



**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**

31 March 2024 (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 2024 and the related interim condensed consolidated statements of profit or loss and 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 2024 that might have had a material effect on the business or financial position of the Parent Company.



**Report on Review of Interim Condensed Consolidated Financial Information of  
Arzan Financial Group for Financing and Investment - KPSC (continued)**

**Report on review of other legal and regulatory requirements (continued)**

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 2024 that might have had a material effect on the business or financial position of the Parent Company.

A handwritten signature in blue ink, appearing to read 'Abdullatif M. Al-Aiban'.

Abdullatif M. Al-Aiban (CPA)

(Licence No. 94-A)

of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Kuwait

5 May 2024

## Interim condensed consolidated statement of profit or loss

	Notes	Three months ended 31 March 2024 (Unaudited) KD	Three months ended 31 March 2023 (Unaudited) KD
<b>Income</b>			
Income from instalment credit debtors		80,360	112,088
Revenue from contracts with customers		591,982	403,864
Realised profit from instalment sales		345,293	197,073
Rental income		58,294	57,659
Interest income		125,191	142,065
Gain on sale of financial assets at fair value through profit or loss		188,694	82,814
Change in fair value of financial assets at fair value through profit or loss		1,775,350	(57,645)
Share of results of associates	11	853,698	225,331
Dividends income		391,765	418,360
Profit on foreign currency exchange	5.1	1,144,620	1,034,799
Other income		88,992	60,163
Reversal of provision for credit losses of restricted cash and cash equivalents	7.2	317,375	3,004,697
Reversal of provision for instalment credit debtors - net	8.3	28,774	189,681
		<b>5,990,388</b>	<b>5,870,949</b>
<b>Expenses and other charges</b>			
Staff costs		(725,362)	(781,694)
General and administrative expenses		(443,311)	(419,210)
Finance costs		(457,139)	(406,121)
Depreciation		(53,152)	(54,028)
Provision for doubtful debts - net		(283,046)	(98,199)
		<b>(1,962,010)</b>	<b>(1,759,252)</b>
<b>Profit for the period before provisions for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST) and Zakat</b>			
		<b>4,028,378</b>	<b>4,111,697</b>
Provision for KFAS		(26,985)	(33,170)
Provision for NLST		(60,959)	(103,888)
Provision for Zakat		(16,719)	(39,304)
<b>Profit for the period</b>		<b>3,923,715</b>	<b>3,935,335</b>
<b>Attributable to:</b>			
Owners of the Parent Company		3,781,260	3,768,402
Non-controlling interests		142,455	166,933
<b>Profit for the period</b>		<b>3,923,715</b>	<b>3,935,335</b>
<b>Basic earnings per share attributable to the owners of the Parent Company (Fils)</b>			
	6	4.643	4.703
<b>Diluted earnings per share attributable to the owners of the Parent Company (Fils)</b>			
	6	4.634	4.694

The notes set out on pages 9 to 25 form an integral part of this interim condensed consolidated financial information.

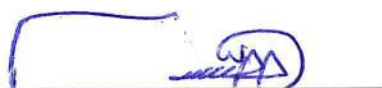
## Interim condensed consolidated statement of profit or loss and other comprehensive income

	Three months ended 31 March 2024 (Unaudited) KD	Three months ended 31 March 2023 (Unaudited) KD
Profit for the period	3,923,715	3,935,335
<b><i>Other comprehensive income/ (loss):</i></b>		
<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	26,710,364	(7,075,197)
Share of other comprehensive income/ (loss) of associates (Note 11)	265,272	(149,242)
<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	(20,713)	(347,536)
Exchange differences arising on translation of foreign operations (Note 5.1)	(1,613,001)	(4,478,361)
<b>Total other comprehensive income/ (loss) for the period</b>	<b>25,341,922</b>	<b>(12,050,336)</b>
<b>Total comprehensive income/ (loss) for the period</b>	<b>29,265,637</b>	<b>(8,115,001)</b>
<b>Attributable to:</b>		
Owners of the Parent Company	21,125,860	(5,228,185)
Non-controlling interests	8,139,777	(2,886,816)
<b>Total comprehensive income/ (loss) for the period</b>	<b>29,265,637</b>	<b>(8,115,001)</b>

*The notes set out on pages 9 to 25 form an integral part of this interim condensed consolidated financial information.*

