

**Ali Al-Ghanim Sons Automotive  
Company K.S.C. (Closed) and its  
Subsidiaries**

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

**31 MARCH 2022**

## **INDEPENDENT AUDITOR'S 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. (CLOSED)**

### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Ali Al-Ghanim Sons Automotive Company K.S.C. (Closed) (the "Parent Company") and its subsidiaries (collectively, the "Group") as at 31 March 2022, and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three month period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with 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 condensed consolidated 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, it 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.

### *Other Matter*

The comparative interim condensed consolidated statement of financial position as at 31 March 2021, and the interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the comparable three months period ended 31 March 2021 were not audited, reviewed or compiled by us and accordingly, we do not express a conclusion, opinion or any form of assurance on them. Our conclusion is not modified in respect of this matter.



BADER A. AL-ABDULJADER  
LICENCE NO. 207 A

EY  
AL AIBAN, AL OSAIMI & PARTNERS

16 May 2022  
Kuwait

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

For the period ended 31 March 2022

	Notes	<i>Three months ended</i>	
		<i>31 March 2022 KD</i>	<i>31 March 2021* KD</i>
<b>CONTINUING OPERATIONS</b>			
Sale of goods		<b>36,499,588</b>	40,240,768
Rendering of services		<b>2,283,667</b>	2,273,702
Revenue from contracts with customers	3	<b>38,783,255</b>	42,514,470
Vehicle rental income		<b>1,001,470</b>	1,114,234
Cost of sales and services rendered		<b>(30,508,284)</b>	(35,234,816)
<b>GROSS PROFIT</b>		<b>9,276,441</b>	8,393,888
Other income		<b>737,188</b>	627,101
Distribution costs		<b>(2,763,723)</b>	(2,012,446)
Administrative expenses		<b>(2,384,482)</b>	(2,827,916)
Finance costs		<b>(236,702)</b>	(380,021)
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>4,628,722</b>	3,800,606
Contribution to Kuwait Foundation for the Advances of Sciences (KFAS)		<b>(49,070)</b>	(38,916)
Zakat		<b>(45,982)</b>	(37,354)
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>	4	<b>4,533,670</b>	3,724,336
<b>DISCONTINUED OPERATIONS</b>			
Loss after tax for the period from discontinued operations	14	<b>(306,778)</b>	-
<b>PROFIT FOR THE PERIOD</b>		<b>4,226,892</b>	3,724,336
<b>Attributable to:</b>			
Equity holders of the Parent Company		<b>4,072,549</b>	3,815,318
Non-controlling interests		<b>154,343</b>	(90,982)
		<b>4,226,892</b>	3,724,336
<b>BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT COMPANY</b>	5	<b>14.68 Fils</b>	<b>13.75 Fils</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT COMPANY</b>	5	<b>15.05 Fils</b>	<b>13.75 Fils</b>

\* The interim condensed consolidated statement of profit or loss for the three months ended 31 March 2021 is neither reviewed nor audited.

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

Ali Al-Ghanim Sons Automotive Company K.S.C. (Closed) and its Subsidiaries  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
 INCOME (UNAUDITED)**

For the period ended 31 March 2022

	<i>Three months ended</i>	
	<i>31 March</i>	<i>31 March</i>
	<i>2022</i>	<i>2021*</i>
	<i>KD</i>	<i>KD</i>
<b>PROFIT FOR THE PERIOD</b>	<b>4,226,892</b>	3,724,336
<b>Other comprehensive loss</b>		
<i>Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:</i>		
Cash flow hedges – effective portion of changes in fair value	<b>(916,853)</b>	(953,866)
Cost of hedging reserve – changes in fair value	<b>(260,734)</b>	(72,276)
Cost of hedging reserve – amortised to profit or loss	<b>108,057</b>	46,396
Exchange differences on translation of foreign operations	<b>(26,986)</b>	(162,484)
<b>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods</b>	<b>(1,096,516)</b>	(1,142,230)
<b>Other comprehensive loss for the period</b>	<b>(1,096,516)</b>	(1,142,230)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>3,130,376</b>	2,582,106
<b>Attributable to:</b>		
Equity holders of the Parent Company	<b>3,004,434</b>	2,762,800
Non-controlling interests	<b>125,942</b>	(180,694)
	<b>3,130,376</b>	2,582,106

