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

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

30 SEPTEMBER 2023



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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 2023, 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.

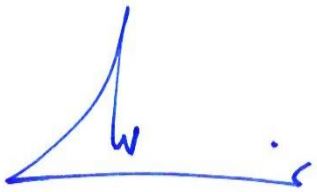
Report on Other Legal and Regulatory Requirements

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 2023 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 2023 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.



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

14 November 2023
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 2023

	Notes	*30 September 2023* **KD**	*(Audited) 31 December 2022* KD	*30 September 2022* KD
ASSETS				
Cash and short-term deposits	3	**4,920,633**	5,463,273	4,716,233
Other assets	4	**4,845,631**	6,282,132	38,551,890
Restricted cash	5	**855,470**	526,915	896,147
Loans and advances	6	**2,248,756**	2,729,611	2,669,859
Investment securities	12	**28,454,040**	29,205,383	7,168,551
Investment properties	7	**22,710,000**	22,710,000	6,250,000
Intangible asset		**8,600,000**	8,600,000	8,600,000
Right-of-use assets		**104,421**	310,125	293,126
Property and equipment		**1,214,239**	1,559,334	1,630,757
TOTAL ASSETS		**73,953,190**	77,386,773	70,776,563
LIABILITIES AND EQUITY				
Liabilities				
Accounts payable and other liabilities		**7,958,948**	7,002,519	6,523,901
Lease liabilities		**99,853**	305,846	314,758
Loans and borrowings	8	**42,240,854**	43,378,892	37,413,386
Total liabilities		**50,299,655**	50,687,257	44,252,045
Equity				
Share capital		**22,000,000**	22,000,000	22,000,000
Statutory reserve		**443,464**	443,464	327,413
Voluntary reserve		**443,464**	443,464	327,413
Fair value reserve		**163,174**	97,995	122,717
Other reserve		**737,078**	737,078	737,078
(Accumulated losses)/ Retained earnings		**(1,128,223)**	1,927,215	1,971,857
Equity attributable to equity holders of the Parent Company		**22,658,957**	25,649,216	25,486,478
Non-controlling interests		**994,578**	1,050,300	1,038,040
Total equity		**23,653,535**	26,699,516	26,524,518
TOTAL LIABILITIES AND EQUITY		**73,953,190**	77,386,773	70,776,563

Ahmad Abdulrazzaq Ahmad Al Bahar
Vice 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 2023

	Notes	*Three months ended 30 September*		*Nine months ended 30 September*	
		2023	*2022*	***2023***	*2022*
		KD	*KD*	***KD***	*KD*
Income					
Management fees	9	**406,560**	543,923	**1,055,548**	1,705,588
Commission income		**621,955**	857,936	**1,799,387**	2,578,715
Net loss on investment securities at FVPL		**(2,653,640)**	(438,872)	**(3,237,649)**	(704,992)
Net rental income derived from investment properties		**157,042**	106,606	**338,594**	263,336
Vehicle lease income		**56,057**	87,089	**229,380**	248,005
Dividend income		**132,523**	28,718	**603,101**	47,392
Net foreign exchange differences		**128,913**	32,108	**259,380**	(7,038)
Interest income		**88,898**	65,378	**307,924**	192,604
Gain on sale of property and equipment		**118,642**	-	**118,642**	-
Other income		**60,826**	(19,698)	**61,789**	18,937
Net operating income		**(882,224)**	1,263,188	**1,536,096**	4,342,547
Expenses					
General and administrative expenses		**(846,715)**	(876,484)	**(2,603,841)**	(2,777,159)
Allowance for provision for loans and advances and other assets		**(22,202)**	5,531	**(153,266)**	(234,358)
Finance costs		**(638,810)**	(293,298)	**(1,916,479)**	(488,978)
Total operating expenses		**(1,507,727)**	(1,164,251)	**(4,673,586)**	(3,500,495)
(Loss) profit before tax		**(2,389,951)**	98,937	**(3,137,490)**	842,052
National Labour Support Tax ("NLST")		**-**	(3,743)	**-**	(23,694)
Zakat		**-**	(293)	**-**	(5,380)
Contribution to Kuwait Foundation for Advancement of Sciences ("KFAS")		**-**	(1,497)	**-**	(9,477)
(LOSS) PROFIT FOR THE PERIOD		**(2,389,951)**	93,404	**(3,137,490)**	803,501
Attributable to:					
Equity holders of the Parent Company		**(2,312,479)**	144,416	**(3,081,768)**	856,536
Non-controlling interests		**(77,472)**	(51,012)	**(55,722)**	(53,035)
		(2,389,951)	93,404	**(3,137,490)**	803,501
BASIC AND DILUTED (LOSSES) EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	10	**(10.5) Fils**	0.7 Fils	**(14.0) Fils**	3.9 Fils

