Grant Thornton
Al-Qatami, Al-Aiban & Partners

Interim condensed consolidated financial information and review report

International Financial Advisors Holding – KPSC and Subsidiaries

Kuwait

31 March 2023 (Unaudited)

Contents

Grant Thornton
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Report on review of interim condensed consolidated financial information

To the board of directors of
International Financial Advisors Holding – KPSC
Kuwait

Introduction
We have reviewed the interim condensed consolidated statement of financial position of International Financial Advisors Holding – KPSC ("the Parent Company") and its subsidiaries ("the Group") as of 31 March 2023 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

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

Basis for Qualified Conclusion

- As a result of the legal cases (note 11a), we were unable to perform our review procedures on borrowings of KD8,555,000 included in the interim condensed consolidated financial information. Had we been able to perform our review procedures on borrowings, matters might have come to our attention indicating that adjustments might be necessary to the interim condensed consolidated financial information.

- The International Accounting Standards Board ("IASB") issued IFRS 17 'Insurance Contracts' and its amendments which became effective for periods beginning on or after 1 January 2023. However, as disclosed in the note 3.2 to the interim condensed consolidated financial information, one of the Group's subsidiaries did not adopt IFRS 17 on the effective date. We were unable to satisfy ourselves with respect to the effect of non-adoption of IFRS 17 on the Group's financial information as at and for the period ended 31 March 2023.

Qualified Conclusion
Except for the adjustments to the interim condensed consolidated financial information that we might have become aware of had it not been for the situation described above, based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Report on Review of Interim Condensed Consolidated Financial Information of International Financial Advisors Holding – KPSC (continued)

Report on review of other legal and regulatory requirements

Based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. We further report that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016 and its Executive Regulations, or of the Memorandum of Incorporation and Articles of Association of the Parent Company, as amended, have occurred during the three-month period ended 31 March 2023 that might have had a material effect on the business or financial position of the Parent Company.

We further report that, during the course of our review, we have not become aware of any material violations of the provisions of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations during the three-month period ended 31 March 2023 that might have had a material effect on the business or financial position of the Parent Company.

Hend Abdullah Al Surayea
(Licence No. 141-A)
of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Kuwait
15 May 2023

Interim condensed consolidated statement of profit or loss

	Note	Three months ended 31 March 2023 (Unaudited) KD	Three months ended 31 March 2022 (Unaudited) KD
Income			
Change in fair value of investments at FVTPL		**26,720**	717,522
Share of results of associates and joint venture	9	**809,926**	156,927
Rental income		**8,783**	28,826
Loss on disposal of assets held for sale	7	**(2,900)**	-
Other income		**43,605**	4,191
		886,134	907,466
Expenses and other charges			
Staff costs		**(75,628)**	(84,533)
Other operating expenses and charges		**(109,187)**	(88,098)
Finance costs		**(207,053)**	(148,754)
		(391,868)	(321,385)
Profit for the period before provisions for NLST and Zakat		**494,266**	586,081
National Labour Support Tax (NLST)		**(12,462)**	-
Zakat		**(4,985)**	-
Profit for the period		**476,819**	586,081
Attributable to:			
- Shareholders of the Parent Company		**478,187**	585,968
- Non-controlling interests		**(1,368)**	113
		476,819	586,081
Basic and diluted earnings per share attributable to shareholders of the Parent Company (Fils)	5	**1.92**	2.35

The notes set out on pages 9 to 25 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of profit or loss and other comprehensive income

	Three months ended 31 March 2023 (Unaudited) KD	Three months ended 31 March 2022 (Unaudited) KD
Profit for the period	476,819	586,081
Other comprehensive (loss)/income:		
Items that will not be reclassified subsequently to consolidated statement of profit or loss:		
Net change in fair value of investments at FVTOCI	(820,395)	72,531
	(820,395)	72,531
Items that may be reclassified subsequently to consolidated statement of profit or loss:		
Share of other comprehensive (loss)/income of associates and joint ventures	(926,833)	3,189,599
Exchange differences arising on translation of foreign operations	3,298	19,922
	(923,535)	3,209,521
Total other comprehensive (loss)/income	(1,743,930)	3,282,052
Total comprehensive (loss)/income for the period	(1,267,111)	3,868,133
Attributable to:		
- Shareholders of the Parent Company	(1,264,905)	3,830,567
- Non-controlling interests	(2,206)	37,566
	(1,267,111)	3,868,133

