

**Ali Al-Ghanim Sons Automotive Company
K.S.C.P and its Subsidiaries**

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

30 JUNE 2023



REPORT ON REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF ALI AL-GHANIM SONS AUTOMOTIVE COMPANY K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Ali Al-Ghanim Sons Automotive Company K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively, the “Group”) as at 30 June 2023, and the related interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of comprehensive income for the three-month and six-month periods then ended and the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”). 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 IAS 34.

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company’s Memorandum of Incorporation and Articles of Association, during the six-month period ended 30 June 2023, that might have had a material effect on the business of the Parent Company or on its financial position.

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 7 of 2010 concerning the Capital Markets Authority and its related regulations during the six-month period ended 30 June 2023, that might have had a material effect on the business of the Parent Company or on its financial position.



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

1 August 2023
Kuwait

Ali Al-Ghanim Sons Automotive Company K.S.C.P. and its Subsidiaries
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
(UNAUDITED)

For the period ended 30 June 2023

	Notes	Three months ended 30 June		Six months ended 30 June	
		2023	2022	2023	2022
		KD	KD	KD	KD
CONTINUING OPERATIONS					
Revenue from contracts with customers	3	62,648,433	47,469,351	124,250,011	86,252,606
Vehicle lease income		1,160,725	996,535	2,252,355	1,998,005
Revenue		63,809,158	48,465,886	126,502,366	88,250,611
Cost of sales and services rendered		(48,240,045)	(37,304,791)	(95,812,140)	(67,813,075)
GROSS PROFIT		15,569,113	11,161,095	30,690,226	20,437,536
Other income		708,589	650,145	1,245,020	1,387,333
Share of results of equity-accounted investees	6	1,729,788	-	1,496,790	-
Selling and distribution expenses		(4,409,007)	(3,338,177)	(9,176,885)	(6,101,900)
Administrative expenses		(3,875,361)	(2,897,670)	(7,368,306)	(5,282,152)
Finance costs		(476,168)	(294,958)	(802,450)	(531,660)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		9,246,954	5,280,435	16,084,395	9,909,157
Contribution to Kuwait Foundation for the Advances of Sciences (“KFAS”)		(81,907)	(40,125)	(143,492)	(89,195)
Zakat		(86,727)	(50,163)	(153,931)	(96,145)
National Labour Support Tax (“NLST”)		(216,819)	(30,720)	(384,828)	(30,720)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	4	8,861,501	5,159,427	15,402,144	9,693,097
DISCONTINUED OPERATIONS					
Loss after tax for the period from discontinued operations		-	(366,244)	-	(673,022)
PROFIT FOR THE PERIOD		8,861,501	4,793,183	15,402,144	9,020,075
Attributable to:					
Equity holders of the Parent Company		7,424,864	4,728,946	13,415,468	8,801,495
Non-controlling interests		1,436,637	64,237	1,986,676	218,580
		8,861,501	4,793,183	15,402,144	9,020,075
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT COMPANY (FILS)					
	5	27.09	17.04	48.95	31.72
BASIC AND DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT COMPANY (FILS)					
	5	27.09	17.49	48.95	32.54

The attached notes 1 to 15 form part of this interim condensed consolidated financial information.

Ali Al-Ghanim Sons Automotive Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 June 2023

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
<i>Note</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
PROFIT FOR THE PERIOD	8,861,501	4,793,183	15,402,144	9,020,075
Other comprehensive (loss) income				
<i>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:</i>				
Cash flow hedges – effective portion of changes in fair value	(115,031)	(1,111,422)	498,867	(2,028,275)
Cost of hedging reserve – changes in fair value	(54,172)	(34,527)	(118,247)	(295,261)
Cost of hedging reserve – amortised to profit or loss	77,938	149,196	208,343	257,253
Net (loss) income on cash flow hedges	(91,265)	(996,753)	588,963	(2,066,283)
Exchange differences on translation of foreign operations	114,709	49,074	119,152	22,088
Share of other comprehensive loss of equity-accounted investees	6 (609,213)	-	(733,343)	-
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods	(585,769)	(947,679)	(25,228)	(2,044,195)
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>				
Net income on equity instruments designated at fair value through other comprehensive income	52,500	-	49,000	-
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods	52,500	-	49,000	-
Other comprehensive (loss) income for the period	(533,269)	(947,679)	23,772	(2,044,195)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	8,328,232	3,845,504	15,425,916	6,975,880
Attributable to:				
Equity holders of the Parent Company	7,137,807	3,766,207	13,698,251	6,770,641
Non-controlling interests	1,190,425	79,297	1,727,665	205,239
	8,328,232	3,845,504	15,425,916	6,975,880

The attached notes 1 to 15 form part of this interim condensed consolidated financial information.

