

**Ali Al-Ghanim Sons Automotive Company  
K.S.C.P and its Subsidiaries (Formerly known as Ali  
Al-Ghanim Sons Automotive Company K.S.C.  
(Closed) and its subsidiaries)**

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

**30 JUNE 2022**

## 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 2022, 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.

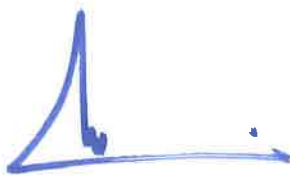
### *Conclusion*

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 2022, 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 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

31 July 2022

Kuwait, a member of Ernst & Young Global Limited

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 2022

	Notes	Three months ended 30 June		Six months ended 30 June	
		2022	2021	2022	2021
		KD	KD	KD	KD
<b>CONTINUING OPERATIONS</b>					
Sale of goods		44,931,493	37,837,898	81,431,081	78,078,666
Rendering of services		2,537,858	2,190,965	4,821,525	4,464,667
Revenue from contracts with customers	3	47,469,351	40,028,863	86,252,606	82,543,333
Vehicle rental income		996,535	1,081,550	1,998,005	2,195,784
Cost of sales and services rendered		(37,304,791)	(32,446,324)	(67,813,075)	(67,681,140)
<b>GROSS PROFIT</b>		<b>11,161,095</b>	<b>8,664,089</b>	<b>20,437,536</b>	<b>17,057,977</b>
Other income		650,145	598,424	1,387,333	1,225,525
Distribution costs		(3,338,177)	(2,417,329)	(6,101,900)	(4,429,775)
Administrative expenses		(2,897,670)	(2,440,054)	(5,282,152)	(5,267,970)
Finance costs		(294,958)	(266,431)	(531,660)	(646,452)
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>5,280,435</b>	<b>4,138,699</b>	<b>9,909,157</b>	<b>7,939,305</b>
Contribution to Kuwait Foundation for the Advances of Sciences ("KFAS")		(40,125)	(41,573)	(89,195)	(80,489)
Zakat		(50,163)	(44,517)	(96,145)	(81,871)
National Labour Support Tax ("NLST")		(30,720)	-	(30,720)	-
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>	4	<b>5,159,427</b>	<b>4,052,609</b>	<b>9,693,097</b>	<b>7,776,945</b>
<b>DISCONTINUED OPERATIONS</b>					
Loss after tax for the period from discontinued operations	14	(366,244)	-	(673,022)	-
<b>PROFIT FOR THE PERIOD</b>		<b>4,793,183</b>	<b>4,052,609</b>	<b>9,020,075</b>	<b>7,776,945</b>
<b>Attributable to:</b>					
Equity holders of the Parent Company		4,728,946	4,071,241	8,801,495	7,886,559
Non-controlling interests		64,237	(18,632)	218,580	(109,614)
		<b>4,793,183</b>	<b>4,052,609</b>	<b>9,020,075</b>	<b>7,776,945</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT COMPANY (FILS)</b>	5	<b>17.04</b>	14.67	<b>31.72</b>	28.42
<b>BASIC AND DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT COMPANY (FILS)</b>	5	<b>17.49</b>	14.67	<b>32.54</b>	28.42

The attached notes 1 to 14 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 2022

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>
<b>PROFIT FOR THE PERIOD</b>	<b>4,793,183</b>	4,052,609	<b>9,020,075</b>	7,776,945
<b>Other comprehensive (loss) income</b>				
<i>Other comprehensive (loss) income that may be reclassified to profit or loss in subsequent periods:</i>				
Cash flow hedges – effective portion of changes in fair value	(1,111,422)	521,288	(2,028,275)	(432,578)
Cost of hedging reserve – changes in fair value	(34,527)	(21,343)	(295,261)	(93,619)
Cost of hedging reserve – amortised to profit or loss	149,196	48,105	257,253	94,501
Exchange differences on translation of foreign operations	49,074	12,587	22,088	(149,897)
<b>Other comprehensive (loss) income that may be reclassified to profit or loss in subsequent periods</b>	<b>(947,679)</b>	560,637	<b>(2,044,195)</b>	(581,593)
<b>Other comprehensive (loss) income for the period</b>	<b>(947,679)</b>	560,637	<b>(2,044,195)</b>	(581,593)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>3,845,504</b>	4,613,246	<b>6,975,880</b>	7,195,352
<b>Attributable to:</b>				
Equity holders of the Parent Company	3,766,207	4,618,843	6,770,641	7,381,643
Non-controlling interests	79,297	(5,597)	205,239	(186,291)
	<b>3,845,504</b>	4,613,246	<b>6,975,880</b>	7,195,352