## Interim condensed consolidated statement of financial position

	Notes	31 March 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 2023 (Unaudited) KD
<b>Assets</b>				
Cash and cash equivalents	7.1	4,619,460	6,764,437	8,339,123
Term deposits	7.1	563,639	562,170	-
Instalment credit debtors	8	936,471	864,120	818,592
Financial assets at fair value through profit or loss	9	23,570,490	21,858,181	21,832,588
Accounts receivable and other assets		8,254,799	7,805,421	8,261,352
Properties held for trading		1,416,362	1,419,575	1,308,298
Financial assets at fair value through other comprehensive income	10	161,562,049	133,660,668	108,055,882
Investment in associates	11	32,348,724	31,229,754	31,755,576
Properties under development		1,777,282	2,208,564	1,800,371
Investment properties		1,346,819	1,361,504	1,405,559
Property and equipment		1,962,967	1,925,924	1,961,076
<b>Total assets</b>		<b>238,359,062</b>	<b>209,660,318</b>	<b>185,538,417</b>
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Accounts payable and other liabilities	12	9,814,421	11,011,933	7,027,718
Term loans	13	11,372,834	10,592,834	13,637,634
Murabaha payables	14	14,332,400	14,332,400	15,040,700
Provision for employees' end of service benefits		1,822,237	1,800,158	1,688,604
<b>Total liabilities</b>		<b>37,341,892</b>	<b>37,737,325</b>	<b>37,394,656</b>
<b>Equity</b>				
Share capital	15	83,098,345	83,098,345	83,098,345
Share premium		9,355,213	9,355,213	9,355,213
Treasury shares	16	(1,644,482)	(1,509,861)	(2,801,733)
Treasury shares reserve		282,455	282,455	-
Statutory reserve		2,698,457	2,698,457	1,976,500
Voluntary reserve		1,541,623	1,541,623	819,666
Share based payments reserve		133,296	133,296	93,090
Foreign currency translation reserve	5.1	(6,304,276)	(4,730,933)	(4,746,917)
Fair value reserve		52,892,042	33,955,998	11,805,787
Retained earnings		10,723,461	6,960,302	10,121,942
<b>Total equity attributable to the owners of the Parent Company</b>		<b>152,776,134</b>	<b>131,784,895</b>	<b>109,721,893</b>
Non-controlling interests		48,241,036	40,138,098	38,421,868
<b>Total equity</b>		<b>201,017,170</b>	<b>171,922,993</b>	<b>148,143,761</b>
<b>Total liabilities and equity</b>		<b>238,359,062</b>	<b>209,660,318</b>	<b>185,538,417</b>



Jassem Hasan Zainal  
Vice chairman and CEO

The notes set out on pages 9 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	Treasury shares reserve 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 2023 (Audited)	83,098,345	9,355,213	(1,509,861)	282,455	2,698,457	1,541,623	133,296	(4,730,933)	33,955,998	6,960,302	131,784,895	40,138,098	171,922,993
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(37,618)	(37,618)
Purchase of treasury shares	-	-	(134,621)	-	-	-	-	-	-	-	(134,621)	-	(134,621)
Net movement to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	779	779
Transactions with owners	-	-	(134,621)	-	-	-	-	-	-	-	(134,621)	(36,839)	(171,460)
Profit for the period	-	-	-	-	-	-	-	-	-	3,781,260	3,781,260	142,455	3,923,715
Other comprehensive (loss)/income for the period	-	-	-	-	-	-	-	(1,573,343)	18,917,943	-	17,344,600	7,997,322	25,341,922
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	-	(1,573,343)	18,917,943	3,781,260	21,125,860	8,139,777	29,265,637
Loss on sale of financial assets at FVTOCI	-	-	-	-	-	-	-	-	18,101	(18,101)	-	-	-
Balance at 31 March 2024 (Unaudited)	83,098,345	9,355,213	(1,644,482)	282,455	2,698,457	1,541,623	133,296	(6,304,276)	52,892,042	10,723,461	152,776,134	48,241,036	201,017,170

The notes set out on pages 9 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 payments reserve KD	Foreign currency translation reserve KD	Fair value reserve KD	Retained earnings KD	Sub-Total KD	Non- controlling interests KD	
<b>Balance at 31 December 2022 (Audited)</b>	83,098,345	9,355,213	(2,535,238)	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	-	-	-	-	-	-	-	-	-	-	(49,552)	(49,552)
Purchase of treasury shares	-	-	(265,495)	-	-	-	-	-	-	(265,495)	-	(265,495)
Net movement to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(28,370)	(28,370)
Transactions with owners	-	-	(265,495)	-	-	-	-	-	-	(265,495)	(77,922)	(343,417)
Profit for the period	-	-	-	-	-	-	-	-	3,768,402	3,768,402	166,933	3,935,335
Other comprehensive loss for the period	-	-	-	-	-	-	(4,464,877)	(4,531,710)	-	(8,996,587)	(3,053,749)	(12,050,335)
Total comprehensive (loss)/ income for the period	-	-	-	-	-	-	(4,464,877)	(4,531,710)	3,768,402	(5,228,185)	(2,886,816)	(8,115,001)
Profit on sale of financial assets at FVTOCI	-	-	-	-	-	-	-	(8,486)	8,486	-	-	-
<b>Balance at 31 March 2023 (Unaudited)</b>	83,098,345	9,355,213	(2,801,733)	1,976,500	819,666	93,090	(4,746,917)	11,805,787	10,121,942	109,721,893	38,421,868	148,143,761