Ali Al-Ghanim Sons Automotive Company K.S.C.P. and its Subsidiaries
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL
POSITION (UNAUDITED)**
As at 30 June 2023

		(Audited)	
	Notes	30 June 2023 KD	31 December 2022 KD
		30 June 2022 KD	
ASSETS			
Non-current assets			
Property, plant, and equipment		102,408,048	101,715,627
Intangible assets		81,112	223,291
Medium-term receivables		784,069	952,820
Investment in equity-accounted investees	6	8,444,225	3,065,573
Financial assets at fair value through other comprehensive income		514,500	465,500
		<u>112,231,954</u>	<u>106,422,811</u>
Current assets			
Inventories		61,624,054	52,345,292
Accounts receivable and prepayments		9,639,992	9,556,026
Receivables from related parties	11	7,355,113	3,846,370
Cash and short-term deposits	7	16,471,302	15,908,263
		<u>95,090,461</u>	<u>81,655,951</u>
Assets held for sale		-	-
		<u>-</u>	<u>5,572,625</u>
TOTAL ASSETS		<u><u>207,322,415</u></u>	<u><u>188,078,762</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital		27,750,000	27,750,000
Statutory reserve		4,676,367	4,676,367
Treasury shares	8	(2,954,654)	(2,954,654)
Treasury shares reserve		5,139	5,139
Asset revaluation surplus		31,508,181	31,508,181
Cash flow hedge reserve		134,121	(591,721)
Cost of hedging reserve		(20,515)	(110,857)
Fair value reserve		39,783	(9,217)
Foreign currency translation reserve		(711,664)	(365,807)
Other reserve		1,196,343	1,196,343
Retained earnings		15,957,991	11,860,187
		<u>77,581,092</u>	<u>72,963,961</u>
Equity attributable to equity holders of the Parent Company		<u>77,581,092</u>	<u>72,963,961</u>
Non-controlling interests		7,645,965	6,702,293
		<u>85,227,057</u>	<u>79,666,254</u>
Total equity		<u><u>85,227,057</u></u>	<u><u>79,666,254</u></u>
Non-current liabilities			
Islamic finance payables	9	19,474,459	13,981,281
Employees' end of service benefits		5,720,462	5,451,636
Accounts payable and accruals	10	13,003,016	11,976,988
		<u>38,197,937</u>	<u>31,409,905</u>
Total non-current liabilities		<u>38,197,937</u>	<u>31,409,905</u>
Current liabilities			
Islamic finance payables	9	5,021,670	2,623,038
Accounts payable and accruals	10	70,334,567	70,069,985
Payables to related parties	11	8,541,184	4,309,580
		<u>83,897,421</u>	<u>77,002,603</u>
Liabilities directly associated with assets classified as held for sale		-	-
		<u>-</u>	<u>1,540,041</u>
Total liabilities		<u>122,095,358</u>	<u>108,412,508</u>
TOTAL EQUITY AND LIABILITIES		<u><u>207,322,415</u></u>	<u><u>188,078,762</u></u>



Eng. Fahad Ali Mohammed Thunayan Alghanim
Chairman

The attached notes 1 to 15 form part of this interim condensed consolidated financial information.

Ali Al-Ghanim Sons Automotive Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 June 2023

	<i>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>Statutory reserve</i> KD	<i>Treasury shares</i> KD	<i>Treasury shares reserve</i> KD	<i>Asset revaluation surplus</i> KD	<i>Cash flow hedge reserve</i> KD	<i>Cost of hedging reserve</i> KD	<i>Fair value reserve</i> KD	<i>Foreign currency translation reserve</i> KD	<i>Other reserve</i> KD	<i>Retained earnings</i> KD			<i>Sub-total</i> KD
As at 1 January 2023 <i>(Audited)</i>	27,750,000	4,676,367	(2,954,654)	5,139	31,508,181	(591,721)	(110,857)	(9,217)	(365,807)	1,196,343	11,860,187	72,963,961	6,702,293	79,666,254
Profit for the period	-	-	-	-	-	-	-	-	-	-	13,415,468	13,415,468	1,986,676	15,402,144
Other comprehensive income (loss) for the period	-	-	-	-	-	489,298	90,342	49,000	(345,857)	-	-	282,783	(259,011)	23,772
Total comprehensive income (loss) for the period	-	-	-	-	-	489,298	90,342	49,000	(345,857)	-	13,415,468	13,698,251	1,727,665	15,425,916
Transfer of cash flow hedge reserve to inventories	-	-	-	-	-	236,544	-	-	-	-	-	236,544	(3,753)	232,791
Dividends to equity holders of the Parent Company (Note 12)	-	-	-	-	-	-	-	-	-	-	(9,317,664)	(9,317,664)	-	(9,317,664)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(780,240)	(780,240)
At 30 June 2023	27,750,000	4,676,367	(2,954,654)	5,139	31,508,181	134,121	(20,515)	39,783	(711,664)	1,196,343	15,957,991	77,581,092	7,645,965	85,227,057