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 September 2023

	Three months ended 30 September		*Nine months ended 30 September*	
	2023	*2022*	***2023***	*2022*
	KD	*KD*	***KD***	*KD*
(LOSS) PROFIT FOR THE PERIOD	**(2,389,951)**	93,404	**(3,137,490)**	803,501
Other comprehensive income				
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:				
Net gain on investment securities designated at FVOCI	**47,481**	78	**91,509**	106,613
Other comprehensive income for the period	**47,481**	78	**91,509**	106,613
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	**(2,342,470)**	93,482	**(3,045,981)**	910,114
Attributable to:				
Equity holders of the Parent Company	**(2,264,998)**	144,494	**(2,990,259)**	963,149
Non-controlling interests	**(77,472)**	(51,012)	**(55,722)**	(53,035)
	(2,342,470)	93,482	**(3,045,981)**	910,114

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 2023

	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 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 for the period	-	-	-	-	-	(3,081,768)	(3,081,768)	(55,722)	(3,137,490)
Other comprehensive income for the period	-	-	-	91,509	-	-	91,509	-	91,509
Total comprehensive income (loss) for the period	-	-	-	91,509	-	(3,081,768)	(2,990,259)	(55,722)	(3,045,981)
Transfer of fair value reserve on derecognition of equity instruments designated at FVOCI	-	-	-	(26,330)	-	26,330	-	-	-
At 30 September 2023	**22,000,000**	**443,464**	**443,464**	**163,174**	**737,078**	**(1,128,223)**	**22,658,957**	**994,578**	**23,653,535**
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	-	-	-	-	-	(1,540,000)	(1,540,000)	-	(1,540,000)
Net movement in non-controlling interests	-	-	-	-	-	-	-	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

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 2023

	Notes	Nine months ended 30 September 2023 KD	Nine months ended 30 September 2022 KD
OPERATING ACTIVITIES			
(Loss) profit before tax		**(3,137,490)**	842,052
Adjustments to reconcile (loss) profit before tax to net cash flows:			
Depreciation of property and equipment		**336,070**	281,190
Depreciation of right-of-use assets		**186,526**	175,201
Interest income		**(307,924)**	(192,604)
Realised loss (gain) from sale of investments at FVPL		**755,417**	(356,636)
Unrealised loss on investments at FVPL		**2,482,232**	1,061,628
Dividend income from investment securities		**(603,101)**	(47,392)
Finance costs on loans and borrowings		**1,910,367**	478,635
Interest expense on lease liabilities		**6,112**	10,343
Allowance for provision for loans and advances and other assets		**153,266**	234,358
Provision for employees' end of service benefits		**84,368**	88,131
Rent concession income		**-**	(17,846)
Gain on sale of property and equipment		**(118,642)**	-
Gain on derecognition of leases		**(595)**	-
		1,746,606	2,557,060
Changes in operating assets and liabilities:			
Investments securities at FVPL		**(2,428,363)**	(920,405)
Other assets		**1,473,325**	(914,540)
(Block) release of restricted cash		**(328,555)**	219,156
Loans and advances		**419,000**	(131,335)
Accounts payable and other liabilities		**258,999**	1,870,456
Cash flows from operations		**1,141,012**	2,680,392
Interest income received		**129,689**	61,711
Taxes paid		**(72,086)**	(92,954)
Employees' end of service benefits paid		**(170,757)**	(19,675)
Net cash flows from operating activities		**1,027,858**	2,629,474
INVESTING ACTIVITIES			
Net movement in term deposits		**(965,200)**	1,728,286
Purchase of property and equipment		**(215,507)**	(936,785)
Proceeds from sale of property and equipment		**343,174**	-
Purchase of investment properties	7	**-**	(3,750,000)
Refund (advances paid) to acquire investment properties		**50,000**	(6,287,129)
Advance paid to purchase investment securities in a managed portfolio		**-**	(25,000,000)
Purchase of investments securities at FVOCI		**(39,915)**	(30,467)
Proceed from sale of investments securities at FVOCI		**73,481**	-
Dividend income received from investment securities		**603,101**	47,392
Advances received from sale of investment properties		**-**	400,000
Net cash flows used in investing activities		**(150,866)**	(33,828,703)
FINANCING ACTIVITIES			
Proceeds from loans and borrowings		**1,270,000**	34,000,000
Repayment of loans and borrowings		**(2,408,038)**	(1,183,905)
Finance costs paid		**(1,051,760)**	(227,849)
Payment of lease liabilities		**(192,332)**	(142,514)
Cash dividends paid		**(2,702)**	(1,524,470)
Net movement in non-controlling interests		**-**	955,808
Net cash flows (used in) from financing activities		**(2,384,832)**	31,877,070
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(1,507,840)**	677,841
Cash and cash equivalents at 1 January	3	**3,931,773**	2,854,992
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	3	**2,423,933**	3,532,833