The attached notes 1 to 14 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)**  
 At 30 June 2022

		(Audited)	
	30 June 2022 KD	31 December 2021 KD	30 June 2021 KD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant, and equipment	91,828,970	91,983,666	100,670,623
Intangible assets	302,851	326,587	349,917
Medium-term instalment credit receivables	1,488,839	1,379,815	1,443,537
Investment in an associate	251,107	251,107	375,000
Financial assets at fair value through other comprehensive income	-	-	47,059
	<b>93,871,767</b>	<b>93,941,175</b>	<b>102,886,136</b>
<b>Current assets</b>			
Inventories	31,768,735	24,086,817	29,682,868
Accounts receivable and prepayments	5,997,570	7,045,573	7,805,788
Receivables from related parties	204,664	326,751	2,283,690
Cash and cash equivalents	20,610,905	19,068,429	28,089,084
	<b>58,581,874</b>	<b>50,527,570</b>	<b>67,861,430</b>
Assets held for sale	5,572,625	2,982,992	-
	<b>158,026,266</b>	<b>147,451,737</b>	<b>170,747,566</b>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	27,750,000	27,750,000	17,750,000
Statutory reserve	2,731,756	2,731,756	1,230,135
Asset revaluation surplus	20,791,681	20,791,681	24,958,000
Cash flow hedge reserve	(2,690,769)	(1,056,086)	(102,125)
Cost of hedging reserve	(68,073)	(30,065)	(19,780)
Fair value reserve	(47,059)	(47,059)	-
Foreign currency translation reserve	(16,064)	(51,493)	(112,252)
Other reserve	733,212	733,212	733,212
Retained earnings	10,881,457	6,519,962	22,895,806
	<b>60,066,141</b>	<b>57,341,908</b>	<b>67,332,996</b>
Equity attributable to equity holders of the Parent Company	6,452,375	6,627,301	6,540,549
Non-controlling interests	<b>66,518,516</b>	<b>63,969,209</b>	<b>73,873,545</b>
<b>Total equity</b>	<b>66,518,516</b>	<b>63,969,209</b>	<b>73,873,545</b>
<b>Non-current liabilities</b>			
Loans and borrowings	11,179,300	19,978,433	30,690,455
Employees' end of service benefits	5,007,637	4,712,757	4,602,270
Accounts payable and accruals	12,477,792	8,834,410	8,462,022
	<b>28,664,729</b>	<b>33,525,600</b>	<b>43,754,747</b>
<b>Current liabilities</b>			
Loans and borrowings	2,601,209	2,253,202	6,103,000
Accounts payable and accruals	54,379,726	41,159,340	40,612,358
Payables to related parties	4,322,045	4,552,365	6,403,916
	<b>61,302,980</b>	<b>47,964,907</b>	<b>53,119,274</b>
Liabilities directly associated with assets classified as held for sale	1,540,041	1,992,021	-
	<b>91,507,750</b>	<b>83,482,528</b>	<b>96,874,021</b>
<b>Total liabilities</b>	<b>91,507,750</b>	<b>83,482,528</b>	<b>96,874,021</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>158,026,266</b>	<b>147,451,737</b>	<b>170,747,566</b>



Eng. Fahad Ali Mohammed Thunayan Alghanim  
 Chairman

The attached notes 1 to 14 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 2022

	<i>Attributable to equity holders of the Parent Company</i>											
	<i>Share capital</i>	<i>Statutory reserve</i>	<i>Asset revaluation surplus</i>	<i>Cash flow hedge reserve</i>	<i>Cost of hedging reserve</i>	<i>Fair value reserve</i>	<i>Foreign currency translation reserve</i>	<i>Other reserve</i>	<i>Retained earnings</i>	<i>Sub-total</i>	<i>Non-controlling interests</i>	<i>Total equity</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>As at 1 January 2022 (Audited)</b>	<b>27,750,000</b>	<b>2,731,756</b>	<b>20,791,681</b>	<b>(1,056,086)</b>	<b>(30,065)</b>	<b>(47,059)</b>	<b>(51,493)</b>	<b>733,212</b>	<b>6,519,962</b>	<b>57,341,908</b>	<b>6,627,301</b>	<b>63,969,209</b>
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 10)	-	-	-	-	-	-	-	-	(4,440,000)	(4,440,000)	-	(4,440,000)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(380,165)	(380,165)
<b>At 30 June 2022</b>	<b>27,750,000</b>	<b>2,731,756</b>	<b>20,791,681</b>	<b>(2,690,769)</b>	<b>(68,073)</b>	<b>(47,059)</b>	<b>(16,064)</b>	<b>733,212</b>	<b>10,881,457</b>	<b>60,066,141</b>	<b>6,452,375</b>	<b>66,518,516</b>