The notes set out on pages 9 to 25 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Note	**31 March 2023 (Unaudited) KD**	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
Assets				
Cash and cash equivalents	6	**961,917**	990,838	397,193
Non-current assets held for sale	7	**506,677**	543,636	-
Investments at fair value through profit or loss		**1,029,410**	1,002,690	975,989
Receivables and other assets		**3,710,521**	3,868,803	4,331,584
Due from related parties	17	**19,242,599**	19,257,070	19,397,204
Investments at fair value through other comprehensive income	8	**15,899,895**	16,720,323	19,837,102
Investment properties		**3,743,684**	4,249,705	5,323,653
Investment in associates and joint venture	9	**43,351,747**	43,468,654	38,714,440
Equipment		**10,434**	2,827	5,671
Total assets		**88,456,884**	90,104,546	88,982,836
Liabilities and equity				
Liabilities				
Payables and other liabilities	10	**13,515,235**	14,255,036	12,907,625
Due to related parties	17	**5,545,091**	5,456,174	6,455,717
Due to banks		**241,582**	241,582	241,582
Borrowings	11	**28,617,650**	28,617,650	28,368,750
Total liabilities		**47,919,558**	48,570,442	47,973,674
Equity				
Share capital	12	**26,673,255**	26,673,255	26,673,255
Treasury shares	13	**(32,757,404)**	(32,757,404)	(32,757,404)
Statutory and voluntary reserves		**32,757,404**	32,757,404	32,757,404
Fair value reserve		**4,796,466**	5,616,861	9,185,665
Foreign currency translation reserve		**(1,352,384)**	(1,206,543)	(1,711,560)
Reserve for financial derivatives		**9,570,951**	10,347,807	6,082,683
Accumulated losses		**(3,819,172)**	(4,441,842)	(3,395,968)
Total equity attributable to the shareholders of the Parent Company		**35,869,116**	36,989,538	36,834,075
Non-controlling interests		**4,668,210**	4,544,566	4,175,087
Total equity		**40,537,326**	41,534,104	41,009,162
Total liabilities and equity		**88,456,884**	90,104,546	88,982,836

Saleh Saleh Al-Selmi
Vice Chairman and CEO

The notes set out on pages 9 to 25 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity

	Equity attributable to the shareholders of the Parent Company								Non-controlling interests	Total
	Share capital KD	Treasury shares KD	Statutory and voluntary reserves KD	Fair value reserve KD	Foreign currency translation reserve KD	Reserve for financial derivatives KD	Accumulated losses KD	Sub – total KD	KD	KD
Balance at 1 January 2023 (audited)	26,673,255	(32,757,404)	32,757,404	5,616,861	(1,206,543)	10,347,807	(4,441,842)	36,989,538	4,544,566	41,534,104
Consolidation and other adjustments	-	-	-	-	-	-	144,483	144,483	125,850	270,333
Profit/(loss) for the period	-	-	-	-	-	-	478,187	478,187	(1,368)	476,819
Other comprehensive loss	-	-	-	(820,395)	(145,841)	(776,856)	-	(1,743,092)	(838)	(1,743,930)
Total comprehensive (loss)/income for the period	-	-	-	(820,395)	(145,841)	(776,856)	478,187	(1,264,905)	(2,206)	(1,267,111)
Balance at 31 March 2023 (unaudited)	26,673,255	(32,757,404)	32,757,404	4,796,466	(1,352,384)	9,570,951	(3,819,172)	35,869,116	4,668,210	40,537,326

The notes set out on pages 9 to 25 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity (continued)

	Equity attributable to the shareholders of the Parent Company								Non-controlling interests	Total
	Share capital KD	Treasury shares KD	Statutory and voluntary reserves KD	Fair value reserve KD	Foreign currency translation reserve KD	Reserve for financial derivatives KD	Accumulated losses KD	Sub – total KD	KD	KD
Balance at 1 January 2022 (audited)	26,673,255	(32,757,404)	32,757,404	9,156,274	(2,089,817)	3,253,836	(3,990,040)	33,003,508	4,137,521	37,141,029
Profit for the period	-	-	-	-	-	-	585,968	585,968	113	586,081
Other comprehensive income	-	-	-	37,495	378,257	2,828,847		3,244,599	37,453	3,282,052
Total comprehensive income for the period	-	-	-	37,495	378,257	2,828,847	585,968	3,830,567	37,566	3,868,133
Gain on disposal of investments at FVTOCI	-	-	-	(8,104)	-	-	8,104	-	-	-
Balance at 31 March 2022 (unaudited)	26,673,255	(32,757,404)	32,757,404	9,185,665	(1,711,560)	6,082,683	(3,395,968)	36,834,075	4,175,087	41,009,162

The notes set out on pages 9 to 25 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	Three months ended 31 March 2023 (Unaudited) KD	Three months ended 31 March 2022 (Unaudited) KD
OPERATING ACTIVITIES			
Profit for the year before provisions for Zakat and NLST		**494,266**	586,081
Adjustments:			
Share of results of associates and joint venture		**(809,926)**	(156,927)
Loss on disposal of assets held for sale		**2,900**	-
Finance costs		**207,053**	148,754
Depreciation		**1,399**	948
		(104,308)	578,856
Changes in operating assets and liabilities:			
Investments at FVTPL		**(26,720)**	(717,522)
Receivables and other assets		**158,282**	356,640
Due from related parties		**14,471**	18,545
Payables and other liabilities		**(688,895)**	(1,083,955)
Due to related parties		**83,843**	44,226
Net cash used in operating activities		**(563,327)**	(803,210)
INVESTING ACTIVITIES			
Additions to equipment		**(9,006)**	-
Proceeds from sale of investment at FVTOCI		**-**	794,639
Proceeds from sale of assets held for sale		**540,736**	-
Net cash from investing activities		**531,730**	794,639
Decrease in cash and cash equivalents		**(31,597)**	(8,571)
Foreign currency adjustment		**2,676**	15,305
Cash and cash equivalents at beginning of the period	6	**(36,190)**	(197,569)
Cash and cash equivalents at end of the period	6	**(65,111)**	(190,835)

