



Date: 20/02/2023

إشارة: IR/ALG/05/2023

التاريخ: 2023/02/20

Dear/Bursa Kuwait Company
Greeting,السادة/ شركة بورصة الكويت
المحترمين
تحية طيبة وبعد،**Subject: Outcomes of the Board of Directors
Meeting of Ali Alghanim Sons Automotive****الموضوع: نتائج اجتماع مجلس إدارة شركة
أولاد علي الغانم للسيارات**

With reference to the above subject, and according to requirements of module ten (Disclosure and Transparency) of the Executive Bylaws of law No.7 of 2010 regarding the establishment of the Capital Markets Authority and the regulating securities activities and its amendments, we would like to attach the Appendix No. (10) "Disclosure of Material Information" regarding to outcomes of the Board of Directors Meeting.

بالإشارة إلى الموضوع أعلاه، ووفقاً لمتطلبات الكتاب العاشر (الإفصاح والشفافية) من اللائحة التنفيذية للقانون رقم 7 لسنة 2010 بشأن إنشاء هيئة أسواق المال وتنظيم نشاط الأوراق المالية وتعديلاته، نود أن نرفق لكم الملحق رقم (10) "الإفصاح عن المعلومات الجوهرية" بشأن نتائج اجتماع مجلس إدارة الشركة.

Pursuant of the Bursa Kuwait Rules Book requirements issued under resolution No (1) of 2018, we are pleased to announce that the Analyst/Investors Conference will be held on Wednesday 01/03/2023 at 02:00 pm Kuwait local time, and it will take place via a live webcast.

وعملاً بقواعد البورصة الصادرة بموجب القرار رقم (1) لسنة 2018، يسرنا الإعلان عن موعد مؤتمر المحللين/المستثمرين والذي تقرر انعقاده يوم الأربعاء الموافق 2023/03/01 في تمام الساعة 02:00 ظهراً بتوقيت دولة الكويت والذي سيعقد عن طريق بث مباشر على شبكة الإنترنت.

Interested parties are welcome to contact us through the following email, to provide them with the invitation and details to participate in the conference.

وعلى الأطراف المهتمة التواصل معنا على البريد الإلكتروني التالي ليتم إرسال الدعوات وتفاصيل المشاركة بالمؤتمر.

investors@alg.com.kwinvestors@alg.com.kw

sincerely,

وتفضلوا بقبول فائق التحية والإحترام،

يوسف عبدالله القطامي
Vice Chairman & CEO
نائب رئيس مجلس الإدارة
والرئيس التنفيذي





نموذج الإفصاح عن المعلومات الجوهرية

Disclosure of Material Information Form

Date:	20/02/2023	التاريخ:
Name of The Listed Company:	Ali Alghanim Sons Automotive (K.S.C.P)	اسم الشركة المدرجة:
		شركة أولاد علي الغانم للسيارات (ش.م.ك.ع)
Material Information		المعلومات الجوهرية
<p>We would like to inform you that the Board of Directors of Ali Alghanim Sons Automotive Company has met on Monday, 20/02/2023 at 02:00 pm. The following resolutions were adopted:</p> <ol style="list-style-type: none"> 1. Approved the consolidated financial statements for the year ended 31/12/2022. 2. Approved to distribute cash dividends to shareholders by 34 % of the share nominal value at rate of 34 fils per share for the six months ended 31/12/2022. <p>And the Board of Directors approved annual dividend policy to pay a minimum of 58 fils per share for the year ended 31/12/2023.</p> <p>Note that these recommendations subject to approval of Ordinary General Assembly.</p>		<p>نود إفادتكم بأن مجلس إدارة شركة أولاد علي الغانم للسيارات قد اجتمع يوم الاثنين الموافق 2023/02/20 في تمام الساعة 02:00 ظهراً، وقد اتخذ المجلس القرارات التالية:</p> <ol style="list-style-type: none"> 1- اعتماد البيانات المالية المجمعة للسنة المالية المنتهية في 2022/12/31. 2- الموافقة على توزيع أرباح نقدية على مساهمي الشركة بواقع 34 % من إجمالي القيمة الإسمية للسهم أي ما يعادل 34 فلس للسهم الواحد عن الستة أشهر المنتهية في 2022/12/31. <p>كما قام مجلس الإدارة باعتماد سياسة توزيع أرباح نقدية للمساهمين بواقع 58 فلس للسهم الواحد كحد أدنى عن السنة المالية المنتهية في 2023/12/31.</p> <p>علماً بأن تلك التوصيات تخضع لموافقة الجمعية العامة العادية للمساهمين.</p>
Significant effect of the material information on the financial position of the company		أثر المعلومات الجوهرية على المركز المالي للشركة
Attached the Financial Result Form for the Year Ended 31/12/2022		مرفق نموذج نتائج البيانات المالية للسنة المنتهية في 2022/12/31



Company Name	اسم الشركة
Ali Alghanim Sons Automotive Company K.S.C.P.	شركة أولاد علي الغانم للسيارات ش.م.ك.ع.

