

Interim condensed consolidated financial information and review report

Al-Deera Holding Company – KPSC and Subsidiaries

Kuwait

31 March 2023 (Unaudited)

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Report on review of interim condensed consolidated financial information

To the board of directors of
Al-Deera Holding Company – KPSC
Kuwait

Introduction

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

Scope of Review

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 has not been prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Report”.

Report on review of other legal and regulatory requirements

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

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



Abdullatif M. Al-Aiban (CPA)
(Licence No. 94-A)
of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Kuwait
15 May 2023

Interim condensed consolidated statement of profit or loss

	Notes	Three months ended 31 March 2023 (Unaudited) KD	Three months ended 31 March 2022 (Unaudited) KD
REVENUE			
Change in fair value of investments at fair value through profit or loss		(52,779)	26,272
Share of results of associates	6	685,766	622,547
Other income		6,045	2,247
		639,032	651,066
EXPENSES AND OTHER CHARGES			
Staff costs		(45,654)	(34,667)
General, administrative and other expenses		(65,810)	(43,572)
Finance costs		(67,615)	(67,615)
		(179,079)	(145,854)
Profit for the period		459,953	505,212
Attributable to:			
Shareholders of the Parent Company		460,706	505,240
Non-controlling interests		(753)	(28)
		459,953	505,212
Basic and diluted earnings per share attributable to the shareholders of the Parent Company	5	5.02 Fils	5.51 Fils

The notes set out on pages 8 to 18 form an integral part of this interim condensed consolidated financial information.

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

	Three months ended 31 March 2023 (Unaudited) KD	Three months ended 31 March 2022 (Unaudited) KD
Profit for the period	459,953	505,212
Other comprehensive income/(loss):		
Items that will be reclassified subsequently to consolidated statement of profit or loss:		
Share of other comprehensive (loss)/income of associates (note 6)	(1,637,180)	1,855,688
Items that will not be reclassified subsequently to consolidated statement of profit or loss:		
Equity investments at fair value through other comprehensive income		
- Net change in fair value arising during the period	(345,714)	(102,989)
Total other comprehensive (loss)/income	(1,982,894)	1,752,699
Total comprehensive (loss)/income for the period	(1,522,941)	2,257,911
Attributable to:		
Shareholders of the Parent Company	(1,522,188)	2,257,939
Non-controlling interests	(753)	(28)
	(1,522,941)	2,257,911

The notes set out on pages 8 to 18 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Notes	31 March 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
ASSETS				
Non-current assets				
Property, plant and equipment		12	12	12
Investment in associates	6	19,492,788	20,492,516	23,828,243
Investments at fair value through other comprehensive income	7	3,089,804	3,435,518	3,557,308
		22,582,604	23,928,046	27,385,563
Current assets				
Receivables and other assets		534,633	538,482	434,951
Investments at fair value through profit or loss		207,003	259,782	499,849
Cash and cash equivalent		8,478	86,144	180,798
		750,114	884,408	1,115,598
Total assets		23,332,718	24,812,454	28,501,161
EQUITY AND LIABILITIES				
Equity				
Share capital	8	9,177,056	9,177,056	9,177,056
Other components of equity	9	1,860,740	3,845,178	7,790,577
Retained earnings/(accumulated losses)		136,864	(277,072)	(380,998)
Total equity attributable to the shareholders of the Parent Company		11,174,660	12,745,162	16,586,635
Non-controlling interests		295,803	296,556	257,634
Total equity		11,470,463	13,041,718	16,844,269
Liabilities				
Non-current liabilities				
Provision for employees' end of service benefits		181,109	176,714	166,412
Term loans from related parties	10	7,824,095	7,824,095	7,824,095
		8,005,204	8,000,809	7,990,507
Current liabilities				
Payables and other liabilities	11	3,857,051	3,769,927	3,666,385
		3,857,051	3,769,927	3,666,385
Total liabilities		11,862,255	11,770,736	11,656,892
Total equity and liabilities		23,332,718	24,812,454	28,501,161


 Talal Bader Al Bahar
 Chairman

The notes set out on pages 8 to 18 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity

	Equity attributable to the shareholders of the Parent Company					Total KD
	Share capital KD	Other components of equity (note 9) KD	Retained earnings/ (accumulated losses) KD	Sub – total KD	Non- controlling interests KD	
Balance at 31 December 2022 (Audited)	9,177,056	3,845,178	(277,072)	12,745,162	296,556	13,041,718
Profit/(loss) for the period	-	-	460,706	460,706	(753)	459,953
Total other comprehensive loss	-	(1,982,894)	-	(1,982,894)	-	(1,982,894)
Total comprehensive (loss)/income for the period	-	(1,982,894)	460,706	(1,522,188)	(753)	(1,522,941)
Share of realised profit on investments at fair value through other comprehensive income owned by an associate	-	(1,544)	1,544	-	-	-
Effect of the change in ownership of an associate on purchase of treasury shares	-	-	(48,314)	(48,314)	-	(48,314)
Balance at 31 March 2023 (Unaudited)	9,177,056	1,860,740	136,864	11,174,660	295,803	11,470,463

The notes set out on pages 8 to 18 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity (continued)

	Equity attributable to the shareholders of the Parent Company					Total KD
	Share capital KD	Other components of equity (note 9) KD	Accumulated losses KD	Sub – total KD	Non- controlling interests KD	
Balance at 31 December 2021 (Audited)	9,177,056	6,042,875	(719,379)	14,500,552	257,662	14,758,214
Profit/(loss) for the period	-	-	505,240	505,240	(28)	505,212
Total other comprehensive income	-	1,752,699	-	1,752,699	-	1,752,699
Total comprehensive income/(loss) for the period	-	1,752,699	505,240	2,257,939	(28)	2,257,911
Share of realised profit on investments at fair value through other comprehensive income owned by an associate	-	(4,997)	4,997	-	-	-
Effect of the change in ownership equity for a subsidiary of an associate	-	-	(145,465)	(145,465)	-	(145,465)
Effect of the change in ownership of an associate on purchase of treasury shares	-	-	(26,391)	(26,391)	-	(26,391)
Balance at 31 March 2022 (Unaudited)	9,177,056	7,790,577	(380,998)	16,586,635	257,634	16,844,269

The notes set out on pages 8 to 18 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Three months ended 31 March 2023 (Unaudited) KD	Three months ended 31 March 2022 (Unaudited) KD
OPERATING ACTIVITIES		
Profit for the period	459,953	505,212
Adjustments for:		
Provision/(reversal) for employees' end of service benefits	4,395	(2,247)
Share of results of associates	(685,766)	(622,547)
Finance costs	67,615	67,615
	(153,803)	(51,967)
Changes in operating assets and liabilities:		
Investments at fair value through profit or loss	52,779	(26,272)
Receivables and other assets	3,849	(15,691)
Payables and other liabilities	19,509	122,461
Net cash (used in)/from operating activities	(77,666)	28,531
Net (decrease)/increase in cash and cash equivalents	(77,666)	28,531
Cash and cash equivalents at beginning of the period	86,144	152,267
Cash and cash equivalents at end of the period	8,478	180,798

The notes set out on pages 8 to 18 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information

1 Incorporation and activities

Al Deera Holding Company (“the Parent Company”) was established on 18 February 1998 as a Kuwaiti limited liability company. On 8 September 2005, the legal status of the Company was changed from a limited liability Company to a Kuwaiti public shareholding Company. The Parent Company is a subsidiary of Kuwait Holding Company – KSCC (The main Parent Company).

The extraordinary general assembly held on 26 September 2015 approved the amendment of the Parent Company’s objectives to become as follows:

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

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

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

The Parent Company’s shares are listed on Boursa Kuwait. The Group comprises the Parent Company and its subsidiaries.

The address of the Parent Company's registered offices is PO. Box 4839, Safat 13049 – Kuwait.

The interim condensed consolidated financial information for the three-month period ended 31 March 2023 was authorized for issue by the directors of the Parent Company on 15 May 2023.

2 Basis of presentation

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

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

Notes to the interim condensed consolidated financial information (continued)

2 Basis of presentation (continued)

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

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

Operating results for the three-month period ended 31 March 2023 are not necessarily indicative of the results that may be expected for the year ending 31 December 2023. For further details, refer to the Group’s annual audited consolidated financial statements and its 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 the amendments did not have a significant impact on the Group’s interim condensed consolidated financial information.