The attached notes 1 to 15 form part of this interim condensed consolidated financial information.

Ali Al-Ghanim Sons Automotive Company K.S.C.P. and its Subsidiaries

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

For the period ended 30 June 2023

	Attributable to equity holders of the Parent Company										Non-controlling interests KD	Total equity KD
	Share capital KD	Statutory reserve KD	Asset revaluation surplus KD	Cash flow hedge reserve KD	Cost of hedging reserve KD	Fair value reserve KD	Foreign currency translation reserve KD	Other reserve KD	Retained earnings KD	Sub-total KD		
As at 1 January 2022 (<i>Audited</i>)	27,750,000	2,731,756	20,791,681	(1,056,086)	(30,065)	(47,059)	(51,493)	733,212	6,519,962	57,341,908	6,627,301	63,969,209
Profit for the period	-	-	-	-	-	-	-	-	8,801,495	8,801,495	218,580	9,020,075
Other comprehensive (loss) income for the period	-	-	-	(2,028,275)	(38,008)	-	35,429	-	-	(2,030,854)	(13,341)	(2,044,195)
Total comprehensive (loss) income for the period	-	-	-	(2,028,275)	(38,008)	-	35,429	-	8,801,495	6,770,641	205,239	6,975,880
Transfer of cash flow hedge reserve to inventories	-	-	-	393,592	-	-	-	-	-	393,592	-	393,592
Dividends to equity holders of the Parent Company (Note 12)	-	-	-	-	-	-	-	-	(4,440,000)	(4,440,000)	-	(4,440,000)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(380,165)	(380,165)
At 30 June 2022	<u>27,750,000</u>	<u>2,731,756</u>	<u>20,791,681</u>	<u>(2,690,769)</u>	<u>(68,073)</u>	<u>(47,059)</u>	<u>(16,064)</u>	<u>733,212</u>	<u>10,881,457</u>	<u>60,066,141</u>	<u>6,452,375</u>	<u>66,518,516</u>

The attached notes 1 to 15 form part of this interim condensed consolidated financial information.

Ali Al-Ghanim Sons Automotive Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

For the period ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 KD	2022 KD
OPERATING ACTIVITIES			
Profit before tax from continuing operations		16,084,395	9,909,157
Loss from discontinued operations		-	(673,022)
Profit before tax		16,084,395	9,236,135
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Gain on disposal of property, plant and equipment		(628)	(59,780)
Gain on derecognition and modification of leases		(842)	-
Share of results of equity-accounted investees	6	(1,496,790)	-
Depreciation of property, plant and equipment		3,809,205	3,649,119
Amortisation of intangible assets		155,975	23,736
Allowance for provision for old and obsolete inventories	4	488,721	21,758
Allowance for expected credit losses on trade receivables	4	345,908	29,966
Provision for employees' end of service benefits		328,281	386,657
Finance costs on loans and borrowings		698,258	348,146
Interest expense on lease liabilities		104,192	183,514
		20,516,675	13,819,251
<i>Working capital adjustments:</i>			
Inventories		(8,184,484)	(6,794,444)
Medium term receivables		168,751	(109,024)
Accounts receivable and prepayments		47,246	(2,797,337)
Amounts due from related parties		(269,931)	122,087
Amounts due to related parties		(47,860)	(281,701)
Accounts payable and accruals		230,780	12,560,813
Cash flows from operations		12,461,177	16,519,645
Employees' end of service benefits paid		(59,455)	(91,777)
Net cash flows from operating activities		12,401,722	16,427,868
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(4,375,294)	(1,177,448)
Proceeds from disposal of property, plant and equipment		205,472	277,202
Additions to intangible assets		(13,682)	-
Net movement in term deposits	7	1,000,000	-
Capital contribution towards investment in equity-accounted investees	6	(4,605,000)	-
Loan advanced to a related party	11	(3,238,812)	-
Net cash flows used in investing activities		(11,027,316)	(900,246)
FINANCING ACTIVITIES			
Proceeds from Islamic finance payables		10,480,000	2,750,000
Repayment of Islamic finance payables		(2,588,190)	(11,201,126)
Dividends paid to non-controlling interests		(780,240)	(380,165)
Net movement in payables to related parties	11	4,279,464	51,381
Dividends paid to equity holders of the Parent Company		(9,346,730)	(4,440,000)
Finance costs paid		(698,258)	(348,146)
Payment of lease liabilities		(1,263,207)	(1,142,542)
Net cash flows from (used in) financing activities		82,839	(14,710,598)
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,457,245	817,024
Net increase in cash and cash equivalents related to assets held for sale		-	757,781
Cash and cash equivalents at 1 January		14,908,263	19,068,429
Net foreign exchange difference		105,794	(32,329)
CASH AND CASH EQUIVALENTS AT 30 JUNE	7	16,471,302	20,610,905

