

Interim condensed consolidated financial information and review report

Kuwait Financial Centre – KPSC and Subsidiaries

Kuwait

31 March 2022 (Unaudited)

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Report on review of interim condensed consolidated financial information

To the Board of Directors of
Kuwait Financial Centre – KPSC
Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Kuwait Financial Centre – KPSC (“the Parent Company”) and its subsidiaries (“the Group”) as at 31 March 2022 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 the basis of preparation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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


Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2.

Report on review of other legal and regulatory requirements

Based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. We further report that, to the best of our knowledge and belief, no violation of the Companies Law No. 1 of 2016 and its Executive Regulations, or of the Parent Company’s Memorandum of Incorporation and Articles of Association, as amended, have occurred during the three-month period ended 31 March 2022 that might have had a material effect on the business or financial position of the Parent Company.

We further report that, during the course of our review, we have not become aware of any material violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, or of the provision of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations during the three-month period ended 31 March 2022 that might have had a material effect on the business or financial position of the Parent Company.



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Interim condensed consolidated statement of profit or loss

	Note	Three months ended 31 March 2022 (Unaudited) KD '000	Three months ended 31 March 2021 (Unaudited) KD '000
Revenue			
Interest income		105	133
Dividend income		257	238
Management fees and commission		3,143	2,768
Gain from financial assets at fair value through profit or loss	6	7,731	4,720
Gain from financial liabilities at fair value through profit or loss		9	-
Share of results of associate and joint venture		40	(207)
Gain on sale of investment properties	11	91	130
Net rental income		917	892
Foreign currency exchange loss		(75)	(464)
Other income		22	15
		12,240	8,225
Expenses and other charges			
General and administrative expenses		(3,275)	(2,815)
Other expenses		13	(1)
Finance costs		(546)	(762)
		(3,808)	(3,578)
Profit before provisions for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST) and Zakat			
		8,432	4,647
Provision for contribution to KFAS		(73)	(38)
Provision for NLST		(208)	(105)
Provision for Zakat		(83)	(42)
Profit for the period		8,068	4,462
Profit for the period attributable to:			
Owners of the Parent Company		7,805	4,056
Non-controlling interests		263	406
Profit for the period		8,068	4,462
Basic and diluted earnings per share attributable to the owners of the Parent Company			
	7	16 Fils	8 Fils

The notes set out on pages 8 to 21 form an integral part of this interim condensed consolidated financial information.

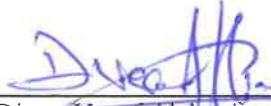
Interim condensed consolidated statement of profit or loss and other comprehensive income


	Three months ended 31 March 2022 (Unaudited) KD '000	Three months ended 31 March 2021 (Unaudited) KD '000
Profit for the period	8,068	4,462
Other comprehensive income/(loss):		
<i>Items to be reclassified to statement of profit or loss in subsequent periods:</i>		
<i>Financial assets at fair value through other comprehensive income:</i>		
- Net change in fair value arising during the period	-	1
<i>Foreign currency translation:</i>		
- Exchange differences arising on translation of foreign operations	90	(165)
Share of other comprehensive income of associate and joint venture	149	12
Total other comprehensive income/(loss)	239	(152)
Total comprehensive income for the period	8,307	4,310
Total comprehensive income for the period attributable to:		
Owners of the Parent Company	8,032	3,929
Non-controlling interests	275	381
	8,307	4,310