Financial Year Ended on	2022-12-31	اختر من القائمة
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Board of Directors Meeting Date	2023-02-20	تاريخ اجتماع مجلس الإدارة
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Required Documents	المستندات الواجب إرفاقها بالنموذج
Approved financial statements. Approved auditor's report This form shall not be deemed to be complete unless the documents mentioned above are provided	نسخة من البيانات المالية المعتمدة نسخة من تقرير مراقب الحسابات المعتمد لا يعتبر هذا النموذج مكتملاً ما لم يتم وإرفاق هذه المستندات

التغيير (%) Change (%)	السنة المقارنة Comparative Year	السنة الحالية Current Year	البيان Statement
	2021-12-31	2022-12-31	صافي الربح (الخسارة) الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company
27.46%	14,675,517	18,704,850	
	52.88	67.72	ربحية (خسارة) السهم الأساسية والمخفضة Basic & Diluted Earnings per Share
28.06%	54,144,739	81,655,951	
	148,085,914	188,078,762	الموجودات المتداولة Current Assets
50.81%	54,144,739	81,655,951	
	148,085,914	188,078,762	إجمالي الموجودات Total Assets
27.01%	148,085,914	188,078,762	
	50,591,105	77,002,603	المطلوبات المتداولة Current Liabilities
52.21%	50,591,105	77,002,603	
	84,116,705	108,412,508	إجمالي المطلوبات Total Liabilities
28.88%	84,116,705	108,412,508	
	57,341,908	72,963,961	إجمالي حقوق الملكية الخاصة بمساهمي الشركة الأم Total Equity attributable to the owners of the Parent Company
10.88%	57,341,908	72,963,961	
	172,145,105	190,869,236	إجمالي الإيرادات التشغيلية Total Operating Revenue
10.88%	172,145,105	190,869,236	
	17,697,075	23,312,714	صافي الربح (الخسارة) التشغيلية Net Operating Profit (Loss)
31.73%	17,697,075	23,312,714	
Not Applicable	لا يوجد خسائر متراكمة No Accumulated Losses	لا يوجد خسائر متراكمة No Accumulated Losses	الخسائر المتراكمة / رأس المال المدفوع Accumulated Loss / Paid-Up Share Capital

التغيير (%) Change (%)	الربع الرابع المقارن Fourth quarter Comparative Year	الربع الرابع الحالي Fourth quarter Curren Year	البيان Statement
	2021-12-31	2022-12-31	
47.03%	2,687,084	5,072,917	صافي الربح (الخسارة) الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company
47.68%	9.68	18.50	ربحية (خسارة) السهم الأساسية والمخفضة Basic & Diluted Earnings per Share
23.24%	41,306,732	50,904,810	إجمالي الإيرادات التشغيلية Total Operating Revenue
38.44%	4,579,652	6,340,226	صافي الربح (الخسارة) التشغيلية Net Operating Profit (Loss)

• Not Applicable for first Quarter

• لا ينطبق على الربع الأول

Increase/Decrease in Net Profit (Loss) is due to	سبب ارتفاع/انخفاض صافي الربح (الخسارة)
<p>Increase in Net profit is mainly due to increased profits from vehicles.</p> <p>Furthermore, the drop in bank liabilities of KD 5.6 Mil from KD 22.2 Mil in December 2021 to KD 16.6 Mil in December 2022 has also contributed to the increase in net profit compared to the previous year. As of December 2022, bank borrowing adjusted for cash balance is only KD 0.696 Mil.</p>	<p>تعود الزيادة في صافي الربح بشكل رئيسي إلى زيادة الأرباح من مبيعات السيارات.</p> <p>بالإضافة إلى ذلك، إن انخفاض حساب القروض والسلف بمقدار 5.6 مليون دينار كويتي من 22.2 مليون دينار كويتي للسنة المالية المنتهية في 2021/12/31 إلى 16.6 مليون دينار كويتي للسنة المالية المنتهية في 2022/12/31، قد ساهم إلى زيادة صافي الربح للعام الحالي مقارنة بالعام السابق. علماً بأن المبلغ الناتج من تسوية القروض البنكية مقابل النقد المتاح للشركة كما في 2022/12/31 يمثل مبلغ 0.696 مليون دينار كويتي.</p>

