

Interim condensed consolidated financial information and review report

Gulf Investment House – KPSC and Subsidiaries

Kuwait

30 September 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 30 September 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 nine-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of 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, 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 nine-month period ended 30 September 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, to the best of our knowledge and belief, 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 Markets Authority and its related regulations during the nine-month period ended 30 September 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
7 November 2022

Interim condensed consolidated statement of profit or loss

	Note	Three months ended		Nine months ended	
		30 Sept. 2022 (Unaudited) KD	30 Sept. 2021 (Unaudited) KD	30 Sept. 2022 (Unaudited) KD	30 Sept. 2021 (Unaudited) KD
Income					
Sale of Goods		1,700,469	1,221,116	4,940,703	3,816,624
Cost of sales		(1,243,705)	(878,585)	(3,645,391)	(2,587,353)
Gross profit		456,764	342,531	1,295,312	1,229,271
Unrealised loss on financial assets at fair value through profit or loss		(306,295)	(6,625,321)	(465,025)	(239,911)
Realised gain/(loss) on financial assets at fair value through profit or loss		13,392	3,465,427	(220,868)	3,544,089
Share of results of associates	9	(8,421)	(106,013)	92,009	(1,306,206)
Realised gain on disposal of investment in associate	9	-	-	2,470	1,763,850
Deemed gain on reclassifying of investment in associate to financial assets at fair value through profit or loss		-	1,732,690	-	1,732,690
Dividend Income		98,490	-	363,183	88,164
Profit from saving deposits		12,932	25,002	41,921	67,802
Net reversal of provision for impairment of investment in associates	9	-	-	307,437	414,357
Other income		33,648	8,993	99,180	108,609
Total income		300,510	(1,156,691)	1,515,619	7,402,715
Expenses and other charges					
Staff costs		(164,772)	(223,594)	(487,377)	(604,544)
Selling and distribution expenses		(152,575)	(114,019)	(550,994)	(415,309)
General, administrative and other expenses		(121,448)	(91,969)	(284,484)	(261,779)
Impairment in value of accounts receivable and other assets		-	-	(5,140)	(7,436)
Foreign exchange gain/(loss)		16,404	25,540	(94,795)	(5,032)
		(422,391)	(404,042)	(1,422,790)	(1,294,100)
(Loss)/profit before contribution to Kuwait Foundation for the Advancement of science ('KFAS'), Zakat and National Labour Support Tax (NLST)		(121,881)	(1,560,733)	92,829	6,108,615
Reversal of/(provision for) KFAS		1,235	15,287	(4,009)	(9,335)
Reversal of/(provision for) Zakat		3,232	14,881	(3,788)	(57,577)
Reversal of/(provision for) NLST		11,437	40,644	-	(148,557)
(Loss)/profit for the period		(105,977)	(1,489,921)	85,032	5,893,146
Attributable to:					
Owners of the Parent Company		(158,279)	(1,556,543)	(88,553)	5,811,954
Non-controlling interest		52,302	66,622	173,585	81,192
		(105,977)	(1,489,921)	85,032	5,893,146
Basic and diluted (loss)/earnings per share attributable the owners of the Parent Company (Fils)					
	6	(0.39)	(3.83)	(0.22)	14.30

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		Nine months ended	
	30 Sept. 2022 (Unaudited) KD	30 Sept. 2021 (Unaudited) KD	30 Sept. 2022 (Unaudited) KD	30 Sept. 2021 (Unaudited) KD
(Loss)/profit for the period	(105,977)	(1,489,921)	85,032	5,893,146
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	154,260	21,428	284,674	(153,014)
Transfer to interim condensed consolidated statement of profit or loss on de-recognition/disposal of an associate	-	(270,641)	-	(270,641)
Total other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	154,260	(249,213)	284,674	(423,655)
<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	(1,766)	(27,244)	32,616	(88,394)
Total other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods	(1,766)	(27,244)	32,616	(88,394)
Total other comprehensive income/(loss) for the period	152,494	(276,457)	317,290	(512,049)
Total comprehensive income/(loss) for the period	46,517	(1,766,378)	402,322	5,381,097
Total comprehensive income/(loss) attributable to:				
Owners of the Parent Company	(16,479)	(1,833,698)	212,167	5,329,532
Non-controlling interests	62,996	67,320	190,155	51,565
	46,517	(1,766,378)	402,322	5,381,097

