KUWAIT AND MIDDLE EAST FINANCIAL INVESTMENT COMPANY K.S.C.P. AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

30 JUNE 2024



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INDEPENDENT AUDITOR'S REVIEW REPORT ON INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF KUWAIT AND MIDDLE EAST FINANCIAL INVESTMENT COMPANY K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Kuwait and Middle East Financial Investment Company K.S.C.P. ("the Parent Company") and its subsidiaries (collectively, the "Group") as at 30 June 2024, and the related interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of comprehensive income for the three-month and six-month periods then ended, and the related interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period then ended. The Parent Company's 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, it 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 preparation set out in Note 2.

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations 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 2024 that might have had a material effect on the business of the Parent Company or on its financial position.

INDEPENDENT AUDITOR'S REVIEW REPORT ON INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF KUWAIT AND MIDDLE EAST FINANCIAL INVESTMENT COMPANY K.S.C.P. (continued)

Report on Other Legal and Regulatory Requirements (continued)

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 violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, or of the provisions of Law No. 7 of 2010 concerning establishment of Capital Markets Authority "CMA" and organization of security activity and its executive regulations, as amended, during the six-month period ended 30 June 2024 that might have had material effect on the business of the Parent Company or on its financial position except for the matter disclosed in Note 15 to the interim condensed consolidated financial information, which indicates the Parent Company's violation of the provisions of Article (3-1) of Module 17 "*Capital Adequacy Regulations for Licensed Persons*" of the Executive Bylaws of Law No. (7) of 2010 and amendments thereto, whereby the Parent Company, as a Licensed Person, did not maintain an actual Eligible Regulatory Capital in excess of the Risk Based Capital Requirement.



ABDULKARIM ALSAMDAN
LICENCE NO. 208-A
EY
AL AIBAN, AL OSAIMI & PARTNERS

8 August 2024
Kuwait

Kuwait and Middle East Financial Investment Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2024

	Notes	*30 June 2024* **KD**	*(Audited) 31 December 2023* KD	*30 June 2023* KD
ASSETS				
Cash and short-term deposits	3	**3,427,374**	3,790,068	5,004,324
Other assets	4	**4,262,046**	2,631,466	5,778,740
Restricted cash	5	**960,948**	971,572	855,470
Loans and advances	6	**1,029,555**	2,415,384	1,940,310
Investment securities	12	**28,389,869**	26,855,467	29,945,099
Investment properties	7	**28,533,125**	22,253,000	22,710,000
Intangible asset		**8,600,000**	8,600,000	8,600,000
Right-of-use assets		**331,582**	429,195	181,939
Property and equipment		**1,287,596**	1,238,867	1,600,927
TOTAL ASSETS		**76,822,095**	69,185,019	76,616,809
LIABILITIES AND EQUITY				
Liabilities				
Accounts payable and other liabilities		**5,431,916**	5,446,693	8,002,441
Lease liabilities		**335,827**	423,453	203,569
Loans and borrowings	8	**47,021,689**	42,065,700	42,414,794
Total liabilities		**52,789,432**	47,935,846	50,620,804
Equity				
Share capital		**22,000,000**	22,000,000	22,000,000
Statutory reserve		**443,464**	443,464	443,464
Voluntary reserve		**443,464**	443,464	443,464
Fair value reserve		**2**	(8,176)	142,023
Other reserve		**737,078**	737,078	737,078
(Accumulated losses) Retained earnings		**(615,652)**	(3,334,498)	1,157,926
Equity attributable to equity holders of the Parent Company		**23,008,356**	20,281,332	24,923,955
Non-controlling interests		**1,024,307**	967,841	1,072,050
Total equity		**24,032,663**	21,249,173	25,996,005
TOTAL LIABILITIES AND EQUITY		**76,822,095**	69,185,019	76,616,809

Hamad Saleh Hamad Al Thekair
Chairman

Ahmad Abdulrazzaq Ahmad Al Bahar
Vice Chairman

The attached notes 1 to 15 form a part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the period ended 30 June 2024

