

**AL SAFAT INVESTMENT COMPANY K.S.C.P.  
AND ITS SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)**

**31 March 2022**





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## **REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF AL SAFAT INVESTMENT COMPANY K.S.C.P.**

### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al Safat Investment Company K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively, the “Group”) as at 31 March 2022 and the related interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of comprehensive income and the related interim condensed consolidated statement of cash flows and interim condensed consolidated statement of changes in equity for the three-month period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with basis of preparation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements: 2410 ‘*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*’. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with basis of preparation as set out in Note 2.

### *Emphasis of Matter*

We draw attention to Note 11 to the interim condensed consolidated financial information which describes that during 2021, Evolvance Capital Ltd (the ‘custodian’), filed a lawsuit against the Parent Company in response to the legal formalities initiated by the Parent Company. On the other hand, the Parent Company filed a counter claim before the court of law against the custodian. The Court ruled to assign an expert committee to verify the elements of the lawsuit and submit their findings accordingly. The ultimate outcome of this matter cannot presently be determined.

Our conclusion is not modified in respect to this matter.

### **Report on review of other legal and regulatory requirements**

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company’s Memorandum of Incorporation and Articles of Association, as amended, during the three-months period ended 31 March 2022 that might have had a material effect on the business of the Parent Company or on its financial position

**REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION TO  
THE BOARD OF DIRECTORS OF AL SAFAT INVESTMENT COMPANY K.S.C.P.  
(continued)**

**Report on review of other legal and regulatory requirements (continued)**

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, or of the provisions of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations during the three-month period ended 31 March 2022 that might have had a material effect on the business of the Parent Company or on its financial position.



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BADER A. AL-ABDULJADER  
LICENCE NO. 207 A  
EY  
AL AIBAN, AL OSAIMI & PARTNERS


12 May 2022  
Kuwait


Al Safat Investment Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 March 2022

	Notes	31 March 2022 KD	(Audited) 31 December 2021 KD	31 March 2021 KD
<b>ASSETS</b>				
Cash and bank balances	4	1,286,713	1,487,464	1,597,829
Term deposits		1,175,366	1,358,871	1,357,562
Murabaha receivables		-	30,974	-
Account receivables and other assets		2,150,917	2,304,689	2,495,575
Inventories		613,980	462,912	455,541
Investment securities	5	2,123,915	1,953,121	3,485,101
Investment in associates and joint venture		4,358,541	4,326,597	3,629,827
Intangible assets		2,091	2,593	4,121
Investment properties	6	19,580,593	19,566,551	18,490,787
Property, plant and equipment		8,773,372	8,561,653	8,926,794
<b>TOTAL ASSETS</b>		<b>40,065,488</b>	<b>40,055,425</b>	<b>40,443,137</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
Bank overdrafts	4	207,497	267,083	206,758
Notes payable		108,733	123,583	22,953
Other liabilities		7,502,532	7,471,539	7,737,013
Lease liabilities		3,269,390	3,365,650	3,502,972
<b>Total liabilities</b>		<b>11,088,152</b>	<b>11,227,855</b>	<b>11,469,696</b>
<b>Equity</b>				
Share capital		26,978,637	26,978,637	25,693,940
Share premium		259,677	259,677	259,677
Statutory reserve		1,492,077	1,492,077	1,334,805
Voluntary reserve		1,492,077	1,492,077	1,334,805
Treasury shares	7	(307,393)	(307,393)	(307,393)
Treasury shares reserve		615,002	615,002	615,002
Asset revaluation surplus		231,655	231,655	231,655
Fair value reserve		(10,634,911)	(10,796,434)	(10,315,540)
Foreign currency translation reserve		(533,848)	(474,830)	(463,767)
Other reserves		376,538	376,538	376,538
Retained earnings		3,458,227	3,366,928	4,030,954
<b>Equity attributable to equity holders of the Parent Company</b>		<b>23,427,738</b>	<b>23,233,934</b>	<b>22,790,676</b>
Non-controlling interests		5,549,598	5,593,636	6,182,765
<b>Total equity</b>		<b>28,977,336</b>	<b>28,827,570</b>	<b>28,973,441</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>40,065,488</b>	<b>40,055,425</b>	<b>40,443,137</b>

  
Abdullah Hamad Al-Terkait  
Chairman

  
Fahad Abdulrahman Al-Mukhaizim  
Vice Chairman

The attached notes 1 to 12 form a part of this interim condensed consolidated financial information.