\* *The interim condensed consolidated statement of comprehensive income for the three months ended 31 March 2021 is neither reviewed nor audited.*

# Ali Al-Ghanim Sons Automotive Company K.S.C. (Closed) and its Subsidiaries

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL

### POSITION (UNAUDITED)

At 31 March 2022

		31 March 2022	(Audited) 31 December 2021	31 March 2021*
	Notes	KD	KD	KD
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant, and equipment		92,742,572	91,983,666	104,214,855
Intangible assets		314,921	326,587	341,748
Medium-term instalment credit receivables		293,914	341,325	348,572
Accounts receivable and prepayments		-	-	103,877
Investment in an associate		251,107	251,107	375,000
Financial assets at fair value through other comprehensive income		-	-	47,059
		<u>93,602,514</u>	<u>92,902,685</u>	<u>105,431,111</u>
<b>Current assets</b>				
Inventories		23,186,291	24,086,817	22,391,727
Accounts receivable and prepayments		7,963,650	8,084,063	8,536,966
Receivables from related parties	9	83,270	326,751	3,001,833
Cash and cash equivalents		24,655,614	19,068,429	33,745,655
		<u>55,888,825</u>	<u>51,566,060</u>	<u>67,676,181</u>
Assets held for sale	14	2,213,846	2,982,992	-
<b>TOTAL ASSETS</b>		<u>151,705,185</u>	<u>147,451,737</u>	<u>173,107,292</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	6	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		(1,803,421)	(1,056,086)	(625,868)
Cost of hedging reserve		(182,742)	(30,065)	(46,542)
Fair value reserve		(47,059)	(47,059)	-
Foreign currency translation reserve		(50,078)	(51,493)	(111,804)
Other reserve		733,212	733,212	733,212
Retained earnings		6,152,511	6,519,962	22,341,565
<b>Equity attributable to equity holders of the Parent Company</b>		<u>56,075,860</u>	<u>57,341,908</u>	<u>66,228,698</u>
Non-controlling interests		6,373,078	6,627,301	6,546,146
<b>Total equity</b>		<u>62,448,938</u>	<u>63,969,209</u>	<u>72,774,844</u>
<b>Non-current liabilities</b>				
Loans and borrowings	7	14,193,810	19,978,433	22,940,719
Employees' end of service benefits		4,929,884	4,712,757	4,539,914
Accounts payable and accruals	8	11,374,907	8,834,410	9,560,290
		<u>30,498,601</u>	<u>33,525,600</u>	<u>37,040,923</u>
<b>Current liabilities</b>				
Loans and borrowings	7	1,747,705	2,253,202	6,732,427
Accounts payable and accruals	8	51,122,225	41,159,340	50,252,790
Payables to related parties	9	4,267,294	4,552,365	6,306,308
		<u>57,137,224</u>	<u>47,964,907</u>	<u>63,291,525</u>
Liabilities directly associated with assets classified as held for sale	14	1,620,422	1,992,021	-
<b>Total liabilities</b>		<u>89,256,247</u>	<u>83,482,528</u>	<u>100,332,448</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>151,705,185</u>	<u>147,451,737</u>	<u>173,107,292</u>

\* The interim condensed consolidated statement of financial position as at 31 March 2021 is neither reviewed nor audited.

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. (Closed) and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 March 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	-	-	-	-	-	-	-	-	4,072,549	4,072,549	154,343	4,226,892
Other comprehensive loss (income) for the period	-	-	-	(916,853)	(152,677)	-	1,415	-	-	(1,068,115)	(28,401)	(1,096,516)
Total comprehensive (loss) income for the period	-	-	-	(916,853)	(152,677)	-	1,415	-	4,072,549	3,004,434	125,942	3,130,376
Transfer of cash flow hedge reserve to inventories	-	-	-	169,518	-	-	-	-	-	169,518	-	169,518
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 31 March 2022</b>	<b>27,750,000</b>	<b>2,731,756</b>	<b>20,791,681</b>	<b>(1,803,421)</b>	<b>(182,742)</b>	<b>(47,059)</b>	<b>(50,078)</b>	<b>733,212</b>	<b>6,152,511</b>	<b>56,075,860</b>	<b>6,373,078</b>	<b>62,448,938</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. (Closed) and its Subsidiaries

