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

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

30 SEPTEMBER 2022

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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 September 2022, and the related interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of comprehensive income for the three-month and nine-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 nine-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.

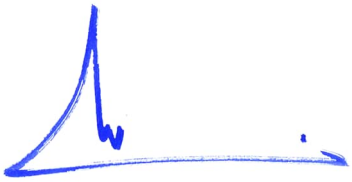
Report on Other Legal and Regulatory Requirements

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 nine-month period ended 30 September 2022 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, as amended, concerning the Capital Markets Authority and its related regulations during the nine-month period ended 30 September 2022 that might have had material effect on the business of the Parent Company or on its financial position.



BADER A. AL-ABDULJADER
LICENCE NO. 207 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

9 November 2022
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 September 2022

	Notes	*30 September 2022* **KD**	*(Audited)* 31 December 2021* KD	*30 September 2021* KD
ASSETS				
Cash and short-term deposits	3	**4,716,233**	5,766,678	3,549,409
Other assets	4	**38,551,890**	6,452,373	8,790,535
Restricted cash	5	**896,147**	1,115,303	832,867
Loans and advances	6	**2,669,859**	2,539,837	-
Investment securities	12	**7,168,551**	6,982,568	7,352,417
Investment properties	7	**6,250,000**	2,500,000	2,500,000
Intangible asset		**8,600,000**	8,600,000	8,600,000
Right-of-use assets		**293,126**	468,327	-
Furniture and equipment		**1,630,757**	764,596	669,976
TOTAL ASSETS		**70,776,563**	35,189,682	32,295,204
LIABILITIES AND EQUITY				
Liabilities				
Accounts payable and other liabilities		**6,523,901**	3,929,020	2,722,723
Lease liabilities		**314,758**	464,775	-
Loans and borrowings	8	**37,413,386**	4,597,291	4,180,000
Total liabilities		**44,252,045**	8,991,086	6,902,723
Equity				
Share capital		**22,000,000**	22,000,000	22,000,000
Statutory reserve		**327,413**	327,413	-
Voluntary reserve		**327,413**	327,413	-
Fair value reserve		**122,717**	16,104	(6,227)
Other reserve		**737,078**	737,078	737,078
Retained earnings		**1,971,857**	2,655,321	2,533,077
Equity attributable to equity holders of the Parent Company		**25,486,478**	26,063,329	25,263,928
Non-controlling interests		**1,038,040**	135,267	128,553
Total equity		**26,524,518**	26,198,596	25,392,481
TOTAL LIABILITIES AND EQUITY		**70,776,563**	35,189,682	32,295,204

* *Certain comparative information has been re-presented to conform with the current period's presentation. The reclassifications made have no material impact on the Group's total equity for the year then ended.*

