

**AMWAL INTERNATIONAL  
INVESTMENT COMPANY K.S.C.P.  
AND SUBSIDIARIES**

**30 SEPTEMBER 2022 (UNAUDITED)**



AMWAL | أمـوال

## POSITION (UNAUDITED)

As at 30 September 2022

|   |                     | <i>(Audited)</i>   | <i>(Audited)</i>    |
|---|---------------------|--------------------|---------------------|
|   | <i>30 September</i> | <i>31 December</i> | <i>30 September</i> |
|   | <i>2022</i>         | <i>2017</i>        | <i>2017</i>         |
| <i>Notes</i>  | <i>KD 000's</i>     | <i>(Restated)*</i> | <i>(Restated)*</i>  |
|   |                     | <i>KD 000's</i>    | <i>KD 000's</i>     |
| <b>ASSETS</b>   |                     |                    |                     |
| Cash in hand and at banks   | 3                   | 1,742,525          | 1,569,565           |
| Treasury bills, bonds and other debt securities                   |                     | 731,964            | 646,675             |
| Loans and advances  |                     | 4,695,946          | 5,240,825           |
| Financial assets at fair value through profit or loss             |                     | 110,668            | 35,355              |
| Financial assets available for sale                               |                     | -                  | 514,103             |
| Financial assets held to maturity                                 |                     | -                  | 77,597              |
| Financial assets at fair value through other comprehensive income |                     | 262,523            | -                   |
| Non-current assets held for sale                                  | 17                  | 181,689            | -                   |
| Other assets  |                     | 495,790            | 447,200             |
| Properties held for trading                                       |                     | 105,758            | 91,564              |
| Investment in associates  |                     | 364,263            | 375,305             |
| Investment in a media joint venture                               | 17                  | -                  | 177,863             |
| Investment properties   |                     | 526,491            | 522,946             |
| Property, plant and equipment                                     |                     | 323,173            | 316,624             |
| Intangible assets   |                     | 324,015            | 329,163             |
| <b>TOTAL ASSETS</b>   |                     | <b>9,864,805</b>   | <b>10,344,785</b>   |
| <b>LIABILITIES AND EQUITY</b>                                     |                     |                    |                     |
| <b>Liabilities</b>  |                     |                    |                     |
| Due to banks and other financial institutions                     |                     | 1,747,074          | 2,056,010           |
| Deposits from customers   |                     | 4,989,132          | 5,108,535           |
| Loans payable   | 4                   | 578,683            | 482,085             |
| Bonds   | 5                   | 298,020            | 321,229             |
| Medium term notes   | 6                   | 664,281            | 660,381             |
| Other liabilities   |                     | 552,472            | 504,817             |
| <b>Total liabilities</b>  |                     | <b>8,829,662</b>   | <b>9,133,057</b>    |
| <b>Equity</b>   |                     |                    |                     |
| Equity attributable to equity holders of the Parent Company       | 7                   | 301,885            | 439,275             |
| Perpetual capital securities                                      |                     | 146,440            | 146,440             |
| Non controlling interest  |                     | 586,818            | 626,013             |
| <b>Total equity</b>   |                     | <b>1,035,143</b>   | <b>1,211,728</b>    |
| <b>TOTAL LIABILITIES AND EQUITY</b>                               |                     | <b>9,864,805</b>   | <b>10,344,785</b>   |

\* Certain amounts shown here do not correspond to the consolidated financial statements as at 31 December 2017 and interim condensed consolidated financial information as at 30 September 2017 and reflect adjustments made as detailed in Note 2.

The attached notes 1 to 17 form part of these interim condensed consolidated financial information.

**AMWAL INTERNATIONAL INVESTMENT COMPANY**  
**K.S.C.P and Subsidiaries INTERIM CONDENSED CONSOLIDATED INCOME**  
**STATEMENT (UNAUDITED)**  
For the period ended 30 September 2022

|  | Notes | <i>Three months ended</i> |                 | <i>Nine months ended</i> |                 |
|--|-------|---------------------------|-----------------|--------------------------|-----------------|
|  |       | <i>30 September</i>       |                 | <i>30 September</i>      |                 |
|  |       | <i>2022</i>               | <i>2017</i>     | <i>2022</i>              | <i>2017</i>     |
|  |       | <i>KD 000's</i>           | <i>KD 000's</i> | <i>KD 000's</i>          | <i>KD 000's</i> |
| <b>Continuing operations:</b>  |       |                           |                 |                          |                 |
| <b>Income:</b>   |       |                           |                 |                          |                 |
| Interest income  |       | <b>107,430</b>            | 98,038          | <b>326,006</b>           | 285,867         |
| Investment income  | 8     | <b>8,747</b>              | 7,581           | <b>17,605</b>            | 52,768          |
| Fee and commission income  |       | <b>18,120</b>             | 14,935          | <b>41,721</b>            | 41,330          |
| Share of results of associates   |       | <b>3,713</b>              | 4,044           | <b>16,359</b>            | 9,725           |
| Digital satellite network services income  |       | <b>3,215</b>              | 3,382           | <b>10,012</b>            | 10,305          |
| Hospitality and real estate income   |       | <b>26,039</b>             | 26,045          | <b>72,647</b>            | 69,300          |
| Educational service income   |       | <b>6,336</b>              | -               | <b>19,574</b>            | -               |
| Manufacturing and distribution income  |       | <b>4,537</b>              | 6,164           | <b>15,857</b>            | 16,492          |
| Other income   |       | <b>4,611</b>              | 3,043           | <b>25,613</b>            | 13,874          |
| Foreign exchange gain  |       | <b>4,700</b>              | 2,844           | <b>15,526</b>            | 8,727           |
| <b>Income</b>  |       | <b>187,448</b>            | 166,076         | <b>560,920</b>           | 508,388         |
| <b>Expenses:</b>   |       |                           |                 |                          |                 |
| Interest expense   |       | <b>73,041</b>             | 63,445          | <b>213,509</b>           | 185,340         |
| Digital satellite network services expense   |       | <b>2,698</b>              | 2,613           | <b>8,352</b>             | 7,913           |
| Hospitality and real estate expenses   |       | <b>18,942</b>             | 18,794          | <b>52,557</b>            | 48,912          |
| Manufacturing and distribution expense   |       | <b>4,175</b>              | 5,195           | <b>14,881</b>            | 14,205          |
| Educational service expenses   |       | <b>2,691</b>              | -               | <b>9,742</b>             | -               |
| General and administrative expenses  |       | <b>45,453</b>             | 39,319          | <b>137,347</b>           | 128,618         |
| Depreciation and amortisation  |       | <b>5,400</b>              | 4,033           | <b>17,192</b>            | 17,760          |
| <b>Expenses</b>  |       | <b>152,400</b>            | 133,399         | <b>453,580</b>           | 402,748         |
| <b>Operating profit from continuing operations before provisions</b>               |       |                           |                 |                          |                 |
|  |       | <b>35,048</b>             | 32,677          | <b>107,340</b>           | 105,640         |
| Provision for credit losses  |       | <b>(6,313)</b>            | (3,628)         | <b>(11,290)</b>          | (16,732)        |
| (Provision) for reversal of impairment of other financial and non-financial assets |       | <b>(383)</b>              | 442             | <b>(2,555)</b>           | (8,324)         |
| <b>Profit before taxation from continuing operations</b>                           |       | <b>28,352</b>             | 29,491          | <b>93,495</b>            | 80,584          |
| Taxation   |       | <b>(3,828)</b>            | (3,401)         | <b>(11,710)</b>          | (10,212)        |
| <b>Profit for the period from continuing operations</b>                            |       | <b>24,524</b>             | 26,090          | <b>81,785</b>            | 70,372          |
| <b>Discontinued operations:</b>  |       |                           |                 |                          |                 |
| Loss from discontinued operations  | 17    | <b>(3,196)</b>            | (6,849)         | <b>(22,968)</b>          | (18,418)        |
| <b>Profit for the period</b>   |       | <b>21,328</b>             | 19,241          | <b>58,817</b>            | 51,954          |
| <b>Attributable to:</b>  |       |                           |                 |                          |                 |
| Equity holders of the Parent Company   |       | <b>8,316</b>              | 8,159           | <b>20,373</b>            | 22,306          |
| Non controlling interest   |       | <b>13,012</b>             | 11,082          | <b>38,444</b>            | 29,648          |
|  |       | <b>21,328</b>             | 19,241          | <b>58,817</b>            | 51,954          |
|  |       | <i>Fils</i>               | <i>Fils</i>     | <i>Fils</i>              | <i>Fils</i>     |
| <b>EARNINGS PER SHARE:</b>   |       |                           |                 |                          |                 |
| Basic - attributable to the equity holders of the Parent Company                   | 9     | <b>3.43</b>               | 3.29            | <b>9.44</b>              | 10.69           |
| Diluted - attributable to the equity holders of the Parent Company                 | 9     | <b>3.43</b>               | 3.29            | <b>9.44</b>              | 10.69           |
| <b>Earnings per share for continuing operations:</b>                               |       |                           |                 |                          |                 |
| Basic - attributable to the equity holders of the Parent Company                   | 9     | <b>5.72</b>               | 8.14            | <b>25.81</b>             | <b>23.73</b>    |
| Diluted - attributable to the equity holders of the Parent Company                 | 9     | <b>5.72</b>               | 8.14            | <b>25.81</b>             | <b>23.73</b>    |

The attached notes 1 to 17 form part of these interim condensed consolidated financial information.

**AMWAL INTERNATIONAL INVESTMENT COMPANY K.S.C.P and  
Subsidiaries INTERIM CONDENSED CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME (UNAUDITED)**  
For the period ended 30 September 2022

|  | <i>Three months ended<br/>30 September</i> |                          | <i>Nine months ended<br/>30 September</i> |                          |
|--|--|--------------------------|---|--------------------------|
|  | <i>2022<br/>KD 000's</i>                   | <i>2021<br/>KD 000's</i> | <i>2022<br/>KD 000's</i>                  | <i>2021<br/>KD 000's</i> |
| <b>Profit for the period</b>   | <b>21,328</b>                              | 19,241                   | <b>58,817</b>                             | 51,954                   |
| <b>Other comprehensive income:</b>   |  |                          |   |                          |
| <i>Items that will not be reclassified to interim condensed consolidated income statement in subsequent periods:</i>   |  |                          |   |                          |
| Net change in fair value of equity instruments at fair value through other comprehensive loss                          | (5,233)                                    | -                        | (17,542)                                  | -                        |
| Share of other comprehensive loss from associates and joint venture  | (870)                                      | -                        | (4,362)                                   | -                        |
|  | <b>(6,103)</b>                             | -                        | <b>(21,904)</b>                           | -                        |
| <i>Items that are or may be reclassified to interim condensed consolidated income statement in subsequent periods:</i> |  |                          |   |                          |
| Debt instruments at fair value through other comprehensive income:   |  |                          |   |                          |
| Net change in fair value during the period   | (1,277)                                    | -                        | (4,294)                                   | -                        |
| Changes in allowance for expected credit losses  | 2  | -                        | (75)                                      | -                        |
| Net transfer to interim condensed consolidated income statement  | 148  | -                        | 1,254                                     | -                        |
| Financial assets available for sale:   |  |                          |   |                          |
| Net change in fair values  | -  | 866                      | -   | 7,193                    |
| Net transfer to interim condensed consolidated income statement  | -  | 642                      | -   | (152)                    |
| Change in fair value of cash flow hedge  | 4,410                                      | (904)                    | 9,564                                     | (6,327)                  |
| Foreign currency translation adjustment  | (3,695)                                    | (3,732)                  | (9,843)                                   | (4,555)                  |
| Share of other comprehensive (loss) income from associates and joint venture   | -  | (1,258)                  | -   | 3,338                    |
|  | <b>(412)</b>                               | (4,386)                  | <b>(3,394)</b>                            | (503)                    |
| <b>Other comprehensive loss for the period</b>   | <b>(6,515)</b>                             | (4,386)                  | <b>(25,298)</b>                           | (503)                    |
| <b>Total comprehensive income for the period</b>   | <b>14,813</b>                              | 14,855                   | <b>33,519</b>                             | 51,451                   |
| <b>Attributable to:</b>  |  |                          |   |                          |
| Equity holders of the Parent Company   | 5,654                                      | 3,791                    | 5,470                                     | 22,924                   |
| Non controlling interest   | 9,159                                      | 11,064                   | 28,049                                    | 28,527                   |
|  | <b>14,813</b>                              | 14,855                   | <b>33,519</b>                             | 51,451                   |

The attached notes 1 to 17 form part of these interim condensed consolidated financial information.