The notes set out on pages 8 to 21 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Note	31 March 2022 (Unaudited) KD '000	31 Dec. 2021 (Audited) KD '000	31 March 2021 (Unaudited) KD '000
Assets				
Cash and bank balances	8	11,847	10,497	7,979
Time deposits	8	98	106	3,031
Accounts receivable and other assets		6,311	6,753	7,688
Loans to customers		670	625	462
Financial assets at fair value through profit or loss	9	116,282	111,618	97,120
Financial assets at fair value through other comprehensive income		-	-	406
Financial assets at amortised cost	10	2,146	2,167	5,944
Investment in associate and joint venture		2,689	2,875	3,220
Investment properties	11	75,168	75,092	75,106
Right-of-use assets		1,240	1,104	262
Equipment		664	729	875
Total assets		217,115	211,566	202,093
Liabilities and equity				
Liabilities				
Due to banks	8	-	457	1,712
Financial liabilities at fair value through profit or loss		-	-	17
Accounts payable and other liabilities		21,650	15,077	11,667
Borrowings	12	21,700	25,280	14,871
Bonds issued	13	35,000	35,000	44,350
Total liabilities		78,350	75,814	72,617
Equity				
Share capital		48,080	48,080	48,080
Share premium		7,902	7,902	7,902
Treasury shares	14	(260)	(260)	(260)
Statutory reserve		18,339	18,339	16,752
Voluntary reserve		16,694	16,694	15,107
Other components of equity	15	(332)	(559)	219
Retained earnings		17,427	14,327	7,317
Equity attributable to the owners of the Parent Company		107,850	104,523	95,117
Non-controlling interests		30,915	31,229	34,359
Total equity		138,765	135,752	129,476
Total liabilities and equity		217,115	211,566	202,093


Diraar Yusuf Alghanim
Chairman


Ali Hassan Khalil
Chief Executive Officer

The notes set out on pages 8 to 21 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity

	Equity attributable to the owners of the Parent Company							Non-controlling interests	Total	
	Share capital KD '000	Share premium KD '000	Treasury shares KD '000	Statutory reserve KD '000	Voluntary reserve KD '000	Other components of equity (Note 15) KD '000	Retained earnings KD '000			Sub total KD '000
Balance at 1 January 2022	48,080	7,902	(260)	18,339	16,694	(559)	14,327	104,523	31,229	135,752
Net change in non-controlling interests	-	-	-	-	-	-	-	-	(394)	(394)
Effect of change in ownership percentage of subsidiaries (Note 5)	-	-	-	-	-	-	77	77	(77)	-
Cash dividend (Note 16)	-	-	-	-	-	-	(4,782)	(4,782)	-	(4,782)
Payment of cash dividend to non-controlling interests' shareholders	-	-	-	-	-	-	-	-	(118)	(118)
Transactions with owners	-	-	-	-	-	-	(4,705)	(4,705)	(589)	(5,294)
Profit for the period	-	-	-	-	-	-	7,805	7,805	263	8,068
Total other comprehensive income for the period	-	-	-	-	-	227	-	227	12	239
Total comprehensive income for the period	-	-	-	-	-	227	7,805	8,032	275	8,307
Balance at 31 March 2022	48,080	7,902	(260)	18,339	16,694	(332)	17,427	107,850	30,915	138,765

The notes set out on pages 8 to 21 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity (continued)

	Equity attributable to the owners of the Parent Company							Non-controlling interests	Total	
	Share capital KD '000	Share premium KD '000	Treasury shares KD '000	Statutory reserve KD '000	Voluntary reserve KD '000	Other components of equity (Note 15) KD '000	Retained earnings KD '000			Sub total KD '000
Balance at 1 January 2021	48,080	7,902	(260)	16,752	15,107	346	3,299	91,226	34,568	125,794
Net change in non-controlling interests	-	-	-	-	-	-	-	-	(507)	(507)
Effect of change in ownership percentage of subsidiaries (Note 5)	-	-	-	-	-	-	(38)	(38)	38	-
Payment of cash dividend to non-controlling interests shareholders	-	-	-	-	-	-	-	-	(121)	(121)
Transactions with owners	-	-	-	-	-	-	(38)	(38)	(590)	(628)
Profit for the period	-	-	-	-	-	-	4,056	4,056	406	4,462
Total other comprehensive loss for the period	-	-	-	-	-	(127)	-	(127)	(25)	(152)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(127)	4,056	3,929	381	4,310
Balance at 31 March 2021	48,080	7,902	(260)	16,752	15,107	219	7,317	95,117	34,359	129,476