IAS 8 Amendments – Definition of accounting estimates

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

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

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.

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)

<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

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.

IAS 1 Amendments - Classification of liabilities with debt covenants

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

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

IAS 16 Amendments – Leases

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

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

4 Judgement and estimates

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

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

Notes to the interim condensed consolidated financial information (continued)

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

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

The Parent Company had no outstanding dilutive potential shares.

	Three months ended 31 March 2023 (Unaudited)	Three months ended 31 March 2022 (Unaudited)
Profit for the period attributable to the shareholders of the Parent Company (KD)	460,706	505,240
Weighted average number of shares outstanding during the period (shares)	91,770,560	91,770,560
Basic and diluted earnings per share attributable to the shareholders of the Parent Company (Fils)	5.02	5.51

6 Investment in associates

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

	31 March 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
Balance at the beginning of the period/year	20,492,516	21,521,864	21,521,864
Share of results	685,766	1,483,012	622,547
Dividend received	-	(365,267)	-
Share of other comprehensive (loss)/income of the associates	(1,637,180)	(1,925,908)	1,855,688
Effect of the change in ownership in subsidiary of an associate	-	(145,465)	(145,465)
Effect of the restatement in an associate	-	109,260	-
Effect of change in ownership in an associate on purchase of treasury shares	(48,314)	(184,980)	(26,391)
Balance at the end of the period/year	19,492,788	20,492,516	23,828,243

Investment in associates with a carrying amount of KD19,491,788 (31 December 2022: KD20,491,516 and 31 March 2022: KD23,827,243) is pledged against term loans from related parties (note 10).

Notes to the interim condensed consolidated financial information (continued)

7 Investments at fair value through other comprehensive income

	31 March 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
Investment portfolios managed by a related party (note 13)	2,517,573	2,863,308	3,054,572
Equity contributions	572,231	572,210	502,736
	3,089,804	3,435,518	3,557,308

Investments at fair value through other comprehensive income with a carrying value of KD2,517,573 (31 December 2022: KD2,863,308 and 31 March 2022: KD3,054,572) are pledged against term loans from related parties (note 10).

8 Share capital

	Authorised, issued and fully paid		
	31 March 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
91,770,560 authorised, issued and fully paid shares of 100 fils each - in cash	9,177,056	9,177,056	9,177,056

9 Other components of equity

	Fair value reserve KD	Foreign currency translation reserve KD	Total KD
Balance at 31 December 2022 (Audited)	3,815,764	29,414	3,845,178
Share of other comprehensive loss of associates	(824,671)	(812,509)	(1,637,180)
Investments in equity securities at fair value through other comprehensive income:			
- Net change in fair value arising during the period	(345,714)	-	(345,714)
Total other comprehensive loss	(1,170,385)	(812,509)	(1,982,894)
Share of realised profit on equity investments at fair value through other comprehensive income owned by an associate	(1,544)	-	(1,544)
Balance at 31 March 2023 (Unaudited)	2,643,835	(783,095)	1,860,740
Balance at 31 December 2021 (Audited)	6,002,082	40,793	6,042,875
Share of other comprehensive income/(loss) of associates	1,866,692	(11,004)	1,855,688
Investments in equity securities at fair value through other comprehensive income:			
- Net change in fair value arising during the period	(102,989)	-	(102,989)
Total other comprehensive income/(loss)	1,763,703	(11,004)	1,752,699
Share of realised profit on equity investments at fair value through other comprehensive income owned by an associate	(4,997)	-	(4,997)
Balance at 31 March 2022 (Unaudited)	7,760,788	29,789	7,790,577

Notes to the interim condensed consolidated financial information (continued)

10 Term loans from related parties

The loans outstanding as of 31 March 2023 represent credit balances owed to related parties that were converted into loans on 1 August 2020 to be payable on 31 July 2021. During the year 2021, the Group rescheduled all these loans to mature on 31 July 2028 under the new facility contracts concluded between the Parent Company and those related parties, and they are as follows;