Hamad Saleh Hamad Al Thekair
Chairman

Asser Atef Fahmi Abouheba
Chief Executive Officer

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 September 2022

	Note	*Three months ended 30 September*		*Nine months ended 30 September*	
		2022	*2021*	***2022***	*2021*
		KD	*KD*	***KD***	*KD*
Income					
Management fees		**543,923**	412,510	**1,705,588**	1,275,243
Commission income		**857,936**	819,342	**2,578,715**	2,409,932
Net (loss) gain on investment securities at FVPL		**(438,872)**	(224,076)	**(704,992)**	482,748
Rental income derived from investment properties		**110,240**	73,464	**284,433**	168,179
Vehicle lease income		**87,089**	34,940	**248,005**	63,463
Dividend income		**28,718**	5,044	**47,392**	19,905
Net foreign exchange differences		**32,108**	61,920	**(7,038)**	169,399
Interest income		**65,378**	26,218	**192,604**	33,676
Other income		**(19,698)**	1,246	**18,937**	1,895
Net operating income		**1,266,822**	1,210,608	**4,363,644**	4,624,440
Expenses					
General and administrative expenses		**(880,118)**	(771,588)	**(2,798,256)**	(2,175,154)
Provisions and impairment losses		**5,531**	-	**(234,358)**	-
Finance costs		**(293,298)**	(8,610)	**(488,978)**	(8,610)
Total operating expenses		**(1,167,885)**	(780,198)	**(3,521,592)**	(2,183,764)
Profit before tax		**98,937**	430,410	**842,052**	2,440,676
National Labour Support Tax ("NLST")		**(3,743)**	(16,874)	**(23,694)**	(65,971)
Zakat		**(293)**	(4,427)	**(5,380)**	(16,687)
Contribution to Kuwait Foundation for Advancement of Sciences ("KFAS")		**(1,497)**	(4,407)	**(9,477)**	(24,046)
PROFIT FOR THE PERIOD		**93,404**	404,702	**803,501**	2,333,972
Attributable to:					
Equity holders of the Parent Company		**144,416**	401,143	**856,536**	2,324,103
Non-controlling interests		**(51,012)**	3,559	**(53,035)**	9,869
		93,404	404,702	**803,501**	2,333,972
BASIC AND DILUTED EARNINGS PER SHARE (EPS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	10	**0.7 Fils**	1.8 Fils	**3.9 Fils**	10.0 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 September 2022

	Three months ended 30 September		*Nine months ended 30 September*	
	2022	*2021*	***2022***	*2021*
	KD	*KD*	***KD***	*KD*
PROFIT FOR THE PERIOD	**93,404**	404,702	**803,501**	2,333,972
Other comprehensive income				
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:				
Net gain on investment securities at FVOCI	**78**	44,225	**106,613**	72,251
Other comprehensive income for the period	**78**	44,225	**106,613**	72,251
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**93,482**	448,927	**910,114**	2,406,223
Attributable to:				
Equity holders of the Parent Company	**145,839**	445,368	**963,149**	2,396,354
Non-controlling interests	**(52,357)**	3,559	**(53,035)**	9,869
	93,482	448,927	**910,114**	2,406,223

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 September 2022

	Attributable to equity holders of the Parent Company										
	Share capital KD	***Statutory reserve KD***	***Voluntary reserve KD***	***Treasury shares KD***	***Treasury shares reserve KD***	***Fair value reserve KD***	***Other reserve KD***	***Retained earnings/ (Accumulated losses) KD***	***Sub-total KD***	***Non-controlling interests KD***	***Total equity KD***
As at 1 January 2022	22,000,000	327,413	327,413	-	-	16,104	737,078	2,655,321	26,063,329	135,267	26,198,596
Profit (loss) for the period	-	-	-	-	-	-	-	856,536	856,536	(53,035)	803,501
Other comprehensive income for the period	-	-	-	-	-	106,613	-	-	106,613	-	106,613
Total comprehensive income (loss) for the period	-	-	-	-	-	106,613	-	856,536	963,149	(53,035)	910,114
Cash dividends (Note 15)	-	-	-	-	-	-	-	(1,540,000)	(1,540,000)	-	(1,540,000)
Changes in non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	955,808	955,808
At 30 September 2022	**22,000,000**	**327,413**	**327,413**	-	-	**122,717**	**737,078**	**1,971,857**	**25,486,478**	**1,038,040**	**26,524,518**
As at 1 January 2021	26,381,499	-	-	(541,759)	1,576,307	(64,026)	737,078	(3,559,787)	24,529,312	118,684	24,647,996
Profit for the period	-	-	-	-	-	-	-	2,324,103	2,324,103	9,869	2,333,972
Other comprehensive income for the period	-	-	-	-	-	72,251	-	-	72,251	-	72,251
Total comprehensive income for the period	-	-	-	-	-	72,251	-	2,324,103	2,396,354	9,869	2,406,223
Transfer of fair value reserve on derecognition of equity instruments designated at FVOCI	-	-	-	-	-	(14,452)	-	14,452	-	-	-
Capital reduction (Note 10)	(4,381,499)	-	-	541,759	(1,576,307)	-	-	3,754,309	(1,661,738)	-	(1,661,738)
At 30 September 2021	22,000,000	-	-	-	-	(6,227)	737,078	2,533,077	25,263,928	128,553	25,392,481