The notes set out on pages 8 to 21 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	Three months ended 31 March 2022 (Unaudited) KD '000	Three months ended 31 March 2021 (Unaudited) KD '000
OPERATING ACTIVITIES			
Profit for the period		8,068	4,462
Adjustments for:			
Interest income		(105)	(133)
Depreciation		392	413
Amortisation of right-of-use assets		66	66
Gain on sale of investment properties		(91)	(130)
Share of results of associate and joint venture		(40)	207
Charge of provisions		2	-
Finance costs		546	762
		8,838	5,647
Changes in operating assets and liabilities:			
Financial assets at fair value through profit or loss		(4,664)	(7,019)
Financial Liabilities at fair value through profit or loss		-	17
Accounts receivable and other assets		479	(1,024)
Loans to customers		(45)	43
Accounts payable and other liabilities		1,651	1,472
Net cash from/(used in) operating activities		6,259	(864)
INVESTING ACTIVITIES			
Change in time deposits maturing after three months		5	15
Purchase of equipment		(28)	(30)
Proceeds from redemption of financial assets at fair value through OCI		-	5
Proceeds from redemption of financial assets at amortised cost		-	16
Purchase of financial assets at amortised cost		-	(973)
Additions to investment properties		(2,022)	(1,077)
Proceeds from sale of investment properties		2,010	975
Proceeds from redemption of investment in associate and joint venture		375	-
Interest income received		66	132
Net cash from/(used in) investing activities		406	(937)
FINANCING ACTIVITIES			
Dividend paid		(6)	(13)
Dividend paid to non-controlling interests shareholders		(118)	(121)
Proceeds from borrowings		6,912	218
Repayment of borrowings		(10,561)	(6,387)
Finance costs paid		(545)	(782)
Payment of lease liabilities		(57)	(71)
Net change in non-controlling interests		(394)	(507)
Net cash used in financing activities		(4,769)	(7,663)
Increase/(decrease) in cash and cash equivalents		1,896	(9,464)
Foreign currency adjustments		(92)	(8)
Cash and cash equivalents at the beginning of the period	8	10,047	18,725
Cash and cash equivalents at the end of the period	8	11,851	9,253

The notes set out on pages 8 to 21 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information

1 Incorporation and activities

Kuwait Financial Centre – KPSC (“the Parent Company”) was incorporated in 1974 in accordance with the Commercial Companies Law in the State of Kuwait. The Parent Company along with its subsidiaries are jointly referred to as “the Group”. The Parent Company is listed on Boursa Kuwait and is governed under the directives of the Central Bank of Kuwait and Capital Markets Authority of Kuwait.

The principal activities of the Parent Company are as follows:

- Funding import and export operations, whether by direct credit or accepting drafts drawn on the Company for short terms, as well as brokerage in securing the banking facilities for clients in Kuwait and abroad.
- Undertake the job of broker between the public of borrowers and lenders, undertake approved agency works for the payment processes arising from issuing medium and long term securities, in addition to keeping securities on behalf of the clients.
- Dealing and trading in the foreign currencies and the precious metal markets inside and outside Kuwait.
- Undertake all the services which assist to extend and support the money and capital market capacity in Kuwait and fulfil its needs within the limits of the law and the procedures or instructions issued by the Central Bank of Kuwait. The Company may have an interest or participate in any manner with the bodies practicing business similar to its business or which may assist it to achieve its objectives inside or outside Kuwait and it may acquire such bodies or append them to itself.
- Offering personal, commercial and consumer loans, undertake finance operations on the basis of margin related to investment operations in the local and international markets, trading currencies, as well as the finance operations related to pledging investment portfolios and securities, and undertaking finance and brokerage in international and local commercial operations.
- Investment in the various economic sectors such as the industrial, real estate, agricultural, services and other sectors, whether directly or by contribution through existing companies or incorporating these companies related to the said activity or acquire projects which fulfil such objective.
- Undertake the functions of investment trustees and investment portfolio management for the account of third parties with the required loaning and borrowing operations.
- Unregistered securities broker in the stock exchange.
- Investment portfolio manager.
- Collective investment scheme manager.
- Investment advisor.
- Placement agent.
- Custodian.

The address of the Parent Company’s registered office is PO Box 23444, Safat 13095, State of Kuwait.

The Board of Directors of the Parent Company approved this interim condensed consolidated financial information for issue on 11 May 2022.

2 Basis of preparation

This interim condensed consolidated financial information of the Group for the three-month period ended 31 March 2022 has been prepared in accordance with IAS 34, Interim Financial Reporting except as noted below.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of preparation (continued)

The annual consolidated financial statements have been prepared in accordance with the regulations for financial services institutions as issued by the Central Bank of Kuwait (“CBK”) in the State of Kuwait. These regulations require expected credit loss (“ECL”) to be measured at the higher of the ECL on credit facilities computed under IFRS 9 according to the CBK guidelines or the provisions as required by CBK instruction; the consequent impact on related disclosures; and the adoption of all other requirements of International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”) (collectively referred to as IFRS, as adopted for use by the State of Kuwait).

