the six months period ended June 30, 2024 is not necessarily indicative of the result that may be expected for the financial year ending December 31, 2024.

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.

### **3 Material accounting policies (continued)**

#### **3.1 Basis of preparation (continued)**

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, 2023.

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, 2023, are applicable to the Group but do not have any material impact on these condensed consolidated interim financial statements.

#### **3.2 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 in accordance with IFRS 10, 'Consolidated Financial Statements'.

#### **3.3 UAE Corporate Tax Law**

On December 9, 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the "Law") to enact a Federal Corporate Tax (CT) regime in the UAE. The CT regime has become effective for accounting periods beginning on or after June 1, 2023. As the Group's accounting year ends on December 31, the first tax period will be the period from January 1, 2024 to December 31, 2024, with the respective tax return to be filed on or before September 30, 2025.

Income tax expense is recognised at an amount determined by multiplying the profit/(loss) before tax for the interim reporting period by management's best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognised in full in the interim period. As such, the effective tax rate in the condensed consolidated interim financial statements may differ from management's estimate of the effective tax rate for the annual consolidated financial statements.

The Group's consolidated effective tax rate in respect of continuing operations for the six months ended June 30, 2024 was 4.22%. The change of the accounting policy will also be reflected in the Group's consolidated financial statements as at and for the year ending December 31, 2024.

The Group has estimated the tax charge for the six month period ended June 30, 2024 to be AED 28,387 based on the aforesaid weighted-average annual income tax rate.

#### **3.4 Liquidity risk - unclaimed dividend**

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 on June 30, 2024, the remaining dues of the uncollected profits amounted to AED 562.

**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, 2024**

**In Arab Emirates Dirham**

**4 Investment properties**

	<b>June 30, 2024</b>	<b>December 31, 2023</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Land	<b>17,050,000</b>	17,050,000
Buildings	<b>86,600,000</b>	86,600,000
	<b><u>103,650,000</u></b>	<u>103,650,000</u>

*The movements of investment properties are as follows:*

Balance at the beginning of the period / year	<b>103,650,000</b>	161,603,098
Additions during the period / year	-	222,400
Disposals during the period / year	-	(32,193,615)
Increase in fair value during the period / year	-	2,495,176
Transferred to non-current assets held for sale during the period / year (Note 8)	-	(28,477,059)
Balance at the end of the period / year	<b><u>103,650,000</u></b>	<u>103,650,000</u>

The Group's investment properties consist of residential towers and buildings, offices, warehouses and undeveloped parcels of land.

Investment properties located at Al Khan and Al Muweilah, Sharjah with carrying value of AED 43.1 million have a first degree mortgage in favour of Sharjah Islamic Bank for the bank facilities (Note 9).

The Group has no restrictions on the realisability of its investment properties and there are no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance or enhancements, other than those against securities for the bank borrowings (Note 9).

During the previous year, the management had decided to dispose the investment properties located at Al Qasimia, Sharjah and Al Soor, Sharjah to settle the bank borrowings liabilities. Accordingly, as at June 30, 2024, the investment properties and related assets (Note 8) and liabilities (Note 12) were classified as a disposal group and related income and expenses were classified as discontinued operations (Note 14).

As at December 31, 2023, 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.

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, 2024

In Arab Emirates Dirham

5 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, 2024 (Unaudited)	December 31, 2023 (Audited)
<b>Cost</b>		
Balance at the beginning of the period / year	1,151,736	745,737
Additions during the period / year	-	410,408
Retirement during the period / year	(410,408)	-
Net foreign exchange gain/(loss) during the period / year	1,476	(4,409)
<b>Balance at the end of the period / year</b>	<b>742,804</b>	<b>1,151,736</b>
<b>Accumulated depreciation</b>		
Balance at the beginning of the period / year	706,669	436,318
Charge for the period / year	112,961	274,133
Retirement during the period / year	(201,831)	-
Net foreign exchange gain/(loss) during the period / year	1,207	(3,782)
<b>Balance at the end of the period / year</b>	<b>619,006</b>	<b>706,669</b>
<b>Carrying value at the end of the period / year</b>	<b>123,798</b>	<b>445,067</b>

b) Lease liabilities

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
<b>Comprising:</b>		
Current portion	139,999	336,847
Non-current portion	-	70,686
	<b>139,999</b>	<b>407,533</b>

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

Balance at the beginning of the period / year	407,533	337,783
Additions during the period / year	-	410,408
Add: Interest charge during the period / year	12,462	13,308
Less: Payments during the period / year	(71,726)	(352,990)
Less: Retirement during the period / year	(200,408)	-
Net foreign exchange gain during the period / year	(7,862)	(976)
<b>Balance at the end of the period / year</b>	<b>139,999</b>	<b>407,533</b>

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

	June 30, 2024	December 31, 2023
	(Unaudited)	(Audited)
Quoted investments	10,689,584	11,769,583
Unquoted investments	2,795,299	2,829,545
	<u>13,484,883</u>	<u>14,599,128</u>

*The movements of investments carried at FVTOCI are as follows:*

Balance at the beginning of the period / year	14,599,128	14,832,769
(Decrease) in fair value during the period / year	(1,101,247)	(208,350)
Disposal during the period / year	(39,803)	-
Net foreign exchange loss/(gain) during the period / year	26,805	(25,291)
Balance at the end of the period / year	<u>13,484,883</u>	<u>14,599,128</u>

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

In Kuwait	<u>13,484,883</u>	<u>14,599,128</u>
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The above quoted investments are valued at the closing rate on June 30, 2024.