*The notes set out on pages 9 to 25 form an integral part of this interim condensed consolidated financial information.*

## Interim condensed consolidated statement of cash flows

	Notes	Three months ended 31 March 2024 (Unaudited) KD	Three months ended 31 March 2023 (Unaudited) KD
<b>Operating activities</b>			
Profit for the period		3,923,715	3,935,335
<b>Adjustments:</b>			
Interest income		(125,191)	(142,065)
Dividends income		(391,765)	(418,360)
Share of results of associates	11	(853,698)	(225,331)
Reversal of provision for credit losses for restricted cash and cash equivalents	7.2	(317,375)	(3,004,697)
Reversal of provision for instalment credit debtors – Net	8.3	(28,774)	(189,661)
Depreciation		53,152	54,028
Finance costs		457,139	406,121
Provision for doubtful debts - net		283,046	98,199
Provision for employees' end of service benefits		62,855	46,436
		3,063,104	559,985
<b>Changes in operating assets and liabilities:</b>			
Instalment credit debtors		(43,577)	46,692
Financial assets at fair value through profit or loss		(1,712,309)	(26,728)
Accounts receivable and other assets		(688,012)	212,158
Accounts payable and other liabilities		(1,212,048)	419,914
<b>Net cash (used in)/ from operating activities</b>		<b>(592,842)</b>	<b>1,212,021</b>
<b>Investing activities</b>			
Purchase of property and equipment		(17,316)	(26,603)
Purchase of financial assets at FVTOCI		(1,960,343)	(2,758,565)
Proceeds from sale of financial assets at FVTOCI		830,584	2,150,512
Additions to properties under development		(19,321)	(56,000)
Restricted cash and cash equivalents	7.2	317,375	3,004,697
Dividend income received		391,765	418,360
Interest income received		80,779	48,032
<b>Net cash (used in)/ from investing activities</b>		<b>(376,477)</b>	<b>2,780,433</b>
<b>Financing activities</b>			
Term loans obtained		780,000	-
Finance costs paid		(442,602)	(363,614)
Dividends paid to controlling interests		(37,618)	(49,552)
Dividends paid to shareholders		(4,608)	-
Net movement to non-controlling interests		779	(28,370)
Purchase of treasury shares		(134,621)	(265,495)
<b>Net cash from/ (used in) financing activities</b>		<b>161,330</b>	<b>(707,031)</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>(807,989)</b>	<b>3,285,423</b>
Foreign currency adjustments		(1,336,989)	(4,381,852)
Cash and cash equivalents at beginning of the period	7.1	6,764,437	9,435,552
<b>Cash and cash equivalents at end of the period</b>	7.1	<b>4,619,460</b>	<b>8,339,123</b>

The notes set out on pages 9 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 three-month period ended 31 March 2024 was authorized for issue by the Parent Company's board of directors on 5 May 2024.

### 2 Basis of presentation

The interim condensed consolidated financial information of the Group for the three-month period ended 31 March 2024 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

The annual consolidated financial statements for the year ended 31 December 2023 were prepared in accordance with the IFRS Accounting Standards ("IFRS Accounting Standards") as issued by the International Accounting Standards Board ("IASB"), 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 IFRS Accounting Standards for such institutions except for the IFRS 9 requirement for estimated credit losses ("ECL") for loans and receivables, which has been replaced by the CBK requirement for the ECL to be measured at the higher of the ECL on credit facilities computed under IFRS 9 under CBK guidelines and the provision required under CBK instructions, and the consequent impact on the related disclosures.

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 IFRS Accounting 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 three-month period ended 31 March 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024. For further details, refer to the consolidated financial statements and its related disclosures for the year ended 31 December 2023.

### 3 Changes in accounting policies

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 2023, except for the adoption of the new and amended IFRS Accounting Standards effective as of 1 January 2024 as described in Note 3.1. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

## Notes to the interim condensed consolidated financial information (continued)

### 3 Changes in accounting policies (continued)

#### 3.1 New and amended IFRS Accounting Standards adopted by the Group

The following new IFRS Accounting Standards or amendments to existing IFRS Accounting Standards were effective for the current period.

