

Interim condensed consolidated financial information and review report

**Gulf Investment House – KPSC and Subsidiaries**

**Kuwait**

30 June 2023 (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 30 June 2023 and the related interim condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income for the three-month and six-month periods then ended and, interim condensed consolidated changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information performed by the Independent Auditor of the Entity.” A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, “Interim Financial Reporting”.

### **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, we have not become aware of any violation of the Companies Law No. 1 of 2016, as amended and its Executive Regulations, as amended, or of the Parent Company’s Memorandum of Incorporation and Articles of Association, as amended, during the six-month period ended 30 June 2023 that might have had a material effect on the business or financial position of the Parent Company.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any material violations of the provision of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations during the six-month period ended 30 June 2023 that might have had a material effect on the business or financial position of the Parent Company.



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

Kuwait  
14 August 2023

## Interim condensed consolidated statement of profit or loss

	Note	Three months ended		Six months ended	
		30 June 2023 (Unaudited) KD	30 June 2022 (Unaudited) KD	30 June 2023 (Unaudited) KD	30 June 2022 (Unaudited) KD
<b>Income</b>					
Sale of Goods		2,114,147	1,684,453	4,286,819	3,240,234
Cost of sales		(1,502,033)	(1,242,162)	(3,095,745)	(2,401,686)
<b>Gross profit</b>		<b>612,114</b>	<b>442,291</b>	<b>1,191,074</b>	<b>838,548</b>
Unrealised gain/(loss) on financial assets at fair value through profit or loss		203,197	(186,938)	212,564	(158,730)
Realised gain/(loss) on financial assets at fair value through profit or loss		804,279	27,419	159,831	(234,260)
Share of results of associates	9	262,286	(78,778)	1,106,163	56,797
(Loss)/income from joint operations		(108,614)	-	108,650	-
Realised gain on disposal of investments in associates		-	2,470	-	2,470
Dividend income		25,228	264,693	432,894	264,693
Profit from saving deposits		28,368	16,140	56,937	28,989
(Impairment in value of)/reversal of provision for impairment of investment in associates	9	-	-	(770,465)	307,437
Other income		20,684	20,623	49,791	109,165
		<b>1,847,542</b>	<b>507,920</b>	<b>2,547,439</b>	<b>1,215,109</b>
<b>Expenses and other charges</b>					
Staff costs		(208,318)	(152,294)	(516,107)	(322,605)
Selling and distribution costs		(159,299)	(150,680)	(355,584)	(398,419)
General, administrative and other expenses		(230,096)	(96,300)	(452,259)	(163,036)
Impairment in value of accounts receivable and other assets		-	-	-	(5,140)
Foreign exchange (loss)/gain		(206)	10,978	(55)	(111,199)
		<b>(597,919)</b>	<b>(388,296)</b>	<b>(1,324,005)</b>	<b>(1,000,399)</b>
<b>Profit before contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), Zakat and National Labour Support Tax (NLST)</b>		<b>1,249,623</b>	<b>119,624</b>	<b>1,223,434</b>	<b>214,710</b>
Provision for KFAS		(14,736)	(1,075)	(14,736)	(5,244)
Provision for Zakat		(12,596)	(3,697)	(12,596)	(7,020)
Provision for NLST		(24,419)	(1,213)	(24,419)	(11,437)
<b>Profit for the period</b>		<b>1,197,872</b>	<b>113,639</b>	<b>1,171,683</b>	<b>191,009</b>
<b>Attributable to:</b>					
Owners of the Parent Company		926,717	(4,251)	935,351	69,726
Non-controlling interest		271,155	117,890	236,332	121,283
		<b>1,197,872</b>	<b>113,639</b>	<b>1,171,683</b>	<b>191,009</b>
<b>Basic and diluted earnings/(loss) per share attributable to the owners of the Parent Company (Fils)</b>	5	<b>2.28</b>	<b>(0.01)</b>	<b>2.30</b>	<b>0.17</b>

