



Grant Thornton

Al-Qatami, Al-Aiban & Partners

Interim condensed consolidated financial information and review report

**Arzan Financial Group for Financing and Investment – KPSC
and its Subsidiaries**

Kuwait

30 September 2023 (Unaudited)

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Report on review of interim condensed consolidated financial information

To the board of directors of
Arzan Financial Group for Financing and Investment - KPSC
Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Arzan Financial Group for Financing and Investment - KPSC (“the Parent Company”) and its subsidiaries (“the Group”) as at 30 September 2023 and the related interim condensed consolidated statements of profit or loss and profit or loss and other comprehensive income for the three-month and nine-month periods then ended and interim condensed consolidated statements of changes in equity and cash flows for the nine-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of presentation set out in Note 2. 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 basis of presentation set out in Note 2.

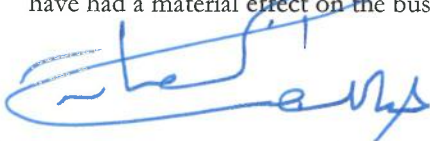
Emphasis of Matter

We draw attention to Note 5.1 to the interim condensed consolidated financial information, which describes the possible material effects of uncertainty with respect to the Group’s exposure in Lebanon. Our conclusion is not modified in respect of this matter.

Report on review of other legal and regulatory requirements

Based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. We further report that, to the best of our knowledge and belief, no violations of the Companies Law No.1 of 2016 and its Executive Regulations, or of the Parent Company’s Memorandum of Incorporation and Articles of Association, as amended, have occurred during the nine-month period ended 30 September 2023 that might have had a material effect on the business or financial position of the Parent Company.

We further report that, during the course of our review, we have not become aware of any material violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, or of the provisions of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations during the nine-month period ended 30 September 2023 that might have had a material effect on the business or financial position of the Parent Company.



Abdullatif M. Al-Aiban (CPA)
(Licence No. 94-A)
of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Kuwait
31 October 2023

Interim condensed consolidated statement of profit or loss

	Notes	Three months ended		Nine months ended	
		30 Sept. 2023 (Unaudited) KD	30 Sept. 2022 (Unaudited) KD	30 Sept. 2023 (Unaudited) KD	30 Sept. 2022 (Unaudited) KD
Income					
Income from instalment credit debtors		121,973	85,425	259,391	310,336
Revenue from contracts with customers		531,019	754,599	1,308,518	2,354,892
Realised profit from instalment sales		288,006	159,021	719,994	448,209
Rental income		57,779	41,160	173,138	127,633
Interest income		139,471	116,605	418,599	350,636
(Loss)/gain on sale of properties held for trading		-	(44,266)	-	126,971
Gain on sale of properties under development	13	1,038,808	-	1,038,808	-
Gain on sale of financial assets at fair value through profit or loss		6,322	226,501	129,877	756,884
Change in fair value of financial assets at fair value through profit or loss		(12,514)	(1,229,933)	(51,711)	5,668,186
Share of results of associates	12	591,991	1,392,530	729,165	1,982,204
Dividend income		556,969	452,520	4,533,350	3,607,864
Gain/ (loss) on foreign currency exchange	5.1	4,670	(105,157)	1,078,473	201,464
Other income		47,589	53,646	222,119	272,691
Reversal of provision for instalment credit debtors - net	9.3	74,640	138,080	125,615	721,541
Reversal of provision for credit losses of restricted cash and cash equivalents	7.2	(68,910)	-	2,900,149	-
		3,377,813	2,040,731	13,585,485	16,929,511
Expenses and other charges					
Staff costs		(790,538)	(682,008)	(2,281,235)	(2,260,042)
General and administrative expenses		(364,821)	(391,359)	(1,086,152)	(1,142,218)
Finance costs		(464,648)	(240,629)	(1,310,402)	(677,741)
Depreciation		(54,698)	(66,465)	(163,218)	(179,692)
Provision for doubtful debts - net		(207,767)	(107,651)	(375,777)	(276,436)
Provision for credit losses of restricted cash and cash equivalents	7.2	-	(78,431)	-	(1,150,879)
		(1,882,472)	(1,566,543)	(5,216,784)	(5,687,008)
Profit for the period before provisions for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST) and Zakat					
		1,495,341	474,188	8,368,701	11,242,503
Provision for KFAS		(5,588)	-	(19,126)	-
Provision for NLST		(37,779)	(36,335)	(104,487)	(50,409)
Provision for Zakat		(9,192)	-	(32,428)	-
Profit for the period		1,442,782	437,853	8,212,660	11,192,094
Attributable to:					
Owners of the Parent Company		1,393,013	216,382	6,638,299	9,383,949
Non-controlling interests		49,769	221,471	1,574,361	1,808,145
Profit for the period		1,442,782	437,853	8,212,660	11,192,094
Basic earnings per share attributable to the owners of the Parent Company (Fils)	6	1.741	0.269	8.216	11.633
Diluted earnings per share attributable to the owners of the Parent Company (Fils)	6	1.738	0.269	8.199	11.610

The notes set out on pages 8 to 25 form an integral part of this interim condensed consolidated financial information.

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

	Three months ended		Nine months ended	
	30 Sept. 2023 (Unaudited) KD	30 Sept. 2022 (Unaudited) KD	30 Sept. 2023 (Unaudited) KD	30 Sept. 2022 (Unaudited) KD
Profit for the period	1,442,782	437,853	8,212,660	11,192,094
Other comprehensive income/(losses):				
<i>Items that will not be reclassified subsequently to the interim condensed consolidated statement of profit or loss:</i>				
Financial assets at fair value through other comprehensive income:				
- Net change in fair value arising during the period	7,268,036	(6,859,293)	2,068,270	(16,723,985)
<i>Items that may be reclassified subsequently to the interim condensed consolidated statement of profit or loss:</i>				
Financial assets at fair value through other comprehensive income:				
- Net change in fair value arising during the period	(178,108)	50,228	(514,868)	95,186
Exchange differences arising on translation of foreign operations (Note 5.1)	228,937	464,316	(4,185,866)	729,918
Share of other comprehensive income/(loss) of associates	38,049	(834,391)	(449,232)	(364,359)
Total other comprehensive income/(loss) for the period	7,356,914	(7,179,140)	(3,081,696)	(16,263,240)
Total comprehensive income/(loss) for the period	8,799,696	(6,741,287)	5,130,964	(5,071,146)
Attributable to:				
Owners of the Parent Company	8,903,030	(4,501,777)	6,093,407	(1,589,091)
Non-controlling interests	(103,334)	(2,239,510)	(962,443)	(3,482,055)
Total comprehensive income/(loss) for the period	8,799,696	(6,741,287)	5,130,964	(5,071,146)