	31 March 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 – (Unaudited) KD
Kuwait Holding Company - KSCC - a below	1,822,771	1,822,771	1,822,771
Al-Rana General Trading and Contracting Company – WLL - b below	2,727,886	2,727,886	2,727,886
International Resorts Company KPSC – c below	359,469	359,469	359,469
Al Nozha International Real Estate Company - WLL - d below	1,150,000	1,150,000	1,150,000
AIM Consulting - WLL - d below	289,317	289,317	289,317
International Financial Advisors Holding Company - KPSC - e below	1,474,652	1,474,652	1,474,652
	7,824,095	7,824,095	7,824,095
Instalments due within next twelve months	-	-	-
Instalments due after next twelve months	7,824,095	7,824,095	7,824,095
	7,824,095	7,824,095	7,824,095

- a. The loan payable to Kuwait Holding Company - KSCC carries an annual interest rate of 7% and is secured against investment in associates (note 6) and investments at fair value through other comprehensive income (note 7).
- b. The loan payable to Al Rana General Trading and Contracting Company - WLL carries an annual interest rate of 5.375% and is secured against investment in associates (note 6) and investments at fair value through other comprehensive income (note 7).
- c. The loan payable to the International Resorts Company - KPSC does not carry interest and is guaranteed against a pledge of 5% of the share capital of the Deera Global Communications Company - WLL (subsidiary).
- d. The loan payable to Al Nozha International Real Estate Company - WLL and AIM Consulting – WLL do not carry interest and is secured against investment in associates (note 6) and investments at fair value through other comprehensive income (note 7).
- e. The loan payable to International Financial Advisors Holding Company – KPSC does not carry interest and is not guaranteed.
- f. Total finance costs recognized with respect to term loans from related parties during the period amounted to KD67,615 (31 March 2022: KD67,615).

Notes to the interim condensed consolidated financial information (continued)

11 Payables and other liabilities

	31 March 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
Due to related parties - below	2,132,422	2,045,102	1,936,940
Accrued expenses	48,846	47,610	49,340
Dividend payable	62,360	62,360	62,360
National Labour Support Tax payable	1,515,324	1,515,324	1,515,324
Zakat payable	46,438	46,438	46,438
Other payables	51,661	53,093	55,983
	3,857,051	3,769,927	3,666,385

During the year 2021, the Group obtained a term loan of KD1,410,000 from Med Al-Bahar Holding Company (a related party) and on 1 July 2021, it was agreed with the related party to transfer the term loan balance as due to related party balance. From this outstanding balance, KD705,000 were settled during the year 2021. The remaining balance of KD705,000 (31 December 2022: KD705,000 and 31 March 2022: KD705,000) of this amount was included in the due to related parties above.

12 Annual general assembly of shareholders

The annual general assembly for the year ended 31 December 2022 was not held until the date of approval of this interim condensed consolidated financial information. Accordingly, the financial statements for the year ended 31 December 2022 were not approved yet. The interim condensed consolidated financial information for the three-month period ended 31 March 2023 does not include any adjustments that would be required in case the general assembly did not approve the financial statements for the year ended 31 December 2022.

The Parent Company's board of directors proposed not to distribute any dividends for the year ended 31 December 2022 (2021: no dividends).

13 Related party balances and transactions

Related parties represent major shareholders, subsidiaries, associates, 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. Transactions between the Parent Company and its subsidiaries which are related parties of the Parent Company have been eliminated on consolidation and have not been disclosed in this note.

Details of significant related party balances and transactions are as follows:

	Three months ended 31 March 2023 (Unaudited) KD	Three months ended 31 March 2022 (Unaudited) KD
Transactions included in interim condensed consolidated statement of profit or loss:		
Other income	3,100	-
Advisory fees	19,250	19,250
Finance costs (note 10)	67,615	67,615
Compensation of key management personnel:		
Salaries and other short-term benefits	31,280	22,897
End of service benefits	4,032	-
	35,312	22,897

Notes to the interim condensed consolidated financial information (continued)

13 Related party balances and transactions (continued)

	31 March 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
Balances included in interim condensed consolidated statement of financial position:			
Due from related parties- net of provision (included in receivables and other assets)	351,312	351,109	315,982
Due to related parties (included in payables and other liabilities) (note 11)	2,132,422	2,045,102	1,936,940
Term loans from related parties (note 10)	7,824,095	7,824,095	7,824,095

In addition to above, as stated in note 7, a related party manages an investment portfolio on behalf of the Group.