The notes set out on pages 9 to 25 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information

1 Incorporation and activities of the Parent Company

International Financial Advisors Holding – KPSC ("the Parent Company") is a Kuwaiti Public Shareholding Company incorporated on 31 January 1974 under the Commercial Companies Law No. 15 of 1960 and amendments thereto. The Parent Company is listed on Boursa Kuwait and Dubai Financial Market.

The Securities Activities Licence issued by the Capital Markets Authority ("CMA") expired on 29 March 2018 under which the Parent Company carried out certain investment activities. Management did not renew the licence. Accordingly, the CMA notified the Parent Company on 6 May 2018 that it is no longer considered a licenced entity under the CMA regulations. Consequently, the Parent Company is currently in the process of disposing the portfolios under management (Note 19).

The objectives of the Parent Company are as follows:

- Management of the Parent Company's subsidiaries or participation in management of other companies in which it holds ownership stakes and providing the necessary support thereto.
- Investing funds by way of trading in shares, bonds and other financial securities
- Acquisition of properties and movables necessary to carry out the business activities as allowable by the law.
- Financing and extending loans to investee companies and providing guarantees for third parties, provided that the share of the holding company in the investee company is not less than 20%.
- Acquisition of industrial rights and related intellectual properties or any other industrial trademarks or royalties and any other property related thereto, and renting such properties to the subsidiary companies and others whether inside Kuwait or abroad.
- Using cash surplus to invest in financial portfolios/funds managed by specialised parties.

The Parent Company has the right to carry out its activities inside Kuwait or abroad whether directly or through power of attorney.

The Parent Company is authorized to have interest in or participate with any party or institution carrying out similar activities or those parties who will assist the company in achieving its objectives whether in Kuwait or abroad. The Parent Company has the right to establish, participate in or acquire such institutions.

The Group comprises the Parent Company and its subsidiaries.

The address of the Parent Company's registered office is PO Box 4694, Safat 13047, State of Kuwait.

This interim condensed consolidated financial information for the three-month period ended 31 March 2023 was authorised for issue by the Parent Company's board of directors on 15 May 2023.

2 Basis of preparation and presentation and fundamental accounting concept

2.1 Basis of preparation and presentation

The interim condensed consolidated financial information of the Group for the three-month period ended 31 March 2023 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The accounting polices used in the preparation of these interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2022, except for the changes described in Note 3.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of preparation and presentation and fundamental accounting concept (contoured)

2.1 Basis of preparation and presentation (continued)

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

The interim condensed consolidated financial information has been presented in Kuwaiti Dinars which is the functional and presentation currency of the Parent Company.

The interim condensed consolidated financial information does not include all information and disclosures required for complete financial statements prepared in accordance with the International Financial Reporting Standards. In the opinion of the Parent Company's management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

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

2.2 Fundamental accounting concept

As at 31 March 2023, the Group's current liabilities exceeded its current assets by KD5,329,182 which cast significant doubt about its ability to realise its assets and discharge its liabilities in the normal course of business. The current liabilities include instalments of borrowings of KD12,567,530 which are contractually due within 12 months from the end of the reporting period, and due to related parties of KD5,111,807 which do not have any specific repayment terms.

The interim condensed consolidated financial information has been prepared on a going concern basis, which assumes that the Group will be able to meet the mandatory repayment terms of the borrowings taking into consideration the following assumptions:

- The Group has recognised a net profit of KD476,819 for the three-month period 31 March 2023.
- Additional repayment required will be met out from operating cash flows.
- The Group has access to a sufficient and variety of sources of funding and has a reasonable expectation that liabilities maturing within 12 months can be paid or rescheduled.
- The Group maintains sufficient cash to meet liquidity needs in the event of an unforeseen interruption in cash flows.

As described above, management has a reasonable expectation that the Group has taken measures and has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the interim condensed consolidated financial information has been prepared on a going concern basis.