The attached notes 1 to 15 form part of this interim condensed consolidated financial information.

Ali Al-Ghanim Sons Automotive Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED) (CONTINUED)

For the period ended 30 June 2023

Non-cash items excluded from the interim condensed consolidated statement of cash flows:

	Notes	Six months ended 30 June	
		2023 KD	2022 KD
Effective portion of gain on hedging instruments (adjusted with accounts receivable and prepayments)	15	132,861	-
Effective portion of loss on hedging instruments (adjusted with accounts payable and accruals)		-	(2,115,349)
Additions to lease liabilities (adjusted with accounts payable and accruals)		1,873,680	2,773,842
Additions to right-of-use assets (adjusted with property, plant and equipment)		(1,873,680)	(2,773,842)
Derecognition of right-of-use assets (adjusted property, plant and equipment)		(232,743)	-
Derecognition of lease liabilities (adjusted with accounts payable and accruals)		233,063	-
Transfer of property, plant and equipment from (to) inventories (net) - (adjusted with property, plant and equipment)		1,350,688	517,178
Transfer of property, plant and equipment (from) to inventories (net) - (adjusted with inventories)		(1,350,688)	(517,178)

The attached notes 1 to 15 form part of this interim condensed consolidated financial information.

Ali Al-Ghanim Sons Automotive Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2023

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Ali Al-Ghanim Sons Automotive Company K.S.C.P. (the “Parent Company”) and its Subsidiaries (collectively, the “Group”) for the six months ended 30 June 2023 was authorised for issue in accordance with a resolution of the Parent Company’s Board of Directors on 1 August 2023.

The shareholders of the Parent Company at the annual general assembly meeting (“AGM”) held on 22 March 2023 approved the consolidated financial statements for the year ended 31 December 2022. Dividends proposed and paid by the Group for the year then ended are provided in Note 12.

The Parent Company was a closed Kuwaiti shareholding Company registered and incorporated in the State of Kuwait on 24 July 2018. The Group has set its initial public offering price to float a 45-percent stake and filed to list on Boursa Kuwait. The Board of Commissioners of Kuwait Capital Markets Authority (“CMA”) approved the listing of the Parent Company on Boursa Kuwait in the Premier Market on 28 April 2022. The Parent Company’s shares were listed in the Premier Market of Boursa Kuwait on 7 June 2022. The shareholders of the Parent Company in the extraordinary general assembly meeting (“EGM”) held on 6 July 2022 approved the change in the legal name to Ali Al-Ghanim Sons Automotive Company K.S.C.P. The changes in the articles and memorandum of association were authenticated in the commercial register on 25 July 2022 under registration number 399347.

The Parent Company is a subsidiary of Ali Alghanim Sons Holding Company K.S.C. (Closed) (the “Ultimate Parent Company”).

The registered postal address of the Parent Company is P.O. Box 21540, Safat 13076, Kuwait City.

The Parent Company is principally engaged in the following activities:

- ▶ Selling and purchasing cars and its spare parts.
- ▶ Importing and exporting light and heavy vehicles and cars.
- ▶ Maintaining and renting light and heavy vehicles and cars.
- ▶ Trading of auto spare parts, renting equipment and their maintenance.
- ▶ The Parent Company may have interest or participate, in any respect, with entities which embark on businesses similar to its businesses and which may help it to achieve its objects in Kuwait or abroad; and it shall have the right to purchase these entities.
- ▶ Possessing movables and real estate necessary for undertaking its activity within the limitation allowed by the law.
- ▶ Utilising the financial surpluses available with the Parent Company by means of investing them in financial portfolios to be managed by specialised companies and authorities.
- ▶ Selling and purchasing the shares and bonds only for its account.