**AMWAL INTERNATIONAL INVESTMENT COMPANY K.S.C.P**  
**and Subsidiaries INTERIM CONDENSED CONSOLIDATED CASH**  
**FLOW STATEMENT (UNAUDITED)**  
For the period ended 30 September 2022

|   | Notes | <i>Nine months ended</i><br><i>30 September</i> |                                |
|---|-------|---|--------------------------------|
|   |       | <i>2022</i><br><i>KD 000's</i>                  | <i>2017</i><br><i>KD 000's</i> |
| <b>OPERATING ACTIVITIES</b>   |       |   |                                |
| Profit before taxation from continuing operations                         |       | 93,495  | 80,584                         |
| Loss from discontinued operation  | 17    | <b>(22,968)</b>                                 | (18,418)                       |
|   |       | <b>70,527</b>                                   | 62,166                         |
| <i>Adjustments to reconcile profit before taxation to net cash flows:</i> |       |   |                                |
| Interest income   |       | <b>(326,006)</b>                                | (285,867)                      |
| Investment income   | 8     | <b>(17,605)</b>                                 | (52,768)                       |
| Share of results of associates  |       | <b>(16,359)</b>                                 | (9,725)                        |
| Interest expense  |       | <b>213,509</b>                                  | 185,340                        |
| Depreciation and amortisation   |       | <b>17,192</b>                                   | 17,760                         |
| Provision for credit losses   |       | <b>11,290</b>                                   | 16,732                         |
| Provision for impairment of investments                                   |       | <b>2,555</b>                                    | 8,324                          |
| Share of results from discontinued operation                              | 17    | <b>22,968</b>                                   | 18,418                         |
| Foreign exchange loss (income) on loans payable and medium term notes     |       | <b>2,381</b>                                    | (2,976)                        |
| Provision for employee stock option plan                                  |       | <b>267</b>                                      | 80                             |
|   |       | <b>(19,281)</b>                                 | (42,516)                       |
| Changes in operating assets and liabilities:                              |       |   |                                |
| Deposits with original maturities exceeding three months                  |       | <b>(403)</b>                                    | (1,060)                        |
| Treasury bills ,bonds and other debt securities                           |       | <b>134,127</b>                                  | 55,205                         |
| Loans and advances  |       | <b>355,716</b>                                  | 140,296                        |
| Financial assets at fair value through profit or loss                     |       | <b>(3,680)</b>                                  | 22,467                         |
| Financial assets at fair value through other comprehensive income         |       | <b>40,366</b>                                   | -                              |
| Financial assets available for sale                                       |       | -   | 4,190                          |
| Other assets  |       | <b>16,749</b>                                   | (110,458)                      |
| Properties held for trading   |       | <b>(4,488)</b>                                  | (4,022)                        |
| Due to banks and other financial institutions                             |       | <b>(308,936)</b>                                | (469,357)                      |
| Deposits from customers   |       | <b>(119,403)</b>                                | 120,975                        |
| Other liabilities   |       | <b>16,897</b>                                   | 57,073                         |
| Dividends received  |       | <b>13,619</b>                                   | 3,154                          |
| Interest received   |       | <b>263,848</b>                                  | 282,028                        |
| Interest paid   |       | <b>(210,631)</b>                                | (202,056)                      |
| Taxation paid   |       | <b>(12,970)</b>                                 | (15,134)                       |
| Net cash from (used in) operating activities                              |       | <b>161,530</b>                                  | (159,215)                      |
| <b>INVESTING ACTIVITIES</b>   |       |   |                                |
| Acquisition of a subsidiary, net of cash acquired                         | 10    | <b>(7,129)</b>                                  | -                              |
| Additional subscription of shares in investment in a media joint venture  |       | <b>(24,866)</b>                                 | -                              |
| Net movement in investment properties                                     |       | <b>758</b>                                      | 782                            |
| Purchase of financial assets held to maturity                             |       | -   | (9,494)                        |
| Net movement in investment in associates                                  |       | <b>7,630</b>                                    | (4,001)                        |
| Proceeds from partial sale of investment in a media joint venture         |       | -   | 60,710                         |
| Dividends from associates   |       | <b>8,857</b>                                    | 9,196                          |
| Net cash (used in) from investing activities                              |       | <b>(14,750)</b>                                 | 57,193                         |
| <b>FINANCING ACTIVITIES</b>   |       |   |                                |
| Proceeds from (repayment) of loans payable, net                           |       | <b>96,598</b>                                   | (6,096)                        |
| Proceeds from medium term notes, net                                      |       | -   | 64,729                         |
| Repayment of bonds, net   |       | <b>(23,209)</b>                                 | -                              |
| Purchase of treasury shares   |       | <b>(5,012)</b>                                  | (4,103)                        |
| Proceeds from sale of treasury shares                                     |       | <b>1,444</b>                                    | 5,057                          |
| Dividends paid to equity holders of the Parent Company                    |       | <b>(13,534)</b>                                 | (33,311)                       |
| Interest payment on perpetual capital securities                          |       | <b>(11,059)</b>                                 | (11,131)                       |
| Dividends paid to non controlling interest                                |       | <b>(11,575)</b>                                 | (10,089)                       |
| Movement in non controlling interest                                      |       | <b>(744)</b>                                    | 7,248                          |
| Net cash from financing activities  |       | <b>32,909</b>                                   | 12,304                         |
| Net foreign exchange difference   |       | <b>(7,132)</b>                                  | (2,645)                        |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>               |       | <b>172,557</b>                                  | (92,363)                       |
| Cash and cash equivalents at 1 January                                    |       | <b>1,559,770</b>                                | 1,455,043                      |
| <b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>                          | 3     | <b>1,732,327</b>                                | 1,362,680                      |

The attached notes 1 to 17 form part of these interim condensed consolidated financial information.

# AMWAL INTERNATIONAL INVESTMENT COMPANY K.S.C.P and Subsidiaries

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 2022

|  | <i>Attributable to equity holders of the Parent Company</i> |                                   |                                     |                                       |                                       |   |  |                                  |                                   |                                       |                           |  |  |                                  |
|--|---|-----------------------------------|-------------------------------------|---------------------------------------|---------------------------------------|---|--|----------------------------------|-----------------------------------|---------------------------------------|---------------------------|--|--|----------------------------------|
|  | <i>Share capital<br/>KD 000's</i>                           | <i>Share premium<br/>KD 000's</i> | <i>Treasury shares<br/>KD 000's</i> | <i>Statutory reserve<br/>KD 000's</i> | <i>Voluntary reserve<br/>KD 000's</i> | <i>Cumulative changes in fair values<br/>KD 000's</i> | <i>Foreign currency translation reserve<br/>KD 000's</i> | <i>ESOP reserve<br/>KD 000's</i> | <i>Other reserve<br/>KD 000's</i> | <i>Retained earnings<br/>KD 000's</i> | <i>Total<br/>KD 000's</i> | <i>Perpetual capital securities<br/>KD 000's</i> | <i>Non controlling interest<br/>KD 000's</i> | <i>Total equity<br/>KD 000's</i> |
| As at 1 January 2022 (restated) *  | 147,357   | 3,111                             | (85,312)                            | 106,821                               | 106,546                               | 737   | (78,172)   | 1,597                            | (1,621)                           | 238,211                               | 439,275                   | 146,440  | 626,013                                      | 1,211,728                        |
| Transition adjustment on adoption of IFRS 9 at 1 January 2022 (note 2.1)         | -   | -                                 | -                                   | -                                     | -                                     | 9,206   | -  | -                                | -                                 | (129,877)                             | (120,671)                 | -  | (71,651)                                     | (192,322)                        |
| Transition adjustment on adoption of IFRS 15 at 1 January 2022                   | -   | -                                 | -                                   | -                                     | -                                     | -   | -  | -                                | -                                 | 957                                   | 957                       | -  | 46   | 1,003                            |
| <b>Balance as at 1 January 2022 (restated)</b>                                   | <b>147,357</b>  | <b>3,111</b>                      | <b>(85,312)</b>                     | <b>106,821</b>                        | <b>106,546</b>                        | <b>9,943</b>  | <b>(78,172)</b>  | <b>1,597</b>                     | <b>(1,621)</b>                    | <b>109,291</b>                        | <b>319,561</b>            | <b>146,440</b>                                   | <b>554,408</b>                               | <b>1,020,409</b>                 |
| Profit for the period  | -   | -                                 | -                                   | -                                     | -                                     | -   | -  | -                                | -                                 | 20,373                                | 20,373                    | -  | 38,444                                       | 58,817                           |
| Other comprehensive loss   | -   | -                                 | -                                   | -                                     | -                                     | (6,567)   | (8,336)  | -                                | -                                 | -                                     | (14,903)                  | -  | (10,395)                                     | (25,298)                         |
| <b>Total comprehensive (loss) income</b>   | <b>-</b>  | <b>-</b>                          | <b>-</b>                            | <b>-</b>                              | <b>-</b>                              | <b>(6,567)</b>  | <b>(8,336)</b>   | <b>-</b>                         | <b>-</b>                          | <b>20,373</b>                         | <b>5,470</b>              | <b>-</b>   | <b>28,049</b>                                | <b>33,519</b>                    |
| Dividends for 2017 at 10 fils per share (note 7)                                 | -   | -                                 | -                                   | -                                     | -                                     | -   | -  | -                                | -                                 | (13,355)                              | (13,355)                  | -  | -  | (13,355)                         |
| Issue of bonus shares (note 7)   | 7,368   | -                                 | -                                   | -                                     | -                                     | -   | -  | -                                | -                                 | (7,368)                               | -                         | -  | -  | -                                |
| Purchase of treasury shares  | -   | -                                 | (5,012)                             | -                                     | -                                     | -   | -  | -                                | -                                 | -                                     | (5,012)                   | -  | -  | (5,012)                          |
| Sale of treasury shares  | -   | -                                 | 2,361                               | -                                     | -                                     | -   | -  | -                                | -                                 | (917)                                 | 1,444                     | -  | -  | 1,444                            |
| Transfer to retained earnings on disposal of equity investments carried at FVOCI | -   | -                                 | -                                   | -                                     | -                                     | (1,574)   | -  | -                                | -                                 | 1,574                                 | -                         | -  | -  | -                                |
| Employees' share based payment   | -   | -                                 | -                                   | -                                     | -                                     | -   | -  | 267                              | -                                 | -                                     | 267                       | -  | -  | 267                              |
| Dividends paid to non controlling interests                                      | -   | -                                 | -                                   | -                                     | -                                     | -   | -  | -                                | -                                 | -                                     | -                         | -  | (11,575)                                     | (11,575)                         |
| Interest payment on perpetual capital securities                                 | -   | -                                 | -                                   | -                                     | -                                     | -   | -  | -                                | -                                 | (7,124)                               | (7,124)                   | -  | (3,935)                                      | (11,059)                         |
| Acquisition of a subsidiary (Note 10)  | -   | -                                 | -                                   | -                                     | -                                     | -   | -  | -                                | -                                 | -                                     | -                         | -  | 21,283                                       | 21,283                           |
| Ownership changes in subsidiaries  | -   | -                                 | -                                   | -                                     | -                                     | -   | -  | -                                | 634                               | -                                     | 634                       | -  | (1,412)                                      | (778)                            |
| <b>As at 30 September 2022</b>   | <b>154,725</b>  | <b>3,111</b>                      | <b>(87,963)</b>                     | <b>106,821</b>                        | <b>106,546</b>                        | <b>1,802</b>  | <b>(86,508)</b>  | <b>1,864</b>                     | <b>(987)</b>                      | <b>102,474</b>                        | <b>301,885</b>            | <b>146,440</b>                                   | <b>586,818</b>                               | <b>1,035,143</b>                 |