	Notes	*Three months ended 30 June*		*Six months ended 30 June*	
		2024	*2023*	***2024***	*2023*
		KD	*KD*	***KD***	*KD*
Income					
Management fees	9	**288,966**	286,663	**526,200**	648,988
Commission income		**640,544**	571,490	**1,361,145**	1,177,432
Net (loss) gain on investment securities at FVPL		**(1,383,164)**	1,132,680	**3,029,629**	(584,009)
Net rental income derived from investment properties		**62,710**	89,477	**212,742**	181,552
Vehicle lease income		**190,379**	92,076	**310,461**	173,323
Dividend income		**429,045**	470,578	**429,045**	470,578
Net foreign exchange differences		**166,876**	81,554	**252,147**	130,467
Interest income		**73,811**	132,630	**154,594**	219,026
Loss on sale of property and equipment		**(9,691)**	-	**(9,691)**	-
Other income		**668**	900	**700**	963
Net operating income		**460,144**	2,858,048	**6,266,972**	2,418,320
Expenses					
General and administrative expenses		**(884,945)**	(886,304)	**(1,887,157)**	(1,757,126)
Provisions and expected credit losses		**(64,602)**	(91,248)	**(89,378)**	(131,064)
Finance costs		**(705,587)**	(650,515)	**(1,373,519)**	(1,277,669)
Total operating expenses		**(1,655,134)**	(1,628,067)	**(3,350,054)**	(3,165,859)
(Loss) profit before tax		**(1,194,990)**	1,229,981	**2,916,918**	(747,539)
National Labour Support Tax ("NLST")		**40,145**	-	**(60,930)**	-
Zakat		**17,713**	-	**(12,986)**	-
Contribution to Kuwait Foundation for Advancement of Sciences ("KFAS")		**40,430**	-	-	-
(LOSS) PROFIT FOR THE PERIOD		**(1,096,702)**	1,229,981	**2,843,002**	(747,539)
Attributable to:					
Equity holders of the Parent Company		**(1,108,504)**	1,199,814	**2,725,627**	(769,289)
Non-controlling interests		**11,802**	30,167	**117,375**	21,750
		(1,096,702)	1,229,981	**2,843,002**	(747,539)
BASIC AND DILUTED (LOSSES) EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	10	**(5.04) Fils**	5.45 Fils	**12.39 Fils**	(3.50) Fils

The attached notes 1 to 15 form a part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 June 2024

	Three months ended 30 June		*Six months ended 30 June*	
	2024	*2023*	***2024***	*2023*
	KD	*KD*	***KD***	*KD*
(LOSS) PROFIT FOR THE PERIOD	**(1,096,702)**	1,229,981	**2,843,002**	(747,539)
Other comprehensive (loss) income				
Other comprehensive (loss) income that will not be reclassified to profit or loss in subsequent periods:				
Net (loss) gain on investment securities at FVOCI	-	(1,261)	**1,397**	44,028
Other comprehensive (loss) income for the period	-	(1,261)	**1,397**	44,028
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	**(1,096,702)**	1,228,720	**2,844,399**	(703,511)
Attributable to:				
Equity holders of the Parent Company	**(1,108,504)**	1,198,553	**2,727,024**	(725,261)
Non-controlling interests	**11,802**	30,167	**117,375**	21,750
	(1,096,702)	1,228,720	**2,844,399**	(703,511)

The attached notes 1 to 15 form a part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 June 2024

	Attributable to equity holders of the Parent Company								
	Share capital KD	***Statutory reserve KD***	***Voluntary reserve KD***	***Fair value reserve KD***	***Other reserve KD***	***(Accumulated losses) retained earnings KD***	***Sub-total KD***	***Non-controlling interests KD***	***Total equity KD***
As at 1 January 2024	**22,000,000**	**443,464**	**443,464**	**(8,176)**	**737,078**	**(3,334,498)**	**20,281,332**	**967,841**	**21,249,173**
Profit for the period	-	-	-	-	-	**2,725,627**	**2,725,627**	**117,375**	**2,843,002**
Other comprehensive income for the period	-	-	-	**1,397**	-	-	**1,397**	-	**1,397**
Total comprehensive income for the period	-	-	-	**1,397**	-	**2,725,627**	**2,727,024**	**117,375**	**2,844,399**
Changes in ownership interest in a subsidiary without a change in control (Note 1.2)	-	-	-	-	-	-	-	**(60,909)**	**(60,909)**
Transfer of fair value reserve on derecognition of equity instruments designated at FVOCI	-	-	-	**6,781**	-	**(6,781)**	-	-	-
At 30 June 2024	**22,000,000**	**443,464**	**443,464**	**2**	**737,078**	**(615,652)**	**23,008,356**	**1,024,307**	**24,032,663**
As at 1 January 2023	22,000,000	443,464	443,464	97,995	737,078	1,927,215	25,649,216	1,050,300	26,699,516
(Loss) profit for the period	-	-	-	-	-	(769,289)	(769,289)	21,750	(747,539)
Other comprehensive income for the period	-	-	-	44,028	-	-	44,028	-	44,028
Total comprehensive income (loss) for the period	-	-	-	44,028	-	(769,289)	(725,261)	21,750	(703,511)
At 30 June 2023	22,000,000	443,464	443,464	142,023	737,078	1,157,926	24,923,955	1,072,050	25,996,005

The attached notes 1 to 15 form a part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

