

Interim condensed consolidated financial information and review report

**Kuwait Financial Centre – KPSC and Subsidiaries**

**Kuwait**

30 September 2023 (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 30 September 2023 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income for the three-month and nine-month periods then ended, and interim condensed consolidated statements of changes in equity and cash flows for the nine-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.

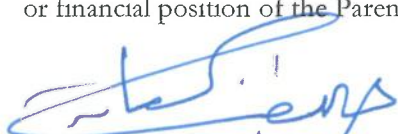
### *Conclusion*

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, we have not become aware of any violation of the Companies Law No. 1 of 2016, as amended and its Executive Regulations, as amended, or of the Parent Company’s Memorandum of Incorporation and Articles of Association, as amended, during the nine-month period ended 30 September 2023 that might have had a material effect on the business or financial position of the Parent Company.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any 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 nine-month period ended 30 September 2023 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		Nine months ended	
		30 Sept. 2023 (Unaudited) KD '000	30 Sept. 2022 (Unaudited) KD '000	30 Sept. 2023 (Unaudited) KD '000	30 Sept. 2022 (Unaudited) KD '000
<b>Revenue</b>					
Interest income		260	102	706	305
Dividend income		833	327	1,328	779
Management fees and commission		1,978	3,304	5,899	9,304
Loss from financial assets at fair value through profit or loss	6	(590)	(2,774)	(2,184)	(948)
(Loss)/gain from financial liabilities at fair value through profit or loss		-	-	(8)	11
Gain from financial assets at fair value through other comprehensive income		-	4	-	4
Share of results of associate and joint venture		(112)	(52)	(228)	(109)
Deemed gain on deconsolidation of a fund subsidiary	5.3	-	-	1,057	-
Gain on sale of investment properties	11	4,101	90	4,964	209
Net rental income		464	911	2,139	2,757
Foreign currency exchange (loss)/gain		(147)	(565)	5	(1,121)
Other income		107	17	361	50
		<b>6,894</b>	<b>1,364</b>	<b>14,039</b>	<b>11,241</b>
<b>Expenses and other charges</b>					
General and administrative expenses		(2,205)	(2,377)	(7,846)	(8,141)
Impairment of investment in joint venture		-	-	(106)	-
Other expenses		20	19	(177)	(31)
Finance costs		(960)	(796)	(2,800)	(1,951)
		<b>(3,145)</b>	<b>(3,154)</b>	<b>(10,929)</b>	<b>(10,123)</b>
<b>Profit/(loss) before provisions for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST) and Zakat</b>					
		<b>3,749</b>	<b>(1,790)</b>	<b>3,110</b>	<b>1,118</b>
Provision for contribution to KFAS		(7)	18	(7)	(5)
Provision for NLST		(41)	40	(41)	(34)
Provision for Zakat		(16)	17	(16)	(13)
<b>Profit/(loss) for the period</b>		<b>3,685</b>	<b>(1,715)</b>	<b>3,046</b>	<b>1,066</b>
<b>Profit/(loss) for the period attributable to:</b>					
Owners of the Parent Company		2,022	(1,898)	711	533
Non-controlling interests		1,663	183	2,335	533
<b>Profit/(loss) for the period</b>		<b>3,685</b>	<b>(1,715)</b>	<b>3,046</b>	<b>1,066</b>
<b>Basic and diluted earnings/(loss) per share attributable to the owners of the Parent Company</b>					
	7	<b>4 Fils</b>	<b>(4) Fils</b>	<b>1 Fils</b>	<b>1 Fils</b>