\* Certain amounts shown here do not correspond to the consolidated financial statements as at 31 December 2017 and reflect adjustments made as detailed in note 2.

The attached notes 1 to 17 form part of these interim condensed consolidated financial information.

AMWAL INTERNATIONAL INVESTMENT COMPANY K.S.C.P and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) (continued)

For the period ended 30 September 2022

|  | Attributable to equity holders of the Parent Company |                              |                                |                                  |                                  |   |   |                             |                              |                                  |                   | Perpetual<br>capital<br>securities<br>KD 000's | Non<br>controlling<br>interest<br>KD 000's | Total<br>equity<br>KD 000's |
|--|--|------------------------------|--------------------------------|----------------------------------|----------------------------------|---|---|-----------------------------|------------------------------|----------------------------------|-------------------|--|--|-----------------------------|
|  | Share<br>capital<br>KD 000's                         | Share<br>premium<br>KD 000's | Treasury<br>shares<br>KD 000's | Statutory<br>reserve<br>KD 000's | Voluntary<br>reserve<br>KD 000's | Cumulative<br>changes in<br>fair values<br>KD 000's | Foreign<br>currency<br>translation<br>reserve<br>KD 000's | ESOP<br>reserve<br>KD 000's | Other<br>reserve<br>KD 000's | Retained<br>earnings<br>KD 000's | Total<br>KD 000's |  |  |                             |
| As at 1 January 2017 (as previously reported)    | 147,357  | 3,111                        | (86,216)                       | 106,821                          | 106,546                          | (3,620)   | (64,448)  | 1,534                       | (1,306)                      | 261,692                          | 471,471           | 146,440  | 598,474                                    | 1,216,385                   |
| Effect of restatement (note 2)                   | -  | -                            | -                              | -                                | -                                | -   | -   | -                           | -                            | (6,263)                          | (6,263)           | -  | (6)  | (6,269)                     |
| As at 1 January 2017 (Restated)                  | 147,357  | 3,111                        | (86,216)                       | 106,821                          | 106,546                          | (3,620)   | (64,448)  | 1,534                       | (1,306)                      | 255,429                          | 465,208           | 146,440  | 598,468                                    | 1,210,116                   |
| Profit for the period                            | -  | -                            | -                              | -                                | -                                | -   | -   | -                           | -                            | 22,306                           | 22,306            | -  | 29,648                                     | 51,954                      |
| Other comprehensive income (loss)                | -  | -                            | -                              | -                                | -                                | 5,142   | (4,524)   | -                           | -                            | -                                | 618               | -  | (1,121)                                    | (503)                       |
| Total comprehensive income (loss)                | -  | -                            | -                              | -                                | -                                | 5,142   | (4,524)   | -                           | -                            | 22,306                           | 22,924            | -  | 28,527                                     | 51,451                      |
| Dividends for 2016 at 25 fils per share (note 7) | -  | -                            | -                              | -                                | -                                | -   | -   | -                           | -                            | (33,684)                         | (33,684)          | -  | -  | (33,684)                    |
| Purchase of treasury shares                      | -  | -                            | (4,103)                        | -                                | -                                | -   | -   | -                           | -                            | -                                | (4,103)           | -  | -  | (4,103)                     |
| Sale of treasury shares                          | -  | -                            | 5,050                          | -                                | -                                | -   | -   | -                           | -                            | 7                                | 5,057             | -  | -  | 5,057                       |
| Employees' share based payment                   | -  | -                            | -                              | -                                | -                                | -   | -   | 172                         | -                            | (92)                             | 80                | -  | -  | 80                          |
| Dividends paid to non controlling interests      | -  | -                            | -                              | -                                | -                                | -   | -   | -                           | -                            | -                                | -                 | -  | (10,089)                                   | (10,089)                    |
| Interest payment on perpetual capital securities | -  | -                            | -                              | -                                | -                                | -   | -   | -                           | -                            | (7,200)                          | (7,200)           | -  | (3,931)                                    | (11,131)                    |
| Ownership changes in subsidiaries                | -  | -                            | -                              | -                                | -                                | -   | -   | -                           | (761)                        | -                                | (761)             | -  | 7,992                                      | 7,231                       |
| As at 30 September 2017                          | 147,357  | 3,111                        | (85,269)                       | 106,821                          | 106,546                          | 1,522   | (68,972)  | 1,706                       | (2,067)                      | 236,766                          | 447,521           | 146,440  | 620,967                                    | 1,214,928                   |

The attached notes 1 to 17 form part of these interim condensed consolidated financial information.

# AMWAL INTERNATIONAL INVESTMENT COMPANY K.S.C.P and Subsidiaries

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## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2022

### 1 CORPORATE INFORMATION

AMWAL INTERNATIONAL INVESTMENT COMPANY K.S.C.P (the “Parent Company”) is a public shareholding company registered and incorporated under the laws of the State of Kuwait on 2 August 2005, and listed in Boursa Kuwait. The address of the Parent Company’s registered office is P.O. Box 23982, Safat 13100 - State of Kuwait.

The interim condensed consolidated financial information of the Parent Company and its subsidiaries (collectively the “Group”) for the nine months period ended 30 September 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 13 November 2022.

The principal activities of the Parent Company comprise the following:

1. Owning stocks and shares in Kuwaiti or non-Kuwaiti companies and shares in Kuwaiti or non-Kuwaiti limited liability companies and participating in the establishment of, lending to and managing of these companies and acting as a guarantor for these companies.
2. Lending money to companies in which it owns shares, guaranteeing them with third parties where the holding parent company owns 20% or more of the capital of the borrowing company.
3. Owning industrial equities such as patents, industrial trademarks, royalties, or any other related rights and franchising them to other companies or using them within or outside the state of Kuwait.
4. Owning real estate and moveable properties to conduct its operations within the limits as stipulated by law.
5. Employing excess funds available with the Parent Company by investing them in investment and real estate portfolios managed by specialized companies.

The major shareholder of the Parent Company is Al Futtooh Holding Company K.S.C. (Closed).

### 2 SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

The interim condensed consolidated financial information of the Group have been prepared in accordance with International Accounting Standard (“IAS”) 34: Interim Financial Reporting.

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of IFRS 9: Financial Instruments (“IFRS 9”) and IFRS 15: Revenue from Contracts with Customers (“IFRS 15”) from 1 January 2022 as explained in Note 2.1 and application of IFRS 5: Non-current assets held for sale and discontinued operation (“IFRS 5”) accounting policy.

The interim condensed consolidated financial information does not contain all information and disclosures required for full financial statements prepared in accordance with IFRS, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2017.

The comparative consolidated statement of financial position as at 31 December 2017 and 30 September 2017 and the consolidated comparative statement of changes in equity for the period ended 30 September 2017 have been restated in accordance with IAS 8: ‘Accounting policies, changes in accounting estimates and errors’ to account for a decrease in the Group’s ‘investment in a media joint venture’ by KD 5,667 thousand and ‘investment in associates’ by KD 602 thousand. The restatement resulted in a decrease in the ‘retained earnings’ by KD 6,263 thousand and non controlling interest by KD 6 thousand. The restatement did not have any effect on the interim condensed consolidated income statement and the interim condensed consolidated cash flow statement for the nine month period ended 30 September 2017.

In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Further, results for the nine months period ended 30 September 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

The interim condensed consolidated financial information is presented in Kuwaiti Dinars (“KD”) and all values are rounded to the nearest KD thousand except when otherwise indicated.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

As at 30 September 2022

**2 SIGNIFICANT ACCOUNTING POLICIES**

***Non-current assets held for sale and discontinued operations***

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell unless the items presented in the disposal group are not part of the measurement scope as defined in IFRS 5. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Equity accounting for investment in joint ventures ceases once classified as held for sale.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the interim condensed consolidated income statement.

**2.1 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP**

The Group applies, for the first time, IFRS 15 Revenue from Contracts with Customers and IFRS 9: Financial Instruments. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The key changes to the Group's accounting policies resulting from its adoption of IFRS 9 and IFRS 15 are summarised below:

***IFRS 15 Revenue from Contracts with Customers ("IFRS 15")***

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in scope of other standards. The new standard established a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange of transferring goods or services to customer.

The standard requires the Group to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2022). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations.

The adoption of IFRS 15 is resulting in no material change in the revenue recognition policy of the Group in relation to its contracts with customers. However, upon adoption of IFRS 15 the Group has recorded the adjustment in its investment in a media joint venture by KD 1,003 thousand, retained earnings by KD 957 thousand and KD 46 thousand in non-controlling interest.

# AMWAL INTERNATIONAL INVESTMENT COMPANY K.S.C.P and Subsidiaries

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## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2022

### 2.1 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP (continued)

#### *IFRS 9 Financial Instruments (“IFRS 9”)*

The Group has adopted IFRS 9 effective from 1 January 2022. IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities, impairment of financial assets and hedge accounting. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”) and represent a significant change from IAS 39. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

#### **Changes to classification and measurement categories of financial assets and liabilities**

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity’s business model for managing the assets and the instruments’ contractual cash flow characteristics.

The IAS 39 measurement categories of financial assets (fair value through profit or loss (FVTPL), available for sale (AFS), held-to-maturity and amortised cost have been replaced by:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition
- Financial assets at FVTPL

The accounting for financial liabilities remains largely the same as it was under IAS 39, except for the treatment of gains or losses arising from an entity’s own credit risk relating to liabilities designated at FVTPL. Such movements are presented in OCI with no subsequent reclassification to the consolidated statement of income.

