

Interim condensed consolidated financial information and review report
Arzan Financial Group for Financing and Investment – KPSC
and its Subsidiaries
Kuwait

31 March 2022 (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 31 March 2022 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with 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.

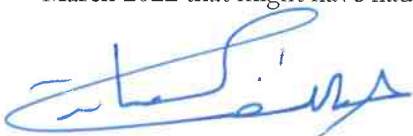
Emphasis of Matter

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 three-month period ended 31 March 2022 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 three-month period ended 31 March 2022 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
26 April 2022

Interim condensed consolidated statement of profit or loss

	Notes	Three months ended 31 March 2022 (Unaudited) KD	Three months ended 31 March 2021 (Unaudited) KD
Income			
Income from instalment credit debtors		138,783	348,805
Revenue from contracts with customers		1,102,099	1,035,623
Realised profit from instalment sales		138,722	127,409
Rental income		37,286	39,798
Interest income		114,688	78,967
Realised gain from sale of properties held for trading		168,300	-
Gain on sale of financial assets at fair value through profit or loss		227,731	20,052
Change in fair value of financial assets at fair value through profit or loss		2,603,365	361,949
Share of results of associates	11	505,935	443,020
Dividend income		369,198	415,623
Profit/(loss) on foreign currency exchange		378,945	(388,495)
Other income		178,891	39,604
		5,963,943	2,522,355
Expenses and other charges			
Staff costs		(890,372)	(795,471)
General and administrative expenses		(359,460)	(368,790)
Finance costs		(230,518)	(323,830)
Depreciation		(60,377)	(64,297)
Reversal of provision for instalment credit debtors - net		629,186	1,051,946
Provision for doubtful debts		(160,176)	(77,654)
Provision of credit losses for restricted cash and cash equivalents	5.1	(1,039,613)	(267,257)
		(2,111,330)	(845,353)
Profit for the period before provisions for National Labour Support Tax (NLST) and Zakat			
Support Tax (NLST) and Zakat		3,852,613	1,677,002
Provision for NLST		(36,299)	(37,523)
Provision for Zakat		(9,460)	(10,489)
Profit for the period		3,806,854	1,628,990
Attributable to:			
Owners of the Parent Company		3,421,002	1,404,908
Non-controlling interests		385,852	224,082
Profit for the period		3,806,854	1,628,990
Basic earnings per share attributable to the owners of the Parent Company (Fils)			
	6	4.380	1.793
Diluted earnings per share attributable to the owners of the Parent Company (Fils)			
	6	4.370	1.788

The notes set out on pages 8 to 26 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 31 March 2022 (Unaudited) KD	Three months ended 31 March 2021 (Unaudited) KD
Profit for the period	3,806,854	1,628,990
Other comprehensive income/(loss):		
<i>Items that will not be reclassified subsequently to consolidated statements of profit or loss:</i>		
Financial assets at fair value through other comprehensive income:		
- Net change in fair value arising during the period	20,010,350	4,198,888
<i>Items that may be reclassified subsequently to consolidated statements of profit or loss:</i>		
Financial assets at fair value through other comprehensive income:		
- Net change in fair value arising during the period	-	(28,669)
Exchange differences arising on translation of foreign operations	(40,524)	(98,165)
Share of other comprehensive income of associates	463,377	47,065
Total other comprehensive income for the period	20,433,203	4,119,119
Total comprehensive income for the period	24,240,057	5,748,109
Attributable to:		
Owners of the Parent Company	13,618,327	4,997,429
Non-controlling interests	10,621,730	750,680
Total comprehensive income for the period	24,240,057	5,748,109

The notes set out on pages 8 to 26 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Notes	31 March 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	31 March 2021 (Unaudited) KD
Assets				
Cash and cash equivalents	7.1	7,959,898	11,507,246	6,347,758
Restricted cash and cash equivalents	7.2	-	-	1,726,544
Instalment credit debtors	8	572,969	962,324	622,759
Financial assets at fair value through profit or loss	9	20,251,148	17,347,526	12,984,869
Accounts receivable and other assets		10,085,249	10,917,259	6,004,812
Properties held for trading		1,308,890	1,293,216	707,040
Financial assets at fair value through other comprehensive income	10	142,634,520	116,855,376	92,766,014
Investment in associates	11	31,386,217	30,489,135	29,179,501
Investment in real estate under development		2,498,966	3,150,610	5,393,605
Investment properties		1,464,299	1,478,984	1,523,039
Property and equipment		2,139,065	2,178,631	2,267,589
Total assets		220,301,221	196,180,307	159,523,530
Liabilities and equity				
Liabilities				
Accounts payable and other liabilities	12	7,908,754	7,848,074	7,281,568
Term loans	13	5,707,734	5,706,334	9,975,400
Murabaha payables	14	15,749,000	15,749,000	12,420,072
Provision for employees' end of service benefits		1,638,580	1,592,944	1,513,226
Total liabilities		31,004,068	30,896,352	31,190,266
Equity				
Share capital		80,288,256	80,288,256	80,288,256
Share premium		9,355,213	9,355,213	23,803,273
Treasury shares	15	(1,617,866)	(1,472,845)	(1,202,430)
Statutory reserve		1,248,501	1,248,501	503,767
Voluntary reserve		744,734	744,734	503,767
Share based payment reserve		46,192	46,192	18,205
Foreign currency translation reserve		(279,976)	(219,509)	(285,664)
Fair value reserve		37,130,915	26,900,580	13,164,775
Retained earnings/(accumulated losses)		6,566,676	3,917,573	(14,951,827)
Total equity attributable to the owners of the Parent Company		133,482,645	120,808,695	101,842,122
Non-controlling interests		55,814,508	44,475,260	26,491,142
Total equity		189,297,153	165,283,955	128,333,264
Total liabilities and equity		220,301,221	196,180,307	159,523,530