The attached notes 1 to 14 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 2022

	<i>Attributable to equity holders of the Parent Company</i>										
	<i>Share capital</i>	<i>Statutory reserve</i>	<i>Asset revaluation surplus</i>	<i>Cash flow hedge reserve</i>	<i>Cost of hedging reserve</i>	<i>Foreign currency translation reserve</i>	<i>Other reserve</i>	<i>Retained earnings</i>	<i>Sub-total</i>	<i>Non-controlling interests</i>	<i>Total equity</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
As at 1 January 2021 (Audited)	17,750,000	1,230,135	24,958,000	-	(20,662)	(39,032)	733,212	18,526,247	63,137,900	6,953,266	70,091,166
Profit (loss) for the period	-	-	-	-	-	-	-	7,886,559	7,886,559	(109,614)	7,776,945
Other comprehensive (loss) income for the period	-	-	-	(432,578)	882	(73,220)	-	-	(504,916)	(76,677)	(581,593)
Total comprehensive (loss) income for the period	-	-	-	(432,578)	882	(73,220)	-	7,886,559	7,381,643	(186,291)	7,195,352
Transfer of cash flow hedge reserve to inventories	-	-	-	330,453	-	-	-	-	330,453	-	330,453
Dividends to equity holders of the Parent Company (Note 10)	-	-	-	-	-	-	-	(3,517,000)	(3,517,000)	-	(3,517,000)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	(226,426)	(226,426)
At 30 June 2021	17,750,000	1,230,135	24,958,000	(102,125)	(19,780)	(112,252)	733,212	22,895,806	67,332,996	6,540,549	73,873,545

The attached notes 1 to 14 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 2022

		<i>Six months ended 30 June</i>	
		<i>2022</i>	<i>2021</i>
	<i>Notes</i>	<i>KD</i>	<i>KD</i>
<b>OPERATING ACTIVITIES</b>			
Profit before tax from continuing operations		<b>9,909,157</b>	7,939,305
Loss from discontinued operations		<b>(673,022)</b>	-
		<b>9,236,135</b>	7,939,305
Profit before tax		<b>9,236,135</b>	7,939,305
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Gain on disposal of property, plant and equipment		<b>(59,780)</b>	(52,870)
Rent concession income		-	(33,575)
Depreciation of property, plant and equipment		<b>3,649,119</b>	3,435,365
Amortisation of intangible assets		<b>23,736</b>	22,497
Allowance for (reversal of) provision for old and obsolete inventories	4	<b>21,758</b>	(974,303)
Allowance for (reversal of) for provision of expected credit losses on trade receivables	4	<b>29,966</b>	(508,255)
Provision for employees' end of service benefits		<b>386,657</b>	265,537
Gain on derecognition of right-of-use assets and lease liabilities		-	(5,712)
Finance costs on loans and borrowings		<b>348,146</b>	562,629
Interest expense on lease liabilities		<b>183,514</b>	83,823
		<b>13,819,251</b>	10,734,441
<i>Working capital adjustments:</i>			
Inventories		<b>(6,794,444)</b>	1,798,779
Medium-term instalment credit receivables		<b>(109,024)</b>	(1,115,255)
Accounts receivable and prepayments		<b>(2,797,337)</b>	380,622
Receivables from related parties		<b>122,087</b>	232,207
Payables to related parties		<b>(281,701)</b>	120,009
Accounts payable and accruals		<b>12,560,813</b>	(5,229,717)
Cash flows from operations		<b>16,519,645</b>	6,921,086
Employees' end of service benefits paid		<b>(91,777)</b>	(127,363)
<b>Net cash flows from operating activities</b>		<b>16,427,868</b>	6,793,723
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		<b>(1,177,448)</b>	(1,251,733)
Proceeds from disposal of property, plant and equipment		<b>277,202</b>	170,868
Additions to intangible assets		-	(20,000)
<b>Net cash flows used in investing activities</b>		<b>(900,246)</b>	(1,100,865)
<b>FINANCING ACTIVITIES</b>			
Proceeds from loans and borrowings		<b>2,750,000</b>	21,549,367
Repayment of loans and borrowings		<b>(11,201,126)</b>	(22,275,223)
Dividends paid to non-controlling interests		<b>(380,165)</b>	(226,426)
Net movement in payables to related parties		<b>51,381</b>	5,782,688
Dividends paid	10	<b>(4,440,000)</b>	(3,517,000)
Finance costs paid		<b>(348,146)</b>	(562,629)
Payment of lease liabilities		<b>(1,142,542)</b>	(706,732)
<b>Net cash flows (used in) from financing activities</b>		<b>(14,710,598)</b>	44,045
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>817,024</b>	5,736,903
Net increase in cash and cash equivalents related to assets held for sale		<b>757,781</b>	-
Cash and cash equivalents at 1 January		<b>19,068,429</b>	22,502,339
Foreign currency translation differences		<b>(32,329)</b>	(150,158)
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>		<b>20,610,905</b>	28,089,084