The accounting policies used in the preparation of these interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2021.

This interim condensed consolidated financial information does not contain all information and disclosures required for complete consolidated 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 months ended 31 March 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022. For more details, refer to the annual audited consolidated financial statements and its related disclosures for the year ended 31 December 2021.

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.

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IFRS 3 Amendment – Reference to the conceptual framework	1 January 2022
IAS 16 – Amendments – Proceeds before intended use	1 January 2022
IAS 37 – Amendments – Onerous contracts -Cost of fulfilling a contract	1 January 2022
Annual Improvements 2018-2020 Cycle	1 January 2022

IFRS 3 – Reference to the conceptual framework

The amendments add a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination

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

IAS 16 Amendments - Proceeds before intended use

The amendment prohibits an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

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

IAS 16 Amendments - Proceeds before intended use (continued)

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

IAS 37 Amendments – Onerous contracts- Cost of fulfilling a contract

The amendments specify which costs an entity includes when assessing whether a contract will be loss-making.

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

The amendments are only to be applied to contracts for which an entity has not yet fulfilled all of its obligations at the beginning of the annual period in which it first applies the amendments.

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

Annual Improvements 2018-2020 Cycle

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

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

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

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

3.2 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.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

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.

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments	No stated date
IAS 1 Amendments- Classification of current and non-current	1 January 2023
IAS 1 Amendments- Disclosure of accounting policies	1 January 2023
IAS 8 Amendments- Definition of accounting estimates	1 January 2023

IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments

The Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations)
- require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

IASB has postponed the effective date indefinitely until other projects are completed. However, early implementation is allowed. Management anticipates that the application of these amendments may have an impact on the Group's consolidated financial statements in future should such transactions arise.

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)

3.2 IASB Standards issued but not yet effective (continued)

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.

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 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.

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 Judgment and estimates

The preparation of interim condensed consolidated financial information requires management to make judgments, 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 judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2021.

5 Group's subsidiaries

During the period, the Group's ownership has changed in the following subsidiaries:

Name	Country of incorporation	Ownership percentage			Activities
		31 March 2022 (Unaudited)	31 Dec. 2021 (Audited)	31 March 2021 (Unaudited)	
Markaz Arabian Fund	Kingdom of Bahrain	94.97%	94.89%	69.91%	Investment Fund
Markaz Gulf Real Estate Fund	Kuwait	50.58%	50.38%	49.04%	Real Estate Fund

The ownership of Markaz Arabian Fund increased by 0.08% (31 March 2021: increased by 0.51%) and Markaz Gulf Real Estate Fund increased by 0.20% (31 March 2021: increased by 0.59%) due to changes in the number of investment units owned by the non-controlling interests as a result of subscription and redemption. The changes in the ownership resulted in a net gain of KD77 thousand (31 March 2021: net loss of KD38 thousand), which was included in interim condensed consolidated statement of changes in equity.

Notes to the interim condensed consolidated financial information (continued)

6 Gain from financial assets at fair value through profit or loss

	Three months ended 31 March 2022 (Unaudited) KD '000	Three months ended 31 March 2021 (Unaudited) KD '000
Change in fair value of financial assets at fair value through profit or loss	7,189	3,812
Gain on sale of financial assets at fair value through profit or loss	542	908
	7,731	4,720

7 Basic and diluted earnings per share attributable to the owners of the Parent Company

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

	Three months ended 31 March 2022 (Unaudited)	Three months ended 31 March 2021 (Unaudited)
Profit for the period attributable to the owners of the Parent Company (KD '000)	7,805	4,056
Weighted average number of shares outstanding and in issue during the period (excluding treasury shares)	502,111,834	502,111,834
Basic and diluted earnings per share attributable to the owners of the Parent Company	16 Fils	8 Fils

The weighted average number of shares outstanding during current and previous period has been restated to add the bonus shares approved at the Annual General Meeting of the Parent Company's shareholders held on 27 March 2022 (Note 16). The earning per share for the previous period before the retroactive adjustment was not materially different.