Jassem Hasan Zainal
Vice chairman and CEO

The notes set out on pages 8 to 26 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

	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	Total 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
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(81,838)	(81,838)
Purchase of treasury shares	-	-	(145,021)	-	-	-	-	-	-	(145,021)	-	(145,021)
Disposal of partial interest in a subsidiary (Note 5.2)	-	-	-	-	-	-	-	-	(799,356)	(799,356)	799,356	-
Transactions with owners	-	-	(145,021)	-	-	-	-	-	(799,356)	(944,377)	717,518	(226,859)
Profit for the period	-	-	-	-	-	-	-	-	3,421,002	3,421,002	385,852	3,806,854
Other comprehensive (loss)/income for the period	-	-	-	-	-	-	(60,467)	10,257,792	-	10,197,325	10,235,878	20,433,203
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	(60,467)	10,257,792	3,421,002	13,618,327	10,621,730	24,240,057
Profit on sale of financial assets at FVTOCI (Note 10)	-	-	-	-	-	-	-	(27,457)	27,457	-	-	-
Balance at 31 March 2022 (Unaudited)	80,288,256	9,355,213	(1,617,866)	1,248,501	744,734	46,192	(279,976)	37,130,915	6,566,676	133,482,645	55,814,508	189,297,153

The notes set out on pages 8 to 26 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	Accumulated losses KD	Sub-Total KD		Non- controlling interests KD
Balance at 31 December 2020 (Audited)	80,288,256	23,803,273	(1,202,430)	503,767	503,767	18,205	(198,268)	4,045,655	(10,917,532)	96,844,693	25,778,222	122,622,915
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(37,760)	(37,760)
Transactions with owners	-	-	-	-	-	-	-	-	-	-	(37,760)	(37,760)
Profit for the period	-	-	-	-	-	-	-	-	1,404,908	1,404,908	224,082	1,628,990
Other comprehensive (loss)/income for the period	-	-	-	-	-	-	(87,396)	3,679,917	-	3,592,521	526,598	4,119,119
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	(87,396)	3,679,917	1,404,908	4,997,429	750,680	5,748,109
Loss on sale of financial assets at FVTOCI (Note 10)	-	-	-	-	-	-	-	5,439,203	(5,439,203)	-	-	-
Balance at 31 March 2021(Unaudited)	80,288,256	23,803,273	(1,202,430)	503,767	503,767	18,205	(285,664)	13,164,775	(14,951,827)	101,842,122	26,491,142	128,333,264

The notes set out on pages 8 to 26 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Notes	Three months ended 31 March 2022 (Unaudited) KD	Three months ended 31 March 2021 (Unaudited) KD
OPERATING ACTIVITIES			
Profit for the period		3,806,854	1,628,990
Adjustments:			
Interest income		(114,688)	(78,967)
Dividend income		(369,198)	(415,623)
Share of results of associates	11	(505,935)	(443,020)
Reversal of provision for instalment credit debtors - net	8	(629,186)	(1,051,946)
Realised gain on sale of properties held for trading		(168,300)	-
Provision for doubtful debts		160,176	77,654
Finance costs		230,518	323,830
Depreciation		60,377	64,297
Provision for employees' end of service benefits		45,636	46,732
Provision of credit losses for restricted cash and cash equivalents	7.2	1,039,613	267,257
		3,555,867	419,204
Changes in operating assets and liabilities:			
Instalment credit debtors		1,018,541	1,052,037
Financial assets at fair value through profit or loss		(2,903,622)	(1,481,631)
Accounts receivable and other assets		735,857	(2,260,653)
Accounts payable and other liabilities		61,240	(158,659)
Employees' end of service benefits paid		-	(18,468)
Net cash from/(used in) operating activities		2,467,883	(2,448,170)
INVESTING ACTIVITIES			
Purchase of property and equipment		(6,125)	(2,449)
Purchase of properties held for trading		(13,413)	-
Purchase of financial assets at FVTOCI		(6,176,893)	(5,868,561)
Proceeds from sale of financial assets at FVTOCI		503,240	5,343,646
Proceeds from sale of properties held for trading		661,478	-
Restricted cash and cash equivalents	7.2	(1,039,613)	(696,239)
Dividend income received		369,198	415,623
Dividend income received from associates	11	72,230	72,230
Interest income received		114,688	78,967
Addition to real estate portfolio		(77,370)	(6,151)
Net cash used in investing activities		(5,592,580)	(662,934)
FINANCING ACTIVITIES			
Repayment of term loans		-	(1,375,000)
Repayment of murabaha payables		-	(181,250)
Purchase of treasury shares		(145,021)	-
Finance costs paid		(231,073)	(203,841)
Dividend paid to non-controlling interests		(81,838)	(37,760)
Net cash used in financing activities		(457,932)	(1,797,851)
Net decrease in cash and cash equivalents		(3,582,629)	(4,908,955)
Foreign currency adjustments		35,281	(82,074)
Cash and cash equivalents at beginning of the period	7.1	11,507,246	11,338,787
Cash and cash equivalents at end of the period	7.1	7,959,898	6,347,758