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

For the period ended 31 March 2022

	Attributable to equity holders of the Parent Company								Sub-total KD	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	Foreign currency translation reserve KD	Other reserve KD	Retained earnings KD			
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	-	-	-	-	-	-	-	3,815,318	3,815,318	(90,982)	3,724,336
Other comprehensive loss for the period	-	-	-	(953,866)	(25,880)	(72,772)	-	-	(1,052,518)	(89,712)	(1,142,230)
Total comprehensive (loss) income for the period	-	-	-	(953,866)	(25,880)	(72,772)	-	3,815,318	2,762,800	(180,694)	2,582,106
Transfer of cash flow hedge reserve to inventories	-	-	-	327,998	-	-	-	-	327,998	-	327,998
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	(226,426)	(226,426)
At 31 March 2021*	17,750,000	1,230,135	24,958,000	(625,868)	(46,542)	(111,804)	733,212	22,341,565	66,228,698	6,546,146	72,774,844

\* The interim condensed consolidated statement of changes in equity for the three months ended 31 March 2021 is neither reviewed nor audited.

Ali Al-Ghanim Sons Automotive Company K.S.C. (Closed) and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

For the period ended 31 March 2022

	<i>Three months ended</i>	
	<b>31 March 2022 KD</b>	<b>31 March 2021* KD</b>
<b>OPERATING ACTIVITIES</b>		
Profit before tax from continuing operations	4,628,722	3,800,606
Loss from discontinued operations	(306,778)	-
	<hr/>	<hr/>
Profit before tax	4,321,944	3,800,606
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
(Gain) loss on disposal of property, plant and equipment	(3,780)	9,401
Rent concession income	(15,750)	(15,864)
Depreciation of property, plant and equipment	1,759,266	1,898,441
Amortisation of intangible assets	11,666	10,666
Reversal of provision for old and obsolete inventories	(10,106)	(477,015)
Allowance for (reversal of) for provision of expected credit losses on trade receivables	7,592	(342,067)
Provision for employees' end of service benefits	267,701	132,417
Gain on derecognition of right-of-use assets and lease liabilities	-	(5,712)
Finance costs on loans and borrowings	236,702	380,021
Interest expense on lease liabilities	88,359	97,192
	<hr/>	<hr/>
	6,663,594	5,488,086
<i>Working capital adjustments:</i>		
Inventories	1,378,419	8,043,907
Medium-term instalment credit receivables	47,411	(124,167)
Accounts receivable and prepayments	190,630	(545,557)
Receivables from related parties	243,481	(485,936)
Accounts payable and accruals	4,887,379	2,733,145
	<hr/>	<hr/>
Cash flows from operations	13,410,914	15,109,478
Employees' end of service benefits paid	(50,574)	(56,599)
	<hr/>	<hr/>
<b>Net cash flows from operating activities</b>	<b>13,360,340</b>	<b>15,052,879</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(485,916)	(735,904)
Proceeds from disposal of property, plant and equipment	123,470	50,211
	<hr/>	<hr/>
<b>Net cash flows used in investing activities</b>	<b>(362,446)</b>	<b>(685,693)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from loans and borrowings	-	800,000
Repayment of loans and borrowings	(6,290,120)	(8,646,165)
Dividends paid to non-controlling interests	(380,165)	(226,426)
Net movement in payables to related parties	(285,071)	5,805,089
Finance costs paid	(236,702)	(380,021)
Payment of principal portion of lease liabilities	(516,165)	(372,401)
	<hr/>	<hr/>
<b>Net cash flows used in financing activities</b>	<b>(7,708,223)</b>	<b>(3,019,924)</b>
	<hr/>	<hr/>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>5,289,671</b>	<b>11,347,262</b>
Net increase in cash and cash equivalents related to assets held for sale	367,034	-
Cash and cash equivalents at 1 January	19,068,429	22,502,339
Foreign currency translation differences	(69,520)	(103,946)
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT 31 MARCH</b>	<b>24,655,614</b>	<b>33,745,655</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. (Closed) and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED) (CONTINUED)