Had the going concern basis not been used, adjustments would be made relating to the recoverability of recorded asset amounts or to the amount of liabilities to reflect the fact that the Group may be required to realize its assets and extinguish its liabilities other than in the normal course of business, at amounts different from those stated in the interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies

3.1 New and amended standards adopted by the Group

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

Standard or Interpretation	*Effective for annual periods beginning*
IAS 1 Amendments- Disclosure of accounting policies	1 January 2023
IAS 8 Amendments- Definition of accounting estimates	1 January 2023
IAS 12 Income taxes- Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023

IAS 1 Amendments – Disclosure of accounting policies

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

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

IAS 8 Amendments – Definition of accounting estimates

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

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

IAS 12 Amendments – Income taxes- Deferred tax related to assets and liabilities arising from a single transaction

The amendments to IAS 8 provide an exemption from the *initial recognition exemption* provided in IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

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

3.2 New and amended standards effective but not adopted by the Group

IFRS 17 Insurance Contracts

The IASB issued IFRS 17 'Insurance Contracts' in 2017, and issued two targeted amendments in 2020 and 2021 to ease the transition to this new standard and to amend its application date. It became effective for annual periods beginning on or after 1 January 2023 and for one of the Group's subsidiaries, First Takaful Insurance Company – KPSC. It captures both insurance contracts and reinsurance contracts. The subsidiary determined that it will be impractical to apply IFRS 17 on a fully retrospective basis because not all data points for historical insurance contracts are reliably determinable. As such, the subsidiary expects to apply the modified retrospective approach at transition as described in IFRS 17.

This new accounting standard covers the recognition and measurement, presentation and disclosure of all types of insurance contracts regardless of the type of entity that issues them.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.2 New and amended standards effective but not adopted by the Group (continued)

IFRS 17 Insurance Contracts (continued)

The overall objective of IFRS 17 is to provide transparency over revenue and costs associated with insurance activities, reflect the impact of economic changes in a timely and transparent way, and to provide more information about the current and future profitability of its insurance activities. This is achieved through measuring longer term insurance contracts using discounted probability weighted cash flows, making explicit risk adjustments, and calculating a contractual service margin (CSM) that represents the unearned profits of the contract which is recognized as revenue over the insurance contract over the coverage period.

The subsidiary has not adopted IFRS 17 on the effective date. As of the reporting date, the subsidiary is still in the process of implementing IFRS 17 because industry practice and interpretation of the standard is still developing. Management is currently unable to determine the financial impact on adoption of the standard.

3.3 IASB Standards issued but not yet effective

At the date of authorisation of this interim condensed consolidated financial information, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncements. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's interim condensed consolidated financial information is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's interim condensed consolidated financial information.

Standard or Interpretation	*Effective for annual periods beginning*
IAS 1 Amendments- Classification of current and non-current	1 January 2024
IAS 1 Amendments- Classification of liabilities with debt covenants	1 January 2024
IFRS 16 Amendments- Leases	1 January 2024

IAS 1 Amendments - Classification of current or non-current

The amendments to IAS 1 clarify the classification of a liability as either current or non-current is based on the entity's rights at the end of the reporting period. Stating management expectations around whether they will defer settlement or not does not impact the classification of the liability. It has added guidance about lending conditions and how these can impact classification and has included requirements for liabilities that can be settled using an entity's own instruments.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's consolidated financial statements.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.3 IASB Standards issued but not yet effective (continued)

IAS 1 Amendments - Classification of liabilities with debt covenants
The amendments to IAS 1 clarify that classification of liabilities depends only on the covenants that an entity is required to comply with on or before the reporting date of the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's consolidated financial statements.

IAS 16 Amendments – Leases
The amendments to IFRS 16 requires a seller-lessee to measure the right-of-use asset arising from a sale and leaseback transaction at the proportion of the previous carrying amount of the asset that relates to the right of use the seller-lessee retains. Accordingly, in a sale and leaseback transaction the seller-lessee recognises only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. The initial measurement of the lease liability that arise from a sale and leaseback transaction is a consequence of how the seller-lessee measures the right-of-use asset and the gain or loss recognised at the date of the transaction. The new requirements do not prevent a seller-lessee from recognising in any gain or loss relating to the partial or full termination of a lease.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's consolidated financial statements.

4 Judgements and estimates

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

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

5 Basic and diluted earnings per share attributable to the shareholders of the Parent Company

Basic and diluted earnings per share attributable to the shareholders of the Parent Company is calculated by dividing the profit for the period attributable to the shareholders of the Parent Company by the weighted average number of shares outstanding during the period excluding treasury shares.

	Three months ended 31 March 2023 (Unaudited)	Three months ended 31 March 2022 (Unaudited)
Profit for the period attributable to the shareholders of the Parent Company (KD)	**478,187**	585,968
Weighted average number of shares outstanding during the period (shares)	**249,279,883**	249,279,883
Basic and diluted earnings per share attributable to the shareholders of the Parent Company (Fils)	**1.92**	2.35

Notes to the interim condensed consolidated financial information (continued)

6 Cash and cash equivalents

	31 March 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
Cash and bank balances	**522,917**	551,838	397,193
Term deposits	**439,000**	439,000	-
Cash and cash equivalents as per consolidated statement of financial position	**961,917**	990,838	397,193
Less: restricted balance (note 11)	**(346,446)**	(346,446)	(346,446)
Less: deposits maturing after more than three months	**(439,000)**	(439,000)	-
Less: due to banks	**(241,582)**	(241,582)	(241,582)
Cash and cash equivalents as per consolidated statement of cash flows	**(65,111)**	(36,190)	(190,835)

7 Non-current assets held for sale

During the previous year, the Group classified three investment properties amounting to KD856,638 as Assets Held for Sale upon meeting the criteria for recognition as non-current assets held for sale. One of the properties was sold in the previous year. During the period, the Group sold the remaining properties for KD540,736 realizing a loss of KD2,900.