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

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

	June 30, 2024	December 31, 2023
	(Unaudited)	(Audited)
Quoted investments	388,891	496,916
Unquoted investments	126,738	139,030
	<u>515,629</u>	<u>635,946</u>

*The movements of investments carried at FVTPL are as follows:*

Balance at the beginning of the period / year	635,946	363,794
Increase / (decrease) in fair value during the period / year	(108,025)	272,392
Disposal during the period / year	(12,544)	-
Net foreign exchange loss/(gain) during the period / year	252	(240)
Balance at the end of the period / year	<u>515,629</u>	<u>635,946</u>

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

In United Arab Emirates	388,891	496,916
In Kuwait	126,738	139,030
	<u>515,629</u>	<u>635,946</u>

The above quoted investments are valued at the closing rate on June 30, 2024.

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

**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, 2024****In Arab Emirates Dirham****8 Non-current assets held for sale**

	<b>June 30, 2024</b>	December 31, 2023
	<b>(Unaudited)</b>	(Audited)
Balance at the beginning of the period / year	<b>33,100,000</b>	-
Transfer from investment properties (Note 4)	-	28,477,059
Increase in fair value during the period / year	-	4,622,941
Balance at the end of the period / year	<b>33,100,000</b>	<b>33,100,000</b>

During the previous year, the management had decided to dispose the investment properties located at Al Qasimia, Sharjah and Al Soor, Sharjah to settle the bank borrowings liabilities. Accordingly, as at June 30, 2024, the investment properties and related assets and liabilities (Note 12) were classified as a disposal group and related income and expenses were classified as discontinued operations (Note 14).

Out of the above non-current assets held for sale, investment property located at Al Qasimia, Sharjah with carrying value of AED 24.5 million as at June 30, 2024 has a first degree mortgage in favour of Sharjah Islamic Bank for the bank facilities (Note 9).

**9 Bank borrowings**

	<b>June 30, 2024</b>	December 31, 2023
	<b>(Unaudited)</b>	(Audited)
Non-current	<b>21,681,749</b>	23,493,078
Current	<b>3,684,211</b>	3,684,211
	<b>25,365,960</b>	<b>27,177,289</b>

**The movements of bank borrowings are as follows:**

Balance at the beginning of the period / year	<b>27,177,289</b>	30,799,947
Add: Amortisation of loan arrangement fee during the period / year	<b>30,776</b>	61,552
Add: Amortisation of interest expense during the period / year	<b>1,108,627</b>	2,295,291
Less: Repayment during the period / year	<b>(2,950,732)</b>	(5,979,501)
Balance at the end of the period / year	<b>25,365,960</b>	<b>27,177,289</b>

In 2021, the Group entered into a "One-off Ijarah facility" arrangement with Sharjah Islamic Bank. 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. Effective on May 24, 2024, the profit rate has been amended to 3 months EIBOR + 2% p.a., with a floor of 4% p.a.

**The facility is secured against the following securities and quarantees:**

- a) First degree registered mortgage over certain properties in favour of Sharjah Islamic Bank (Notes 4 and 8).
- 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 manage certain properties and collect its rentals.



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- e) Assignment of rental cover from investment properties located at Plot No. 213 in Al Soor, Sharjah, Plot No. 216 in Al Majaz, Sharjah and Plot No. 689/A/1 in Industrial Area 13, Sharjah. Out of said investment properties, the investment properties located at Al Majaz, Sharjah and Industrial Area 13, Sharjah have been sold and the management intends to dispose the investment property located at Al Soor, Sharjah.

**10 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, 2024.

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,	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Salaries and other short-term benefits	650,000	668,666	326,667	333,333
End of service benefits	20,378	24,000	10,471	6,000
Directors' sitting fee for FY2023	200,000	24,000	193,998	6,000
Directors' sitting fee for FY2022	18,009	400,000	18,009	400,000
Directors' travel and other expenses	37,780	25,436	37,780	5,912
	<b>926,167</b>	<b>1,142,102</b>	<b>586,925</b>	<b>751,245</b>

**11 Trade and other payables**

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Trade payables	210,309	211,381
Contract liabilities - rent received in advance	1,060,929	1,198,701
Tenants' refundable deposits	692,155	722,636
Accrued expenses	603,872	593,184
Accrued interest	198,654	226,649
VAT payable-net	7,626	-
	<b>2,773,545</b>	<b>2,952,551</b>

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**12 Current liabilities on discontinued operations**

	June 30, 2024	December 31, 2023
	(Unaudited)	(Audited)
Tenants' refundable deposits	324,365	275,000
Contract liabilities - rent received in advance	81,736	67,542
	<b>406,101</b>	<b>342,542</b>

During the previous year, the management had decided to dispose the investment properties located at Al Qasimia, Sharjah and Al Soor, Sharjah to settle the bank borrowings liabilities. Accordingly, as at June 30, 2024, the investment properties and related assets (Note 8) and liabilities were classified as a disposal group and related income and expenses were classified as discontinued operations (Note 14).