As at and for the period ended 30 June 2024

	Note	*Six months ended 30 June* ***2024*** ***KD***	*2023* *KD*
OPERATING ACTIVITIES			
Profit (loss) before tax		**2,916,918**	(747,539)
Adjustments to reconcile profit (loss) before tax to net cash flows:			
Depreciation of property and equipment		**259,041**	230,608
Depreciation of right-of-use assets		**111,173**	128,186
Interest income		**(154,594)**	(219,026)
Realised (gain) loss from sale of investments at FVPL		**(1,384,442)**	556,972
Unrealised (gain) loss on investments at FVPL		**(1,645,187)**	27,037
Dividend income from investment securities		**(429,045)**	(470,578)
Finance costs on loans and borrowings		**1,363,339**	1,272,829
Interest expense on lease liabilities		**10,180**	4,840
Provisions and expected credit losses		**89,378**	131,064
Loss on sale of property and equipment		**9,691**	-
Provision for employees' end of service benefits		**83,302**	52,494
		1,229,754	966,887
Changes in operating assets and liabilities:			
Investments securities at FVPL		**1,488,017**	(1,279,849)
Other assets		**(1,591,289)**	490,769
Release (block) of restricted cash		**10,624**	(328,555)
Loans and advances		**1,302,427**	749,274
Accounts payable and other liabilities		**(115,533)**	5,436
Cash flows from operations		**2,324,000**	603,962
Interest income received		**109,327**	90,764
Taxes paid		**(55,715)**	(19,832)
Employees' end of service benefits paid		**(304,162)**	(26,457)
Net cash flows from operating activities		**2,073,450**	648,437
INVESTING ACTIVITIES			
Net movement in term deposits		**(143,250)**	(652,915)
Purchase of property and equipment		**(317,461)**	(121,494)
Purchase of investment properties		**(5,548,500)**	-
Dividends income received from investment securities		**429,045**	470,578
Refund to acquire investment properties		-	50,000
Proceed from sale of investments securities at FVOCI		**8,607**	-
Net cash flows used in investing activities		**(5,571,559)**	(253,831)
FINANCING ACTIVITIES			
Proceeds from loans and borrowings		**5,300,000**	1,270,000
Repayment of loans and borrowings		**(344,011)**	(2,234,098)
Finance costs paid		**(1,791,549)**	(432,553)
Payment of lease liabilities		**(111,366)**	(107,117)
Cash dividends paid		-	(2,702)
Net movement in non-controlling interests		**(60,909)**	-
Net cash flows from (used in) financing activities		**2,992,165**	(1,506,470)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(505,944)**	(1,111,864)
Cash and cash equivalents at 1 January	3	**3,183,318**	3,931,773
CASH AND CASH EQUIVALENTS AT 30 JUNE	3	**2,677,374**	2,819,909
Non-cash items excluded from the interim condensed consolidated statement of cash flows:			
Additions to right-of-use assets		**(13,560)**	-
Additions to lease liabilities		**13,560**	-
Purchase of investment properties (adjusted against accounts payable and other liabilities)		**(731,625)**	-

The attached notes 1 to 15 form a part of this interim condensed consolidated financial information.

1. CORPORATE AND GROUP INFORMATION

1.1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Kuwait and Middle East Financial Investment Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2024 was authorised for issue in accordance with a resolution of the Board of Directors on 8 August 2024.

The shareholders of the Parent Company at the annual general assembly meeting ("AGM") held on 13 May 2024 approved the consolidated financial statements for the year ended 31 December 2023 and resolved not to distribute any dividends for the year then ended.

The Parent Company is a public shareholding company incorporated on 1 January 1984 and domiciled in Kuwait and whose shares are publicly traded on Boursa Kuwait. The Parent Company is regulated by the Capital Markets Authority (CMA) and Central Bank of Kuwait (CBK) as an investment and finance company.

In accordance with the Parent Company's Memorandum and Articles of Associations the principal activities of the Parent Company comprise the following:

- Carrying out financial investment activities in various economic sectors inside and outside the State of Kuwait directly or by contributing to the existing companies in the same activities through establishing subsidiaries or by participating with others in the establishment of specialised companies or by buying shares of these companies;
- Managing portfolios, investing and developing funds for its own account or for clients locally and internationally, trading of securities, issuance and managing securities, issuance of various types of bonds to third parties or otherwise, to exercise all types of brokerage activities, to do financing locally and internationally, acceptance and management of credit contracts,
- Conducting studies, research and providing financial advices,
- Providing market maker services.

The Parent Company is a subsidiary of Evian Company for Selling and Buying Shares and Bonds for Company's Account only (referred to therein as the "major shareholder" or the "Ultimate Parent Company").

The head office of the Parent Company is located at Al-Qibla, Block 1, Arabian Gulf Street, Khalid Tower, Floor 5 and its registered postal address is P.O. Box 819, Safat 13009, Kuwait City, Kuwait.

1.2 GROUP INFORMATION

The interim condensed consolidated financial information of the Group include the following:

		% equity interest			
			(Audited)		
Name of subsidiary	***Country of incorporation***	***30 June 2024***	*31 December 2023*	*30 June 2023*	**Principal activities**
Directly held:					
Al Awsat Aloula Holding Company K.S.C. (Closed) ("Al Awsat")*	Kuwait	**99.9%**	99.9%	99.9%	Investment
Gulf Gate Fund (the "Fund")	Kuwait	**63%**	66.6%	66.6%	Managed fund
Middle East Financial Brokerage Company K.S.C. (Closed) ("MEFBC")	Kuwait	**100%**	100%	100%	Brokerage
KMEFIC for Renting and Leasing Cars W.L.L.	Kuwait	**99%**	99%	99%	Vehicle leasing
Indirectly held through Al Awsat:					
KMEFIC REIT Company W.L.L.	Kuwait	**99%**	99%	99%	Real estate

* Residual interests in the subsidiary are held by nominees on behalf of the Group, and there are letters of renunciation in favour of the Group confirming that the Group is the beneficial owner of such shares.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with IAS 34 *Interim Financial Reporting*, except as noted below.