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

2.1 Basis of preparation

The interim condensed consolidated financial information of the Group for the six months ended 30 June 2023 has been prepared in accordance with International Accounting Standard 34: “*Interim Financial Reporting*” (“IAS 34”). The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. Management consider 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 date of the approval of the interim condensed consolidated financial information for the six months ended 30 June 2023.

The interim condensed consolidated financial information does not contain all information and disclosures required for full financial statements prepared in accordance with the International Financial Reporting Standards (“IFRS”) and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2022.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2023

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

2.2 New standards, interpretations, 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 2022, except for the adoption of new standards effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial information of the Group.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

These amendments had no impact on the interim condensed consolidated financial information.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS *Practice Statement 2 Making Materiality Judgements* provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no impact on the Group's interim condensed consolidated financial information, but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 *Income Tax* narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Group's interim condensed consolidated financial information.

3 REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Type of goods or service:				
Sales of vehicles and spare parts	59,906,033	44,931,493	118,692,854	81,431,081
Vehicle inspection, repair and maintenance services	2,742,400	2,537,858	5,557,157	4,821,525
Total revenue from contracts with customers	62,648,433	47,469,351	124,250,011	86,252,606
Geographical markets:				
Kuwait	58,306,386	44,816,992	115,571,787	79,515,786
Iraq	4,342,047	2,652,359	8,678,224	6,736,820
Total revenue from contracts with customers	62,648,433	47,469,351	124,250,011	86,252,606
Timing of revenue recognition:				
Goods transferred at a point in time	59,906,033	44,931,493	118,692,854	81,431,081
Services rendered at a point in time	2,742,400	2,537,858	5,557,157	4,821,525
Total revenue from contracts with customers	62,648,433	47,469,351	124,250,011	86,252,606

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4 PROFIT FOR THE PERIOD

The profit for the period is stated after charging:

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	2023	2022	2023	2022
	KD	KD	KD	KD
Staff costs included in:				
Cost of sales and services rendered	1,212,727	861,081	2,195,241	1,798,693
Selling and distribution expenses	594,363	647,001	1,332,157	1,266,868
Administrative expenses	2,099,015	1,039,649	3,748,777	2,827,282
	3,906,105	2,547,731	7,276,175	5,892,843
Rent - operating leases included in*:				
Cost of sales and services rendered	6,375	4,500	10,875	9,000
Selling and distribution expenses	1,200	2,010	2,400	4,020
Administrative expenses	9,603	6,574	16,190	12,277
	17,178	13,084	29,465	25,297
Costs of inventories recognised as an expense (included in cost of sales and services rendered)	45,916,934	32,387,774	90,281,974	60,467,350
Rental vehicle fleet insurance charges (included in cost of sales and services rendered)	67,957	56,763	122,240	121,686
Allowance for (reversal of) provision for old and obsolete inventories included in:				
Selling and distribution expenses	102,314	1,700	369,818	(13,183)
Administrative expenses	81,591	30,164	118,903	34,941
	183,905	31,864	488,721	21,758
Allowance for provision for ECL on trade receivables included in:				
Selling and distribution expenses	6,440	5,334	12,887	10,261
Administrative expenses	364,688	17,040	333,021	19,705
	371,128	22,374	345,908	29,966
Depreciation expense recognised included in:				
Cost of sales and services rendered	527,724	602,213	1,181,569	1,227,710
Selling and distribution expenses	1,098,330	1,041,647	1,872,083	1,598,752
Administrative expenses	404,299	114,755	755,553	559,465
	2,030,353	1,758,615	3,809,205	3,385,927

* This represents expense relating to short-term leases

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5 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 EPS are identical.

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	2023	2022	2023	2022
Profit from continuing operations attributable to equity holders of the Parent Company (KD)	7,424,864	4,853,475	13,415,468	9,030,334
Loss for the period from discontinued operations attributable to equity holders of the Parent Company (KD)	-	(124,529)	-	(228,839)
Profit for the period attributable to equity holders of the Parent Company (KD)	7,424,864	4,728,946	13,415,468	8,801,495
Weighted average number of shares outstanding during the period (shares)*	274,048,954	277,500,000	274,048,954	277,500,000
Basic and diluted EPS attributable to equity holders of the Parent Company (Fils)	27.09	17.04	48.95	31.72
Basic and diluted EPS from continuing operations attributable to equity holders of the Parent Company (Fils)	27.09	17.49	48.95	32.54

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

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the authorisation date of this interim condensed consolidated financial information.