For the period ended 31 March 2022

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

	<i>Three months ended</i>	
	<i>31 March 2022 KD</i>	<i>31 March 2021* KD</i>
Additions to lease liabilities (adjusted with accounts payable and accruals)	<b>2,661,577</b>	2,790,639
Additions to right-of-use assets (adjusted with additions to property, plant and equipment)	<b>(2,661,577)</b>	(2,790,639)
Derecognition of right-of-use assets (adjusted with disposal to 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>636,756</b>	197,531
Transfer of property, plant and equipment (from) to inventories (net) - (adjusted with inventories)	<b>(636,756)</b>	(197,531)

\* *The interim condensed consolidated statement of cash flow for the three months ended 31 March 2021 is neither reviewed nor audited.*

# Ali Al-Ghanim Sons Automotive Company K.S.C. (Closed) and its Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL

### INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

#### 1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Ali Al-Ghanim Sons Automotive Company K.S.C. (Closed) (the “Parent Company”) and its Subsidiaries (collectively, the “Group”) for the three months ended 31 March 2022 was authorised for issue in accordance with a resolution of the Parent Company’s Board of Directors on 10 May 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 is a closed shareholding Company registered and incorporated on 24 July 2018 in the State of Kuwait. The Parent Company is a wholly owned 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.

The Group has set its initial public offering to float upto 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 Group on Boursa Kuwait in the Premier Market on 28 April 2022.

#### 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 three months ended 31 March 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 doubt 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.

##### 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.

Ali Al-Ghanim Sons Automotive Company K.S.C. (Closed) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL

INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

**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>31 March 2022 KD</i>	<i>31 March 2021 KD (not audited) (not reviewed)</i>
<i>Type of goods or service:</i>		
Sales of vehicles and spare parts	<b>36,499,588</b>	40,240,768
Vehicle inspection, repair and maintenance services	<b>2,283,667</b>	2,273,702
<b>Total revenue from contracts with customers</b>	<b>38,783,255</b>	42,514,470
<i>Geographical markets:</i>		
Kuwait	<b>34,698,794</b>	39,682,670
Iraq	<b>4,084,461</b>	2,831,800
<b>Total revenue from contracts with customers</b>	<b>38,783,255</b>	42,514,470
<i>Timing of revenue recognition:</i>		
Goods transferred at a point in time	<b>36,499,588</b>	40,240,768
Services rendered at a point in time	<b>2,283,667</b>	2,273,702
<b>Total revenue from contracts with customers</b>	<b>38,783,255</b>	42,514,470

Ali Al-Ghanim Sons Automotive Company K.S.C. (Closed) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL

INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

**4 PROFIT FOR THE PERIOD**

The profit for the period is stated after charging:

	<i>Three months ended</i>	
	<i>31 March 2022 KD</i>	<i>31 March 2021 KD (not audited) (not reviewed)</i>
<b>Staff costs included in:</b>		
Cost of sales and services rendered	937,612	732,090
Distributions costs	619,867	616,960
Administrative expenses	1,787,633	1,830,064
	<u>3,345,112</u>	<u>3,179,114</u>
<b>Rent - operating leases included in*:</b>		
Cost of sales and services rendered	4,500	4,500
Distributions costs	2,010	2,010
Administrative expenses	750	750
	<u>7,260</u>	<u>7,260</u>
<b>Costs of inventories recognised as an expense (included in cost of sales and services rendered)</b>	<u>28,079,576</u>	<u>30,763,820</u>
<b>Rental vehicle fleet insurance charges (included in cost of sales and services rendered)</b>	<u>64,923</u>	<u>92,155</u>
<b>(Reversal of) allowance for provision for old and obsolete inventories included in:</b>		
Administrative expenses	4,777	(136,670)
Distribution costs	(14,883)	(340,345)
	<u>(10,106)</u>	<u>(477,015)</u>
<b>Allowance for (reversal of) provision for expected credit losses on trade receivables included in:</b>		
Cost of sales and services rendered	-	5,376
Administrative expenses	2,665	2,971
Distribution costs	4,927	(350,414)
	<u>7,592</u>	<u>(342,067)</u>
<b>Depreciation expense recognised included in:</b>		
Cost of sales and services rendered	625,497	788,058
Distributions costs	223,624	585,857
Administrative expenses	778,191	524,526
	<u>1,627,312</u>	<u>1,898,441</u>

\* This represents short-term rental.