Al Safat Investment Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS  
(UNAUDITED)

For the period ended 31 March 2022

	Notes	Three months ended	
		31 March	
		2022	2021
		KD	KD
<b>Revenue</b>			
Revenue from contracts with customers		795,505	854,271
Cost of sales		(611,578)	(583,495)
<b>Gross profit</b>		<b>183,927</b>	270,776
Fee and commission income		43,198	45,322
Net investment income on financial assets	9	36,243	40,645
Share of results of associates and joint venture		(40,144)	(39,960)
Net rental income		416,324	303,971
Net reversal of allowance for expected credit losses and other provisions		210,693	292,995
Net foreign exchange differences		(172,038)	(25,129)
General and administrative expenses		(637,159)	(674,694)
<b>Operating profit</b>		<b>41,044</b>	213,926
Other income		26,530	31,638
Finance costs		(68,726)	(60,883)
<b>(LOSS) PROFIT BEFORE TAX</b>		<b>(1,152)</b>	184,681
Contribution to Kuwait Foundation for Advancement of Sciences (KFAS)		(96)	(1,730)
National Labour Support Tax		(268)	-
<b>(LOSS) PROFIT FOR THE PERIOD</b>		<b>(1,516)</b>	182,951
<b>Attributable to:</b>			
Equity holders of the Parent Company		10,343	190,494
Non-controlling interests		(11,859)	(7,543)
		<b>(1,516)</b>	182,951
<b>BASIC AND DILUTED EPS (FILS)</b>	8	<b>0.037</b>	0.675

The attached notes 1 to 12 form a part of this interim condensed consolidated financial information.

Al Safat Investment Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 31 March 2022

	<i>Three months ended</i>	
	<i>31 March</i>	
	<b>2022</b>	<b>2021</b>
	<b>KD</b>	<b>KD</b>
<b>(Loss) profit for the period</b>	<b>(1,516)</b>	182,951
<b>Other comprehensive (loss) income</b>		
<i>Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:</i>		
Share of other comprehensive (loss) income of associates	<b>(8,868)</b>	2,894
Exchange differences on translation of foreign operations	<b>(83,866)</b>	7,181
<b>Net other comprehensive (loss) income that may be reclassified to profit or loss in subsequent periods</b>	<b>(92,734)</b>	10,075
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>		
Net change in fair value of equity instruments designated at fair value through other comprehensive income	<b>244,016</b>	203,824
<b>Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods</b>	<b>244,016</b>	203,824
<b>Other comprehensive income</b>	<b>151,282</b>	213,899
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>149,766</b>	396,850
<b>Attributable to:</b>		
Equity holders of the Parent Company	<b>193,804</b>	401,442
Non-controlling interests	<b>(44,038)</b>	(4,592)
	<b>149,766</b>	396,850

The attached notes 1 to 12 form a part of this interim condensed consolidated financial information.

# Al Safat Investment Company K.S.C.P. and its Subsidiaries

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

For the period ended 31 March 2022

	<i>Equity attributable to equity holders of the Parent Company</i>													<i>Non-controlling interests</i> KD	<i>Total equity</i> KD
	<i>Share capital</i> KD	<i>Share premium</i> KD	<i>Statutory reserve</i> KD	<i>Voluntary reserve</i> KD	<i>Treasury shares</i> KD	<i>Treasury shares reserve</i> KD	<i>Asset revaluation surplus</i> KD	<i>Fair value Reserve</i> KD	<i>Foreign currency translation reserve</i> KD	<i>Other reserves</i> KD	<i>Retained earnings</i> KD	<i>Sub-total</i> KD			
<b>As at 1 January 2022</b>	26,978,637	259,677	1,492,077	1,492,077	(307,393)	615,002	231,655	(10,796,434)	(474,830)	376,538	3,366,928	23,233,934	5,593,636	28,827,570	
Profit (loss) for the period	-	-	-	-	-	-	-	-	-	-	10,343	10,343	(11,859)	(1,516)	
Other comprehensive income (loss)	-	-	-	-	-	-	-	242,479	(59,018)	-	-	183,461	(32,179)	151,282	
Total comprehensive income (loss) for the period	-	-	-	-	-	-	-	242,479	(59,018)	-	10,343	193,804	(44,038)	149,766	
Share of associate's income from realized gain on disposal of equity securities at FVOCI	-	-	-	-	-	-	(80,956)	-	-	-	80,956	-	-	-	
<b>At 31 March 2022</b>	<b>26,978,637</b>	<b>259,677</b>	<b>1,492,077</b>	<b>1,492,077</b>	<b>(307,393)</b>	<b>615,002</b>	<b>231,655</b>	<b>(10,634,911)</b>	<b>(533,848)</b>	<b>376,538</b>	<b>3,458,227</b>	<b>23,427,738</b>	<b>5,549,598</b>	<b>28,977,336</b>	