The notes set out on pages 8 to 26 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 and associates (together referred as “the Group”).

The Parent Company’s objectives are as follows:

- Invest in various economic sectors through the incorporation or participation in the incorporation of various companies or institutions practicing similar or complementary activities to the Company’s objectives for its account and for the account of third parties inside or outside the State of Kuwait;
- Manage local or foreign various companies and institutions and market the investment services and products owned by them or by third parties inside or outside the State of Kuwait;
- Own and acquire the right of disposal of whatever it deems necessary thereto of movable and immovable property or any parts thereof or any franchising rights the Company deems they are necessary or appropriate to the nature of its activity or to the development of its funds, excluding trading in goods for its account;
- Conduct all business related to securities trading for its account and for the account of third parties inside or outside the State of Kuwait, including sale, purchase and marketing of securities of shares and sukuk and other securities issued by local and foreign government and private companies, institutions and bodies and practice the related financial mediation and brokerage activities;
- Manage the funds of individuals and local or foreign public and private companies, institutions and bodies and invest these funds in various economic sectors through investment and real estate portfolios inside or outside the State of Kuwait;
- Provide economic advice related to investment and hold courses, issue brochures of various investment activities for individuals, local and foreign companies and institutions;
- Prepare and provide technical, economic and assessment studies and consultations and prepare feasibility studies for various investment activities and other studies, examining the technical, financial and administrative aspects related to these activities for its account or for the account of third parties inside or outside the State of Kuwait;

Notes to the interim condensed consolidated financial information (continued)

1 Incorporation and activities (continued)

- Establish and manage the collective investment systems and local and foreign investment funds of all kinds and contribute to their establishment for the account of the Company and for the account of third parties in accordance with the regulating laws, rules and conditions specified by the competent regulatory authorities; put its stakes or units to subscription so that the Company's contributions to the share capital of the collective investment system or the investment fund shall not be less than the minimum limit specified by the regulatory authorities; sell or purchase stakes or units in the local or foreign collective investment systems or investment funds for its account and for the account of third parties or market same, provided the necessary approvals are obtained from the competent regulatory authorities; act as investment custodian, investment monitor and investment advisor in general for the investment funds inside or outside the State of Kuwait in accordance with the regulating laws;
- Invest funds for its account and for the account of third parties in the various aspects of investment inside or outside the State of Kuwait and acquire movable and immovable assets;
- Act as the issuance manager for the securities issued by the local and foreign government and private companies, institutions and bodies and act as the subscription agent, listing advisor, investment custodian and monitor, including publications management and commitments of subscription operations management, receiving applications and covering subscription thereto;
- Perform all advisory services that help develop and strengthen the ability of financial and monetary market in the State of Kuwait and meet its requirements within the limits of the law and the decisions or instructions issued by the competent regulatory authorities (after obtaining the necessary approvals from those authorities), provided this does not result in granting funding by the Company in any way;
- Mediate in financing operations, structure and manage the financing arrangements of the local and international companies, institutions, bodies and projects in the various economic sectors in accordance with the rules and conditions specified by the competent regulatory authorities;
- Carry out all the works related to the activities for the arrangement and management of consolidation, acquisition and separation operations for the local and foreign government and private companies, institutions and bodies;
- Trade in transportation means and related heavy equipment;
- Finance the purchases of capital goods, durable and non-durable goods;
- Lease capital and durable goods;
- Grant short and medium term loans to natural and judicial persons;
- Perform real estate investment operations aiming at the management and development of residential lands and building of residential and commercial units and complexes for the purpose of selling them in cash or on installments or leasing same;
- Manage all kinds of financial portfolios, invest and develop funds by employing them locally and internationally for the account of the Company or for the account of its clients, in addition to lending and borrowing operations;
- Mediate in the operations of lending, borrowing, brokerage and warrantees against commission or pay;
- Finance and mediate in international and local trade operations;
- Manage and create mutual investment funds according to the law and after approval by the competent authorities;

Notes to the interim condensed consolidated financial information (continued)

1 Incorporation and activities (continued)

- Mediate in investment in the international instruments and securities;
- Invest in real estate, industrial and agricultural sectors and other economic sectors, whether directly or through contribution to the incorporation of specialized companies or purchase of the shares of these companies;
- Sell and purchase foreign currencies and trade in precious metals only for the account of the Company;
- Conduct researches and studies for private and public real estate projects and for the employment of funds for its account or for the account of third parties;
- Trade in securities such as shares and investment certificates and the like.

