

Interim condensed consolidated financial information and review report

Gulf Investment House – KPSC and 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
Gulf Investment House – KPSC
Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Gulf Investment House KPSC (the “Parent Company”) and its subsidiaries (together “the Group”) as of 31 March 2022 and the related interim condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of 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 preparation 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.

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 violation 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 provision of law no 7 of 2010 concerning the Capital Market Authority and its related regulations during the three-months 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
15 May 2022

Interim condensed consolidated statement of profit or loss

	Note	Three months ended 31 March 2022 (Unaudited) KD	Three months ended 31 March 2021 (Unaudited) KD
Income			
Sale of Goods		1,555,781	1,251,219
Cost of sales		(1,159,524)	(837,453)
Gross profit		396,257	413,766
Unrealised loss on financial assets at fair value through profit or loss		28,208	(3,974)
Realised gain on financial assets at fair value through profit or loss		(261,679)	110,488
Share of results of associates	9	179,208	(1,247,887)
Profit from saving deposits		12,849	19,479
Reversal of provision for impairment of investment in associates	9	307,437	710,277
Other income		44,909	68,651
		707,189	70,800
Expenses and other charges			
General, administrative and other expenses		(66,736)	(141,323)
Staff costs		(170,311)	(255,727)
(Provision for)/reversal of Impairment in value of accounts receivable and other assets		(5,140)	8,289
Selling and distribution expenses		(247,739)	(208,829)
Foreign exchange loss		(122,177)	(836)
		(612,103)	(598,426)
Profit/(loss) before contribution to, Kuwait Foundation for the Advancement of Sciences (“KFAS”), Zakat and National Labour Support Tax (NLST)		95,086	(527,626)
Provision for KFAS		(4,169)	(168)
Provision for Zakat		(3,323)	(434)
Provision for NLST		(10,224)	-
Profit/(loss) for the period		77,370	(528,228)
Profit/(loss) for the period attributable to:			
Owners of the Parent Company		73,977	(526,833)
Non-controlling interest		3,393	(1,395)
		77,370	(528,228)
Basic and diluted earnings/(loss) per share attributable the owners of the Parent Company (Fils)	6	0.18	(1.30)

The notes set out on pages 7 to 16 form an integral part of this interim condensed consolidated financial information.

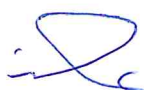
Interim condensed consolidated statement of profit or loss and other comprehensive income

	Three months ended 31 March 2022 (Unaudited) KD	Three months ended 31 March 2021 (Unaudited) KD
Profit/(loss) for the period	77,370	(528,228)
Other comprehensive income/(loss):		
<i>Items to be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences arising on translation of foreign operations	52,217	(264,181)
Total other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	52,217	(264,181)
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>		
Net changes in fair value of investments in equity instruments designated at FVOCI	10,113	31,531
Total other comprehensive income not to be reclassified to profit or loss in subsequent periods	10,113	31,531
Total other comprehensive income/(loss) for the period	62,330	(232,650)
Total comprehensive income/(loss) for the period	139,700	(760,878)
Total comprehensive income/(loss) attributable to:		
Owners of the Parent Company	133,530	(656,694)
Non-controlling interests	6,170	(104,184)
	139,700	(760,878)

The notes set out on pages 7 to 16 an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Note	31 March 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	31 March 2021 (Unaudited) KD
Assets				
Cash and bank balances	7	6,719,021	5,359,029	11,230,195
Short-term deposits		10,150,000	15,150,000	-
Financial assets at fair value through profit or loss	8	12,033,551	10,707,394	1,863,309
Financial assets at fair value through other comprehensive income		1,335,414	1,325,301	2,221,167
Inventories		378,470	506,148	428,488
Accounts receivables and other assets		3,598,387	2,783,409	2,782,127
Investment in associates	9	14,550,996	13,947,672	23,774,270
Investment properties		821,538	830,408	854,706
Property, plant and equipment		716,273	671,678	651,564
Intangible assets		617,305	621,883	586,786
Goodwill		356,017	356,017	356,017
Total assets		51,276,972	52,258,939	44,748,629
Liabilities and equity				
Liabilities				
Trade payables and other liabilities		2,206,369	2,280,915	1,586,785
Total liabilities		2,206,369	2,280,915	1,586,785
Equity				
Share capital	10	40,649,566	40,649,566	40,649,566
Statutory reserve		100,144	100,144	-
Cumulative changes in fair value		(552,641)	(562,754)	(324,816)
Foreign currency translation reserve		440,066	390,626	594,779
Retained earnings/(accumulated losses)		1,913,149	1,549,191	(5,581,011)
Equity attributable to the owners of the Parent Company		42,550,284	42,126,773	35,338,518
Non-controlling interests		6,520,319	7,851,251	7,823,326
Total equity		49,070,603	49,978,024	43,161,844
Total liabilities and equity		51,276,972	52,258,939	44,748,629