Further, during the period, the Group has classified an investment property with a carrying value of KD506,677 to Assets Held for Sale upon meeting the criteria for recognition as non-current assets held for sale.

8 Investments at fair value through other comprehensive income

	31 March 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
Local quoted securities	**10,830,223**	11,650,659	15,735,022
Foreign quoted securities	**5,895**	5,895	2,754
Local unquoted securities	**10,506**	10,506	10,500
Foreign unquoted securities	**5,043,702**	5,043,702	4,079,650
Managed funds	**9,569**	9,561	9,176
	15,899,895	16,720,323	19,837,102

Investments at fair value through other comprehensive income aggregating to KD10,830,023 (31 December 2022: KD11,650,397 and 31 March 2022: KD15,734,760) are pledged against borrowing facilities of the Group (Note 11).

9 Investment in associates and joint venture

	31 March 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
Investment in associates (note 9.1)	**20,198,924**	20,301,871	21,669,119
Investment in joint venture (note 9.2)	**23,152,823**	23,166,783	17,045,321
	43,351,747	43,468,654	38,714,440

Notes to the interim condensed consolidated financial information (continued)

9 Investment in associates and joint venture (continued)

9.1 Investment in associates

The movement in associates during the period/year is as follows:

	31 March 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
Carrying value at the beginning of the period/year	**20,301,871**	21,420,655	21,420,655
Impairment	**-**	(1,339,468)	-
Share of results	**47,030**	1,262,428	(112,288)
Share of other comprehensive (loss)/income	**(149,977)**	(92,813)	360,752
Share of gain on partial disposal of interest in subsidiary by an associate	**-**	1,567,605	-
Share of adjustments arising on deemed disposal of partial interest in a subsidiary by an associate	**-**	(2,516,536)	-
	20,198,924	20,301,871	21,669,119

Investment in associates amounting to KD19,122,262 (31 December 2022: KD19,224,108 and 31 March 2022: KD20,062,903) is pledged against Group's borrowings (Note 11).

9.2 Investment in joint venture

The movement of the investment in joint venture is as follows:

	31 March 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
Carrying value at the beginning of the period/year	**23,166,783**	13,947,259	13,947,259
Share of results of joint venture	**762,896**	2,125,553	269,215
Share of other comprehensive (loss)/income	**(776,856)**	7,093,971	2,828,847
	23,152,823	23,166,783	17,045,321

a) Investment in joint venture is pledged against the borrowing facilities obtained to finance the underlying project (note 14b).

10 Payables and other liabilities

	31 March 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
Accounts payable and accruals	**3,616,078**	3,690,642	2,251,370
Dividend payable	**48,442**	48,442	28,438
Provisions for KFAS, NLST and Zakat	**5,949,530**	5,932,083	6,006,444
Provision for employees' end of service benefits and leave	**618,110**	607,061	594,934
Due to policyholders	**78,642**	587,523	722,493
Policyholders' deficit reserve	**2,865,009**	3,049,006	3,176,396
Other liabilities	**339,424**	340,279	127,550
	13,515,235	14,255,036	12,907,625

Notes to the interim condensed consolidated financial information (continued)

11 Borrowings

The Group's borrowings are denominated in the following currencies:

	31 March 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
Borrowings denominated in Kuwaiti Dinar	**8,555,000**	8,555,000	8,555,000
Borrowings denominated US Dollar	**20,062,650**	20,062,650	19,813,750
	28,617,650	28,617,650	28,368,750

The details of loan balances and bank facilities of the Group are as follows:

a) The borrowing in Kuwait Dinar is due to a local bank for which the contract matured on 31 December 2019 carrying annual interest rate of 1.75% above Central Bank of Kuwait discount rate. However, the agreement stipulates that in case the Parent Company defaults on the repayment of the borrowing, then a fixed rate of 6% will be applicable. The loan is secured by pledge of an investment portfolio. During a prior year, the Parent Company filed a legal case against the bank to determine the amount due to the bank. The court referred the case to the experts' department and the hearing was scheduled to be held on 23 June 2021 which was postponed till 17 November 2021 on which the Parent Company objected on the experts' report and, accordingly, referred back to the experts' department and a hearing session was scheduled in front of the court on 21 November 2022 and postponed to 12 April 2023. On 3 May 2023, the Court rejected the case and the Parent Company is in the process of appealing the court's decision in the court of appeal within the scheduled dates. In the meantime, during the year ended 31 December 2020, the bank obtained a cautionary order in its favour which was suspended as the Parent Company objected its execution. In a related legal case filed by the Parent Company, the Court of Appeals cancelled the cautionary order on 24 October 2021 as if it was not issued. The bank appealed the verdict of the court of cassation. However, no hearing has been scheduled to date.