The notes set out on pages 8 to 25 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Notes	30 Sept. 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 Sept. 2022 (Unaudited) KD
Assets				
Cash and cash equivalents	7.1	4,885,758	9,435,552	8,081,585
Term deposits	8	1,887,281	-	-
Instalment credit debtors	9	2,117,868	675,603	465,944
Financial assets at fair value through profit or loss	10	22,221,127	21,805,860	23,733,349
Accounts receivable and other assets		7,750,243	8,480,050	8,479,356
Properties held for trading		1,312,832	1,309,066	1,318,738
Financial assets at fair value through other comprehensive income	11	118,730,031	114,845,728	111,872,047
Investment in associates	12	30,638,294	31,679,487	31,558,287
Investment in properties under development	13	1,620,374	1,886,005	2,440,180
Investment properties		1,376,189	1,420,244	1,434,929
Property and equipment		1,908,919	2,049,843	2,110,069
Total assets		194,448,916	193,587,438	191,494,484
Liabilities and equity				
Liabilities				
Accounts payable and other liabilities	14	9,396,685	6,565,294	6,689,665
Term loans	15	10,592,834	13,633,634	10,322,634
Murabaha payables	16	14,686,550	15,040,700	15,394,850
Provision for employees' end of service benefits		1,777,515	1,745,631	1,670,624
Total liabilities		36,453,584	36,985,259	34,077,773
Equity				
Share capital	17	83,098,345	83,098,345	83,098,345
Share premium		9,355,213	9,355,213	9,355,213
Treasury shares	18	(1,449,237)	(2,536,238)	(2,437,887)
Statutory reserve		1,976,500	1,976,500	1,156,834
Voluntary reserve		819,666	819,666	-
Share based payments reserve		133,296	93,090	92,522
Foreign currency translation reserve	5.1	(4,505,223)	(282,040)	368,980
Fair value reserve		20,031,764	16,345,983	14,654,969
Retained earnings		8,263,431	6,345,054	9,268,675
Total equity attributable to the owners of the Parent Company		117,723,755	115,215,573	115,557,651
Non-controlling interests		40,271,577	41,386,606	41,859,060
Total equity		157,995,332	156,602,179	157,416,711
Total liabilities and equity		194,448,916	193,587,438	191,494,484



Jassem Hasnan Zainal
Vice chairman and CEO

The notes set out on pages 8 to 25 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity

	Equity attributable to the owners of the Parent Company											Total KD
	Share capital KD	Share premium KD	Treasury shares KD	Statutory reserve KD	Voluntary reserve KD	Share based payments reserve KD	Foreign currency translation reserve KD	Fair value reserve KD	Retained earnings KD	Sub-Total KD	Non- controlling interests KD	
Balance at 31 December 2022 (Audited)	83,098,345	9,355,213	(2,536,238)	1,976,500	819,666	93,090	(282,040)	16,345,983	6,345,054	115,215,573	41,386,606	156,602,179
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(142,251)	(142,251)
Cash dividends (Note 24)	-	-	-	-	-	-	-	-	(3,196,794)	(3,196,794)	-	(3,196,794)
Bonus shares distributions from treasury shares (Note 24)	-	-	1,479,230	-	-	-	-	-	(1,479,230)	-	-	-
Cost of share-based payments	-	-	-	-	-	66,584	-	-	-	66,584	-	66,584
Distribution of share-based payments	-	-	62,425	-	-	(26,378)	-	-	(36,408)	(361)	-	(361)
Purchase of treasury shares	-	-	(454,654)	-	-	-	-	-	-	(454,654)	-	(454,654)
Net movement to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(10,335)	(10,335)
Transactions with owners	-	-	1,087,001	-	-	40,206	-	-	(4,712,432)	(3,585,225)	(152,586)	(3,737,811)
Profit for the period	-	-	-	-	-	-	-	-	6,638,299	6,638,299	1,574,361	8,212,660
Other comprehensive (loss)/income for the period	-	-	-	-	-	-	(4,223,183)	3,678,291	-	(544,892)	(2,536,804)	(3,081,696)
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	(4,223,183)	3,678,291	6,638,299	6,093,407	(962,443)	5,130,964
Profit on sale of financial assets at FVTOCI (Note 11)	-	-	-	-	-	-	-	7,490	(7,490)	-	-	-
Balance at 30 September 2023 (Unaudited)	83,098,345	9,355,213	(1,449,237)	1,976,500	819,666	133,296	(4,505,223)	20,031,764	8,263,431	117,723,755	40,271,577	157,995,332

The notes set out on pages 8 to 25 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity (continued)

	Equity attributable to the owners of the Parent Company											Total KD
	Share capital KD	Share premium KD	Treasury shares KD	Statutory reserve KD	Voluntary reserve KD	Share based payment reserve KD	Foreign currency translation reserve KD	Fair value reserve KD	Retained earnings KD	Sub-total KD	Non- controlling interests KD	
Balance at 31 December 2021 (Audited)	80,288,256	9,355,213	(1,472,845)	1,248,501	744,734	46,192	(219,509)	26,900,580	3,917,573	120,808,695	44,475,260	165,283,955
Bonus shares issued (Note 24)	2,810,089	-	-	-	-	-	-	-	(2,810,089)	-	-	-
Cash dividend (Note 24)	-	-	-	(91,667)	(744,734)	-	-	-	(1,107,484)	(1,943,885)	-	(1,943,885)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(306,459)	(306,459)
Purchase of treasury shares	-	-	(965,042)	-	-	-	-	-	-	(965,042)	-	(965,042)
Cost of share-based payments	-	-	-	-	-	46,330	-	-	-	46,330	-	46,330
Disposal of partial interest in a subsidiary	-	-	-	-	-	-	-	-	(799,356)	(799,356)	799,356	-
Non-controlling interests arising on establishment of a subsidiary	-	-	-	-	-	-	-	-	-	-	372,958	372,958
Transactions with owners	2,810,089	-	(965,042)	(91,667)	(744,734)	46,330	-	-	(4,716,929)	(3,661,953)	865,855	(2,796,098)
Profit for the period	-	-	-	-	-	-	-	-	9,383,949	9,383,949	1,808,145	11,192,094
Other comprehensive income/(loss) for the period	-	-	-	-	-	-	588,489	(11,561,529)	-	(10,973,040)	(5,290,200)	(16,263,240)
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	588,489	(11,561,529)	9,383,949	(1,589,091)	(3,482,055)	(5,071,146)
Profit on sale of financial assets at FVTOCI (Note 11)	-	-	-	-	-	-	-	(83,678)	83,678	-	-	-
Effect of restatement in an associate	-	-	-	-	-	-	-	(600,404)	600,404	-	-	-
Balance at 30 September 2022 (Unaudited)	83,098,345	9,355,213	(2,437,887)	1,156,834	-	92,522	368,980	14,654,969	9,268,675	115,557,651	41,859,060	157,416,711