Total Revenue realized from dealing with related parties (value, KWD)	33,801	بلغ إجمالي الإيرادات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.)
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Total Expenditures incurred from dealing with related parties (value, KWD)	2,660	بلغ إجمالي المصروفات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.)
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Auditor Opinion			رأي مراقب الحسابات
1.	Unqualified Opinion	<input checked="" type="checkbox"/>	1. رأي غير متحفظ
2.	Qualified Opinion	<input type="checkbox"/>	2. رأي متحفظ
3.	Disclaimer of Opinion	<input type="checkbox"/>	3. عدم إبداء الرأي
4.	Adverse Opinion	<input type="checkbox"/>	4. رأي معاكس

In the event of selecting item No. 2, 3 or 4, the following table must be filled out, and this form is not considered complete unless it is filled.

بحال اختيار بند رقم 2 أو 3 أو 4 يجب تعبئة الجدول التالي، ولا يعتبر هذا النموذج مكتملاً ما لم يتم تعبئته

لا ينطبق Not Applicable	نص رأي مراقب الحسابات كما ورد في التقرير
لا ينطبق Not Applicable	شرح تفصيلي بالحالة التي استدعت مراقب الحسابات لإبداء الرأي
لا ينطبق Not Applicable	الخطوات التي ستقوم بها الشركة لمعالجة ما ورد في رأي مراقب الحسابات
لا ينطبق Not Applicable	الجدول الزمني لتنفيذ الخطوات لمعالجة ما ورد في رأي مراقب الحسابات

Corporate Actions		استحقاقات الأسهم (الإجراءات المؤسسية)	
النسبة	القيمة		
34%	34 Fils per share		توزيعات نقدية Cash Dividends
	لا ينطبق / Not Applicable		توزيعات أسهم منحة Bonus Share
	لا ينطبق / Not Applicable		توزيعات أخرى Other Dividend
	لا ينطبق / Not Applicable		عدم توزيع أرباح No Dividends
	لا ينطبق / Not Applicable		زيادة رأس المال Capital Increase
	لا ينطبق / Not Applicable		تخفيض رأس المال Capital Decrease

ختم الشركة Company Seal	التوقيع Signature	المسمى الوظيفي Title	الاسم Name
		Vice-Chairman and CEO	Yousef Abdullah Al Qatami



Ernst & Young
Al Aiban, Al Osaimi & Partners
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INDEPENDENT AUDITOR’S REPORT TO THE SHAREHOLDERS OF ALI AL-GHANIM SONS AUTOMOTIVE COMPANY K.S.C.P.

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Ali Al-Ghanim Sons Automotive Company K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively, the “Group”), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

**INDEPENDENT AUDITOR’S REPORT TO THE SHAREHOLDERS OF
ALI AL-GHANIM SONS AUTOMOTIVE COMPANY K.S.C.P. (continued)**

Report on the Audit of Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Partial disposal of a subsidiary resulting in loss of control	
Key audit matter	How the key audit matter was addressed in the audit
<p>In 2021, the Group had commenced the process to partially sell 33.33% out of 66.66% of its investment in Global Auto S.A.E., a subsidiary held through German Automotive Holding Ltd, in a single transaction to an outside investor for a consideration of approximately USD 3 million (the “transaction”)</p> <p>At 31 December 2021, Global Auto S.A.E. (“former subsidiary”) was classified as a disposal group held for sale and as a discontinued operation.</p> <p>On 31 July 2022, the sale of 33.33% controlling interest in the former subsidiary was completed resulting in loss of control and triggering remeasurement of the residual holding in the former subsidiary to fair value.</p> <p>Accordingly, the Group derecognised the assets and liabilities of the former subsidiary at their carrying amounts and recognised a loss on disposal of KD 1,847,540 presented within discontinued operations. The residual holding in the former subsidiary is classified as an associate in accordance with IAS 28: <i>Investment in Associates and Joint Ventures</i> and have been remeasured to fair value at the date control is lost.</p> <p>We have identified the partial disposal of Global Auto S.A.E. as a key audit matter due to the financial significance of the transaction as well as the disclosures and presentation in the consolidated financial statements.</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> ▶ We obtained and read the sale and purchase agreement with the third-party investor, the board resolutions and related public announcements to obtain an understanding of the transaction and the key terms. ▶ We assessed the appropriateness of the accounting treatment for the change in ownership interests of the former subsidiary in accordance with the relevant IFRS. ▶ We also considered the adequacy and appropriateness of the disclosures relating to the disposal group of the Group in Note 30 to the consolidated financial statements.