The interim condensed consolidated financial information for the six months ended 30 June 2024 is prepared in accordance with the regulations issued by the CBK for financial services institutions in the State of Kuwait. These regulations require the expected credit loss ("ECL") on credit facilities to be measured at the higher of the amount computed under IFRS 9 in accordance to the CBK guidelines or the provisions as required by CBK instructions; the consequent impact on related disclosures; and the adoption of all other requirements of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB") (collectively referred to as IFRS, as adopted by CBK for use by the State of Kuwait).

The Group has prepared the financial information on the basis that it will continue to operate as a going concern. The management considers that there are no material uncertainties that may cast doubt significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2023.

The interim condensed consolidated financial information provides comparative information in respect of the previous period. Certain comparative information has been reclassified and represented to conform to classification in the current period. Such reclassification has been made to improve the quality of information presented.

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2024, but do not have an impact on the interim condensed consolidated financial information of the Group.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Group's interim condensed consolidated financial information.

Amendments to IFRS 16: *Lease Liability in a Sale and Leaseback*

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Group's interim condensed consolidated financial information.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

2.2 New standards, interpretations and amendments adopted by the Group (continued)

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the Group's interim condensed consolidated financial information.

3. CASH AND CASH EQUIVALENTS

For the purpose of the interim condensed consolidated statement of cash flows, cash and cash equivalents comprise the following:

	30 June 2024 KD	*(Audited) 31 December 2023 KD*	*30 June 2023 KD*
Cash on hand	**1,350**	1,350	1,500
Cash at banks	**1,219,436**	1,186,718	1,068,409
Short-term deposits maturing within 3 months	**1,456,588**	1,995,250	1,750,000
Cash and cash equivalents in the interim condensed consolidated statement of cash flows	**2,677,374**	3,183,318	2,819,909
Short-term deposit with an original maturity period exceeding 3 months but not more than 12 months	**750,000**	606,750	2,184,415
Cash and short-term deposits as per the interim condensed consolidated statement of financial position	**3,427,374**	3,790,068	5,004,324

Short-term deposits represent placements with local banks with a maturity of not more than twelve months from the date of placement and earn interest at an average effective interest rate ranging from 4.2% to 4.6% (31 December 2023: 4.375% to 5.1% and 30 June 2023: 4.1% to 5.5%) per annum.

4. OTHER ASSETS

	30 June 2024 KD	*(Audited) 31 December 2023 KD*	*30 June 2023 KD*
Management fees receivable	**1,206,893**	838,783	556,051
Commission income receivable	**607,614**	358,505	392,813
Prepayments	**217,785**	240,489	246,880
Amounts due from unsettled trades and brokers	**1,007,545**	203,898	1,141,191
Advance payments towards purchase of investment properties	-	-	2,240,000
Amount due from related parties	**190,000**	190,000	-
Other receivables	**1,032,209**	799,791	1,201,805
	4,262,046	2,631,466	5,778,740

	30 June 2024 KD	*(Audited) 31 December 2023 KD*	*30 June 2023 KD*
Other assets (gross)	**5,090,469**	3,453,913	6,600,813
Provision for expected credit losses	**(828,423)**	(822,447)	(822,073)
	4,262,046	2,631,466	5,778,740

Set out below is the movement in the allowance for expected credit losses of other assets at amortised cost:

	30 June 2024 KD	*(Audited) 31 December 2023 KD*	*30 June 2023 KD*
As at 1 January	**822,447**	731,036	731,036
Charge for the period/year	**5,976**	91,411	91,037
As at 30 June/ 31 December	**828,423**	822,447	822,073

5. RESTRICTED CASH

Restricted cash represents bank balances of KD 960,948 (31 December 2023: KD 971,572 and 30 June 2023: KD 855,470) which are restricted for use by the Kuwait Clearing Company ("KCC") to fulfil the Group's obligations against any shortfall in trading activities.

6. LOANS AND ADVANCES

	30 June 2024 KD	*(Audited) 31 December 2023 KD*	*30 June 2023 KD*
Loans to customers*	**8,733,612**	10,036,039	9,507,909
Less: General provision	**(7,955)**	(23,905)	(19,599)
Less: Specific provision	**(7,696,102)**	(7,596,750)	(7,548,000)
	1,029,555	2,415,384	1,940,310

* Loans and advances include a loan granted to a customer amounting to KD 7,500,000 (31 December 2023: KD 7,500,000 and 30 June 2023: KD 7,500,000) in lieu of a wakala investment backed up by a debt admission authenticated by the Ministry of Justice - Department of Authentication and registered under no. 3427/2011 (Volume 6); and for which an enforcement action has commenced under no. 14179653. No recoveries from collections were made due to the significant financial difficulties encountered by the debtor. Accordingly, the debt is considered credit impaired and has been fully provided for in previous years.