   Management of the Parent Company believes that the bank is unable to execute the contracts until the final ruling of the original case is made regarding the Parent Company's legal case for auditing the accounts and determining the amount due to the bank.

b) The loan denominated in the US Dollar was obtained from Al-Nozha Al-Dawliya Real Estate Company WLL ("Al Nozha"), a related party, carrying annual interest rate of 1.5%. The loan is repayable in four annual equivalent instalments of USD3,275,000 (equivalent to KD1,003,132) beginning 31 March 2021 ending on 31 March 2024 and with final instalment of USD52,400,000 (equivalent to KD16,050,120) to be repaid on 31 March 2025. The loan is secured by shares of the Parent Company, shares of associates and investments at FVTOCI. In accordance with the contractual terms and conditions of the loan, an instalment of USD9,825,000 (equivalent to KD3,009,397) was due on 31 March 2022. However, the Group applied for an extension to postpone the instalment which was approved by the related party till 30 September 2023.

Notes to the interim condensed consolidated financial information (continued)

11 Borrowings (continued)

The Group's borrowings are secured against the following assets of the Group:

	31 March 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
Restricted bank balances (note 6)	**346,446**	346,446	346,446
Investments at FVTPL	**201,080**	169,639	13,970
Investments at FVTOCI (note 8)	**10,830,023**	11,650,397	15,734,760
Investment in an associate (note 9.1)	**19,122,262**	19,224,108	20,062,903
Investment in subsidiary	**315**	354	594
Total assets pledged	**30,500,126**	31,390,944	36,158,673

12 Share capital

The authorised, issued and paid up share capital of the Parent Company comprised of 266,732,550 shares of 100 Fils each, all fully paid, in cash, (31 December 2022 and 31 March 2022: 266,732,550 shares of 100 Fils each).

13 Treasury shares

	31 March 2023 (Unaudited)	31 Dec. 2022 (Audited)	31 March 2022 (Unaudited)
Number of treasury shares (shares)	**17,452,667**	17,452,667	17,452,667
Percentage of treasury shares to paid up capital (%)	**6.54**	6.54	6.54
Cost (KD)	**32,757,404**	32,757,404	32,757,404
Market Value (KD)	**1,448,571**	1,729,559	1,902,341

14 Capital commitments and contingent liabilities

(a) The Group has the following commitments:

	31 March 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
Group's share of associates' commitments:			
Estimated and contracted capital expenditure for construction of properties under development and trading properties	**25,189**	33,451	25,335
Finance guarantees	**2,627**	2,625	2,930
Post-dated cheques issued	**255,400**	280,711	-
Group's share of joint venture's commitments:			
Group's share of engineering, procurement and construction agreement of a plant in an underlying project of a joint venture	**43,568,754**	43,568,754	76,530,749
Group's share of future land lease payments in an underlying project of a joint venture	**4,173,333**	4,173,333	4,173,333

Notes to the interim condensed consolidated financial information (continued)

14 Capital commitments and contingent liabilities (continued)

(a) The Group has the following commitments:
The Group expects to finance the future expenditure commitments from the following sources:

- Sale of investment properties
- Share capital increase
- Advances provided by the shareholders, related entities and joint ventures
- Borrowings, if required

(b) The Group has the following contingent liabilities:

	31 March 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
Contingent liabilities			
Corporate guarantee of borrowings by a joint venture (note 9.2a)	**9,804,594**	9,804,594	9,804,594
Group's share of guarantee provided by a joint venture	**27,603,633**	27,603,633	27,603,633

Notes to the interim condensed consolidated financial information (continued)

15 Segmental analysis

The Group's activities are concentrated in three main segments: treasury and investments, real estate and others. The segments' results are reported to the higher management in the Group. In addition, the segments revenue, assets are reported based on the geographic locations which the Group operates in. The following is the segments information, which conforms with the internal reporting presented to management.

	Treasury and Investments		Real Estate		Others		Total	
	31 March 2023 (Unaudited) KD	31 March 2022 (Unaudited) KD	**31 March 2023 (Unaudited) KD**	31 March 2022 (Unaudited) KD	**31 March 2023 (Unaudited) KD**	31 March 2022 (Unaudited) KD	**31 March 2023 (Unaudited) KD**	31 March 2022 (Unaudited) KD
Segment income	**833,747**	874,449	**8,782**	28,826	**43,605**	4,191	**886,134**	907,466
Profit/(loss) for the period before provisions for NLST and Zakat	**626,693**	725,696	**8,782**	28,826	**(141,209)**	(168,441)	**494,266**	586,081
Finance costs							**207,053**	148,754
NLST and Zakat							**22,503**	-
Total segmental assets	**61,242,969**	59,924,729	**4,260,796**	5,329,324	**-**	-	**65,503,764**	65,254,053
Total segmental liabilities	**(28,859,232)**	(28,610,332)	**-**	-	**-**	-	**(28,859,232)**	(28,610,332)
Net segmental assets	**32,383,737**	31,314,397	**4,260,796**	5,329,324	**-**	-	**36,644,532**	36,643,721
Unallocated assets							**22,953,120**	23,728,787
Unallocated liabilities							**(19,060,326)**	(19,363,341)
Net assets							**40,537,326**	41,009,167

Notes to the interim condensed consolidated financial information (continued)

16 Annual general assembly of shareholders

The Annual General Assembly of the Parent Company for the year ended 31 December 2022 has not been held yet. Accordingly, the financial statements for the year ended 31 December 2022 have not been approved by the shareholders of the Parent Company. The interim condensed consolidated financial information for the three-month period ended 31 March 2023 does not include any adjustments, which might have been required, had the General Assembly not approved the consolidated financial statements for the year ended 31 December 2022.