The attached notes 1 to 14 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 2022

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

	Note	Six months ended 30 June	
		2022	2021
		KD	KD
Effective portion of loss on hedging instruments (adjusted with accounts receivable and prepayments)	13	<b>2,115,349</b>	239,375
Additions to lease liabilities (adjusted with accounts payable and accruals)		<b>2,773,842</b>	642,297
Additions to right-of-use assets (adjusted with property, plant and equipment)		<b>(2,773,842)</b>	(642,297)
Derecognition of right-of-use assets (adjusted property, plant and equipment)		-	192,680
Derecognition of lease liabilities (adjusted with accounts payable and accruals)		-	(198,392)
Transfer of property, plant and equipment from (to) inventories (net) - (adjusted with property, plant and equipment)		<b>517,178</b>	520,075
Transfer of property, plant and equipment (from) to inventories (net) - (adjusted with inventories)		<b>(517,178)</b>	(520,075)

The attached notes 1 to 14 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 2022

### 1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Ali Al-Ghanim Sons Automotive Company K.S.C.P. (Formerly known as Ali Al-Ghanim Sons Automotive Company K.S.C. (Closed)) (the “Parent Company”) and its Subsidiaries (collectively, the “Group”) for the six months ended 30 June 2022 was authorised for issue in accordance with a resolution of the Parent Company’s Board of Directors on 31 July 2022.

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. Dividends proposed and paid by the Group for the year then ended are provided in Note 10.

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.

### 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 2022 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. The 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 end of the reporting period.

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 2021.

Certain prior year/period amounts have been reclassified to conform to the current period presentation. There is no effect of these reclassifications on the previously reported equity as at 31 December 2021 and 30 June 2021 and profit for the year/period then ended. Such reclassification have been made to improve the quality of information presented.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2022

**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 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 and interpretations apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial information of the Group.

**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 labour 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.

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

**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.

**Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16**

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the interim condensed consolidated financial information of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

# 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 2022

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

#### 2.2 New standards, interpretations, and amendments adopted by the Group (continued)

##### IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the interim condensed consolidated financial information of the Group as it is not a first-time adopter.

##### 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.

##### IAS 41 Agriculture – Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

These amendments had no impact on the interim condensed consolidated financial information of the Group as it did not have assets in scope of IAS 41 as at the reporting date.

### 3 REVENUE FROM CONTRACTS WITH CUSTOMERS

#### Disaggregated revenue information

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

	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	KD	KD	KD	KD
<b>Type of goods or service:</b>				
Sales of vehicles and spare parts	44,931,493	37,837,898	81,431,081	78,078,666
Vehicle inspection, repair and maintenance services	2,537,858	2,190,965	4,821,525	4,464,667
<b>Total revenue from contracts with customers</b>	<b>47,469,351</b>	<b>40,028,863</b>	<b>86,252,606</b>	<b>82,543,333</b>
<b>Geographical markets:</b>				
Kuwait	44,816,992	37,137,839	79,515,786	76,820,509
Iraq	2,652,359	2,891,024	6,736,820	5,722,824
<b>Total revenue from contracts with customers</b>	<b>47,469,351</b>	<b>40,028,863</b>	<b>86,252,606</b>	<b>82,543,333</b>
<b>Timing of revenue recognition:</b>				
Goods transferred at a point in time	44,931,493	37,837,898	81,431,081	78,078,666
Services rendered at a point in time	2,537,858	2,190,965	4,821,525	4,464,667
<b>Total revenue from contracts with customers</b>	<b>47,469,351</b>	<b>40,028,863</b>	<b>86,252,606</b>	<b>82,543,333</b>

