



Grant Thornton

Al-Qatami, Al-Aiban & Partners

Interim condensed consolidated financial information and review report

Gulf Cables and Electrical Industries Group Company – KPSC

**[Formerly: Gulf Cable and Electrical Industries Company – 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
Gulf Cables and Electrical Industries Group Company – KPSC
[Formerly: Gulf Cable and Electrical Industries Company – KPSC]
Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Gulf Cables and Electrical Industries Group Company – KPSC [Formerly: Gulf Cable and Electrical Industries Company – KPSC] (“Parent Company”) and its subsidiaries (“the Group”) as of 30 September 2023 and the related interim condensed consolidated statements of profit or loss and 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 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 is not prepared, in all material respects, in accordance with International Accounting Standard 34, “Interim Financial Reporting”.

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 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. 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.



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

Interim condensed consolidated statement of profit or loss

| | Note | Three months ended | | Nine months ended | |
|--|------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | | 30 Sept. 2023 (Unaudited) KD | 30 Sept. 2022 (Unaudited) KD | 30 Sept. 2023 (Unaudited) KD | 30 Sept. 2022 (Unaudited) KD |
| Revenue | | | | | |
| Sales and contracting revenue | | 24,223,141 | 25,915,801 | 76,809,684 | 71,952,491 |
| Cost of revenue | | (20,174,863) | (22,674,319) | (68,024,029) | (62,155,638) |
| Gross profit | | 4,048,278 | 3,241,482 | 8,785,655 | 9,796,853 |
| Change in fair value of investments at fair value through profit or loss | | (227,661) | (60,262) | (263,490) | (70,851) |
| Gain on sale of investments at fair value through profit or loss | | - | - | - | 85,629 |
| Dividend income | | 65,787 | 90,500 | 16,854,161 | 6,760,934 |
| Other investment gains | | 126,246 | 75,298 | 188,785 | 110,032 |
| Share of results of associates and joint venture | 7 | 14,611 | (536,787) | 1,843,088 | 3,000,447 |
| Interest and other income | | 177,769 | 18,608 | 386,514 | 24,662 |
| Foreign currency exchange gain | | 140,558 | 159,928 | 374,583 | 378,048 |
| | | 4,345,588 | 2,988,767 | 28,169,296 | 20,085,754 |
| Expenses and other charges | | | | | |
| General and administrative expenses | | (1,251,055) | (1,020,748) | (4,464,177) | (3,338,745) |
| Commercial expenses | | (676,368) | (621,062) | (2,180,948) | (2,026,940) |
| Provision reversal/(charge) for slow-moving inventories - net | | 11,024 | (1,874) | (174,727) | (107,095) |
| Provision charge for doubtful debts - net | | (13,148) | (143,665) | (410,362) | (513,176) |
| Provision charge for other receivables | | - | - | (200,000) | - |
| Finance costs | | (474,044) | (496,621) | (1,418,000) | (1,496,774) |
| | | (2,403,591) | (2,283,970) | (8,848,214) | (7,482,730) |
| Profit before provision for taxation and Board of Directors' remuneration | | 1,941,997 | 704,797 | 19,321,082 | 12,603,024 |
| Provision for taxation | 5 | (122,660) | (90,607) | (785,240) | (938,408) |
| Board of directors' remuneration | | (77,500) | (77,500) | (232,500) | (232,500) |
| Profit for the period | | 1,741,837 | 536,690 | 18,303,342 | 11,432,116 |
| Profit for the period attributable to: | | | | | |
| Owners of the Parent Company | | 1,734,590 | 536,167 | 18,292,294 | 11,424,328 |
| Non-controlling interests | | 7,247 | 523 | 11,048 | 7,788 |
| | | 1,741,837 | 536,690 | 18,303,342 | 11,432,116 |
| Basic and diluted earnings per share attributable to the owners of the Parent Company | 6 | 8 Fils | 3 Fils | 88 Fils | 55 Fils |

The notes set out on pages 7 to 20 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 | 30 Sept. 2022 (Unaudited) KD | 30 Sept. 2023 (Unaudited) KD | 30 Sept. 2022 (Unaudited) KD |
| Profit for the period | 1,741,837 | 536,690 | 18,303,342 | 11,432,116 |
| Other comprehensive income/(loss): | | | | |
| Items that may be reclassified subsequently to consolidated statement of profit or loss: | | | | |
| Share of other comprehensive income of associates | 15,090 | 38,267 | 22,905 | 71,317 |
| Exchange differences arising on translation of foreign operations | 58,675 | 124,647 | 80,771 | 249,198 |
| | 73,765 | 162,914 | 103,676 | 320,515 |
| Items that will not be reclassified subsequently to consolidated statement of profit or loss: | | | | |
| Share of other comprehensive income of associates | (441,567) | (730,673) | (1,798,402) | 1,187,450 |
| Net change in fair value of investments at FVTOCI | (838,752) | (7,506,339) | (7,233,646) | (9,241,324) |
| | (1,280,319) | (8,237,012) | (9,032,048) | (8,053,874) |
| Total other comprehensive loss | (1,206,554) | (8,074,098) | (8,928,372) | (7,733,359) |
| Total comprehensive income/(loss) for the period | 535,283 | (7,537,408) | 9,374,970 | 3,698,757 |
| Total comprehensive income/(loss) for the period attributable to: | | | | |
| Owners of the Parent Company | 524,809 | (7,544,787) | 9,359,480 | 3,677,263 |
| Non-controlling interests | 10,474 | 7,379 | 15,490 | 21,494 |
| | 535,283 | (7,537,408) | 9,374,970 | 3,698,757 |