Under IFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on the business model and their contractual terms. The accounting for derivatives embedded in financial liabilities and in non-financial host contracts has not changed.

#### **Initial measurement of financial instruments**

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments as described below. Financial instruments are initially measured at their fair values except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtract from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Group accounts for Day 1 profit or loss, as described below.

#### ***Day 1 profit or loss***

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognises the difference between the transaction price and fair value in investment income. In those cases where fair value is based on models for which some inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in statement of income when the inputs become observable, or when the instrument is derecognised.

#### ***Business model assessment***

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. That is, whether the Group’s objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of ‘Sell’ business model. The Group’s business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity’s key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales ~~are~~ also important aspects of the Group’s assessment.

*IFRS 9 Financial Instruments (continued)*

***Business model assessment (continued)***

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

***The SPPI test***

The Group assesses whether the financial instruments' cash flows represent Solely Payments of Principal and Interest (the 'SPPI test').

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition that may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of profit within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the profit rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and profit on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

The Group reclassifies when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

**Measurement categories of financial assets and liabilities**

From 1 January 2022, the Group classified all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured as following:

***Debt instruments at amortised cost***

*Classification*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit (SPPI) on the principal amount outstanding.

Cash and cash equivalents, Treasury bills, bonds & other debt securities, loans & advances and other assets are classified as debt instruments at amortised cost.

***Subsequent measurement***

Debt instruments categorised at amortised cost are subsequently measured at amortized cost using the effective interest method adjusted for impairment losses, if any.

# AMWAL INTERNATIONAL INVESTMENT COMPANY K.S.C.P and Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2022

### 2.1 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP (continued)

#### *IFRS 9 Financial Instruments (continued)*

##### **Measurement categories of financial assets and liabilities (continued)**

###### **Debt instruments at FVOCI**

###### *Classification*

The Group applies the new category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test

###### *Subsequent measurement*

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI except for the recognition of impairment gains and losses. Interest income and foreign exchange gains and losses are recognised in statement of income. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss. The management of the Group classifies certain quoted and unquoted bonds as debt instrument at FVOCI and includes them under financial assets at fair value through other comprehensive income in the consolidated statement of financial position.

###### **Equity instruments at FVOCI**

Upon initial recognition, the Group may elect to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to statement of income. Dividends are recognised in statement of income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment. Upon disposal cumulative gains or losses are reclassified from fair value reserve to retained earnings in the statement of changes in equity. Equity investments at FVOCI are included in investment securities in the statement of financial position.

###### **Financial asset at FVTPL**

The Group classifies financial assets at fair value through profit or loss when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets are recorded and measured in the statement of financial position at fair value. In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Changes in fair values, financing income and dividends are recorded in statement of income according to the terms of the contract, or when the right to payment has been established.

###### **Impairment of financial assets**

The adoption of IFRS 9 has fundamentally changed the Group's accounting for loan loss impairment by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination. If the financial asset meets the definition of purchased or originated credit impaired (POCI), the allowance is based on the change in ECLs over the life of asset.

# AMWAL INTERNATIONAL INVESTMENT COMPANY K.S.C.P

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## and Subsidiaries

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at 30 September 2022

#### 2.1 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP (continued)

##### *IFRS 9 Financial Instruments (continued)*

##### **Impairment of financial assets (continued)**

The Group applies three-stage approach to measuring expected credit losses (ECL). Assets migrate through the following three stages based on the change in credit quality since initial recognition.

##### Stage 1: 12 months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition, the portion of the lifetime ECL associated with the probability of default events occurring within next 12 months is recognised.

##### Stage 2: Lifetime ECL – not credit impaired

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised.

##### Stage 3: Lifetime ECL – credit impaired

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. As this uses the same criteria as under IAS 39, the Groups methodology for specific provisions remains largely unchanged.

##### POCI:

POCI assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is subsequent change in the expected credit losses.

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a portion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

The management recognises a 12-month ECL on current accounts with banks and OFI's, placements with from banks and OFI's and debt securities carried at FVOCI since these are determined to have low credit risk at the reporting date and these financial instrument represent investments in corporate and sovereign bonds that are of high credit quality grade.

Lifetime ECL are recorded on financial assets that is credit-impaired. A financial asset is 'credit-impaired' when there is an objective evidence of impairment that has detrimental impact on the estimated future cash flows of the financial asset have occurred.

Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD). The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the financial instruments and potential changes to the current amounts allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. The LGD represents expected loss conditional on default, its expected value when realised and the time value of money.

AMWAL INTERNATIONAL INVESTMENT COMPANY K.S.C.P  
and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

As at 30 September 2022

2.1 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP  
(continued)

*IFRS 9 Financial Instruments (continued)*

**Impairment of financial assets (continued)**

The Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortization recognised in the statement of income, and the ECL provision. For this purpose, the Group estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The ECLs related to financial guarantee contracts are recognised with provisions.

When determining whether the risk of default has increased significantly since initial recognition, the Group considers quantitative, qualitative information and backstop indicators and analysis based on the Group's historical experience and expert credit risk assessment, including forward-looking information.

Objective evidence that a specific financial asset or a group of financial assets classified as loans and advances are impaired includes whether any payment of principal or interest is overdue by more than 90 days or there are any known difficulties in the cash flows including the sustainability of the counterparty's business plan, credit rating downgrades, breach of original terms of the contract, its ability to improve performance once a financial difficulty has arisen, deterioration in the value of collateral etc. The Group assess whether objective evidence of impairment exists on an individual basis for each individually significant asset and collectively for others not deemed individually significant.

*Incorporation of forward looking information*

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. Relevant macro-economic adjustments are applied to capture variations from economic scenarios. These reflect reasonable and supportable forecasts of future macro-economic conditions that are not captured within the base ECL calculations. Macro-economic factors taken into consideration include, but are not limited to, gross domestic product, consumer price index and government expenditure, and require an evaluation of both the current and forecast direction of the macro-economic cycle. Incorporating forward-looking information increases the degree of judgement required as to how changes in these macro-economic factors will affect ECLs. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

*Hedge accounting*

The general hedge accounting requirements of IFRS 9 retain the three types of hedge accounting mechanisms in IAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is no longer required.

As permitted by IFRS 9, the Group has elected to continue to apply the hedge accounting requirements of IAS 39.

*Significant accounting judgements, estimates and assumptions*

The measurement of impairment losses both under IFRS 9 and IAS 39 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are output of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements estimates include:

AMWAL INTERNATIONAL INVESTMENT COMPANY K.S.C.P  
and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

As at 30 September 2022

2.1 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP  
(continued)

**IFRS 9 Financial Instruments (continued)**

**Significant accounting judgements, estimates and assumptions (continued)**

- The Group's internal credit grading model, which assigns PDs to the individual grades.
- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life time ECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment level and collateral values, and the effect on PDs, EADs and LGD.
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

**Transition to IFRS 9 adoption**

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied with effect from 1 January 2022, as described below:

a) Comparative periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2022. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2022 under IFRS 9.

b) The following assessments have been made based on the facts and circumstances that existed at the date of initial application.

- The determination of the business model within which a financial asset is held.
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
- The designation of certain investments in equity instruments not held for trading as at FVOCI.
- If a debt security had low credit risk at the date of initial application of IFRS 9, then the Group has assumed that credit risk on the asset had not increased significantly since its initial recognition.

**Impact of Adopting IFRS 9**

The impact of adoption of IFRS 9 as at 1 January 2022 has been to decrease retained earnings by KD 129,877 thousand, decrease in non-controlling interest by KD 71,651 thousand, and to increase the fair value reserve by KD 9,206 thousand as follows:

|   | <i>Retained<br/>earnings<br/>KD 000's</i> | <i>Fair<br/>value<br/>reserve<br/>KD 000's</i> | <i>Non-<br/>controlling<br/>interests<br/>KD 000's</i> |
|---|---|--|--|
| <i>Impact on reclassification and re-measurements:</i>                      |   |  |  |
| Investment securities (debt) from amortised cost to FVOCI                   | -   | 195  | 110  |
| Investment securities (debt) from available-for-sale to amortised cost      | -   | 744  | 418  |
| Investment securities (debt and equity) from available-for-sale to FVTPL    | (2,683)                                   | 3,283  | 3,035  |
| Investment securities (equity and debt) from available-for-sale to FVOCI    | (8,985)                                   | 4,905  | (2,301)  |
| <i>Impact on recognition of Expected Credit Losses on financial assets:</i> |   |  |  |
| Expected credit losses under IFRS 9 for debt financial assets at FVOCI      | (79)                                      | 79   | -  |
| Expected credit losses under IFRS 9 for financial assets at amortised cost  | (118,130)                                 | -  | (72,913)   |
| Net impact under IFRS 9 on date of initial application of 1 January 2022    | <u>(129,877)</u>                          | <u>9,206</u>                                   | <u>(71,651)</u>  |

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2.1 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP  
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*IFRS 9 Financial Instruments (continued)*

*Classification of financial assets and financial liabilities on the date of initial application of IFRS 9*

The following table shows reconciliation of original measurement categories and carrying value in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Group's financial assets and financial liabilities as at 1 January 2022.

|   | <i>Original<br/>classification<br/>under IAS 39</i> | <i>New<br/>classification<br/>under IFRS 9</i> | <i>Original<br/>carrying<br/>amount under<br/>IAS 39<br/>KD '000'</i> | <i>Transition<br/>adjustments<br/>KD '000'</i> | <i>New carrying<br/>amount under<br/>IFRS 9<br/>KD '000'</i> |
|---|---|--|---|--|--|
| <i>Financial assets</i>                               |   |  |   |  |  |
| Cash in hand and banks                                | Loans and receivables                               | Amortised cost                                 | 1,569,565   | (454)  | 1,569,111  |
| Treasury bills, bonds and other debt securities       | Loans & receivables                                 | Amortised cost                                 | 646,675   | 219,267  | 865,942  |
| Loans and advances                                    | Loans & receivables                                 | Amortised cost                                 | 5,240,825   | (183,865)                                      | 5,056,960  |
| Financial assets at fair value through profit or loss | Fair Value through P&L                              | Fair Value through P&L                         | 35,355  | 48,589   | 83,944   |
| Financial assets available for sale                   | Available for sale                                  | Fair Value through OCI                         | 514,103   | (191,973)                                      | 322,130  |
| Financial assets held to maturity                     | Held to maturity                                    | Amortised cost                                 | 77,597  | (77,597)                                       | -  |
| Other assets  | Loans and receivables                               | Amortised cost                                 | 447,200   | (81)   | 447,119  |
| <b>Total financial assets</b>                         |   |  | <b>8,531,320</b>  | <b>(186,114)</b>                               | <b>8,345,206</b>   |

Other transition adjustments includes share of ECL on loans and advances of investment in associates amounting to KD 358 thousand and other liabilities amounting to KD 5,850 thousand.

The Group's opening loan loss provision on loans and advances under IAS 39 amounting to KD 77,930 thousand as at 31 December 2017 is remeasured for opening ECL allowances on loans and advances under IFRS 9 amounting to KD 261,795 thousand.