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		Nine months ended	
	30 Sept. 2023 (Unaudited) KD '000	30 Sept. 2022 (Unaudited) KD '000	30 Sept. 2023 (Unaudited) KD '000	30 Sept. 2022 (Unaudited) KD '000
Profit/(loss) for the period	3,685	(1,715)	3,046	1,066
<b>Other comprehensive income/(loss):</b>				
<i>Items to be reclassified to statement of profit or loss in subsequent periods:</i>				
<i>Foreign currency translation:</i>				
- Exchange differences arising on translation of foreign operations	(238)	419	292	818
Share of other comprehensive income of associates and joint ventures	30	57	30	380
Total other comprehensive (loss)/income	(208)	476	322	1,198
<b>Total comprehensive income/(loss) for the period</b>	<b>3,477</b>	<b>(1,239)</b>	<b>3,368</b>	<b>2,264</b>
<b>Total comprehensive income/(loss) for the period attributable to:</b>				
Owners of the Parent Company	1,797	(1,518)	1,060	1,552
Non-controlling interests	1,680	279	2,308	712
	<b>3,477</b>	<b>(1,239)</b>	<b>3,368</b>	<b>2,264</b>

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	30 Sept. 2023 (Unaudited) KD '000	31 Dec. 2022 (Audited) KD '000	30 Sept. 2022 (Unaudited) KD '000
<b>Assets</b>				
Cash and bank balances	8	9,185	15,112	9,845
Time deposits	8	1,667	2,104	2,131
Accounts receivable and other assets		8,907	6,136	7,041
Loans to customers		2,604	2,709	768
Financial assets at fair value through profit or loss	9	93,366	105,069	118,753
Assets held for sale	11	18,584	-	-
Financial assets at amortised cost	10	4,117	1,976	1,804
Investment in associates and joint ventures		18,461	4,148	1,883
Investment properties	11	27,246	72,631	73,902
Right-of-use assets		2,565	994	1,063
Equipment		315	587	558
<b>Total assets</b>		<b>187,017</b>	<b>211,466</b>	<b>217,748</b>
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Accounts payable and other liabilities		13,326	14,178	13,778
Financial liabilities at fair value through profit or loss		10	-	-
Borrowings	12	25,195	29,015	36,801
Bonds issued	13	35,000	35,000	35,000
<b>Total liabilities</b>		<b>73,531</b>	<b>78,193</b>	<b>85,579</b>
<b>Equity</b>				
Share capital		50,484	50,484	50,484
Share premium		7,902	7,902	7,902
Treasury shares	14	(412)	(309)	(309)
Statutory reserve		18,642	18,642	18,339
Voluntary reserve		16,997	16,997	16,694
Other components of equity	15	343	(6)	460
Retained earnings		8,568	9,883	8,093
<b>Equity attributable to the owners of the Parent Company</b>		<b>102,524</b>	<b>103,593</b>	<b>101,663</b>
Non-controlling interests		10,962	29,680	30,506
<b>Total equity</b>		<b>113,486</b>	<b>133,273</b>	<b>132,169</b>
<b>Total liabilities and equity</b>		<b>187,017</b>	<b>211,466</b>	<b>217,748</b>

  
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
<b>Balance at 1 January 2023</b>	50,484	7,902	(309)	18,642	16,997	(6)	9,883	103,593	29,680	133,273
Net change in non-controlling interests	-	-	-	-	-	-	-	-	(9,501)	(9,501)
Effect of change in ownership percentage of subsidiaries (Note 5.1)	-	-	-	-	-	-	483	483	(483)	-
Effect of change in non-controlling interests due to deconsolidation of a fund subsidiary (Note 5.3)	-	-	-	-	-	-	-	-	(10,578)	(10,578)
Purchase of treasury shares	-	-	(103)	-	-	-	-	(103)	-	(103)
Cash dividend (Note 16)	-	-	-	-	-	-	(2,509)	(2,509)	-	(2,509)
Payment of cash dividend to non-controlling interests' shareholders	-	-	-	-	-	-	-	-	(464)	(464)
Transactions with owners	-	-	(103)	-	-	-	(2,026)	(2,129)	(21,026)	(23,155)
Profit for the period	-	-	-	-	-	-	711	711	2,335	3,046
Total other comprehensive income/(loss) for the period	-	-	-	-	-	349	-	349	(27)	322
Total comprehensive income for the period	-	-	-	-	-	349	711	1,060	2,308	3,368
<b>Balance at 30 September 2023</b>	50,484	7,902	(412)	18,642	16,997	343	8,568	102,524	10,962	113,486