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 30 September 2022

	Notes	Nine months ended 30 September 2022 KD	Nine months ended 30 September 2021 KD
OPERATING ACTIVITIES			
Profit before tax		**842,052**	2,440,676
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of furniture and equipment		**281,190**	110,066
Depreciation of right-of-use assets		**175,201**	-
Interest income		**(192,604)**	(33,676)
Realised gain from sale of investments securities at FVPL		**(356,636)**	(281,623)
Unrealised loss (gain) on investments securities at FVPL		**1,061,628**	(201,125)
Dividend income from investments securities at FVOCI		**(12,889)**	-
Finance costs on loans and borrowings		**478,635**	8,610
Interest expense on lease liabilities		**10,343**	-
Provisions and impairment losses		**234,358**	-
Provision for employees' end of service benefits		**88,131**	95,406
Rent concession		**(17,846)**	-
		2,591,563	2,138,334
Changes in operating assets and liabilities:			
Investments securities at FVPL		**(920,405)**	824,920
Other assets		**(914,540)**	(674,838)
Loans and advances		**(131,335)**	-
Accounts payable and other liabilities		**1,870,456**	(2,327,063)
Cash flows from (used in) operations		**2,495,739**	(38,647)
Interest income received		**61,711**	28,459
Taxes paid		**(92,954)**	(287,404)
Employees' end of service benefits paid		**(19,675)**	(101,927)
Net cash flows from (used in) operating activities		**2,444,821**	(399,519)
INVESTING ACTIVITIES			
Term deposits		**1,728,286**	(1,245,572)
Purchase of furniture and equipment		**(936,785)**	(543,146)
Purchase of investment properties	7	**(3,750,000)**	20,365
Advances paid to acquire investment properties	4	**(6,287,129)**	(4,565,000)
Advance paid to purchase investment securities in a managed portfolio	4	**(25,000,000)**	-
Purchase of investments securities at FVOCI		**(30,467)**	-
Dividend income received from investments securities at FVOCI		**12,889**	-
Advances received from sale of investment properties		**400,000**	-
Release (block) of restricted cash		**219,156**	(301,273)
Net cash flows used in investing activities		**(33,644,050)**	(6,634,626)
FINANCING ACTIVITIES			
Distribution of capital reduction		-	(1,639,609)
Proceeds from loans and borrowings		**34,000,000**	4,180,000
Repayment of loans and borrowings		**(1,183,905)**	-
Finance costs paid		**(227,849)**	-
Payment of lease liabilities		**(142,514)**	-
Cash dividends paid		**(1,524,470)**	-
Net movement in a non-controlling interests		**955,808**	-
Net cash flows from financing activities		**31,877,070**	2,540,391
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**677,841**	(4,493,754)
Cash and cash equivalents at 1 January		**2,854,992**	5,887,841
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	3	**3,532,833**	1,394,087

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 nine months ended 30 September 2022 was authorised for issue in accordance with a resolution of the Board of Directors on 9 November 2022.

The consolidated financial statements of the Group for the year ended 31 December 2021 were approved in the annual general assembly meeting (AGM) of the shareholders of the Parent Company held on 26 May 2022. Distributions proposed and approved for the year then ended are provided in Note 15.

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 Al-Thekair General Trading & Contracting Company S.P.C. (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			
Name	***Country of incorporation***	***30 September 2022***	*31 December 2021*	*30 September 2021*	**Principal activities**
Direct subsidiaries					
Al Awsat Aloula Holding Company K.S.C. (Closed) and its Subsidiary*	Kuwait	**99.9%**	99.9%	99.9%	Investment
Gulf Gate Fund (the "Fund")	Kuwait	**66.6%**	94.2%	94.2%	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
Indirect subsidiary through Al Awsat Aloula Holding Company K.S.C. (Closed)					
KMEFIC REIT Company W.L.L.	Kuwait	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 nine months ended 30 September 2022 has been prepared in accordance with IAS 34 *Interim Financial Reporting,* except as noted below.