The notes set out on pages 7 to 20 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

| | Note | 30 Sept. 2023 (Unaudited) KD | 31 Dec. 2022 (Audited) KD | 30 Sept. 2022 (Unaudited) KD |
|--|------|---------------------------------------|------------------------------------|---------------------------------------|
| Assets | | | | |
| Non-current assets | | | | |
| Goodwill | | 3,603,180 | 3,603,180 | 3,603,180 |
| Property, plant and equipment | | 9,256,840 | 9,261,814 | 9,519,648 |
| Right-of-use assets | | 543,691 | 468,675 | 504,727 |
| Investment in associates and joint venture | 7 | 81,938,683 | 89,122,225 | 87,400,107 |
| Investments at fair value through other comprehensive income | 8 | 101,132,093 | 108,310,881 | 106,085,413 |
| | | 196,474,487 | 210,766,775 | 207,113,075 |
| Current assets | | | | |
| Inventories | 9 | 36,878,121 | 37,385,413 | 47,139,455 |
| Trade accounts receivable | | 29,136,885 | 31,100,230 | 29,528,097 |
| Other receivables and prepayments | | 1,652,747 | 2,028,888 | 1,885,180 |
| Investments at fair value through profit or loss | | 3,227,203 | 596,767 | 302,126 |
| Cash and cash equivalents | 10 | 11,025,529 | 8,694,999 | 7,892,150 |
| | | 81,920,485 | 79,806,297 | 86,747,008 |
| Total assets | | 278,394,972 | 290,573,072 | 293,860,083 |
| Equity and liabilities | | | | |
| Equity | | | | |
| Share capital | | 20,993,131 | 20,993,131 | 20,993,131 |
| Share premium | | 29,160,075 | 29,160,075 | 29,160,075 |
| Treasury shares | 11 | (1,971,996) | (1,686,080) | (1,575,622) |
| Statutory, voluntary and general reserves | | 71,893,702 | 71,893,702 | 70,459,281 |
| Other components of equity | 12 | 56,366,555 | 65,297,391 | 60,137,088 |
| Retained earnings | | 47,976,100 | 42,164,366 | 37,975,628 |
| Total equity attributable to the owners of the Parent Company | | 224,417,567 | 227,822,585 | 217,149,581 |
| Non-controlling interests | | 538,837 | 523,347 | 526,136 |
| Total equity | | 224,956,404 | 228,345,932 | 217,675,717 |
| Non-current liabilities | | | | |
| Provision for employees' end of service benefits | | 4,819,256 | 4,597,596 | 4,554,448 |
| Term loans | 13 | 15,558,000 | 17,500,000 | 18,534,495 |
| Murabaha payables | 14 | 11,710,526 | 18,072,368 | 28,526,316 |
| Lease liabilities | | 290,447 | 289,140 | 286,437 |
| | | 32,378,229 | 40,459,104 | 51,901,696 |
| Current liabilities | | | | |
| Trade accounts payable | | 2,775,850 | 3,660,167 | 7,774,504 |
| Other payables and accruals | | 8,556,436 | 8,937,217 | 8,121,555 |
| Lease liabilities | | 189,270 | 151,416 | 151,416 |
| Term loans | 13 | 6,896,495 | 6,534,495 | 5,800,000 |
| Murabaha payables | 14 | 1,815,789 | 1,815,789 | 1,815,789 |
| Due to banks | 10 | 826,499 | 668,952 | 619,406 |
| | | 21,060,339 | 21,768,036 | 24,282,670 |
| Total liabilities | | 53,438,568 | 62,227,140 | 76,184,366 |
| Total equity and liabilities | | 278,394,972 | 290,573,072 | 293,860,083 |


Bader Naser Al-Kharafi
Vice Chairman

The notes set out on pages 7 to 20 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 | Share premium KD | Treasury shares KD | Statutory, voluntary and general reserves KD | Other components of equity KD | Retained earnings KD | Sub-total KD | KD | KD |
| Balance at 1 January 2023 (Audited) | 20,993,131 | 29,160,075 | (1,686,080) | 71,893,702 | 65,297,391 | 42,164,366 | 227,822,585 | 523,347 | 228,345,932 |
| Purchase of treasury shares | - | - | (285,916) | - | - | - | (285,916) | - | (285,916) |
| Cash dividends (Note 15) | - | - | - | - | - | (12,478,582) | (12,478,582) | - | (12,478,582) |
| Transactions with owners | - | - | (285,916) | - | - | (12,478,582) | (12,764,498) | - | (12,764,498) |
| Profit for the period | - | - | - | - | - | 18,292,294 | 18,292,294 | 11,048 | 18,303,342 |
| Other comprehensive (loss)/income | - | - | - | - | (8,932,814) | - | (8,932,814) | 4,442 | (8,928,372) |
| Total comprehensive (loss)/income for the period | - | - | - | - | (8,932,814) | 18,292,294 | 9,359,480 | 15,490 | 9,374,970 |
| Loss on sale of investments at FVTOCI | - | - | - | - | 1,978 | (1,978) | - | - | - |
| Balance at 30 September 2023 (Unaudited) | 20,993,131 | 29,160,075 | (1,971,996) | 71,893,702 | 56,366,555 | 47,976,100 | 224,417,567 | 538,837 | 224,956,404 |
| Balance at 1 January 2022 (Audited) | 20,993,131 | 29,160,075 | (575,724) | 70,459,281 | 82,741,073 | 24,227,964 | 227,005,800 | 504,642 | 227,510,442 |
| Purchase of treasury shares | - | - | (999,898) | - | - | - | (999,898) | - | (999,898) |
| Cash dividends (Note 15) | - | - | - | - | - | (12,533,584) | (12,533,584) | - | (12,533,584) |
| Transactions with owners | - | - | (999,898) | - | - | (12,533,584) | (13,533,482) | - | (13,533,482) |
| Profit for the period | - | - | - | - | - | 11,424,328 | 11,424,328 | 7,788 | 11,432,116 |
| Other comprehensive (loss)/income | - | - | - | - | (7,747,065) | - | (7,747,065) | 13,706 | (7,733,359) |
| Total comprehensive (loss)/income for the period | - | - | - | - | (7,747,065) | 11,424,328 | 3,677,263 | 21,494 | 3,698,757 |
| Gain on sale of investments at FVTOCI | - | - | - | - | (14,856,920) | 14,856,920 | - | - | - |
| Balance at 30 September 2022 (Unaudited) | 20,993,131 | 29,160,075 | (1,575,622) | 70,459,281 | 60,137,088 | 37,975,628 | 217,149,581 | 526,136 | 217,675,717 |