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 2022

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>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>Staff costs included in:</b>				
Cost of sales and services rendered	861,081	633,564	1,798,693	1,365,654
Distributions costs	647,001	539,704	1,266,868	1,156,664
Administrative expenses	1,039,649	1,279,447	2,827,282	3,109,511
	<u>2,547,731</u>	<u>2,452,715</u>	<u>5,892,843</u>	<u>5,631,829</u>
<b>Rent - operating leases included in*:</b>				
Cost of sales and services rendered	4,500	4,500	9,000	9,000
Distributions costs	2,010	2,010	4,020	4,020
Administrative expenses	1,892	750	2,642	1,500
	<u>8,402</u>	<u>7,260</u>	<u>15,662</u>	<u>14,520</u>
<b>Costs of inventories recognised as an expense (included in cost of sales and services rendered)</b>	<u>32,387,774</u>	<u>32,148,922</u>	<u>60,467,350</u>	<u>62,912,742</u>
<b>Rental vehicle fleet insurance charges (included in cost of sales and services rendered)</b>	<u>56,763</u>	<u>82,469</u>	<u>121,686</u>	<u>174,624</u>
<b>Allowance for (reversal of) provision for old and obsolete inventories included in:</b>				
Administrative expenses	30,164	(354,325)	34,941	(490,995)
Distribution costs	1,700	(142,963)	(13,183)	(483,308)
	<u>31,864</u>	<u>(497,288)</u>	<u>21,758</u>	<u>(974,303)</u>
<b>Allowance for (reversal of) provision for expected credit losses on trade receivables included in:</b>				
Cost of sales and services rendered	-	(5,702)	-	(326)
Administrative expenses	17,040	(171,405)	19,705	(168,434)
Distribution costs	5,334	10,919	10,261	(339,495)
	<u>22,374</u>	<u>(166,188)</u>	<u>29,966</u>	<u>(508,255)</u>
<b>Depreciation expense recognised included in:</b>				
Cost of sales and services rendered	602,213	616,914	1,227,710	1,404,972
Distributions costs	335,841	552,511	559,465	1,138,368
Administrative expenses	820,561	367,499	1,598,752	892,025
	<u>1,758,615</u>	<u>1,536,924</u>	<u>3,385,927</u>	<u>3,435,365</u>

\* This represents short-term rental.

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 2022

**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>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
Profit from continuing operations attributable to equity holders of the Parent Company (KD)	4,853,475	4,071,241	9,030,334	7,886,559
Loss for the period from discontinued operations attributable to equity holders of the Parent Company (KD)	(124,529)	-	(228,839)	-
<b>Profit for the period attributable to equity holders of the Parent Company (KD)</b>	<b>4,728,946</b>	<b>4,071,241</b>	<b>8,801,495</b>	<b>7,886,559</b>
Weighted average number of shares outstanding during the period (shares)	277,500,000	277,500,000	277,500,000	277,500,000
<b>Basic and diluted EPS attributable to equity holders of the Parent Company (Fils)</b>	<b>17.04</b>	<b>14.67</b>	<b>31.72</b>	<b>28.42</b>
<b>Basic and diluted EPS from continuing operations attributable to equity holders of the Parent Company (Fils)</b>	<b>17.49</b>	<b>14.67</b>	<b>32.54</b>	<b>28.42</b>

As a result of the bonus issue in the immediately preceding financial year, the weighted-average number of shares outstanding for the entire period is retrospectively adjusted as if the change had occurred at the beginning of the first period of EPS information presented as required by International Accounting Standard 33 'Earnings Per Share' ("IAS 33").

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 SHARE CAPITAL**

	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>
	<i>2022</i>	<i>2021</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
		<i>(Audited)</i>	
Shares of 100 fils each	277,500,000	277,500,000	177,500,000
Authorised, issued and fully paid share capital (KD)	27,750,000	27,750,000	17,750,000

In prior year, the extra-ordinary general assembly meeting ("EGM") of the shareholders of the Parent Company held on 30 September 2021 approved to increase in the Parent Company's share capital from KD 17,750,000 to KD 27,750,000. The increase in share capital was authenticated in the commercial register on 28 October 2021 under registration number 399347.