The interim condensed consolidated financial information for the nine months ended 30 September 2022 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 2021.

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 2021, except for the adoption of new standards effective as of 1 January 2022. 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 2022, but do not have an impact on the interim condensed consolidated financial information of the Group.

Onerous Contracts – Costs of Fulfilling a Contract – *Amendments to IAS 37*

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The Group applied the amendments to the contracts for which it had not fulfilled all of its obligations at the beginning of the reporting period.

These amendments had no impact on the interim condensed consolidated financial information as the Group had not identified any contracts as being onerous as the unavoidable costs under the contracts, which were the costs of fulfilling them, comprised only incremental costs directly related to the contracts.

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)

Property, Plant and Equipment: Proceeds before Intended Use – *Amendments to IAS 16*
The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the interim condensed consolidated financial information of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

Reference to the Conceptual Framework – *Amendments to IFRS 3*
The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the interim condensed consolidated financial information of the Group as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the interim condensed consolidated financial information of the Group as it is not a first-time adopter.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
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. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 *Financial Instruments: Recognition and Measurement.*

These amendments had no impact on the interim condensed consolidated financial information of the Group as there were no modifications of the Group's financial instruments during the period.

IAS 41 Agriculture – Taxation in fair value measurements
The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. These amendments had no impact on the interim condensed consolidated financial information of the Group as it did not have assets in scope of IAS 41 as at the reporting date.

3. CASH AND CASH EQUIVALENTS

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

	30 September 2022 KD	*(Audited) 31 December 2021 KD*	*30 September 2021 KD*
Cash in hand	**1,500**	1,500	1,750
Cash at banks	**2,474,097**	2,753,492	1,392,337
Short-term deposits maturing within 3 months	**750,000**	100,000	-
Cash in transit	**307,236**	-	-
Cash and cash equivalents	**3,532,833**	2,854,992	1,394,087
Short-term deposit with an original maturity period exceeding 3 months but not more than 12 months	**1,183,400**	2,911,686	2,155,322
Cash and short-term deposits	**4,716,233**	5,766,678	3,549,409

Term deposits represent placements with local banks with a maturity of more than three months from the date of placement, and earn interest at an average effective interest rate ranging from 1.55% to 3.25% (31 December 2021: 0.55% to 8.50% and 30 September 2021: 2.96%) per annum.

4. OTHER ASSETS

	30 September 2022 KD	*(Audited) 31 December 2021 KD*	*30 September 2021 KD*
Management fees receivable	**476,545**	446,205	400,636
Commission income receivable	**532,535**	560,601	417,804
Prepayments	**176,265**	184,594	156,064
Amounts due from unsettled trades and brokers	**1,043,305**	1,309,987	1,186,403
Advance payments towards purchase of investment properties *	**8,677,129**	2,390,000	5,565,000
Advance payments towards purchase of investment securities in a managed portfolio**	**25,000,000**	-	-
Other receivables	**2,646,111**	1,560,986	1,064,628
	38,551,890	6,452,373	8,790,535

* In the prior year, the Group entered into two preliminary contracts (the "Contracts") to acquire certain investment properties in the State of Kuwait and paid advances of KD 2,390,000 as of 31 December 2021. Additionally, during the current period, the Group entered into one additional preliminary contract and paid advances of KD 6,287,129. The Contracts specify the terms of sale and the contractual obligations of each party. The legal proceeding to transfer the properties to the Group are still in progress as at the authorisation date of this interim condensed consolidated financial statements.

During the current period, the Group has disposed one of the properties with carrying value of KD 6,287,129 for a total consideration of KD 6,905,000 with resultant gain from the transaction amounting to KD 617,871. The legal proceedings in transferring the title deeds to the Group are still ongoing as at the date of authorisation of this interim condensed consolidated financial information. As a result, no gain has been recognised in the current interim reporting period from this transaction.