<i>Description</i>	<i>Effective for annual periods beginning</i>
IAS 1 Amendments - Classification of liabilities with debt covenants	1 January 2024
IAS 1 Amendments - Classification of liabilities as current or non-current	1 January 2024
IAS 7 and IFRS 7 Supplier finance arrangement disclosures	1 January 2024
IFRS 16 Amendments - Lease liability in a sale and leaseback	1 January 2024

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

#### **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.

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

#### **IAS 7 and IFRS 7 Amendments – Supplier finance arrangements**

The amendments to IAS 7 and IFRS 7 added disclosure objectives to IAS 7 to enable the users of the financial statements to assess how the supplier finance arrangements effect an entity's liabilities and cash flows, and to understand the effect of these arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it. While the amendments do not explicitly define supplier finance arrangements it instead describes characteristics of such arrangements.

To meet the disclosure objectives, an entity is required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance provider
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- Liquidity risk information

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

## Notes to the interim condensed consolidated financial information (continued)

### 3 Changes in accounting policies (continued)

#### 3.1 New and amended IFRS Accounting Standards adopted by the Group (continued)

##### IFRS 16 Amendments – Lease liability in a sale and leaseback

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.

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

### 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 2023.

### 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. 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)

Due to the recent devaluation of the official rate of exchange of the Lebanese Pound (LP) from LP 15,030 = 1 USD as of 31 December 2023 to LP 89,550 = 1 USD as of 31 March 2024, foreign currency translation differences resulting from translating the subsidiary assets and liabilities to Kuwaiti Dinars as a result of consolidating the financial statements resulted in currency devaluation of KD1,369,334 as at 31 March 2024 recognized in the equity.

On the other hand, certain assets in that same subsidiary decreased in value when converted to Kuwaiti Dinars (mainly: restricted cash and cash equivalents in Lebanese Pounds), which were previously fully provided for (total provision of KD 6,420,471 was recognized at that time and accumulated at the consolidation level). This decrease in value, resulted in decrease in the provision balance against these assets. This decrease in provision, amounting to KD317,375 was recognized as “reversal of provision for credit losses of restricted cash and cash equivalents” during the period to match the assets balance of the Lebanese subsidiary to the provision amount against them (31 December 2023: reversal of a provision of KD2,986,753 and 31 March 2023: reversal of provision of KD3,004,697) (refer Note 7.2.1).

Furthermore, and because the subsidiary in Lebanon holds monetary assets (mainly: 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 KD1,228,853 (31 December 2023: gain of KD1,222,843 and 31 March 2023: gain of KD1,261,806) recognized in the interim condensed consolidated statement of profit or loss for the period.

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 2024 is set out below:

	31 March 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 2023 (Unaudited) KD
Properties held for trading	456,705	459,918	459,306
Financial assets at FVOCI	304,470	306,612	306,204
Other assets	43,916	66,187	53,026
<b>Total assets</b>	<b>805,091</b>	<b>832,717</b>	<b>818,536</b>
Accounts payable and other liabilities	238,075	440,509	313,592
<b>Total liabilities</b>	<b>238,075</b>	<b>440,509</b>	<b>313,592</b>
		Three months ended 31 March 2024 (Unaudited) KD	Three months ended 31 March 2023 (Unaudited) KD
Income from instalment credit		1,395	67,932
<b>Profit for the period</b>		<b>1,550,929</b>	<b>1,255,774</b>

## Notes to the interim condensed consolidated financial information (continued)

### 5 Subsidiaries (continued)

5.2 During the period, the Parent Company's management changed the legal entity of the subsidiary; Al-Addan Real Estate Company; from single person company to a limited liability company. Subsequent to the date of the interim condensed consolidated financial information, Al-Addan Real Estate Company's extraordinary general assembly held and approved to increase the Company's share capital from KD 1,250,000 to KD 13,750,000 by transferring an amount of KD 12,500,000 through entry of new partners including a related party. As a result, the Parent Company's ownership interest declined to 9%, leading to a loss of control over the subsidiary.

#### 5.3 Establishment of new subsidiary

During the period, the Group contributed to the establishment of a new subsidiary; i.e. Fairway Kuwaiti Limited Company for Administrative Consultations W.L.L, in the State of Kuwait with a share capital of KD 1,000, in which the Group holds a 51% stake. The principal activity of the new subsidiary is consulting.