The Parent Company may have an interest or participate in any aspect with the companies, institutions and bodies performing similar works or which might assist it in the achievement of its objectives in Kuwait or abroad. The Parent Company may also open branches inside and outside the State of Kuwait in such a way that does not contradict with the company's law and the instructions of the competent regulatory authorities.

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 three-month period ended 31 March 2022 was authorized for issue by the Parent Company's board of directors on 26 April 2022.

2 Basis of presentation

The interim condensed consolidated financial information of the Group for the three-month period ended 31 March 2022 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 2021, except for the changes described in note 3.

The annual consolidated financial statements for the year ended 31 December 2021 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.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of presentation (continued)

Operating results for the three-month period ended 31 March 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022. For further details, refer to the consolidated financial statements and its related disclosures for the year ended 31 December 2021.

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>
IFRS 3 Amendment – Reference to the conceptual framework	1 January 2022
IAS 16 – Amendments – Proceeds before intended use	1 January 2022
IAS 37 – Amendments – Onerous contracts -Cost of fulfilling a contract	1 January 2022
Annual Improvements 2018-2020 Cycle	1 January 2022

IFRS 3 – Reference to the conceptual framework

The amendments add a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

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

IAS 16 Amendments - Proceeds before intended use

The amendment prohibits an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss.

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

IAS 37 Amendments – Onerous contracts- Cost of fulfilling a contract

The amendments specify which costs an entity includes when assessing whether a contract will be loss-making.

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

The amendments are only to be applied to contracts for which an entity has not yet fulfilled all of its obligations at the beginning of the annual period in which it first applies the amendments.

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

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.1 New and amended standards adopted by the Group (continued)

Annual Improvements 2018-2020 Cycle

Amendment to IAS 1 simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences. Subsidiary that is a first-time adopter later than its parent might have been required to keep two parallel sets of accounting records for cumulative translation differences based on different dates of transition to IFRSs. However, the amendment extends the exemption to cumulative translation differences to reduce costs for first-time adopters.

Amendment to IFRS 9 relates to the ‘10 per cent’ Test for Derecognition of Financial Liabilities – In determining whether to derecognise a financial liability that has been modified or exchanged, an entity assesses whether the terms are substantially different. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendment to IFRS 16 avoids the potential for confusion in applying IFRS 16 Leases because of how Illustrative Example 13 accompanying IFRS 16 had illustrated the requirements for lease incentives. Before the amendment, Illustrative Example 13 had included as part of the fact pattern a reimbursement relating to leasehold improvements; the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in IFRS 16. The IASB decided to remove the potential for confusion by deleting from Illustrative Example 13 the reimbursement relating to leasehold improvements.

Amendment to IAS 41 removes the requirement in IAS 41.22 to exclude taxation cash flows when measuring fair value. This amendment aligns the requirements in IAS 41 on fair value measurement with those in other IFRS Standards.

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>
IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments	No stated date
IAS 1 Amendments- Classification of current and non-current	1 January 2023
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

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)

IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments

The Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations)
- require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

IASB has postponed the effective date indefinitely until other projects are completed. However, early implementation is allowed. Management anticipates that the application of these amendments may have an impact on the Group's consolidated financial statements in future should such transactions arise.

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 adoption of the amendments in the future will have a significant impact on the Group's consolidated financial statements.

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.

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

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.

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 8 Amendments – Definition of accounting estimates (continued)

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

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

The amendments to IAS 12 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.

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

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 2021.

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.

Notes to the interim condensed consolidated financial information (continued)

5 Subsidiaries (continued)

Management has also assessed the impact of these events on the carrying value of its investment in IFC. As a result, the Group recognised a provision of credit losses for restricted cash and cash equivalents amounting to KD1,039,613 in the interim condensed consolidated statement of profit or loss for the period ended 31 March 2022 (31 March 2021: KD267,257).

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.

