

THE SECURITIES HOUSE K.S.C.P.AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
AND
INDEPENDENT AUDITOR'S REVIEW REPORT FOR THE SIX MONTHS PERIOD ENDED
30 JUNE 2024

(UNAUDITED)

C o n t e n t s

Page

Independent Auditor's Review Report	1
Interim Condensed Consolidated Statement of Income (Unaudited)	2
Interim Condensed Consolidated Statement of Comprehensive Income (Unaudited)	3
Interim Condensed Consolidated Statement of Financial Position (Unaudited)	4
Interim Condensed Consolidated Statement of Cash Flows (Unaudited)	5
Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)	6
Notes to the Interim Condensed Consolidated Financial Information (Unaudited)	7 – 15

**The Securities House K.S.C.P.
Kuwait**

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE BOARD OF DIRECTORS

Report on Review of Interim Condensed Consolidated Financial Information

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of The Securities House K.S.C.P (the Parent Company) and its subsidiaries (together called "the Group") as at 30 June 2024 and the related interim condensed consolidated statements of income, comprehensive income for the three month and six month periods then ended, interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the 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.

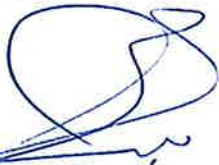
Conclusion

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 the International Accounting Standard 34 – Interim Financial Reporting.

Report on Other Legal and Regulatory Requirements

Based on our review, the accompanying interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the six-month period ended 30 June 2024 that might have had a material effect on the business of the Parent Company or on its financial position.

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 establishment of Capital Markets Authority "CMA" and organization of security activity and its related regulations, as amended, during the six-month period ended 30 June 2024 that might have had a material effect on the business of the Parent Company or on its financial position.



Bader A. AL-Wazzan
License No. 62A
Deloitte & Touche - Al-Wazzan & Co.

14 August 2024
Kuwait

Interim Condensed Consolidated Statement of Income (Unaudited)
For the period ended 30 June 202

		Kuwaiti Dinars				
		Three months ended 30 June		Six months ended 30 June		
Note		2024	2023	2024	2023	
INCOME						
From management, advisory and investment activities						
	Management fee income	517,021	539,792	1,035,401	1,116,999	
	Advisory fee income	356,177	38,024	406,527	79,927	
	Dividend income	83,779	101,446	127,269	139,784	
6	Income on Murabaha receivable	29,907	36,823	66,757	78,191	
	Realised gain on sale of investments at fair value through profit or loss	157,920	36,890	225,921	57,795	
	Realised gain on sale of an investment property	-	-	-	188,767	
	Unrealised gain on investments at fair value through profit or loss	9,013	273,130	126,561	261,878	
	Income from management, advisory and investment activities	1,153,817	1,026,105	1,988,436	1,923,341	
From commercial activities						
	Sales of goods	445,500	407,686	852,767	826,397	
	Cost of sales	(387,493)	(398,100)	(770,908)	(790,625)	
	Gross profit from commercial activities	58,007	9,586	81,859	35,772	
	Other income	18,693	73,919	10,130	122,718	
	Total income	1,230,517	1,109,610	2,080,425	2,081,831	
EXPENSES						
	Staff costs	(717,133)	(570,454)	(1,392,401)	(1,513,339)	
	General and administration and selling expenses	(357,997)	(302,943)	(748,209)	(580,120)	
	Depreciation	(48,693)	(48,986)	(97,856)	(97,567)	
	Total expenses	(1,123,823)	(922,383)	(2,238,466)	(2,191,026)	
	Profit/(loss) before share of results, amortisation, Murabaha profit and taxation	106,694	187,227	(158,041)	(109,195)	
7	Share in results of associates and joint venture	(143,692)	142,557	44,006	358,673	
	Amortisation of intangibles	(100,000)	(100,000)	(200,000)	(200,000)	
	Profit charged on Murabaha payable	(69,276)	(206,849)	(140,954)	(269,774)	
	Profit charged on lease liabilities	(16,187)	(16,675)	(31,026)	(33,885)	
	(Loss)/profit before tax and continuing operations for the period	(222,461)	6,260	(486,015)	(254,181)	
	Contribution to KFAS	-	(586)	-	3,513	
	National labor support tax	-	130	-	9,200	
	Zakat	-	(108)	-	3,285	
	(Loss)/[profit after tax for the period from continuing operations	(222,461)	5,696	(486,015)	(238,183)	
3	Profit after tax for the period from discontinued operations	-	-	-	1,345,197	
	(Loss)/profit for the period	(222,461)	5,696	(486,015)	1,107,014	
Attributable to:						
	Equity holders of the Parent Company	(187,143)	47,830	(400,448)	1,185,981	
	Non-controlling interests	(35,318)	(42,134)	(85,567)	(78,967)	
		(222,461)	5,696	(486,015)	1,107,014	
	Basic and diluted (loss) / earnings per share attributable to equity holders of the Parent Company	4	(0.5) Fils	0.1 Fils	(1.0) Fils	2.9 Fils
	Basic and diluted (loss) / earnings per share attributable to the equity holders of the Parent Company from continuing operations	4	(0.5) Fils	0.1 Fils	(1.0) Fils	(0.4) fils