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
<b>Balance at 1 January 2022</b>	48,080	7,902	(260)	18,339	16,694	(559)	14,327	104,523	31,229	135,752
Net change in non-controlling interests	-	-	-	-	-	-	-	-	(561)	(561)
Effect of change in ownership percentage of subsidiaries (Note 5.1)	-	-	-	-	-	-	419	419	(419)	-
Cash dividend (Note 16)	-	-	-	-	-	-	(4,782)	(4,782)	-	(4,782)
Issue of bonus shares (Note 16)	2,404	-	-	-	-	-	(2,404)	-	-	-
Purchase of treasury shares	-	-	(49)	-	-	-	-	(49)	-	(49)
Payment of cash dividend to non-controlling interests' shareholders	-	-	-	-	-	-	-	-	(455)	(455)
<b>Transactions with owners</b>	2,404	-	(49)	-	-	-	(6,767)	(4,412)	(1,435)	(5,847)
Profit for the period	-	-	-	-	-	-	533	533	533	1,066
Total other comprehensive income for the period	-	-	-	-	-	1,019	-	1,019	179	1,198
Total comprehensive income for the period	-	-	-	-	-	1,019	533	1,552	712	2,264
<b>Balance at 30 September 2022</b>	50,484	7,902	(309)	18,339	16,694	460	8,093	101,663	30,506	132,169

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	Nine months ended 30 Sept. 2023 (Unaudited) KD '000	Nine months ended 30 Sept. 2022 (Unaudited) KD '000
<b>OPERATING ACTIVITIES</b>			
Profit for the period		3,046	1,066
Adjustments for:			
Interest income		(706)	(305)
Depreciation		853	1,141
Amortisation of right-of-use assets		205	202
Gain on sale of investment properties	11	(4,964)	(209)
Gain on sale financial assets at fair value through other comprehensive income		-	(4)
Deemed gain on deconsolidation of a fund subsidiary	5.3	(1,057)	-
Share of results of associates and joint ventures		228	109
Impairment of investment in joint venture		106	-
Charge of provisions		(2)	6
Finance costs		2,800	1,951
		509	3,957
Changes in operating assets and liabilities:			
Financial assets at fair value through profit or loss		5,335	(7,135)
Financial liabilities at fair value through profit or loss		10	-
Accounts receivable and other assets		(2,615)	(267)
Loans to customers		106	(144)
Accounts payable and other liabilities		(1,425)	(1,408)
<b>Net cash from/(used in) operating activities</b>		<b>1,920</b>	<b>(4,997)</b>
<b>INVESTING ACTIVITIES</b>			
Change in time deposits maturing after three months		9	(822)
Purchase of equipment		29	(96)
(Purchase of)/proceeds from redeem of financial assets at amortised cost		(2,136)	189
Additions to investment properties	11	(10,130)	(4,631)
Proceeds from sale of investment properties	11	24,693	6,953
Proceeds on redemption of financial assets at fair value through OCI		-	4
(Increase)/decrease in investment in associates and joint ventures		(1,163)	1,263
Cash outflow due to deconsolidation of a subsidiary fund		(374)	-
Cash dividend received from an associate		108	-
Interest income received		374	279
<b>Net cash from investing activities</b>		<b>11,410</b>	<b>3,139</b>
<b>FINANCING ACTIVITIES</b>			
Dividend paid		(2,515)	(4,739)
Dividend paid to non-controlling interests shareholders		(464)	(455)
Purchase of treasury shares		(103)	(49)
Proceeds from borrowings	12	13,569	23,952
Repayment of borrowings	12	(17,510)	(12,836)
Finance costs paid		(2,817)	(1,861)
Payment of lease liabilities		(369)	(185)
Net change in non-controlling interests		(9,501)	(561)
<b>Net cash (used in)/from financing activities</b>		<b>(19,710)</b>	<b>3,266</b>
<b>(Decreased)/increase in cash and cash equivalents</b>		<b>(6,380)</b>	<b>1,408</b>
Foreign currency adjustments		25	(400)
Cash and cash equivalents at the beginning of the period	8	17,139	10,047
<b>Cash and cash equivalents at the end of the period</b>	<b>8</b>	<b>10,784</b>	<b>11,055</b>

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, Burj Al Shaya, Floor 8, Al Soor Street, Al Mirqab, Kuwait City, State of Kuwait.