Summarised financial information of IFC Lebanon as at and for the period ended 31 March 2022 is set out below:

	31 March 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	31 March 2021 (Unaudited) KD
Cash and bank balances	5,145,731	4,106,118	1,726,544
Instalment credit debtors	421,119	1,076,778	-
Properties held for trading	454,511	452,250	-
Investment at fair value through other comprehensive income	303,008	-	-
Other assets	185,394	199,492	192,466
Total assets	6,509,763	5,834,638	1,919,010
Accounts payable and other liabilities	1,189,916	1,298,397	1,303,080
Total liabilities	1,189,916	1,298,397	1,303,080
	Three months ended 31 March 2022 (Unaudited) KD	Three months ended 31 March 2021 (Unaudited) KD	
Income from instalment credit	248,748	147,462	
Profit for the period	760,924	394,854	

5.2 Disposal of partial interest in a subsidiary

In previous years, the Parent Company's board of directors approved to transfer part of its ownership in Arzan Capital (Holding) Limited, equivalent to 6 million shares with nominal value of USD1 per share, to the employees of the subsidiary to be distributed in accordance with the Employee Stock Option Plan of Arzan Capital (Holding) Limited. Accordingly, during the period, 2,670,949 shares equivalent to 3.06% (31 March 2021: no shares were transferred) of the Group's ownership interest in Arzan Capital (Holding) Limited were transferred. This transaction resulted in a loss of KD799,356 (31 March 2021: KD Nil) which has been recognised in the shareholders' equity.

Notes to the interim condensed consolidated financial information (continued)

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 less treasury shares and as follows:

	Three months ended 31 March 2022 (Unaudited)	Three months ended 31 March 2021 (Unaudited)
Profit for the period attributable to the owners of the Parent Company – KD	3,421,002	1,404,908
Weighted average number of shares outstanding during the period to be used to account for basic earnings per share (excluding treasury shares)	781,101,376	783,757,556
Shares to be issued for no consideration under share-based payments	1,720,736	1,921,854
Weighted average number of shares outstanding during the period to be used to account for diluted earnings per share (excluding treasury shares)	782,822,112	785,679,410
Basic earnings per share attributable to the owners of the Parent Company (Fils)	4.380	1.793
Diluted earnings per share attributable to the owners of the Parent Company (Fils)	4.370	1.788

7 Cash and cash equivalents

7.1 Cash and cash equivalents

	31 March 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	31 March 2021 (Unaudited) KD
Cash and bank balances	7,230,013	10,996,793	5,353,823
Cash in managed portfolios	307,502	83,796	285,407
Term deposits with original maturity not exceeding three months	422,383	426,657	708,528
Cash and cash equivalents as per consolidated statement of cash flows	7,959,898	11,507,246	6,347,758

Cash in managed portfolios includes an amount of KD187,582 (31 December 2021: KD15,903 and 31 March 2021: KD334,789) pledged against term loans (Note 13) and murabaha payables (Note 14).

7.2 Restricted cash and cash equivalents

	31 March 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	31 March 2021 (Unaudited) KD
Cash and bank balances	3,452,567	2,440,550	2,775,083
Term deposits with original maturity not exceeding three months	3,009,963	2,970,735	2,630,460
	6,462,530	5,411,285	5,405,543
Provision for credit losses	(6,462,530)	(5,411,285)	(3,678,999)
Restricted cash and cash equivalents	-	-	1,726,544

Notes to the interim condensed consolidated financial information (continued)

7 Cash and cash equivalents (continued)

7.2 Restricted cash and cash equivalents (continued)

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. Therefore, during the period, the Group recognised an additional provision for credit losses of KD 1,039,613 (31 December 2021: KD2,003,105 and 31 March 2021: KD267,257) against these restricted cash and cash equivalents of its subsidiary “IFC Lebanon” (Note 5).

7.3 The term deposits carry effective interest rate ranging from 1.18% to 4% (31 December 2021: 2.44% - 4% and 31 March 2021: 1.0% - 3.5%) per annum.

8 Instalment credit debtors

	31 March 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	31 March 2021 (Unaudited) KD
Gross instalment credit debtors	4,122,253	5,221,857	6,662,785
Deferred income	(378,659)	(470,363)	(693,408)
	3,743,594	4,751,494	5,969,377
Specific provision for credit losses	(2,901,837)	(3,467,691)	(4,469,173)
General provision for credit losses	(268,788)	(321,479)	(877,445)
	572,969	962,324	622,759

8.1 Gross instalment credit debtors are due as follows:

	31 March 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	31 March 2021 (Unaudited) KD
Within one year	834,470	1,227,225	1,229,540
More than a year	3,287,783	3,994,632	5,433,245
	4,122,253	5,221,857	6,662,785

8.2 The effective annual interest rate earned on instalment credit debtors ranged from 5.0% to 10.0% (31 December 2021: 5.0% to 10.0% and 31 March 2021: 5.0% to 10.0%) per annum.

8.3 The provision for credit losses is calculated, in all material respect, in accordance with the requirements of the Central Bank of Kuwait.

8.4 The gross instalment credit debtors included an amount of KD100,000 (31 December 2021: KD449,938 and 31 March 2021: KD561,931) in respect of related parties (Note 18). This amount is secured by way of pledge of certain local shares.