The notes set out on pages 7 to 15 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		Six months ended	
	30 June 2023 (Unaudited) KD	30 June 2022 (Unaudited) KD	30 June 2023 (Unaudited) KD	30 June 2022 (Unaudited) KD
Profit for the period	1,197,872	113,639	1,171,683	191,009
<b>Other comprehensive income/(loss):</b>				
<i>Items to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences arising on translation of foreign operations	26,951	78,197	(8,342)	130,414
<b>Total other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods</b>	<b>26,951</b>	<b>78,197</b>	<b>(8,342)</b>	<b>130,414</b>
<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	(222,665)	24,269	(113,315)	34,382
Share of other comprehensive income of associates	-	-	336,490	-
<b>Total other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods</b>	<b>(222,665)</b>	<b>24,269</b>	<b>223,175</b>	<b>34,382</b>
<b>Total other comprehensive (loss)/income for the period</b>	<b>(195,714)</b>	<b>102,466</b>	<b>214,833</b>	<b>164,796</b>
<b>Total comprehensive income for the period</b>	<b>1,002,158</b>	<b>216,105</b>	<b>1,386,516</b>	<b>355,805</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Parent Company	730,726	95,116	1,170,624	228,646
Non-controlling interests	271,432	120,989	215,892	127,159
	<b>1,002,158</b>	<b>216,105</b>	<b>1,386,516</b>	<b>355,805</b>

The notes set out on pages 7 to 15 an integral part of this interim condensed consolidated financial information.

## Interim condensed consolidated statement of financial position

	Note	30 June 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 June 2022 (Unaudited) KD
<b>Assets</b>				
Cash and bank balances	6	6,339,316	6,897,574	5,813,886
Short-term deposits	6	3,560,000	2,265,000	9,650,000
Financial assets at fair value through profit or loss	7	14,334,627	17,268,772	12,570,432
Financial assets at fair value through other comprehensive income		724,005	901,403	1,617,764
Inventories		716,114	974,005	554,936
Investment in joint operations		425,321	-	-
Accounts receivables and other assets	8	5,098,999	2,717,169	3,891,768
Investment in associates	9	18,952,513	17,819,575	14,912,901
Investment properties		763,044	753,509	795,314
Property, plant and equipment		1,667,305	1,505,321	725,251
Right of use of assets		1,534,752	1,589,564	-
Intangible assets		596,833	608,257	609,424
Goodwill		356,017	356,017	356,017
<b>Total assets</b>		<b>55,068,846</b>	<b>53,656,166</b>	<b>51,497,693</b>
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Trade payables and other liabilities		2,535,895	2,181,742	2,210,985
Lease liabilities		1,548,495	1,564,806	-
<b>Total liabilities</b>		<b>4,084,390</b>	<b>3,746,548</b>	<b>2,210,985</b>
<b>Equity</b>				
Share capital	10	40,649,566	40,649,566	40,649,566
Statutory reserve		186,519	186,519	100,144
Cumulative changes in fair value		(269,779)	(849,456)	(528,372)
Foreign currency translation reserve		682,443	333,855	515,164
Retained earnings		2,779,108	2,536,749	1,908,898
<b>Equity attributable to the owners of the Parent Company</b>		<b>44,027,857</b>	<b>42,857,233</b>	<b>42,645,400</b>
Non-controlling interests		6,956,599	7,052,385	6,641,308
<b>Total equity</b>		<b>50,984,456</b>	<b>49,909,618</b>	<b>49,286,708</b>
<b>Total liabilities and equity</b>		<b>55,068,846</b>	<b>53,656,166</b>	<b>51,497,693</b>



Abdulaziz A. Alsanad  
Chairman



Mohammad S. AlAyoub  
Chief Executive Officer

The notes set out on pages 7 to 15 an integral part of this interim condensed consolidated financial information.