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 2023 was authorised for issue in accordance with a resolution of the Board of Directors on 14 November 2023.

The shareholders of the Parent Company at the annual general assembly meeting ("AGM") held on 30 May 2023 approved the consolidated financial statements for the year ended 31 December 2022 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 September 2023***	*31 December 2022*	*30 September 2022*	**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	**66.6%**	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 nine months ended 30 September 2023 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 2023 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 2022.

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 2022, except for the adoption of new standards effective as of 1 January 2023. 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 2023, but do not have an impact on the interim condensed consolidated financial information of the Group.

IFRS 17 *Insurance Contracts*

In May 2017, the IASB issued IFRS 17 *Insurance Contracts*, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 *Insurance Contracts* that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

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

Definition of Accounting Estimates - *Amendments to IAS 8*

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

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)

Disclosure of Accounting Policies - *Amendments to IAS 1 and IFRS Practice Statement 2*
The amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements* provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no impact on the Group's interim condensed consolidated financial information, but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – *Amendments to IAS 12*
The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

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 September 2023 KD	*(Audited) 31 December 2022 KD*	*30 September 2022 KD*
Cash on hand	**1,500**	1,500	1,500
Cash at banks	**872,433**	2,866,273	2,474,097
Short-term deposits maturing within 3 months	**1,550,000**	1,064,000	750,000
Cash in transit	-	-	307,236
Cash and cash equivalents	**2,423,933**	3,931,773	3,532,833
Short-term deposit with an original maturity period exceeding 3 months but not more than 12 months	**2,496,700**	1,531,500	1,183,400
Cash and short-term deposits	**4,920,633**	5,463,273	4,716,233

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 3.875% to 5.50% (31 December 2022: 3.25% to 4.5% and 30 September 2022: 1.55% to 3.25%) per annum.

4. OTHER ASSETS

	30 September 2023 **KD**	*(Audited) 31 December 2022* KD	*30 September 2022* KD
Management fees receivable	**723,764**	404,605	476,545
Commission income receivable	**360,118**	261,504	532,535
Prepayments	**231,670**	212,672	176,265
Amounts due from unsettled trades and brokers	**164,931**	321,951	1,043,305
Advance payments towards purchase of investment properties *	**2,240,000**	2,290,000	8,677,129
Advance payments towards purchase of investment securities in a managed portfolio	-	-	25,000,000
Other receivables	**1,125,148**	2,791,400	2,646,111
	4,845,631	6,282,132	38,551,890

* In 2021, the Group entered into one preliminary contract (the "Contract") to acquire a certain investment property in the State of Kuwait and paid advances of KD 2,240,000. The Contract specify the terms of sale and the contractual obligations of each party. The legal proceeding to transfer the property to the Group are still in progress as at the authorisation date of this interim condensed consolidated financial information.