The Board of Directors of the Parent Company approved this interim condensed consolidated financial information for issue on 9 August 2023.

## 2 Basis of preparation

This interim condensed consolidated financial information of the Group for the nine-month period ended 30 September 2023 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 2022.

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 nine months ended 30 September 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023. For more details, refer to the annual audited consolidated financial statements and its related disclosures for the year ended 31 December 2022.

### 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>
IAS 1 Amendments- Disclosure of accounting policies	1 January 2023
IAS 8 Amendments- Definition of accounting estimates	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 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 amendments did not have a significant impact on the Group’s interim condensed consolidated financial information.

## Notes to the interim condensed consolidated financial information (continued)

### 3 Changes in accounting policies (continued)

#### 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.

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>
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
IFRS S1 General Requirements for Disclosure of Sustainability- related Financial Information	1 January 2024
IFRS S2 Climate- related Disclosures	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 amendments in the future will have a significant impact on the Group's consolidated financial statements.

#### **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 amendments in the future will have a significant impact on the Group's consolidated financial statements.

#### **IFRS 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.



## 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)

##### IFRS 16 Amendments – Leases (continued)

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

##### IFRS S1 General Requirements for Disclosure of Sustainability - related Financial Information

Application depends on the adoption of the standards by local regulatory authority and as of the reporting date there has been no instructions to adopt these standards.

##### IFRS S2 Climate - related Disclosures

Application depends on the adoption of the standards by local regulatory authority and as of the reporting date there has been no instructions to adopt these standards.

### 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 2022.

### 5 Group's subsidiaries

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

Name	Country of incorporation	Ownership percentage			Activities
		30 Sept. 2023 (Unaudited)	31 Dec. 2022 (Audited)	30 Sept. 2022 (Unaudited)	
Markaz Arabian Fund	Kingdom of Bahrain	94.07%	93.46%	94.79%	Investment Fund
GCC Momentum Fund (Note 5.2)	Kuwait	92.74%	-	-	Investment Fund
Markaz Gulf Real Estate Fund (Note 5.3)	Kuwait	-	47.50%	46.57%	Real Estate Fund

5.1 Due to changes in the number of investment units held by non-controlling interests in various funds resulting from subscriptions and redemptions, the changes in the ownership resulted in a net gain of KD483 thousand (30 September 2022: net gain of KD419 thousand), which was included in interim condensed consolidated statement of changes in equity.

#### 5.2 Consolidation of a subsidiary

During the period, the Group incorporated an investment fund (GCC Momentum Fund) and consolidated financial information of this fund in the interim condensed consolidated financial information of the Group as of 30 September 2023.

#### 5.3 Deconsolidation of a fund subsidiary

During the period, the Group deconsolidated a fund subsidiary, Markaz Gulf Real Estate Fund, due to loss of control and reclassified as investment in associates as of 30 June 2023.

## Notes to the interim condensed consolidated financial information (continued)

### 5 Group's subsidiaries (continued)

#### 5.3 Derecognition of a subsidiary (continued)

Summarised financial information of the derecognized subsidiary is as follows:

	KD'000
Fair value of residual interest	7,194
<b>Less:</b>	
Total identifiable net assets derecognized	6,137
<b>Deemed gain on derecognition of subsidiary</b>	<b>1,057</b>

The initial fair value of the residual interest recognized as investment in associates is equivalent to the fair value of the identifiable net assets on the date that the control is lost.