The below analysis shows the provision for loans and advances as per CBK instructions:

	30 June 2024		
	General KD	***Specific KD***	***Total KD***
As at 1 January 2024	**(23,905)**	**(7,596,750)**	**(7,620,655)**
Reversal (charge) during the period	**15,950**	**(99,352)**	**(83,402)**
As at 30 June 2024	**(7,955)**	**(7,696,102)**	**(7,704,057)**

	31 December 2023 (Audited)		
	General KD	*Specific KD*	*Total KD*
As at 1 January 2023	(27,572)	(7,500,000)	(7,527,572)
Reversal (charge) during the year	3,667	(96,750)	(93,083)
As at 31 December 2023	(23,905)	(7,596,750)	(7,620,655)

	30 June 2023		
	General KD	*Specific KD*	*Total KD*
As at 1 January 2023	(27,572)	(7,500,000)	(7,527,572)
Reversal (charge) during the period	7,973	(48,000)	(40,027)
As at 30 June 2023	(19,599)	(7,548,000)	(7,567,599)

Expected credit loss on loans and advances computed under IFRS 9 in accordance with the CBK guidelines amounted to KD 7,677,806 (31 December 2023: KD 7,600,827 and 30 June 2023: KD 7,562,761) which is lower than the provision of KD 7,704,057 (31 December 2023: KD 7,620,655 and 30 June 2023: KD 7,567,599) computed under CBK instructions.

7. INVESTMENT PROPERTIES

	30 June 2024 KD	*(Audited) 31 December 2023 KD*	*30 June 2023 KD*
At the beginning of the period/year	**22,253,000**	22,710,000	22,710,000
Additions *	**6,280,125**	-	-
Fair value adjustment to investment properties	-	(457,000)	-
At the end of the period/year	**28,533,125**	22,253,000	22,710,000

* During the current period, the Group has acquired a property under development in the State of Kuwait with acquisition costs amounting to KD 6,280,125. Subsequent to transfer of the title deeds of the property to the Group, during the current period, the management entered into a conditional agreement with a property development company (third party) whereby the third party will bear the construction costs and upon completion of the development of the property, the Group will only own 42% of the property and the remaining 58% will be transferred to the third party. As of 30 June 2024, the Group has recorded the investment property at its entire acquisition costs as the sharing of property will only occur once the third party completes the construction of the property.

Investment properties represent commercial and residential properties in the State of Kuwait with a carrying value of KD 28,533,125 (31 December 2023: KD 22,253,000 and 30 June 2023: KD 22,710,000) are pledged as security in order to fulfil collateral requirements of certain loans and borrowings (Note 8).

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

The valuations of investment properties were performed at 31 December by two accredited independent valuers with recognised and relevant professional qualification and experience in the locations and categories of the investment properties being valued. As required by the Capital Market Authority (CMA), the Group has selected the lower of these valuations. The valuation models applied are consistent with the principles in IFRS 13 and fair value is determined using a mix of the income capitalisation method and the market comparison approach considering the nature and usage of each property. Valuation of the Group's investment property portfolio is performed on an annual basis as management believes that there are no significant circumstances that have arisen during the interim reporting period, which may have a material impact on fair value.

8. LOANS AND BORROWINGS

	30 June 2024 KD	*(Audited) 31 December 2023 KD*	*30 June 2023 KD*
Islamic finance payables			
- Tawarruq facilities (a)	**4,271,689**	4,615,700	4,964,794
- Murabaha facilities (b)	**23,200,000**	23,200,000	23,200,000
	27,471,689	27,815,700	28,164,794
Revolving loan (c)	**19,550,000**	14,250,000	14,250,000
	47,021,689	42,065,700	42,414,794
Current	**42,982,226**	38,162,709	38,153,085
Non-current	**4,039,463**	3,902,991	4,261,709

8. LOANS AND BORROWINGS (continued)

(a) The tawarruq facility is granted by a local bank, denominated in Kuwaiti Dinars and carries an average profit rate of 1.5% (31 December 2023: 2% and 30 June 2023: 2%) over the CBK discount rate per annum.

(b) The murabaha facility is granted by a local bank amounting to KD 23,200,000 with a tenor of 1 year and a profit rate of 1.75% per annum (31 December 2023: 1.75% and 30 June 2023: 1.75%) over the CBK discount rate. The revolving facility was obtained to facilitate certain investing activities. This facility is pledged against quoted equity securities amounting to KD 21,590,590 (31 December 2023: KD 19,666,762 and 30 June 2023: 22,851,161).

(c) Revolving loan is granted by a local bank, denominated in Kuwaiti Dinars and carries an average interest rate of 1.75% (31 December 2023: 2% and 30 June 2023: 2%) per annum over the CBK discount rate and are repayable in full within 1 year.

The tawarruq facility and revolving loan are secured over investment properties amounting to KD 28,533,125 as at 30 June 2024 (31 December 2023: KD 22,253,000 and 30 June 2023: KD 22,710,000).

At 30 June 2024, the Group had available KD 450,000 of undrawn committed borrowing facilities (31 December 2023: KD 5,750,000 and 30 June 2023: KD 5,750,000).