## Interim condensed consolidated statement of changes in equity

	Equity attributable to the owners of the Parent Company							
	Share Capital KD	Statutory Reserve KD	Cumulative changes in fair value KD	Foreign currency translation reserve KD	Retained earnings KD	Sub-Total KD	Non-controlling interests KD	Total equity KD
<b>Balance as at 1 January 2023</b>	40,649,566	186,519	(849,456)	333,855	2,536,749	42,857,233	7,052,385	49,909,618
Acquisition of additional shares in subsidiary	-	-	-	-	-	-	(3,770)	(3,770)
Dividend paid to non-controlling interest by the subsidiaries	-	-	-	-	-	-	(307,908)	(307,908)
<b>Transaction with owners</b>	-	-	-	-	-	-	(311,678)	(311,678)
Profit for the period	-	-	-	-	935,351	935,351	236,332	1,171,683
Total other comprehensive (loss)/income for the period	-	-	(113,315)	348,588	-	235,273	(20,440)	214,833
<b>Total comprehensive (loss)/income for the period</b>	-	-	(113,315)	348,588	935,351	1,170,624	215,892	1,386,516
Transfer on derecognition/write off of financial assets at fair value through other comprehensive income	-	-	692,992	-	(692,992)	-	-	-
<b>Balance as at 30 June 2023</b>	40,649,566	186,519	(269,779)	682,443	2,779,108	44,027,857	6,956,599	50,984,456
<b>Balance as at 1 January 2022</b>	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	-	-	-	-	289,981	289,981	(1,337,102)	(1,047,121)
<b>Transaction with owners</b>	-	-	-	-	289,981	289,981	(1,337,102)	(1,047,121)
Profit for the period	-	-	-	-	69,726	69,726	121,283	191,009
Total other comprehensive income for the period	-	-	34,382	124,538	-	158,920	5,876	164,796
<b>Total comprehensive income for the period</b>	-	-	34,382	124,538	69,726	228,646	127,159	355,805
<b>Balance as at 30 June 2022</b>	40,649,566	100,144	(528,372)	515,164	1,908,898	42,645,400	6,641,308	49,286,708

The notes set out on pages 7 to 15 form an integral part of this interim condensed consolidated financial information.

## Interim condensed consolidated statement of cash flows

	Note	Six months ended 30 June 2023 (Unaudited) KD	Six months ended 30 June 2022 (Unaudited) KD
<b>OPERATING ACTIVITIES</b>			
Profit before KFAS, Zakat and NLST		1,223,434	214,710
Adjustments:			
Depreciation and amortisation		137,132	58,653
Dividend income		(432,894)	(264,693)
Profit from saving deposits		(56,937)	(28,989)
Share of results of associates	9	(1,106,163)	(56,797)
Impairment in value of/(reversal of provision) for impairment of investment in associates	9	770,465	(307,437)
Realised gain on disposal of investments in associates	9	-	(2,470)
Provision for slow moving inventory		(21,022)	-
Impairment in value of accounts receivable and other assets		-	185
Provision for employees end of service benefits		58,806	33,378
		572,821	(353,460)
<b>Changes in operating assets and liabilities:</b>			
Financial assets at fair value through profit or loss		2,934,145	(1,863,037)
Accounts receivables and other assets		(2,410,022)	(1,149,300)
Investment in Joint operations		(425,321)	-
Inventories		258,170	(48,789)
Other liabilities		173,906	(126,196)
Cash used in operations		1,103,699	(3,540,782)
Employee end of service benefits paid		(8,100)	(815)
<b>Net cash from/(used in) operating activities</b>		<b>1,095,599</b>	<b>(3,541,597)</b>
<b>INVESTING ACTIVITIES</b>			
Additions to property and equipment		(210,548)	(93,643)
Addition in right of use of assets and intangible assets		-	(9,000)
Additions to investments in associates	9	(491,530)	(539,801)
Net cash flow from acquisition of subsidiary		(32,467)	-
Additions to investments in financial assets at fair value through other comprehensive income		-	(295,221)
Proceeds from disposal of investments in associates	9	-	46,103
Net cash outflow on acquisition of subsidiaries		-	(1,023,092)
Proceeds from disposal of financial assets at fair value through other comprehensive income		76,990	35,459
Dividends received from associates	9	-	81,966
Dividend received		241,761	264,693
Profit received from saving deposits		56,937	28,989
<b>Net cash used in investing activities</b>		<b>(358,857)</b>	<b>(1,503,547)</b>
<b>FINANCING ACTIVITIES</b>			
Movement in restricted bank accounts	6	485	727
<b>Net cash from financing activities</b>		<b>485</b>	<b>727</b>
Net increase/(decrease) in cash and cash equivalents		737,227	(5,044,417)
Cash and cash equivalents at beginning of the period		9,034,950	20,380,086
<b>Cash and cash equivalents at end of the period</b>	6	<b>9,772,177</b>	<b>15,335,669</b>

The notes set out on pages 7 to 15 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 30 June 2023 were authorised for issue in accordance with a resolution of the Board of Directors on 14 August 2023.

