

**KUWAIT INVESTMENT COMPANY - K.S.C. (PUBLIC)
AND ITS SUBSIDIARIES
STATE OF KUWAIT
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE FINANCIAL PERIOD ENDED JUNE 30, 2022
(UNAUDITED)
WITH
REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

KUWAIT INVESTMENT COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
STATE OF KUWAIT

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REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION

The Board of Directors
Kuwait Investment Company - K.S.C. (Public)
State of Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al Kuwait Investment Company - K.S.C. (Public) (the "Parent Company") and its subsidiaries (the Group) as at June 30, 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 six months period then ended. The Parent Company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with 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 condensed consolidated 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 International Accounting Standard 34.

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No.1 of 2016 and its Executive Regulations, as amended or by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended during the six months period ended June 30, 2022, that might have had a material effect on the Parent Company's financial position or result of its operations.

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We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No. 32 of 1968, as amended, concerning Currency, the Central Bank of Kuwait and the organization of banking business, and its related regulations or of the provisions of Law No. 7 of 2010, concerning the Capital Markets Authority and its related regulations during the six months period ended June 30, 2022, that might have had a material effect on the business of the Parent Company or on its financial position.

State of Kuwait
August 9, 2022




Dr. Shuaib A. Shuaib
License No. 33-A
RSM Albazie & Co.

KUWAIT INVESTMENT COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS OF JUNE 30, 2022
(All amounts are in Kuwaiti Dinars)

	Note	June 30, 2022	December 31, 2021 (Audited)	June 30, 2021
<u>ASSETS</u>				
Cash and cash equivalents	3	21,346,365	20,379,753	20,590,939
Term deposits		9,569,355	12,520,000	11,546,500
Accounts receivable and other assets		10,909,590	15,054,548	15,306,878
Loans and advances		3,353,763	3,184,453	3,186,191
Investment in securities	4	133,413,238	143,519,502	136,935,181
Investment in associates	5	19,651,124	16,177,639	12,544,644
Investment properties		26,774,029	24,239,810	25,104,203
Intangible assets		11,042,602	11,042,602	11,042,602
Property, plant and equipment		26,703,413	22,656,003	23,981,627
Right-of-use assets		3,708,252	4,759,143	5,810,031
Total assets		266,471,731	273,533,453	266,048,796
<u>LIABILITIES AND EQUITY</u>				
Liabilities:				
Deposits from banks and customers		81,961,052	72,344,354	78,954,977
Islamic finance payables		12,111,529	7,356,284	8,132,294
Accounts payable and other liabilities		16,258,014	18,960,090	17,039,942
Term loans		3,527,035	3,771,555	3,942,400
Lease liabilities		4,548,444	6,167,296	6,079,190
Total liabilities		118,406,074	108,599,579	114,148,803
Equity:				
Share capital		55,125,000	55,125,000	55,125,000
Treasury shares	6	(734,629)	(734,629)	(734,629)
Statutory reserve		34,629,359	34,629,359	31,805,102
Voluntary reserve		24,663,473	24,663,473	21,839,216
Revaluation surplus of an associate		2,201,652	2,201,652	2,201,652
Other reserves		21,700	-	-
Fair value reserve		(12,532,705)	(12,067,490)	(11,676,229)
Foreign currency translation reserve		1,691,575	1,557,662	1,660,635
Retained earnings		8,943,125	26,275,761	19,322,281
Equity attributable to shareholders of the Parent Company		114,008,550	131,650,788	119,543,028
Non-controlling interests		34,057,107	33,283,086	32,356,965
Total equity		148,065,657	164,933,874	151,899,993
Total liabilities and equity		266,471,731	273,533,453	266,048,796

The accompanying notes from (1) to (16) form an integral part of the interim condensed consolidated financial information.


Mishari Zaid Al-Khaled
Deputy Chairman


Bader N. AlSubaiee
Chief Executive Officer

KUWAIT INVESTMENT COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE FINANCIAL PERIOD ENDED JUNE 30, 2022

(All amounts are in Kuwaiti Dinars)