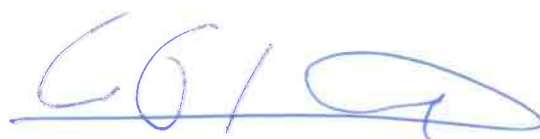
The notes set out on pages 7 to 16 an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Note	30 Sept. 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	30 Sept. 2021 (Unaudited) KD
Assets				
Cash and bank balances	7	4,469,377	5,359,029	5,848,447
Short-term deposits		6,000,000	15,150,000	14,500,000
Financial assets at fair value through profit or loss	8	14,831,413	10,707,394	6,615,604
Financial assets at fair value through other comprehensive income		1,231,434	1,325,301	2,072,895
Inventories		702,718	506,148	515,176
Accounts receivables and other assets	10	6,343,232	2,783,409	3,040,349
Investment in associates	9	15,077,104	13,947,672	16,195,606
Investment properties		776,948	830,408	844,885
Property, plant and equipment		742,333	671,678	658,481
Intangible assets		605,639	621,883	624,064
Goodwill		356,017	356,017	356,017
Total assets		51,136,215	52,258,939	51,271,524
Liabilities and equity				
Liabilities				
Trade payables and other liabilities		1,802,990	2,280,915	2,321,223
Total liabilities		1,802,990	2,280,915	2,321,223
Equity				
Share capital	11	40,649,566	40,649,566	40,649,566
Statutory reserve		100,144	100,144	-
Cumulative changes in fair value		(519,424)	(562,754)	(445,469)
Foreign currency translation reserve		658,730	390,626	362,143
Retained earnings		1,739,905	1,549,191	574,733
Equity attributable to the owners of the Parent Company		42,628,921	42,126,773	41,140,973
Non-controlling interests		6,704,304	7,851,251	7,809,328
Total equity		49,333,225	49,978,024	48,950,301
Total liabilities and equity		51,136,215	52,258,939	51,271,524



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							
	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	Total equity 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)
(Loss)/profit for the period	-	-	-	-	(88,553)	(88,553)	173,585	85,032
Total other comprehensive income for the period	-	-	32,616	268,104	-	300,720	16,570	317,290
Total comprehensive income/(loss) for the period	-	-	32,616	268,104	(88,553)	212,167	190,155	402,322
Transfer to retained earnings on derecognition of investments at fair value through OCI	-	-	10,714	-	(10,714)	-	-	-
Balance as at 30 September 2022	40,649,566	100,144	(519,424)	658,730	1,739,905	42,628,921	6,704,304	49,333,225
Balance as at 1 January 2021 (as previously reported)	40,649,566	-	(367,899)	756,171	(5,042,626)	35,995,212	7,927,510	43,922,722
Effect of a restatement of a subsidiary	-	-	-	-	(183,771)	(183,771)	(169,747)	(353,518)
Balance as at 1 January 2021 (as restated)	40,649,566	-	(367,899)	756,171	(5,226,397)	35,811,441	7,757,763	43,569,204
Profit for the period	-	-	-	-	5,811,954	5,811,954	81,192	5,893,146
Total other comprehensive loss for the period	-	-	(88,394)	(394,028)	-	(482,422)	(29,627)	(512,049)
Total comprehensive (loss)/income for the period	-	-	(88,394)	(394,028)	5,811,954	5,329,532	51,565	5,381,097
Realised loss on equity investments at FVOCI transferred to accumulated losses	-	-	10,824	-	(10,824)	-	-	-
Balance as at 30 September 2021	40,649,566	-	(445,469)	362,143	574,733	41,140,973	7,809,328	48,950,301