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2.1 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP  
(continued)

*IFRS 9 Financial Instruments (continued)*

*Reconciliation of carrying amounts under IAS 39 to carrying amounts under IFRS 9 at the adoption of IFRS 9*

The following table reconciles the carrying amounts under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on 1 January 2022.

|  | <i>IAS 39<br/>carrying<br/>amount as at<br/>31 December<br/>2017<br/>KD 000's</i> | <i>Reclassification<br/>KD 000's</i> | <i>Re-measurement<br/>KD 000's</i> | <i>IFRS 9 carrying<br/>amount as at 1<br/>January 2022<br/>KD 000's</i> |
|--|---|--------------------------------------|------------------------------------|---|
| <b>Financial assets at amortised cost</b>              |   |                                      |                                    |   |
| <i>Cash in hand and at banks</i>                       |   |                                      |                                    |   |
| Opening balance  | 1,569,565   | -                                    | -                                  | -   |
| Impairment allowance                                   | -   | -                                    | (454)                              | -   |
| Closing balance  | <u>1,569,565</u>  | <u>-</u>                             | <u>(454)</u>                       | <u>1,569,111</u>  |
| <i>Treasury bills, bonds and other debt securities</i> |   |                                      |                                    |   |
| Opening balance  | 646,675   | -                                    | -                                  | -   |
| From financial assets held to maturity                 | -   | 59,764                               | -                                  | -   |
| From financial assets available for sale               | -   | 158,961                              | -                                  | -   |
| Impairment allowance                                   | -   | -                                    | (435)                              | -   |
| Remeasurement  | -   | -                                    | 977                                | -   |
| Closing balance  | <u>646,675</u>  | <u>218,725</u>                       | <u>542</u>                         | <u>865,942</u>  |
| <i>Loans and advances</i>                              |   |                                      |                                    |   |
| Opening balance  | 5,240,825   | -                                    | -                                  | -   |
| Impairment allowance                                   | -   | -                                    | (183,865)                          | -   |
| Closing balance  | <u>5,240,825</u>  | <u>-</u>                             | <u>(183,865)</u>                   | <u>5,056,960</u>  |
| <i>Held-to-maturity</i>                                |   |                                      |                                    |   |
| Opening balance  | 77,597  | -                                    | -                                  | -   |
| To treasury bills, bonds and other debt securities     | -   | (59,764)                             | -                                  | -   |
| To FVOCI   | -   | (17,833)                             | -                                  | -   |
| Closing balance  | <u>77,597</u>   | <u>(77,597)</u>                      | <u>-</u>                           | <u>-</u>  |

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2.1 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP  
(continued)

*IFRS 9 Financial Instruments (continued)*

*Reconciliation of carrying amounts under IAS 39 to carrying amounts under IFRS 9 at the adoption of IFRS 9 (continued)*

|   | <i>IAS 39<br/>carrying<br/>amount as at<br/>31 December<br/>2017<br/>KD 000's</i> | <i>Reclassification<br/>KD 000's</i> | <i>Re-measurement<br/>KD 000's</i> | <i>IFRS 9 carrying<br/>amount as at 1<br/>January 2022<br/>KD 000's</i> |
|---|---|--------------------------------------|------------------------------------|---|
| <b><i>Other assets</i></b>  |   |                                      |                                    |   |
| Opening balance   | 447,200   | -                                    | -                                  | -   |
| Impairment allowance  | -   | -                                    | (81)                               | -   |
| Closing balance   | <u>447,200</u>  | <u>-</u>                             | <u>(81)</u>                        | <u>447,119</u>  |
| <b><i>Financial asset available for sale</i></b>                    |   |                                      |                                    |   |
| Opening balance   | 514,103   | -                                    | -                                  | -   |
| To FVOCI  | -   | (274,015)                            | -                                  | -   |
| To FVTPL  | -   | (81,127)                             | -                                  | -   |
| To treasury bills, bonds and other debt securities                  | -   | (158,961)                            | -                                  | -   |
| Closing balance   | <u>514,103</u>  | <u>(514,103)</u>                     | <u>-</u>                           | <u>-</u>  |
| <b><i>FVOCI</i></b>   |   |                                      |                                    |   |
| Opening balance   | -   | -                                    | -                                  | -   |
| From available-for-sale   | -   | 274,015                              | (3,368)                            | -   |
| From held to maturity   | -   | 17,833                               | 306                                | -   |
| From FVTPL  | -   | 33,344                               | -                                  | -   |
| Closing balance   | <u>-</u>  | <u>325,192</u>                       | <u>(3,062)</u>                     | <u>322,130</u>  |
| <b><i>Financial assets at fair value through profit or loss</i></b> |   |                                      |                                    |   |
| Opening balance   | 35,355  | -                                    | -                                  | -   |
| From available-for-sale   | -   | 81,127                               | -                                  | -   |
| To FVOCI  | -   | (33,344)                             | 806                                | -   |
| Closing balance   | <u>35,355</u>   | <u>47,783</u>                        | <u>806</u>                         | <u>83,944</u>   |

**3 CASH IN HAND AND AT BANKS**

|   | <i>30 September<br/>2022<br/>KD 000's</i> | <i>(Audited)<br/>31 December<br/>2017<br/>KD 000's</i> | <i>30 September<br/>2017<br/>KD 000's</i> |
|---|---|--|---|
| Cash and bank balances  | <b>798,501</b>                            | 1,127,545  | 735,722                                   |
| Deposits with original maturities up to three months          | <b>933,826</b>                            | 432,225  | 626,958                                   |
| Cash and cash equivalents                                     | <b>1,732,327</b>                          | 1,559,770  | 1,362,680                                 |
| Add: deposits with original maturities exceeding three months | <b>10,198</b>                             | 9,795  | 4,025                                     |
|   | <u><b>1,742,525</b></u>                   | <u>1,569,565</u>                                       | <u>1,366,705</u>                          |

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**4 LOANS PAYABLE**

|                                      | <i>30 September<br/>2022</i> | <i>(Audited)<br/>31 December<br/>2017</i> | <i>30 September<br/>2017</i> |
|--------------------------------------|------------------------------|---|------------------------------|
|                                      | <i>KD 000's</i>              | <i>KD 000's</i>                           | <i>KD 000's</i>              |
| <b><i>By the Parent Company:</i></b> |                              |   |                              |
| Loans with maturity within 1 year    | -                            | -   | 18,000                       |
| Loans with maturity above 1 year     | -                            | 42,053                                    | -                            |
|                                      | <u>-</u>                     | <u>42,053</u>                             | <u>18,000</u>                |
| <b><i>By the subsidiaries:</i></b>   |                              |   |                              |
| Loans with maturity within 1 year    | 479,623                      | 529,857                                   | 489,282                      |
| Loans with maturity above 1 year     | 613,485                      | 389,976                                   | 409,715                      |
|                                      | <u>1,093,108</u>             | <u>919,833</u>                            | <u>898,997</u>               |
| Less: inter-group borrowings         | (514,425)                    | (479,801)                                 | (468,173)                    |
|                                      | <u>578,683</u>               | <u>482,085</u>                            | <u>448,824</u>               |

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5 BONDS

|   | 30 September<br>2022<br>KD 000's | (Audited)<br>31 December<br>2021<br>KD 000's | 30 September<br>2021<br>KD 000's |
|---|----------------------------------|--|----------------------------------|
| <b>Issued by the Parent Company:</b>  |                                  |  |                                  |
| Fixed interest of 5.25% per annum and maturing on 28 December 2024  | 35,608                           | 35,568                                       | -                                |
| Floating interest of 2.25% per annum above the CBK discount rate and maturing on 28 December 2024                               | 63,302                           | 63,232                                       | -                                |
| <b>Issued by subsidiaries:</b>  |                                  |  |                                  |
| Fixed interest of 5.65% per annum and maturing on 27 December 2022 *  | -                                | 35,210                                       | 35,201                           |
| Floating interest of 3.90% per annum above the CBK discount rate (capped at 6.65% per annum) and maturing on 27 December 2022 * | -                                | 37,199                                       | 37,189                           |
| Fixed interest of 5.75% per annum and matured on 24 June 2022   | -                                | 36,450                                       | 36,450                           |
| Floating interest of 3.25% per annum above the CBK discount rate and matured on 24 June 2022                                    | -                                | 23,550                                       | 23,550                           |
| Fixed interest of 6% per annum and maturing on 9 March 2026   | 29,832                           | 29,805                                       | 29,796                           |
| Floating interest of 3.95% per annum above the CBK discount rate (capped at 7% per annum) and maturing on 9 March 2026          | 69,278                           | 69,215                                       | 69,194                           |
| Fixed interest of 5.75% per annum and maturing on 19 April 2023   | 32,150                           | -  | -                                |
| Floating interest of 2.50% per annum above the CBK discount rate and maturing on 19 April 2023                                  | 27,850                           | -  | -                                |
| Fixed interest of 6% per annum and maturing on 26 July 2023   | 14,900                           | -  | -                                |
| Floating interest of 2.75% per annum above the CBK discount rate (capped at 7% per annum) and maturing on 26 July 2023          | 25,100                           | -  | -                                |
|   | <b>298,020</b>                   | 330,229                                      | 231,380                          |
| Less: inter-group eliminations  | -                                | (9,000)                                      | (9,000)                          |
|   | <b>298,020</b>                   | 321,229                                      | 222,380                          |

Subsequent to the reporting period on 8 November 2022, the Group issued bonds amounting to KD 100,000 thousand composed of KD 14,000 thousand fixed rate bond at 5.50% per annum, payable semi-annually in arrears due on 8 November 2023 and KD 86,000 thousand floating rate bonds at 2.25% plus CBK discount rate (Capped at 6.5%) per annum, payable semi-annually in arrears due on 8 November 2023.

\* Subordinated bonds issued in 2012, callable at the option of the bank after 5 years from the date of issuance, have been prepaid during the period.