Abdulaziz A. Alsanad
Chairman



Mohammad S. AlAyoub
Chief Executive Officer

The notes set out on pages 7 to 16 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 equity KD
	Share Capital KD	Statutory Reserve KD	Cumulative changes in fair value KD	Foreign currency translation reserve KD	Retained earnings/ Accumulated losses) KD	Sub- Total KD	Non-controlling interests KD	
Balance as at 1 January 2022	40,649,566	100,144	(562,754)	390,626	1,549,191	42,126,773	7,851,251	49,978,024
Acquisition of additional shares in subsidiary (Note 5)	-	-	-	-	289,981	289,981	(1,337,102)	(1,047,121)
Transaction with owners	-	-	-	-	289,981	289,981	(1,337,102)	(1,047,121)
Profit for the period	-	-	-	-	73,977	73,977	3,393	77,370
Total other comprehensive income for the period	-	-	10,113	49,440	-	59,553	2,777	62,330
Total comprehensive income for the period	-	-	10,113	49,440	73,977	133,530	6,170	139,700
Balance as at 31 March 2022	40,649,566	100,144	(552,641)	440,066	1,913,149	42,550,284	6,520,319	49,070,603
Balance as at 1 January 2021	40,649,566	-	(367,899)	756,171	(5,042,626)	35,995,212	7,927,510	43,922,722
Loss for the period	-	-	-	-	(526,833)	(526,833)	(1,395)	(528,228)
Total other comprehensive income/(loss) for the period	-	-	31,531	(161,392)	-	(129,861)	(102,789)	(232,650)
Total comprehensive income/(loss) for the period	-	-	31,531	(161,392)	(526,833)	(656,694)	(104,184)	(760,878)
Realised loss on equity investments at FVOCI transferred to accumulated losses	-	-	11,552	-	(11,552)	-	-	-
Balance as at 31 March 2021	40,649,566	-	(324,816)	594,779	(5,581,011)	35,338,518	7,823,326	43,161,844

The notes set out on pages 7 to 16 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	Three months ended 31 March 2022 (Unaudited) KD	Three months ended 31 March 2021 (Unaudited) KD
OPERATING ACTIVITIES			
Profit/(loss) before KFAS, Zakat and NLST		95,086	(527,626)
Adjustments:			
Depreciation		31,798	53,746
Profit from saving deposits		(12,849)	(19,479)
Share of results of associates	9	(179,208)	1,247,887
Reversal of provision for impairment of investment in an associate		(307,437)	(710,277)
Reversal of the liabilities which are no longer required		185	(12,608)
Provision for employees end of service benefits		21,308	33,317
		(351,117)	64,960
Changes in operating assets and liabilities:			
Financial assets at fair value through profit or loss		(1,326,157)	381,769
Accounts receivables and other assets		(815,163)	475,590
Inventories		127,678	99,455
Trade payables and other liabilities		(112,755)	(271,778)
Cash from operations		(2,477,514)	749,996
Employee end of service benefits paid		(815)	(7,698)
Net cash (used in)/from operating activities		(2,478,329)	742,298
INVESTING ACTIVITIES			
Acquisition of property and equipment		(62,815)	(3,991)
Addition in right of use of assest and intangible asstes		(9,000)	-
Net cash flow from acquistion of subsidiary	5	(1,023,092)	-
Additions of investments in associates	9	(79,621)	(279,533)
Profit received from saving deposits		12,849	19,479
Redemption proceeds received from financial assets at fair value through other comprehensive income		-	276,294
Net cash (used in)/from investing activities		(1,161,679)	12,249
FINANCING ACTIVITIES			
Net movement in restricted bank accounts		708	-
Net cash used in financing activities		708	-
Net (decrease)/increase in cash and cash equivalents		(3,639,300)	754,547
Cash and cash equivalents at beginning of the period		20,380,086	10,346,527
Cash and cash equivalents at end of the period	7	16,740,786	11,101,074

The notes set out on pages 7 to 16 form an integral part of this interim consolidated financial information.

Notes to the interim condensed consolidated financial information

1 Incorporation and activities

This interim condensed consolidated financial information of Gulf Investment House - K.P.S.C (the “Parent Company”) and its subsidiaries (collectively the “Group”) for the period ended 31 March 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 15 May 2022.