The notes set out on pages 7 to 20 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 | Nine months ended 30 Sept. 2022 (Unaudited) KD |
|---|-----------|--|--|
| OPERATING ACTIVITIES | | | |
| Profit for the period | | 18,303,342 | 11,432,116 |
| Adjustments: | | | |
| Depreciation | | 1,357,840 | 1,192,846 |
| Finance costs | | 1,418,000 | 1,496,774 |
| Interest income | | (205,106) | (7,011) |
| Dividend income | | (16,854,161) | (6,760,934) |
| Share of results of associates and joint venture | | (1,843,088) | (3,000,447) |
| (Gain)/loss on sale/disposal of property, plant and equipment | | (10,202) | 3,084 |
| Foreign exchange loss on non-operating liabilities | | - | 29,500 |
| Provision charge for slow-moving inventories | | 174,727 | 107,095 |
| Provision charge for doubtful debts | | 410,362 | 513,176 |
| Provision charge for other receivables | | 200,000 | - |
| Provision charge for employees' end of service benefits | | 407,751 | 380,549 |
| | | 3,359,465 | 5,386,748 |
| Changes in operating assets and liabilities: | | | |
| Inventories | | 332,565 | (12,050,508) |
| Investments at fair value through profit or loss | | (2,630,436) | (302,126) |
| Trade accounts receivable | | 1,552,983 | 1,805,441 |
| Other receivables and prepayments | | 183,830 | (809,018) |
| Trade accounts payable | | (884,317) | 5,736,269 |
| Other payables and accruals | | (496,852) | (1,600,964) |
| Employees' end of service benefits paid | | (186,091) | (237,038) |
| Net cash from/(used in) operating activities | | 1,231,147 | (2,071,196) |
| INVESTING ACTIVITIES | | | |
| Addition to associates and joint venture | | - | (7,587,601) |
| Additions to property, plant and equipment | | (1,299,002) | (816,835) |
| Proceeds from sale of property, plant and equipment | | 114,409 | 22,250 |
| Additions to/purchase of investments at FVTOCI | | (56,394) | (5,105,978) |
| Proceeds from sale of investments at FVTOCI | | 1,537 | 18,876,521 |
| Dividend income received | | 16,854,161 | 6,760,934 |
| Dividend received from associates | | 7,251,133 | 10,615,622 |
| Interest income received | | 197,416 | 7,011 |
| Net cash from investing activities | | 23,063,260 | 22,771,924 |
| FINANCING ACTIVITIES | | | |
| Payment of cash dividends | | (12,367,731) | (12,401,319) |
| Purchase of treasury shares | | (285,916) | (999,898) |
| Net movement in term loans | | (1,580,000) | (7,847,662) |
| Net movement in Murabaha payables | | (6,361,842) | (9,657,895) |
| Lease liabilities paid | | (189,270) | (151,416) |
| Finance costs paid | | (1,404,155) | (1,559,637) |
| Net cash used in financing activities | | (22,188,914) | (32,617,827) |
| Increase/(decrease) in cash and cash equivalents | | 2,105,493 | (11,917,099) |
| Foreign currency adjustment | | 67,490 | 208,355 |
| Cash and cash equivalents at beginning of the period | 10 | 8,026,047 | 18,981,488 |
| Cash and cash equivalents at end of the period | 10 | 10,199,030 | 7,272,744 |

The notes set out on pages 7 to 20 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information

1 Incorporation and activities

Gulf Cables and Electrical Industries Group Company – KPSC [Formerly: Gulf Cable and Electrical Industries Company – KPSC] (“the Parent Company”) is a registered Kuwaiti Public Shareholding Company, which was established on 15 March 1975. The shares of the Parent Company are listed on Kuwait Stock Exchange.

The Group comprises the Parent Company and its subsidiaries.

The shareholders in their Extra-Ordinary General Assembly held on 18 October 2022 approved to change the name of the Parent Company from Gulf Cable and Electrical Industries Company – KPSC to Gulf Cables and Electrical Industries Group Company – KPSC, which was registered in the commercial register on 28 November 2022.