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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>	
	<b>31 March 2022</b>	<i>31 March 2021 (not audited) (not reviewed)</i>
Profit from continuing operations attributable to equity holders of the Parent Company (KD)	<b>4,176,859</b>	3,815,318
Loss for the period from discontinued operations attributable to equity holders of the Parent Company (KD)	<b>(104,310)</b>	-
<b>Profit for the period attributable to equity holders of the Parent Company (KD)</b>	<b>4,072,549</b>	3,815,318
Weighted average number of shares outstanding during the period (shares)	<b>277,500,000</b>	277,500,000
<b>Basic and diluted EPS attributable to equity holders of the Parent Company (Fils)</b>	<b>14.68</b>	13.75
<b>Basic and diluted EPS for continuing operations attributable to equity holders of the Parent Company (Fils)</b>	<b>15.05</b>	13.75

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.

EPS amounts have been adjusted retrospectively for all periods before the bonus issue in 2021.

**6 SHARE CAPITAL**

	<b>31 March 2022 KD</b>	<i>31 December 2021 KD (Audited)</i>	<i>31 March 2021 KD (not audited) (not reviewed)</i>
Shares of 100 fils each	<b>277,500,000</b>	277,500,000	177,500,000
Authorised, issued and fully paid share capital (KD)	<b>27,750,000</b>	27,750,000	17,750,000

In prior year, the extra-ordinary general assembly meeting 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.

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## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL

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#### 7 LOANS AND BORROWINGS

	<i>31 March 2022 KD</i>	<i>31 December 2021 KD (Audited)</i>	<i>31 March 2021 KD (not audited) (not reviewed)</i>
Islamic finance payables	<b>15,941,515</b>	21,649,135	29,063,146
Term loans	-	582,500	610,000
	<b>15,941,515</b>	<b>22,231,635</b>	<b>29,673,146</b>
Non-current	<b>14,193,810</b>	19,978,433	22,940,719
Current	<b>1,747,705</b>	2,253,202	6,732,427

Islamic finance payables included tawarruq facilities amounting to KD 13,012,337 (31 December 2021: KD 12,898,481; 31 March 2021: KD 14,014,730) 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 a related party (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

	<i>31 March 2022</i>		
	<i>Non-current KD</i>	<i>Current KD</i>	<i>Total KD</i>
Trade payables	-	<b>24,319,103</b>	<b>24,319,103</b>
Advances from customers	-	<b>8,315,098</b>	<b>8,315,098</b>
Contract liabilities*	<b>6,147,104</b>	<b>3,696,483</b>	<b>9,843,587</b>
Lease liabilities	<b>4,980,399</b>	<b>1,434,877</b>	<b>6,415,276</b>
Accrued expenses	<b>138,800</b>	<b>5,676,628</b>	<b>5,815,428</b>
Other payables	-	<b>3,059,468</b>	<b>3,059,468</b>
Deferred revenue	<b>108,604</b>	<b>58,388</b>	<b>166,992</b>
Dividends payable	-	<b>4,562,180</b>	<b>4,562,180</b>
	<b>11,374,907</b>	<b>51,122,225</b>	<b>62,497,132</b>

	<i>31 December 2021 (Audited)</i>		
	<i>Non-current KD</i>	<i>Current KD</i>	<i>Total KD</i>
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
Other payables	-	3,147,088	3,147,088
Deferred revenue	82,199	36,772	118,971
	<b>8,834,410</b>	<b>41,159,340</b>	<b>49,993,750</b>

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**8 ACCOUNTS PAYABLE AND ACCRUALS (continued)**

	<i>31 March 2021 (Neither audited nor reviewed)</i>		
	<i>Non-current KD</i>	<i>Current KD</i>	<i>Total KD</i>
Trade payables	-	31,682,322	31,682,322
Advances from customers	-	5,624,615	5,624,615
Contract liabilities*	4,830,323	4,114,186	8,944,509
Lease liabilities	4,558,859	2,262,148	6,821,007
Accrued expenses	138,798	2,841,964	2,980,762
Other payables	-	3,615,317	3,615,317
Deferred revenue	32,310	16,156	48,466
Dividends payable	-	96,082	96,082
	<u>9,560,290</u>	<u>50,252,790</u>	<u>59,813,080</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.