### 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 31 March 2024 (Unaudited)	Three months ended 31 March 2023 (Unaudited)
Profit for the period attributable to the owners of the Parent Company (KD)	3,781,260	3,768,402
Weighted average number of shares outstanding during the period to be used to account for basic earnings per share (excluding treasury shares)	814,350,893	801,218,498
Shares to be used of treasury shares for no consideration under share-based payments	1,671,794	1,581,320
Weighted average number of shares outstanding during the period to be used to account for diluted earnings per share (excluding treasury shares)	816,022,687	802,799,818
Basic earnings per share attributable to the owners of the Parent Company (Fils)	4.643	4.703
Diluted earnings per share attributable to the owners of the Parent Company (Fils)	4.634	4.694



## Notes to the interim condensed consolidated financial information (continued)

### 7 Cash and cash equivalents

#### 7.1 Cash and cash equivalents

	31 March 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 2023 (Unaudited) KD
Cash and bank balances	4,467,714	6,558,432	7,035,202
Cash in managed portfolios	65,032	206,005	370,392
Total cash and bank balances	4,532,746	6,764,437	7,405,594
Term deposits with contractual maturity not exceeding three months	86,714	-	933,529
Term deposits with contractual maturity exceeding three months	563,639	562,170	-
Total term deposits	650,353	562,170	933,529
	5,183,099	7,326,607	8,339,123
Less: Term deposits with contractual maturity exceeding three months	(563,639)	(562,170)	-
Cash and cash equivalent as per the consolidated statement of cash flows	4,619,460	6,764,437	8,339,123

Cash in managed portfolios includes an amount of KD 24,144 (31 December 2023: KD 138,926 and 31 March 2023: KD 24,188) pledged against term loans (Note 13) and murabaha payables (Note 14).

#### 7.2 Restricted cash and cash equivalents

	31 March 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 2023 (Unaudited) KD
Cash and bank balances	155,474	461,669	439,534
Term deposits with contractual maturity not exceeding three months	2,951,334	2,971,785	2,974,756
	3,106,808	3,433,454	3,414,290
Provision for credit losses (7.2.1 below)	(3,106,808)	(3,433,454)	(3,414,290)
Restricted cash and cash equivalents	-	-	-

7.2.1 Restricted cash and cash equivalents include balances deposited in a bank located in Lebanon. 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. The balance of cash and cash equivalents restricted in Lebanon was decreased and the Group recognised reversal of a provision for credit losses of KD317,375 (31 December 2023: reversal of a provision of KD2,986,753 and 31 March 2023: reversal of a provision of KD 3,004,697) against these restricted cash and cash equivalents of its subsidiary "IFC Lebanon" (Note 5.1).

7.3 The term deposits carry an effective interest rate ranging from 6.25% to 6.6% (31 December 2023: 6.25% to 6.6% and 31 March 2023: 4% to 5.50%) per annum.

## Notes to the interim condensed consolidated financial information (continued)

### 8 Instalment credit debtors

	31 March 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 2023 (Unaudited) KD
Gross instalment credit debtors	3,675,436	3,673,559	3,839,609
Deferred income	(261,302)	(266,790)	(295,813)
	3,414,134	3,406,769	3,543,796
Specific provision for credit losses	(2,450,984)	(2,500,781)	(2,599,664)
General provision for credit losses	(26,679)	(41,866)	(125,540)
	936,471	864,120	818,592

8.1 Gross instalment credit debtors are due as follows:

	31 March 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 2023 (Unaudited) KD
Within one year	3,118,673	3,010,266	1,354,115
More than a year	556,763	663,273	2,485,494
	3,675,436	3,673,559	3,839,609

8.2 The effective interest rate earned on instalment credit debtors ranged from 5.0% to 10.0% (31 December 2023: 5.0% to 10.0% and 31 March 2023: 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. During the period, the Group reversed a provision for net amount of KD 28,774 (31 March 2023: reversal of a provision for net amount of KD 189,681).

### 9 Financial assets at fair value through profit or loss

	31 March 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 2023 (Unaudited) KD
Local quoted shares	273,178	14,456	1,089,104
Foreign quoted shares	636,927	576,071	656,113
Foreign unquoted shares	7,737,689	7,722,472	6,913,452
Investment in managed portfolios	13,238,515	11,878,795	11,104,481
Investments in managed funds	1,684,181	1,666,387	2,069,438
	23,570,490	21,858,161	21,832,588

9.1 Investments in managed portfolio with fair value of KD13,193,462 (31 December 2023: KD11,232,409 and 31 March 2023: KD 10,408,675), which include cash balances, are pledged against the term loans and murabaha payable (Notes 13 & 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 20.3

## Notes to the interim condensed consolidated financial information (continued)

### 10 Financial assets at fair value through other comprehensive income

	31 March 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 2023 (Unaudited) KD
Local quoted shares (see 10.1 below)	69,353,085	50,842,369	48,055,856
Local unquoted shares	6,761,503	6,797,171	5,685,404
Foreign unquoted shares	47,777,695	47,507,688	46,946,144
Investment in managed portfolios	35,606,305	26,464,354	4,714,286
Debt instruments	1,746,368	1,729,851	2,317,699
Investment funds	317,093	319,235	336,493
	<b>161,562,049</b>	<b>133,660,668</b>	<b>108,055,882</b>

10.1 The Group's investments in local quoted shares include investment in a local listed company (Boursa Kuwait Securities Company – KPSC). During the period, the restrictions on sale of this investment have been removed. Accordingly, the Group has discontinued applying the discount on the above quoted bid price when determining its fair value. This investment was estimated at the fair value without applying any discount as at 31 March 2024 (31 December 2023: a discount of KD 7,376,031 and 31 March 2023: a discount of KD 10,355,368).