The accompanying notes form an integral part of this interim condensed consolidated financial information

Interim Condensed Consolidated Statement of Comprehensive Income (Unaudited)
For the period ended 30 June 2024

	Kuwaiti Dinars			
	Three months ended 30 June		Six months ended 30 June	
	2024	2023	2024	2023
Note				
(Loss) / profit for the period	(222,461)	5,696	(486,015)	1,107,014
Other comprehensive (loss) / income:				
<i>Items to be reclassified to interim condensed consolidated statement of income in subsequent periods:</i>				
Foreign currency translation adjustment	(27,555)	760,229	(290,826)	1,282,547
<i>Items that will not be reclassified to interim condensed consolidated statement of income:</i>				
Share in other comprehensive loss of associates	7 (85,503)	(69,336)	(110,840)	(159,612)
Other comprehensive (loss) / income for the period	(113,058)	690,893	(401,666)	1,122,935
Total comprehensive (loss) / income for the period	(335,519)	696,589	(887,681)	2,229,949
Attributable to:				
Equity holders of the Parent Company	(300,201)	738,723	(802,114)	2,308,916
Non-controlling interests	(35,318)	(42,134)	(85,567)	(78,967)
	(335,519)	696,589	(887,681)	2,229,949

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Financial Position (Unaudited)
As at 30 June 2024

	Notes	Kuwaiti Dinars		
		30 June 2024 (Unaudited)	31 December 2023 (Audited)	30 June 2023 (Unaudited)
ASSETS				
Cash and cash equivalents	5	1,435,593	4,195,178	6,752,629
Accounts receivable and prepayments		1,928,494	1,549,941	1,269,863
Murabaha receivable	6	2,630,290	2,564,430	2,493,246
Investments at fair value through profit or loss	15	9,843,739	6,624,943	7,477,246
Investments at fair value through other comprehensive income	15	-	-	200,000
Investment in associates and joint venture	7	28,485,961	29,021,955	26,496,673
Right of use assets		884,818	1,173,781	1,159,862
Furniture and equipment		469,766	515,626	587,702
Intangible assets	8	3,400,000	3,600,000	3,800,000
Goodwill	8	1,000,000	1,000,000	1,000,000
TOTAL ASSETS		50,078,661	50,245,854	51,237,221
LIABILITIES				
Accounts payable and accruals		3,270,836	3,369,266	3,474,649
Murabaha payable	9	6,000,000	5,000,000	5,000,000
Lease liabilities		915,449	1,204,525	1,187,040
Employees' end of service benefits		1,524,303	1,416,309	1,559,447
TOTAL LIABILITIES		11,710,588	10,990,100	11,221,136
EQUITY				
Share capital	10	41,500,000	41,500,000	41,500,000
Statutory reserve		704,705	704,705	648,034
Foreign currency translation reserve		(4,183,970)	(3,893,144)	(3,998,681)
Cumulative changes in equity of associates		(2,883,069)	(2,772,229)	(2,712,073)
Treasury shares	11	(1,371,406)	(1,371,406)	(1,283,338)
Retained earnings		4,941,499	5,341,947	6,131,303
Equity attributable to equity holders of the Parent Company		38,707,759	39,509,873	40,285,245
Non-controlling interests		(339,686)	(254,119)	(269,160)
TOTAL EQUITY		38,368,073	39,255,754	40,016,085
TOTAL LIABILITIES AND EQUITY		50,078,661	50,245,854	51,237,221