	<i>Equity attributable to equity holders of the Parent Company</i>													<i>Non-controlling interests</i> KD	<i>Total equity</i> KD
	<i>Share capital</i> KD	<i>Share premium</i> KD	<i>Statutory reserve</i> KD	<i>Voluntary reserve</i> KD	<i>Treasury shares</i> KD	<i>Treasury shares reserve</i> KD	<i>Asset revaluation surplus</i> KD	<i>Fair value reserve</i> KD	<i>Foreign currency translation reserve</i> KD	<i>Other reserves</i> KD	<i>Retained earnings</i> KD	<i>Sub-total</i> KD			
As at 1 January 2021	25,693,940	259,677	1,334,805	1,334,805	(307,393)	615,002	231,655	(10,517,317)	(472,938)	376,538	3,840,460	22,389,234	6,187,357	28,576,591	
Profit (loss) for the period	-	-	-	-	-	-	-	-	-	-	190,494	190,494	(7,543)	182,951	
Other comprehensive income	-	-	-	-	-	-	-	201,777	9,171	-	-	210,948	2,951	213,899	
Total comprehensive income (loss)	-	-	-	-	-	-	-	201,777	9,171	-	190,494	401,442	(4,592)	396,850	
<b>At 31 March 2021</b>	<b>25,693,940</b>	<b>259,677</b>	<b>1,334,805</b>	<b>1,334,805</b>	<b>(307,393)</b>	<b>615,002</b>	<b>231,655</b>	<b>(10,315,540)</b>	<b>(463,767)</b>	<b>376,538</b>	<b>4,030,954</b>	<b>22,790,676</b>	<b>6,182,765</b>	<b>28,973,441</b>	

The attached notes 1 to 12 form a part of this interim condensed consolidated financial information.

# Al Safat Investment Company K.S.C.P. and its Subsidiaries

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

For the period ended 31 March 2022

	Notes	31 March 2022 KD	31 March 2021 KD
<b>OPERATING ACTIVITIES</b>			
(Loss) profit before tax		(1,152)	184,681
<i>Adjustments to reconcile (loss) profit before tax to net cash flows:</i>			
Depreciation of property, plant and equipment		107,638	122,388
Amortisation of intangible assets		502	501
Income from term deposits	9	(22,556)	(22,443)
Dividend income	9	-	(3,197)
Realised gain on financial assets at fair value through profit or loss	9	-	(19,604)
Unrealised (gain) loss on financial assets at fair value through profit or loss	9	(13,687)	4,599
Share of results of associates and joint venture		40,144	39,960
Net reversal of provision on inventories		(30,000)	-
Net reversal of allowance for expected credit losses		(90,277)	(292,995)
Provision for employees' end of service benefits		30,095	30,978
Reversal of provision no longer payable		(90,615)	-
Finance costs		52,330	63,904
		<b>(17,578)</b>	<b>108,772</b>
<i>Changes in operating assets and liabilities</i>			
Financial assets at fair value through profit or loss		-	854
Accounts receivables and other assets		251,776	(51,624)
Inventories		181,068	78,788
Other liabilities		177,939	(325,863)
		<b>593,205</b>	<b>(189,073)</b>
<i>Cashflows used in operations</i>		<b>(86,790)</b>	<b>(43,880)</b>
Employees' end of service benefits paid		-	-
<b>Net cash flows from (used in) operating activities</b>		<b>506,415</b>	<b>(232,953)</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(321,031)	(7,443)
Capital expenditure incurred on investment properties	6	-	(553,309)
Income received from term deposits		14,829	22,443
Dividend income received		-	3,197
Net sale of financial assets at fair value through other comprehensive income		5,951	458
		<b>(300,251)</b>	<b>(534,654)</b>
<b>FINANCING ACTIVITIES</b>			
Payment of lease liabilities		(148,590)	(136,624)
Net murabaha receivables		30,974	-
Net movement in notes payable		(14,850)	(32,134)
		<b>(132,466)</b>	<b>(168,758)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>73,698</b>	<b>(936,365)</b>
Cash and cash equivalents at 1 January		1,220,381	2,319,477
Net foreign exchange differences		(214,863)	7,959
<b>CASH AND CASH EQUIVALENTS AS AT 31 March</b>	4	<b>1,079,216</b>	<b>1,391,071</b>

The attached notes 1 to 13 form a part of this interim condensed consolidated financial information.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

**1. CORPORATE INFORMATION**

The interim condensed consolidated financial information of Al Safat Investment Company K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively, the “Group”) for the three months ended 31 March 2022 was authorised for issue in accordance with a resolution of the board of directors of the Parent Company on 12 May 2022.