Pursuant to the decision of the Extra-Ordinary General Assembly held on 18 October 2022, the objectives of the Parent Company were amended, and the amendments were authenticated in the commercial register on 29 November 2022.

Objectives for which the Parent Company was incorporated are as follows:

- 1- Produce all kinds of electrical and telephone cables of various sizes and varieties;
- 2- Produce all kinds of electric and telephone wires of various sizes and varieties;
- 3- Produce the wires necessary for the production of light bulbs;
- 4- Produce light bulbs of all varieties and sizes after obtaining the necessary license from the Public Authority for Industry;
- 5- Manufacture electrical transformers, switches and distribution panels after obtaining the necessary license from the Public Authority for Industry;
- 6- Various manufacturing relating to power equipment and tools for industrial or household purposes after obtaining the necessary license from the Public Authority for Industry;
- 7- Produce all kinds of aluminum chips and nylon covering rolls of various sizes and varieties after obtaining the necessary license from the Public Authority for Industry;
- 8- Produce copper bars which are used in the production of electrical and telephone cables after obtaining the necessary license from the Public Authority for Industry;
- 9- Trade in all kinds of these products;
- 10- Import machinery, plant, equipment and tools necessary to achieve the Company’s objectives;
- 11- Import the raw materials for this industry;
- 12- Invest the surplus funds in investment portfolios in order to serve the Company’s objectives;
- 13- Owning real estate and movables for the benefit of the Company.
- 14- Owning stocks and shares in Kuwaiti or non-Kuwaiti shareholding companies and shares in Kuwaiti and non-Kuwaiti limited liability companies and participating in the establishment of, lending and managing of these companies and acting as guarantor for these companies.
- 15- Managing its subsidiaries or participating in the management of other companies in which it contributes and providing the necessary support for them.

The Parent Company may have interest or participate in any aspect in the authorities and companies which practice similar activities, or which may assist it in the achievement of its objectives in Kuwait and abroad. The Parent Company may also purchase these authorities and companies or affiliate them therewith.

The address of the Parent Company’s registered office is PO Box 1196, Safat 13012, State of Kuwait.

This interim condensed consolidated financial information for the nine-month period ended 30 September 2023 was authorised for issue by the Parent Company’s board of directors on 14 November 2023.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of preparation

The interim condensed consolidated financial information of the Group for the nine-month period ended 30 September 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 of the Group for the year ended 31 December 2022, except for the 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.

This interim condensed consolidated financial information is 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 nine-month period ended 30 September 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023. For further details, refer to the consolidated financial statements and their disclosures for the year ended 31 December 2022.

The Group has consolidated its subsidiaries using management accounts for the period ended 30 September 2023.

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 12 Income taxes- Deferred tax related to assets and liabilities arising from a single transaction | 1 January 2023 |

IAS 1 Amendments – Disclosure of accounting policies

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

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

IAS 8 Amendments – Definition of accounting estimates

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

Notes to the interim condensed consolidated financial information (continued)

3 Change in accounting policies (continued)

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

IAS 8 Amendments – Definition of accounting estimates (continued)

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

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

The amendments to IAS 12 provide an exemption from the *initial recognition exemption* provided in IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

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

3.2 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 |

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 interim condensed consolidated financial information.

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 interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information (continued)

3 Change in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

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 interim condensed consolidated financial information.

3.3 Other Standards and amendments that are not yet effective and have not been adopted early by the Group include:

- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information, effective from January 1, 2024
- IFRS S2 Climate-related Disclosures, effective from January 1, 2024

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

4 Judgment and estimates

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

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

5 Provision for taxation

| | Three months ended | | Nine months ended | |
|--|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | 30 Sept. 2023 (Unaudited) KD | 30 Sept. 2022 (Unaudited) KD | 30 Sept. 2023 (Unaudited) KD | 30 Sept. 2022 (Unaudited) KD |
| Taxation charge on overseas subsidiary | 36,706 | 31,082 | 58,928 | 31,082 |
| Provision for contribution to Kuwait Foundation for Advancement of Science | 18,940 | 11,910 | 174,305 | 95,447 |
| Provision for Zakat | 18,975 | 13,078 | 157,331 | 231,394 |
| Provision for National Labour Support Tax | 48,039 | 34,537 | 394,676 | 580,485 |
| | 122,660 | 90,607 | 785,240 | 938,408 |

Notes to the interim condensed consolidated financial information (continued)

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

Basic and diluted earnings per share is calculated by dividing the profit for the period attributable to the owners of the Parent Company by the weighted average number of shares outstanding during the period after excluding treasury shares as follows:

| | Three months ended | | Nine months ended | |
|---|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | 30 Sept. 2023 (Unaudited) KD | 30 Sept. 2022 (Unaudited) KD | 30 Sept. 2023 (Unaudited) KD | 30 Sept. 2022 (Unaudited) KD |
| Profit for the period attributable to the owners of the Parent Company – KD | 1,734,590 | 536,167 | 18,292,294 | 11,424,328 |
| Weighted average number of shares outstanding during the period (excluding treasury shares) | 207,829,835 | 208,174,607 | 207,966,134 | 208,655,820 |
| Basic and diluted earnings per share attributable to the owners of the Parent Company | 8 Fils | 3 Fils | 88 Fils | 55 Fils |