	Note	For the three months ended		For the six months ended	
		June 30,	2021	June 30,	2021
		<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Operating revenue:					
Net fee and commission income		2,623,229	2,290,580	5,121,056	4,234,157
Net rental income		1,905,111	1,160,016	3,783,019	2,766,450
Net investment in securities income	7	(9,886,907)	10,325,477	(5,048,429)	13,867,215
Group's share of results from associates		65,325	20,302	130,251	(51,840)
Gain on sale of investment properties		-	500,000	-	650,000
Finance income		177,449	125,238	296,152	229,483
Other income		11,333	32,528	223,361	64,864
		<u>(5,104,460)</u>	<u>14,454,141</u>	<u>4,505,410</u>	<u>21,760,329</u>
Operating expenses:					
General and administrative expenses		(1,881,566)	(3,600,830)	(5,051,657)	(6,591,207)
Net allowance of expected credit losses		(80,610)	760,484	(81,465)	944,440
Foreign exchange (losses) gains		(242,420)	94,282	(390,799)	51,262
Finance cost		(552,199)	(413,615)	(929,476)	(863,336)
		<u>(2,756,795)</u>	<u>(3,159,679)</u>	<u>(6,453,397)</u>	<u>(6,458,841)</u>
(Loss) profit for the period before contribution to Kuwait Foundation for Advancement of Sciences (KFAS), National Labor Support Tax (NLST) and Zakat					
		(7,861,255)	11,294,462	(1,947,987)	15,301,488
Contribution to KFAS		41,652	(96,000)	-	(128,665)
Contribution to NLST		168,406	(278,000)	-	(370,000)
Contribution to Zakat		46,543	(106,000)	-	(135,335)
(Loss) profit for the period		<u>(7,604,654)</u>	<u>10,814,462</u>	<u>(1,947,987)</u>	<u>14,667,488</u>
Attributable to:					
Shareholders of the Parent Company		(8,424,061)	10,240,027	(3,548,650)	13,778,636
Non-controlling interests		819,407	574,435	1,600,663	888,852
		<u>(7,604,654)</u>	<u>10,814,462</u>	<u>(1,947,987)</u>	<u>14,667,488</u>
Basic and diluted (loss) earnings per share attributable to shareholders of the Parent Company (Fils)	8	<u>(15.37)</u>	<u>18.69</u>	<u>(6.48)</u>	<u>25.14</u>

The accompanying notes from (1) to (16) form an integral part of the interim condensed consolidated financial information.

KUWAIT INVESTMENT COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME (UNAUDITED)
FOR THE FINANCIAL PERIOD ENDED JUNE 30, 2022
(All amounts are in Kuwaiti Dinars)

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
(Loss) profit for the period	(7,604,654)	10,814,462	(1,947,987)	14,667,488
Other comprehensive loss:				
<u>Items that may be reclassified subsequently to consolidated statement of profit or loss</u>				
Exchange differences on translating foreign operations	55,150	(84,350)	133,913	(348,068)
Group's share of other comprehensive income from associates	11,750	44,115	12,215	3,505
<u>Item that will not be reclassified subsequently to consolidated statement of profit or loss</u>				
Revaluation reserve of associates	-	-	-	(58,439)
Changes in fair value of financial assets at FVOCI	(972,953)	(302,476)	(603,508)	390,179
Other comprehensive loss for the period	(906,053)	(342,711)	(457,380)	(12,823)
Total comprehensive (loss) income for the period	(8,510,707)	10,471,751	(2,405,367)	14,654,665
Attributable to:				
Shareholders of the Parent Company	(9,273,731)	9,832,384	(3,964,228)	13,663,763
Non-controlling interests	763,024	639,367	1,558,861	990,902
	(8,510,707)	10,471,751	(2,405,367)	14,654,665

The accompanying notes from (1) to (16) form an integral part of the interim condensed consolidated financial information.

KUWAIT INVESTMENT COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE FINANCIAL PERIOD ENDED JUNE 30, 2022

(All amounts are in Kuwaiti Dinars)

	Equity attributable to shareholders of the Parent Company									Non-controlling interests	Total	
	Share capital	Treasury shares	Statutory reserve	Voluntary reserve	Revaluation surplus of an associate	Other reserves	Fair value reserve	Foreign currency translation reserve	Retained Earnings			Sub-total
Balance as of January 1, 2022	55,125,000	(734,629)	34,629,359	24,663,473	2,201,652	-	(12,067,490)	1,557,662	26,275,761	131,650,788	33,283,086	164,933,874
(Loss) income for the period	-	-	-	-	-	-	-	-	(3,548,650)	(3,548,650)	1,600,663	(1,947,987)
Other comprehensive (loss) income for the period	-	-	-	-	-	-	(549,491)	133,913	-	(415,578)	(41,802)	(457,380)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(549,491)	133,913	(3,548,650)	(3,964,228)	1,558,861	(2,405,367)
Effect of disposal of financial assets at FVOCI	-	-	-	-	-	-	84,276	-	(84,276)	-	-	-
Cash dividend (Note 14)	-	-	-	-	-	-	-	-	(13,699,710)	(13,699,710)	-	(13,699,710)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(763,140)	(763,140)
Effect of changes in ownership interest of a subsidiary	-	-	-	-	-	21,700	-	-	-	21,700	(21,700)	-
Balance as of June 30, 2022	55,125,000	(734,629)	34,629,359	24,663,473	2,201,652	21,700	(12,532,705)	1,691,575	8,943,125	114,008,550	34,057,107	148,065,657
Balance as of January 1, 2021	55,125,000	(734,629)	31,805,102	21,839,216	2,260,091	-	(11,716,027)	2,008,703	5,291,809	105,879,265	31,462,705	137,341,970
Profit for the period	-	-	-	-	-	-	-	-	13,778,636	13,778,636	888,852	14,667,488
Other comprehensive (loss) income for the period	-	-	-	-	(58,439)	-	291,634	(348,068)	-	(114,873)	102,050	(12,823)
Total comprehensive (loss) income for the period	-	-	-	-	(58,439)	-	291,634	(348,068)	13,778,636	13,663,763	990,902	14,654,665
Effect of disposal of financial assets at FVOCI	-	-	-	-	-	-	(251,836)	-	251,836	-	-	-
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(96,642)	(96,642)
Balance as of June 30, 2021	55,125,000	(734,629)	31,805,102	21,839,216	2,201,652	-	(11,676,229)	1,660,635	19,322,281	119,543,028	32,356,965	151,899,993