The Parent Company is a Kuwaiti shareholding company incorporated and domiciled in Kuwait and whose shares were publicly traded in Kuwait Stock Exchange (“KSE”). On 11 October 2021, the Parent Company’s shares were relisted on KSE. The Parent Company is regulated by the Central Bank of Kuwait (“CBK”) as an investment and finance company and is subject to the supervision of Capital Markets Authority (“CMA”).

The Parent Company is principally engaged in the provision of investment and financial services in accordance with Islamic Shari‘a principles as approved by the Group's Shari‘a Committee. The Parent Company’s head office is located at Al-Safat Tower, 14<sup>th</sup> floor, Hawalli, Beirut Street, State of Kuwait and its registered postal address is P.O. Box 20133, Safat 13062, Kuwait.

The shareholders of the Parent Company at the annual general assembly meeting (“AGM”) held on 31 March 2022 approved the consolidated financial statements for the year ended 31 December 2021 and approved no cash dividend for the year ended 31 December 2021 (31 December 2020: Nil). Further at the extraordinary general meeting (“EGM”) held on 07 April 2022, the shareholders of the Parent Company approved distribution of 5% bonus shares (31 December 2020: 5%). The bonus shares approved not received from ministry of commerce to amend article of association.

Information on other related party relationships of the Group is provided in Note 3.

**2. BASIS OF PREPARATION AND CHANGES TO THE GROUP’S ACCOUNTING POLICIES**

**2.1 Basis of preparation**

The interim condensed consolidated financial information for the three months ended 31 March 2022 have been prepared in accordance with IAS 34 “*Interim Financial Reporting*” except as noted below.

The interim condensed consolidated financial information for the three months ended 31 March 2022 were prepared in accordance with the regulations for financial services institutions as issued by the Central Bank of Kuwait (“CBK”) in the State of Kuwait. These regulations require expected credit loss (“ECL”) to be measured at the higher of the ECL on financing facilities computed under IFRS 9: Financial Instruments (“IFRS 9”) in accordance to the CBK guidelines or the provisions as required by CBK instructions; the consequent impact on related disclosures; and the adoption of all other requirements of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (“IASB”) (collectively referred to as IFRS, as adopted for use by the State of Kuwait).

The management considers that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2021.

**2.2 New standards and amendments adopted by the Group**

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2022, but do not have a material impact on the interim condensed consolidated financial information of the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

**2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES  
(continued)**

**2.2 New standards and amendments adopted by the Group (continued)**

***Reference to the Conceptual Framework – Amendments to IFRS 3***

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the interim condensed consolidated financial information of the Group as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

***Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37***

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labor and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The Group applied the amendments to the contracts for which it had not fulfilled all of its obligations at the beginning of the reporting period.

Prior to the application of the amendments, the Group had not identified any contracts as being onerous as the unavoidable costs under the contracts, which were the costs of fulfilling them, comprised only incremental costs directly related to the contracts. As a result of the amendments, the Group did not identify and therefore did not recognise an onerous contract provision.

These amendments had no impact on the interim condensed consolidated financial information of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

***IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities***

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

These amendments had no impact on the interim condensed consolidated financial information of the Group as there were no modifications of the Group's financial instruments during the period.

# Al Safat Investment Company K.S.C.P. and its Subsidiaries

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

As at and for the period ended 31 March 2022

### 3. RELATED PARTIES DISCLOSURES

Related parties represent the major shareholders, 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 Parent Company's management

The following table provides the total amount of transactions that have been entered into with related parties during the three months 31 March 2022 and 31 March 2021, as well as balances with related parties as at 31 March 2022, 31 December 2021 and 31 March 2021.

	<i>31 March</i> <i>2022</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2021</i> <i>KD</i>	<i>31 March</i> <i>2021</i> <i>KD</i>
<b>Statement of financial position:</b>			
Other assets - <i>Other related parties</i>	<b>315,415</b>	379,160	315,547
Financial assets at FVTPL - <i>Other related parties</i>	<b>60,750</b>	47,048	39,281
Financial assets at FVOCI - <i>Other related parties</i>	<b>32,285</b>	32,285	1,325,476
Other liabilities - <i>Associate companies</i>	<b>345,000</b>	345,000	-
		<i>Three months ended</i> <i>31 March</i>	
		<i>2022</i> <i>KD</i>	<i>2021</i> <i>KD</i>
<b>Statement of profit or loss:</b>			
Management fees - <i>Associate companies</i>		<b>737</b>	1,037
Management fees - <i>Other related parties</i>		<b>146</b>	136

#### Other transactions

The Group also manages investment portfolios on behalf of related parties amounting to KD 8,410,417 (31 December 2021: KD 8,318,545 and 31 March 2021: KD 9,805,594).