9. FIDUCIARY ASSETS

The Group manages investment portfolios and funds on behalf of clients and provides online trading facilities. The total carrying value of these portfolios as at 30 June 2024 amounted to KD 347 million (31 December 2023: KD 346 million and 30 June 2023: KD 340 million) which are not reflected in the interim condensed consolidated financial information. The portfolios have no recourse to the general assets of the Group. The Group makes investment decisions in line with the respective agreements.

Management fee earned from the above fiduciary assets for the six months ended 30 June 2024 amounted to KD 526,200 (30 June 2023: KD 648,988) and commission income earned on assets under management amounted to KD 1,125,262 (30 June 2023: KD 717,306).

10. (LOSSES) EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the (loss) profit for the period attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the (loss) profit attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As there are no dilutive instruments outstanding, basic and diluted EPS are identical.

	Three months ended 30 June		*Six months ended 30 June*	
	2024	*2023*	***2024***	*2023*
(Loss) profit for the period attributable to equity holders of the Parent Company (KD)	**(1,108,504)**	1,199,814	**2,725,627**	(769,289)
Weighted average number of shares outstanding during the period (shares)	**220,000,001**	220,000,001	**220,000,001**	220,000,001
Basic and diluted (losses) earnings per share (Fils)	**(5.04)**	5.45	**12.39**	(3.50)

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of this interim condensed consolidated financial information which would require the restatement of EPS.

11. RELATED PARTY DISCLOSURES

The Group's related parties include its major shareholders, entities under common control, directors and executive officers of the Group, close members of their families and entities of which they 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.

The following table provides the total amount of transactions that have been entered into with related parties during the six months ended 30 June 2024 and 2023, and balances with related parties as at 30 June 2024, 31 December 2023 and 30 June 2023:

	Three months ended 30 June		*Six months ended 30 June*	
	2024	*2023*	***2024***	*2023*
	KD	*KD*	***KD***	*KD*
Interim condensed consolidated statement of profit or loss:				
Net (loss) gain from funds managed by the Parent Company	**(25,535)**	76,732	**219,624**	4,696
General and administrative expenses	**19,264**	(11,690)	**(2,474)**	(42,881)

		(Audited)	
	30 June 2024	*31 December 2023*	*30 June 2023*
	KD	*KD*	*KD*
Interim condensed consolidated statement of financial position:			
Investments in funds managed by the Parent Company	**3,034,055**	2,653,563	3,258,524
Other receivables	**190,000**	190,000	-
Other payables	**(240,873)**	(122,816)	(2,229,191)
Other transactions			
Net purchases of property and equipment	**268,160**	268,274	82,050

Transactions with key management personnel

Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group.

The aggregate value of transactions and outstanding balances related to key management personnel were as follows.

	Transaction values for the three months ended		*Transaction values for the six months ended*	
	30 June 2024	*30 June 2023*	***30 June 2024***	*30 June 2023*
	KD	*KD*	***KD***	*KD*
Salaries and other short-term benefits	**94,919**	94,510	**190,755**	217,563
Employees end of service benefits	**5,492**	7,791	**10,979**	15,581
	100,411	102,301	**201,734**	233,144

11. RELATED PARTY DISCLOSURES (continued)

	Balance outstanding as at		
		(Audited)	
	30 June 2024	*31 December 2023*	*30 June 2023*
	KD	*KD*	*KD*
Salaries and other short-term benefits	**8,412**	5,795	7,583
Employees end of service benefits	**171,545**	311,647	294,865
	179,957	317,442	302,448

The shareholders at the AGM held on 13 May 2024 approved to not distribute directors' remuneration for the year ended 31 December 2023 except for directors' remuneration of KD 3,000 for the independent member.

12. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value hierarchy
All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the interim condensed consolidated financial information at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

Set out below that are a summary of financial instruments measured at fair value on a recurring basis, other than those with carrying amounts that are reasonable approximations of fair values:

	Fair value measurement using			
30 June 2024	***Quoted prices in active markets (Level 1) KD***	***Significant observable inputs (Level 2) KD***	***Significant unobservable inputs (Level 3) KD***	***Total KD***
Financial instruments				
Investment securities at FVPL:				
- Quoted equity securities	**24,044,645**	-	-	**24,044,645**
- Funds	-	**3,595,437**	**749,785**	**4,345,222**
	24,044,645	**3,595,437**	**749,785**	**28,389,867**
Investment securities at FVOCI:				
- Unquoted equity securities	-	-	**2**	**2**
Investment securities (at fair value)	**24,044,645**	**3,595,437**	**749,787**	**28,389,869**

12. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) KD	*Significant observable inputs (Level 2)* KD	*Significant unobservable inputs (Level 3)* KD	*Total* KD
31 December 2023 (Audited)				
Investment securities at FVPL:				
- Quoted equity securities	23,117,836	-	-	23,117,836
- Funds	-	2,965,980	764,439	3,730,419
	23,117,836	2,965,980	764,439	26,848,255
Investment securities at FVOCI				
Unquoted equity securities	-	-	7,212	7,212
Investment securities (at fair value)	23,117,836	2,965,980	771,651	26,855,467