The board of directors of the Parent Company proposed not to distribute any dividend for the year ended 31 December 2022. This proposal is subject to the approval of the Parent Company's shareholders at the Annual General Assembly.

17 Related party balances and transactions

Related parties represent major shareholders, directors, key management personnel of the Group and their close family members, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. Transactions between the Parent Company and its subsidiaries which are related parties of the Parent Company have been eliminated on consolidation and are not disclosed in this note.

Details of balances and transactions between the Group and other related parties are disclosed below.

	31 March 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
Balances included in the interim condensed consolidated statement of financial position:			
Due from related parties (a):			
- Due from associates	**16,831,682**	16,832,957	16,628,712
- Due from other related parties	**2,410,917**	2,424,113	2,768,492
	19,242,599	19,257,070	19,397,204
Due to related parties (b and c):			
- Due to other related parties	**5,545,091**	5,456,174	6,455,717
Receivables and other assets	**164,611**	164,611	164,611
Payables and other liabilities	**-**	-	50,000
Borrowings	**20,062,650**	20,062,650	19,813,750

Notes to the interim condensed consolidated financial information (continued)

17 Related party balances and transactions (continued)

	Three months ended 31 March 2023 (Unaudited) KD	Three months ended 31 March 2022 (Unaudited KD
Transactions included in interim condensed consolidated statement of profit or loss:		
Other income	-	4,191
Finance costs	**80,371**	79,720
Other operating expenses and charges	**26,232**	12,500
Key management compensation of the Group		
Short-term employee benefits	**125,382**	112,243

a) Due from related parties are non-interest bearing and have no specific repayment terms.

b) Due to related parties include balance amounting to KD433,284 (31 December 2022: KD433,284 and 31 March 2022: KD433,284) which carries interest at 4.75% (31 December 2022: 4.75% and 31 March 2022: 4.75%) per annum and is payable in 2024. The remaining balances of KD5,111,807 (31 December 2022: KD5,456,174 and 31 March 2022: KD6,455,717) are non-interest bearing and have no specific repayment terms.

c) The Group has pledged part of its equity interest in First Takaful Insurance Company – KPSC, a subsidiary, against certain due to related parties' balances.

18 Fair value measurement

18.1 Fair value hierarchy

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial assets and financial liabilities measured at fair value in the interim condensed consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the interim condensed consolidated financial information (continued)

18 Fair value measurement (continued)

18.2 Fair value measurement of financial instruments

The carrying amounts of the Group's financial assets and liabilities as stated in the interim condensed consolidated statement of financial position may also be categorized as follows:

	31 March 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
Financial assets:			
At amortised cost:			
- Cash and cash equivalents (note 6)	**961,917**	990,838	397,193
- Receivables and other assets	**3,204,174**	3,601,648	3,390,903
- Due from related parties (note 17)	**19,242,599**	19,257,070	19,397,204
At fair value:			
- Investments at fair value through profit or loss	**1,029,410**	1,002,690	975,989
- Investments at fair value through other comprehensive income	**15,899,895**	16,720,323	19,837,102
	40,337,995	41,572,569	43,998,391
Financial liabilities:			
At amortised costs:			
- Payables and other liabilities (note 10)	**13,515,235**	14,255,036	12,907,625
- Due to related parties (note 17)	**5,545,091**	5,456,174	6,455,717
- Due to banks (note 6)	**241,582**	241,582	241,582
- Borrowings (note 11)	**28,617,650**	28,617,650	28,368,750
	47,919,558	48,570,442	47,973,674

Management considers that the carrying amounts of financial assets and financial liabilities, which are stated at amortised cost, approximate their fair values.

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets and liabilities measured at fair value on a recurring basis in the interim condensed consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	Note	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
31 March 2023 (unaudited)					
Investments at FVTPL					
Investments held for trading:					
Local quoted securities	a	84,723	-	-	84,723
Local unquoted securities	b	-	-	200,610	200,610
Foreign unquoted securities	b	-	-	744,077	744,077
Investments at FVTOCI					
Local quoted securities	a	10,830,223	-	-	10,830,223
Foreign quoted securities	a	5,895	-	-	5,895
Managed funds	c	-	9,569	-	9,569
Local unquoted securities	b	-	-	10,506	10,506
Foreign unquoted securities	b	-	-	5,043,702	5,043,702
		10,920,841	9,569	5,998,895	16,929,305

Notes to the interim condensed consolidated financial information (continued)