10.2 Debt instruments amounting to KD 1,276,781 (31 December 2023: KD 1,193,254 and 31 March 2023: KD 1,193,328) are secured by a mortgage of properties and carry average interest rate at 7% (31 December 2023 and 31 March 2023: 7%) per annum.

10.3 Local quoted shares and investments in managed portfolios with an aggregate carrying value of KD 41,522,023 (31 December 2023: KD30,977,633 and 31 March 2023: KD 7,857,940) are pledged against term loans (Note 13) and murabaha payable (Note 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 20.3.

### 11 Investment in associates

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

	31 March 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 2023 (Unaudited) KD
Balance at the beginning of the period/year	31,229,754	31,679,487	31,679,487
Share of results	853,698	1,536,879	225,331
Dividends received	-	(1,776,374)	-
Share of other comprehensive income/ (loss)	265,272	(210,238)	(149,242)
Balance at the end of the period/ year	<b>32,348,724</b>	<b>31,229,754</b>	<b>31,755,576</b>

a) Investment in associates with a carrying value of KD 17,147,693 (31 December 2023: KD 16,454,758 and 31 March 2023: KD 14,676,483) is pledged against term loans (Note 13) and Murabaha payable (Note 14).

## Notes to the interim condensed consolidated financial information (continued)

### 12 Accounts payable and other liabilities

	31 March 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 2023 (Unaudited) KD
Accounts payable	141,807	153,759	252,378
Due to related parties (note 19)	2,823,919	2,814,160	326,217
Other payables	2,778,332	3,974,142	2,217,607
Lease liabilities	74,842	318	11,247
Accrued interests	180,000	165,462	147,661
Provision for staff leaves	333,330	302,491	339,788
KFAS payable	253,787	242,379	259,972
NLST and Zakat payable	2,724,744	2,850,954	2,824,747
Due to portfolio manager	-	-	144,583
Due to shareholders (Note 19)	503,660	508,268	503,518
	<b>9,814,421</b>	<b>11,011,933</b>	<b>7,027,718</b>

### 13 Term loans

Term loans are due for repayment as follows:

	31 March 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 2023 (Unaudited) KD
KD facilities	11,372,834	10,592,834	8,732,834
USD facility	-	-	4,904,800
	<b>11,372,834</b>	<b>10,592,834</b>	<b>13,637,634</b>
Due within one year	1,548,750	1,500,000	5,024,031
Due after one year	9,824,084	9,092,834	8,613,603

During 2022, 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 2023 and 31 March 2023: 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% of the outstanding balance, being the final installment, is payable on 2 January 2027. During the period, the Parent Company withdrew an amount of KD 780,000 from these facilities.

The outstanding balance of total facilities as at 31 March 2024 amounted to KD 9,872,834.

Furthermore, during the previous year, the Parent Company has signed an agreement with a Kuwaiti bank to obtain Kuwaiti Dinar facilities in the form of a revolving loan, whereby the maximum loan limit is KD 1,500,000. The facilities carry an interest rate of 1.625% per annum above the CBK discount rate, and repayable on 31 December 2024.

Kuwaiti Dinar facilities are secured against mortgage of cash in managed portfolios (Note 7), financial assets at FVPL (Note 9), financial assets at FVOCI (Note 10) and investment in associates (Note 11).

## Notes to the interim condensed consolidated financial information (continued)

### 14 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% - 5.75% (31 December 2023: 5% - 5.75% and 31 March 2023: 5% - 5.5%) 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 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 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 2023 (Unaudited) KD
Within one year	2,291,300	2,291,300	2,291,300
After one year	12,041,100	12,041,100	12,748,400
	<b>14,332,400</b>	<b>14,332,400</b>	<b>15,040,700</b>

### 15 Share Capital

As of 31 March 2024, the authorized, issued and paid up share capital of the Parent Company consists of 830,983,445 shares of 100 fils each (31 December 2023 and 31 March 2023: 830,983,445 shares of 100 fils each). All shares are in cash.