**13 Administrative and general expenses**

	Six months period ended June 30,		Three months period ended June 30,	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Employee costs - indirect	1,068,895	1,303,683	539,969	685,043
Compensation of key management personnel	926,167	1,142,102	586,925	751,245
Legal, license and professional	355,504	368,958	74,614	253,677
Allowance for expected credit losses of trade receivables	70,008	237,874	29,581	105,623
Depreciation on right-of-use assets (Note 5a)	112,961	109,110	30,938	78,168
Depreciation on property, plant and equipment	23,714	26,656	12,199	12,961
Utilities	157,380	234,397	86,381	106,371
Other general and administrative expenses	319,989	326,656	210,433	172,660
	<b>3,034,618</b>	<b>3,749,436</b>	<b>1,571,040</b>	<b>2,165,748</b>

**14 Discontinued operations**

	Six months period ended June 30,		Three months period ended June 30,	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Rental income from discontinued operations	1,307,636	1,059,786	679,755	520,703
Repairs and maintenance expenses	(107,511)	(127,553)	(56,846)	(83,857)
Profit for the year from discontinued operations	<b>1,200,125</b>	<b>932,233</b>	<b>622,909</b>	<b>436,846</b>

During the previous year, the management had decided to dispose the investment properties located at Al Qasimia, Sharjah and Al Soor, Sharjah to settle the bank borrowings liabilities. Accordingly, as at June 30, 2024, the investment properties and related assets (Note 8) and liabilities (Note 12) were classified as a disposal group and related income and expenses were classified as discontinued operations.

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**15 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, 2024 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, 2024.

**16 Basic and diluted earnings/(losses) per share**

	Six months period ended June 30,		Three months period ended June 30,	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
<b>Basic and diluted (losses) per share from continuing operations</b>				
Loss for the period (AED)	(525,619)	(1,449,900)	(374,125)	(1,245,695)
Number of shares	78,901,086	78,901,086	78,901,086	78,901,086
Basic and diluted losses per share (AED)	(0.007)	(0.018)	(0.005)	(0.016)
<b>Basic and diluted earnings per share from discontinued operations</b>				
Profit for the period (AED)	1,200,125	932,233	622,909	436,846
Number of shares	78,901,086	78,901,086	78,901,086	78,901,086
Basic and diluted earnings per share (AED)	0.015	0.012	0.008	0.006

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.

**17 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.

## 18 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, 2023.

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).

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18 Fair value measurement (continued)

June 30, 2024 (Unaudited)

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
<b>Financial assets:</b>				
<b>Investments carried at FVTPL</b>				
Quoted equities	388,891	-	-	388,891
Unquoted equities	-	-	126,738	126,738
<b>Investments carried at FVTOCI</b>				
Quoted equities	10,689,584	-	-	10,689,584
Unquoted equities	-	-	2,795,299	2,795,299
<b>Non-financial assets:</b>				
Investment properties	-	-	103,650,000	103,650,000
Non-current assets held for sale	-	-	33,100,000	33,100,000
	<u>11,078,475</u>	<u>-</u>	<u>139,672,037</u>	<u>150,750,512</u>

December 31, 2023 (Audited)

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
<b>Financial assets:</b>				
<b>Investments carried at FVTPL</b>				
Quoted equities	496,916	-	-	496,916
Unquoted equities	-	-	139,030	139,030
<b>Investments carried at FVTOCI</b>				
Quoted equities	11,769,583	-	-	11,769,583
Unquoted equities	-	-	2,829,545	2,829,545
<b>Non-financial assets:</b>				
Investment properties	-	-	103,650,000	103,650,000
Non-current assets held for sale	-	-	33,100,000	33,100,000
	<u>12,266,499</u>	<u>-</u>	<u>139,718,575</u>	<u>151,985,074</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.

**19 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, 2024, 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:

	June 30, 2024 (Unaudited)		December 31, 2023 (Audited)	
	Change in market prices %	Effect on equity (fair value reserve)	Change in market prices %	Effect on equity (fair value reserve)
<b>Market Index</b>				
Kuwait	+5%	534,479	+5%	588,479
	-5%	(534,479)	-5%	(588,479)

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, 2024, 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:

	June 30, 2024 (Unaudited)		December 31, 2023 (Audited)	
	Change in market prices %	Effect on consolidated income statement	Change in market prices %	Effect on consolidated income statement
<b>Market Index</b>				
U.A.E.	+5%	19,445	+5%	24,846
	-5%	(19,445)	-5%	(24,846)

**20 Events after the reporting period**

There are no significant events after the reporting period, which affect the condensed consolidated interim financial statements or disclosures.