7 Investment in associates and joint venture

| | 30 Sept. 2023 (Unaudited) KD | 31 Dec. 2022 (Audited) KD | 30 Sept. 2022 (Unaudited) KD |
|-----------------------------------|---------------------------------------|------------------------------------|---------------------------------------|
| Investment in associates (7.1) | 79,428,150 | 86,634,171 | 84,911,710 |
| Investment in joint venture (7.2) | 2,510,533 | 2,488,054 | 2,488,397 |
| | 81,938,683 | 89,122,225 | 87,400,107 |

7.1 Investment in associates

7.1.1 Details of the Group's associates are as follows:

| Name | Country of incorporation | Effective interest held by Group at period/year end | | | Principal activities |
|---|--------------------------|---|-----------------------------------|--------------------------------------|--------------------------|
| | | 30 Sept. 2023 (Unaudited) % | 31 Dec. 2022 (Audited) % | 30 Sept. 2022 (Unaudited) % | |
| Team Holding Company – KSC (Closed) - (Unquoted) | Kuwait | 47.50 | 47.50 | 47.50 | Financing and investment |
| National Investment Company – KPSC (Quoted) | Kuwait | 26.98 | 26.98 | 26.95 | Financial services |
| Heavy Engineering Industries and Shipbuilding – KPSC (Quoted) | Kuwait | 28.33 | 28.33 | 28.33 | Industrial |

Notes to the interim condensed consolidated financial information (continued)

7 Investment in associates and joint venture (continued)

7.1 Investment in associates (continued)

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

| | 30 Sept. 2023 (Unaudited) KD | 31 Dec. 2022 (Audited) KD | 30 Sept. 2022 (Unaudited) KD |
|--|---------------------------------------|------------------------------------|---------------------------------------|
| At the beginning of the period/year | 86,634,171 | 86,168,913 | 86,168,913 |
| Additions during the period/year | - | 5,087,601 | 5,087,602 |
| Share of results for the period/year | 1,820,609 | 3,771,970 | 3,012,050 |
| Share of other comprehensive (loss)/gain | (1,775,497) | 2,221,309 | 1,258,767 |
| Dividends received | (7,251,133) | (10,615,622) | (10,615,622) |
| At the end of period/year | 79,428,150 | 86,634,171 | 84,911,710 |

7.2 Investment in joint venture

This represents the Group's participation in a joint venture "Gulf and Riyadh Electric Wires, Cables and Electronics Manufacturing Company – WLL" (Kuwait) having a total share capital of KD5,000,000 in which the Group has 50% ownership. The joint venture's main objective is manufacture of electric and electronic wires and cables. The movement in the carrying amount of the investment in the joint venture is as follows:

| | 30 Sept. 2023 (Unaudited) KD | 31 Dec. 2022 (Audited) KD | 30 Sept. 2022 (Unaudited) KD |
|--------------------------------------|---------------------------------------|------------------------------------|---------------------------------------|
| At the beginning of the period/year | 2,488,054 | - | - |
| Additions during the period/year | - | 2,500,000 | 2,500,000 |
| Share of results for the period/year | 22,479 | (11,946) | (11,603) |
| | 2,510,533 | 2,488,054 | 2,488,397 |

8 Investments at fair value through other comprehensive income

| | 30 Sept. 2023 (Unaudited) KD | 31 Dec. 2022 (Audited) KD | 30 Sept. 2022 (Unaudited) KD |
|--|---------------------------------------|------------------------------------|---------------------------------------|
| Local quoted securities held through managed portfolios (Note 8.1) | 48,488,775 | 54,481,729 | 55,573,970 |
| Local unquoted securities held through managed portfolios | 1,056,231 | 1,082,047 | 4,350,159 |
| Foreign quoted securities held through managed portfolios and others | 222,870 | 233,033 | 445,079 |
| Foreign unquoted securities held through managed portfolios | 3,046,667 | 2,681,623 | 2,755,082 |
| Foreign unquoted securities | 43,442,852 | 44,808,901 | 37,879,545 |
| Local managed funds | 4,874,698 | 5,023,548 | 5,081,578 |
| | 101,132,093 | 108,310,881 | 106,085,413 |

Notes to the interim condensed consolidated financial information (continued)

8 Investments at fair value through other comprehensive income (continued)

- 8.1 The Group's investments in local quoted shares include an investment in a local listed company having a market value of KD53,338,825 based on the quoted bid price as at 30 September 2023 (31 December 2022: KD59,355,352 and 30 September 2022: KD59,847,087). Due to the restrictions on sale of this investment until February 2024, the Group has applied a discount of 20% amounting to KD10,667,765 (31 December 2022: 20% amounting to KD11,871,071 and 30 September 2022: 20% amounting to KD11,969,417) on the above quoted bid price when determining its fair value. As a result of this discount, the fair value of the investment amounted to KD42,671,060 as at 30 September 2023 (31 December 2022: KD47,484,281 and 30 September 2022: KD47,877,670).
- 8.2 These investments are held in equity instruments for medium to long term strategic objectives. Accordingly, management has chosen to identify these investments in equity instruments as investments at fair value through other comprehensive income where it is believed that the recognition of short-term fluctuations in the fair value of these investments in the statement of profit or loss will not be consistent with the Group's strategy to hold such investments for long-term purposes and realizing their performance potential in the long term.