	<i>Entities under common control</i>	
	<i>Three months ended</i>	
	<i>31 March 2022 KD</i>	<i>31 March 2021 KD (not audited) (not reviewed)</i>
<b>Interim condensed consolidated statement of profit or loss</b>		
Sale of goods	<b>2,105</b>	2,517
Rendering of services	-	4,936
Administrative expenses	-	275

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

	<i>31 March 2022 KD</i>	<i>31 December 2021 KD (Audited)</i>	<i>31 March 2021 KD (not audited) (not reviewed)</i>
<b>Interim condensed consolidated statement of financial position</b>			
<i>Receivables from related parties:</i>			
Entities under common control/ownership	<u><b>83,270</b></u>	<u>326,751</u>	<u>3,001,833</u>
<i>Payables to related parties:</i>			
Key management	<b>521,728</b>	584,088	481,508
Entities under common control/ownership	<b>3,322</b>	243,113	16,321
Other related parties	<b>3,742,244</b>	3,725,164	5,808,479
	<u><b>4,267,294</b></u>	<u>4,552,365</u>	<u>6,306,308</u>

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#### 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 31 March 2022, the Group has not recognised any provision for expected credit losses relating to amounts owed by related parties (31 December 2021: Nil; 31 March 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 a related party (Note 7). Islamic finance payables include tawarruq facilities amounting to KD 13,012,337 (31 December 2021: KD 12,898,481; 31 March 2021: KD 14,014,730) 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 12,691,126 (31 December 2021: KD 9,318,505; 31 March 2021: KD 12,799,172) 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>Balance outstanding as at</i>		
	<b>31 March 2022</b>	<b>31 March 2021</b>	<b>31 March 2022</b>	<b>31 December 2021</b>	<b>31 March 2021</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>
		<i>(not audited)</i>		<i>(Audited)</i>	<i>(not audited)</i>
		<i>(not reviewed)</i>			<i>(not reviewed)</i>
Salaries and short-term benefits	<b>897,438</b>	782,586	<b>405,140</b>	221,045	228,276
End of service benefits	<b>155,383</b>	16,079	<b>779,774</b>	632,896	586,398
	<b>1,052,821</b>	798,665	<b>1,184,914</b>	853,941	814,674

#### 10 DIVIDENDS MADE AND PROPOSED

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).

The proposed dividends for the year then ended 31 December 2021 were approved by the shareholders of the Parent Company at the annual general meeting (AGM) on 31 March 2022 and are recognised as a liability as at 31 March 2022.

Dividends payable as at 31 March 2022 amounted to KD 4,562,180 (31 December 2021: Nil and 31 March 2021: KD 96,082) and are recorded within "Accounts payable and accruals" in the interim condensed consolidated statement of financial position.



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#### 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 34,046,972 (31 December 2021: KD 35,351,955; 31 March 2021: KD 23,305,682) from which it is anticipated that no material liabilities will arise. Further, a related party has provided a corporate guarantee in the ordinary course of business amounting to KD 12,691,126 (31 December 2021: KD 9,318,505, 31 March 2021: KD 12,799,172) to for which no material liability is expected to arise (Note 9).

#### 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 31 March 2022 and 2021, respectively:

	<i>Three months ended</i>		<i>Three months ended</i>	
	<i>31 March 2022 KD</i>	<i>31 March 2021 KD</i>	<i>31 March 2022 KD</i>	<i>31 March 2021 KD</i>
		<i>(not audited) (not reviewed)</i>		<i>(not audited) (not reviewed)</i>
	<b><i>Revenue</i></b>		<b><i>Results</i></b>	
Kuwait	<b>35,259,642</b>	40,567,697	<b>9,092,537</b>	7,463,902
Iraq	<b>4,084,461</b>	2,831,800	<b>539,422</b>	299,520
Egypt	-	-	<b>(306,779)</b>	(490,710)
United Arab Emirates	-	-	<b>7,282</b>	(21)
Adjustments and eliminations	<b>(560,848)</b>	(885,027)	<b>(5,105,570)</b>	(3,548,355)
	<b>38,783,255</b>	42,514,470	<b>4,226,892</b>	3,724,336