**INDEPENDENT AUDITOR’S REPORT TO THE SHAREHOLDERS OF
ALI AL-GHANIM SONS AUTOMOTIVE COMPANY K.S.C.P (continued)**

Report on the Audit of Consolidated Financial Statements (continued)

Key Audit Matters (continued)

<i>Existence and valuation of inventories</i>	
Key audit matter	How the key audit matter was addressed in the audit
<p>As at 31 December 2022, the Group held inventories of KD 52,345,292 net of an allowance of KD 2,332,212, representing 28% of total assets.</p> <p>Inventories mainly consist of motor vehicles and spare parts on-hand and in-transit at year-end and are valued at the lower of cost and net realisable value. Management determines the level of obsolescence of inventories by considering their nature, aging profile and sales expectations using historic trends and other qualitative factors. At each reporting date, the cost of inventories is reduced where inventories are forecasted to be sold at below cost.</p> <p>Judgment is required to identify obsolete and slow-moving inventories and assess the appropriate level of allowance for such inventories, which may be sold below cost as a result of a reduction in consumer demand. Such judgments include management's expectations for future sales and inventory liquidation plans. Estimation process of the allowance is disclosed in Note 2.6.2 to the consolidated financial statements.</p> <p>We considered the existence and valuation of inventories as a key audit matter given the relative size of the balance in the consolidated statement of financial position and the significant judgments and key assumptions applied by the management in determining the allowance and the level of inventories write down required based on Net Realisable Value (NRV) assessment.</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> ▶ We attended the physical inventory count at year-end for all significant locations, observed the count procedures and, for a sample of inventory, performed test counts to assess the existence and condition of inventory on-hand. ▶ For Goods in Transit (“GIT”), we tested a sample of the cost incurred to supporting evidence such as external purchase invoices, shipping documents and receipt of inventory after the cut-off date. ▶ We reviewed the basis for the allowance by understanding and challenging the key assumptions used. In doing so, we understood the aging profile of the inventory, identification of obsolete and slow-moving inventories and the process for identifying specific problem inventory. Furthermore, we recalculated the expected allowance based on the above key assumptions to assess the mathematical accuracy of the calculation. ▶ We assessed the appropriateness of the management estimation of NRV by tracing inventory items in the listing, on a sample basis, to sales during and subsequent to the reporting period. ▶ We also considered the adequacy of the Group’s accounting policies and disclosures relating to inventory and related allowances in Notes 2 and 12 to the consolidated financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
ALI AL-GHANIM SONS AUTOMOTIVE COMPANY K.S.C.P. (continued)**

Report on the Audit of Consolidated Financial Statements (continued)

Other information included in the Group's 2022 Annual Report

Management is responsible for the other information. The other information consists of the information included in the Group's 2022 Annual Report, other than the consolidated financial statements and our auditor's report thereon. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of our auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
ALI AL-GHANIM SONS AUTOMOTIVE COMPANY K.S.C.P. (continued)**

Report on the Audit of Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
ALI AL-GHANIM SONS AUTOMOTIVE COMPANY K.S.C.P. (continued)**

Report on the Audit of Consolidated Financial Statements (continued)


Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, and by the Parent Company's Memorandum of Incorporation, and Articles of Association that an inventory count was duly carried out and that, to the best of our knowledge and belief, no 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, have occurred during the year ended 31 December 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 audit, 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 year ended 31 December 2022 that might have had a material effect on the business of the Parent Company or on its financial position.