9 Inventories

| | 30 Sept. 2023 (Unaudited) KD | 31 Dec. 2022 (Audited) KD | 30 Sept. 2022 (Unaudited) KD |
|--|---------------------------------------|------------------------------------|---------------------------------------|
| Raw materials | 9,838,230 | 9,426,021 | 13,817,010 |
| Finished goods | 15,861,002 | 16,988,588 | 21,205,585 |
| Work-in-progress | 7,298,824 | 8,776,645 | 10,049,657 |
| Spare parts | 3,110,186 | 2,997,413 | 2,934,412 |
| | 36,108,242 | 38,188,667 | 48,006,664 |
| Less: provision for slow-moving inventories | (1,274,244) | (1,098,568) | (1,205,930) |
| | 34,833,998 | 37,090,099 | 46,800,734 |
| Goods in transit and prepaid letters of credit | 2,044,123 | 295,314 | 338,721 |
| | 36,878,121 | 37,385,413 | 47,139,455 |

10 Cash and cash equivalents

| | 30 Sept. 2023 (Unaudited) KD | 31 Dec. 2022 (Audited) KD | 30 Sept. 2022 (Unaudited) KD |
|---|---------------------------------------|------------------------------------|---------------------------------------|
| Cash in hand | 172,537 | 150,313 | 195,975 |
| Cash held in managed portfolios | 145,637 | 247,710 | 584,182 |
| Bank balances | 4,367,019 | 8,129,767 | 7,111,993 |
| Time deposits issued with original maturity not exceeding three months (a) | 6,340,336 | 167,209 | - |
| Cash and cash equivalents for the purpose of interim condensed consolidated statement of financial position | 11,025,529 | 8,694,999 | 7,892,150 |
| Less: due to banks (b) | (826,499) | (668,952) | (619,406) |
| Cash and cash equivalents for the purpose of interim condensed consolidated statement of cash flows | 10,199,030 | 8,026,047 | 7,272,744 |

Notes to the interim condensed consolidated financial information (continued)

10 Cash and cash equivalents (continued)

- (a) Time deposits are placed with local banks having original maturity of less than three months and carry commercial profit/interest rate.
- (b) Due to banks represent overdraft facilities which carry commercial interest rates and are payable on demand.

11 Treasury shares

The Group holds treasury shares as follows:

| | 30 Sept. 2023 (Unaudited) | 31 Dec. 2022 (Audited) | 30 Sept. 2022 (Unaudited) |
|------------------------------|---------------------------------|------------------------------|---------------------------------|
| Number of shares | 2,113,702 | 1,866,702 | 1,756,702 |
| Percentage of issued shares | 1.01% | 0.89% | 0.84% |
| Market value (KD) | 2,458,235 | 2,202,708 | 1,879,671 |
| Cost of treasury shares (KD) | 1,971,996 | 1,686,080 | 1,575,622 |

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

12 Other components of equity

| | Cumulative changes in fair value KD | Foreign currency translation reserve KD | Treasury shares reserve KD | Other reserves KD | Total KD |
|---|--|---|-------------------------------------|-------------------------|--------------|
| Balance at 1 January 2023 (Audited) | 64,608,815 | 598,596 | 77,888 | 12,092 | 65,297,391 |
| Group's share in associates' other comprehensive income | (1,798,402) | 22,905 | - | - | (1,775,497) |
| Exchange differences arising on translation of foreign operations | - | 76,329 | - | - | 76,329 |
| Change in fair value of investments at FVTOCI | (7,233,646) | - | - | - | (7,233,646) |
| Total other comprehensive (loss)/income for the period | (9,032,048) | 99,234 | - | - | (8,932,814) |
| Loss on sale of investments at FVTOCI | 1,978 | - | - | - | 1,978 |
| Balance at 30 September 2023 (Unaudited) | 55,578,745 | 697,830 | 77,888 | 12,092 | 56,366,555 |
| Balance at 1 January 2022 (Audited) | 82,195,030 | 468,155 | 77,888 | - | 82,741,073 |
| Group's share in associates' other comprehensive income | 1,182,365 | 71,317 | - | 5,085 | 1,258,767 |
| Exchange differences arising on translation of foreign operations | - | 235,492 | - | - | 235,492 |
| Change in fair value of investments at FVTOCI | (9,241,324) | - | - | - | (9,241,324) |
| Total other comprehensive (loss)/income for the period | (8,058,959) | 306,809 | - | 5,085 | (7,747,065) |
| Gain on sale of investments at FVTOCI | (14,856,920) | - | - | - | (14,856,920) |
| Balance at 30 September 2022 (Unaudited) | 59,279,151 | 774,964 | 77,888 | 5,085 | 60,137,088 |

Notes to the interim condensed consolidated financial information (continued)

13 Term loans

| | 30 Sept. 2023 (Unaudited) KD | 31 Dec. 2022 (Audited) KD | 30 Sept. 2022 (Unaudited) KD |
|------------------------|---------------------------------------|------------------------------------|---------------------------------------|
| Short term loan (13.1) | 500,000 | 200,000 | - |
| Long term loans (13.2) | 21,954,495 | 23,834,495 | 24,334,495 |
| | 22,454,495 | 24,034,495 | 24,334,495 |
| Due within one year | 6,896,495 | 6,534,495 | 5,800,000 |
| Due after one year | 15,558,000 | 17,500,000 | 18,534,495 |
| | 22,454,495 | 24,034,495 | 24,334,495 |

13.1 Short-term loan amounting to KD500,000 (31 December 2022: KD200,000 and 30 September 2022: KD Nil) are repayable on 15 May 2024.