The accompanying notes form an integral part of this interim condensed consolidated financial information.



Abdullatif Mohammad Alshaya
Chairman



Yousef Ibrahim Alghanim
Vice Chairman and Chief Executive Officer

Interim Condensed Consolidated Statement of Cash Flows (Unaudited)
For the period ended 30 June 2024

	Notes	Kuwaiti Dinars	
		Six months ended 30 June	
		2024	2023
OPERATING ACTIVITIES			
(Loss) / profit for the period		(486,015)	1,107,014
Adjustments for:			
Income on Murabaha receivable		(66,757)	(78,191)
Realised gain on sale of investments at fair value through profit or loss		(225,921)	(57,795)
Realised gain on sale of an investment property		-	(188,767)
Unrealised gain on investments at fair value through profit or loss		(126,561)	(261,878)
Gain on disposal of discontinued operations before tax	3	-	(1,408,584)
Share in results of associates and joint venture	7	(44,006)	(358,673)
Amortization of intangibles		200,000	200,000
Depreciation		267,775	239,831
Profit charged on Murabaha payable and on lease liabilities		171,980	303,659
Provision for employees' end of service benefits		169,360	192,761
		(140,145)	(310,623)
Changes in operating assets and liabilities:			
Accounts receivable and prepayments		(410,021)	314,097
Investments at fair value through profit or loss		(2,866,314)	(1,375,155)
Accounts payable and accruals		(66,962)	81,731
		(3,483,442)	(1,289,950)
Employees' end of service benefits paid		(61,366)	(146,563)
Net cash flows used in operating activities		(3,544,808)	(1,436,513)
INVESTING ACTIVITIES			
Collection of Murabaha receivable and income		-	465,697
Proceeds from sale of an investment property		-	238,767
Additions to joint venture	7	(100,000)	(100,000)
Dividend and capital reduction received from associates	7	279,706	48,120
Proceeds from disposal of discontinued operations, net of cash disposed off	3	-	2,281,732
Purchase of furniture and equipment		(13,705)	(247,358)
Net cash flows from investing activities		166,001	2,686,958
FINANCING ACTIVITIES			
Payment of capital reduction	10	-	(1,000,000)
Net purchase of treasury shares		-	(260,140)
Payment of lease liabilities		(208,323)	(203,669)
Profit on lease liabilities paid		(31,026)	(33,885)
Net receipt of Murabaha payable		1,000,000	1,500,000
Profit on Murabaha payable paid		(140,954)	(269,774)
Net cash flows from/ (used in) financing activities		619,697	(267,468)
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(2,759,110)	982,977
Net foreign exchange difference		(475)	12,617
Cash and cash equivalents at 1 January-continuing operations		4,195,178	5,338,767
Cash and cash equivalents at 1 January- discontinued operations		-	418,268
CASH AND CASH EQUIVALENTS AT 30 JUNE	5	1,435,593	6,752,629

The accompanying notes form an integral part of this interim condensed consolidated financial information.