The accompanying notes from (1) to (16) form an integral part of the interim condensed consolidated financial information.

KUWAIT INVESTMENT COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE FINANCIAL PERIOD ENDED JUNE 30, 2022

(All amounts are in Kuwaiti Dinars)

	For the six months ended June 30,	
	2022	2021
Cash flows from operating activities:		
(Loss) profit for the period before contribution to Kuwait Foundation for Advancement of Sciences (KFAS), National Labor Support Tax (NLST) and Zakat	(1,947,987)	15,301,488
Adjustments for:		
Net allowance of expected credit losses	81,465	(944,440)
Net investment in securities income (loss)	5,048,429	(13,867,215)
Group's share of results from associates	(130,251)	51,840
Gain on sale of investment properties	-	(650,000)
Depreciation and amortization	3,169,253	3,469,139
Foreign exchange loss (gain)	390,799	(51,262)
Finance cost	929,476	863,336
Finance income	(296,152)	(229,483)
Gain on sale of property, plant and equipment	(260,225)	(85,927)
	<u>6,984,807</u>	<u>3,857,476</u>
Changes in operating assets and liabilities:		
Term deposits	2,950,645	191,683
Financial assets at fair value through profit or loss ("FVTPL")	(293,956)	3,110,802
Accounts receivable and other assets	624,444	(62,468)
Loans and advances	(170,825)	218,812
Accounts payable and other liabilities	(2,916,061)	132,697
Net cash flows generated from operating activities	<u>7,179,054</u>	<u>7,449,002</u>
Cash flows from investing activities:		
Purchase of financial assets at FVOCI	(301,615)	(61,279)
Proceeds from disposal of financial assets at FVOCI	1,290,131	460,561
Purchase of property, plant and equipment	(6,998,471)	(2,695,749)
Proceeds from disposal of property, plant and equipment	1,092,924	444,155
Purchase of Investment properties	(3,085,500)	-
Proceeds from disposal of investment properties	-	2,300,000
Payment to acquired additional ownership interest in a subsidiary	(21,700)	-
Cash dividends received	4,170,747	1,737,732
Finance income received	442,856	314,797
Net cash flows (used in) generated from investing activities	<u>(3,410,628)</u>	<u>2,500,217</u>
Cash flows from financing activities:		
Net movement in deposits from banks and customers	9,225,899	(3,440,642)
Net movement in Islamic finance payables	4,755,245	(1,745,201)
Lease liabilities	(1,681,774)	(2,304,074)
Finance cost paid	(721,013)	(998,518)
Dividend paid to shareholders of the parent company	(13,631,268)	-
Dividend paid to non - controlling interests	(763,140)	(96,642)
Net cash flows used in financing activities	<u>(2,816,051)</u>	<u>(8,585,077)</u>
Net increase in cash and cash equivalents	952,375	1,364,142
Effect of exchange rate changes on cash and cash equivalents in foreign currencies	14,237	(25,276)
Cash and cash equivalents at the beginning of the period	<u>20,379,753</u>	<u>19,252,073</u>
Cash and cash equivalents at the end of the period (Note 3)	<u>21,346,365</u>	<u>20,590,939</u>

The accompanying notes from (1) to (16) form an integral part of the interim condensed consolidated financial information.

KUWAIT INVESTMENT COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
JUNE 30, 2022

(All amounts are in Kuwaiti Dinars)

1. Incorporation and activities of the Parent Company

Kuwait Investment Company - K.S.C. (Public) (the Parent Company) is a Kuwaiti public shareholding Company registered in the State of Kuwait and was incorporated based on Memorandum of Incorporation under Ref. No. 852 dated on December 3, 1961. The Parent Company is listed in Boursa Kuwait.

The Parent Company is 76% owned subsidiary of Kuwait Investment Authority ("KIA") ("The Ultimate Parent Company"). The Parent Company is principally engaged in investment and financial services.