Notes to the interim condensed consolidated financial information (continued)

9 Financial assets at fair value through profit or loss

	31 March 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	31 March 2021 (Unaudited) KD
Local quoted shares	1,021,414	923,451	711,134
Foreign quoted shares	570,867	490,502	328,167
Foreign unquoted shares	2,725,283	2,397,198	1,767,363
Investment in managed portfolios	13,617,927	11,987,591	9,547,255
Investment in managed funds	2,315,657	1,548,784	630,950
	20,251,148	17,347,526	12,984,869

9.1 Investments with a carrying value of KD12,682,562 (31 December 2021: KD11,051,590 and 31 March 2021: KD7,976,182) in managed portfolio is pledged against the term loans (Note 13) and murabaha payables (Note 14).

9.2 The hierarchy for determining and disclosing the fair values of financial assets at fair value through profit or loss is presented in Note 19.3

10 Financial assets at fair value through other comprehensive income

	31 March 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	31 March 2021 (Unaudited) KD
Local quoted shares	85,729,939	65,064,353	37,217,660
Local unquoted shares	5,645,530	5,645,531	4,989,670
Foreign unquoted shares	40,276,564	35,344,992	41,236,352
Investment in managed portfolios	7,523,516	7,605,180	6,408,903
Debt instruments	3,132,231	3,132,230	2,817,187
Investment funds	326,740	63,090	96,242
	142,634,520	116,855,376	92,766,014

10.1 During the period, the Group sold investments at fair value through other comprehensive income with a total cost of KD475,783 (31 March 2021: KD10,782,849) for a total consideration of KD503,240 (31 March 2021: KD5,343,646) resulting into a gain of KD27,457 (31 March 2021: loss of KD5,439,203) recognized directly in retained earnings within equity.

10.2 Debt instruments amounting to KD1,042,298 (31 December 2021: KD1,042,298 and 31 March 2021: KD1,040,449) are secured by charges over real estate properties and carry average effective interest rate of 7% (31 December 2021 and 31 March 2021: 7%).

10.3 Local quoted and unquoted shares and investment in managed portfolios with an aggregate carrying value of KD11,515,700 (31 December 2021: KD11,696,930 and 31 March 2021: KD10,616,360) are pledged against term loans (Notes 13) and Murabaha payables (Notes 14).

10.4 The hierarchy for determining and disclosing the fair values of financial assets at fair value through other comprehensive income is presented in Note 19.3

Notes to the interim condensed consolidated financial information (continued)

11 Investment in associates

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

	31 March 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	31 March 2021 (Unaudited) KD
Balance at the beginning of the period/year	30,489,135	28,761,646	28,761,646
Disposals	-	(6,045)	-
Share of results	505,935	2,235,135	443,020
Dividends received	(72,230)	(548,693)	(72,230)
Share of other comprehensive income	463,377	47,092	47,065
Balance at the end of the period/year	31,386,217	30,489,135	29,179,501

a) Investment in associates with a carrying value of KD14,653,879 (31 December 2021: KD14,263,688 and 31 March 2021: KD13,597,332) is pledged against term loans (Note 13) and Murabaha payables (Note 14).

12 Accounts payable and other liabilities

	31 March 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	31 March 2021 (Unaudited) KD
Trade payables	283,164	156,628	235,068
Due to related parties	107,925	14,160	72,984
Other payables	3,544,116	3,779,748	2,569,688
Lease liabilities	33,508	45,327	40,963
Accrued interests	61,391	61,946	140,587
Provision for staff leave	333,798	313,604	288,255
KFAS payable	226,802	226,802	226,802
NLST and Zakat payable	2,683,756	2,637,996	2,864,613
Due to portfolio manager	272,980	250,549	-
Advance received from investors	-	-	481,294
Due to shareholders	361,314	361,314	361,314
	7,908,754	7,848,074	7,281,568

13 Term loans

Term loans are due for repayment as follows:

	31 March 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	31 March 2021 (Unaudited) KD
Kuwaiti Dinar facilities	5,403,834	5,403,834	3,625,000
USD facility	303,900	302,500	6,350,400
	5,707,734	5,706,334	9,975,400
Within one year	379,899	353,166	6,350,400
After one year	5,327,835	5,353,168	3,625,000

The details of the outstanding term loans are as follows:

Notes to the interim condensed consolidated financial information (continued)

13 Term loans (continued)

-Kuwaiti Dinar facilities carry interest rate of 4.25% (31 December 2021 and 31 March 2021: 4.25%) per annum and are secured against mortgage of cash in managed portfolio (note 7), certain financial assets at fair value through profit or loss (note 9), financial assets at fair value through other comprehensive income (note 10) and investment in associates (note 11).

Kuwaiti Dinar facilities include a facility of KD5,000,000 obtained from a local bank and was repayable in various instalments ending in June 2022. However, during the year ended 31 December 2020, the term loan has been rescheduled to be repayable by January 2026 in 20 quarterly instalments of KD125,000 each and the last instalment of KD2.5 million. During the year ended 31 December 2021, the Group made an additional early settlement of KD1,381,166. Furthermore, the Group drew down an amount of KD2,285,000 due to be repaid in installments ending 2 January 2026.