6 INVESTMENT IN EQUITY-ACCOUNTED INVESTEEES

	<i>(Audited)</i>		
	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>
	2023	2022	2022
	KD	KD	KD
As at 1 January	3,065,573	251,107	251,107
Additions	4,605,000	4,323,321	-
Share of profit (loss)	1,496,790	(678,436)	-
Share of other comprehensive loss	(733,343)	(822,885)	-
Exchange differences	10,205	(7,534)	-
Total equity accounted investments	8,444,225	3,065,573	251,107

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6 INVESTMENT IN EQUITY-ACCOUNTED INVESTEEES (continued)

Global Auto S.A.E

In 2021, the Group had commenced the process to partially sell 33.33% out of 66.66% of its investment in Global Auto S.A.E. (“equity-accounted investee”), a subsidiary held through German Automotive Holding Ltd, in a single transaction to an outside investor for a consideration of KD 916,350 (approximately USD 3 million). As a result, the subsidiary met all the criteria for classifying the assets and liabilities as held for sale regardless of whether the Group will retain a non-controlling interest in the former subsidiary after the sale.

On 31 July 2022, the sale of 33.33% controlling interest in the subsidiary was completed resulting in loss of control and triggering remeasurement of the residual holding in the former subsidiary to fair value. Accordingly, the Group derecognised the assets and liabilities of the former subsidiary at their carrying amounts. The residual holding in the former subsidiary is classified as an associate in accordance with IAS 28: *Investment in Associates and Joint Ventures* and have been remeasured to fair value at the date control is lost.

The retained equity interest 33.33% in Global Auto S.A.E. is fair valued at KD 4,323,321 and recognised as investment in an associate in the consolidated statement of financial position during the year 2022.

Auto Mobility For Import Cars LLC

During the six months ended 30 June 2023, the Group acquired 50% equity interest in Auto Mobility for Import Cars LLC, a joint venture in which the Group has joint control by contributing an amount of KD 4,605,000 (USD 15 million) towards the capital of the investee. The joint venture is not publicly listed and is the official dealership of a renowned automobile brand in the Arab Republic of Egypt.

7 CASH AND CASH EQUIVALENTS

For the purpose of the interim condensed consolidated statement of cash flows, cash and cash equivalents comprise the following at the reporting date:

	30 June	<i>(Audited)</i> 31 December	30 June
	2023	2022	2022
	KD	KD	KD
Cash at banks and on hand	15,227,682	13,687,002	20,460,905
Cash held in managed portfolios	1,243,620	1,221,261	150,000
Short-term deposits	-	1,000,000	-
Cash and short-term deposits	16,471,302	15,908,263	20,610,905
Less: Term deposits with original maturity of more than three months but less than twelve months after the reporting period	-	(1,000,000)	-
Cash and cash equivalents	16,471,302	14,908,263	20,610,905

Term deposits are subject to an insignificant risk of changes in value. These are placed with local Islamic financial institutions and earn profit at commercial rates.

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8 TREASURY SHARES

	<i>30 June</i> <i>2023</i>	<i>(Audited)</i> <i>31 December</i> <i>2022</i>	<i>30 June</i> <i>2022</i>
Number of treasury shares	3,451,046	3,451,046	-
Percentage of total outstanding shares %	1.24%	1.24%	-
Cost (KD)	2,954,654	2,954,654	-
Market value (KD)	3,440,693	2,778,092	-
Market value per share (Fils)	997	805	-

An amount equivalent to the cost of purchase of treasury shares held is not available for distribution during the holding period of such shares as per CMA guidelines.

9 ISLAMIC FINANCE PAYABLES

	<i>30 June</i> <i>2023</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2022</i> <i>KD</i>	<i>30 June</i> <i>2022</i> <i>KD</i>
Islamic finance payables	24,496,129	16,604,319	13,780,509
Non-current	19,474,459	13,981,281	11,179,300
Current	5,021,670	2,623,038	2,601,209
	24,496,129	16,604,319	13,780,509

Islamic finance payables include tawarruq facilities amounting to KD 17,430,407 (31 December 2022: KD 12,073,928; 30 June 2022: KD 12,775,688) which bear finance costs at commercial rates and are secured by a corporate guarantee provided by certain Group entities (Note 11). The remaining Islamic finance payables are unsecured and bear finance costs at commercial rates.