The Parent Company is regulated and supervised by the Central Bank of Kuwait ("CBK") for financing activities and the Capital Markets Authority ("CMA") as an investment company.

The Parent Company's registered address is Sharq, Mubarak Al Kabeer Street, Souk Al Manakh Building, Floor 5 - P. O. Box 1005, Safat - Zip Code 13011 - State of Kuwait.

This interim condensed consolidated financial information was authorized for issue by the Parent Company's Board of Directors on August 9, 2022.

2. Basis of presentation

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

The Group has not early adopted any other standards, interpretations or amendments that has been issued but is not yet effective. Other amendments and interpretations apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial information of the Group

The interim condensed consolidated financial information does not include all the information and notes required for complete financial statements prepared in accordance International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board ('IASB') and with the regulations of the Government of Kuwait for financial services institutions regulated by the Central Bank of Kuwait ("CBK") and the Capital Markets Authority ("CMA"). These regulations require adoption of all IFRSs as issued by IASB except for the measurement and disclosure requirements of expected credit losses (ECL) on credit facilities under IFRS 9: Financial Instruments. Accordingly, provision for credit losses on credit facilities is the higher of ECL under IFRS 9, determined in accordance with the CBK guidelines, and the provisions required by the CBK rules on classification of credit facilities and calculation of their provisions. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included in the accompanying interim condensed consolidated financial information. Operating results for the six months period ended June 30, 2022 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2022. For further information, refer to the consolidated financial statements and notes thereto for the fiscal year ended December 31, 2021.

3. Cash and cash equivalents

	June 30, 2022	December 31, 2021 (Audited)	June 30, 2021
Cash on hand, at banks and in portfolios	10,995,909	11,916,167	10,938,095
Short-term deposits	10,350,456	8,463,586	9,652,844
	<u>21,346,365</u>	<u>20,379,753</u>	<u>20,590,939</u>

The effective rate of return on short-term deposits is 1% (December 31, 2021 - 1%, June 30, 2021 – 0.90%) per annum. These deposits have a contractual maturity less than three months.

KUWAIT INVESTMENT COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
JUNE 30, 2022

(All amounts are in Kuwaiti Dinars)

4. Investment in securities

	June 30, 2022	December 31, 2021 (Audited)	June 30, 2021
Financial assets at FVTPL	120,419,989	129,240,213	122,554,510
Financial assets at FVOCI	12,993,249	14,279,289	14,380,671
	133,413,238	143,519,502	136,935,181

5. Investment in associates

During the period ended June 30, 2022, The parent company recognized 23% of LS Real Estate LLC's shares with an amount of KD 3,351,584, Which is reclassified from accounts receivable and other assets.

6. Treasury shares

	June 30, 2022	December 31, 2021 (Audited)	June 30, 2021
Number of shares (shares)	3,261,581	3,261,581	3,261,581
Percentage of issued shares (%)	0.5917	0.5917	0.5917
Market value (KD)	479,452	896,935	704,501
Cost (KD)	734,629	734,629	734,629

The Parent Company's management has allotted an amount equal to treasury shares balance from the retained earnings as of June 30, 2022. This balance is not available for distribution during the Parent Company's retention period of these treasury shares as per CMA guidelines.

7. Net investment in securities income (loss)

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Unrealized (loss) gain from financial assets at FVTPL	(13,848,436)	8,738,445	(9,221,495)	10,673,111
Realized gain on sale of financial assets at FVTPL	204,040	712,913	83,644	1,619,495
Dividend income	3,757,489	874,119	4,089,422	1,574,609
	(9,886,907)	10,325,477	(5,048,429)	13,867,215

KUWAIT INVESTMENT COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

JUNE 30, 2022

(All amounts are in Kuwaiti Dinars)

8. Basic and diluted (loss) earnings per share attributable to shareholders of the Parent Company (Fils)

There are no potential dilutive ordinary shares. Basic and diluted (loss) earnings per share is computed by dividing the (loss) profit for the period attributable to shareholders of the Parent Company by the weighted average number of shares outstanding during the period:

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
(Loss) earnings for the period attributable to shareholders of the Parent Company	(8,424,061)	10,240,027	(3,548,650)	13,778,636
<u>Weighted average number of shares outstanding:</u> Number of issued and fully paid-up shares at the beginning of the period	551,250,000	551,250,000	551,250,000	551,250,000
Less: weighted average number of treasury shares	(3,261,581)	(3,261,581)	(3,261,581)	(3,261,581)
Weighted average number of shares outstanding	547,988,419	547,988,419	547,988,419	547,988,419
	Fils	Fils	Fils	Fils
Basic and diluted (loss) earnings per share attributable to shareholders of the Parent Company	(15.37)	18.69	(6.48)	25.14

As there are no dilutive instruments outstanding, basic and diluted loss per share attributable to shareholders of the Parent Company are identical.