#### Key management personnel

Key management personnel comprise the Board of Directors, Executive Committees and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group. The aggregate value of transactions and outstanding balances related to key management personnel were as follows:

	<i>Three months ended</i> <i>31 March</i>	
	<i>2022</i> <i>KD</i>	<i>2021</i> <i>KD</i>
Salaries and short-term benefits	<b>29,111</b>	28,024
Employees' end of service benefits	<b>3,245</b>	3,245
	<b>32,356</b>	31,269

### 4. CASH AND CASH EQUIVALENTS

For the purpose of the interim condensed consolidated statement of cash flows, cash and cash equivalents are comprised of the following:

	<i>31 March</i> <i>2022</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2021</i> <i>KD</i>	<i>31 March</i> <i>2021</i> <i>KD</i>
Cash on hand	<b>33,746</b>	27,328	45,085
Cash at banks and financial institutions	<b>1,252,967</b>	1,460,136	1,552,744
<b>Total cash and bank balances</b>	<b>1,286,713</b>	1,487,464	1,597,829
Less: bank overdrafts	<b>(207,497)</b>	(267,083)	(206,758)
<b>Total cash and cash equivalents</b>	<b>1,079,216</b>	1,220,381	1,391,071

# Al Safat Investment Company K.S.C.P. and its Subsidiaries

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

As at and for the period ended 31 March 2022

### 5. INVESTMENT SECURITIES

	<b>31 March 2022 KD</b>	<i>(Audited)</i> <b>31 December 2021 KD</b>	<b>31 March 2021 KD</b>
<i>Financial assets at FVTPL</i>			
Quoted equity securities	<b>61,826</b>	48,139	300,705
Unquoted equity securities	<b>14,762</b>	14,762	11,512
	<b>76,588</b>	62,901	312,217
<i>Financial assets at FVOCI</i>			
Quoted equity securities	<b>1,997,467</b>	1,834,409	1,467,522
Unquoted equity securities	<b>49,860</b>	55,811	1,705,362
	<b>2,047,327</b>	1,890,220	3,172,884
<b>Investment securities (at fair value)</b>	<b>2,123,915</b>	1,953,121	3,485,101

Financial assets at FVTPL include investments in related parties of KD 60,750 (31 December 2021: KD 47,048 and 31 March 2021: KD 39,281). Financial assets at FVOCI include investments in related parties of KD 32,285 (31 December 2021: KD 32,285 and 31 March 2021: KD 1,325,476) (Note 3).

The hierarchy for determining and disclosing the fair value of investment securities by valuation techniques are presented in Note 12.

### 6. INVESTMENT PROPERTIES

	<b>31 March 2022 KD</b>	<i>(Audited)</i> <b>31 December 2021 KD</b>	<b>31 March 2021 KD</b>
At the beginning of the period / year	<b>19,566,551</b>	17,937,478	17,937,478
Capital expenditure	-	1,565,771	553,309
Change in fair value	-	70,825	-
Exchange differences	<b>14,042</b>	(7,523)	-
	<b>19,580,593</b>	19,566,551	18,490,787

The fair value of investment properties was independently determined at 31 December 2021 by accredited independent valuers who are specialised in valuing such type of properties using a mix of income capitalisation method and the market comparison approach considering the nature usage of each property.

The valuation of the Group's investment properties is performed on an annual basis as management believes that there are no significant circumstances that have arisen during the period, which may have a significant impact on fair value.

There has been no change in the valuation methodology used for investment properties. Investment properties are classified in Level 2 and Level 3 of the fair value hierarchy.

#### *Fair value sensitivity*

As at the reporting date, management considered 25 basis point movement in discount rates to capture the increased uncertainty in this key valuation assumption. An equal change in the opposite direction would lead to a decrease in the valuation by KD 150,000. This analysis assumes that all other variables remain constant.

# Al Safat Investment Company K.S.C.P. and its Subsidiaries

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

As at and for the period ended 31 March 2022

### 7. TREASURY SHARES

	<i>31 March</i> <i>2022</i>	<i>(Audited)</i> <i>31 December</i> <i>2021</i>	<i>31 March</i> <i>2021</i>
Number of treasury shares	<b>844,705</b>	844,705	803,011
Percentage of share capital	<b>0.31%</b>	0.31%	0.31%
Cost of treasury shares (KD)	<b>307,393</b>	307,393	307,393

Reserves equivalent to the cost of the treasury shares held are not available for distribution during the holding period of such shares as per CMA guidelines.