The Securities House K.S.C.P. and Subsidiaries
Kuwait

Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)
For the period ended 30 June 2024

	Kuwaiti Dinars							Total equity
	Attributable to equity holders of the Parent Company						Non-controlling interests	
	Share capital	Statutory reserve	Foreign currency translation reserve	Cumulative changes in equity of associates	Treasury shares	Retained earnings	Sub total	
Balance as at 1 January 2024	41,500,000	704,705	(3,893,144)	(2,772,229)	(1,371,406)	5,341,947	39,509,873	39,255,754
Loss for the period	-	-	-	-	-	(400,448)	(400,448)	(486,015)
Other comprehensive loss	-	-	(290,826)	(110,840)	-	-	(401,666)	(401,666)
Total comprehensive loss for the period	-	-	(290,826)	(110,840)	-	(400,448)	(802,114)	(887,681)
As at 30 June 2024	41,500,000	704,705	(4,183,970)	(2,883,069)	(1,371,406)	4,941,499	38,707,759	38,368,073
Balance as at 1 January 2023	42,500,000	648,034	(5,281,228)	(2,552,461)	(1,023,583)	4,945,707	39,236,469	39,046,276
Profit/(loss) for the period	-	-	-	-	-	1,185,981	1,185,981	1,107,014
Other comprehensive income/ (loss)	-	-	1,282,547	(159,612)	-	-	1,122,935	1,122,935
Total comprehensive income/(loss) for the period	-	-	1,282,547	(159,612)	-	1,185,981	2,308,916	2,229,949
Share capital reduction (Note 10)	(1,000,000)	-	-	-	-	-	(1,000,000)	(1,000,000)
Net purchase of treasury shares	-	-	-	-	(259,755)	(385)	(260,140)	(260,140)
As at 30 June 2023	41,500,000	648,034	(3,998,681)	(2,712,073)	(1,283,338)	6,131,303	40,285,245	40,016,085

The accompanying notes form an integral part of this interim condensed consolidated financial information.

1. Corporate information and activities

The Parent Company is a Kuwaiti public shareholding company incorporated in Kuwait on 28 March 1982 and is regulated by the Capital Market Authorities as a licensed person to engage in the securities activities of investment portfolio manager, collective investment scheme manager, investment advisor, securities broker not registered in the stock exchange and subscription agent. The Parent Company is also engaged in dealing in securities and investment in real estate and other economic sectors on its behalf. The Parent Company performs its activities in accordance with Shariah principles.

The Parent Company's principal place of business and registered address is 18th floor, Al-Dhow Tower, Khalid Ibn Al-Waleed Street, Sharq, P. O. Box 26972 Safat, 13130, Kuwait.

The interim condensed consolidated financial information includes the interim financial information of the Parent Company and its subsidiaries (together referred to as "the Group").

The Annual General Meeting ("AGM") of the shareholders of the Parent Company held on 23 May 2024 approved the Group's consolidated financial statements for the year ended 31 December 2023.

The interim condensed consolidated financial information for the Six months period ended 30 June 2024 were authorised for issue by the Board of Directors on 14 August 2024.

2. Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with International Accounting Standard ("IAS") 34: Interim Financial Reporting, except as noted below.

The interim condensed consolidated financial information does not include all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. In addition, results for the Six months ended 30 June 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

The interim condensed consolidated financial information is presented in Kuwaiti Dinars ("KD") which is the functional currency of the Parent Company.

Changes in accounting policy and disclosures

The accounting policies used in the preparation of these 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 which have been prepared in accordance with IFRSs Accounting Standards as adopted for use by the state of Kuwait.

Amendments and annual improvements to IFRS, relevant to the Group which are effective for annual reporting period starting from 1 January 2024 did not result in any material impact on the accounting policies, financial position or performance of the Group.

Notes to the Interim Condensed Consolidated Financial Information (Unaudited) – 30 June 2024

3. Discontinued operations

In March 2023, the Parent Company sold its entire interest in the former subsidiary, Manarat Educational Services Company W.L.L. ("Manarat") to a locally licensed collective investment scheme for a consideration amounting to KD 2,700,000.