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6 MEDIUM TERM NOTES

|  | <i>30 September<br/>2022</i> | <i>(Audited)<br/>31 December<br/>2017</i> | <i>30 September<br/>2017</i> |
|--|------------------------------|---|------------------------------|
|  | <i>KD 000's</i>              | <i>KD 000's</i>                           | <i>KD 000's</i>              |
| <b><i>Euro medium term notes (EMTN) issued by the Parent<br/>Company through a SPE:</i></b>  |                              |   |                              |
| Fixed rate notes amounting to US\$ 500 million having a term of 10 years maturing on 23 February 2027 and carrying a coupon interest rate of 4.5% per annum payable on a semi annual basis. The notes are listed on the London Stock Exchange.                   | <b>147,766</b>               | 146,840                                   | 146,947                      |
| Fixed rate notes amounting to US\$ 500 million having a term of 10 years maturing on 15 July 2020 and carrying a coupon interest rate of 9.375% payable on a semi annual basis. The notes are listed on the London Stock Exchange.                               | <b>151,048</b>               | 150,189                                   | 150,329                      |
| Fixed rate notes amounting to US\$ 233 million (originally US\$ 500 million) having a term of 5 years maturing on 5 February 2019 and carrying a coupon interest rate of 4.8% payable on a semi annual basis. The notes are listed on the London Stock Exchange. | <b>70,538</b>                | 70,172                                    | 70,248                       |
| Fixed rate notes amounting to US\$ 500 million having a term of 7 years maturing on 15 March 2023 and carrying a coupon interest rate of 5% per annum payable on a semi annual basis. The notes are listed on the London Stock Exchange.                         | <b>151,550</b>               | 150,875                                   | 151,075                      |
| <b><i>Issued by subsidiaries through SPEs:</i></b>   |                              |   |                              |
| Fixed rate notes amounting to US\$ 500 million having a term of 5 years maturing on 14 September 2021 and carrying a coupon interest rate of 3.125%. The notes are listed on the Irish Stock Exchange.   | <b>150,678</b>               | 149,842                                   | 149,971                      |
|  | <b>671,580</b>               | 667,918                                   | 668,570                      |
| Less: inter-group eliminations   | <b>(7,299)</b>               | (7,537)                                   | (6,152)                      |
|  | <b>664,281</b>               | 660,381                                   | 662,418                      |

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**7 SHAREHOLDERS' EQUITY, TREASURY SHARES, RESERVES AND APPROPRIATIONS**

**a) Share capital**

|  | <b>30 September<br/>2022</b> | <i>31 December<br/>(Audited)<br/>2017</i> | <i>30 September<br/>2017</i> |
|--|------------------------------|---|------------------------------|
|  | <b>KD 000's</b>              | <i>KD 000's</i>                           | <i>KD 000's</i>              |
| Authorised share capital (shares of 100 fils each)           | <b>200,000</b>               | 200,000                                   | 200,000                      |
| Issued and fully paid up capital (shares of 100 fils each) * | <b>154,725</b>               | 147,357                                   | 147,357                      |

\* This comprises 1,049,620,700 shares (31 December 2017: 1,049,620,700 shares and 30 September 2017: 1,049,620,700 shares) which are fully paid up in cash, whereas 497,630,638 shares (31 December 2017: 423,952,003 shares and 30 September 2017: 423,952,003 shares) were issued as bonus shares.

**b) Share premium**

The share premium is not available for distribution.

**c) Treasury shares**

|                           | <b>30 September<br/>2022</b> | <i>(Audited)<br/>31 December<br/>2021</i> | <i>30 September<br/>2017</i> |
|---------------------------|------------------------------|---|------------------------------|
| Number of treasury shares | <b>151,851,851</b>           | 131,027,237                               | 130,881,515                  |
| Percentage of capital     | <b>9.81%</b>                 | 8.89%                                     | 8.88%                        |
| Market value (KD 000's)   | <b>31,889</b>                | 43,894                                    | 46,725                       |

Reserves equivalent to the cost of the treasury shares held are not available for distribution.

**d) Dividend**

On 4 April 2022 the Annual General Assembly of shareholders approved the distribution of cash dividend of 10 fils per share for the year ended 31 December 2021 (for the year ended 31 December 2016: 25 fils per share) and stock dividend of 5% (for the year ended 31 December 2016: Nil) to the Parent Company's shareholders on record as at the record date.

**8 INVESTMENT INCOME**

|   | <i>Three months ended<br/>30 September</i> |                 | <i>Nine months ended<br/>30 September</i> |                 |
|---|--|-----------------|---|-----------------|
|   | <i>2022</i>                                | <i>2021</i>     | <i>2022</i>                               | <i>2021</i>     |
|   | <b>KD 000's</b>                            | <i>KD 000's</i> | <b>KD 000's</b>                           | <i>KD 000's</i> |
| Gain on sale of financial assets at fair value through profit or loss             | <b>2,548</b>                               | 5,223           | <b>3,351</b>                              | 8,242           |
| Unrealised (loss) gain on financial assets at fair value through profit or loss   | <b>(369)</b>                               | 41              | <b>347</b>                                | 240             |
| Loss on sale of debt instruments at fair value through other comprehensive income | <b>(155)</b>                               | -               | <b>(871)</b>                              | -               |
| Gain on sale of financial assets available for sale                               | -  | 913             | -   | 1,967           |
| Dividend income   | <b>5,615</b>                               | 694             | <b>13,619</b>                             | 3,154           |
| Loss on sale of investment properties   | -  | (37)            | <b>(125)</b>                              | (99)            |
| Gain on sale of investment in associates  | -  | 747             | <b>176</b>                                | 747             |
| Bargain gain on acquisition of a subsidiary (note 10)                             | <b>1,108</b>                               | -               | <b>1,108</b>                              | -               |
| Gain on partial sale of investment in a media joint venture                       | -  | -               | -   | 38,517          |
|   | <b>8,747</b>                               | 7,581           | <b>17,605</b>                             | 52,768          |

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**Basic:**

Basic earnings (loss) per share is computed by dividing the profit (loss) for the period attributable to equity holders of the Parent Company after interest payment on perpetual capital securities by the weighted average number of shares outstanding during the period, as follows:

|   | <i>Three months ended<br/>30 September</i> |                          | <i>Nine months ended<br/>30 September</i> |                          |
|---|--|--------------------------|---|--------------------------|
|   | <i>2022<br/>KD 000's</i>                   | <i>2021<br/>KD 000's</i> | <i>2022<br/>KD 000's</i>                  | <i>2021<br/>KD 000's</i> |
| <b><i>Basic earnings per share:</i></b>   |  |                          |   |                          |
| Profit for the period attributable to the equity holders of the Parent Company from continuing operations                             | <b>11,512</b>                              | 15,008                   | <b>43,341</b>                             | 40,724                   |
| Loss for the period attributable to the equity holders of the Parent Company from discontinued operation                              | <b>(3,196)</b>                             | (6,849)                  | <b>(22,968)</b>                           | (18,418)                 |
| Profit for the period attributable to the equity holders of the Parent Company  | <b>8,316</b>                               | 8,159                    | <b>20,373</b>                             | 22,306                   |
| Less: interest payment on perpetual capital securities attributable to the equity holders of the Parent Company                       | <b>(3,520)</b>                             | (3,508)                  | <b>(7,124)</b>                            | (7,200)                  |
| Profit for the period attributable to the equity holders of the Parent Company after interest payment on perpetual capital securities | <b>4,796</b>                               | 4,651                    | <b>13,249</b>                             | 15,106                   |
|   | <i>Shares</i>                              | <i>Shares</i>            | <i>Shares</i>                             | <i>Shares</i>            |
| <b><i>Number of shares outstanding:</i></b>   |  |                          |   |                          |
| Issued and fully paid up capital  | <b>1,547,251,338</b>                       | 1,547,251,338            | <b>1,547,251,338</b>                      | 1,547,251,338            |
| Weighted average number of treasury shares  | <b>(150,413,882)</b>                       | (135,527,941)            | <b>(144,435,367)</b>                      | (134,702,238)            |
| Weighted average number of outstanding shares   | <b>1,396,837,456</b>                       | 1,411,723,397            | <b>1,402,815,971</b>                      | 1,412,549,100            |
|   | <i>Fils</i>                                | <i>Fils</i>              | <i>Fils</i>                               | <i>Fils</i>              |
| Basic earnings per share  | <b>3.43</b>                                | 3.29                     | <b>9.44</b>                               | 10.69                    |
| Basic earnings per share from continuing operations   | <b>5.72</b>                                | 8.14                     | <b>25.81</b>                              | 23.73                    |
| Basic loss per share from discontinued operation  | <b>(2.29)</b>                              | (4.85)                   | <b>(16.37)</b>                            | (13.04)                  |

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**9 EARNINGS (LOSS) PER SHARE (continued)**

***Diluted:***

Diluted earnings (loss) per share is calculated by dividing the profit (loss) for the period attributable to the equity holders of the Parent Company after interest payment on perpetual capital securities adjusted for the effect of decrease in profit due to exercise of potential ordinary shares of subsidiaries by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all employee's stock options. The Parent Company has outstanding share options, issued under the Employee Stock Options Plan (ESOP), which may have a dilutive effect on earnings.

|   | <i>Three months ended</i> |                 | <i>Nine months ended</i> |                 |
|---|---------------------------|-----------------|--------------------------|-----------------|
|   | <i>30 September</i>       |                 | <i>30 September</i>      |                 |
|   | <i>2022</i>               | <i>2021</i>     | <i>2022</i>              | <i>2021</i>     |
|   | <i>KD 000's</i>           | <i>KD 000's</i> | <i>KD 000's</i>          | <i>KD 000's</i> |
| <b><i>Diluted earnings per share:</i></b>   |                           |                 |                          |                 |
| Profit for the period attributable to the equity holders of the Parent Company from continuing operation                              | <b>11,512</b>             | 15,008          | <b>43,341</b>            | 40,724          |
| Loss for the period attributable to the equity holders of the Parent Company from a discontinued operation                            | <b>(3,196)</b>            | (6,849)         | <b>(22,968)</b>          | (18,418)        |
| Profit for the period attributable to the equity holders of the Parent Company  | <b>8,316</b>              | 8,159           | <b>20,373</b>            | 22,306          |
| Less: interest payment on perpetual capital securities attributable to the equity holders of the Parent Company                       | <b>(3,520)</b>            | (3,508)         | <b>(7,124)</b>           | (7,200)         |
| Profit for the period attributable to the equity holders of the Parent Company after interest payment on perpetual capital securities | <b>4,796</b>              | 4,651           | <b>13,249</b>            | 15,106          |
|   | <i>Shares</i>             | <i>Shares</i>   | <i>Shares</i>            | <i>Shares</i>   |
| Weighted average number of outstanding shares   | <b>1,396,837,456</b>      | 1,411,723,397   | <b>1,402,815,971</b>     | 1,412,549,100   |
|   | <i>Fils</i>               | <i>Fils</i>     | <i>Fils</i>              | <i>Fils</i>     |
| Diluted earnings per share  | <b>3.43</b>               | 3.29            | <b>9.44</b>              | 10.69           |
| Diluted earnings per share from continuing operations   | <b>5.72</b>               | 8.14            | <b>25.81</b>             | 23.73           |
| Diluted loss per share from discontinued operation  | <b>(2.29)</b>             | (4.85)          | <b>(16.37)</b>           | (13.04)         |

The effect of stock options on issue has not been considered in the computation of diluted earnings (loss) per share as the result is anti-dilutive.

\* Basic and diluted earnings (loss) per share for the comparative period presented has been adjusted to reflect the adjustments of the bonus shares (Note 7d).



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### 10 BUSINESS COMBINATION

During September 2022, one of the subsidiaries of the Group acquired 71.18% effective equity interest of Global Investment House K.S.C (Closed) (“GIH”), a Kuwaiti Shareholding Company, regulated by CMA as an investment company and CBK for financing activities. GIH is principally engaged in provision of asset management, investment banking and brokerage activities. The Group was able to control the investee and therefore, the entity became a subsidiary of the Group. Accordingly, GIH has been consolidated from the date of exercise of control. The acquisition has been accounted for in accordance with IFRS 3: Business combination (“IFRS 3”).