### 8. BASIC AND DILUTED EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the profit for the period attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Parent Company 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 conversion of all the dilutive potential ordinary shares into ordinary shares. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

	<i>Three months ended</i> <i>31 March</i>	
	<i>2022</i>	<i>2021</i>
Profit for the period attributable to equity holders of the Parent Company (KD)	<b>10,343</b>	190,494
Weighted average number of outstanding shares*	<b>282,388,748</b>	282,388,748
<b>Basic and diluted EPS (fils)</b>	<b>0.037</b>	0.675

\* *The weighted average number of shares takes into account the weighted average effect of changes in treasury shares during the period, if any.*

Earnings per share for the three months ended 31 March 2021 was 0.708 fils before retroactive adjustment to the number of shares following the bonus issue for the year ended 31 December 2021 as approved by the shareholders' annual general assembly meetings (AGM) held on 07 April 2022.

As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

### 9. NET INVESTMENT INCOME ON FINANCIAL ASSETS

	<i>Three months ended</i> <i>31 March</i>	
	<i>2022</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>
Income from deposits	<b>22,556</b>	22,443
Dividend income	-	3,197
Realised gain on sale of financial assets at FVTPL	-	19,604
Unrealised gain (loss) on financial assets at FVTPL	<b>13,687</b>	(4,599)
	<b>36,243</b>	40,645

# Al Safat Investment Company K.S.C.P. and its Subsidiaries

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

As at and for the period ended 31 March 2022

### 10. SEGMENT INFORMATION

The Group considers that the operating units which offer products and special services constitute segments that are disclosed and reported as follows:

- ▶ Financial
- ▶ Real estate
- ▶ Industries
- ▶ Others

The Group's segmental information is as follows:

	<i>Three months ended</i> <i>31 March 2022 (Unaudited)</i>				
	<i>Financial</i> <i>KD</i>	<i>Real estate</i> <i>KD</i>	<i>Industries</i> <i>KD</i>	<i>Others</i> <i>KD</i>	<i>Total</i> <i>KD</i>
Revenue from contracts with customers	-	-	793,880	1,625	795,505
Fee and commission income	22,828	-	-	20,370	43,198
Net investment income on financial assets	36,243	-	-	-	36,243
Share of results of associates and joint venture	(40,144)	-	-	-	(40,144)
Net rental income	-	416,324	-	-	416,324
Net (reversal) allowance for ECL on trade receivables and other provisions	90,615	57,438	63,890	(1,250)	210,693
Net foreign exchange differences	(186,071)	14,033	-	-	(172,038)
Other income	-	1,010	16,837	8,683	26,530
<b>Total (loss) income</b>	<b>(76,529)</b>	<b>488,805</b>	<b>874,607</b>	<b>29,428</b>	<b>1,316,311</b>
Cost of sales	-	-	(591,278)	(20,300)	(611,578)
Finance cost	(42,578)	-	(23,503)	(2,645)	(68,726)
General and administrative expenses	(309,688)	(22,844)	(220,067)	(84,560)	(637,159)
KFAS	(96)	-	-	-	(96)
NLST	(268)	-	-	-	(268)
<b>Total expenses and other charges</b>	<b>(352,630)</b>	<b>(22,844)</b>	<b>(834,848)</b>	<b>(107,505)</b>	<b>(1,317,827)</b>
<b>Segment (loss) profit</b>	<b>(429,159)</b>	<b>465,961</b>	<b>39,759</b>	<b>(78,077)</b>	<b>(1,516)</b>