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. The Parent Company’s shares are traded on the Kuwait Stock Exchange and Abu Dhabi Securities 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 Decemehr 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 Jawharat Al Khaleej Complex, Al Qibla, Block 6, Fadh Al Salem Street, Floor 8, PO Box 28808, 13149 Safat, Kuwait.

The annual consolidated financial statements for the year ended 31 December 2022 were authorised for issuance by the Board of Directors on 28 March 2023 and by the shareholders at the Annual General Meeting which was held on 28 May 2023.

## 2 Basis of preparation and presentation

This interim condensed consolidated financial information of the Group for the six-months period ended 30 June 2023 has been prepared in accordance with IAS 34, Interim Financial Reporting.

The annual consolidated financial statements for the year ended 31 December 2022 were prepared in accordance with the International Financial Reporting Standards (“IFRS”) promulgated by the International Accounting Standards Board (“IASB”), and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB.

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

## 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 2022. 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 standards adopted by the Group

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

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IAS 1 Amendments- Disclosure of accounting policies	1 January 2023
IAS 8 Amendments- Definition of accounting estimates	1 January 2023

#### IAS 1 Amendments – Disclosure of accounting policies

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

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

#### IAS 8 Amendments – Definition of accounting estimates

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

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

#### 3.2 New accounting policy adopted by the Group

##### Investment in joint operation

A joint arrangement is a contractual arrangement that gives two or more parties joint control. Joint control is a contractually agreed sharing of control of an arrangement, which exists only when decision about the relevant activities required unanimous consent of parties sharing control. A joint operation is a joint arrangement which by the parties that have the joint control of the arrangement have rights to the net assets of the arrangement. The Group recognises its interests in joint operation as an investment and accounts for it using the equity method.

### 4 Judgement and estimates

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

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

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

### 5 Basic and diluted earnings/(loss) per share

Basic and diluted earnings/(loss) per share is calculated by dividing the profit/(loss) 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		Six months ended	
	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
Profit/(loss) for the period attributable to the owners of the Parent Company (KD)	926,717	(4,251)	935,351	69,726
Weighted average number of shares during the period	406,495,660	406,495,660	406,495,660	406,495,660
Basic and diluted earnings/(loss) per share (Fils)	2.28	(0.01)	2.30	0.17

### 6 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:

	30 June 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 June 2022 (Unaudited) KD
Cash and bank balances	6,339,316	6,897,574	5,813,886
Short term deposits	3,560,000	2,265,000	9,650,000
Less: Dividend restricted bank accounts*	9,899,316 (127,139)	9,162,574 (127,624)	15,463,886 (128,217)
Cash and cash equivalents as per the statement of cash flows	9,772,177	9,034,950	15,335,669

The short terms deposits have original maturity of six months or less and carry profit in the range of 5% to 5.3% (31 December 2022: 2% to 5% and 30 June 2022: 2%) per annum.

\*Relates to amount set apart to meet unclaimed dividend balances, as and when they are claimed by the shareholders. An amount of KD485 (31 December 2022: KD1,319 and 30 June 2022: KD727) was paid during the current period, out of dividend payable which relates to dividend for prior years.

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

	30 June 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 June 2022 (Unaudited) KD
Quoted securities	6,085,050	9,320,257	6,118,416
Unquoted securities	8,249,577	7,933,396	6,412,911
Unquoted funds managed by external fund managers	-	15,119	39,105
	14,334,627	17,268,772	12,570,432

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)

### 8 Accounts receivable and other assets

	30 June 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 June 2022 (Unaudited) KD
Trade receivable	1,621,623	1,652,968	1,812,143
Provision for doubtful debts	(204,707)	(204,707)	(204,707)
	<b>1,416,916</b>	<b>1,448,261</b>	<b>1,607,436</b>
Staff receivables	20,239	17,212	24,295
Dividend receivable from an associate (Note 12)	238,044	296,288	296,288
Refundable deposits	53,783	49,923	34,304
Prepaid expenses	129,919	48,929	149,317
Due from an associate (Note 12)	665,591	-	194,830
Other receivables	665,230	254,352	45,406
Projects under progress	552,500	75,000	-
Advance payment to incorporate subsidiaries	1,156,777	527,204	539,892
Advance payment for the purchase of investments	200,000	-	1,000,000
	<b>5,098,999</b>	<b>2,717,169</b>	<b>3,891,768</b>