4. OTHER ASSETS (continued)

** During the current interim reporting period, the Group obtained an Islamic financing facility from a local financial institution amounting to KD 25 million to purchase investment securities from an unrelated third party in a portfolio managed by the Group (Note 8). The managed portfolio is subject to a first charge to secure the Group's bank loan. As at the authorisation date of this interim condensed consolidated financial information, the legal proceedings to transfer the ownership of the investment securities to the Group are still in progress. As a result, the amounts paid by the Group have been classified as advances.

Other assets do not contain impaired assets.

5. RESTRICTED CASH

Restricted cash includes bank balances of KD 896,147 (31 December 2021: KD 1,115,303 and 30 September 2021: KD 832,867) which are restricted for use by the Kuwait Clearing Company ("KCC") to fulfil the Company's obligations against the any shortfall in trading activities.

6. LOANS AND ADVANCES

	30 September 2022 KD	*(Audited) 31 December 2021 KD*	*30 September 2021 KD*
Loans to customers*	**10,196,827**	10,065,492	7,500,000
Less: General provision	**(26,968)**	(25,655)	-
Less: Specific provision	**(7,500,000)**	(7,500,000)	(7,500,000)
	2,669,859	2,539,837	-

* Loans and advances include a loan granted to a customer amounting to KD 7,500,000 (31 December 2021: KD 7,500,000 and 30 September 2021: 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.

7. INVESTMENT PROPERTIES

	30 September 2022 KD	*(Audited) 31 December 2021 KD*	*30 September 2021 KD*
At the beginning of the period/year	**2,500,000**	2,500,000	2,500,000
Additions	**3,750,000**	-	-
At the end of the period/year	**6,250,000**	2,500,000	2,500,000

Investment properties represent commercial and residential properties in the State of Kuwait with a carrying value of KD 6,250,000 (31 December 2021: KD 2,500,000 and 30 September 2021: KD 2,500,000) are pledged as security in order to fulfil collateral requirements of certain loans and borrowings (Note 8).

8. LOANS AND BORROWINGS

	30 September 2022 KD	*(Audited) 31 December 2021 KD*	*30 September 2021 KD*
Islamic finance payables (Tawarruq)	**4,163,386**	4,597,291	4,180,000
Islamic finance payables (Murabaha)	**25,000,000**	-	-
Revolving loan	**8,250,000**	-	-
	37,413,386	4,597,291	4,180,000

	30 September 2022 KD	*(Audited) 31 December 2021 KD*	*30 September 2021 KD*
Current	**33,849,805**	581,217	536,674
Non-current	**3,563,581**	4,016,074	3,643,326

- The loans and borrowings are secured over investment properties amounting to KD 6,250,000 as at 30 September 2022 (31 December 2021: KD 2,500,000 and 30 September 2021: KD 2,500,000) and advance payments towards purchase of investment properties amounting to KD 8,677,129 as at 30 September 2022 (31 December 2021: KD 2,390,000 and 30 September 2021: KD 5,565,000).

- During the current period, the Parent Company obtained a new Islamic financing facility amounting to KD 25 million from a local financial institution with a tenor of 1 year and a profit rate of 1.75% per annum above CBK discount rate. The revolving facility was obtained to facilitate certain investing activities (Refer to Note 4 for further details). This facility is secured against the related portfolio.

Banking covenants vary according to each loan agreement. A future breach of covenant may require the Group to repay the loan on demand.

During the period, the Group did not breach any of its loan covenants, nor did it default on any other of its obligations under its loan agreements.

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 September 2022 amounted to KD 419 million (31 December 2021: KD 436 million and 30 September 2021: 405 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 amounted to KD 1,705,588 for the nine months ended 30 September 2022 (for the year ended 31 December 2021: KD 1,668,201 and for the nine months ended 30 September 2021: KD 1,275,243) and commission income earned amounted to KD 1,121,695 (for the year ended 31 December 2021: KD 1,625,501 and for the nine months ended 30 September 2021: KD 1,221,341).

10. EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the 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 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 earnings per share are identical.

	Three months ended 30 September		*Nine months ended 30 September*	
	2022	*2021*	***2022***	*2021*
Profit for the period attributable to equity holders of the Parent Company (KD)	**144,416**	401,143	**856,536**	2,324,103
Weighted average number of shares outstanding during the period (shares) *	**220,000,001**	220,000,001	**220,000,001**	232,998,269
Basic and diluted EPS (Fils)	**0.7**	1.8	**3.9**	10.0

* The weighted average number of shares takes into account the weighted average effect of changes in share capital during the period.

There have been no transactions involving 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.

In 2021, the shareholders of the Parent Company in the extra-ordinary general assembly meeting ("EGM") held on 25 March 2021 approved the following:

- Reduction of authorised, issued and paid-up share capital of the Parent Company from KD 26,381,499 to KD 23,661,738 including cancellation of treasury shares as at 30 September 2020 to extinguish the full balance of accumulated losses as of that date amounting to KD 3,754,309.

- Reduction of authorised, issued and paid-up share capital of the Parent Company from KD 23,661,738 to KD 22,000,000 by way of cash distribution to the shareholders pro-rated to their shareholding in the Parent Company at the end of the record date scheduled at 27 June 2021.

The capital reduction was authenticated in the commercial register in June 2021 under registration number 36914.

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 nine months ended 30 September 2022 and 2021, as well as balances with related parties as at 30 September 2022, 31 December 2021 and 30 September 2021:

	Three months ended 30 September		*Nine months ended 30 September*	
	2022	*2021*	***2022***	*2021*
	KD	*KD*	***KD***	*KD*
Consolidated statement of profit or loss:				
Net (loss) gain from funds managed by the Parent Company	**(119,992)**	69,413	**(531,599)**	510,583
General and administrative expenses	**(24,295)**	(22,104)	**(94,998)**	(63,230)

11. RELATED PARTY DISCLOSURES (continued)

	30 September 2022 KD	*(Audited) 31 December 2021 KD*	*30 September 2021 KD*
Consolidated statement of financial position:			
Investments in funds managed by the Parent Company	**3,389,374**	3,559,493	3,441,344
Other receivables	**1,755,935**	2,180,474	6,674
Other payables	**(2,259,453)**	(136,463)	(79,320)
Other transactions			
Purchases of furniture and equipment	**162,387**	556,948	452,786

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 30 September		*Transaction values for the Nine months ended 30 September*	
	2022 KD	*2021 KD*	***2022 KD***	*2021 KD*
Salaries and short-term benefits	**108,244**	108,641	**323,523**	280,288
Employees end of service benefits	**6,581**	11,517	**19,713**	20,977
	114,825	120,158	**343,236**	301,265

The Board of Directors at the meeting held on 28 March 2022 proposed directors' remuneration of KD 36,000 for the year ended 31 December 2021. The remuneration was approved by the shareholders at the AGM held on 26 May 2022.

	Balance outstanding as at		
	30 September 2022 KD	*(Audited) 31 December 2021 KD*	*30 September 2021 KD*
Salaries and short-term benefits	**64,412**	55,617	53,586
Employees end of service benefits	**185,197**	147,866	107,178
	249,609	203,483	160,764

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

12. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

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 and non-financial assets 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 September 2022	***Quoted prices in active markets (Level 1) KD***	***Significant observable inputs (Level 2) KD***	***Significant unobservable inputs (Level 3) KD***	***Total KD***
Investment securities at FVPL:				
- Quoted equity securities	**2,498,873**	-	-	**2,498,873**
- Funds	-	**3,138,227**	**1,223,069**	**4,361,296**
	2,498,873	**3,138,227**	**1,223,069**	**6,860,169**
Investment securities at FVOCI:				
- Unquoted equity securities	-	-	**308,382**	**308,382**
Investment securities (at fair value)	**2,498,873**	**3,138,227**	**1,531,451**	**7,168,551**