The results of the sale of Manarat were as presented below:

	Kuwaiti Dinars
	Six months ended 30 June 2023
Gain on sale before tax (see below)	1,408,584
Profit before tax for the period	1,408,584
Taxes	(63,387)
Profit after tax for the period from discontinued operations	1,345,197
Attributable to:	
Equity holders of the Parent Company (Note 4)	1,345,197
Basic and diluted earnings per share from discontinued operations attributable to the equity holders of the Parent Company	3.3 Fils

As of the date of sale, the net assets of Manarat were as follows:

	Kuwaiti Dinars
	As of the date of sale
Assets	
Bank balances and cash	418,268
Accounts receivable and prepayments	121,984
Right of use assets	1,085,559
Furniture and equipment	262,366
Goodwill	1,075,000
Total assets	2,963,177
Liabilities	
Accounts payable and accruals	418,477
Lease liabilities	1,128,888
Employees' end of service benefits	124,396
Total liabilities	1,671,761
Net assets sold	1,291,416
Total consideration	2,700,000
Gain on sale before tax (see above)	1,408,584

Net cash flow from the transaction:

	Kuwaiti Dinars
	As of the date of sale
Total consideration	2,700,000
Less: bank balances and cash as of the sale date	(418,268)
Net cash consideration received on sale	2,281,732

Notes to the Interim Condensed Consolidated Financial Information (Unaudited) – 30 June 2024

4. Basic and diluted (loss) / earnings per share attributable to equity holders of the Parent Company

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

	Kuwaiti Dinars			
	Three months ended 30 June		Six months ended 30 June	
	2024	2023	2024	2023
(Loss) / profit for the period attributable to equity holders of the Parent Company	(187,143)	47,830	(400,448)	1,185,981
Shares				
Weighted average number of shares outstanding for the period	395,000,000	409,616,260	395,000,000	409,982,565
Basic and diluted (loss) / earnings per share attributable to the equity holders of the parent company	(0.5) Fils	0.1 Fils	(1.0) Fils	2.9 Fils

Basic and diluted (loss) / earnings per share from continuing operations:

	Kuwaiti Dinars			
	Three months ended 30 June		Six months ended 30 June	
	2024	2023	2024	2023
(Loss)/ profit for the period attributable to equity holders of the Parent Company	(187,143)	47,830	(400,448)	1,185,981
Less:				
Profit for the period attributable to equity holders of the Parent Company from discontinued operations (Note 3)	-	-	-	(1,345,197)
(Loss) / profit for the period attributable to equity holders of the Parent Company from continuing operations	(187,143)	47,830	(400,448)	(159,216)
Shares				
Weighted average number of shares outstanding for the period	395,000,000	409,616,260	395,000,000	409,982,565
Basic and diluted (loss) / earnings per share attributable to the equity holders of the Parent Company from continuing operations	(0.5) Fils	0.1 Fils	(1.0) Fils	(0.4) Fils

5. Cash and cash equivalents

Cash and cash equivalents as shown in the interim condensed consolidated statement of cash flows are reconciled to the related items in the interim condensed consolidated statement of financial position as follows:

	Kuwaiti Dinars		
	30 June 2024 (Unaudited)	31 December 2023 (Audited)	30 June 2023 (Unaudited)
Bank balances and cash	1,435,593	4,162,493	5,179,007
Balances with custodians	-	32,685	173,622
Short-term murabaha investments with original maturities up to three months	-	-	1,400,000
	1,435,593	4,195,178	6,752,629

Short-term murabaha investments carried an effective average profit rate of 3.75 % per annum at 30 June 2023.