### 9 Investment in associates

The movement of investment in associates is as follows:

	30 June 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 June 2022 (Unaudited) KD
Carrying value as at beginning of the year	17,819,575	13,947,672	13,947,672
Additions during the period/year	491,530	2,843,973	539,801
Share of results	201,747	442,375	100,430
Gain on bargain purchase of an associate (Note 9a)	904,416	1,355,484	-
Disposals during the period	-	(465,150)	-
Partial disposal during the period	-	(43,632)	(43,633)
(Impairment)/reversal of impairment for investment in associates (Note 9b)	(770,465)	(392,169)	307,437
Share of foreign currency translation reserve	(17,876)	227,507	157,679
Other comprehensive income	323,586	1,682	1,682
Dividend received	-	(81,966)	(81,966)
Other adjustments	-	(16,201)	(16,201)
	<b>18,952,513</b>	<b>17,819,575</b>	<b>14,912,901</b>

- a) During the period, the Parent Company has acquired an additional 8.5% equity interest in Majan Development Company – Joint Stock (Closed), for a consideration of KD254,541. The addition has resulted in a net bargain purchase of KD775,123, which has been recorded as part of the share of result of associates during the current period in the interim condensed consolidated statement of profit or loss. Consequently, at 30 June 2023, the Group ownership in this associate increased to 29.83%.

Further, during the period, the Parent Company has acquired an additional 0.79% equity interest in Inovent BSC, for a consideration of KD169,829. The addition has resulted in a net bargain purchase of KD75,089, which has been recorded as part of the share of result of associates during the current period in the interim condensed consolidated statement of profit or loss. Consequently, at 30 June 2023, the Group ownership in this associate increased to 24.64%.

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

### 9 Investment in associates (continued)

The Parent Company has acquired an additional 1.51% equity interest in Mada'in Priorities PJSC, for a consideration of KD67,160. The addition has resulted in a net bargain purchase of KD54,204, which has been recorded as part of the share of result of associates during the current period in the interim condensed consolidated statement of profit or loss. Consequently, at 30 June 2023, the Group ownership in this associate increased to 17.40%.

- b) 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 made impairment provisions aggregating KD770,465 against two of its associates, based on the impairment assessment carried out (30 June 2022: reversal of impairment KD307,437).

### 10 Share Capital

The authorised, issued and paid up capital of the Parent Company amounts to KD40,649,566 (31 December 2022 and 30 June 2022: KD40,649,566) distributed over 406,495,660 shares (31 December 2022 and 30 June 2022: 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
<b>Six months ended 30 June 2023 (Unaudited)</b>					
Segment income	1,356,365	-	4,080,817	206,002	5,643,184
Segment result	1,356,365	-	989,677	(1,174,359)	1,171,683
Total assets	43,910,460	763,044	6,805,085	3,590,257	55,068,846
Total liabilities	-	-	1,634,887	2,449,503	4,084,390
<b>As at 31 December 2022 (Audited)</b>					
Total assets	45,152,324	753,509	6,272,525	1,477,808	53,656,166
Total liabilities	-	-	1,217,455	2,529,093	3,746,548
<b>Net assets</b>	<b>45,152,324</b>	<b>753,509</b>	<b>5,055,070</b>	<b>(1,051,285)</b>	<b>49,909,618</b>

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

### 11 Segment analysis (continued)

	Investments KD	Real estate KD	Manufacturing KD	Unallocated KD	Total KD
<b>Six months ended 30 June 2022 (Unaudited)</b>					
Segment income	311,030	-	3,240,234	65,531	3,616,795
Segment result	311,030	-	838,548	(958,569)	191,009
Total assets	44,564,982	795,314	5,583,440	553,957	51,497,693
Total liabilities	-	-	1,704,487	506,498	2,210,985

### 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:

	30 June 2023 (Unaudited) KD	30 June 2022 (Unaudited) KD
<b>Balance included in the consolidated statement of finance position:</b>		
Due from related parties – associates (included in accounts receivables and other assets)		
- Dividends receivable from an associate (Note 8)	238,044	296,288
- Due from an associate (Note 8)	665,591	194,830
	<b>Six months ended 30 June 2023 (Unaudited) KD</b>	<b>Six months ended 30 June 2022 (Unaudited) KD</b>
<b>Compensation of key management personnel of the Group</b>		
Salaries and other short-term benefits	124,909	102,715
Terminal benefits	13,802	4,817
Consultancy fees paid	18,000	-
	<b>156,711</b>	<b>107,532</b>