9. Related party balances and transactions

The Group has entered into various transactions with related parties i.e. Major shareholders, Board of Directors and Key management personnel of the Group. Prices and terms of payment are to be approved by the Group's management. Significant related party balances and transactions during the period / year are as follows:

Balances included in the interim condensed consolidated statement of financial position:	Major shareholders	June 30, 2022	December 31, 2021 (Audited)	June 30, 2021
Deposits from customers	9,577,398	9,577,398	31,158,029	31,266,300
Accounts payable and other liabilities	20,790	20,790	40,701	41,459

Transactions included in the interim condensed consolidated statement of profit or loss:	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Net fee and commission income	869,417	1,000,922	1,776,405	1,911,632
Finance charges	58,167	65,519	126,134	129,055

Compensation to key management personnel of the Parent Company:	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Salaries, incentives and remuneration	129,576	161,948	290,536	317,445
Post-employment benefits	42,492	23,133	63,115	50,752
	172,068	185,081	353,651	368,197

10. Fiduciary assets

The Group manages investment portfolios on behalf of KIA, government agencies and other financial institutions. The total carrying value of these portfolios as of June 30, 2022 amounting to KD 2.037 billion (December 31, 2021 - KD 2.220 billion and June 30, 2021 - KD 2.153 billion) which are not reflected in the interim condensed consolidated financial information. The portfolios have no recourse to the general assets of the Group. The Group makes investment decisions in line with the respective agreements.

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During the year ended December 31, 2021, the Parent Company had obtained market making license, which the Parent Company trades on the shares related to customers, consequently, these shares are not reflected in the interim condensed consolidated financial information, in addition, no unrealized gains or losses resulted from trading on these shares has been recorded, based on the contractual agreements between customers and Parent Company.

Income earned from the above fiduciary assets amounting to KD 3,958,727 for the six-month period ended June 30, 2022 (for the year ended December 31, 2021 - KD 7,392,062 and for the six-month period ended June 30, 2021 - KD 3,450,676).

11. Capital commitments and contingent liabilities

a) Capital commitments

	June 30, 2022	December 31, 2021 (Audited)	June 30, 2021
Investment commitments	<u>53,688</u>	<u>62,028</u>	<u>64,741</u>

b) Contingent liabilities

	June 30, 2022	December 31, 2021 (Audited)	June 30, 2021
Letters of guarantee	<u>2,293,122</u>	<u>2,293,122</u>	<u>2,293,122</u>

12. Financial assets and liabilities

The maturity profile of assets and liabilities of the Group are as follows:

	June 30, 2022		
	Current portion	Non-current portion	Total
Assets:			
Cash and cash equivalents	21,346,365	-	21,346,365
Term deposits	9,569,355	-	9,569,355
Accounts receivable and other assets	10,909,590	-	10,909,590
Loans and advances	3,353,763	-	3,353,763
Investment in securities	120,419,989	12,993,249	133,413,238
Investment in associates	-	19,651,124	19,651,124
Investment properties	-	26,774,029	26,774,029
Intangible assets	-	11,042,602	11,042,602
Property, plant and equipment	-	26,703,413	26,703,413
Right-of-use assets	-	3,708,252	3,708,252
Total assets	<u>165,599,062</u>	<u>100,872,669</u>	<u>266,471,731</u>
Liabilities:			
Deposits from banks and customers	81,961,052	-	81,961,052
Islamic finance payables	12,111,529	-	12,111,529
Accounts payable and other liabilities	9,585,956	6,672,058	16,259,014
Term loans	3,527,035	-	3,527,035
Lease liabilities	2,880,389	1,668,055	4,548,444
Total liabilities	<u>110,065,961</u>	<u>8,340,113</u>	<u>118,406,074</u>