The consideration paid and the provisional values of assets acquired and liabilities assumed, as well as the non-controlling interest at the proportionate share of the acquiree’s identifiable net assets, are summarized as follows:

| <b>Assets</b>  | <b>KD ‘000</b> |
|--|----------------|
| Cash in hand and at banks  | 32,895         |
| Treasury bills, bonds and other debt securities                              | 149            |
| Loans and advances   | 5,992          |
| Financial assets designated at fair value through profit or loss             | 19,346         |
| Financial assets designated at fair value through other comprehensive income | 6,992          |
| Investment in associates   | 129            |
| Investment properties  | 690            |
| Property and equipment   | 7,562          |
| Other assets   | 11,021         |
|  | <hr/>          |
|  | 84,776         |
|  | <hr/>          |
| <b>Liabilities</b>   |                |
| Other liabilities  | 14,646         |
|  | <hr/>          |
| <b>Net assets</b>  | <b>70,130</b>  |
| Non-controlling interests  | 1,507          |
|  | <hr/>          |
| <b>Value of net assets</b>   | <b>68,623</b>  |
| Consideration paid in cash   | (40,024)       |
| Deferred consideration payable   | (7,715)        |
| Non-controlling interests in acquiree  | (19,776)       |
|  | <hr/>          |
| <b>Bargain purchase gain</b>   | <b>1,108</b>   |
|  | <hr/> <hr/>    |
| <b>Cash flows on business combination</b>                                    |                |
| Cash consideration   | (40,024)       |
| Cash and bank balances in subsidiary acquired                                | 32,895         |
|  | <hr/>          |
| <b>Net cash outflow on business combination</b>                              | <b>(7,129)</b> |
|  | <hr/> <hr/>    |

In accordance with requirements of IFRS 3, the Group has carried out a preliminary PPA exercise which resulted in a gain from business combination, since the fair value of the assets acquired, and liabilities assumed exceeded the purchase consideration paid and related transaction expenses. Non-controlling interest has been recognised at the proportionate share of GIH’s identifiable net assets.

Acquisition-related costs are charged to the interim condensed consolidated income statement of the Group.

Had the business combinations taken place at the beginning of the year, revenue of the Group and profit attributable to equity holders, would have been higher by KD 10,705 thousand and KD 3,386 thousand, respectively.

The Group is required to pay deferred consideration of KD 2,500 thousand after 180 days of the acquisition and remaining amount of KD 5,215 thousand is payable by January 2019 as per agreement terms agreed between the parties.

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**11 HEDGE OF NET INVESTMENT IN FOREIGN OPERATIONS**

The Group designated its investments in foreign operations (i.e. investment in PMGL, United Gulf Holding Company B.S.C., Taka'ud Savings & Pensions Company B.S.C. and Pulsar Knowledge Centre) and EMTN as a hedge of a net investment in foreign operations. EMTN is being used to hedge the Group's exposure to the US\$ foreign exchange risk on these investments. During the period, gains or losses amounting to KD 1,519 thousand on the retranslation of this borrowing are transferred to interim condensed consolidated statement of comprehensive income to offset any losses on translation of the net investments in the foreign operations. There is no ineffectiveness during the period ended 30 September 2022.

Burgan Bank has entered into a forward foreign exchange contracts between Turkish lira (TRY) and United States Dollar (USD), rolled over on a monthly basis, which has been designated as a hedge of the Bank's net investment in its Turkish subsidiary. This transaction has created a net long position in USD. Gains or losses on the retranslation of the aforesaid contracts are transferred to interim condensed consolidated statement of comprehensive income to offset any gains or losses on translation of the net investments in the Turkish subsidiary. No ineffectiveness from hedges of net investments in foreign operations was recognised in profit or loss during the period.

**12 RELATED PARTY TRANSACTIONS**

These represent transactions with related parties, i.e. major shareholder, associates, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. Related party balances and transactions consist of the following:

|  | <i>Major<br/>shareholder<br/>KD 000's</i> | <i>Associates<br/>KD 000's</i> | <i>Others<br/>KD 000's</i> | <i>Total<br/>30<br/>September<br/>2022<br/>KD 000's</i> | <i>(Audited)<br/>31 December<br/>2021<br/>KD 000's</i> | <i>30<br/>September<br/>2021<br/>KD 000's</i> |
|--|---|--------------------------------|----------------------------|---|--|---|
| <b>Interim condensed consolidated statement of financial position:</b> |   |                                |                            |   |  |   |
| Cash in hand and at banks  | -   | -                              | -                          | -   | 769  | -   |
| Loans and advances *   | -   | 22,632                         | 335,486                    | <b>358,118</b>  | 488,175  | 515,870                                       |
| Other assets   | 2,227                                     | 974                            | 507                        | <b>3,708</b>  | 45,337   | 3,887   |
| Due to banks and other financial institutions *                        | -   | 23,886                         | 31,776                     | <b>55,662</b>   | 51,763   | 30,217  |
| Deposits from customers *  | 86,728                                    | 14,143                         | 18,313                     | <b>119,184</b>  | 76,813   | 88,607  |
| Medium term notes  | -   | 3,031                          | -                          | <b>3,031</b>  | 3,018  | 3,022   |
| Other liabilities  | 480                                       | 27                             | 61,194                     | <b>61,701</b>   | 117,500  | 560   |
| Perpetual capital securities   | -   | 1,509                          | 906                        | <b>2,415</b>  | 2,415  | 2,415   |
| <b>Commitments and contingent liabilities:</b>                         |   |                                |                            |   |  |   |
| Letter of credit   | -   | -                              | 57                         | <b>57</b>   | 667  | 717   |
| Guarantees   | 25  | 79,820                         | 4,816                      | <b>84,661</b>   | 77,457   | 33,675  |
|  |   |                                |                            | <b>Nine months ended 30<br/>September</b>               |  |   |
|  | <i>Major<br/>shareholder<br/>KD 000's</i> | <i>Associates<br/>KD 000's</i> | <i>Others<br/>KD 000's</i> | <i>2022<br/>KD 000's</i>                                | <i>2021<br/>KD 000's</i>                               |   |
| <b>Transactions:</b>   |   |                                |                            |   |  |   |
| Interest income  | 3,072                                     | 806                            | 7,929                      | <b>11,807</b>   | 14,261   |   |
| Dividend income  | -   | -                              | 9,945                      | <b>9,945</b>  | -  |   |
| Fee and commission income  | 5,067                                     | 1,280                          | 1,816                      | <b>8,163</b>  | 4,831  |   |
| Gain on partial sale of investment in a media joint venture            | -   | -                              | -                          | -   | -  | 38,517  |
| Interest expense   | 1,776                                     | 610                            | 2,586                      | <b>4,972</b>  | 2,375  |   |

\* Related party balances pertain to operations of a banking subsidiary.

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**13 SEGMENT INFORMATION**

The Board of Directors of the Parent Company approved initiating an active plan to divest its stake in OSN, a media segment. Accordingly, for management purposes, the Group reorganised its media segment as discontinued operation in accordance with IFRS 5 (Note 17) and others are organised into six main business segments based on internal reporting provided to the chief operating decision maker as follows:

Commercial banking - represents Group's commercial banking activities which includes retail banking, corporate banking, and private banking and treasury products. These entities are regulated by the Central Banks of the respective countries.

Asset management and investment banking - represents Group's asset management and investment banking activities which includes asset management, corporate finance (advisory and capital markets services), investment advisory and research, and wealth management.

Insurance - represents Group's insurance activities and other related services.

Industrial - represents Group's activities in industrial project development, food, utilities, services, medical equipment and other related sectors.

Hospitality and real estate - represents Group's activities in the hospitality and real estate sector.

Others - represents other activities undertaken by the Group which includes management advisory, education and consultancy.

Transfer prices between operating segments are at a price approved by the management of the Group.

The following table presents revenue and profit before taxation from continuing operations information regarding the Group's operating segments:

|   | <i>Nine months ended 30 September</i>    |   |  |   |
|---|--|---|--|---|
|   | <i>2022</i>                              |   | <i>2021</i>                              |   |
|   | <i>Segment<br/>revenues<br/>KD 000's</i> | <i>Segment<br/>results<br/>KD 000's</i> | <i>Segment<br/>revenues<br/>KD 000's</i> | <i>Segment<br/>results<br/>KD 000's</i> |
| Commercial banking                      | <b>411,914</b>                           | <b>130,725</b>                          | 368,805                                  | 92,616                                  |
| Asset management and investment banking | <b>32,690</b>                            | <b>(39,879)</b>                         | 61,743                                   | (5,619)                                 |
| Insurance                               | <b>5,316</b>                             | <b>5,316</b>                            | 3,630                                    | 3,630                                   |
| Industrial                              | <b>26,071</b>                            | <b>3,939</b>                            | 25,764                                   | 4,984                                   |
| Hospitality and real estate             | <b>76,978</b>                            | <b>(2,380)</b>                          | 65,016                                   | (4,608)                                 |
| Others                                  | <b>39,921</b>                            | <b>2,324</b>                            | 13,260                                   | (2,827)                                 |
| Inter-segmental eliminations            | <b>(31,970)</b>                          | <b>(6,550)</b>                          | (29,830)                                 | (7,592)                                 |
| Segment revenues and results            | <b>560,920</b>                           | <b>93,495</b>                           | 508,388                                  | 80,584                                  |

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**13 SEGMENT INFORMATION (continued)**

The following table presents assets and liabilities of the Group's operating segments: *(Audited)*

|   | <i>30 September<br/>2022</i> | <i>31 December<br/>2021</i>    | <i>30 September<br/>2021</i>   |
|---|------------------------------|--------------------------------|--------------------------------|
|   | <i>KD 000's</i>              | <i>(Restated)<br/>KD 000's</i> | <i>(Restated)<br/>KD 000's</i> |
| <b>Assets:</b>                          |                              |                                |                                |
| Commercial banking                      | <b>8,217,402</b>             | 8,798,228                      | 8,412,684                      |
| Asset management and investment banking | <b>744,092</b>               | 860,141                        | 699,275                        |
| Insurance                               | <b>71,622</b>                | 73,369                         | 71,911                         |
| Media                                   | <b>-</b>                     | 177,863                        | 127,075                        |
| Industrial                              | <b>263,009</b>               | 267,168                        | 260,753                        |
| Hospitality and real estate             | <b>899,184</b>               | 865,106                        | 787,880                        |
| Others                                  | <b>259,048</b>               | 283,978                        | 176,002                        |
| Inter-segmental eliminations            | <b>(771,241)</b>             | (981,068)                      | (815,546)                      |
| Non-current assets held for sale        | <b>181,689</b>               | -                              | -                              |
| <b>Total assets</b>                     | <b>9,864,805</b>             | 10,344,785                     | 9,720,034                      |
| <b>Liabilities:</b>                     |                              |                                |                                |
| Commercial banking                      | <b>7,406,603</b>             | 7,851,858                      | 7,436,375                      |
| Asset management and investment banking | <b>1,173,229</b>             | 1,153,527                      | 966,964                        |
| Industrial                              | <b>112,650</b>               | 115,596                        | 122,335                        |
| Hospitality and real estate             | <b>589,170</b>               | 560,827                        | 425,252                        |
| Others                                  | <b>193,425</b>               | 204,790                        | 157,148                        |
| Inter-segmental eliminations            | <b>(645,415)</b>             | (753,541)                      | (602,968)                      |
| <b>Total liabilities</b>                | <b>8,829,662</b>             | 9,133,057                      | 8,505,106                      |

Inter-segmental eliminations represent the elimination of balances and transactions arising in the normal course of business between different segments of the Group.