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	Nine months ended 30 Sept. 2022 (Unaudited) KD	Nine months ended 30 Sept. 2021 (Unaudited) KD
OPERATING ACTIVITIES			
Profit/(loss) before KFAS, Zakat & NLST		92,829	6,108,615
Adjustments:			
Depreciation		87,603	102,459
Share of results of associates		(92,009)	1,306,206
Dividend Income		(363,183)	(88,164)
Profit from saving deposits		(41,921)	(67,802)
Net reversal of provision for impairment of investment in associate	9	(307,437)	(414,357)
Realised gain on disposal of investments in associates	9	(2,470)	(1,763,850)
Impairment in value of accounts receivable and other assets		5,140	7,436
Deemed gain on reclassifying of investment in associate to financial assets at fair value through profit or loss		-	(1,732,690)
Provision for employees end of service benefits		69,735	82,540
		(551,713)	3,540,393
Changes in operating assets and liabilities:			
Financial assets at fair value through profit or loss		(4,124,020)	258,414
Accounts receivables and other assets		(3,564,962)	148,680
Inventories		(196,570)	17,943
Other liabilities		(526,267)	1,066,684
Employee end of service benefits paid		(29,189)	(87,096)
Net cash (used in)/from operating activities		(8,992,721)	4,945,018
INVESTING ACTIVITIES			
Additions to property and equipment		(133,013)	(54,153)
Addition in right of use of assets and intangible assets		(9,000)	-
Addition to investments in associates	9	(539,801)	(305,933)
Addition to investments in financial assets at fair value through other comprehensive income		(295,221)	-
Proceeds from disposal of investments in associates		46,103	5,615,258
Net cash outflow on acquisition of subsidiaries		(1,023,092)	(788,000)
Proceeds from disposal of financial assets at fair value through other comprehensive income		-	276,294
Redemption proceeds received from financial assets at fair value through other comprehensive income		420,023	28,349
Dividend received from associates		81,966	-
Dividend income		363,183	88,164
Profit received from saving deposits		41,921	67,802
Net cash (used in)/from investing activities		(1,046,931)	4,927,781
FINANCING ACTIVITIES			
Movement in restricted bank accounts		796	137
Net cash from financing activities		796	137
Net (decrease)/increase in cash and cash equivalents		(10,038,856)	9,872,936
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	10,341,230	20,219,463

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 30 September 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 7 November 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. 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 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 nine-months period ended 30 September 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 nine-months period ended 30 September 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.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

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

Annual Improvements 2018-2020 Cycle

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

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

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

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 KD1,023,092, 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 (loss)/earnings per share

Basic and diluted (loss)/earnings 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		Nine months ended	
	30 Sept. 2022 (Unaudited)	30 Sept. 2021 (Unaudited)	30 Sept. 2022 (Unaudited)	30 Sept. 2021 (Unaudited)
(Loss)/profit for the period attributable to the owners of the Parent Company (KD)	(158,279)	(1,556,543)	(88,553)	5,811,954
Weighted average number of shares during the period	406,495,660	406,495,660	406,495,660	406,495,660
Basic and diluted (loss)/earnings per share (Fils)	(0.39)	(3.83)	(0.22)	14.30

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:

	30 Sept. 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	30 Sept. 2021 (Unaudited) KD
Bank balances and short term deposits	4,469,377	5,359,029	5,848,447
Short term deposits	6,000,000	15,150,000	14,500,000
	10,469,377	20,509,029	20,348,447
Less: Dividend restricted bank accounts*	(128,147)	(128,943)	(128,984)
Cash and cash equivalents as per the statement of cash flows	10,341,230	20,380,086	20,219,463

The short terms deposits have original maturity of nine months or less and carry profit in the range of 1.35% to 2.10% (31 December 2021: 1.30% to 2.35% and 30 September 2021: 1.35% to 3.90%) per annum.

*Relates to amount set apart to meet unclaimed dividend balances, as and when they are claimed by the shareholders. An amount of KD796 (31 December 2021: KD178 and 30 September 2021: KD137) 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

	30 Sept. 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	30 Sept. 2021 (Unaudited) KD
Quoted securities	8,292,585	4,881,341	1,853,057
Unquoted securities	6,499,201	5,774,390	4,711,030
Unquoted funds managed by external fund managers	39,627	51,663	51,517
	14,831,413	10,707,394	6,615,604

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 14.2).

Notes to the interim condensed consolidated financial information (continued)

9 Investment in associates

The movement of investment in associates is as follows:

	30 Sept. 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	30 Sept. 2021 (Unaudited) KD
Carrying value as at beginning of the year (as reported previously)	13,947,672	23,935,460	24,288,978
Effect of restatement	-	-	(353,518)
Carrying value as at beginning of the year (as restated)	13,947,672	23,935,460	23,935,460
Additions during the period/year	539,801	607,248	305,933
Share of results	92,009	(1,331,602)	(1,306,206)
Partial disposal during the period	(43,633)	(2,804,455)	(2,804,455)
Reclassification of an associate to financial assets at fair value thought profit or loss during the period	-	(3,166,890)	(3,166,890)
Disposals during the period	-	(3,475,057)	(1,046,955)
Reversal of impairment provisions of the investment in an associate (note 9a)	307,437	581,208	710,277
Impairment in value	-	(295,920)	(295,920)
Foreign currency translation adjustments	330,303	(102,320)	(135,638)
Other comprehensive income	1,682	-	-
Dividends paid	(81,966)	-	-
Other adjustments	(16,201)	-	-
	15,077,104	13,947,672	16,195,606

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 Accounts receivables and other assets

This includes an advance payment of KD2,000,000 made during the period, to acquire controlling interest of a local limited liability company and as of the reporting date, this amount has been treated as an advance payment to acquire a subsidiary until all the legal formalities are completed to transfer the ownership. Upon completion of the legal formalities to transfer the ownership, the investment will be consolidated.