Notes to the Interim Condensed Consolidated Financial Information (Unaudited) – 30 June 2024

6. Murabaha Receivable

	Kuwaiti Dinars		
	30 June 2024 (Unaudited)	31 December 2023 (Audited)	30 June 2023 (Unaudited)
Current – denominated in Kuwaiti Dinar	1,250,365	-	497,421
Non-current - denominated in Kuwaiti Dinar	1,379,925	2,564,430	1,995,825
	2,630,290	2,564,430	2,493,246
Balance in original currency - US Dollar	8,577,500	8,360,000	8,120,000

This represents the balance receivable from the sale of a foreign associate by a subsidiary company in 2022. The balance carries an effective profit rate of 6.0% per annum, is receivable over instalments ending in 2028 and is guaranteed by the purchaser's pledge of its interest in the associate in favour of the subsidiary company. During the current period, the Group recognised income on this receivable amounting to KD 66,757 equivalent to USD 217,500 (30 June 2023: KD 79,191 equivalent to USD 255,000).

7. Investment in associates and joint venture

	Kuwaiti Dinars		
	30 June 2024 (Unaudited)	31 December 2023 (Audited)	30 June 2023 (Unaudited)
At the beginning of the period/year	29,021,955	24,975,802	24,975,802
Acquisitions (a)	100,000	2,750,000	100,000
Share in results (b)	44,006	450,842	358,673
Share in other comprehensive loss	(110,840)	(219,768)	(159,612)
Foreign currency translation adjustment	(289,454)	1,382,051	1,269,930
Dividend and capital reduction received	(279,706)	(316,972)	(48,120)
At the end of the period/year	28,485,961	29,021,955	26,496,673

This represents the Group's share of its investments in Gatehouse Financial Group Limited ("GFGL"), Wareef Al Jubail Project Company, Saudi Projects Holding Group, Madrono Capital, LLC and First Kuwaiti for Education Holding Company WLL (the "Joint Venture"). The joint venture owns 100% of the share capital of Dar Al Salam Educational Company WLL, that owns and manages four schools in Kuwait.

- a) This represents the Group's subscription for its interest in the capital increase of the joint venture. The formal procedures of the capital increase are in process.
- b) The Group's share in results for all the associates and the joint venture, other than GFGL, for the six-month period ended 30 June 2024 is based on its management accounts.

8. Intangible assets and goodwill

	Kuwaiti Dinars		
	30 June 2024 (Unaudited)	31 December 2023 (Audited)	30 June 2023 (Unaudited)
Intangible assets - asset management agreements:			
Related to the parent company	2,900,000	3,000,000	3,100,000
Related to a subsidiary company, Gatehouse Capital K.S.C.C.	500,000	600,000	700,000
	3,400,000	3,600,000	3,800,000
Goodwill			
On acquisition of a subsidiary company, Juzur Canary Restaurant Company W.L.L.	1,000,000	1,000,000	1,000,000
	1,000,000	1,000,000	1,000,000

Notes to the Interim Condensed Consolidated Financial Information (Unaudited) – 30 June 2024

9. Murabaha payable

	Kuwaiti Dinars		
	30 June 2024 (Unaudited)	31 December 2023 (Audited)	30 June 2023 (Unaudited)
Current	2,500,000	1,000,000	500,000
Non-current	3,500,000	4,000,000	4,500,000
	6,000,000	5,000,000	5,000,000

Murabaha payable represents the value of assets purchased on a deferred settlement basis.

The facility is unsecured and carries a profit rate of 5.75% (31 December 2023: 5.75%; 30 June 2023: 5.50%) per annum.

10. Share capital

The authorised, issued and fully paid-up share capital of the Parent Company is KD 41,500,000 as of 30 June 2024 (31 December 2023: KD 41,500,000; 30 June 2023: KD 41,500,000) comprising of 415,000,000 shares (31 December 2023: 415,000,000 30 June 2023: 415,000,000) of 100 fils each.

On 25 May 2023, the extra-ordinary general assembly of the shareholders of the Parent Company approved the cash reduction of the authorized, issued, and paid-up share capital by 10,000,000 shares of 100 fils per share amounting to KD 1,000,000. Payment of the capital reduction was made on 26 June 2023.