8 Cash and cash equivalents

Cash and cash equivalents included in the interim condensed consolidated statement of cash flows comprise of the following accounts:

	31 March 2022 (Unaudited) KD '000	31 Dec. 2021 (Audited) KD '000	31 March 2021 (Unaudited) KD '000
Cash and bank balances	11,847	10,497	7,979
Time deposits	98	106	3,031
	11,945	10,603	11,010
Less: Due to banks	-	(457)	(1,712)
Less: Time deposits maturing after three months	(94)	(99)	(45)
Cash and cash equivalent for the purpose of interim condensed consolidated statement of cash flows	11,851	10,047	9,253

Notes to the interim condensed consolidated financial information (continued)

8 Cash and cash equivalents (continued)

The Group's time deposits carry an average effective interest rate of 0.65% (31 December 2021: 0.84% and 31 March 2021: 0.97%) per annum.

The total overdraft facilities available to the Group from local commercial banks which carries interest rate at 1.75% to 2.25% above Central Bank of Kuwait discount rate were KD5,000 thousand (31 December 2021: KD5,000 thousand and 31 March 2021: KD5,500 thousand) and no amount has been availed from these facilities as at 31 March 2022 (31 December 2021: KD457 thousand and 31 March 2021: KD1,712 thousand).

9 Financial assets at fair value through profit or loss

	31 March 2022 (Unaudited) KD '000	31 Dec. 2021 (Audited) KD '000	31 March 2021 (Unaudited) KD '000
Local quoted securities	2,810	2,627	3,253
Foreign quoted securities	22,659	21,575	20,651
Local managed funds	54,741	48,150	40,459
Foreign managed funds	13,403	13,540	12,782
Fixed income securities	4,531	5,328	5,033
Equity participation	18,138	20,398	14,942
	116,282	111,618	97,120

The interest rates on fixed income securities range from 2.25% to 7.625% (31 December 2021: 2.625% to 7.625% and 31 March 2021: 2.375% to 7.625%) per annum.

10 Financial assets at amortised cost

This represent debt instruments amounting to KD2,146 thousand (31 December 2021: KD2,167 thousand and 31 March 2021: KD5,944 thousand) carrying interest rate ranged from 8% to 13% per annum (31 December 2021 and 31 March 2021: 8% to 13% per annum).

11 Investment properties

The movement in investment properties is as follows:

	31 March 2022 (Unaudited) KD '000	31 Dec. 2021 (Audited) KD '000	31 March 2021 (Unaudited) KD '000
Carrying value at the beginning of the period/year	75,092	75,401	75,401
Additions	2,022	8,351	1,077
Disposal	(1,919)	(6,849)	(845)
Transfer to assets held for sale	-	(2,090)	-
Reversal of Impairment (net)	-	1,722	-
Depreciation	(299)	(1,254)	(330)
Foreign currency translation adjustment	272	(189)	(197)
	75,168	75,092	75,106

Investment properties with carrying value of KD1,919 thousand were sold during the period for a consideration of KD2,010 thousand at a net gain of KD91 thousand.

Investment properties with carrying value of KD33,206 thousand (31 December 2021: KD31,125 thousand and 31 March 2021: KD24,073 thousand) are secured against bank borrowings.

Notes to the interim condensed consolidated financial information (continued)

12 Borrowings

This represents following borrowings:

- a. Unsecured loans facilities amounting to KD15,000 thousand obtained from local commercial banks carry interest rate ranging from 1.5% to 2% above Central Bank of Kuwait discount rate (31 December 2021: KD15,000 thousand and 31 March 2021 KD14,000 thousand). Outstanding balance of these facilities as of 31 March 2022 amounted to KD4,500 thousand (31 December 2021: KD9,000 thousand and 31 March 2021: Nil).
- b. Two unsecured Murabaha facilities amounting to KD10,000 thousand obtained from local Islamic banks with a profit rate of 1.75% to 2% above Central Bank of Kuwait discount rate. No facility availed as of 31 March 2022 (31 December 2021: KD1,500 thousand and 31 March 2021: Nil). Also, one unsecured Murabaha facility of USD20,000 thousand equivalents to KD6,078 thousand was obtained from a local Islamic bank with a profit rate of 2% above 6 months LIBOR. No facility availed as of 31 March 2022 (31 December 2021: Nil and 31 March 2021: Nil).
- c. Two secured loan facilities amounting to AED142,350 thousand equivalents to KD11,779 thousand obtained from a foreign commercial bank which carry an interest rate of 2.75% above 3 month EIBOR. Outstanding balance of these loan facilities as at 31 March 2022 amounted to AED115,335 thousand equivalents to KD9,544 thousand (31 December 2021: AED114,819 thousand equivalents to KD9,458 thousand and 31 March 2021: AED125,989 thousand equivalents to KD10,374 thousand). These facilities are secured by certain foreign investment properties.
- d. A revolving credit facility amounting to USD10 million equivalents to KD3,039 thousand was approved from a foreign commercial bank which carries an interest rate of 2.03% per annum. Outstanding balance of this loan facility as at 31 March 2022 amounted to US\$1,250 thousand equivalents to KD380 thousand (31 December 2021: USD120 thousand equivalents to KD36 thousand and 31 March 2021: USD720 thousand equivalents to KD218 thousand).
- f. A secured loan facility amounting to USD37,161 thousand equivalents to KD11,293 thousand obtained from a foreign commercial bank which carry an interest rate of 2.38% above 1 month LIBOR. Outstanding balance of this loan facility as at 31 March 2022 amounted to USD23,942 thousand equivalents to KD7,276 thousand (31 December 2021: USD17,476 thousand equivalents to KD5,286 thousand and 31 March 2021: Nil). This facility is secured by certain foreign investment properties.

Reconciliation of liabilities arising from financing activities

	31 March 2022 (Unaudited) KD '000	31 Dec. 2021 (Audited) KD '000	31 March 2021 (Unaudited) KD '000
Opening balance	25,280	21,081	21,081
Proceeds from bank borrowings	6,912	15,823	218
Repayment of bank borrowings	(10,561)	(11,600)	(6,387)
Effect of change in foreign exchange rates	69	(24)	(41)
Closing balance	21,700	25,280	14,871

Notes to the interim condensed consolidated financial information (continued)

13 Bond issued

On 20 December 2020, the Parent Company issued unsecured debenture bonds in the principle amount of KD35,000 thousand as follows:

- KD17,500 thousand with a fixed rate of 4.75% payable quarterly in arrears maturing on 20 December 2025.
- KD17,500 thousand with variable rate of 3%, above Central Bank of Kuwait Discount rate, capped at 5.5%, which is payable quarterly in arrears maturing on 20 December 2025.

14 Treasury shares

	31 March 2022 (Unaudited)	31 Dec. 2021 (Audited)	31 March 2021 (Unaudited)
Number of shares	2,600,000	2,600,000	2,600,000
Percentage of issued shares	0.54%	0.54%	0.54%
Market value (KD '000)	481	471	226
Cost (KD'000)	260	260	260

Reserves of the Parent Company equivalent to the cost of the treasury shares have been earmarked as non-distributable.

Due to issuance of 5% bonus shares subsequent to reporting date, the number of treasury shares has increased to 2,730,000.

15 Other components of equity

	Fair value reserve KD'000	Foreign currency translation reserve KD'000	Total KD'000
Balance at 1 January 2022	-	(559)	(559)
Exchange differences arising on translation of foreign operations	-	78	78
Share of other comprehensive income of associate and joint venture	-	149	149
Total other comprehensive income	-	227	227
Balance at 31 March 2022	-	(332)	(332)
Balance at 1 January 2021	88	258	346
<i>Financial assets at fair value through other comprehensive income:</i>			
- Net change in fair value arising during the period	1	-	1
Exchange differences arising on translation of foreign operations	-	(140)	(140)
Share of other comprehensive income of associate and joint venture	-	12	12
Total other comprehensive income/(loss)	1	(128)	(127)
Balance at 31 March 2021	89	130	219

Notes to the interim condensed consolidated financial information (continued)

16 Annual General Assembly of the Shareholders

The shareholders of the Parent Company at the Annual General Assembly held on 27 March 2022 approved the consolidated financial statements of the Group for the year ended 31 December 2021 and approved Board of Directors proposal of cash dividend of 10 Fils per share amounting to KD4,782 thousand and bonus shares of 5% (5 shares for each 100 shares) for the year ended 31 December 2021.