### 6 (Loss)/gain from financial assets at fair value through profit or loss

	Three months ended		Nine months ended	
	30 Sept. 2023 (Unaudited) KD '000	30 Sept. 2022 (Unaudited) KD '000	30 Sept. 2023 (Unaudited) KD '000	30 Sept. 2022 (Unaudited) KD '000
Change in fair value of financial assets at fair value through profit or loss	(1,210)	(2,989)	(2,701)	(1,671)
Gain on sale of financial assets at fair value through profit or loss	620	215	517	723
	(590)	(2,774)	(2,184)	(948)

### 7 Basic and diluted earnings/(loss) per share attributable to the owners of the Parent Company

Basic and diluted earnings/(loss) per share attributable to the owners of the Parent Company is calculated by dividing the profit/(loss) 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		Nine months ended	
	30 Sept. 2023 (Unaudited)	30 Sept. 2022 (Unaudited)	30 Sept. 2023 (Unaudited)	30 Sept. 2022 (Unaudited)
Profit/(loss) for the period attributable to the owners of the Parent Company (KD '000)	2,022	(1,898)	711	533
Weighted average number of shares outstanding and in issue during the period (net of treasury shares)	500,725,956	501,774,260	501,259,570	501,978,242
Basic and diluted earnings/(loss) per share attributable to the owners of the Parent Company	4 Fils	(4) Fils	1 Fils	1 Fils



## Notes to the interim condensed consolidated financial information (continued)

### 8 Cash and cash equivalents

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

	30 Sept. 2023 (Unaudited) KD '000	31 Dec. 2022 (Audited) KD '000	30 Sept. 2022 (Unaudited) KD '000
Cash and bank balances	9,185	15,112	9,845
Time deposits	1,667	2,104	2,131
	<b>10,852</b>	<b>17,216</b>	<b>11,976</b>
Less: Time deposits maturing after three months	(68)	(77)	(921)
Cash and cash equivalent for the purpose of interim condensed consolidated statement of cash flows	<b>10,784</b>	<b>17,139</b>	<b>11,055</b>

The Group's time deposits carry an average effective interest and profit rates of 3.24% to 7.13% (31 December 2022: 0.65% to 6.5% and 30 September 2022: 0.65%) per annum.

The total overdraft facilities available to the Group from local commercial banks which carries interest rate at 2.00% to 2.25% above Central Bank of Kuwait discount rate were KD3,000 thousand (31 December 2022: KD5,000 thousand and 30 September 2022: KD5,000 thousand) and no amount has been availed from these facilities as at 30 September 2023 (31 December 2022 and 30 September 2022: Nil).

### 9 Financial assets at fair value through profit or loss

	30 Sept. 2023 (Unaudited) KD '000	31 Dec. 2022 (Audited) KD '000	30 Sept. 2022 (Unaudited) KD '000
Local quoted securities	2,259	2,264	2,691
Foreign quoted securities	16,922	12,575	19,830
Local managed funds	41,413	50,444	49,645
Foreign managed funds	12,147	13,509	13,617
Fixed income securities	6,860	6,395	5,010
Equity participation	13,765	19,882	27,960
	<b>93,366</b>	<b>105,069</b>	<b>118,753</b>

The interest rates on fixed income securities range from 2.25% to 7.625% (31 December 2022: 2.25% to 7.625% and 30 September 2022: 2.25% to 7.625%) per annum.

During the period, the Group reclassified its investment in Markaz Islamic Fund with a carrying value of KD6,368 thousand from financial assets at fair value through profit or loss to investment in associates, as the Group concluded that it exercises significant influence over the fund due to increase in its ownership interest as of 30 June 2023.

## Notes to the interim condensed consolidated financial information (continued)

### 10 Financial assets at amortised cost

These represent debt instruments amounting to KD4,117 thousand (31 December 2022: KD1,976 thousand and 30 September 2022: KD1,804 thousand) carrying interest rate ranging from 7.5% to 8% per annum (31 December 2022 and 30 September 2022: 8% per annum).

### 11 Investment properties

The movement in investment properties is as follows:

	30 Sept. 2023 (Unaudited) KD '000	31 Dec. 2022 (Audited) KD '000	30 Sept. 2022 (Unaudited) KD '000
Carrying value at the beginning of the period/year	72,631	75,092	75,092
Additions	10,130	14,793	4,631
Disposal	(19,729)	(17,481)	(6,744)
Derecognition due to deconsolidation	(16,976)	-	-
Transferred to assets held for sale	(18,446)	-	-
Reversal of Impairment	-	442	-
Depreciation	(610)	(1,105)	(874)
Foreign currency translation adjustment	246	890	1,797
	<b>27,246</b>	<b>72,631</b>	<b>73,902</b>

Investment properties with carrying value of KD19,729 thousand (31 December 2022: KD17,481 thousand and 30 September 2022: KD6,744 thousand) were sold during the period for a consideration of KD24,693 thousand (31 December 2022: KD18,735 thousand and 30 September 2022: KD6,953 thousand) at a net gain of KD4,964 thousand (31 December 2022: KD1,254 thousand and 30 September 2022: KD209 thousand).