	Fair value measurement using			
	Quoted prices in active markets (Level 1) KD	*Significant observable inputs (Level 2)* KD	*Significant unobservable inputs (Level 3)* KD	*Total* KD
30 June 2023				
Investment securities at FVPL:				
- Quoted equity securities	25,345,274	-	-	25,345,274
- Funds	-	3,536,391	735,898	4,272,289
	25,345,274	3,536,391	735,898	29,617,563
Investment securities at FVOCI:				
- Unquoted equity securities	-	-	327,536	327,536
Investment securities (at fair value)	25,345,274	3,536,391	1,063,434	29,945,099

There were no transfers between Level 1 and Level 2 fair value measurements during 30 June 2024, 31 December 2023, and 30 June 2023, and no transfers into or out of Level 3 fair value measurements during 30 June 2024, 31 December 2023, and 30 June 2023.

12. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Reconciliation of Level 3 fair values

The following table shows a reconciliation of all movements in the fair value of items categorised within Level 3 between the beginning and the end of the reporting period:

	Non-listed equity investments and funds		
	FVPL	***FVOCI***	***Total***
30 June 2024	***KD***	***KD***	***KD***
As at 1 January 2024	**764,439**	**7,212**	**771,651**
Remeasurement recognised in profit or loss	**23,777**	-	**23,777**
Net disposals	**(38,431)**	**(8,607)**	**(47,038)**
Remeasurement recorded in OCI	-	**1,397**	**1,397**
As at 30 June 2024	**749,785**	**2**	**749,787**

	Non-listed equity investments and funds		
	FVPL	*FVOCI*	*Total*
31 December 2023 (Audited)	*KD*	*KD*	*KD*
As at 1 January 2023	893,243	283,660	1,176,903
Remeasurement recognised in profit or loss	(27,090)	-	(27,090)
Net disposals	(101,714)	(275,448)	(377,162)
Remeasurement recorded in OCI	-	(1,000)	(1,000)
As at 31 December 2023	764,439	7,212	771,651

	Non-listed equity investments and funds		
	FVPL	*FVOCI*	*Total*
30 June 2023	*KD*	*KD*	*KD*
As at 1 January 2023	893,243	283,660	1,176,903
Remeasurement recognised in profit or loss	4,805	-	4,805
Net disposals	(162,150)	(152)	(162,302)
Remeasurement recorded in OCI	-	44,028	44,028
As at 30 June 2023	735,898	327,536	1,063,434

The valuation techniques and inputs used in this interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023.

The fair value of financial instruments classified as level 3 are, in certain circumstances, measured using valuation techniques that incorporate assumptions that are not evidenced by the prices from observable current market transactions in the same instrument and are not based on observable market data. The Group employs valuation techniques, depending on the instrument type and available market data. For example, in the absence of active market, an investment's fair value is estimated on the basis of an analysis of the investee's financial position and results, risk profile and other factors. Favourable and unfavourable changes in the value of financial instruments are determined on the basis of changes in the value of the instruments as a result of varying the levels of the unobservable parameters, quantification of which is judgmental. The management assessed that the impact on profit or loss or other comprehensive income would be immaterial if the relevant risk variables used to fair value the financial instruments classified as Level 3 were altered by 5 percent.

12. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

For other financial assets and financial liabilities carried at amortised cost, the carrying value is not significantly different from their fair value as most of these assets and liabilities are of short-term maturity or are re-priced immediately based on market movement in interest rates.

13. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and services and has five reportable segments, as follows:

- **Asset Management:** engaged in providing third party fund and portfolio management services on a fiduciary basis.
- **Brokerage and online trading:** engaged in on-line and brokerage services across Middle East and North Africa (MENA) and United States of America (USA) based stock exchanges.
- **Credit operations:** engaged in providing margin loans to the clients trading in Boursa Kuwait and commercial loans to the clients.
- **Investment, real estate and treasury:** engaged in money market placements, real estate activities and includes proprietary trading in equity stocks and funds across Gulf Cooperation Countries (GCC) and International markets.
- **Rental and leasing activities:** Rental and leasing activities in the State of Kuwait.

The Chief Operating Decision Maker (CODM) monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the interim condensed consolidated financial information.

The following tables present revenue and profit information for the Group's operating segments for the six months ended 30 June 2024 and 2023, respectively:

	Six months ended 30 June 2024					
	Asset management KD	***Brokerage & online trading KD***	***Credit operations KD***	***Investment, real estate and treasury KD***	***Rental and leasing activities KD***	***Total KD***
Operating income	**835,654**	**850,491**	**100,004**	**4,170,362**	**310,461**	**6,266,972**
Expenses	**(45,968)**	**(394,348)**	**(89,903)**	**(2,595,807)**	**(224,028)**	**(3,350,054)**
Segment results before tax	**789,686**	**456,143**	**10,101**	**1,574,555**	**86,433**	**2,916,918**
Taxes						**(73,916)**
Profit for the period						**2,843,002**