10 ACCOUNTS PAYABLE AND ACCRUALS

	<i>30 June 2023</i>		
	<i>Non-current</i> <i>KD</i>	<i>Current</i> <i>KD</i>	<i>Total</i> <i>KD</i>
Trade payables	-	42,244,492	42,244,492
Advances from customers	-	10,459,428	10,459,428
Contract liabilities*	8,712,045	3,749,297	12,461,342
Lease liabilities	4,085,309	1,750,401	5,835,710
Accrued expenses	138,800	9,518,044	9,656,844
Dividends payable	-	48,329	48,329
Other payables	66,862	2,564,576	2,631,438
	13,003,016	70,334,567	83,337,583

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10 ACCOUNTS PAYABLE AND ACCRUALS (continued)

	31 December 2022 (Audited)		
	Non-current KD	Current KD	Total KD
Trade payables	-	36,915,879	36,915,879
Advances from customers	-	18,304,949	18,304,949
Contract liabilities*	7,904,603	3,205,976	11,110,579
Lease liabilities	3,866,723	1,472,243	5,338,966
Accrued expenses	138,800	8,147,353	8,286,153
Dividend payable	-	77,394	77,394
Other payables	66,862	1,946,191	2,013,053
	<u>11,976,988</u>	<u>70,069,985</u>	<u>82,046,973</u>
	30 June 2022		
	Non-current KD	Current KD	Total KD
Trade payables	-	26,564,708	26,564,708
Advances from customers	-	12,677,728	12,677,728
Contract liabilities*	8,249,427	2,185,152	10,434,579
Lease liabilities	4,089,565	2,000,483	6,090,048
Accrued expenses	138,800	5,989,395	6,128,195
Advances received for the sale of controlling interests	-	924,750	924,750
Other payables	-	4,037,510	4,037,510
	<u>12,477,792</u>	<u>54,379,726</u>	<u>66,857,518</u>

* Contract liabilities represent unsatisfied performance obligations as at the reporting date towards vehicle maintenance services.

11 RELATED PARTY DISCLOSURES

Related parties represent major shareholders, associates, joint venture, 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.

The following table provides the total amount of transactions that have been entered into with related parties during the three and six months ended 30 June 2023 and 2022, as well as balances with related parties as at 30 June 2023, 31 December 2022 and 30 June 2022:

	Entities under common control			
	Three months ended		Six months ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	KD	KD	KD	KD
Interim condensed consolidated statement of profit or loss				
Sale of goods	102,304	1,375	336,228	3,480
Rendering of services	4,482	2,730	8,109	2,730
Vehicle rental income	-	3,314	-	3,314
Purchased services	(5,795)	-	(17,959)	-

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11 RELATED PARTY DISCLOSURES (continued)

	<i>30 June</i> <i>2023</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2022</i> <i>KD</i>	<i>30 June</i> <i>2022</i> <i>KD</i>
Consolidated statement of financial position			
<i>Receivables from related parties:</i>			
Entities under common control /ownership	203,114	99,049	204,664
Equity-accounted investees*	7,139,430	3,745,437	-
Other related parties	12,569	1,884	-
	7,355,113	3,846,370	204,664

* The balance constitutes the following:

- 1) Convertible loan amounting to KD 3,760,750 (31 December 2022: KD 3,745,437; 30 June 2022: KD Nil) advanced to Global Auto S.A.E. ("equity accounted investee") to provide financial assistance. The amount is unsecured, interest free, have no repayment schedule and will be capitalised in exchange for shares in the equity accounted investee once the regulatory procedures are complete. As at the period-end a call for the repayment of the loan is at the Group's discretion.
- 2) An amount of KD 3,223,500 (31 December 2022: Nil; 30 June 2022: Nil) advanced to Global Auto S.A.E. to finance the working capital and other requirements. The amount is not secured, interest free and callable at least after twelve months from the date of the loan agreement at the discretion of the Group.

	<i>30 June</i> <i>2023</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2022</i> <i>KD</i>	<i>30 June</i> <i>2022</i> <i>KD</i>
<i>Payables to related parties:</i>			
Key management	488,947	537,901	524,131
Entities under common control/ownership	1,610	516	21,369
Other related parties**	8,050,627	3,771,163	3,776,545
	8,541,184	4,309,580	4,322,045

** As at the period end this balance is payable to the non-controlling investor of German Automotive Holding Limited.

Terms and conditions of transactions with related parties

Transactions with related parties are made on terms approved by the Group's management. Other outstanding balances at the period-end are unsecured, interest free and have no fixed repayment schedule. For the period ended 30 June 2023, the Group has not recognised any provision for expected credit losses relating to amounts owed by related parties (31 December 2022: Nil; 30 June 2022: Nil).