During the period, the management of the Group has decided to dispose one of its investment properties located in United States of America, which meet the criteria for recognition as non-current assets held for sale. Consequently, the carrying value of this investment property amounting to USD60,074 thousand (equivalent to KD18,446 thousand) have been transferred from investment properties to assets held for sale category in the interim condensed consolidated statement of financial position (Note 25).

Investment properties with carrying value of KD15,628 thousand (31 December 2022: KD22,600 thousand and 30 September 2022: KD33,458 thousand) are secured against bank borrowings. Further, the investment properties which were transferred to assets held for sale with carrying value of KD18,446 thousand (31 December 2022 and 30 September 2022: Nil) are also secured against bank borrowings.

### 12 Borrowings

This represents following borrowings:

- Unsecured loans facilities amounting to KD15,000 thousand obtained from local commercial banks carry interest rate 2% above Central Bank of Kuwait discount rate (31 December 2022: KD17,000 thousand and 30 September 2022: KD17,000 thousand). No facility availed as of 30 September 2023 (31 December 2022: KD5,000 thousand and 30 September 2022: KD7,000 thousand).
- An unsecured loans facility amounting to USD11,616 thousand equivalents to KD3,589 thousand obtained from a local commercial bank carry interest rate 2.25% above 3-month Term Secured Overnight Financing Rate (SOFR). This facility was fully availed as of 30 September 2023 (31 December 2022: Nil and 30 September 2022: Nil).

## Notes to the interim condensed consolidated financial information (continued)

### 12 Borrowings (continued)

- c. 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. Outstanding balance of this loan facility as at 30 September 2023 amounted to KD2,000 thousand (31 December 2022: KD3,497 thousand and 30 September 2022: KD5,500 thousand). Also, unsecured Murabaha facility of USD20,000 thousand equivalents to KD6,180 thousand was obtained from a local Islamic bank with a profit rate of 2% above 6-month Term Secured Overnight Financing Rate (SOFR). Outstanding balance of this facility as at 30 September 2023 amounted to USD10,085 thousand equivalents to KD3,116 thousand (31 December 2022: USD19,962 equivalents to KD6,114 thousand and 30 September 2022: USD19,987 equivalents to KD6,212 thousand).
- d. A secured loan facility amounting to AED35,000 thousand equivalents to KD2,945 thousand obtained from a foreign commercial bank which carry an interest rate of 2.75% above 3-month EIBOR. Outstanding balance of this loan facilities as at 30 September 2023 amounted to AED1,815 thousand equivalents to KD153 thousand (31 December 2022: AED28,151 thousand equivalents to KD2,348 thousand and 30 September 2022: AED87,644 thousand equivalents to KD7,417 thousand). This facility is secured by certain foreign investment properties.
- e. A revolving credit facility amounting to USD10,000 thousand equivalents to KD3,071 thousand was approved from a foreign commercial bank which carries an interest rate of 6.26% per annum. No facility availed as of 30 September 2023 (31 December 2022: USD2,230 thousand equivalents to KD683 thousand and 30 September 2022: Nil).
- f. A secured loan facility amounting to USD37,161 thousand equivalents to KD11,483 thousand obtained from a foreign commercial bank which carry an interest rate of 2.38% above 1-month Secured Overnight Financing Rate (SOFR). This loan facility was fully availed as at 30 September 2023 (31 December 2022: USD37,130 thousand equivalents to KD11,373 thousand and 30 September 2022: USD34,337 thousand equivalents to KD10,672 thousand). This facility is secured by certain foreign investment properties (Note 25).
- g. A secured loan facility amounting to USD29,000 thousand equivalents to KD8,961 thousand obtained from a foreign financial institution carries an interest rate of 4.75% for the first 12 months and after that, 275 bps over the 3-month US Treasury Constant Maturity Yield Index. Outstanding balance of this loan facility as at 30 September 2023 amounted to USD9,892 thousand equivalents to KD3,057 thousand (31 December 2022: Nil and 30 September 2022: Nil). This facility is secured by certain foreign investment properties.
- h. A secured loan facility amounting to USD21,040 thousand equivalents to KD6,501 thousand obtained from a foreign financial institution carries an interest rate 245 bps over Secured Overnight Financing Rate (SOFR). Outstanding balance of this loan facilities as at 30 September 2023 amounted to USD5,817 thousand equivalents to KD1,797 thousand (31 December 2022: Nil and 30 September 2022: Nil). This facility is secured by certain foreign investment properties.