14 Segmental information

The Group operates in one sector which is "investments". Most of the Group's assets and operations are located inside Kuwait.

	Investments	
	Three months ended 31 March 2023 (Unaudited) KD	Three months ended 31 March 2022 (Unaudited) KD
Segment revenue	639,032	651,066
Profit for the period	459,953	505,212

	Investments		
	31 March 2023 (Unaudited)	31 Dec. 2022 (Audited)	31 March 2021 (Unaudited)
Total assets	23,332,718	24,812,454	28,501,161
Total liabilities	11,862,255	11,770,736	11,656,892
Net assets	11,470,463	13,041,718	16,844,269

15 Fair value measurement

15.1 Fair value hierarchy

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

Notes to the interim condensed consolidated financial information (continued)

15 Fair value measurement (continued)

15.1 Fair value hierarchy (continued)

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

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

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

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
31 March 2023 (Unaudited)				
Investments at fair value through profit or loss				
Investment portfolios	207,003	-	-	207,003
Investments at fair value through other comprehensive income				
Investment portfolios	2,517,573	-	-	2,517,573
Equity participations	-	-	572,231	572,231
	2,724,576	-	572,231	3,296,807
31 December 2022 (Audited)				
Investments at fair value through profit or loss				
Investment portfolios	259,782	-	-	259,782
Investments at fair value through other comprehensive income				
Investment portfolios	2,863,308	-	-	2,863,308
Equity participations	-	-	572,210	572,210
	3,123,090	-	572,210	3,695,300

Notes to the interim condensed consolidated financial information (continued)

15 Fair value measurement (continued)

15.1 Fair value hierarchy (continued)

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
31 March 2022 (Unaudited)				
Investments at fair value through profit or loss				
Investment portfolios	499,849	-	-	499,849
Investments at fair value through other comprehensive income				
Investment portfolios	3,054,572	-	-	3,054,572
Equity participations	-	-	502,736	502,736
	3,554,421	-	502,736	4,057,157

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

Fair value measurement

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

Measurement at fair value level 3

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

	Investments		
	31 March 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
Balance at beginning of the period/year	572,210	502,496	502,496
Change in fair value during the period/year	21	69,714	240
Balance at end of the period/year	572,231	572,210	502,736

The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialists for complex valuations, where required. Valuation techniques are selected based on the characteristics of each financial instrument, with the overall objective of maximising the use of market-based information:

The valuation techniques used for instruments categorised in Levels 2 and 3 are described below:

The fair value of financial instruments that are not traded in an active market (e.g. local unquoted securities) is determined by using valuation techniques. Fair value for the underlying unquoted securities investments are approximately the summation of the estimated value of underlying investments as if realised on the reporting date.

Notes to the interim condensed consolidated financial information (continued)

15 Fair value measurement (continued)

15.1 Fair value hierarchy (continued)

Measurement at fair value level 3 (continued)

The investment managers in determining the fair value of these investments use a variety of methods and make assumptions that are based on market conditions existing at each reporting date. Investment managers use techniques such as discounted cash flow analysis, recent transactions prices and market multiples to determine fair value.

Changing inputs to the level 3 valuations to reasonably possible alternative assumptions would not change significantly amounts recognized in the interim condensed consolidated statement of profit or loss and other comprehensive income, total assets, total liabilities or total equity.

The impact on consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income would be immaterial if the relevant risk variable used to fair value the level 3 investments were changed by 5%.

16 Investment in Sanam Real Estate Company – KPSC

The Court of Appeal in Kuwait issued a judgment on 16 February 2023 in favor of the Parent Company, demonstrating the validity and enforceability of the purchase agreement signed between the Parent Company and a third party for the purchase of 23,525,000 shares of Sanam Real Estate Company – KPSC for a total purchase consideration of KD 1,435,025, representing 19.25% of the capital of the aforementioned company, requiring the transfer of the ownership of said shares in the name of the Parent Company, since this verdict is final and enforceable.

The Parent Company is now in the process of paying for and transferring these shares into its name.

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