The notes set out on pages 8 to 25 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Notes	Nine months ended 30 Sept. 2023 (Unaudited) KD	Nine months ended 30 Sept. 2022 (Unaudited) KD
Operating activities			
Profit for the period		8,212,660	11,192,094
Adjustments:			
Interest income		(418,599)	(350,636)
Dividends income		(4,533,350)	(3,607,864)
Share of results of associates	12	(729,165)	(1,982,204)
Realised gain on sale of properties held for trading		-	(126,971)
Realised gain on sale of properties under development		(1,038,808)	-
Reversal of provision for instalment credit debtors	9.3	(125,615)	(721,541)
Depreciation		163,218	179,692
Finance costs		1,310,402	677,741
Cost of share-based payments		66,584	46,330
Provision for doubtful debts - net		375,777	276,436
Provision for employees' end of service benefits (Reversal provision)/ provision for credit losses for restricted cash and cash equivalents	7.2	(2,900,149)	1,150,879
		463,339	6,871,089
Changes in operating assets and liabilities:			
Instalment credit debtors		(1,316,650)	1,217,921
Financial assets at fair value through profit or loss		(415,267)	(6,385,823)
Accounts receivable and other assets		583,659	2,451,996
Accounts payable and other liabilities		2,444,128	(1,337,459)
Employees' end of service benefits paid		(14,577)	(59,453)
Net cash from operating activities		1,744,632	2,758,271
Investing activities			
Purchase of property and equipment		(41,809)	(67,740)
Purchase of properties held for trading		-	(12,663)
Proceeds from sale of properties held for trading		-	639,213
Proceeds from sale of properties under development		1,681,342	-
Purchase of financial assets at FVTOCI		(4,744,127)	(16,351,827)
Proceeds from sale of financial assets at FVTOCI		2,646,995	5,187,574
Additions to properties under development		(529,794)	(110,612)
Term deposits		(1,887,281)	-
Restricted cash and cash equivalents	7.2	2,900,149	(1,150,879)
Dividend income received		4,533,350	3,607,864
Dividend income received from associates	12	1,321,126	548,693
Interest income received		186,582	60,107
Net cash from/ (used in) investing activities		6,066,533	(7,650,270)
Financing activities			
Net (decrease)/ increase in term loans		(3,040,800)	4,608,000
Murabaha payables paid		(354,150)	(354,150)
Finance costs paid		(1,230,415)	(643,919)
Dividends paid to controlling interests		(142,251)	(306,459)
Dividends paid to shareholders		(2,889,519)	(1,798,657)
Net movement to non-controlling interests		(10,335)	372,958
Purchase of treasury shares		(454,654)	(965,042)
Net cash (used in)/ from financing activities		(8,122,124)	912,731
Net decrease in cash and cash equivalents			
Foreign currency adjustments		(4,238,835)	553,607
Cash and cash equivalents at beginning of the period	7.1	9,435,552	11,507,246
Cash and cash equivalents at end of the period	7.1	4,885,758	8,081,585

The notes set out on pages 8 to 25 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information

1 Incorporation and activities

Arzan Financial Group for Financing and Investment – KPSC (“the Parent Company”) was incorporated in Kuwait on 15 April 1980 in accordance with the Companies Law under the name of International Transport Equipment Company – KSC (Closed). On 14 December 1996 an extraordinary general assembly resolved to change the name of the Parent Company to International Murabaha Company – KSC (Closed). Later, on 24 April 2002 an extraordinary general assembly resolved to change the name of the Parent Company to International Finance Company – KPSC and to expand its permitted activities.

The extraordinary general assembly held on 24 July 2013 approved to change the name of the Parent Company from International Finance Company – KPSC to Arzan Financial Group for Financing and Investment – KPSC which has been registered in the commercial register under No. 29629 on 11 November 2013.

The Parent Company is listed on Boursa Kuwait and is governed under the directives of Central Bank of Kuwait and Capital Markets Authority.

The Group comprises the Parent Company and its subsidiaries (together referred as “the Group”).

The extra-ordinary general assembly, held on 19 June 2023, approved the amendment of article 5 in the memorandum of association and article 4 in the articles of association of the parent company, related to the Company’s objectives, to be as follows:

- The retail sale of light and heavy equipment and their spare parts.
- The wholesale and retail sale of new private cars.
- The wholesale and retail sale of used private cars.
- The wholesale and retail sale of new heavy transport vehicles.
- The wholesale and retail sale of used heavy transport vehicles.
- Finance services.
- Renting-out and renting of scientific, commercial, and industrial machinery and equipment.
- Renting-out of construction equipment.
- Buying and selling land and real estate.
- Managing and leasing owned or leased properties.
- Land and real estate management and development.
- Investment portfolio manager.
- Collective investment scheme manager.
- A securities broker that is not registered on the stock exchange.
- Investing its own funds in trading of stocks, bonds and other securities.
- Currency exchange.
- The wholesale of precious stones.
- The wholesale of gold and precious metals.
- Consulting in business projects.
- Managing its subsidiaries or participating in the management of other companies in which it contributes and providing the necessary support to it.
- Project Management.
- Owning intellectual property rights such as patents, trademarks or industrial designs, franchises, and other moral rights and exploiting and leasing them to its holding companies and to other.

Notes to the interim condensed consolidated financial information (continued)

1 Incorporation and activities (continued)

- Owning real estate and movables as necessary for the Company to carry out its work within the limits permitted in accordance with law.
- Investment advisor.
- Subscription agent.
- Financing or lending to companies in which it owns shares and guaranteeing them towards others, in which case the holding company's participation in the capital of the borrowing company shall not be less than twenty percent.

The Parent Company may have an interest or participate in any way with companies that engage in similar business to it in achieving its objectives in the State of Kuwait or abroad, and it may establish, purchase, or attach themselves to such companies.

The address of the Parent Company's registered office is PO Box 26442, Safat 13125, State of Kuwait.