On 30 May 2024, the extra-ordinary general assembly of the shareholders of the Parent Company approved the reduction of the authorized, issued, and paid-up share capital by 15,000,000 shares of 100 fils per share amounting to KD 1,500,000, as follows:

- Non-cash reduction of 5,000,000 shares of 100 fils per share amounting to KD 500,000 through writing-off 5,000,000 treasury shares outstanding at 31 December 2023, and
- Cash reduction of 10,000,000 of 100 fils per share amounting to KD 1,000,000. Payment of the capital reduction was made on 10 July 2024.

11. Treasury Shares

These shares were acquired based on an authorization granted to the Board of Directors by the shareholders and in accordance with Ministerial Decrees No. 10 of 1987 and No. 11 of 1988 and are carried at cost. Reserves equivalent to the cost of treasury shares held are not distributable.

	30 June 2024 (Unaudited)	31 December 2023 (Audited)	30 June 2023 (Unaudited)
Number of treasury shares	20,000,000	20,000,000	18,497,413
Percentage of share capital	4.8%	4.8%	4.5%
Cost (Kuwaiti Dinars)	1,371,406	1,371,406	1,255,974
Market value (Kuwaiti Dinars)	1,080,000	1,074,000	1,283,338

12. Related party transactions

Related parties represent major shareholders, directors and executive officers of the Parent Company, close members of their families and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Parent Company's management.

Related party transactions consist of the following:

	Kuwaiti Dinars	
	Six months ended 30 June	
	2024	2023
Key management compensation:		
Salaries and other short-term benefits	78,249	139,011
Employees' end of services	11,063	49,324
	89,312	188,335

13. Segmental analysis

For management purposes the Group is organised into three major business segments:

- Proprietary investment management : Investing of Group's funds in securities and real estate and managing the Group's liquidity requirements.
- Asset management and advisory services : Discretionary and non-discretionary investment portfolio management, managing of local and international investment funds and providing investment advisory services.
- Commercial activities : Include food and educational activities.

The Securities House K.S.C.P. and Subsidiaries
Kuwait

Notes to the Interim Condensed Consolidated Financial Information (Unaudited) – 30 June 2024

The following table presents information regarding the Group's business segment:

	Proprietary investment management		Asset management, advisory and consulting		Food sector		Education sector		Sub-total		Discontinued Operations		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Segment revenue	556,638	849,133	1,441,928	1,196,926	852,767	826,397	-	-	2,851,333	2,872,456	-	-	2,851,333	2,872,456
Segment results	(828,109)	(626,729)	882,312	649,170	(170,900)	(131,636)	-	-	(116,697)	(109,195)	-	-	(116,697)	(109,195)
Gain on sale of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	1,408,584	-	1,408,584
Share in results of associates and a joint venture	44,006	319,835	-	-	-	-	(41,344)	38,838	2,662	358,673	-	-	2,662	358,673
Amortisation of intangibles	-	-	(200,000)	(200,000)	-	-	-	-	(200,000)	(200,000)	-	-	(200,000)	(200,000)
Profit on Murabaha payable and lease liabilities	(145,828)	(277,432)	(6,277)	(8,979)	(19,875)	(17,248)	-	-	(171,980)	(303,659)	-	-	(171,980)	(303,659)
KFAS, NILST and Zakat	-	15,998	-	-	-	-	-	-	-	15,998	-	(63,387)	-	(47,389)
(Loss)/ profit for the year	-	-	-	-	-	-	-	-	(486,015)	(238,183)	-	1,345,197	(486,015)	1,107,014
Assets:														
Segment assets	12,382,649	9,403,798	867,267	584,357	1,152,607	1,452,200	-	-	14,402,523	11,440,355	-	-	14,402,523	11,440,355
Investment in associates and a joint venture	24,626,389	25,215,674	-	-	-	-	3,859,572	1,280,999	28,485,961	26,496,673	-	-	28,485,961	26,496,673
Others	3,749,951	9,484,393	3,400,000	3,800,000	40,226	15,800	-	-	7,190,177	13,300,193	-	-	7,190,177	13,300,193
	40,758,989	44,103,865	4267,267	4,384,357	1,192,833	1,468,000	3,859,572	1,280,999	50,078,661	51,237,221	-	-	50,078,661	51,237,221
Liabilities:														
Account payable and accruals	2,789,814	2,862,790	28,842	207,441	452,180	404,418	-	-	3,270,836	3,474,649	-	-	3,270,836	3,474,649
Murabaha payable	6,000,000	5,000,000	-	-	-	-	-	-	6,000,000	5,000,000	-	-	6,000,000	5,000,000
Lease liabilities	347,543	534,496	-	-	567,906	652,544	-	-	915,449	1,187,040	-	-	915,449	1,187,040
Employees' end of service benefits	1,377,757	1,411,081	5,485	1,410	141,061	146,956	-	-	1,524,303	1,559,447	-	-	1,524,303	1,559,447
	10,515,114	9,808,367	34,327	208,851	1,161,147	1,203,918	-	-	11,710,588	11,221,136	-	-	11,710,588	11,221,136
Other segmental information:														
Capital expenditure	-	-	-	-	8,462	247,358	-	-	8,462	247,358	-	-	8,462	247,358