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	December 31, 2021 (Audited)		
	Current portion	Non-current portion	Total
Assets:			
Cash and cash equivalents	20,379,753	-	20,379,753
Term deposits	12,520,000	-	12,520,000
Accounts receivable and other assets	15,054,548	-	15,054,548
Loans and advances	3,184,453	-	3,184,453
Investment in securities	129,240,213	14,279,289	143,519,502
Investment in associates	-	16,177,639	16,177,639
Investment properties	-	24,239,810	24,239,810
Intangible assets	-	11,042,602	11,042,602
Property, plant and equipment	-	22,656,003	22,656,003
Right-of-use assets	-	4,759,143	4,759,143
Total assets	<u>180,378,967</u>	<u>93,154,486</u>	<u>273,533,453</u>
Liabilities:			
Deposits from banks and customers	72,344,354	-	72,344,354
Islamic finance payables	7,356,284	-	7,356,284
Accounts payable and other liabilities	12,325,336	6,634,754	18,960,090
Term loans	3,771,555	-	3,771,555
Lease liabilities	3,021,212	3,146,084	6,167,296
Total liabilities	<u>98,818,741</u>	<u>9,780,838</u>	<u>108,599,579</u>
June 30, 2021			
	Current portion	Non-current portion	Total
Assets:			
Cash and cash equivalents	20,590,939	-	20,590,939
Term deposits	11,546,500	-	11,546,500
Accounts receivable and other assets	15,306,878	-	15,306,878
Loans and advances	3,186,191	-	3,186,191
Investment in securities	122,554,510	14,380,671	136,935,181
Investment in associates	-	12,544,644	12,544,644
Investment properties	-	25,104,203	25,104,203
Intangible assets	-	11,042,602	11,042,602
Property, plant and equipment	-	23,981,627	23,981,627
Right-of-use assets	-	5,810,031	5,810,031
Total assets	<u>173,185,018</u>	<u>92,863,778</u>	<u>266,048,796</u>
Liabilities:			
Deposits from banks and customers	78,954,977	-	78,954,977
Islamic finance payables	8,132,294	-	8,132,294
Accounts payable and other liabilities	10,682,773	6,357,169	17,039,942
Term loans	-	3,942,400	3,942,400
Lease liabilities	3,025,686	3,053,504	6,079,190
Total liabilities	<u>100,795,730</u>	<u>13,353,073</u>	<u>114,148,803</u>

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13. Segment reporting

a) Operating segments:

For management purposes, the Group is organized into business units based on its products and services and has four reportable segments, as follows:

- Asset Management: Consists of quoted securities trading and management of funds and portfolios.
- Direct Investments and Corporate Finance (DICF): Consists of managing subsidiaries, associates, long term strategic investments, lending, real estate and rental activities.
- Treasury: Consists of foreign exchange contracts and money market activities.
- Other operations: Management and support activities.

The Executive Management Committee is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the interim condensed consolidated financial information.

The information relates to Group's segment reporting are as follows:

	<u>Asset management</u>	<u>DICF</u>	<u>Treasury</u>	<u>Other operations</u>	<u>Total</u>
For the six months ended					
June 30, 2022					
Net segment revenue	(1,808,887)	1,930,900	1,010,098	4,293,940	5,426,051
Segment expenses	(1,371,623)	(1,675,272)	(736,615)	(551,526)	(4,335,036)
Segment result	(3,180,510)	255,628	273,483	3,742,414	1,091,015
Depreciation and amortization	(3,447)	(17,100)	(5)	(3,148,701)	(3,169,253)
Share of results of associates	-	130,251	-	-	130,251
Segment loss (profit)	(3,183,957)	368,779	273,478	593,713	(1,947,987)
Total assets	<u>94,525,061</u>	<u>111,254,772</u>	<u>2,000,000</u>	<u>58,691,898</u>	<u>266,471,731</u>
Total liabilities	<u>49,396</u>	<u>3,209,006</u>	<u>88,225,155</u>	<u>26,922,517</u>	<u>118,406,074</u>
	<u>Asset management</u>	<u>DICF</u>	<u>Treasury</u>	<u>Other operations</u>	<u>Total</u>
For the six months ended					
June 30, 2021					
Net segment revenue	12,080,613	7,257,351	743,963	5,755,714	25,837,641
Segment expenses	(1,554,131)	(1,671,360)	(589,304)	(3,834,379)	(7,649,174)
Segment result	10,526,482	5,585,991	154,659	1,921,335	18,188,467
Depreciation and amortization	(93)	(22,695)	(5)	(3,446,346)	(3,469,139)
Share of results of associates	-	(51,840)	-	-	(51,840)
Segment profit (loss)	10,526,389	5,511,456	154,654	(1,525,011)	14,667,488
Total assets	<u>98,673,016</u>	<u>111,472,279</u>	<u>1,200,025</u>	<u>54,703,476</u>	<u>266,048,796</u>
Total liabilities	<u>80,044</u>	<u>4,721,559</u>	<u>82,061,608</u>	<u>27,285,592</u>	<u>114,148,803</u>

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b) Geographical segments

The Group classified its revenues and assets according to the following geographical segments and based on the geographical location of customers and assets of each sector separately:

	June 30, 2022		
	Net revenue	Assets	Capital expenditures
Kuwait	14,898,445	182,610,297	7,955,388
Other GCC countries	(474,288)	36,009,926	-
Other Middle East and North Africa (MENA)	(58,822)	2,847,807	-
Europe	(5,610,087)	32,149,882	-
United states of America	(2,005,979)	8,623,172	-
Asia	(1,323,218)	4,230,647	-
	5,426,051	266,471,731	7,955,388

	December 31, 2021 (Audited)		
	Revenue	Assets	Capital expenditures
Kuwait	42,175,805	176,663,736	5,225,357
Other GCC countries	2,309,995	38,345,670	-
Other Middle East and North Africa (MENA)	809,357	2,888,966	-
Europe	3,408,079	39,065,480	-
United states of America	1,650,573	10,730,538	-
Asia	1,232,645	5,839,063	-
	51,586,454	273,533,453	5,225,357