The cash dividend payable amounting to KD4,782 thousand is included in accounts payable and other liabilities as at 31 March 2022 and was paid subsequently. The bonus shares increased the number of issued and fully paid shares by 24,040,087 shares including treasury shares (31 December 2020: Nil) and share capital by KD2,404 thousand (31 December 2020: Nil) subsequent to reporting date.

17 Related party transactions

Related parties represent associate, major shareholders, directors and key management personnel of the Group, 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. Details of transactions between the Group and other related parties are disclosed below.

During the period, the Group entities entered into the following transactions with related parties.

	Three months ended 31 March 2022 (Unaudited) KD '000	Three months ended 31 March 2021 (Unaudited) KD '000	
Transactions included in the interim condensed consolidated statement of profit or loss:			
Interest income on loans to customers	-	1	
Interest income on financial assets at amortised cost	45	6	
Management fees and commission	2,436	2,026	
Key management compensation:			
Salaries and other short-term benefits	122	402	
End of service benefits	20	33	
	142	435	
	31 March 2022 (Unaudited) KD '000	31 Dec. 2021 (Audited) KD '000	31 March 2021 (Unaudited) KD '000
Balances included in the interim condensed consolidated statement of financial position:			
Loans to customers	75	81	119
Financial assets at amortised cost	2,146	2,167	1,109
Accounts receivable and other assets	2,498	2,478	1,403
Accounts payable and other liabilities	1,289	1,464	1,622

18 Segmental information

Operating segments are identified based on internal management reporting information that is regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance, and is reconciled to Group profit or loss. The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used in its annual consolidated financial statements.

Notes to the interim condensed consolidated financial information (continued)

18 Segmental information (continued)

The revenues and profits generated from, and assets and liabilities allocated to, Group's business are as follows:

	Asset Management (Unaudited)		Investment Banking (Unaudited)		Total (Unaudited)	
	31 March 2022 (Unaudited) KD'000	31 March 2021 (Unaudited) KD'000	31 March 2022 (Unaudited) KD'000	31 March 2021 (Unaudited) KD'000	31 March 2022 (Unaudited) KD'000	31 March 2021 (Unaudited) KD'000
Segment revenue	12,289	8,157	(49)	68	12,240	8,225
Segment result	8,803	4,944	(371)	(297)	8,432	4,647
Provisions for KFAS, NLST and Zakat	(364)	(185)	-	-	(364)	(185)
Profit/(loss) for the period	8,439	4,759	(371)	(297)	8,068	4,462
Total assets	202,196	181,395	14,919	20,698	217,115	202,093

19 Fiduciary accounts

The Group manages portfolios on behalf of others, mutual funds and maintains cash balances and securities in fiduciary accounts, which are not reflected in the interim condensed consolidated statement of financial position. Assets under management at 31 March 2022 amounted to KD1,170,351 thousand (31 December 2021: KD1,041,187 thousand and 31 March 2021: KD987,942 thousand) which includes related party assets under management at 31 March 2022 amounted to KD436,776 thousand (31 December 2021: KD457,330 thousand and 31 March 2021: KD422,615 thousand). The Group earned management fee of KD3,077 thousand (31 March 2021: KD2,544 thousand) from the asset management activities.

20 Commitments and contingent liability

	31 March 2022 (Unaudited) KD '000	31 Dec. 2021 (Audited) KD '000	31 March 2021 (Unaudited) KD '000
Commitments for purchase of investments	1,472	1,686	1,996
Commitments for investment properties	5,441	6,681	13,248
Unsold borrowed equity securities	3,127	2,260	552
Commitments to related party	-	24	-
	10,040	10,651	15,796

Notes to the interim condensed consolidated financial information (continued)

21 Forward foreign exchange contracts

The contractual amounts of outstanding derivative instruments together with the fair value are as follows:

	31 March 2022 (Unaudited)		31 Dec. 2021 (Audited)		31 March 2021 (Unaudited)	
	Contractual amounts KD'000	Assets/ (liabilities) KD'000	Contractual amounts KD'000	Assets/ (liabilities) KD'000	Contractual amounts KD'000	Assets/ (liabilities) KD'000
<i>At fair value through profit or loss:</i>						
Forward foreign exchange contracts	10,650	(34)	10,617	(31)	10,602	93

22 Fair value measurement

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.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

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).