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 2022

7 LOANS AND BORROWINGS

	<b>30 June 2022 KD</b>	<b>31 December 2021 KD (Audited)</b>	<b>30 June 2021 KD</b>
Islamic finance payables	<b>13,780,509</b>	21,649,135	36,197,205
Term loans	-	582,500	596,250
	<b>13,780,509</b>	<b>22,231,635</b>	<b>36,793,455</b>
Non-current	<b>11,179,300</b>	19,978,433	30,690,455
Current	<b>2,601,209</b>	2,253,202	6,103,000
	<b>13,780,509</b>	<b>22,231,635</b>	<b>36,793,455</b>

Islamic finance payables included tawarruq facilities amounting to KD 12,775,688 (31 December 2021: KD 12,898,481; 30 June 2021: KD 14,728,266) which bear finance costs at commercial rates and are secured by a corporate guarantee provided by an entity under common control (Note 9).

Term loans are secured by corporate guarantee issued by an entity under common control (Note 9). During the period, the Group did not breach any of its loan covenants, nor did it default on any other of its obligations under its loan agreements.

8 ACCOUNTS PAYABLE AND ACCRUALS

	<b>30 June 2022</b>		
	<b>Non-current KD</b>	<b>Current KD</b>	<b>Total KD</b>
Trade payables	-	<b>26,564,708</b>	<b>26,564,708</b>
Advances from customers	-	<b>12,677,728</b>	<b>12,677,728</b>
Contract liabilities*	<b>8,115,692</b>	<b>2,118,289</b>	<b>10,233,981</b>
Lease liabilities	<b>4,089,565</b>	<b>2,000,483</b>	<b>6,090,048</b>
Accrued expenses	<b>138,800</b>	<b>5,989,395</b>	<b>6,128,195</b>
Deferred revenue	<b>133,735</b>	<b>66,863</b>	<b>200,598</b>
Advances received for the sale of controlling interests	-	<b>924,750</b>	<b>924,750</b>
Other payables	-	<b>4,037,510</b>	<b>4,037,510</b>
	<b>12,477,792</b>	<b>54,379,726</b>	<b>66,857,518</b>
	<b>31 December 2021 (Audited)</b>		
	<b>Non-current KD</b>	<b>Current KD</b>	<b>Total KD</b>
Trade payables	-	17,476,367	17,476,367
Advances from customers	-	8,415,601	8,415,601
Contract liabilities*	5,898,013	3,817,353	9,715,366
Lease liabilities	2,715,398	1,369,239	4,084,637
Accrued expenses	138,800	6,896,920	7,035,720
Deferred revenue	82,199	36,772	118,971
Other payables	-	3,147,088	3,147,088
	<b>8,834,410</b>	<b>41,159,340</b>	<b>49,993,750</b>

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 2022

8 ACCOUNTS PAYABLE AND ACCRUALS (continued)

	30 June 2021		
	Non-current KD	Current KD	Total KD
Trade payables	-	23,306,394	23,306,394
Advances from customers	-	5,325,521	5,325,521
Contract liabilities*	5,228,010	4,051,428	9,279,438
Lease liabilities	3,052,241	1,231,095	4,283,336
Accrued expenses	138,798	4,254,702	4,393,500
Other payables	-	2,421,081	2,421,081
Deferred revenue	42,973	22,137	65,110
	<u>8,462,022</u>	<u>40,612,358</u>	<u>49,074,380</u>

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

9 RELATED PARTY DISCLOSURES

Related parties represent 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 Group's management.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial period.

	<u>Entities under common control</u>		<u>Entities under common control</u>	
	<u>Three months ended</u>		<u>Six months ended</u>	
	<u>30 June</u>	<u>30 June</u>	<u>30 June</u>	<u>30 June</u>
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>KD</u>	<u>KD</u>	<u>KD</u>	<u>KD</u>
<b>Interim condensed consolidated statement of profit or loss</b>				
Sale of goods	1,375	7,435	3,480	9,952
Rendering of services	2,730	427	2,730	5,363
Vehicle rental income	3,314	-	3,314	-

Balances with related parties included in the interim condensed consolidated statement of financial position are as follows:

	<u>30 June</u>	<u>31 December</u>	<u>30 June</u>
	<u>2022</u>	<u>2021</u>	<u>2021</u>
	<u>KD</u>	<u>KD</u>	<u>KD</u>
		<i>(Audited)</i>	
<b>Interim condensed consolidated statement of financial position</b>			
<i>Receivables from related parties:</i>			
Entities under common control/ownership	<u>204,664</u>	<u>326,751</u>	<u>2,283,690</u>
<i>Payables to related parties:</i>			
Key management	<u>524,131</u>	<u>584,088</u>	<u>605,881</u>
Entities under common control/ownership	<u>21,369</u>	<u>243,113</u>	<u>15,347</u>
Other related parties	<u>3,776,545</u>	<u>3,725,164</u>	<u>5,782,688</u>
	<u>4,322,045</u>	<u>4,552,365</u>	<u>6,403,916</u>



# 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 2022

### 9 RELATED PARTY DISCLOSURES (continued)

#### Terms and conditions of transactions with related parties

Transactions with related parties are made on terms approved by the Group's management. Outstanding balances at the period-end are unsecured, interest free and have no fixed repayment schedule. For the period ended 30 June 2022, the Group has not recognised any provision for expected credit losses relating to amounts owed by related parties (31 December 2021: Nil; 30 June 2021: Nil).