- USD facility represents a loan of USD21,000,000 (equivalent to KD6,350,400) obtained by one of the Group's foreign subsidiaries from a local company in Kuwait. The loan is unsecured and carries an interest rate of 7.5% (31 December 2021 and 31 March 2021: 7.25%) per annum. The loan was repayable in full by February 2021. During 2021, the subsidiary settled USD 7,000,000 (equivalent to KD2,127,300) and signed a new agreement with a revised loan facility of USD14,000,000 (equivalent to KD4,223,100) to be repaid by 31 March 2022. Out of the revised facility, the subsidiary settled an amount of USD13,000,000 (equivalent to KD3,920,600) by the end of 2021, this settlement includes an amount of USD8,000,000 (equivalent to KD2,420,000) that was settled through conversion into share capital of the subsidiary.

14 Murabaha payables

The Murabaha payables outstanding balance represents Islamic financings obtained in Kuwaiti Dinar from a local bank carrying effective profit rates of 3% - 3.25% (31 December 2021: 3% - 4.5% and 31 March 2021: 3.25% - 4.5%) per annum. These financings are secured against pledge of cash in managed portfolios (Note 7), certain financial assets at fair value through profit or loss (Note 9), financial assets at fair value through other comprehensive income (Note 10), investment in associates (Note 11), investment properties and property and equipment and are repayable in various instalments ending in December 2026.

Murabaha payables are as follows:

	31 March 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	31 March 2021 (Unaudited) KD
Within one year	2,291,300	2,291,300	2,562,572
After one year	13,457,700	13,457,700	9,857,500
	15,749,000	15,749,000	12,420,072

15 Treasury shares

	31 March 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	31 March 2021 (Unaudited) KD
Number of treasury shares	21,925,000	21,125,000	19,125,000
Percentage of ownership	2.731%	2.631%	2.382%
Market value (KD)	3,464,150	3,337,750	1,797,750
Cost (KD)	1,617,866	1,472,845	1,202,430

Notes to the interim condensed consolidated financial information (continued)

15 Treasury shares (continued)

Reserves of the Parent Company equivalent to the cost of the treasury shares have been earmarked as non-distributable.

16 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 KD 34,201,148 (31 December 2021: KD31,472,234 and 31 March 2021: KD42,880,087) out of which, assets amounting to KD16,666,727 are managed on behalf of Group's related parties (31 December 2021: KD16,481,398 and 31 March 2021: KD24,368,158).

17 Segmental information

Operating segments are identified 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
Three months ended 31 March 2022					
Total revenues	449,813	5,153,896	143,328	216,906	5,963,943
(Loss)/profit for the period	(319,239)	3,990,892	(25,545)	160,746	3,806,854
As at 31 March 2022					
Total assets	853,236	201,122,835	12,410,886	5,914,264	220,301,221
Total liabilities	394,531	29,684,293	716,581	208,663	31,004,068
Net assets	458,705	171,438,542	11,694,305	5,705,601	189,297,153
Three months ended 31 March 2021					
Total revenues	361,069	1,897,145	224,343	39,798	2,522,355
(Loss)/profit for the period	(66,211)	1,533,031	157,402	4,768	1,628,990
As at 31 March 2021					
Total assets	2,659,360	137,361,720	11,345,747	8,156,703	159,523,530
Total liabilities	611,308	28,963,383	751,364	864,211	31,190,266
Net assets	2,048,052	108,398,337	10,594,383	7,292,492	128,333,264

Notes to the interim condensed consolidated financial information (continued)

18 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:

	31 March 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	31 March 2021 (Unaudited) KD
Balances included in the interim condensed consolidated statement of financial position			
Instalment credit debtors-gross (Note 8)	100,000	449,938	561,931
Due from related parties (included in accounts receivable and other assets)	5,694,590	5,627,411	1,475,426
Due to shareholders (Note 12)	361,314	361,314	361,314
Due to related parties (Note 12)	107,925	14,160	72,984
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Fiduciary assets of related parties managed by the Group (note 16)	16,666,727	16,481,398	24,368,158
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		Three months ended 31 March 2022 (Unaudited) KD	Three months ended 31 March 2021 (Unaudited) KD
Transactions included in the interim condensed consolidated statement of profit or loss			
Income from instalment credit debtors		2,802	3,451
Revenue from contracts with customers		11,112	8,477
Rental Income		3,488	8,688
Interest income		77,302	62,383
General and administrative expenses		90,770	43,337
<hr/>			
Key management compensation:			
Salaries and other short-term benefits		542,275	372,653
End of service benefits		15,698	15,234
		557,973	387,887
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19 Fair value measurement

19.1 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:

Notes to the interim condensed consolidated financial information (continued)

19 Fair value measurement (continued)

19.1 Fair value measurement of financial instruments (continued)

	31 March 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	31 March 2021 (Unaudited) KD
Financial assets:			
<i>At amortised cost:</i>			
Cash and cash equivalents	7,959,898	11,507,246	6,347,758
Restricted cash and cash equivalents	-	-	1,726,544
Instalments credit debtors	572,969	962,324	622,759
Accounts receivable and other assets	10,085,249	10,917,259	6,004,812
<i>At fair value:</i>			
Financial assets at fair value through profit or loss	20,251,148	17,347,526	12,984,869
Financial assets at fair value through other comprehensive income	142,634,520	116,855,376	92,766,014
Total	181,503,784	157,589,731	120,452,756
Financial liabilities:			
<i>At amortised cost:</i>			
Accounts payable and other liabilities	7,908,754	7,848,074	7,281,568
Term loans	5,707,734	5,706,334	9,975,400
Murabaha payable	15,749,000	15,749,000	12,420,072
Provision for employees' end of service benefits	1,638,580	1,592,944	1,513,226
Total	31,004,068	30,896,352	31,190,266

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

19.2 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.