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

	KD'000			Total
	Level 1	Level 2	Level 3	
31 March 2022 (Unaudited)				
Financial assets at FVTPL				
Quoted securities	25,469	-	-	25,469
Managed funds	-	68,144	-	68,144
Equity participation	-	-	18,138	18,138
Fixed income securities	3,831	-	700	4,531
	29,300	68,144	18,838	116,282
Derivative				
Forward foreign currency contracts held for trading	-	(34)	-	(34)
	29,300	68,110	18,838	116,248

Notes to the interim condensed consolidated financial information (continued)

22 Fair value measurement (continued)

	KD'000			Total
	Level 1	Level 2	Level 3	
31 December 2021 (Audited)				
Financial assets at FVTPL				
Quoted securities	24,202	-	-	24,202
Managed funds	-	61,690	-	61,690
Equity participations	-	-	20,398	20,398
Fixed income securities	4,828	-	500	5,328
	29,030	61,690	20,898	111,618
Derivative				
Forward foreign currency contracts held for trading	-	(31)	-	(31)
	29,030	61,659	20,898	111,587
31 March 2021 (Unaudited)				
Financial assets at FVTPL				
Quoted securities	23,904	-	-	23,904
Managed funds	-	53,241	-	53,241
Equity participation	-	-	14,942	14,942
Fixed income securities	4,333	-	700	5,033
	28,237	53,241	15,642	97,120
Derivative				
Forward foreign currency contracts held for trading	-	93	-	93
Financial assets at FVOCI				
Debt instruments	-	-	406	406
	28,237	53,334	16,048	97,619
Financial liabilities at FVTPL				
	17	-	-	17

Fair value of financial assets carried at amortised cost are not materially different from their carrying values.

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 year/period.

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 2022 (Unaudited) KD '000	31 Dec. 2021 (Audited) KD '000	31 March 2021 (Unaudited) KD '000
Opening balance	20,898	11,270	11,270
Net (disposal/redemption)/additions	(1,713)	9,525	4,777
Net change in fair value	(347)	103	1
Closing balance	18,838	20,898	16,048

Notes to the interim condensed consolidated financial information (continued)

23 Structured entities (Special Purpose Vehicle)

The Group has created certain Special Purpose Vehicles (SPVs) for the Group's asset management activities. These SPVs are used to raise funds from the Group's clients on the basis of product offering documents with eventual objectives of investments in specified asset classes as defined in the offering documents of the SPVs. These SPVs are managed on a fiduciary basis by the Group's asset management teams. As some of these SPVs are not controlled as at the reporting date in accordance with the definition of control in IFRS 10, those SPVs are not consolidated into the Group's interim condensed consolidated financial information.

Investment in SPVs that are not consolidated, are included in financial assets at fair value through profit or loss, and financial assets carried at amortised cost in the interim condensed consolidated statement of financial position.

24 Fire incident

During 2020, one of the structured entities reported a fire incident at a development project in the USA which has damaged substantial part of the project buildings. The project is covered by an insurance policy against damage due to fire. The loss due to fire incident has been fully assessed and the Group's management believes that the insurance claim will cover for the losses incurred on this project as the insurer has already accepted the claim and paid substantial part of the insurance claim for the reconstruction of the damaged site. Accordingly, this incident will not materially impact the Group's interim condensed consolidated financial information.

25 Effect of COVID-19

The rate of new infections due to Covid-19 has drastically reduced globally due to mass vaccination campaigns, leading to loosening of public health measures to a great extent. There has been an overall revival in global economic activity as life has gradually returned to normal. The Group's operating environment has accordingly improved moderately and signs of economic recovery are visible across the region and globally. However, uncertainty prevails over emergence of a new and more infectious variant of Covid-19 virus with potential to cause global economic disruption.

The decline in the fair value of Group's financial assets consequent to Covid-19 has been substantially fully recovered as of reporting date. The Group has in place an operational Business Continuity Plan which had been effectively applied during 2020 following the emergence of Covid-19. In addition, the Group continually deploys its risk management and forecasting tools to analyse and measure the impact of Covid-19 like events on Group's financial statements. The Group has considered that no additional adjustments and changes in judgements, estimates and risk management are required to be considered and reported in the condensed interim consolidated financial information.

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