This interim condensed consolidated financial information for the nine-month period ended 30 September 2023 was authorized for issue by the Parent Company's board of directors on 31 October 2023.

2 Basis of presentation

The interim condensed consolidated financial information of the Group for the nine-month period ended 30 September 2023 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2022, except for the changes described in note 3.

The annual consolidated financial statements for the year ended 31 December 2022 were prepared in accordance with the International Financial Reporting Standards ("IFRS") promulgated by the International Accounting Standards Board ("IASB"), and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB, as modified for use by the Government of Kuwait for financial services institutions regulated by the Central Bank of Kuwait ("CBK"). The modification requires adoption of all IFRSs for such institutions except for the IFRS 9 requirement for measurement of expected credit losses ("ECL") for credit facilities. The CBK requires to measure the provision for credit losses at the higher of provision calculated under IFRS 9 in accordance with the CBK guidelines, and the provision required by the prudential regulations of the CBK.

The interim condensed consolidated financial information has been presented in Kuwaiti Dinars which is the functional and presentation currency of the Parent Company.

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

Operating results for the nine-month period ended 30 September 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023. For further details, refer to the consolidated financial statements and its related disclosures for the year ended 31 December 2022.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies

3.1 New and amended standards adopted by the Group

The following new amendments or standards were effective for the current period.

<i>Standard or interpretation</i>	<i>Effective for annual periods beginning</i>
IAS 1 Amendments – Disclosure of accounting policies	1 January 2023
IAS 8 Amendments- Definition of accounting estimates	1 January 2023
IAS 12 - Income taxes - Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023

IAS 1 Amendments – Disclosure of accounting policies

The amendments to IAS 1 require entities to disclose material accounting policies instead of significant accounting policies. The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial.

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

IAS 8 Amendments – Definition of accounting estimates

The amendments to IAS 8 inserted the definition of accounting estimates replacing the definition of a change in accounting estimates. Accounting estimates are now defined as monetary amounts in financial statements that are subject to measurement uncertainty.

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

IAS 12 Amendments – Income taxes- Deferred tax related to assets and liabilities arising from a single transaction

The amendments to IAS 8 provide an exemption from the *initial recognition exemption* provided in IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

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

3.2 IASB Standards issued but not yet effective

At the date of authorisation of this interim condensed consolidated financial information, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group’s accounting policies for the first period beginning after the effective date of the pronouncements. Information on new standards, amendments and interpretations that are expected to be relevant to the Group’s interim condensed consolidated financial information is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group’s interim condensed consolidated financial information.

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IAS 1 Amendments - Classification of current or non-current	1 January 2024
IAS 1 Amendments - Classification of liabilities with debt covenants	1 January 2024
IFRS 16 Amendments- Leases	1 January 2024

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

IAS 1 Amendments - Classification of current or non-current

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

Management does not anticipate that the application of the amendments in the future will have a significant impact on the Group's consolidated financial statements.

IAS 1 Amendments - Classification of liabilities with debt covenants

The amendments to IAS 1 clarify that classification of liabilities depends only on the covenants that an entity is required to comply with on or before the reporting date of the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

Management does not anticipate that the application of the amendments in the future will have a significant impact on the Group's consolidated financial statements.

IAS 16 Amendments – Leases

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

Management does not anticipate that the application of the amendments in the future will have a significant impact on the Group's consolidated financial statements.

3.3 Other Standards and amendments that are not yet effective and have not been adopted early by the Group include:

- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information, effective from January 1, 2024
- IFRS S2 Climate-related Disclosures, effective from January 1, 2024

The above amendments do not have a significant impact on the interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information (continued)

4 Judgement and estimates

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

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

5 Subsidiaries

5.1 The Group's subsidiary, International Finance Company - SAL ("IFC"), is located in Lebanon which is currently witnessing significant economic and political turmoil. These events include significant controls on the Lebanese banking system including placing limits on cash withdrawals of foreign currency bank balances, limits on international bank transfers and reduction of contracted interest rates on foreign currency term deposits. These measures have significantly curtailed the ability of the Group to access the cash and other assets of IFC (see note 7). Moreover, the Government of Lebanon defaulted on its sovereign debt obligation. The rating agencies have downgraded the sovereign rating of Lebanon as well as some of Lebanese banks including the bank where the subsidiary's cash is primarily deposited. Furthermore, the economy of Lebanon is now considered a hyperinflationary economy.

Further, due to the current economic conditions, the subsidiary has ceased its new lending operations and in the process of monitoring the business activities closely.

Management has assessed the potential effects of these events on its ability to continue to exercise control over IFC Lebanon and concluded that it still has the power and ability to use that power to affect returns and that it is still exposed to variable returns of the subsidiary. Accordingly, it continues to consolidate the subsidiary.

Due to the recent devaluation of the official rate of exchange of the Lebanese Pound (LP) from LP 1,507 = 1 USD as of 31 December 2022 to LP 15,030 = 1 USD as of 30 September 2023, foreign currency translation differences resulting from translating the subsidiary assets and liabilities to Kuwaiti Dinars as a result of compiling those financial statements resulted in currency devaluation of KD 4,375,741 recognized in the equity.

On the other hand, certain assets in that same subsidiary (mainly: restricted cash and cash equivalents in Lebanese Pounds), which were fully provided for in the past (total provision of KD 6,420,471 was recognized and accumulated at the consolidation level), decreased in value when converted to Kuwaiti Dinars. This decrease in value, resulted in decrease in the provision balance against these assets. This decrease in provision, amounting to KD 2,900,149 was recognized as "reversal of provision for the credit losses of the restricted cash and cash equivalents" during the period to match the assets balance of the Lebanese subsidiary to the provision amount against them. (Note 7.2.1)

Furthermore, and because the subsidiary in Lebanon holds monetary assets (bank balances and other assets) in foreign currencies significantly higher than its liabilities in foreign currencies, and due to the official devaluation of the LP, this resulted in a foreign currency exchange gain of KD 1,272,433 recognized in the statement of profit or loss for the period.

Furthermore, the Group's management believes that the carrying value of the Group's investment in Lebanon is recoverable and there are currently no indications that any further material additional impairment loss is required to be recognised.