13.2 Long-term loans represent the following:

- A long-term loan facility with an outstanding amount of KD20,000,000 (31 December 2022: KD22,500,000 and 30 September 2022: KD22,500,000) is repayable in 12 semi-annual installments of KD2,500,000 and matures on 20 December 2027.
- A long-term loans facility with a total outstanding amount of KD1,954,495 (31 December 2022: KD1,334,495 and 30 September 2022: KD1,834,495) is repayable on various dates and matures on 1 September 2026.

The above loans are denominated in Kuwaiti Dinar and carry commercial interest rates.

14 Murabaha payables

Murabaha payables represent the outstanding balance of Murabaha facilities that are unsecured and repayable in 20 quarterly instalments with bullet payment of KD8,078,952 on 31 December 2026.

The Murabaha payable is denominated in Kuwaiti Dinar and carry commercial profit rates.

15 General Assembly of the shareholders and dividend

The Annual General Assembly of the shareholders held on 3 May 2023 approved the consolidated financial statements of the Group for the year ended 31 December 2022 and cash dividend of 60% (2021: 60%) equivalent to 60 Fils (2021: 60 Fils) per share of the paid-up share capital.

Further, the shareholders approved the board of directors' remuneration of KD305,000 for the year ended 31 December 2022 (2021: KD310,000).

16 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 the Group's profit or loss.

Notes to the interim condensed consolidated financial information (continued)

16 Segmental information (continued)

The Group's reportable segments are cable manufacture, investment and rendering services. The information relating to these segments are as follows:

| | Cable manufacture KD | Investment KD | Rendering of services KD | Total KD |
|--|----------------------------|------------------|--------------------------------|--------------|
| For the three months ended 30 September 2023 (Unaudited): | | | | |
| Total revenue | 22,617,200 | (21,017) | 1,605,941 | 24,202,124 |
| Segment profit/(loss) | 2,623,108 | (638,585) | (42,526) | 1,941,997 |
| Unallocated expenses | | | | (200,160) |
| Profit for the period | | | | 1,741,837 |
| Additions to property, plant and equipment | 41,079 | - | 96,409 | 137,488 |
| Depreciation | (331,509) | - | (146,315) | (477,824) |
| Finance costs | (2,999) | (430,868) | (40,177) | (474,044) |
| Dividend income | - | 65,787 | - | 65,787 |
| For the nine months ended 30 September 2023 (Unaudited): | | | | |
| Total revenue | 72,804,527 | 18,622,544 | 4,005,157 | 95,432,228 |
| Segment profit/(loss) | 2,714,937 | 16,886,945 | (280,800) | 19,321,082 |
| Unallocated expenses | | | | (1,017,740) |
| Profit for the period | | | | 18,303,342 |
| Additions to property, plant and equipment | 852,322 | - | 446,680 | 1,299,002 |
| Depreciation | (946,099) | - | (411,741) | (1,357,840) |
| Finance costs | (8,910) | (1,303,936) | (105,154) | (1,418,000) |
| Dividend income | - | 16,854,161 | - | 16,854,161 |
| Total assets | 87,433,366 | 183,252,731 | 7,708,875 | 278,394,972 |
| Total liabilities | (15,855,133) | (33,586,500) | (3,996,935) | (53,438,568) |
| Net assets | 71,578,233 | 149,666,231 | 3,711,940 | 224,956,404 |
| For the three months ended 30 September 2022 (Unaudited): | | | | |
| Total revenue | 25,158,798 | (431,251) | 757,003 | 25,484,550 |
| Segment profit/(loss) | 1,849,292 | (948,639) | (195,856) | 704,797 |
| Unallocated expenses | | | | (168,107) |
| Profit for the period | | | | 536,690 |
| Additions to property, plant and equipment | 91,719 | - | 1,056 | 92,775 |
| Depreciation | (299,876) | - | (125,600) | (425,476) |
| Finance costs | (2,703) | (459,346) | (34,572) | (496,621) |
| Dividend income | - | 90,500 | - | 90,500 |

Notes to the interim condensed consolidated financial information (continued)

16 Segmental information (continued)

| | Cable manufacture KD | Investment KD | Rendering of services KD | Total KD |
|---|----------------------------|------------------|--------------------------------|--------------|
| For the nine months ended 30 September 2022 (Unaudited): | | | | |
| Total revenue | 69,681,681 | 9,886,191 | 2,270,810 | 81,838,682 |
| Segment profit/(loss) | 4,972,094 | 8,272,574 | (641,644) | 12,603,024 |
| Unallocated expenses | | | | (1,170,908) |
| Profit for the period | | | | 11,432,116 |
| Additions to property, plant and equipment | 813,430 | - | 3,405 | 816,835 |
| Depreciation | (819,613) | - | (373,233) | (1,192,846) |
| Finance costs | (9,143) | (1,392,849) | (94,782) | (1,496,774) |
| Dividend income | - | 6,760,934 | - | 6,760,934 |
| Total assets | 92,743,896 | 194,129,123 | 6,987,064 | 293,860,083 |
| Total liabilities | (20,441,772) | (52,881,623) | (2,860,971) | (76,184,366) |
| Net assets | 72,302,124 | 141,247,500 | 4,126,093 | 217,675,717 |
| 31 December 2022 (audited): | | | | |
| Total assets | 86,088,564 | 197,741,030 | 6,743,478 | 290,573,072 |
| Total liabilities | (17,050,606) | (42,424,476) | (2,752,058) | (62,227,140) |
| Net assets | 69,037,958 | 155,316,554 | 3,991,420 | 228,345,932 |