Notes to the Interim Condensed Consolidated Financial Information (Unaudited) – 30 June 2024

14. Contingent Liabilities

	Kuwaiti Dinars		
	30 June 2024 (Unaudited)	31 December 2023 (Audited)	30 June 2023 (Unaudited)
Guarantee provided for murabaha payable of joint venture	9,014,874	9,411,478	9,806,353

The joint venture (Note 7) has a Murabaha payable, which the joint venture partner and the Group, have given a joint and several guarantee to the lending financial institution.

15. Fair value of financial instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in orderly transactions between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention, or need, to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

Financial instruments comprise of financial assets and financial liabilities.

For financial assets and financial liabilities that are liquid or having a short-term maturity (less than three months), the carrying amount approximates their fair value. The fair values of financial instruments are not materially different from their carrying values.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique:

Level 1 : quoted (unadjusted) prices in an active market for identical assets and liabilities:

Level 2 : inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly; and

Level 3 : inputs are unobservable inputs for the asset or liability.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

30 June 2024	Kuwaiti Dinars		
	Level 1	Level 3	Total
Financial assets at fair value			
<i>Financial assets at fair value through profit or loss:</i>			
Quoted equities	1,232,497	-	1,232,497
Unquoted equity securities	-	8,611,242	8,611,242
	<u>1,232,497</u>	<u>8,611,242</u>	<u>9,843,739</u>
30 June 2023	Kuwaiti Dinars		
Financial assets at fair value			
<i>Financial assets at fair value through profit or loss:</i>			
Quoted equities	2,999,628	-	2,999,628
Unquoted equity securities	-	4,477,618	4,477,618
	<u>2,999,628</u>	<u>4,477,618</u>	<u>7,477,246</u>
<i>Financial assets at fair value through other comprehensive income:</i>			
Unquoted equity securities	-	200,000	200,000
	<u>-</u>	<u>200,000</u>	<u>200,000</u>

Notes to the Interim Condensed Consolidated Financial Information (Unaudited) – 30 June 2024

Measurement at fair value

The Method and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting year/period.

The following table shows a reconciliation of the opening and closing amount of level 3 financial instruments which are recorded at fair value.

	Kuwaiti Dinars			
	As at 1 January 2024	Gain recorded in the consolidated statement of income	Net purchases, sales and settlements	As at 30 June 2024
Financial assets at fair value				
<i>Unquoted equity securities</i>	4,855,556	208,125	3,547,561	8,611,242

	Kuwaiti Dinars			
	As at 1 January 2023	Gain recorded in the consolidated statement of income	Net purchases, sales and settlements	As at 30 June 2023
Financial assets at fair value				
<i>Unquoted equity securities</i>	4,487,854	38,268	151,496	4,677,618

During the period ended 30 June 2024, there were no transfers between the hierarchies.