	Six months ended 30 June 2023					
	Asset management KD	*Brokerage & online trading KD*	*Credit operations KD*	*Investment, real estate and treasury KD*	*Rental and leasing activities KD*	*Total KD*
Operating income	684,251	1,177,432	76,702	310,068	169,867	2,418,320
Expenses	(406,860)	(633,270)	(43,777)	(1,878,004)	(203,948)	(3,165,859)
Segment results	277,391	544,162	32,925	(1,567,936)	(34,081)	(747,539)

The following table presents assets and liabilities information for the Group's operating segments as at 30 June 2024, 31 December 2023 and 30 June 2023, respectively:

13. SEGMENT INFORMATION (continued)

	Asset management KD	*Brokerage & online trading KD*	*Credit operations KD*	*Investment, real estate and treasury KD*	*Rental and leasing activities KD*	*Total KD*
ASSETS						
30 June 2024	**5,248,673**	**11,014,217**	**1,589,475**	**57,720,808**	**1,248,922**	**76,822,095**
31 December 2023 (audited)	3,980,797	9,037,402	2,791,081	52,553,091	822,648	69,185,019
30 June 2023	4,319,410	9,391,413	2,258,988	59,463,126	1,183,872	76,616,809
LIABILITIES						
30 June 2024	**28,230**	**365,097**	**-**	**52,154,080**	**242,025**	**52,789,432**
31 December 2023 (audited)	11,856	370,257	35,685	47,398,209	119,839	47,935,846
30 June 2023	311,316	591,673	926,855	48,634,673	156,287	50,620,804

14. COMMITMENTS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

	30 June 2024 KD	*(Audited) 31 December 2023 KD*	*30 June 2023 KD*
Commitments			
Uncalled capital contributions relating to investments at FVPL	**26,840**	33,888	33,922
Contingent liabilities			
Guarantee	**717,045**	664,210	699,422

14.1 Bank guarantee

The Guarantee issued by the Group noted above exclude the corporate guarantee provided to an entity of KD 44.78 million (31 December 2023: KD 44.80 million and 30 June 2023: KD 46.83 million) since this guarantee is backed by an irrevocable counter corporate guarantee of an equal amount issued in favour of the Group by a sovereign authority in Kuwait. The Parent Company is a shareholder in this entity, which is incorporated in Kingdom of Bahrain, in a fiduciary capacity. This entity is neither consolidated nor equity accounted for as this entity represents a structured entity and the Parent Company has no control, joint control or significant influence over the entity.

Furthermore, as at 30 June 2024, the Group's bankers had outstanding letter of guarantees and credits amounting to KD 717,045 (31 December 2023: KD 664,210 and 30 June 2023: KD 699,422) from which it is anticipated that no material liabilities will arise.

14.2 Legal claim contingency

In prior years certain unit holders ("unit holders") applied for redemption of their units in funds managed by the Parent Company ("the funds"). However the funds, due to liquidity issues, suspended redemptions temporarily and started an orderly liquidation in 2008. Accordingly, certain unit holders initiated legal actions against the funds and the Parent Company to redeem their units and requested for a compensation. Further, the Parent Company in its capacity as the liquidator of the funds have filed a counter claim against certain debtors of the funds to recover outstanding receivables to enable the orderly liquidation.

14. COMMITMENTS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (continued)

14.2 Legal claim contingency (continued)

The legal actions commenced by the unit holders against the Parent Company and the funds are in various phases of litigation and no final court rulings have been issued by the Court of Cassation as of date.

As part of the Parent Company's regular review of ongoing litigations, and based on the legal opinion received from its external and in-house legal counsel and facts disclosed above, the management have determined that it is not possible to reach a reliable estimate for the most likely outcome. Accordingly, no provision for any liability has been made in this interim condensed consolidated financial information.

15. CAPITAL MANAGEMENT

The primary objectives of the Group's capital management are to ensure that the Group complies with externally imposed capital requirements and that the Group maintains strong and healthy capital ratios in order to support its business and to maximise shareholder value.

The Group actively manages its capital base in order to cover risks inherent in the business. The adequacy of the Group's capital is monitored using, among other measures, the rules and ratios established by the Capital Markets Authority in supervising the Group.

The Group's regulatory capital and capital adequacy ratios for the period ended 30 June 2024, year ended 31 December 2023 and the period ended 30 June 2023 are calculated in accordance with provisions of Module seventeen (Capital Adequacy Regulations for Licensed Persons) of the Executive Bylaws of Law No. (7) of 2010 and their amendments thereto.

	30 June 2024	*(Audited) 31 December 2023*	*30 June 2023*
Available (eligible) regulatory Capital (KD)	**4,125,703**	2,250,226	8,436,864
Required regulatory capital (KD)	**17,372,980**	15,645,129	18,123,368
Capital adequacy ratio (%)	**24%**	14%	47%

As at 30 June 2024, the Parent Company as a Licensed Person did not maintain its minimum Eligible Regulatory Capital in excess of its risk-based capital and therefore violated the provisions of the requirement set forth in Article (3-1) of Module seventeen (Capital Adequacy Regulations for Licensed Persons) of the Executive Bylaws of Law No. (7) of 2010 and their amendments thereto.

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