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

20 February 2023
Kuwait

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

	<i>Notes</i>	<i>2022</i> <i>KD</i>	<i>2021</i> <i>KD</i>
CONTINUING OPERATIONS			
Sale of goods		173,890,651	155,191,059
Rendering of services		9,981,520	9,280,296
Vehicle rental income		4,186,882	4,511,126
Revenue from contracts with customers	3	188,059,053	168,982,481
Cost of sales and services rendered		(144,385,220)	(133,359,928)
GROSS PROFIT		43,673,833	35,622,553
Other income	4	2,810,183	3,162,624
Share of results of associates	10	(678,436)	(123,893)
Gain on disposal of property, plant and equipment		45,287	16,093
Distribution costs		(12,796,507)	(10,380,236)
Administrative expenses		(10,420,082)	(10,723,959)
Finance costs		(1,144,824)	(1,210,581)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		21,489,454	16,362,601
Contribution to Kuwait Foundation for Advancement of Sciences ("KFAS")		(199,118)	(168,264)
Zakat		(210,559)	(172,424)
National Labour Support Tax ("NLST")		(296,585)	-
Directors' remuneration		(35,000)	-
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	5	20,748,192	16,021,913
DISCONTINUED OPERATIONS			
Loss after tax for the year from discontinued operations	30	(1,492,826)	(1,430,103)
PROFIT FOR THE YEAR		19,255,366	14,591,810
Attributable to:			
Equity holders of the Parent Company		18,704,850	14,675,517
Non-controlling interests		550,516	(83,707)
		19,255,366	14,591,810
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT COMPANY (FILS)			
	6	67.72	52.88
BASIC AND DILUTED EARNINGS PER SHARE FOR CONTINUING OPERATIONS ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT COMPANY (FILS)			
	6	70.69	54.64

The attached notes 1 to 30 form part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	<i>Notes</i>	2022 KD	2021 KD
PROFIT FOR THE YEAR		19,255,366	14,591,810
Other comprehensive income (loss)			
<i>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:</i>			
Cash flow hedges – effective portion of changes in fair value		(232,447)	(1,535,999)
Cost of hedging reserve – changes in fair value		(654,982)	(280,780)
Cost of hedging reserve – amortised to profit or loss		574,190	271,377
Net loss on cash flow hedges		(313,239)	(1,545,402)
Exchange difference on translation of foreign operations		(74,454)	(28,293)
Share of other comprehensive loss of an associate	10	(822,885)	-
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods		(1,210,578)	(1,573,695)
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>			
Net gain (loss) on equity instruments designated at fair value through other comprehensive income		37,842	(47,059)
Revaluation of lands	7	11,369,000	-
Other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods		11,406,842	(47,059)
Other comprehensive income (loss) for the year		10,196,264	(1,620,754)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		29,451,630	12,971,056
Attributable to:			
Equity holders of the Parent Company		28,831,639	13,070,595
Non-controlling interests		619,991	(99,539)
		29,451,630	12,971,056

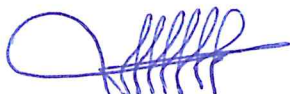
The attached notes 1 to 30 form part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 KD	2021 KD
ASSETS			
Non-current assets			
Property, plant and equipment	7	101,715,627	91,983,666
Intangible assets	8	223,291	326,587
Medium-term instalment credit receivables	9	952,820	1,379,815
Investment in associates	10	3,065,573	251,107
Financial assets at fair value through other comprehensive income	11	465,500	-
		<u>106,422,811</u>	<u>93,941,175</u>
Current assets			
Inventories	12	52,345,292	24,086,817
Accounts receivable and prepayments	13	9,556,026	7,669,182
Receivables from related parties	20	3,846,370	337,319
Cash and cash equivalents	14	15,908,263	19,068,429
		<u>81,655,951</u>	<u>51,161,747</u>
Assets held for sale	30	-	2,982,992
TOTAL ASSETS		<u><u>188,078,762</u></u>	<u><u>148,085,914</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	15	27,750,000	27,750,000
Statutory reserve	15	4,676,367	2,731,756
Treasury shares	16	(2,954,654)	-
Treasury shares reserve	16	5,139	-
Asset revaluation surplus	15	31,508,181	20,791,681
Cash flow hedge reserve	15	(591,721)	(1,056,086)
Cost of hedging reserve	15	(110,857)	(30,065)
Fair value reserve	15	(9,217)	(47,059)
Foreign currency translation reserve	15	(365,807)	(51,493)
Other reserves		1,196,343	733,212
Retained earnings		11,860,187	6,519,962
Equity attributable to equity holders of the Parent Company		<u>72,963,961</u>	<u>57,341,908</u>
Non-controlling interests		6,702,293	6,627,301
Total equity		<u>79,666,254</u>	<u>63,969,209</u>
Non-current liabilities			
Islamic finance payables	17	13,981,281	19,978,433
Employees' end of service benefits	18	5,451,636	4,712,757
Accounts payable and accruals	19	11,976,988	8,834,410
		<u>31,409,905</u>	<u>33,525,600</u>
Current liabilities			
Islamic finance payables	17	2,623,038	2,253,202
Accounts payable and accruals	19	70,069,985	41,793,517
Payables to related parties	20	4,309,580	4,552,365
		<u>77,002,603</u>	<u>48,599,084</u>
Liabilities directly associated with assets classified as held for sale	30	-	1,992,021
Total liabilities		<u>108,412,508</u>	<u>84,116,705</u>
TOTAL EQUITY AND LIABILITIES		<u><u>188,078,762</u></u>	<u><u>148,085,914</u></u>