**14 COMMITMENTS**

The Group has the following commitments:

|                                       | <i>30 September<br/>2022</i> | <i>(Audited)<br/>31 December<br/>2021</i> | <i>30 September<br/>2021</i> |
|---------------------------------------|------------------------------|---|------------------------------|
|                                       | <i>KD 000's</i>              | <i>KD 000's</i>                           | <i>KD 000's</i>              |
| <b>Credit related commitments:</b>    |                              |   |                              |
| Letters of credit                     | <b>314,745</b>               | 330,985                                   | 269,965                      |
| Guarantees                            | <b>957,099</b>               | 1,031,100                                 | 982,692                      |
|                                       | <b>1,271,844</b>             | 1,362,085                                 | 1,252,657                    |
| <b>Undrawn lines of credit</b>        | <b>728,560</b>               | 808,803                                   | 760,421                      |
| <b>Investment related commitments</b> | <b>110,409</b>               | 145,418                                   | 175,345                      |
|                                       | <b>2,110,813</b>             | 2,316,306                                 | 2,188,423                    |

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**15 DERIVATIVES**

The table below shows the notional amounts of derivatives outstanding as at the reporting date. The notional amount of a derivative is based upon the derivative's underlying asset, reference rate or index.

|  | <i>30 September<br/>2022<br/>KD 000's</i> | <i>31 December<br/>2021<br/>KD 000's</i> | <i>30 September<br/>2021<br/>KD 000's</i> |
|--|---|--|---|
| <b>Derivatives held for trading:</b><br><i>(including non-qualifying hedges)</i> |   |  |   |
| Forward foreign exchange contracts   | <b>1,046,643</b>                          | 1,353,156                                | 934,933                                   |
| Interest rate swaps  | <b>288,607</b>                            | 329,785                                  | 287,593                                   |
| Options  | <b>495,404</b>                            | 339,068                                  | 339,377                                   |
| <b>Derivatives held for hedging:</b>   |   |  |   |
| <i>Fair value hedges:</i>  |   |  |   |
| Forward foreign exchange contracts   | <b>217,243</b>                            | 221,829                                  | 318,446                                   |
| Interest rate swaps  | <b>106,085</b>                            | 105,613                                  | 105,753                                   |
| <i>Cash flow hedges:</i>   |   |  |   |
| Interest rate swaps  | <b>270,288</b>                            | 234,056                                  | 234,509                                   |

**16 FAIR VALUE OF FINANCIAL INSTRUMENTS**

Financial instruments comprise of financial assets and financial liabilities.

Fair value of financial instruments are not materially different from their carrying values except for medium term notes whose fair value amounts to KD 668,876 thousand (31 December 2021: KD 694,909 thousand). For financial assets and financial liabilities that are liquid or having a short-term maturity (less than three months) it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits, savings accounts without a specific maturity and variable rate financial instruments.

Fair value of quoted securities is derived from quoted market prices in active markets, if available. For unquoted securities, fair value is estimated using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

The fair values of the funds that are listed on active markets are determined by reference to their quoted bid prices. The fair values of unlisted funds are based on net asset values which are determined by the fund manager using the quoted market prices of the underlying assets, if available, or other acceptable methods such as a recent price paid by another investor or the market value of a comparable company.

**Fair value hierarchy**

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in an active market for identical assets and liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: other techniques which use inputs which have a significant effect on the recorded fair value are not based on observable market data.

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**16 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

**Fair value hierarchy (continued)**

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

|   | <i>Level 1</i><br><i>KD 000's</i> | <i>Level 2</i><br><i>KD 000's</i> | <i>Level 3</i><br><i>KD 000's</i> | <i>Total fair value</i><br><i>KD 000's</i> |
|---|-----------------------------------|-----------------------------------|-----------------------------------|--|
| <b>30 September 2022</b>                                      |                                   |                                   |                                   |  |
| <b>Assets measured at fair value</b>                          |                                   |                                   |                                   |  |
| <i>Financial assets at fair value through profit or loss:</i> |                                   |                                   |                                   |  |
| Equity securities   | 2,107                             | -                                 | 1,155                             | <b>3,262</b>                               |
| Debt securities   | 3,907                             | -                                 | -                                 | <b>3,907</b>                               |
| Managed funds   | 4,656                             | 14,426                            | 84,417                            | <b>103,499</b>                             |
|   | <u>10,670</u>                     | <u>14,426</u>                     | <u>85,572</u>                     | <u><b>110,668</b></u>                      |
| <i>Financial assets at fair value through OCI:</i>            |                                   |                                   |                                   |  |
| Equities  | 32,150                            | 42,012                            | 63,908                            | <b>138,070</b>                             |
| Debt securities   | 109,974                           | 6,330                             | 8,149                             | <b>124,453</b>                             |
|   | <u>142,124</u>                    | <u>48,342</u>                     | <u>72,057</u>                     | <u><b>262,523</b></u>                      |
|   |                                   |                                   |                                   |  |
|   | <i>Level 1</i><br><i>KD 000's</i> | <i>Level 2</i><br><i>KD 000's</i> | <i>Level 3</i><br><i>KD 000's</i> | <i>Total fair value</i><br><i>KD 000's</i> |
| <b>31 December 2021</b>                                       |                                   |                                   |                                   |  |
| <b>Assets measured at fair value</b>                          |                                   |                                   |                                   |  |
| <i>Financial assets at fair value through profit or loss:</i> |                                   |                                   |                                   |  |
| Equity securities   | 2,844                             | -                                 | 26,880                            | 29,724                                     |
| Debt securities   | 4,396                             | -                                 | -                                 | 4,396                                      |
| Managed funds   | -                                 | 388                               | 847                               | 1,235                                      |
|   | <u>7,240</u>                      | <u>388</u>                        | <u>27,727</u>                     | <u>35,355</u>                              |
| <i>Financial assets available for sale:</i>                   |                                   |                                   |                                   |  |
| Equities  | 42,175                            | 4,913                             | 43,263                            | 90,351                                     |
| Debt securities   | 270,846                           | -                                 | 38,000                            | 308,846                                    |
| Managed funds   | -                                 | 11,088                            | 60,235                            | 71,323                                     |
|   | <u>313,021</u>                    | <u>16,001</u>                     | <u>141,498</u>                    | <u>470,520</u>                             |

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16 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

| 30 September 2021   | Level 1<br>KD 000's | Level 2<br>KD 000's | Level 3<br>KD 000's | Total fair<br>value<br>KD 000's |
|---|---------------------|---------------------|---------------------|---------------------------------|
| Assets measured at fair value                                 |                     |                     |                     |                                 |
| <i>Financial assets at fair value through profit or loss:</i> |                     |                     |                     |                                 |
| Equity securities   | 1,837               | -                   | 34,440              | 36,277                          |
| Debt securities   | 6,123               | -                   | -                   | 6,123                           |
| Managed funds   | -                   | 390                 | 2,462               | 2,852                           |
|   | <u>7,960</u>        | <u>390</u>          | <u>36,902</u>       | <u>45,252</u>                   |
| <i>Financial assets available for sale:</i>                   |                     |                     |                     |                                 |
| Equities  | 44,872              | 10,875              | 40,355              | 96,102                          |
| Debt securities   | 191,508             | -                   | 39,276              | 230,784                         |
| Managed funds   | -                   | 12,321              | 61,277              | 73,598                          |
|   | <u>236,380</u>      | <u>23,196</u>       | <u>140,908</u>      | <u>400,484</u>                  |

There were no material transfers between the levels during the period. The impact on the consolidated statement of financial position or the consolidated statement of changes in equity is immaterial, if the relevant risk variables used to determine fair values for the unquoted securities are altered by 5%.

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**17 DISCONTINUED OPERATIONS**

The Group owns 60.50% equity interest in Panther Media Group Limited (“PMGL”) known as “OSN”, a jointly controlled entity incorporated in Dubai and registered in the Dubai International Financial Center, engaged in providing satellite encrypted pay television services across the Middle East and North Africa region.

The Group had accounted for its interest in PMGL using the equity method. On 8 August 2022, the Board of Directors of the Parent Company approved initiating an active plan to divest its entire interest in PMGL. The Group has engaged an international investment banker for this purpose. As a result, the investment in a media joint venture has been classified as “Non-current asset held for sale” in accordance with IFRS 5 - Non-current Assets held for sale and discontinued operations (“IFRS 5”) in the interim condensed consolidated statement of financial position for the period ended 30 September 2022.

The business of OSN represented the entirety of the Group’s media operating segment. In accordance with IFRS 5, the investment in OSN is classified as a discontinued operation and accordingly, the media segment is no longer presented in the segment note. The results of PMGL for the period are presented below:

|   | <i>Three months ended</i> |                 | <i>Nine months ended</i> |                 |
|---|---------------------------|-----------------|--------------------------|-----------------|
|   | <i>30 September</i>       |                 | <i>30 September</i>      |                 |
|   | <i>2022 *</i>             | <i>2021</i>     | <i>2022 *</i>            | <i>2017</i>     |
|   | <i>KD 000’s</i>           | <i>KD 000’s</i> | <i>KD 000’s</i>          | <i>KD 000’s</i> |
| Income  | <b>12,377</b>             | 42,683          | <b>92,535</b>            | 136,071         |
| Expenses  | <b>(17,666)</b>           | (55,756)        | <b>(130,549)</b>         | (168,958)       |
| Loss for the period from discontinued operations                                      | <b>(5,289)</b>            | (13,073)        | <b>(38,014)</b>          | (32,887)        |
| Total comprehensive loss for the period from discontinued operations                  | <b>(5,288)</b>            | (13,076)        | <b>(38,084)</b>          | (32,803)        |
| Group’s share of loss for the period from discontinued operations                     | <b>(3,196)</b>            | (6,849)         | <b>(22,968)</b>          | (18,418)        |
| Group’s share of total comprehensive loss for the period from discontinued operations | <b>(3,195)</b>            | (6,851)         | <b>(23,010)</b>          | (18,364)        |

The following table summarizes the carrying value of the Group’s share of investment in joint venture and non-current asset held for sale.

|  | <i>(Audited)</i>    |                    |                     |
|--|---------------------|--------------------|---------------------|
|  | <i>30 September</i> | <i>31 December</i> | <i>30 September</i> |
|  | <i>2022 *</i>       | <i>2021</i>        | <i>2021</i>         |
|  | <i>KD 000’s</i>     | <i>‘Restated’</i>  | <i>‘Restated’</i>   |
|  | <i>KD 000’s</i>     | <i>KD 000’s</i>    | <i>KD 000’s</i>     |
| Current assets   | <b>90,698</b>       | 81,750             | 72,735              |
| Non-current assets   | <b>427,372</b>      | 428,292            | 429,275             |
| Current liabilities  | <b>(133,884)</b>    | (119,906)          | (157,722)           |
| Non-current liabilities  | <b>(58,276)</b>     | (70,310)           | (7,825)             |
| <b>Equity</b>  | <b>325,910</b>      | 319,826            | 336,463             |
| <b>Group’s carrying value as investment in a media joint venture</b> | <b>-</b>            | 177,863            | 127,075             |
| <b>Group’s carrying value as non-current asset held for sale</b>     | <b>181,689</b>      | -                  | -                   |

\* Represents activity until 08 August 2022, prior to the classification as non-current assets held for sale & discontinued operations.