#### Other related party transactions

- ▶ In 2021, the partners of a subsidiary approved an in-kind distribution of the subsidiary's 51% equity interest in Dwaliya Technical Inspection Company (Ali Alghanim & Sons and Partners) W.L.L. ("subsidiary") to the Parent Company, proportionate to their shareholding at carrying value.
- ▶ In 2021, the Group transferred a previously revalued leasehold land amounting to KD 5,007,000 to the Ultimate Parent Company for no consideration and transferred the cost and asset revaluation surplus amounting to KD 840,681 and KD 4,166,319 respectively to retained earnings.
- ▶ Term loans are secured by corporate guarantee issued by an entity under common control (Note 7). Islamic finance payables include tawarruq facilities amounting to KD 12,775,688 (31 December 2021: KD 12,898,481; 30 June 2021: KD 14,728,266) and are secured by a corporate guarantee provided by an entity under common control (Note 7). Further, a related party has provided corporate guarantee amounting to KD 21,532,713 (31 December 2021: KD 9,318,505; 30 June 2021: KD 14,312,778) to the Group in the ordinary course of business (Note 11).

#### 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:

	<i>Transaction values for three months period ended</i>		<i>Transaction values for six months period ended</i>	
	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Salaries and short-term benefits	105,635	97,029	211,250	187,750
End of service benefits	8,696	7,983	17,233	15,316
	<b>114,331</b>	<b>105,012</b>	<b>228,483</b>	<b>203,066</b>
			<i>Balance outstanding as at</i>	
			<i>30 June</i>	<i>31 December</i>
			<i>2022</i>	<i>2021</i>
			<i>KD</i>	<i>KD</i>
				<i>(Audited)</i>
Salaries and short-term benefits			172,574	683,101
End of service benefits			440,356	423,123
			<b>612,930</b>	<b>1,106,224</b>
				<b>591,271</b>

### 10 DIVIDENDS MADE AND PROPOSED

The Board of directors of the Parent Company in their meeting held on 31 July 2022 proposed a distribution of a cash dividend of 23.78 fils per share aggregating to KD 6,600,000 for the period ended 30 June 2022.

The Board of Directors of the Parent Company in their meeting held on 9 March 2022 proposed a distribution of a cash dividend of 16 fils per share aggregating to KD 4,440,000 for the year ended 31 December 2021 (2020: 19.8 fils per share aggregating to KD 3,517,000).

# 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 2022

### 10 DIVIDENDS MADE AND PROPOSED (continued)

The proposed dividends for the year then ended 31 December 2021 were approved by the shareholders of the Parent Company at the AGM held on 31 March 2022 and was paid on 5 April 2022.

On 29 April 2021, the (AGM) of the shareholders approved the payment of cash dividends of 19.8 fils per share amounting to KD 3,517,000 for the year ended 31 December 2020.

### 11 CONTINGENCIES

The Group had contingent liabilities in respect of bank guarantees and letters of credit arising in the ordinary courses of business amounting to KD 21,511,568 (31 December 2021: KD 21,042,357; 30 June 2021: KD 22,988,803 from which it is anticipated that no material liabilities will arise.

### 12 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 period ended 30 June 2022 and 2021, respectively:

	<i>Revenue</i>		<i>Results</i>	
	<i>Six months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Kuwait	80,519,409	78,481,116	13,976,873	11,513,630
Iraq	6,736,820	5,722,824	832,296	580,094
Egypt	-	-	(673,022)	(768,623)
United Arab Emirates	-	-	111,746	(21)
Adjustments and eliminations	(1,003,623)	(1,660,607)	(5,227,818)	(3,548,135)
	<b>86,252,606</b>	<b>82,543,333</b>	<b>9,020,075</b>	<b>7,776,945</b>

#### b) Segment assets and liabilities

The following tables present assets and liabilities information for the Group's operating segments as at 30 June 2022, 31 December 2021 and 30 June 2021, respectively:

	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>
	<i>2022</i>	<i>2021</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
		<i>(Audited)</i>	
<b>Segment assets</b>			
Kuwait	176,442,809	165,166,002	188,163,146
Iraq	7,031,532	7,557,205	5,765,184
Egypt	5,572,625	2,982,992	2,161,179
United Arab Emirates	6,662,723	9,390,555	13,829,008
Adjustments and eliminations	(37,683,423)	(37,645,017)	(39,170,951)
<b>Total consolidated segment assets</b>	<b>158,026,266</b>	<b>147,451,737</b>	<b>170,747,566</b>

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 2022

12 SEGMENT INFORMATION (continued)

b) Segment assets and liabilities (continued)

	30 June 2022 KD	31 December 2021 KD (Audited)	30 June 2021 KD
<b>Segment liabilities</b>			
Kuwait	83,203,312	74,824,005	90,361,535
Iraq	2,348,051	3,095,617	2,016,100
Egypt	1,540,041	1,992,021	508,520
United Arab Emirates	4,700,756	3,712,444	5,797,817
Adjustments and eliminations	(284,410)	(141,559)	(1,809,951)
<b>Total consolidated segment liabilities</b>	<b>91,507,750</b>	<b>83,482,528</b>	<b>96,874,021</b>

13 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

	Fair value measurement using		
	<i>Significant observable inputs (Level 2) KD</i>	<i>Significant unobservable inputs (Level 3) KD</i>	<i>Total KD</i>
<b>30 June 2022</b>			
<b>Financial instruments measured at fair value:</b>			
<i>Derivative financial liabilities</i>			
Foreign exchange forward contracts	(2,115,349)	-	(2,115,349)
<b>31 December 2021 (Audited)</b>			
<b>Financial instruments measured at fair value:</b>			
<i>Derivative financial liabilities</i>			
Foreign exchange forward contracts	(1,123,559)	-	(1,123,559)
<b>30 June 2021</b>			
<b>Financial instruments measured at fair value:</b>			
<i>Financial assets at FVOCI</i>			
Unquoted equity securities	-	47,059	47,059
<i>Derivative financial liabilities</i>			
Foreign exchange forward contracts	(239,375)	-	(239,375)

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 2021.

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.

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 2022

**14 ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS**

*Assets held for sale*

In 2021, the Group has commenced the process to partially sell a portion of its investment in Global Auto S.A.E., an indirect subsidiary held through German Automotive Holding Ltd, to a third-party investor. As a result, the subsidiary meets 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 indirect subsidiary after the sale. The sale of Global Auto S.A.E. is in progress as at the reporting date.

The results of Global Auto S.A.E for the period are presented below:

	<i>30 June 2022 KD</i>
Administrative expenses	(604,231)
Finance costs	(68,791)
<b>Loss after tax for the period from discontinued operations</b>	<b>(673,022)</b>
<i>Attributable to:</i>	
Equity holders of the Parent Company	(228,839)
Non-controlling interests	(444,183)
<b>Loss for the period from discontinued operations</b>	<b>(673,022)</b>

The major classes of assets and liabilities of Global Auto S.A.E. classified as held for sale as at 30 June 2022 and 31 December 2021 are, as follows:

	<i>30 June 2022 KD</i>	<i>31 December 2021 KD (Audited)</i>
<b>Assets</b>		
Property, plant and equipment	1,236,916	1,699,800
Accounts receivable and prepayments	4,207,807	397,509
Bank balances and cash	127,902	885,683
<b>Assets held for sale</b>	<b>5,572,625</b>	<b>2,982,992</b>
	<i>30 June 2022 KD</i>	<i>31 December 2021 KD (Audited)</i>
<b>Liabilities</b>		
Lease liabilities	(1,436,179)	(1,904,459)
Accounts payable and accruals	(103,862)	(87,562)
<b>Liabilities directly associated with assets held for sale</b>	<b>(1,540,041)</b>	<b>(1,992,021)</b>
<b>Net assets directly associated with the disposal group</b>	<b>4,032,584</b>	<b>990,971</b>

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 2022

14 ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

*Assets held for sale (continued)*

The net cash flows incurred by Global Auto S.A.E. classified as held for sale are, as follows:

	<i>30 June 2022 KD</i>	<i>31 December 2021 KD (Audited)</i>
Operating activities	(370,494)	897,726
Investing activities	(4,043,148)	(2,694,984)
Financing activities	3,774,506	2,682,941
	<u>(639,136)</u>	<u>885,683</u>