Notes to the interim condensed consolidated financial information (continued)

5 Subsidiaries (continued)

Summarised financial information of IFC Lebanon as at and for the period ended 30 September 2023 is set out below:

	30 Sept. 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 Sept. 2022 (Unaudited) KD
Properties held for trading	463,809	458,129	464,913
Financial assets at FVOCI	309,206	305,420	309,942
Other assets	58,216	195,197	204,843
Total assets	831,231	958,746	979,698
Accounts payable and other liabilities	430,314	392,740	363,024
Total liabilities	430,314	392,740	363,024
	Nine months ended 30 Sept. 2023 (Unaudited) KD	Nine months ended 30 Sept. 2022 (Unaudited) KD	
Income from instalment credit	26,245	138,758	
Profit for the period	1,229,495	286,146	

6 Basic and diluted earnings per share attributable to the owners of the Parent Company

Basic and diluted earnings per share is computed by dividing the profit for the period attributable to the owners of the Parent Company by the weighted average number of shares outstanding during the period excluding treasury shares as follows:

	Three months ended		Nine months ended	
	30 Sept. 2023 (Unaudited)	30 Sept. 2022 (Unaudited)	30 Sept. 2023 (Unaudited)	30 Sept. 2022 (Unaudited)
Profit for the period attributable to the owners of the Parent Company (KD)	1,393,013	216,382	6,638,299	9,383,949
Weighted average number of shares outstanding during the period to be used to account for basic earnings per share (excluding treasury shares)	800,023,698	803,663,869	807,978,559	806,687,081
Shares to be used of treasury shares for no consideration under share-based payments	1,671,794	1,568,559	1,671,794	1,568,559
Weighted average number of shares outstanding during the period to be used to account for diluted earnings per share (excluding treasury shares)	801,695,492	805,232,428	809,650,353	808,255,640
Basic earnings per share attributable to the owners of the Parent Company (Fils)	1.741	0.269	8.216	11.633
Diluted earnings per share attributable to the owners of the Parent Company (Fils)	1.738	0.269	8.199	11.610

Notes to the interim condensed consolidated financial information (continued)

7 Cash and cash equivalents

7.1 Cash and cash equivalents

	30 Sept. 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 Sept. 2022 (Unaudited) KD
Cash and bank balances	4,269,853	8,720,283	6,141,519
Cash in managed portfolios	615,905	369,777	1,589,375
Term deposits with original maturity not exceeding three months	-	345,492	350,691
Cash and cash equivalents as per consolidated statement of cash flows	4,885,758	9,435,552	8,081,585

- Cash in managed portfolios includes an amount of KD232,610 (31 December 2022: KD19,419 and 30 September 2022: KD1,185,574) pledged against term loans (Note 15) and murabaha payables (Note 16).
- The term deposits do not carry effective interest rate (31 December 2022: 3.25% - 4.25% and 30 September 2022: 1.18% - 4%) per annum.

7.2 Restricted cash and cash equivalents

	30 Sept. 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 Sept. 2022 (Unaudited) KD
Cash and bank balances	534,676	3,384,273	3,523,359
Term deposits with original maturity not exceeding three months	2,996,609	3,036,198	3,080,573
	3,531,285	6,420,471	6,603,932
Provision for credit losses (7.2.1 below)	(3,531,285)	(6,420,471)	(6,603,932)
Restricted cash and cash equivalents	-	-	-

- 7.2.1 Restricted cash and cash equivalents include balances deposited in a bank located in Lebanon and denominated in Lebanese Pounds. Due to the current political and economic events, the central bank of Lebanon imposed a series of measures including restrictions on withdrawals and limitation of transfers of money abroad. Consequently, the Group lacks access to these bank balances on time and in full. During the period, as a result of the significant devaluation of the official rate of exchange of the Lebanese Pound (LP), the balance of cash and cash equivalents restricted in Lebanon was decreased and the Group recognised reversal of a provision for credit losses of KD 2,900,149 (31 December 2022: a provision of KD 987,072 and 30 September 2022: a provision of KD 1,150,879) against these restricted cash and cash equivalents of its subsidiary “IFC Lebanon” (Note 5.1).

8 Term deposits

Term deposits with original maturity exceeding three months and less than one year as of the date of deposit placement. The term deposits carry effective interest rate ranging from 4.06% to 6.25% per annum.

Notes to the interim condensed consolidated financial information (continued)

9 Instalment credit debtors

	30 Sept. 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 Sept. 2022 (Unaudited) KD
Gross instalment credit debtors (see below)	5,061,327	3,996,764	3,945,016
Deferred income	(272,398)	(331,290)	(350,966)
	4,788,929	3,665,474	3,594,050
Specific provision for credit losses	(2,558,435)	(2,770,904)	(2,864,335)
General provision for credit losses	(112,626)	(218,967)	(263,771)
	2,117,868	675,603	465,944

During the period, the Parent Company provided one of its clients with credit facilities of KD1,500,000 to be settled within six months. The credit facilities were provided as per the Parent Company's contractual terms.

9.1 Gross instalment credit debtors are due as follows:

	30 Sept. 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 Sept. 2022 (Unaudited) KD
Within one year	4,569,439	1,438,956	1,490,062
More than a year	491,888	2,557,808	2,454,954
	5,061,327	3,996,764	3,945,016

9.2 The effective interest rate earned on instalment credit debtors ranged from 5.0% to 10.0% (31 December 2022: 5.0% to 10.0% and 30 September 2022: 5.0% to 10.0%) per annum.

9.3 The provision for credit losses is calculated, in all material respect, in accordance with the requirements of the Central Bank of Kuwait. During the period, the Group reversed a provision of KD 125,615 (30 September 2022: reversal of a provision of KD 721,541).

10 Financial assets at fair value through profit or loss

	30 Sept. 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 Sept. 2022 (Unaudited) KD
Local quoted shares	14,306	1,120,889	1,076,569
Foreign quoted shares	580,196	582,896	523,875
Foreign unquoted shares	8,033,658	6,985,294	8,166,407
Investment in managed portfolios	11,727,494	11,304,093	11,679,977
Investments in managed funds	1,865,473	1,812,688	2,286,521
	22,221,127	21,805,860	23,733,349

10.1 Investments with a carrying value of KD 11,101,272 (31 December 2022: KD10,634,357 and 30 September 2022: KD 10,581,871) in managed portfolio is pledged against the term loans (Note 15) and murabaha payable (Note 16).