#### Reconciliation of liabilities arising from financing activities

	30 Sept. 2023 (Unaudited) KD '000	31 Dec. 2022 (Audited) KD '000	30 Sept. 2022 (Unaudited) KD '000
Opening balance	29,015	25,280	25,280
Proceeds from bank borrowings	13,569	21,315	23,952
Repayment of bank borrowings	(17,510)	(17,765)	(12,836)
Effect of change in foreign exchange rates	121	185	405
Closing balance	<b>25,195</b>	29,015	36,801

## 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

	30 Sept. 2023 (Unaudited)	31 Dec. 2022 (Audited)	30 Sept. 2022 (Unaudited)
Number of shares	4,115,878	3,067,574	3,067,574
Percentage of issued shares	0.82%	0.61%	0.61%
Market value (KD '000)	410	322	353
Cost (KD'000)	412	309	309

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

### 15 Other components of equity

	Foreign currency translation reserve KD'000	Total KD'000
<b>Balance at 1 January 2023</b>	(6)	(6)
Exchange differences arising on translation of foreign operations	319	319
Share of other comprehensive income of associates and joint ventures	30	30
<b>Total other comprehensive income</b>	<b>349</b>	<b>349</b>
<b>Balance at 30 September 2023</b>	<b>343</b>	<b>343</b>
<b>Balance at 1 January 2022</b>	(559)	(559)
Exchange differences arising on translation of foreign operations	639	639
Share of other comprehensive income of associates and joint ventures	380	380
<b>Total other comprehensive income</b>	<b>1,019</b>	<b>1,019</b>
<b>Balance at 30 September 2022</b>	<b>460</b>	<b>460</b>

### 16 Annual General Assembly of the Shareholders

The shareholders of the Parent Company at the Annual General Assembly held on 22 March 2023 approved the consolidated financial statements of the Group for the year ended 31 December 2022 and approved Board of Directors proposal of cash dividend of 5 Fils per share amounting to KD2,509 thousand and approved a total amount of KD70 thousand as remuneration to the Parent Company's Board of Directors for the year ended 31 December 2022.





## Notes to the interim condensed consolidated financial information (continued)

### 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.

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)	
	30 Sept. 2023 (Unaudited) KD'000	30 Sept. 2022 (Unaudited) KD'000	30 Sept. 2023 (Unaudited) KD'000	30 Sept. 2022 (Unaudited) KD'000	30 Sept. 2023 (Unaudited) KD'000	30 Sept. 2022 (Unaudited) KD'000
Segment revenue	13,585	12,236	454	(995)	14,039	11,241
Segment result	3,605	2,489	(495)	(1,371)	3,110	1,118
Provisions for KFAS, NLST and Zakat	(64)	(52)	-	-	(64)	(52)
Profit/(loss) the period	3,541	2,437	(495)	(1,371)	3,046	1,066
Total assets	177,722	212,183	9,295	5,565	187,017	217,748

### 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 30 September 2023 amounted to KD1,158,780 thousand (31 December 2022: KD1,153,963 thousand and 30 September 2022: KD1,142,285 thousand) which include related party assets under management at 30 September 2023 amounting to KD434,984 thousand (31 December 2022: KD416,508 thousand and 30 September 2022: KD424,651 thousand). The Group earned management fee of KD5,440 thousand (30 September 2022: KD8,731 thousand) from the asset management activities.