The Parent Company is a Kuwaiti shareholding company registered and incorporated in the State of Kuwait on 8 September 1998 under the Commercial Companies Law. The Parent Company is registered with the Central Bank of Kuwait as a finance company and is listed on the Kuwait Stock Exchange.

The Parent Company is a subsidiary of GIH Financing Ltd. (The Ultimate Parent Company).

The Parent Company was registered with the Capital Market Authority (“CMA”) as an investment company. However, during 2018, the Parent Company has been removed from the registry of the CMA and hence is no longer registered as a licensed investment company with CMA as at 31 Decemebr 2018.

The Group is primarily engaged in investment activities and related financial and advisory services. All activities of the Group are carried out in compliance with the Noble Islamic Sharee’a, as approved by the Parent Company’s Fatwa and Sharee’a Supervisory Board.

The Parent Company’s registered head office is at Dar Al-Awadi Tower, Sharq, Kuwait City, P.O. Box 28808, 13149 Safat, Kuwait.

The annual consolidated financial statements for the year ended 31 December 2021 were authorised for issuance by the Board of Directors on 16 March 2022 and approved by the shareholders at the Annual General Meeting which held on 10 May 2022.

2 Basis of preparation and presentation

This interim condensed consolidated financial information of the Group for the three-months period ended 31 March 2022 has been prepared in accordance with IAS 34, Interim Financial Reporting except as noted below.

The annual consolidated financial statements have been prepared in accordance with the regulations for financial services institutions as issued by the Central Bank of Kuwait (“CBK”) in the State of Kuwait. These regulations require expected credit loss (“ECL”) to be measured at the higher of the ECL on credit facilities computed under IFRS 9 according to the CBK guidelines or the provisions as required by CBK instruction; the consequent impact on related disclosures; and the adoption of all other requirements of International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”) (collectively referred to as IFRS, as adopted for use by the State of Kuwait). However, the Group does not have any credit facilities.

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

Operating results for the three-months 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.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies

The accounting policies used in the preparation of these interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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.

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.

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 (continued)

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.

The adoption of the amendments did not have a significant impact on the Group’s interim condensed 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 2021.

5 Group’s subsidiaries

Acquisition of non controlling interests of Afkar Holding Company KSC (Holding)

At the beginning of the period, the Parent Company owned 51.98% of the equity interest of Afkar Holding Company KSC (Holding), a Subsidiary. During the current period, the Parent Company acquired another 8.26% equity stake from its non controlling interests for a consideration of KD 1,023,092, which resulted in increasing its ownership of the existing subsidiary from 51.98% to 60.24%. This change in the ownership resulted in a net surplus of KD289,981 to the Group which has been recognised under retained earnings in the interim condensed consolidated statement of changes in equity.

Notes to the interim condensed consolidated financial information (continued)

6 Basic and diluted earnings/(loss) per share

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

	Three months ended	
	31 March 2022 (Unaudited)	31 March 2021 (Unaudited)
Profit/(loss) for the period attributable to the owners of the Parent Company (KD)	73,977	(526,833)
Weighted average number of shares outstanding during the period	406,495,660	406,495,660
Basic and diluted earnings/(loss) per share (Fils)	0.18	(1.30)

7 Cash and cash equivalents

Cash and cash equivalents for the purpose of the interim condensed consolidated statement of cash flows are made up as follows:

	31 March 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	31 March 2021 (Unaudited) KD
Bank balances and short term deposits	6,719,021	5,359,029	11,230,195
Short term deposits	10,150,000	15,150,000	-
	16,869,021	20,509,029	11,230,195
Less: Dividend restricted bank accounts*	(128,235)	(128,943)	(129,121)
Cash and cash equivalents as per the statement of cash flows	16,740,786	20,380,086	11,101,074

The short terms deposits have original maturity of three months or less and carry profit in the range of 2% (31 December 2021: 1.3% to 2.35% and 31 March 2021: 1.68% to 1.75%) per annum.

*Relates to amount set apart to meet unclaimed dividend balances, as and when they are claimed by the shareholders. An amount of KD708 (31 December 2021: KD178 and 31 March 2021: Nil) was paid during the current period, out of dividend payable which relates to dividend for prior years.

8 Financial assets at fair value through profit or loss

	31 March 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	31 March 2021 (Unaudited) KD
Quoted securities	5,662,836	4,881,341	1,721,299
Unquoted securities	6,331,968	5,774,390	77,749
Unquoted funds managed by external fund managers	38,747	51,663	64,261
	12,033,551	10,707,394	1,863,309

Fair values of unquoted securities and unquoted funds managed by external fund managers are determined using valuation techniques that are not based on observable market prices or rates (Note 13.2).