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

	30 September 2023 **KD**	*(Audited) 31 December 2022* KD	*30 September 2022* KD
Other assets (gross)	**5,668,078**	7,013,168	38,790,298
Provision for expected credit losses	**(822,447)**	(731,036)	(238,408)
	4,845,631	6,282,132	38,551,890

5. RESTRICTED CASH

Restricted cash represents bank balances of KD 855,470 (31 December 2022: KD 526,915 and 30 September 2022: KD 896,147) 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 September 2023 **KD**	*(Audited) 31 December 2022* KD	*30 September 2022* KD
Loans to customers*	**9,838,183**	10,257,183	10,196,827
Less: General provision	**(21,927)**	(27,572)	(26,968)
Less: Specific provision	**(7,567,500)**	(7,500,000)	(7,500,000)
	2,248,756	2,729,611	2,669,859

6. LOANS AND ADVANCES (continued)

* Loans and advances include a loan granted to a customer amounting to KD 7,500,000 (31 December 2022: KD 7,500,000 and 30 September 2022: 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 September 2023		
	General	***Specific***	***Total***
	KD	***KD***	***KD***
As at 1 January 2023	**(27,572)**	**(7,500,000)**	**(7,527,572)**
Reversal (charge) during the period	**5,645**	**(67,500)**	**(61,855)**
As at 30 September 2023	**(21,927)**	**(7,567,500)**	**(7,589,427)**

	31 December 2022 (Audited)		
	General	*Specific*	*Total*
	KD	*KD*	*KD*
As at 1 January 2022	(25,655)	(7,500,000)	(7,525,655)
Charge during the year	(1,917)	-	(1,917)
As at 31 December 2022	(27,572)	(7,500,000)	(7,527,572)

	30 September 2022		
	General	*Specific*	*Total*
	KD	*KD*	*KD*
As at 1 January 2022	(25,655)	(7,500,000)	(7,525,655)
Charge during the period	(1,313)	-	(1,313)
As at 30 September 2022	(26,968)	(7,500,000)	(7,526,968)

Expected credit loss on loans and advances computed under IFRS 9 in accordance with the CBK guidelines amounted to KD 7,578,043 (31 December 2022: KD 7,507,741 and 30 September 2022: KD 7,507,571) which is lower than the provision of KD 7,589,427 (31 December 2022: KD 7,527,572 and 30 September 2022: KD 7,526,968) computed under CBK instructions.

7. INVESTMENT PROPERTIES

		(Audited)	
	30 September 2023	*31 December 2022*	*30 September 2022*
	KD	*KD*	*KD*
At the beginning of the period/year	**22,710,000**	2,500,000	2,500,000
Additions	-	16,271,402	3,750,000
Fair value adjustment to investment properties	-	3,938,598	-
At the end of the period/year	**22,710,000**	22,710,000	6,250,000

7. INVESTMENT PROPERTIES (continued)

Investment properties represent commercial and residential properties in the State of Kuwait with a carrying value of KD 22,710,000 (31 December 2022: KD 22,710,000 and 30 September 2022: KD 6,250,000) 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

		(Audited)	
	30 September 2023	*31 December 2022*	*30 September 2022*
	KD	*KD*	*KD*
Islamic finance payables			
- Tawarruq facilities (a)	**4,790,854**	4,016,074	4,163,386
- Murabaha facilities (b)	**23,200,000**	25,000,000	25,000,000
	27,990,854	29,016,074	29,163,386
Revolving loan (c)	**14,250,000**	14,250,000	8,250,000
Short-term bank borrowings (d)	-	112,818	-
	42,240,854	43,378,892	37,413,386
Current	**38,157,751**	39,964,048	33,849,805
Non-current	**4,083,103**	3,414,844	3,563,581

(a) The tawarruq facility is granted by a local bank, denominated in Kuwaiti Dinars and carries an average profit rate of 2% (31 December 2022: 2% and 30 September 2022: 2%) over the CBK discount rate per annum.

(b) The murabaha facility is granted by a local bank amounting to KD 25,000,000 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. This facility is pledged against quoted equity securities amounting to KD 21,408,318 (31 December 2022: KD 22,166,609 and 30 September 2022: Nil).

(c) Revolving loan is granted by a local bank, denominated in Kuwaiti Dinars and carries an average interest rate of 2% (31 December 2022: 2% and 30 September 2022: 2%) per annum over the CBK discount rate and are repayable in full within 1 year.