	Fair value measurement using			
31 December 2021 (Audited)	*Quoted prices in active markets (Level 1) KD*	*Significant observable inputs (Level 2) KD*	*Significant unobservable inputs (Level 3) KD*	*Total KD*
Investment securities at FVPL:				
- Quoted equity securities	2,867,226	-	-	2,867,226
- Funds	-	2,785,100	1,158,940	3,944,040
	2,867,226	2,785,100	1,158,940	6,811,266
Investment securities at FVOCI				
- Unquoted equity securities	-	-	171,302	171,302
Investment securities (at fair value)	2,867,226	2,785,100	1,330,242	6,982,568

12. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

	Fair value measurement using			
30 September 2021	*Quoted prices in active markets (Level 1) KD*	*Significant observable inputs (Level 2) KD*	*Significant unobservable inputs (Level 3) KD*	*Total KD*
Investment securities at FVPL:				
- Quoted equity securities	2,941,797	-	-	2,941,797
- Funds	-	2,742,695	1,518,954	4,261,649
	2,941,797	2,742,695	1,518,954	7,203,446
Investment securities at FVOCI:				
- Unquoted equity securities	-	-	148,971	148,971
Investment securities (at fair value)	2,941,797	2,742,695	1,667,925	7,352,417

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the nine months ended 30 September 2022.

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		
30 September 2022	***FVPL KD***	***FVOCI KD***	***Total KD***
As at 1 January 2022	**1,158,940**	**171,302**	**1,330,242**
Remeasurement recognised in profit or loss	**(312,289)**	**-**	**(312,289)**
Net purchases	**376,418**	**30,467**	**406,885**
Remeasurement recorded in OCI	**-**	**106,613**	**106,613**
As at 30 September 2022	**1,223,069**	**308,382**	**1,531,451**

	Non-listed equity investments and funds		
31 December 2021 (Audited)	*FVPL KD*	*FVOCI KD*	*Total KD*
As at 1 January 2021	1,894,676	97,085	1,991,761
Remeasurement recognised in profit or loss	(328,069)	-	(328,069)
Net disposals	(407,667)	(20,365)	(428,032)
Remeasurement recognised in OCI	-	94,582	94,582
As at 31 December 2021	1,158,940	171,302	1,330,242

12. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

	Non-listed equity investments and funds		
	FVPL	*FVOCI*	*Total*
30 September 2021	*KD*	*KD*	*KD*
As at 1 January 2021	1,894,676	97,085	1,991,761
Remeasurement recognised in profit or loss	(341,829)	-	(341,829)
Net disposals	(33,893)	(20,365)	(54,258)
Remeasurement recorded in OCI	-	72,251	72,251
As at 30 September 2021	1,518,954	148,971	1,667,925

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 2021.

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.

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.

13. SEGMENT INFORMATION (continued)

The following tables present revenue and profit information for the Group's operating segments for the nine months ended 30 September 2022 and 2021, respectively:

Nine months ended 30 September 2022	***Asset management KD***	***Brokerage & online trading KD***	***Credit operations KD***	***Investment, real estate and treasury KD***	***Rental and leasing activities KD***	***Total KD***
Segment income	**1,317,866**	**2,578,715**	**76,702**	**142,356**	**248,005**	**4,363,644**
Segment expenses	**(648,816)**	**(1,019,354)**	**(8,766)**	**(1,597,508)**	**(247,148)**	**(3,521,592)**
Taxes	**(11,228)**	**(26,169)**	**(1,140)**	**-**	**(14)**	**(38,551)**
Segment results (loss)	**657,822**	**1,533,192**	**66,796**	**(1,455,152)**	**843**	**803,501**