10.2 The hierarchy for determining and disclosing the fair values of financial assets at fair value through profit or loss is presented in Note 22.3

Notes to the interim condensed consolidated financial information (continued)

11 Financial assets at fair value through other comprehensive income

	30 Sept. 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 Sept. 2022 (Unaudited) KD
Local quoted shares (11.1 below)	49,254,911	53,720,644	54,269,765
Local unquoted shares	5,553,734	5,685,404	5,652,384
Foreign unquoted shares	47,169,828	46,185,567	43,302,262
Investment in managed portfolios	14,609,213	5,588,830	5,086,374
Debt instruments	1,802,180	3,329,575	3,227,417
Investment funds	340,165	335,708	333,845
	118,730,031	114,845,728	111,872,047

11.1 The Group's investments in local quoted shares include investment in a local listed company, where the quoted bid price is KD52,825,395 as at 30 September 2023. Due to the restrictions on sale of this investment until 14 February 2024, the Group has applied a discount at 20% of KD10,565,079 on the above quoted bid price when determining its fair value. As a result of this discount, the fair value of the investment amounted to KD42,260,316 as at 30 September 2023.

11.2 During the period, the Group sold and refund investments at fair value through other comprehensive income with a total cost of KD2,654,485 (30 September 2022: KD 5,103,896) for total amount of KD2,646,995 (30 September 2022: KD5,187,574) resulting into a loss of KD7,490 (30 September 2022: profit of KD83,678) recognized directly in retained earnings under equity.

11.3 Debt instruments amounting to KD1,193,254 (31 December 2022: KD1,042,298 and 30 September 2022: KD1,042,298) are secured by a mortgage of properties and carry average interest rate at 7% (31 December 2022 and 30 September 2022: 7%) per annum.

11.4 Local quoted shares and investments in managed portfolios with an aggregate carrying value of KD18,145,050 (31 December 2022: KD8,705,634 and 30 September 2022: KD8,283,238) are pledged against term loans (Note 15) and murabaha payable (Note 16).

11.5 The hierarchy for determining and disclosing the fair values of financial assets at fair value through other comprehensive income is presented in Note 22.3.

12 Investment in associates

Movement in the carrying amount of the investment in associates during the period/year is as follows:

	30 Sept. 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 Sept. 2022 (Unaudited) KD
Balance at the beginning of the period/year	31,679,487	30,489,135	30,489,135
Share of results	729,165	2,516,644	1,982,204
Dividends received	(1,321,126)	(548,693)	(548,693)
Share of other comprehensive loss	(449,232)	(777,599)	(364,359)
Balance at the end of the period/year	30,638,294	31,679,487	31,558,287

a) Investment in associates with a carrying value of KD 15,867,016 (31 December 2022: KD14,468,352 and 30 September 2022: KD14,418,722) is pledged against term loans (Note 15) and Murabaha payable (Note 16).

Notes to the interim condensed consolidated financial information (continued)

13 Investments in properties under development

During the period, the Group sold a part of investment land in the State of Kuwait in consideration of KD1,681,342, which resulted in a profit of KD 1,038,808, which was included in the statement of profit or loss for the current period.

14 Accounts payable and other liabilities

	30 Sept. 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 Sept. 2022 (Unaudited) KD
Accounts payable	207,155	276,936	359,811
Due to related parties (note 21)	1,872,546	174,305	216,401
Other payables	2,640,917	2,069,189	2,043,994
Lease liabilities	12,165	23,786	23,662
Accrued interests	185,140	105,152	95,768
Provision for staff leaves	570,667	317,964	312,772
KFAS payable	245,928	226,802	226,802
NLST and Zakat payable	2,818,470	2,685,249	2,688,406
Due to portfolio manager	32,965	182,084	215,506
Due to shareholders	810,732	503,827	506,543
	9,396,685	6,565,294	6,689,665

15 Term loans

Term loans are due for repayment as follows:

	30 Sept. 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 Sept. 2022 (Unaudited) KD
Kuwaiti Dinar facilities (see 1 below)	10,592,834	8,732,834	6,903,834
USD facility (see 2 below)	-	4,900,800	3,418,800
	10,592,834	13,633,634	10,322,634
Within one year	1,500,000	4,960,415	3,879,056
After one year	9,092,834	8,673,219	6,443,578

The details of the outstanding term loans are as follows:

1) Kuwaiti Dinar facilities:

During the prior year, the Parent Company has signed an agreement with a Kuwaiti bank to extend and amend the Kuwaiti Dinar facilities granted in the form of a revolving loan, whereby the maximum loan limit is KD10,000,000 instead of KD7,000,000. The facilities carry an interest rate of 2.75% per annum above the CBK discount rate (31 December 2022: 2.75% per annum above the CBK discount rate). Based on the amended contract, the first 50% of the facilities withdrawn is payable in equal quarterly installments, provided that the last installment is payable on 2 December 2026. The remaining 50%, being the final installment, is due for settlement on 2 January 2027.

Also, during the prior year, the Parent Company withdrew an amount of KD5,150,000 from the facilities. During the period, the Parent Company withdrew an amount of KD1,210,000 from the facilities. Accordingly, the outstanding balance of total facilities as at 30 September 2023 amounted to KD9,092,834 and it is payable in quarterly installments of KD475,993 each and the final installments should be paid on 16 October and 2 December 2026. The final installment should be KD5,881,917.

Notes to the interim condensed consolidated financial information (continued)

15 Term loans (continued)

During the period, the Parent Company has signed facility agreement dominated with Kuwaiti Dinar with a Kuwaiti bank granted in the form of a revolving loan, whereby the maximum loan limit is KD1,500,000. The facilities carry an interest rate of 1.625% per annum above the CBK discount rate and payable on 31 December 2023.

Kuwaiti Dinar facilities are secured against mortgage of cash in managed portfolios (Note 7), financial assets at FVPL (Note 10), financial assets at FVOCI (Note 11) and investment in associates (Note 12).

2) USD facilities:

During the prior year, USD facility represents a loan of USD16,000,000 (equivalent to KD4,900,800) obtained during 2022 by one of the Group's foreign subsidiaries from a local company in Kuwait. The loan is unsecured and carries an interest rate at 7.25% per annum. The loan was repayable in full by 16 May 2023. During the period, the subsidiary settled total facilities in USD.

16 Murabaha payable

The Murabaha payable outstanding balance represents Islamic financings obtained in Kuwaiti Dinar from a local bank carrying effective profit rates of 5% - 5.75% (31 December 2022: 3.25% - 5% and 30 September 2022: 3.25% - 4.5%) per annum. This finance is secured against pledge of cash in managed portfolios (Note 7), certain financial assets at fair value through profit or loss (Note 10), financial assets at fair value through other comprehensive income (Note 11), investment in associates (Note 12), investment properties and property and equipment and are repayable in various instalments ending in December 2026.