(d) Short-term bank borrowings granted by a local bank in Kuwaiti Dinars were repaid in full during the current period.

The tawarruq facility and revolving loan are secured over investment properties amounting to KD 22,710,000 as at 30 September 2023 (31 December 2022: KD 22,710,000 and 30 September 2022: KD 6,250,000) and advance payments towards purchase of investment properties amounting to KD 2,240,000 as at 30 September 2023 (31 December 2022: KD 2,290,000 and 30 September 2022: KD 8,677,129).

8. LOANS AND BORROWINGS (continued)

At 30 September 2023, the Group had available KD 5,750,000 of undrawn committed borrowing facilities (31 December 2022: KD 7,157,182 and 30 September 2022: KD 11,000,000).

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 2023 amounted to KD 347 million (31 December 2022: KD 369 million and 30 September 2022: KD 419 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 nine months ended 30 September 2023 amounted to KD 1,055,548 (nine-month period ended 30 September 2022: KD 1,705,588) and commission income earned on assets under management amounted to KD 1,110,076 (nine-month period ended 30 September 2022: KD 1,121,695).

10. 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 September		*Nine months ended 30 September*	
	2023	*2022*	***2023***	*2022*
(Loss) profit for the period attributable to equity holders of the Parent Company (KD)	**(2,312,479)**	144,416	**(3,081,768)**	856,536
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 EPS (Fils)	**(10.5)**	0.7	**(14.0)**	3.9

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.

11. RELATED PARTY DISCLOSURES (continued)

The following table provides the total amount of transactions that have been entered into with related parties during the nine months ended 30 September 2023 and 2022, and balances with related parties as at 30 September 2023, 31 December 2022 and 30 September 2022:

	Three months ended 30 September		*Nine months ended 30 September*	
	2023	*2022*	***2023***	*2022*
	KD	*KD*	***KD***	*KD*
Interim condensed consolidated statement of profit or loss:				
Net loss from funds managed by the Parent Company	**(195,062)**	(119,992)	(190,366)	(531,599)
General and administrative expenses	**(10,468)**	(24,295)	(53,349)	(94,998)

		(Audited)	
	30 September 2023	*31 December 2022*	*30 September 2022*
	KD	*KD*	*KD*
Interim condensed consolidated statement of financial position:			
Investments in funds managed by the Parent Company	**3,258,524**	3,398,361	3,389,374
Other receivables	**7,714**	-	1,755,935
Other payables	**(2,087,262)**	(449,055)	(2,259,453)
Other transactions			
Net (disposal) purchases of property and equipment	**(68,700)**	211,936	162,387

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 nine months ended*	
	30 September 2023	*30 September 2022*	***30 September 2023***	*30 September 2022*
	KD	*KD*	***KD***	*KD*
Salaries and other short-term benefits	**109,173**	108,244	**346,827**	323,523
Employees end of service benefits	**6,926**	6,581	**20,179**	19,713
	116,099	114,825	**367,006**	343,236

	Balance outstanding as at		
	30 September 2023	*31 December 2022*	*30 September 2022*
	KD	*KD*	*KD*
		(Audited)	
Salaries and other short-term benefits	**58,820**	72,579	64,412
Employees end of service benefits	**140,381**	193,609	185,197
	199,201	266,188	249,609

The Board of Directors at the meeting held on 30 March 2023 proposed directors' remuneration of KD 30,000 for the year ended 31 December 2022. The remuneration was approved by the shareholders at the AGM held on 30 May 2023.