Nine months ended 30 September 2021	*Asset management KD*	*Brokerage & online trading KD*	*Credit operations KD*	*Investment, real estate and treasury KD*	*Rental and leasing activities KD*	*Total KD*
Segment income	1,473,934	2,409,931	-	508,933	231,642	4,624,440
Segment expenses	(599,242)	(861,312)	(7,453)	(636,093)	(79,664)	(2,183,764)
Taxes	(36,242)	(64,165)	-	-	(6,297)	(106,704)
Segment results (losses)	838,450	1,484,454	(7,453)	(127,160)	145,681	2,333,972

The following table presents assets and liabilities information for the Group's operating segments as at 30 September 2022, 31 December 2021 and 30 September 2021, respectively:

	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 September 2022	**3,738,652**	**9,484,604**	**2,840,748**	**53,760,717**	**951,842**	**70,776,563**
31 December 2021	2,885,326	9,410,843	2,589,852	19,244,436	1,059,225	35,189,682
30 September 2021	2,591,575	9,143,672	-	12,021,926	8,538,031	32,295,204
LIABILITIES						
30 September 2022	**304,790**	**555,035**	**937,714**	**42,240,711**	**213,795**	**44,252,045**
31 December 2021	304,265	559,577	914,076	7,085,255	127,913	8,991,086
30 September 2021	312,668	439,639	1,593	1,899,372	4,249,451	6,902,723

14. COMMITMENTS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

	30 September 2022 KD	*(Audited) 31 December 2021 KD*	*30 September 2021 KD*
Commitments			
Uncalled capital contributions relating to investments at FVPL	**31,306**	35,007	34,909
Contingent liabilities			
Guarantee	**388,189**	834,701	338,889

14.1 Bank guarantee

Guarantee issued by the Group noted above exclude the corporate guarantee provided to an entity of KD 47.40 million (31 December 2021: KD 46.13 million and 30 September 2021: KD 46 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.

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.

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.

14.3 Contingent asset

The Parent Company owns a real estate property by virtue of the title deed dated 7 May 2009. However, the repossessed property has not been recorded as an asset in the Group's consolidated financial statements as at 31 December 2019 due to the ongoing litigation with the customer. A favourable judgment from the First Instance Court was handed down on 19 January 2020 evidencing the ownership of the property and the management believes that this favorable outcome has granted all the right of ownership of the property to the Parent Company. As a result, the land was recorded in the consolidated financial position of the Group at fair value amounting to KD 9,000,000 determined by an accredited independent valuer.

On 24 August 2020, the Board of Directors approved the decision to sell the investment property for a total consideration of KD 9,000,000. No gain or loss was recognised from this transaction. On 13 September 2020, the Group concluded the sale of the property to a related party.

During the prior year, a judgement from the Appeal Court was handed down on 13 January 2021 stating that the contract between the Parent Company and its customer should only be considered as a collateral against wakala agreement and not a sale contract and the title deed dated 7 May 2009 is deemed void. On 28 March 2021, the Court of Cassation issued a verdict to suspend the Appeal Court judgement and the matter is currently being considered by the Court of Cassation and the trial proceedings and hearings are still in progress as at the authorisation date of the interim condensed consolidated financial information.

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

14.3 Contingent asset (continued)

The Parent Company has been advised by its legal counsel that it is only possible, but not probable, that the action against Parent Company will succeed. Accordingly, Parent Company has not recognised any provision for any liability in the interim condensed consolidated financial information in relation to this litigation.

15. DISTRIBUTIONS MADE AND PROPOSED

The Board of Directors in their meeting held on 28 March 2022, proposed a cash dividend of 7% (2020: Nil) of the paid-up share capital (7 fils per share aggregating to KD 1,540,000) for the year ended 31 December 2021 (2020: Nil).

The proposed dividend for the year ended 31 December 2021 were approved by the shareholders of the Parent Company at the annual general meeting (AGM) held on 26 May 2022 and subsequently paid.

Dividends payable as at 30 September 2022 amounted to KD 15,530 (31 December 2021: KD Nil and 30 September 2021: KD Nil) and recorded within "accounts payable and other liabilities" in the interim condensed consolidated statement of financial position.