Notes to the interim condensed consolidated financial information (continued)

9 Investment in associates

The movement of investment in associates is as follows:

	31 March 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	31 March 2021 (Unaudited) KD
Carrying value as at beginning of the year	13,947,672	23,935,460	24,288,978
Additions during the period/year	79,621	607,248	279,534
Share of results	179,208	(1,331,602)	(1,247,887)
Disposals during the period	-	(3,475,057)	-
Partial disposal during the period	-	(2,804,455)	-
Reclassification of an associate to financial assets at fair value thought profit or loss during the period	-	(3,166,890)	-
Reversal of impairment provisions for investment in an associate (note 9a)	307,437	581,208	710,277
Impairment in value of an associate	-	(295,920)	-
Other adjustment	(16,201)	-	-
Foreign currency translation adjustments	53,259	(102,320)	(256,632)
	14,550,996	13,947,672	23,774,270

a) The carrying value of investment in associates is tested for impairment by estimating the recoverable amount using fair value approach. The fair value calculation uses adjusted net assets values of investees and market observable data which includes price to book value multiples and price to earnings multiples of comparable companies. As a result, during the period, the Parent Company has reversed part of the impairment provision amounting KD307,437, made in the previous years for Inovent B.S.C (a quoted associate, domiciled in Bahrain), based on the indications that the previously recorded impairment has decreased during the current period.

10 Share Capital

The authorised, issued and paid up capital of the Parent Company amounts to KD40,649,566 (31 December 2021 and 31 March 2021 :KD40,649,566) distributed over 406,495,660 shares (31 December 2021 and 31 March 2021: 406,495,660) with 100 Fils par value.

11 Segment analysis

The Group activities are concentrated in three main segments: Investments and Real Estate and manufacturing. These segments are regularly reviewed by the Chief Operating Decision Maker (CODM) for resource allocation and performance assessment Segment results include revenue and expense directly attributable to each reporting segment as the Group does not have any inter segment charges. Segment assets comprise those operating assets that are directly attributable to the segment.

	Investments KD	Real estate KD	Manufacturing KD	Unallocated KD	Total KD
Three months ended 31 March 2022 (Unaudited)					
Segment income	266,023	-	396,257	44,909	707,189
Segment result	260,808	-	148,518	(331,956)	77,370
Total assets	44,788,983	821,538	1,351,792	4,314,659	51,276,972
Total liabilities	-	-	-	2,206,369	2,206,369

Notes to the interim condensed consolidated financial information (continued)

11 Segment analysis (continued)

	Investments KD	Real estate KD	Manufacturing KD	Unallocated KD	Total KD
As at 31 December 2021 (Audited)					
Total assets	46,489,396	830,408	1,484,048	3,455,087	52,258,939
Total liabilities	-	-	-	2,280,915	2,280,915
Three months ended 31 March 2021 (Unaudited)					
Segment (loss)/income	(411,603)	-	413,766	68,637	70,800
Segment result	(407,944)	-	204,937	(325,221)	(528,228)
Total assets	39,088,941	854,706	1,371,295	3,433,687	44,748,629
Total liabilities	-	-	-	1,586,785	1,586,785

12 Related party transactions

Related parties represent the associates, major shareholders, directors and key management personnel of the Group, and other related parties and companies in which directors and key management personnel of the Group are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the Group's management.

Details of significant related party transactions are as follows:

	Three months ended 31 March 2022 (Unaudited) KD	Three months ended 31 March 2021 (Unaudited) KD
Balance included in the consolidated statement of finance position:		
Due from related parties (included in accounts receivables and other assets)		
- Due from disposal of an associate	194,830	194,830
- Dividends distribution from associate ..	296,288	296,288
Compensation of key management personnel of the Group		
Salaries and other short-term benefits	50,643	30,672
Terminal benefits	5,172	11,148
	55,815	41,820

Notes to the interim condensed consolidated financial information (continued)

13 Summary of financial assets and liabilities by category and fair value measurement

13.1 Categories of financial assets and liabilities

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

	31 March 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	31 March 2021 (Unaudited) KD
At amortised cost:			
• Bank balances and short term deposits	16,869,021	20,509,029	11,230,195
• Accounts receivables and other assets	3,598,387	2,783,409	2,782,127
	20,467,408	23,292,438	14,012,322
Financial assets at fair value through profit or loss:			
• Quoted securities	5,662,836	4,881,341	1,721,295
• Unquoted securities	6,331,968	5,774,390	77,749
• Unquoted funds managed by external fund managers	38,747	51,663	64,265
	12,033,551	10,707,394	1,863,309
Financial assets at fair value through other comprehensive income			
• Quoted equity securities	181,324	189,151	252,202
• Unquoted equity securities	1,013,942	963,268	1,711,339
• Unquoted funds managed by external fund managers	140,148	172,882	257,626
	1,335,414	1,325,301	2,221,167
Total financial assets	33,836,373	35,325,133	18,096,798
Financial liabilities (at amortised costs) :			
• Other liabilities	2,206,369	2,280,915	1,586,785
	2,206,369	2,280,915	1,586,785