17 Related party balances and transactions

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

| | 30 Sept. 2023 (Unaudited) KD | 31 Dec. 2022 (Audited) KD | 30 Sept. 2022 (Unaudited) KD |
|---|---------------------------------------|------------------------------------|---------------------------------------|
| Balances included in the interim condensed consolidated statement of financial position: | | | |
| Due from a joint venture – included within other receivables and prepayments | 25,754 | 23,896 | 23,206 |
| Trade account payable | 7,231 | 16,528 | 16,528 |
| Purchase of property, plant and equipment | 406,250 | 53,400 | 53,400 |

Notes to the interim condensed consolidated financial information (continued)

17 Related party balances and transactions (continued)

| | Three months ended | | Nine months ended | |
|--|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | 30 Sept. 2023 (Unaudited) KD | 30 Sept. 2022 (Unaudited) KD | 30 Sept. 2023 (Unaudited) KD | 30 Sept. 2022 (Unaudited) KD |
| <i>Amounts included in the interim condensed consolidated statement of profit or loss:</i> | | | | |
| Sales | - | 15,127 | 11,993 | 54,583 |
| Gain on sale of property, plant and equipment | - | - | 699 | - |
| Expenses | (70,943) | (46,872) | (170,397) | (151,995) |
| <i>Key management compensation:</i> | | | | |
| Salaries and other short-term benefits | 131,109 | 141,045 | 451,691 | 449,002 |
| End of service benefits | 11,333 | 11,752 | 50,430 | 47,842 |
| Provision for board of directors' remuneration | 77,500 | 77,500 | 232,500 | 232,500 |
| | 219,942 | 230,297 | 734,621 | 729,344 |

18 Contingent liabilities

Contingent liabilities as at 30 September 2023 in respect of outstanding letters of guarantee amounted to KD8,561,529 (31 December 2022: KD11,185,515 and 30 September 2022: KD9,122,262).

19 Capital commitments

At the period end, the Group had capital commitments amounting to KD859,666 (31 December 2022: KD Nil and 30 September 2022: KD Nil).

20 Fair value measurement

20.1 Fair value hierarchy

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

Financial assets and financial liabilities measured at fair value in the interim condensed consolidated statement of financial position are grouped into nine Levels of a fair value hierarchy. The nine 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.

20.2 Fair value measurement of financial instruments

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

Notes to the interim condensed consolidated financial information (continued)

20 Fair value measurement (continued)

20.2 Fair value measurement of financial instruments (continued)

| | Level 1 KD | Level 2 KD | Level 3 KD | Total KD |
|---------------------------------------|------------------|-------------------|-------------------|--------------------|
| 30 September 2023 (Unaudited): | | | | |
| Investments at FVTPL: | | | | |
| Quoted equity securities | 3,227,203 | - | - | 3,227,203 |
| Investments at FVTOCI: | | | | |
| Quoted equity securities | 6,040,584 | 42,671,060 | - | 48,711,644 |
| Unquoted equity securities | - | - | 47,545,751 | 47,545,751 |
| Local managed funds | - | 4,874,698 | - | 4,874,698 |
| | 9,267,787 | 47,545,758 | 47,545,751 | 104,359,296 |
| 31 December 2022 (Audited): | | | | |
| Investments at FVTPL: | | | | |
| Quoted equity securities | 596,767 | - | - | 596,767 |
| Investments at FVTOCI: | | | | |
| Quoted equity securities | 7,230,481 | 47,484,281 | - | 54,714,762 |
| Unquoted equity securities | - | - | 48,572,571 | 48,572,571 |
| Local managed funds | - | 5,023,548 | - | 5,023,548 |
| | 7,827,248 | 52,507,829 | 48,572,571 | 108,907,648 |
| 30 September 2022 (Unaudited): | | | | |
| Investments at FVTPL: | | | | |
| Quoted equity securities | 302,126 | - | - | 302,126 |
| Investments at FVTOCI: | | | | |
| Quoted equity securities | 8,141,379 | 47,877,670 | - | 56,019,049 |
| Unquoted equity securities | - | - | 44,984,786 | 44,984,786 |
| Local managed funds | - | 5,081,578 | - | 5,081,578 |
| | 8,443,505 | 52,959,248 | 44,984,786 | 106,387,539 |

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

Measurement at fair value

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period, except for shares with a carrying value of KD42,671,060 (31 December 2022: KD47,484,281 and 30 September 2022: KD47,877,670) classified under level “2” fair value hierarchy which were classified under level “1” hierarchy as at 30 September 2023 for the reasons mentioned in note 8.1.

Level 3 fair value measurements

The Group's financial assets 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:

Notes to the interim condensed consolidated financial information (continued)

20 Fair value measurement (continued)

20.2 Fair value measurement of financial instruments (continued)

Level 3 fair value measurements (continued)

| | (Unquoted equity securities) (Investments at FVTOCI) | | |
|------------------------|---|------------------------------------|---------------------------------------|
| | 30 Sept. 2023 (Unaudited) KD | 31 Dec. 2022 (Audited) KD | 30 Sept. 2022 (Unaudited) KD |
| Opening balance | 48,572,571 | 40,584,398 | 40,584,398 |
| Disposals | - | (6,203,369) | - |
| Change in fair value | (1,026,820) | 14,191,542 | 4,400,388 |
| Closing balance | 47,545,751 | 48,572,571 | 44,984,786 |

The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

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

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

The impact on interim condensed 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%.

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