Al Safat Investment Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

10. SEGMENT INFORMATION (continued)

	<i>Three months ended 31 March 2021 (Unaudited)</i>				
	<i>Financial KD</i>	<i>Real Estate KD</i>	<i>Industries KD</i>	<i>Others KD</i>	<i>Total KD</i>
Revenue from contracts with customers	-	-	848,963	5,308	854,271
Fee and commission income	6,353	-	-	38,969	45,322
Net investment income on financial assets	40,645	-	-	-	40,645
Share of results of associates and joint venture	(39,960)	-	-	-	(39,960)
Net rental income	-	303,971	-	-	303,971
Net reversal for ECL on trade receivables and other provisions	294,245	-	-	(1,250)	292,995
Net foreign exchange differences	(3,844)	(9,754)	(11,531)	-	(25,129)
Other income	-	-	25,799	5,839	31,638
<b>Total income</b>	<b>297,439</b>	<b>294,217</b>	<b>863,231</b>	<b>48,866</b>	<b>1,503,753</b>
Cost of sales	-	-	(556,114)	(27,381)	(583,495)
Finance Cost	(54,882)	-	(6,001)	-	(60,883)
General and administrative expenses	(274,521)	(24,171)	(282,999)	(93,003)	(674,694)
KFAS	(1,730)	-	-	-	(1,730)
<b>Total expenses and other charges</b>	<b>(331,133)</b>	<b>(24,171)</b>	<b>(845,114)</b>	<b>(120,384)</b>	<b>(1,320,802)</b>
<b>Segment (loss) profit</b>	<b>(33,694)</b>	<b>270,046</b>	<b>18,117</b>	<b>(71,518)</b>	<b>182,951</b>
	<i>Financial KD</i>	<i>Real Estate KD</i>	<i>Industries KD</i>	<i>Others KD</i>	<i>Total KD</i>
<i>Three months ended 31 March 2022 (Unaudited)</i>					
<b>Total assets</b>	<b>6,259,295</b>	<b>19,917,493</b>	<b>12,585,514</b>	<b>1,303,186</b>	<b>40,065,488</b>
<b>Total liabilities</b>	<b>3,956,648</b>	<b>3,534,342</b>	<b>2,894,556</b>	<b>702,606</b>	<b>11,088,152</b>
<i>Three months ended 31 March 2021 (Unaudited)</i>					
Total assets	6,721,357	19,022,824	13,589,491	1,109,465	40,443,137
Total liabilities	5,123,467	3,502,233	2,466,034	377,962	11,469,696

# Al Safat Investment Company K.S.C.P. and its Subsidiaries

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

As at and for the period ended 31 March 2022

### 11. COMMITMENTS AND CONTINGENCIES

	<i>31 March</i> <i>2022</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2021</i> <i>KD</i>	<i>31 March</i> <i>2021</i> <i>KD</i>
Letters of guarantee	<u>319,736</u>	<u>476,087</u>	<u>289,966</u>
Letters of credit	<u>59,849</u>	<u>10,307</u>	<u>39,333</u>

The Group has provided bank guarantees and letters of credit in the ordinary course of business. No material liabilities are expected to arise.

#### *Capital commitments*

As at 31 March 2022, the Group had ongoing construction contracts with third parties and is consequently committed to future capital expenditure in respect of investment properties of KD Nil (31 December 2021: KD Nil and 31 March 2021: KD 636,356).

#### *Legal case*

In 2020, the Court of Cassation ruled in favour of the Parent Company on its disputes with the Qatar National Bank (the 'bank'). As result of this ruling, the Parent Company initiated legal formalities for transferring 25,295,591 shares of Q Holding PSC ('Q Holding') to the bank and also claiming other related assets (i.e. its non-mortgaged holding of Q Holding shares amounting to 40,062,158 shares and related dividends receivable) from Evolvance Capital Ltd (the 'custodian'). However, the Parent Company encountered difficulties in confirming and reclaiming the aforementioned assets from the custodian.

In 2021, the custodian filed a lawsuit against the Parent Company claiming an amount of AED 71,082,525 (equivalent KD 5,882,093) in lieu of management fees for the years 2007 to 2020. Based on the Parent Company's legal counsel, the amount claimed by the custodian is unrealistic and does not have any merit since the custodian does not have any right to claim management fees according to the mutual contractual agreements. Accordingly, the Parent Company filed a counter claim before the court of law against the custodian. During 2021, the Court also ruled to assign an expert committee to verify the elements of the lawsuit and submit their findings accordingly.

Notwithstanding the above, the Parent Company has been advised by its legal counsel that it is only possible, but not probable, that the action against the Parent Company will succeed. Accordingly, the Group has not recognised any provision for any liability in the interim condensed consolidated financial information for the period ended 31 March 2022.

### 12. FINANCIAL INSTRUMENTS

Set out below, is an overview of financial assets, other than cash and term deposits, held by the Group as at 31 March 2022, 31 December 2021 and 31 March 2021:

	<i>31 March</i> <i>2022</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2021</i> <i>KD</i>	<i>31 March</i> <i>2021</i> <i>KD</i>
<b>Debt instruments at amortised cost:</b>			
Account receivables and other assets	<u>2,150,917</u>	<u>2,304,689</u>	<u>2,495,575</u>
<b>Financial assets at FVTPL:</b>			
Quoted equity securities	<u>61,826</u>	<u>48,139</u>	<u>300,705</u>
Unquoted equity securities	<u>14,762</u>	<u>14,762</u>	<u>11,512</u>
	<u>76,588</u>	<u>62,901</u>	<u>312,217</u>
<b>Financial assets at FVOCI:</b>			
Quoted equity securities	<u>1,997,467</u>	<u>1,834,409</u>	<u>1,467,522</u>
Unquoted equity securities	<u>49,860</u>	<u>55,811</u>	<u>1,705,362</u>
	<u>2,047,327</u>	<u>1,890,220</u>	<u>3,172,884</u>