## 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:

	30 June 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 June 2022 (Unaudited) KD
<b>At amortised cost:</b>			
• Bank balances and short term deposits	9,899,316	9,162,574	15,463,886
• Accounts receivables and other assets	3,059,803	2,066,036	2,202,559
	<b>12,959,119</b>	<b>11,228,610</b>	<b>17,666,445</b>
<b>Financial assets at fair value through profit or loss:</b>			
• Quoted securities	6,085,050	9,320,257	6,118,416
• Unquoted securities	8,249,577	7,933,396	6,412,911
• Unquoted funds managed by external fund managers	-	15,119	39,105
	<b>14,334,627</b>	<b>17,268,772</b>	<b>12,570,432</b>
<b>Financial assets at fair value through other comprehensive income</b>			
• Quoted equity securities	-	320	195,673
• Unquoted equity securities	79,630	813,505	104,688
• Unquoted funds managed by external fund managers	644,375	87,578	1,317,403
	<b>724,005</b>	<b>901,403</b>	<b>1,617,764</b>
<b>Total financial assets</b>	<b>28,017,751</b>	<b>29,398,785</b>	<b>31,854,641</b>
<b>Financial liabilities (at amortised costs) :</b>			
• Other liabilities	2,535,895	2,181,742	2,210,985
• Lease liabilities	1,548,495	1,564,806	-
	<b>4,084,390</b>	<b>3,746,548</b>	<b>2,210,985</b>

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 six 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:

30 June 2023	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
Financial assets at fair value through profit or loss				
• Quoted securities	6,085,050	-	-	6,085,050
• Unquoted securities	-	-	8,249,577	8,249,577
Financial assets at fair value through other comprehensive income				
• Managed funds	-	-	79,630	79,630
• Unquoted equity securities	-	-	644,375	644,375
Total financial assets at fair value	6,085,050	-	8,973,582	15,058,632

#### 31 December 2022

Financial assets at fair value:

Financial assets at fair value through profit or loss

• Quoted securities	9,320,257	-	-	9,320,257
• Unquoted securities	-	-	7,933,396	7,933,396
• Unquoted funds managed by external fund managers	-	-	15,119	15,119

Financial assets at fair value through other comprehensive income

• Quoted securities	320	-	-	320
• Unquoted equity securities	-	-	813,505	813,505
• Managed funds	-	-	87,578	87,578

Total financial assets at fair value	9,320,577	-	8,849,598	18,170,175
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## 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)

	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
<b>30 June 2022</b>				
Financial assets at fair value through profit or loss				
• Quoted securities	6,118,416	-	-	6,118,416
• Unquoted securities	-	-	6,412,911	6,412,911
• Unquoted funds managed by external fund managers	-	-	39,105	39,105
Financial assets at fair value through other comprehensive income				
• Quoted securities	195,673	-	-	195,673
• Unquoted equity securities	-	-	104,688	104,688
• Managed funds	-	-	1,317,403	1,317,403
<b>Total financial assets at fair value</b>	<b>6,314,089</b>	<b>-</b>	<b>7,874,107</b>	<b>14,188,196</b>

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:

	30 June 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	30 June 2022 (Unaudited) KD
Balance at the beginning of the period/year	8,849,598	6,962,203	6,962,203
Net change in fair value recognised in profit or loss	315,722	720,988	636,540
Net change in fair value recognised in other comprehensive income	(177,078)	(110,269)	26,177
(Disposal)/addition during the period/year	(14,660)	1,276,676	249,187
<b>Balance at the end of the period/year</b>	<b>8,973,582</b>	<b>8,849,598</b>	<b>7,874,107</b>

### 14 Dividend distribution

Subject to the requisite consent of the relevant authorities and approval from general assembly, the Parent Company's Board of Directors propose not to make any distributions (31 December 2022: Nil).

### 15 Comparative information

Certain comparative figures have been reclassified to conform to the presentation in the current period, and such reclassification does not affect previously reported net assets, net equity and net results for the period or net increase in cash and cash equivalents.

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