### 16 Treasury shares

	31 March 2024 (Unaudited)	31 Dec. 2023 (Audited)	31 March 2023 (Unaudited)
Number of treasury shares	17,096,389	16,477,907	30,959,747
Percentage of ownership	2.057%	1.983%	3.726%
Market value (KD)	3,265,410	3,410,927	3,250,773
Cost (KD)	1,644,482	1,509,861	2,801,733

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

### 17 Fiduciary Assets

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 57,453,228 (31 December 2023: KD 51,993,107 and 31 March 2023: KD 34,458,104) out of which, assets amounting to KD 36,966,194 are managed on behalf of Group's related parties (31 December 2023: KD 30,008,099 and 31 March 2023: KD 19,291,199).

## Notes to the interim condensed consolidated financial information (continued)

### 18 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
<b>Three months ended 31 March 2024</b>					
Total revenues	820,517	4,894,626	192,804	82,441	5,990,388
Profit for the period	669,045	3,116,621	93,122	44,927	3,923,715
<b>As at 31 March 2024</b>					
Total assets	1,255,846	220,897,360	11,297,716	4,908,140	238,359,062
Total liabilities	(438,634)	(35,651,282)	(550,849)	(701,127)	(37,341,892)
Net assets	817,212	185,246,078	10,746,867	4,207,013	201,017,170
<b>Three months ended 31 March 2023</b>					
Total revenues	3,560,695	2,040,180	182,754	87,310	5,670,949
Profit for the period	3,214,591	619,035	56,825	44,884	3,935,335
<b>As at 31 March 2023</b>					
Total assets	977,495	167,027,080	12,369,763	5,164,079	185,538,417
Total liabilities	(363,122)	(35,870,542)	(767,794)	(393,198)	(37,394,656)
Net assets	614,373	131,156,538	11,601,969	4,770,881	148,143,761

### 19 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.

## Notes to the interim condensed consolidated financial information (continued)

### 19 Related party balances and transactions (continued)

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

	31 March 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 2023 (Unaudited) KD
<b>Balances included in the interim condensed consolidated statement of financial position</b>			
Margin finance receivable (included in accounts receivable and other assets)	653,672	503,503	503,397
Due from related parties (included in accounts receivable and other assets)	1,625,822	1,553,886	3,540,346
Due to shareholders (Note 12)	503,660	508,268	503,518
Due to related parties (Note 12) – see below	2,823,919	2,814,160	326,217
<hr/>			
Fiduciary assets of related parties managed by the Group (Note 17)	36,966,194	30,008,099	19,291,199

During the previous year, a subsidiary received USD8,000,000 (equivalent to KD2,459,200) under two sale and repurchase agreements for certain unquoted foreign shares with related parties at an interest rate at 9.5% per annum and repayable within 360 days. The amount is included under due to related parties stated above.

	Three months ended 31 March 2024 (Unaudited) KD	Three months ended 31 March 2023 (Unaudited) KD
<b>Transactions included in the interim condensed consolidated statement of profit or loss</b>		
Revenue from contracts with customers	52,757	26,906
Rental income	29,999	8,688
Interest income	54,866	75,482
General and administrative expenses	101,138	74,840
Finance costs	58,406	-
<hr/>		
<b>Key management compensation:</b>		
Salaries and other short-term benefits	269,144	137,798
End of service benefits	15,794	16,195
	284,938	153,993

## Notes to the interim condensed consolidated financial information (continued)

### 20 Fair value measurement

#### 20.1 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:

	31 March 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 2023 (Unaudited) KD
<b>Financial assets:</b>			
<b>At amortised cost:</b>			
Cash and cash equivalents	4,619,460	6,784,437	8,339,123
Term deposits	563,639	562,170	-
Instalments credit debtors	936,471	864,120	818,592
Accounts receivable and other assets	8,254,799	7,805,421	8,261,352
<b>At fair value:</b>			
Financial assets at fair value through profit or loss	23,570,490	21,858,181	21,832,588
Financial assets at fair value through other comprehensive income	161,562,049	133,660,668	108,055,882
	<b>199,506,908</b>	<b>171,511,997</b>	<b>147,307,537</b>
<b>Financial liabilities:</b>			
<b>At amortised cost:</b>			
Accounts payable and other liabilities	9,814,421	11,011,933	7,027,718
Term loans	11,372,834	10,592,834	13,637,634
Murabaha payable	14,332,400	14,332,400	15,040,700
Provision for employees' end of service benefits	1,822,237	1,800,158	1,688,604
	<b>37,341,892</b>	<b>37,737,325</b>	<b>37,394,656</b>