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

**12. FINANCIAL INSTRUMENTS (continued)**

**Fair values**

The following table provides the fair value measurement hierarchy of the Group's financial instruments measured at fair value on a recurring basis as at 31 March 2022, 31 December 2021 and 31 March 2021:

	<i>Quoted prices in active markets (Level 1) KD</i>	<i>Fair value measurement using Significant unobservable inputs (Level 3) KD</i>	<i>Total KD</i>
<i>As at 31 March 2022</i>			
<b>Financial assets at FVTPL:</b>			
Quoted equity securities	61,826	-	61,826
Unquoted equity securities	-	14,762	14,762
	<u>61,826</u>	<u>14,762</u>	<u>76,588</u>
<b>Financial assets at FVOCI:</b>			
Quoted equity securities	1,997,467	-	1,997,467
Unquoted equity securities	-	49,860	49,860
	<u>1,997,467</u>	<u>49,860</u>	<u>2,047,327</u>
Investment securities (at fair value)	<u><u>2,059,293</u></u>	<u><u>64,622</u></u>	<u><u>2,123,915</u></u>
<i>31 December 2021</i>			
<b>Financial assets at FVTPL:</b>			
Quoted equity securities	48,139	-	48,139
Unquoted equity securities	-	14,762	14,762
	<u>48,139</u>	<u>14,762</u>	<u>62,901</u>
<b>Financial assets at FVOCI</b>			
Quoted equity securities	1,834,409	-	1,834,409
Unquoted equity securities	-	55,811	55,811
	<u>1,834,409</u>	<u>55,811</u>	<u>1,890,220</u>
Investment securities (at fair value)	<u><u>1,882,548</u></u>	<u><u>70,573</u></u>	<u><u>1,953,121</u></u>
<i>As at 31 March 2021</i>			
<b>Financial assets at FVTPL:</b>			
Quoted equity securities	300,705	-	300,705
Unquoted equity securities	-	11,512	11,512
	<u>300,705</u>	<u>11,512</u>	<u>312,217</u>
<b>Financial assets at FVOCI:</b>			
Quoted equity securities	1,467,522	-	1,467,522
Unquoted equity securities	-	1,705,362	1,705,362
	<u>1,467,522</u>	<u>1,705,362</u>	<u>3,172,884</u>
Investment securities (at fair value)	<u><u>1,768,227</u></u>	<u><u>1,716,874</u></u>	<u><u>3,485,101</u></u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

**12. FINANCIAL INSTRUMENTS (continued)**

The management assessed that the fair values of other financial instruments approximate their carrying amounts largely due to the short-term maturities of these instruments.

**Reconciliation of recurring fair value measurements categorised within Level 3 of the fair value hierarchy:**

	<i>Non-listed equity investments</i>		
	<i>Financial assets at FVOCI</i>	<i>Financial assets at FVTPL</i>	<i>Total</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>31 March 2022</b>			
As at 1 January 2022	<b>55,811</b>	<b>14,762</b>	<b>70,573</b>
Disposals	<b>(5,951)</b>	<b>-</b>	<b>(5,951)</b>
As at 31 March 2022	<b>49,860</b>	<b>14,762</b>	<b>64,622</b>

	<i>Non-listed equity investments</i>		
	<i>Financial assets at FVOCI</i>	<i>Financial assets at FVTPL</i>	<i>Total</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>31 December 2021</b>			
As at 1 January 2021	1,705,820	11,512	1,717,332
Disposals	(627,695)	-	(627,695)
Remeasurement recognised in OCI	(1,022,314)	-	(1,022,314)
Remeasurement recognised in profit or loss	-	3,250	3,250
As at 31 December 2021	<b>55,811</b>	<b>14,762</b>	<b>70,573</b>

	<i>Non-listed equity investments</i>		
	<i>Financial assets at FVOCI</i>	<i>Financial assets at FVTPL</i>	<i>Total</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>31 March 2021</b>			
As at 1 January 2021	1,705,820	11,512	1,717,332
Net disposals	(458)	-	(458)
As at 31 March 2021	<b>1,705,362</b>	<b>11,512</b>	<b>1,716,874</b>

**Fair value hierarchy**

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- ▶ Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- ▶ Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- ▶ Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

The Group has performed a sensitivity analysis to the range of significant unobservable inputs used in the fair value measurements during the period. Based on such analysis, there is no material impact on the interim condensed consolidated financial information.

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