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 such as transaction amount at fair value through profit or loss and financial asset at fair value through other comprehensive income at fair value and measurement details are disclosed in Note 13.2 to the interim condensed consolidated financial information. 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.

13.2 Fair value hierarchy for financial instruments measured at fair value

The following table presents the financial assets which are measured at fair value in the interim condensed consolidated statement of financial position in accordance with the fair value hierarchy.

This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities.

Notes to the interim condensed consolidated financial information (continued)

13 Summary of financial assets and liabilities by category and fair value measurement (continued)

13.2 Fair value hierarchy for financial instruments measured at fair value (continued)

The fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

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

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

31 March 2022	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
Financial assets at fair value through profit or loss				
• Quoted securities	5,662,836	-	-	5,662,836
• Unquoted securities	-	-	6,331,968	6,331,968
• Unquoted funds managed by external fund managers	-	-	38,747	38,747
Financial assets at fair value through other comprehensive income				
• Quoted securities	181,324	-	-	181,324
• Managed funds	-	-	140,148	140,148
• Unquoted equity securities	-	-	1,013,942	1,013,942
Total financial assets at fair value	5,844,160	-	7,524,805	13,368,965

31 December 2021	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
Financial assets at fair value:				
Financial assets at fair value through profit or loss				
• Quoted securities	4,881,341	-	-	4,881,341
• Unquoted securities	-	-	5,774,390	5,774,390
• Unquoted funds managed by external fund managers	-	-	51,663	51,663
Financial assets at fair value through other comprehensive income				
• Quoted securities	189,151	-	-	189,151
• Unquoted equity securities	-	-	963,268	963,268
• Managed funds	-	-	172,882	172,882
Total financial assets at fair value	5,070,492	-	6,962,203	12,032,695

Notes to the interim condensed consolidated financial information (continued)

13 Summary of financial assets and liabilities by category and fair value measurement (continued)

13.2 Fair value hierarchy for financial instruments measured at fair value (continued)

31 March 2021	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Financial assets at fair value through profit or loss				
• Quoted securities	1,721,295	-	-	1,721,295
• Unquoted securities	-	-	77,749	77,749
• Unquoted funds managed by external fund managers	-	-	64,263	64,263
Financial assets at fair value through other comprehensive income				
• Quoted securities	252,202	-	-	252,202
• Unquoted equity securities	-	-	1,711,339	1,711,339
• Managed funds	-	-	257,628	257,628
Total financial assets at fair value	1,973,497	-	2,110,979	4,084,476

The methods and valuation techniques used for measuring fair values are unchanged compared to the previous reporting year/period.

Level 3 Fair value measurements

The Group measurement of financial assets and liabilities classified in level 3 uses valuation techniques 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 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	31 March 2021 (Unaudited) KD
Balance at the beginning of the period/year	6,962,203	2,316,864	2,316,863
Net change in fair value recognised in profit or loss	555,237	(462,438)	96,756
Net change in fair value recognised in other comprehensive income	17,942	(18,759)	(20,515)
Transferred from investment in associate (Redeemed)/addition during the period/year	- (10,577)	3,166,890 1,959,646	- (282,128)
Balance at the end of the period/year	7,524,805	6,962,203	2,110,976

14 Dividend distribution

Subject to the requisite consent of the relevant authorities and approval from the annual general assembly, the Parent Company's Board of Directors propose not to make any distributions for the year 31 December 2021 (31 December 2020: Nil).

Notes to the interim condensed consolidated financial information (continued)

15 Effect of COVID-19

The outbreak of Coronavirus (“COVID-19”) pandemic and related global responses have caused material disruptions to businesses around the world, leading to an economic slowdown. Global and local equity markets have experienced significant volatility and weakness. During the year 2020 and 2021 governments and central banks have reacted with various financial packages and reliefs designed to stabilize economic conditions.

The Group’s operating environment has moderately rebound and the Group is gradually recovering from the effects of COVID-19 pandemic. Management of the Group is actively monitoring any future effects COVID-19 may have on its business operations, however high vaccination rates and other measures taken by the government significantly reduces the impact of latest variants of the virus.

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