11 Share Capital

The authorised, issued and paid up capital of the Parent Company amounts to KD40,649,566 (31 December 2021 and 30 September 2021: KD40,649,566) distributed over 406,495,660 shares (31 December 2021 and 30 September 2021: 406,495,660) with 100 Fils par value.

Notes to the interim condensed consolidated financial information (continued)

12 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
Nine months ended 30 September 2022 (Unaudited)					
Segment income	121,128	-	1,295,312	99,179	1,515,619
Segment result	107,323	-	744,318	(766,609)	85,032
Total assets	41,609,328	776,948	1,664,374	7,085,565	51,136,215
Total liabilities	-	-	-	1,802,990	1,802,990
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
Nine months ended 30 September 2021 (Unaudited)					
Segment income	6,064,835	-	1,229,271	108,609	7,402,715
Segment result	6,056,337	-	1,229,271	(1,392,462)	5,893,146
Total assets	45,232,551	844,885	1,495,257	3,998,831	51,571,524
Total liabilities	-	-	-	2,321,223	2,321,223

13 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:

	Nine months ended 30 Sept. 2022 (Unaudited) KD	Nine months ended 30 Sept. 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	146,947	99,140
Terminal benefits	7,282	35,312
Consultancy fees paid	15,000	-
	169,229	134,452

Notes to the interim condensed consolidated financial information (continued)

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

14.1 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 Sept. 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	30 Sept. 2021 (Unaudited) KD
At amortised cost:			
• Bank balances and short term deposits	10,469,377	20,509,029	20,348,447
• Accounts receivables and other assets	6,343,232	2,783,409	3,040,349
	16,812,609	23,292,438	23,388,796
Financial assets at fair value through profit or loss:			
• Quoted securities	8,292,585	4,881,341	1,853,057
• Unquoted securities	6,499,201	5,774,390	4,711,030
• Unquoted funds managed by external fund managers	39,627	51,663	51,517
	14,831,413	10,707,394	6,615,604
Financial assets at fair value through other comprehensive income			
• Quoted equity securities	195,673	189,151	191,326
• Unquoted equity securities	104,689	963,268	229,279
• Unquoted funds managed by external fund managers	931,072	172,882	1,652,290
	1,231,434	1,325,301	2,072,895
Total financial assets	32,875,456	35,325,133	32,077,295
Financial liabilities (at amortised costs) :			
• Other liabilities	1,802,990	2,280,915	2,321,223
	1,802,990	2,280,915	2,321,223

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 14.2 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.

14.2 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 nine 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)

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

14.2 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 September 2022	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
Financial assets at fair value through profit or loss				
• Quoted securities	8,292,585	-	-	8,292,585
• Unquoted securities	-	-	6,499,201	6,499,201
• Unquoted funds managed by external fund managers	-	-	39,627	39,627
Financial assets at fair value through other comprehensive income				
• Quoted securities	195,673	-	-	195,673
• Managed funds	-	-	104,689	104,689
• Unquoted equity securities	-	-	931,072	931,072
Total financial assets at fair value	8,488,258	-	7,574,589	16,062,847

31 December 2021

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)

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

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

30 September 2021	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
Financial assets at fair value through profit or loss				
• Quoted securities	1,853,057	-	-	1,853,057
• Unquoted securities	-	-	4,711,030	4,711,030
• Unquoted funds managed by external fund managers	-	-	51,517	51,517
Financial assets at fair value through other comprehensive income				
• Quoted securities	191,326	-	-	191,326
• Unquoted equity securities	-	-	1,652,290	1,652,290
• Managed funds	-	-	229,279	229,279
Total financial assets at fair value	2,044,383	-	6,644,116	8,688,499

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 Sept. 2022 (Unaudited) KD	31 Dec. 2021 (Audited) KD	30 Sept. 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	723,353	(462,438)	1,219,558
Net change in fair value recognised in other comprehensive income	24,409	(18,759)	37,708
Transferred from investment in associate	-	3,166,890	3,166,890
Addition during the period/year	(135,376)	1,959,646	(96,903)
Balance at the end of the period/year	7,574,589	6,962,203	6,644,116

15 Dividend distribution

The shareholders at their Annual General Meeting held on 10 May 2022 approved not to make any distributions for the year ended 31 December 2021 (31 December 2020: Nil).

Notes to the interim condensed consolidated financial information (continued)

16 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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