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 September 2023	***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	**24,349,591**	**-**	**-**	**24,349,591**
- Funds	**-**	**3,061,059**	**701,787**	**3,762,846**
	24,349,591	**3,061,059**	**701,787**	**28,112,437**
Investment securities at FVOCI:				
- Unquoted equity securities	**-**	**-**	**341,603**	**341,603**
Investment securities (at fair value)	**24,349,591**	**3,061,059**	**1,043,390**	**28,454,040**

	Fair value measurement using			
31 December 2022 (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	24,713,515	-	-	24,713,515
- Funds	-	3,314,965	893,243	4,208,208
	24,713,515	3,314,965	893,243	28,921,723
Investment securities at FVOCI				
Unquoted equity securities	-	-	283,660	283,660
Investment securities (at fair value)	24,713,515	3,314,965	1,176,903	29,205,383

12. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

	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

There were no transfers between Level 1 and Level 2 fair value measurements during 30 September 2023, 31 December 2022, and 30 September 2022, and no transfers into or out of Level 3 fair value measurements during 30 September 2023, 31 December 2022, and 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 2023	***FVPL KD***	***FVOCI KD***	***Total KD***
As at 1 January 2023	**893,243**	**283,660**	**1,176,903**
Remeasurement recognised in profit or loss	**35,295**	**-**	**35,295**
Net disposals	**(226,751)**	**(33,566)**	**(260,317)**
Remeasurement recorded in OCI	**-**	**91,509**	**91,509**
As at 30 September 2023	**701,787**	**341,603**	**1,043,390**

	Non-listed equity investments and funds		
31 December 2022 (Audited)	*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	(620,461)	-	(620,461)
Net purchases	354,764	30,466	385,230
Remeasurement recorded in OCI	-	81,892	81,892
As at 31 December 2022	893,243	283,660	1,176,903

12. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Reconciliation of Level 3 fair values (continued)

	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

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 2022.

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 2023 and 2022, respectively:

	Nine months ended 30 September 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 (loss)	**866,805**	**1,799,387**	**180,775**	**(1,461,558)**	**150,687**	**1,536,096**
Expenses	**(613,331)**	**(955,776)**	**(67,480)**	**(2,926,940)**	**(110,059)**	**(4,673,586)**
Segment results	**253,474**	**843,611**	**113,295**	**(4,388,498)**	**40,628**	**(3,137,490)**

	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*
Operating income	1,317,866	2,578,715	76,702	142,356	226,908	4,342,547
Expenses	(648,816)	(1,019,354)	(8,766)	(1,597,508)	(226,051)	(3,500,495)
Taxes	(11,228)	(26,169)	(1,140)	-	(14)	(38,551)
Segment results	657,822	1,533,192	66,796	(1,455,152)	843	803,501

The following table presents assets and liabilities information for the Group's operating segments as at 30 September 2023, 31 December 2022 and 30 September 2022, 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 2023	**3,031,160**	**9,310,921**	**2,597,036**	**58,089,735**	**924,338**	**73,953,190**
31 December 2022	3,696,331	9,250,387	2,937,664	60,353,789	1,148,602	77,386,773
30 September 2022	3,738,652	9,484,604	2,840,748	53,760,717	951,842	70,776,563
LIABILITIES						
30 September 2023	**260,980**	**531,220**	**932,608**	**48,568,712**	**6,135**	**50,299,655**
31 December 2022	312,481	599,258	924,348	48,748,999	102,171	50,687,257
30 September 2022	304,790	555,035	937,714	42,240,711	213,795	44,252,045

14. COMMITMENTS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

	30 September 2023 KD	*(Audited) 31 December 2022 KD*	*30 September 2022 KD*
Commitments			
Uncalled capital contributions relating to investments at FVPL	**34,137**	263,564	31,306
Contingent liabilities			
Guarantee	**672,212**	690,132	388,189

14.1 Bank guarantee

The Guarantee issued by the Group noted above exclude the corporate guarantee provided to an entity of KD 47.12 million (31 December 2022: KD 46.71 million and 30 September 2022: KD 47.40 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 September 2023, the Group's bankers had outstanding letter of guarantees and credits amounting to KD 672,212 (31 December 2022: KD 690,132 and 30 September 2022: KD 388,189) 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.

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.

15. CAPITAL MANAGEMENT (continued)

The Group's regulatory capital and capital adequacy ratios for the period ended 30 September 2023, year ended 31 December 2022 and the period ended 30 September 2022 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.

		(Audited)	
	30 September 2023	*31 December 2022*	*30 September 2022*
Available (eligible) regulatory Capital (KD)	**3,203,890**	14,746,468	17,924,518
Required regulatory capital (KD)	**17,707,469**	20,081,563	13,396,252
Capital adequacy ratio (%)	**18%**	73%	134%

As at 30 September 2023, 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.