18 Fair value measurement (continued)

18.2 Fair value measurement of financial instruments (continued)

	Note	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
31 December 2022 (audited)					
Investments at FVTPL					
Investments held for trading:					
Local quoted securities	a	90,691	-	-	90,691
Local unquoted securities	b	-	-	167,922	167,922
Foreign unquoted securities	c	-	-	744,077	744,077
Investments at FVTOCI					
Local quoted securities	a	11,650,659	-	-	11,650,659
Foreign quoted securities	a	5,895	-	-	5,895
Managed funds	c	-	9,561	-	9,561
Local unquoted securities	b	-	-	10,506	10,506
Foreign unquoted securities	b	-	-	5,043,702	5,043,702
		11,747,245	9,561	5,966,207	17,723,013
31 March 2022 (unaudited)					
Investments at FVTPL					
Investments held for trading:					
Local quoted securities	a	119,561	-	-	119,561
Local unquoted securities	b	-	-	112,351	112,351
Foreign unquoted securities	c	-	-	744,077	744,077
Investments at FVTOCI					
Local quoted securities	a	15,735,022	-	-	15,735,022
Foreign quoted securities	a	2,754	-	-	2,754
Managed funds	c	-	9,176	-	9,176
Local unquoted securities	b	-	-	10,500	10,500
Foreign unquoted securities	b	-	-	4,079,650	4,079,650
		15,857,337	9,176	4,946,578	20,813,091

There have been no significant transfers between levels 1 and 2 during the reporting period.

Measurement at fair value

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

a) Quoted securities

All the listed equity securities are publicly traded in stock exchanges. Fair values have been determined by reference to their quoted bid prices at the reporting date.

b) Unquoted securities

The interim condensed consolidated financial information includes holdings in unlisted securities which are measured at fair value. Fair value is estimated using a discounted cash flow model or other valuation techniques which include some assumptions that are not supportable by observable market prices or rates.

c) Investment in managed funds

Investment funds managed by other mainly comprise of unquoted units and the fair value of these units has been determined based on net assets values reported by the fund manager as of the reporting date.

Notes to the interim condensed consolidated financial information (continued)

18 Fair value measurement (continued)

18.2 Fair value measurement of financial instruments (continued)

Level 3 fair value measurements

The Group's financial assets and liabilities classified in level 3 uses valuation techniques based on significant inputs that are not based on observable market data. The financial instruments within this level can be reconciled from beginning to ending balances as follows:

	31 March 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
Investments at FVTPL			
Opening balance	**911,999**	138,921	138,921
Gains recognised in:			
- Consolidated statement of profit or loss	**32,688**	773,078	717,507
Balance end of the period/year	**944,687**	911,999	856,428
Total amount recognised in consolidated statement of profit or loss on level 3 instruments	-	-	717,507
Investments at FVTOCI			
Opening balance	**5,054,208**	4,809,530	4,809,530
Disposals	-	(779,476)	(779,476)
Gains recognised in:			
- Consolidated statement of profit or loss and other comprehensive income	-	1,024,154	60,096
Balance end of the period/year	**5,054,208**	5,054,208	4,090,150

19 Fiduciary accounts

The Parent Company previously managed portfolios on behalf of others, mutual funds and maintains cash balances and securities in fiduciary accounts, which were not reflected in the interim condensed consolidated statement of financial position. However, as a result of the legal status of the Parent Company changed to a holding company, it is no longer allowed to manage portfolios. The existing portfolio balance is either currently being disposed of or transferred to other entities. Assets under management at 31 March 2023 amounted to KD1,403,687 (31 December 2022: KD1,565,233 and 31 March 2022: KD2,078,055).

20 Legal claim

During 1993, a case was filed in Ajman (United Arab Emirates) by a bank in Bahrain against the Parent Company and another party. The case was eventually decided against the defendants and the Parent Company was obliged to pay an amount of KD7,384,496 in 2011 to the plaintiff bank.

The Parent Company filed a case in the Sultanate of Oman against an Omani national to claim the amount the Parent Company had paid to the bank above. The case was eventually decided in favour of the Parent Company and Omani national was ordered to pay a sum of Omani Riyal 9,053,406 (equivalent KD7,212,124) plus an interest of 8% until the repayment date to the Parent Company.

Notes to the interim condensed consolidated financial information (continued)

20 Legal claim (continued)

During the previous year the Parent Company received amounts aggregating KD676,240 towards partial execution of the above judgement award.

Further, in November 2022, the Parent Company participated and won the auction of a property belonging to the Omani national at a value of Omani Riyal 4,500,000 (equivalent KD3,584,790) against the judged debt award as per the above judgement. Further, on 5 January 2023, the Supreme Judicial Council-Execution Department ordered Real Estate Registry Department-Oman to work on transferring title of the property in the name of the Parent Company. As of the date of the issue of this interim condensed consolidated financial information, the legal formalities to transfer the title of the property in the name of the Parent Company have not been completed. Once the title of the property has been registered in the name of the Parent Company it will be recorded in the accounting records of the Parent Company.

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