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

#### 20.2 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.

#### 20.3 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.



## Notes to the interim condensed consolidated financial information (continued)

### 20 Fair value measurement (continued)

#### 20.3 Fair value hierarchy (continued)

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 2024 (Unaudited)	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
<b>Financial assets at FVPL:</b>				
Local quoted shares	273,178	-	-	273,178
Foreign quoted shares	636,927	-	-	636,927
Foreign unquoted shares	-	-	7,737,689	7,737,689
Investment in managed portfolios	13,238,515	-	-	13,238,515
Investment in managed funds	-	1,684,181	-	1,684,181
<b>Financial assets at FVOCI:</b>				
Local quoted shares	69,353,085	-	-	69,353,085
Local unquoted shares	-	-	6,761,503	6,761,503
Foreign unquoted shares	-	-	47,777,695	47,777,695
Investment in managed portfolios	35,606,305	-	-	35,606,305
Debt instruments	-	-	1,746,368	1,746,368
Investment funds	-	317,093	-	317,093
	119,108,010	2,001,274	64,023,255	185,132,539
<b>31 December 2023 (Audited)</b>				
<b>Financial assets at FVPL:</b>				
Local quoted shares	14,456	-	-	14,456
Foreign quoted shares	576,071	-	-	576,071
Foreign unquoted shares	-	-	7,722,472	7,722,472
Investment in managed portfolios	11,878,795	-	-	11,878,795
Investments in managed funds	-	1,666,387	-	1,666,387
<b>Financial assets at FVOCI:</b>				
Local quoted shares	9,015,937	41,826,432	-	50,842,369
Local unquoted shares	-	-	6,797,171	6,797,171
Foreign unquoted shares	-	-	47,507,688	47,507,688
Investment in managed portfolios	26,464,354	-	-	26,464,354
Debit instruments	-	-	1,729,851	1,729,851
Investment funds	-	319,235	-	319,235
	47,949,813	43,812,054	63,757,182	155,518,849
<b>31 March 2023 (Unaudited)</b>				
<b>Financial assets at FVPL:</b>				
Local quoted shares	1,089,104	-	-	1,089,104
Foreign quoted shares	656,113	-	-	656,113
Foreign unquoted shares	-	-	6,913,452	6,913,452
Investment in managed portfolios	11,104,481	-	-	11,104,481
Investments in managed funds	-	2,069,438	-	2,069,438
<b>Financial assets at FVOCI:</b>				
Local quoted shares	6,634,382	41,421,474	-	48,055,856
Local unquoted shares	-	-	5,685,404	5,685,404
Foreign unquoted shares	-	-	46,946,144	46,946,144
Investment in managed portfolios	4,714,286	-	-	4,714,286
Debt instruments	-	-	2,317,699	2,317,699
Investment funds	-	336,493	-	336,493
	24,198,366	43,827,405	61,862,699	129,888,470

## Notes to the interim condensed consolidated financial information (continued)

### 20 Fair value measurement (continued)

#### 20.3 Fair value hierarchy (continued)

During the period, the Group's investment in Boursa Kuwait Securities Company - K.P.S.C was reclassified from Level 2 to Level 1 due to removal of restrictions imposed on sale of this investment (Note 10).

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:

	31 March 2024 (Unaudited) KD	31 Dec. 2023 (Audited) KD	31 March 2023 (Unaudited) KD
Opening balance	63,757,182	62,185,839	62,185,839
Purchases	1,839,723	5,838,772	2,771,930
Sales	(830,584)	(2,803,996)	(2,227,612)
Change in fair value	(743,066)	(1,463,433)	(867,458)
Closing balance	64,023,255	63,757,182	61,862,699

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)

### 21 Capital commitments

At the date of the interim condensed consolidated statement of financial position, the Group had capital commitments of KD 340,473 (31 December 2023: KD522,869 and 31 March 2023: KD37,098) for a property under development and capital commitments of KD71,710 (31 December 2023: KD71,558 and 31 March 2023: KD 90,394) for the investments in managed funds.

### 22 Annual ordinary general assembly

The annual general assembly for the year ended 31 December 2023 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 2023 were not approved yet. The interim condensed consolidated financial information for the three-month period ended 31 March 2024 does not include any adjustments that would be required in case of the general assembly did not approve the consolidated financial statements for the year ended 31 December 2023.

The Parent Company's board of directors proposed to distribute cash dividends of 2 Fils per share and 4% bonus shares to the Parent Company's shareholders through increasing the share capital for the year ended 31 December 2023.

### 23 Subsequent event

Subsequent to the date of the Group's interim condensed consolidated financial information, the Group was elected to be the board of directors' member of one of the companies in which the Group holds a 10.18% investment. This investment was classified at fair value through other comprehensive income prior to that election.

The Group's election and representation on the board of directors of that company has resulted in significant influence over its decisions, leading to the reclassification of this investment from financial assets at fair value through other comprehensive income to an investment in an associate. This requires a change in the accounting policy applied to the treatment of this investment from fair value through other comprehensive income in accordance with IFRS 9 to the equity method in accordance with IAS 28.

The financial impact of the reclassification stated above will be reflected in the Group's interim condensed consolidated financial information for the period ending 30 June 2024.