Murabaha payables are as follows:

	30 Sept. 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 Sept. 2022 (Unaudited) KD
Within one year	2,291,300	2,291,300	2,291,300
After one year	12,395,250	12,749,400	13,103,550
	14,686,550	15,040,700	15,394,850

17 Share Capital

As of 30 September 2023, the authorized, issued and paid up share capital of the Parent Company consists of 830,983,445 shares of 100 fils each (31 December 2022: 830,983,445 shares of 100 fils each and 30 September 2022: 830,983,445 shares of 100 fils each). All shares are in cash.

18 Treasury shares

	30 Sept. 2023 (Unaudited)	31 Dec. 2022 (Audited)	30 Sept. 2022 (Unaudited)
Number of treasury shares	16,107,907	28,668,747	27,998,035
Percentage of ownership	1.938%	3.450%	3.369%
Market value (KD)	2,899,423	3,239,568	3,303,768
Cost (KD)	1,449,237	2,536,238	2,437,887

During the period, 16,619,668 shares of the treasury shares were utilized and distributed as bonus shares to the shareholders (refer to Note 24). Reserves of the Parent Company equivalent to the cost of the treasury shares have been earmarked as non-distributable reserves.

Notes to the interim condensed consolidated financial information (continued)

19 Fiduciary accounts

Investment portfolios managed by the Group and assets held in trust or in a fiduciary capacity and related liabilities are not treated as the Group's assets or liabilities and, accordingly, are not included in the interim condensed consolidated statement of financial position. Total fiduciary assets as at the financial position date were KD43,844,497 (31 December 2022: KD31,990,946 and 30 September 2022: KD 31,301,426) out of which, assets amounting to KD 22,887,844 are managed on behalf of Group's related parties (31 December 2022: KD18,526,386 and 30 September 2022: KD13,052,976).

20 Segmental information

Operating segments are identified by the Group based on internal management reporting information that is regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance and is reconciled to the Group's profit or loss.

The Group's principal activities, significant assets and liabilities are carried out and located in Kuwait, GCC, Middle East, USA and Europe. The Group operates in four business segments; instalment credit, investments, financial brokerage and real estate. The segmental analysis of total revenues, profit for the period, total assets and total liabilities for the business segments are as follows:

	Instalment credit KD	Investments KD	Financial brokerage KD	Real estate KD	Total KD
Nine months ended 30 September 2023					
Total revenues	4,129,660	7,590,248	619,092	1,246,485	13,585,485
Profit for the period	3,437,726	3,344,435	295,061	1,135,438	8,212,660
Three months ended 30 September 2023					
Total revenues	446,007	1,600,278	234,513	1,097,015	3,377,813
Profit for the period	196,188	50,276	122,673	1,073,645	1,442,782
As at 30 September 2023					
Total assets	2,416,953	174,944,804	12,310,438	4,776,721	194,448,916
Total liabilities	(693,131)	(34,404,050)	(787,174)	(569,229)	(36,453,584)
Net assets	1,723,822	140,540,754	11,523,264	4,207,492	157,995,332
Nine months ended 30 September 2022					
Total revenues	1,737,636	14,081,490	845,314	265,071	16,929,511
(Loss)/ profit for the period	(125,520)	10,689,958	491,357	136,299	11,192,094
Three months ended 30 September 2022					
Total revenues	418,054	1,308,412	318,634	(4,369)	2,040,731
Profit/ (loss) for the period	224,337	36,578	216,180	(39,242)	437,853
As at 30 September 2022					
Total assets	754,869	172,000,612	12,920,534	5,818,469	91,494,484
Total liabilities	(427,650)	(32,582,098)	(856,765)	(211,260)	(34,077,773)
Net assets	327,219	139,418,514	12,063,769	5,607,209	57,416,711

Notes to the interim condensed consolidated financial information (continued)

21 Related party balances and transactions

Related parties represent subsidiaries, associates, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group’s management. Transactions between the Parent Company and its subsidiaries which are related parties of the Parent Company have been eliminated on consolidation and are not disclosed in this note.

Details of significant related party balances and transactions are as follows:

	30 Sept. 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 Sept. 2022 (Unaudited) KD
Balances included in the interim condensed consolidated statement of financial position			
Instalment credit debtors-gross	-	-	50,000
Margin finance receivable (included in accounts receivable and other assets)	503,390	503,144	-
Due from related parties (included in accounts receivable and other assets)	1,588,131	3,822,108	3,898,479
Due to shareholders (Note 14)	810,732	503,827	506,543
Due to related parties (Note 14) - below	1,872,546	174,305	216,401
Fiduciary assets of related parties managed by the Group (note 19)	22,887,844	18,526,386	13,052,976

During the period, a subsidiary received USD5,000,000 (equivalent to KD1,545,000) under a sale and repurchase agreement of a foreign unquoted share with a related party carrying an interest rate of 9.5% maturing within 180 days. The amount is included under the above balances due to related parties.

	Three months ended		Nine months ended	
	30 Sept. 2023 (Unaudited) KD	30 Sept. 2022 (Unaudited) KD	30 Sept. 2023 (Unaudited) KD	30 Sept. 2022 (Unaudited) KD
Transactions included in the interim condensed consolidated statement of profit or loss				
Income from instalment credit debtors	-	831	-	5,116
Revenue from contracts with customers	75,425	10,505	126,269	32,553
Rental income	8,688	8,688	26,064	26,064
Interest income	64,713	80,008	206,807	236,089
General and administrative expenses	11,125	4,338	94,647	104,532
Key management compensation:				
Salaries and other short-term benefits	63,589	117,159	634,019	732,295
Board of directors’ and committees’ remuneration (included in general and administrative expenses)	-	-	53,550	60,850
End of service benefits	12,083	15,491	41,444	46,886
Share based payments	1,020	509	59,920	36,658
	76,692	133,159	788,933	876,689

Notes to the interim condensed consolidated financial information (continued)

22 Fair value measurement

22.1 Fair value measurement of financial instruments

The carrying amounts of the Group's financial assets and liabilities as stated in the interim condensed consolidated statement of financial position are as follows:

	30 Sept. 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 Sept. 2022 (Unaudited) KD
Financial assets:			
At amortised cost:			
Cash and cash equivalents	4,885,758	9,435,552	8,081,585
Term deposits	1,887,281	-	-
Instalments credit debtors	2,117,868	675,603	465,944
Accounts receivable and other assets	7,750,243	8,480,050	8,479,356
At fair value:			
Financial assets at fair value through profit or loss	22,221,127	21,805,860	23,733,349
Financial assets at fair value through other comprehensive income	118,730,031	114,845,728	111,872,047
	157,592,308	155,242,793	152,632,281
Financial liabilities:			
At amortised cost:			
Accounts payable and other liabilities	9,396,685	6,565,294	6,689,665
Term loans	10,592,834	13,633,634	10,322,634
Murabaha payable	14,686,550	15,040,700	15,394,850
Provision for employees' end of service benefits	1,777,515	1,745,631	1,670,624
	36,453,584	36,985,259	34,077,773

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

22.2 Fair value measurement

Fair value represents 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. The Group measures financial instruments at fair value and measurement details are disclosed below. In the opinion of the Group's management, the carrying amounts of all other financial assets and liabilities which are carried at amortised costs are considered a reasonable approximation of their fair values.