### 20 Commitments

	30 Sept. 2023 (Unaudited) KD '000	31 Dec. 2022 (Audited) KD '000	30 Sept. 2022 (Unaudited) KD '000
Commitments for purchase of investments	1,258	1,272	1,385
Commitments for investment properties	8,240	19,660	2,168
Unsold borrowed equity securities	550	1,354	2,436
Commitments to related parties	46	78	50
Letter of guarantee	1,885	175	175
	11,979	22,539	6,214



## 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:

	30 Sept. 2023 (Unaudited)		31 Dec. 2022 (Audited)		30 Sept. 2022 (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	10,789	(101)	10,710	69	10,870	(150)

### 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:

## Notes to the interim condensed consolidated financial information (continued)

### 22 Fair value measurement (continued)

	KD'000			Total
	Level 1	Level 2	Level 3	
<b>30 September 2023 (Unaudited)</b>				
<b>Financial assets at FVTPL</b>				
Quoted securities	19,181	-	-	19,181
Managed funds	686	52,874	-	53,560
Equity participation	-	-	13,765	13,765
Fixed income securities	5,260	-	1,600	6,860
	<b>25,127</b>	<b>52,874</b>	<b>15,365</b>	<b>93,366</b>
<b>Derivative</b>				
Forward foreign currency contracts held for trading	-	(101)	-	(101)
	-	(10)	-	(10)
	-	(111)	-	(111)
	<b>25,127</b>	<b>52,763</b>	<b>15,365</b>	<b>93,255</b>
<b>31 December 2022 (Audited)</b>				
<b>Financial assets at FVTPL</b>				
Quoted securities	14,839	-	-	14,839
Managed funds	692	63,261	-	63,953
Equity participations	-	-	19,882	19,882
Fixed income securities	4,495	-	1,900	6,395
	<b>20,026</b>	<b>63,261</b>	<b>21,782</b>	<b>105,069</b>
<b>Derivative</b>				
Forward foreign currency contracts held for trading	-	69	-	69
	<b>20,026</b>	<b>63,330</b>	<b>21,782</b>	<b>105,138</b>
<b>30 September 2022 (Unaudited)</b>				
<b>Financial assets at FVTPL</b>				
Quoted securities	22,521	-	-	22,521
Managed funds	-	63,262	-	63,262
Equity participation	-	-	27,960	27,960
Fixed income securities	4,310	-	700	5,010
	<b>26,831</b>	<b>63,262</b>	<b>28,660</b>	<b>118,753</b>
<b>Derivative</b>				
Forward foreign currency contracts held for trading	-	(150)	-	(150)
	<b>26,831</b>	<b>63,112</b>	<b>28,660</b>	<b>118,603</b>

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.

## Notes to the interim condensed consolidated financial information (continued)

### 22 Fair value measurement (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:

	30 Sept. 2023 (Unaudited) KD '000	31 Dec. 2022 (Audited) KD '000	30 Sept. 2022 (Unaudited) KD '000
Opening balance	21,782	20,898	20,898
Net redemption	(5,545)	(5,159)	-
Reclassification (from level 1 to level 3)	-	6,119	8,479
Net change in fair value	(872)	(76)	(717)
Closing balance	15,365	21,782	28,660

### 23 Structured entities (Special Purpose Vehicles)

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 Comparative information

Certain comparative figures have been reclassified to conform to the presentation in the current period, and such reclassification does not affect previously reported net assets, net equity and net results for the period or net decrease in cash and cash equivalents.

### 25 Subsequent events

Subsequent to the reporting date, the Group has disposed one of its foreign investment properties located in USA which had been classified as assets held for sale (Note 11), for a net consideration of USD82,000 thousand (equivalents to KD25,338 thousand). The sale is expected to result in an estimated gain of approximately USD16,352 thousand (equivalents to KD5,053 thousand), net of applicable taxes and the contribution to net profit attributable to shareholders is expected to be approximately USD8,204 thousand (equivalents to KD2,535 thousand). An amount of USD37,161 thousand (equivalents to KD11,483 thousand) shall be used to settle a project borrowing (Note 12.f).