##### b) Segment assets and liabilities

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

	<i>31 March 2022 KD</i>	<i>31 December 2021 KD</i>	<i>31 March 2021 KD</i>
		<i>(Audited)</i>	<i>(not audited) (not reviewed)</i>
<b>Segment assets</b>			
Kuwait	<b>175,929,438</b>	165,166,002	192,842,985
Iraq	<b>6,720,390</b>	7,557,205	7,026,173
Egypt	<b>2,213,846</b>	2,982,992	4,474,866
United Arab Emirates	<b>9,418,834</b>	9,390,555	13,891,136
Adjustments and eliminations	<b>(42,577,323)</b>	(37,645,017)	(45,127,868)
<b>Total consolidated segment assets</b>	<b>151,705,185</b>	147,451,737	173,107,292

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12. SEGMENT INFORMATION (continued)

b) Segment assets and liabilities (continued)

	<i>31 March 2022 KD</i>	<i>31 December 2021 KD (Audited)</i>	<i>31 March 2021 KD (not audited) (not reviewed)</i>
<b>Segment liabilities</b>			
Kuwait	<b>82,865,154</b>	74,824,005	90,099,850
Iraq	<b>2,426,398</b>	3,095,617	3,534,749
Egypt	<b>1,620,321</b>	1,991,920	2,589,174
United Arab Emirates	<b>7,644,858</b>	3,712,444	11,875,320
Adjustments and eliminations	<b>(5,300,484)</b>	(141,458)	(7,766,645)
	<hr/>	<hr/>	<hr/>
<b>Total consolidated segment liabilities</b>	<b>89,256,247</b>	83,482,528	100,332,448
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

13 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

	<u>Fair value measurement using</u>		
	<i>Significant observable inputs (Level 2) KD</i>	<i>Significant unobservable inputs (Level 3) KD</i>	<i>Total KD</i>
<i>31 March 2022</i>			
<b>Financial instruments measured at fair value:</b>			
<i>Derivative financial liabilities</i>			
Foreign exchange forward contracts	<b>(923,862)</b>	-	<b>(923,862)</b>
	<hr/>	<hr/>	<hr/>
<i>31 December 2021 (Audited)</i>			
Financial instruments measured at fair value:			
<i>Derivative financial liabilities</i>			
Foreign exchange forward contracts	(1,123,559)	-	(1,123,559)
	<hr/>	<hr/>	<hr/>
<i>31 March 2021 (neither audited nor reviewed)</i>			
Financial instruments measured at fair value:			
<i>Financial assets at FVOCI</i>			
Unquoted equity securities	-	47,059	47,059
	<hr/>	<hr/>	<hr/>
<i>Derivative financial liabilities</i>			
Foreign exchange forward contracts	(215,006)	-	(215,006)
	<hr/>	<hr/>	<hr/>

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

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#### 13 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

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.

#### 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>31 March 2022 KD</i>
Administrative expenses	(269,290)
Distribution costs	(1,756)
Finance costs	(35,732)
<b>Loss after tax for the period from discontinued operations</b>	<b>(306,778)</b>
<i>Attributable to:</i>	
Equity holders of the immediate Parent Company	(204,529)
Non-controlling interests	(102,249)
<b>Loss for the period from discontinued operations</b>	<b>(306,778)</b>

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

	<i>31 March 2022 KD</i>	<i>31 December 2021 KD (Audited)</i>
<b>Assets</b>		
Property, plant and equipment	1,365,922	1,699,800
Accounts receivable and prepayments	329,275	397,509
Bank balances and cash	518,649	885,683
<b>Assets held for sale</b>	<b>2,213,846</b>	<b>2,982,992</b>

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**14 ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)**

*Assets held for sale (continued)*

	<b>31 March 2022</b>	<b>31 December 2021 (Audited)</b>
<b>Liabilities</b>		
Lease liabilities	<b>(67,640)</b>	(1,904,459)
Accounts payable and accruals	<b>(1,552,782)</b>	(87,562)
	<hr/>	<hr/>
<b>Liabilities directly associated with assets held for sale</b>	<b>(1,620,422)</b>	(1,992,021)
	<hr/>	<hr/>
<b>Net assets directly associated with the disposal group</b>	<b>593,424</b>	990,971
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>31 March 2022 KD</b>	<b>31 December 2021 KD (Audited)</b>
Operating activities	<b>(117,514)</b>	897,726
Investing activities	<b>(136,438)</b>	(2,694,984)
Financing activities	-	2,682,941
	<hr/>	<hr/>
	<b>(253,952)</b>	885,683
	<hr/> <hr/>	<hr/> <hr/>