	June 30, 2021		
	Revenue	Assets	Capital expenditures
Kuwait	22,584,909	171,119,124	2,695,749
Other GCC countries	1,164,731	40,148,847	-
Other Middle East and North Africa (MENA)	602,616	2,667,733	-
Europe	544,444	38,236,337	-
United states of America	926,510	8,019,458	-
Asia	14,431	5,857,297	-
	25,837,641	266,048,796	2,695,749

14. General Assembly

The Shareholders' Annual General Assembly held on March 20, 2022 approved the consolidated financial statements for the financial year ended December 31, 2021 and approved to distribute cash dividends of 25 fils per share amounting to KD 13,699,710 and pay KD 225,000 Board of Directors' remuneration for the financial year ended December 31, 2021.

The Shareholders' Annual General Assembly held on March 30, 2021 approved the consolidated financial statements for the financial year ended December 31, 2020 and approved not to distribute cash dividends and not to pay Board of Directors' remuneration, except for KD 5,000 for Independent Board member for the financial year ended December 31, 2020.

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15. Fair value measurement

The Group measures financial assets such as financial assets at FVPL and financial assets at FVOCI and non-financial assets such as investment properties at fair value at each reporting date.

Fair value is 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table shows an analysis of the assets recorded at fair value by level of the fair value hierarchy:

	June 30, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL:				
Quoted securities	20,497,326	-	-	20,497,326
Unquoted securities	-	-	31,397,575	31,397,575
Investment funds	-	68,525,088	-	68,525,088
	20,497,326	68,525,088	31,397,575	120,419,989
Financial assets at FVOCI:				
Quoted securities	1,008,921	-	-	1,008,921
Unquoted securities	-	-	11,984,328	11,984,328
	1,008,921	-	11,984,328	12,993,249
Investment properties	-	20,185,718	6,588,311	26,774,029
Total	21,506,247	88,710,806	49,970,214	160,187,267

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	December 31, 2021 (Audited)			Total
	Level 1	Level 2	Level 3	
Financial assets at FVTPL:				
Quoted securities	25,259,618	-	-	25,259,618
Unquoted securities	-	-	30,907,239	30,907,239
Investment funds	-	73,073,356	-	73,073,356
	<u>25,259,618</u>	<u>73,073,356</u>	<u>30,907,239</u>	<u>129,240,213</u>
Financial assets at FVOCI:				
Quoted securities	949,782	-	-	949,782
Unquoted securities	-	-	13,329,507	13,329,507
	<u>949,782</u>	<u>-</u>	<u>13,329,507</u>	<u>14,279,289</u>
Investment properties	-	17,651,499	6,588,311	24,239,810
Total	<u>26,209,400</u>	<u>90,724,855</u>	<u>50,825,057</u>	<u>167,759,312</u>
	June 30, 2021			Total
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL:				
Quoted securities	20,271,582	-	-	20,271,582
Unquoted securities	-	-	29,005,821	29,005,821
Investment funds	-	73,277,107	-	73,277,107
	<u>20,271,582</u>	<u>73,277,107</u>	<u>29,005,821</u>	<u>122,554,510</u>
Financial assets at FVOCI:				
Quoted securities	841,193	-	-	841,193
Unquoted securities	-	-	13,539,478	13,539,478
	<u>841,193</u>	<u>-</u>	<u>13,539,478</u>	<u>14,380,671</u>
Investment properties	-	6,944,761	18,159,442	25,104,203
Total	<u>21,112,775</u>	<u>80,221,868</u>	<u>60,704,741</u>	<u>162,039,384</u>

During the period / year, there were no transfers between different levels of fair value measurement.

The management assessed that the fair values of cash and cash equivalent, term deposits, accounts receivables and other assets, deposits from banks and customers, islamic finance payables, accounts payable and other liabilities and term loans approximate their carrying amounts largely due to the short-term maturities of these instruments.

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The movements in level 3 assets during the current and previous period are set out below:

	June 30, 2022			
	Financial assets at FVPL	Financial assets at FVOCI	Investment properties	Total
Balance as of January 1, 2022	30,907,239	13,329,507	6,588,311	50,825,057
Gains recognised in the consolidated statement of profit or loss	183,636	-	-	183,636
Losses recognised in the consolidated statement of profit or loss and other comprehensive income	-	(356,663)	-	(356,663)
Net additions / disposals	306,700	(988,516)	-	(681,816)
Balance as of June 30, 2022	<u>31,397,575</u>	<u>11,984,328</u>	<u>6,588,311</u>	<u>49,970,214</u>
	December 31, 2021 (Audited)			
	Financial assets at FVPL	Financial assets at FVOCI	Investment properties	Total
Balance as of January 1, 2021	27,021,977	12,521,655	8,744,761	48,288,393
Gains recognised in the consolidated statement of profit or loss	4,357,068	-	443,550	4,800,618
Gains recognised in the consolidated statement of profit or loss and other comprehensive income	-	18,280	-	18,280
Net disposals / additions	(471,806)	789,572	(2,600,000)	(2,282,234)
Balance as of December 31, 2021	<u>30,907,239</u>	<u>13,329,507</u>	<u>6,588,311</u>	<u>50,825,057</u>
	June 30, 2021			
	Financial assets at FVPL	Financial assets at FVOCI	Investment properties	Total
Balance as of January 1, 2021	27,021,977	12,521,655	18,454,086	57,997,718
Gains recognised in the consolidated statement of profit or loss	2,506,952	-	-	2,506,952
Gains (losses) recognised in the consolidated statement of profit or loss and other comprehensive income	-	316,255	(294,644)	21,611
Net disposals / additions	(523,108)	701,568	-	178,460
Balance as of June 30, 2021	<u>29,005,821</u>	<u>13,539,478</u>	<u>18,159,442</u>	<u>60,704,741</u>

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The level 3 assets unobservable inputs and sensitivity are as follows:

Financial assets:

	Fair value as at			Significant unobservable inputs	Sensitivity of unobservable inputs to fair value
	June 30, 2022	December 31, 2021 (Audited)	June 30, 2021		
Financial assets at FVTPL	31,397,575	30,907,239	29,005,821	liquidity discount from 5% to 50%	The increase (decrease) of liquidity discount by 10% would increase (decrease) fair value by KD 3,137,958
Financial assets at FVOCI	11,984,328	13,329,507	13,539,478	liquidity discount from 5% to 50%	The increase (decrease) of liquidity discount by 10% would increase (decrease) fair value by KD 1,198,433

16. Impact of Covid-19

The recent spread of the coronavirus ("COVID-19") across various geographies globally, which was declared a pandemic by the World Health Organization, has caused disruption to business and economic activities. The fiscal and monetary authorities around the world, including Kuwait, have announced various support measures across the globe to counter the possible adverse implications of COVID-19. This note describes the impact of the outbreak on the Group's operations and the significant estimates and judgements applied by management in assessing the values of assets and liabilities as at June 30, 2022.

- Credit risk management

The management of the Group has taken several measures to manage its risk associated with the pandemic, including identification of the most vulnerable sectors primarily affected and placing added measures to ensure a high level of scrutiny.

The uncertainties caused by COVID-19 required the Group to consider the impact of higher volatility in the forward looking macro-economic factors considered for the determination of expected credit losses ("ECLs") as at June 30, 2022. The Group concluded that there is no impact to the Group with respect to credit risk as at June 30, 2022.

- Liquidity risk management

In response to the COVID 19 outbreak, the Group is closely evaluating its liquidity and funding position and taking appropriate actions. The Group will continue to assess its liquidity position by closely monitoring its cash flows and forecasts.

- Fair value measurement of financial instruments

The Group has considered potential impacts of the current market volatility in determination of the amounts reported of the Group's unquoted financial assets, and this represents management's best assessment based on observable available information as at the reporting date. Given the impact of COVID 19, the Group has assessed whether the fair values of the financial assets and liabilities represents the price that would be achieved for transactions between market participants in the current scenario.

Further information on the Group's policy in relation to fair value measurements is disclosed in (Note 15).

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- Fair value measurement of non-financial assets (property, plant and equipment, right of use assets, investment properties and Investment in associates)

As at the reporting date, the Group has identified the impact on the carrying values of its non-financial assets as at June 30, 2022 due to impact of COVID-19 arising from an impact on projected cash flows generated from these non-financial assets or the market participants expectations of the price depending on the approach used in determining the fair value of those assets at June 30, 2022. The Group is aware that certain geographies and sectors in which these assets exist are negatively impacted, and as the situation continues to unfold, the Group consistently monitors the market outlook and uses relevant assumptions in reflecting the values of these non-financial assets appropriately in the interim condensed consolidated financial information.

- Going concern

The Group has performed an assessment of going concern in light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Group's future performance, capital and liquidity. The impact of COVID-19 may continue to evolve, but the present time the projections show that the Group has ample resources to continue in operational existence and its going concern position remains largely unaffected and unchanged from December 31, 2021. As a result, this interim condensed consolidated financial information has been prepared on a going concern basis.

The existing and anticipated effects of the outbreak of COVID-19 on the global economy and financial markets is expected to continue to evolve. The scale and duration of these developments remain uncertain at this stage but could negatively impact the Group's financial performance, cash flows and financial position in the future. The Group will continue to monitor the market outlook and update its assumptions, and forecasts as that may have a impact on the consolidated financial statements in the future.