19.3 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).

Notes to the interim condensed consolidated financial information (continued)

19 Fair value measurement (continued)

19.3 Fair value hierarchy (continued)

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:

31 March 2022 (Unaudited)

	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
Financial assets at fair value through profit or loss:				
Local quoted shares	1,021,414	-	-	1,021,414
Foreign quoted shares	570,867	-	-	570,867
Foreign unquoted shares	-	-	2,725,283	2,725,283
Investment in managed portfolios	13,617,927	-	-	13,617,927
Investment in managed funds	-	2,315,657	-	2,315,657
Financial assets at fair value through other comprehensive income:				
Local quoted shares	85,729,939	-	-	85,729,939
Local unquoted shares	-	-	5,645,530	5,645,530
Foreign unquoted shares	-	-	40,276,564	40,276,564
Investment in managed portfolios	7,523,516	-	-	7,523,516
Debt instruments	-	-	3,132,231	3,132,231
Investment funds	-	326,740	-	326,740
	108,463,663	2,642,397	51,779,608	162,885,668

31 December 2021 (Audited)

Financial assets at fair value through profit or loss:				
Local quoted shares	923,451	-	-	923,451
Foreign quoted shares	490,502	-	-	490,502
Foreign unquoted shares	-	-	2,397,198	2,397,198
Investment in managed portfolios	11,987,591	-	-	11,987,591
Investment in managed fund	-	1,548,784	-	1,548,784
Financial assets at fair value through other comprehensive income:				
Local quoted shares	65,064,353	-	-	65,064,353
Local unquoted shares	-	-	5,645,531	5,645,531
Foreign unquoted shares	-	-	35,344,992	35,344,992
Investment in managed portfolios	7,605,180	-	-	7,605,180
Debit instruments	-	-	3,132,230	3,132,230
Investment funds	-	63,090	-	63,090
	86,071,077	1,611,874	46,519,951	134,202,902

Notes to the interim condensed consolidated financial information (continued)

19 Fair value measurement (continued)

19.3 Fair value hierarchy (continued)

31 March 2021 (Unaudited)

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Financial assets at fair value through profit or loss:				
Local quoted shares	711,134	-	-	711,134
Foreign quoted shares	328,167	-	-	328,167
Foreign unquoted shares	-	-	1,767,363	1,767,363
Investment in managed portfolios	9,547,255	-	-	9,547,255
Investment in managed funds	-	630,950	-	630,950
Financial assets at fair value through other comprehensive income:				
Local quoted shares	37,217,660	-	-	37,217,660
Local unquoted shares	-	-	4,989,670	4,989,670
Foreign unquoted shares	-	-	41,236,352	41,236,352
Investment in managed portfolios	6,408,903	-	-	6,408,903
Debt instruments	-	-	2,817,187	2,817,187
Investment in managed fund	-	96,242	-	96,242
	54,213,119	727,192	50,810,572	105,750,883

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.

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.

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:

Notes to the interim condensed consolidated financial information (continued)

19 Fair value measurement (continued)

19.3 Fair value hierarchy (continued)

Level 3 fair value measurement (continued)

	31 March 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	31 March 2021 (Unaudited) KD
Opening balance	46,519,950	48,170,275	48,170,275
Purchases	5,101,778	11,614,304	5,577,870
Sales	(463,719)	(11,324,733)	(3,521,927)
Change in fair value	621,599	(1,939,895)	584,354
Closing balance	51,779,608	46,519,951	50,810,572

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, 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%.

20 Capital commitments

At the date of the interim condensed consolidated statement of financial position, the Group had capital commitments amounting to KD 282,396 (31 December 2021 and 31 March 2021: KD282,396) for real estate under development.

21 Annual general assembly and proposed dividends

The annual general assembly for the year ended 31 December 2021 was not held until the date of approval of this interim condensed consolidated financial information. Accordingly, the consolidated financial statements for the year ended 31 December 2021 were not approved yet. The interim condensed consolidated financial information for the three-month period ended 31 March 2022 does not include any adjustments that would be required in case the general assembly did not approve the consolidated financial statements for the year ended 31 December 2021. The Parent Company's board of directors propose to distribute a cash dividend of 2.5 Fils per share and 3.5% bonus shares for the financial year ended 31 December 2021 (2020: no dividend).

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