Notes to the interim condensed consolidated financial information (continued)

22 Fair value measurement (continued)

22.3 Fair value hierarchy (continued)

22.3 Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the interim condensed consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

30 September 2023 (Unaudited)	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Financial assets at FVPL:				
Local quoted shares	14,306	-	-	14,306
Foreign quoted shares	580,196	-	-	580,196
Foreign unquoted shares	-	-	8,033,658	8,033,658
Investment in managed portfolios	11,727,494	-	-	11,727,494
Investment in managed funds	-	1,865,473	-	1,865,473
Financial assets at FVOCI:				
Local quoted shares	6,994,595	42,260,316	-	49,254,911
Local unquoted shares	-	-	5,553,734	5,553,734
Foreign unquoted shares	-	-	47,169,828	47,169,828
Investment in managed portfolios	14,609,213	-	-	14,609,213
Debt instruments	-	-	1,802,180	1,802,180
Investment funds	-	340,165	-	340,165
	33,925,804	44,465,954	62,559,400	140,951,158

Notes to the interim condensed consolidated financial information (continued)

22 Fair value measurement (continued)

22.3 Fair value hierarchy (continued)

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
31 December 2022 (Audited)				
Financial assets at FVPL:				
Local quoted shares	1,120,889	-	-	1,120,889
Foreign quoted shares	582,896	-	-	582,896
Foreign unquoted shares	-	-	6,985,294	6,985,294
Investment in managed portfolios	11,304,093	-	-	11,304,093
Investments in managed funds	-	1,812,688	-	1,812,688
Financial assets at FVOCI:				
Local quoted shares	6,629,752	47,090,893	-	53,720,645
Local unquoted shares	-	-	5,685,404	5,685,404
Foreign unquoted shares	-	-	46,185,566	46,185,566
Investment in managed portfolios	5,588,830	-	-	5,588,830
Debit instruments	-	-	3,329,575	3,329,575
Investment funds	-	335,708	-	335,708
	25,226,460	49,239,289	62,185,839	136,651,588
30 September 2022 (Unaudited)				
Financial assets at FVPL:				
Local quoted shares	1,076,569	-	-	1,076,569
Foreign quoted shares	523,875	-	-	523,875
Foreign unquoted shares	-	-	8,166,407	8,166,407
Investment in managed portfolios	11,679,977	-	-	11,679,977
Investments in managed funds	-	2,286,521	-	2,286,521
Financial assets at FVOCI:				
Local quoted shares	6,600,359	47,669,406	-	54,269,765
Local unquoted shares	-	-	5,652,384	5,652,384
Foreign unquoted shares	-	-	43,302,262	43,302,262
Investment in managed portfolios	5,086,374	-	-	5,086,374
Debt instruments	-	-	3,227,417	3,227,417
Investment funds	-	333,845	-	333,845
	24,967,154	50,289,772	60,348,470	135,605,396

There have been no transfers between level 1 and 2 during the reporting period. The Group does not have any financial liabilities measured at fair value.

Measurement at fair value

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

Notes to the interim condensed consolidated financial information (continued)

22 Fair value measurement (continued)

22.3 Fair value hierarchy (continued)

Measurement at fair value (continued)

a) Quoted shares

All the listed equity shares are publicly traded on a recognized stock exchange. Fair value has been determined by referring to their quoted bid prices at the reporting date excluding the Group's investment in one of the local companies as stated in Note 11.

b) Managed funds

The underlying investments of managed funds primarily comprise of quoted and unquoted securities. The fair value of the quoted underlying securities has been determined by reference to their quoted bid prices at the reporting date. The fair value of the unquoted underlying securities has been determined using valuation techniques that are normally used by fund managers. All significant inputs into the model are based on observable market prices

c) Unquoted shares

Unquoted shares are measured at fair value estimated using various models like discounted cash flow model, and market multiples which include some assumptions that are not supportable by observable market prices or rates or the latest financial statements or information available on these investments the future financial flows of which are unpredictable.

Level 3 fair value measurement

The Group's financial assets classified in Level 3 uses valuation techniques based on significant inputs that are not based on observable market data. The financial instruments within this level can be reconciled from beginning to ending balances as follows:

	30 Sept. 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 Sept. 2022 (Unaudited) KD
Opening balance	62,185,839	46,519,951	46,519,951
Purchases	4,875,126	16,256,198	14,328,699
Sales	(2,724,774)	(5,779,367)	(5,148,054)
Change in fair value	(1776,791)	5,189,057	4,647,874
Closing balance	62,559,400	62,185,839	60,348,470

Changing inputs to the level 3 valuations to reasonably possible alternative assumptions would not change significantly amounts recognized in the interim condensed consolidated statement of profit or loss and other comprehensive income, total assets, total liabilities or total equity.

The impact on interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of profit or loss and other comprehensive income would be immaterial if the relevant risk variable used to fair value the level 3 investments were changed by 5%.

Notes to the interim condensed consolidated financial information (continued)

23 Capital commitments

At the date of the consolidated statement of financial position, the Group had capital commitments of KD41,966 (31 December 2022: KD37,098 and 30 September 2022: KD282,396) for a property under development and capital commitments of KD 80,391 (31 December 2022: KD90,394 and 30 September 2022: KD 331,941) for the investments in managed funds.

24 Annual general assembly

Subsequent to end of the period, the annual ordinary general assembly of the shareholders of Parent Company held on 12 April 2023 approved the consolidated financial statements for the year ended 31 December 2022 and the board of directors' proposal to distribute a cash dividend of 4 Fils per share (2021: 2.5 fils per share) and 2% bonus shares of the treasury shares of the Parent Company's shareholders without increasing the share capital or number of shares issued for the year ended 31 December 2022 (2021: 3.5% bonus shares through increase of the share capital). In addition, the Annual General Assembly approved directors' remuneration and committees of KD53,550 for the year ended 31 December 2022 (2021: KD60,850).

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