Other related party disclosures

- ▶ Islamic finance payables include tawarruq facilities amounting to KD 17,430,407 (31 December 2022: KD 12,073,928; 30 June 2022: KD 12,775,688) secured by a corporate guarantee provided by certain Group entities.
- ▶ Certain related party has provided corporate guarantee to the Group amounting to KD Nil (31 December 2022: KD 16,965,013; 30 June 2022: KD 21,532,713) in the ordinary course of business.
- ▶ As at 30 June 2023, the Group has provided a corporate guarantee of KD 6,896,016 (31 December 2022: KD 6,702,828; 30 June 2022: KD Nil) in the ordinary course of business to be utilised by a related party.

Compensation of key management personnel

Key management personnel comprise of the personnel 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:

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14 SEGMENT INFORMATION

For management purposes, the Group is divided into four main geographical segments that are: a) State of Kuwait, b) Iraq c) Egypt and d) United Arab Emirates where the Group performs its main activities in the sales of vehicles, spare parts and rendering of services related to vehicle inspection, repair and maintenance services.

a) Segment revenue and results

The following tables present revenue and profit information of the Group's operating segments for the six month ended 30 June 2023 and 2022, respectively:

	<i>Revenue</i>		<i>Results</i>	
	<i>Six months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Kuwait	121,614,822	82,693,128	23,743,164	13,976,873
Iraq	8,678,224	6,736,820	1,607,483	832,296
Egypt	-	-	-	(673,022)
United Arab Emirates*	-	-	1,709,333	111,746
Adjustments and eliminations	(3,790,680)	(1,179,337)	(11,657,836)	(5,227,818)
	126,502,366	88,250,611	15,402,144	9,020,075

b) Segment assets and liabilities

The following tables present assets and liabilities information for the Group's operating segments as at 30 June 2023, 31 December 2022 and 30 June 2022, respectively:

	<i>30 June</i>	<i>(Audited)</i>	
		<i>31 December</i>	<i>30 June</i>
		<i>2022</i>	<i>2022</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Segment assets			
Kuwait	222,034,471	210,254,928	176,442,809
Iraq	10,500,662	8,535,449	7,031,532
Egypt	-	-	5,572,625
United Arab Emirates*	12,391,860	7,178,544	6,662,723
Adjustments and eliminations	(37,604,578)	(37,890,159)	(37,683,423)
Total consolidated segment assets	207,322,415	188,078,762	158,026,266
Segment liabilities			
Kuwait	110,932,227	101,471,155	83,203,312
Iraq	3,824,213	3,079,356	2,348,051
Egypt	-	-	1,540,041
United Arab Emirates*	8,056,031	3,778,634	4,700,756
Adjustments and eliminations	(717,113)	83,363	(284,410)
Total consolidated segment liabilities	122,095,358	108,412,508	91,507,750

* In presenting the geographic information, the segment has been based on the country of domicile of the legal entity; geographical location of customers and assets is based in Egypt.

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15 FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table provides the fair value measurement hierarchy of the Group's financial instruments:

	Fair value measurement using		
	<i>Quoted market prices (Level 1)</i> KD	<i>Significant observable inputs (Level 2)</i> KD	<i>Total</i> KD
30 June 2023			
Financial instruments measured at fair value:			
<i>Financial assets at FVOCI</i>			
Quoted equity securities	514,500	-	514,500
<i>Derivative financial assets</i>			
Foreign exchange forward contracts	-	132,861	132,861
31 December 2022 (Audited)			
Financial instruments measured at fair value:			
<i>Financial assets at FVOCI</i>			
Quoted equity securities	465,500	-	465,500
<i>Derivative financial assets</i>			
Foreign exchange forward contracts	-	1,249,704	1,249,704
30 June 2022			
Financial instruments measured at fair value:			
<i>Derivative financial liabilities</i>			
Foreign exchange forward contracts	-	(2,115,349)	(2,115,349)

During the period, there were no transfers between the levels of fair value hierarchy.

The valuation techniques and inputs used in this 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 2022.

For other financial assets and financial liabilities carried at amortised cost, the carrying value is not significantly different from their fair value as most of these assets and liabilities are of short-term maturity or are re-priced immediately based on market movement in interest rates. The fair value of financial assets and financial liabilities with a demand feature is not less than its face value.

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