Eng. Fahad Ali Mohammed Thunayan Alghanim
Chairman

The attached notes 1 to 30 form part of these consolidated financial statements.



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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Notes	2022 KD	2021 KD
OPERATING ACTIVITIES			
Profit from continuing operations before tax		21,489,454	16,362,601
Loss from discontinued operations		(1,492,826)	(1,430,103)
Profit before tax		19,996,628	14,932,498
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Gain on disposal of property, plant and equipment		(45,287)	(16,093)
Gain on derecognition of right-of-use assets		(18,362)	(5,712)
Rent concession income	19	-	(68,000)
Depreciation of property, plant and equipment and right-of-use assets	7	6,809,603	7,446,848
Impairment loss on property, plant and equipment & intangible assets	7 & 8	84,632	-
Amortisation of intangible assets	8	69,557	45,827
Share of results of associates	10	678,436	123,893
Loss on de-recognition of a subsidiary	30	1,847,540	-
Charge (reversal) of provision for obsolete and slow-moving inventories	12	65,234	(891,932)
Allowance for (reversal of) expected credit losses on trade receivables	13	59,601	(506,624)
Provision for employees' end of service benefits	18	1,000,148	563,777
Finance costs on loans and borrowings		944,573	856,807
Interest expense on lease liabilities	19	200,251	353,774
		31,692,554	22,835,063
<i>Working capital changes:</i>			
Inventories		(27,402,649)	7,777,088
Medium-term instalment credit receivables		426,995	(1,051,533)
Accounts receivable and prepayments		(1,951,118)	(948,750)
Receivables from related parties		236,386	2,178,578
Accounts payable and accruals		29,145,223	(2,467,820)
Cash flows from operations		32,147,391	28,322,626
Employees' end of service benefits paid	18	(261,269)	(315,116)
Net cash flows from operating activities		31,886,122	28,007,510
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	7	(2,834,767)	(2,169,267)
Proceeds from disposal of property, plant and equipment		368,729	199,636
Net movement in term deposits	14	(1,000,000)	-
Net payments made to investment in associates		(5,330,650)	-
Net movement in receivables from related parties		(3,745,437)	-
Purchase of financial assets at fair value through other comprehensive income		(427,658)	-
Purchase of treasury shares	16	(3,554,412)	-
Proceeds from sale of treasury shares	16	604,897	-
Additions to intangible assets	8	(45,959)	(20,000)
Net cash flows used in investing activities		(15,965,257)	(1,989,631)
FINANCING ACTIVITIES			
Proceeds from Islamic finance payables	17	13,200,000	25,669,250
Repayment of Islamic finance payables	17	(18,827,316)	(40,956,926)
Dividends paid to non-controlling interests		(380,339)	(226,426)
Net movement in payables to related parties		(277,785)	4,051,146
Dividends paid to equity holders of the Parent		(10,956,883)	(14,339,500)
Finance costs paid		(944,573)	(856,807)
Payment of lease liabilities	19	(1,806,523)	(1,915,776)
Net cash flows used in financing activities		(19,993,419)	(28,575,039)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(4,072,554)	(2,557,160)
Cash and cash equivalents at 1 January		19,068,429	22,502,339
Bank balances and cash related to the disposal group held for sale	30	-	(885,683)
Net foreign exchange difference		(87,612)	8,933
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	14	14,908,263	19,068,429

The attached notes 1 to 30 form part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2022

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

	<i>Notes</i>	<i>2022</i> <i>KD</i>	<i>2021</i> <i>KD</i>
Effective portion of gain on hedging instruments (adjusted with accounts receivables and prepayments)		1,249,704	-
Effective portion of loss on hedging instruments (adjusted with accounts payable and accruals)		-	1,110,329
Additions to lease liabilities (adjusted with accounts payables and accruals)	19	3,158,502	3,271,812
Additions to right-of-use assets (adjusted with additions to property, plant and equipment)	7	(3,158,502)	(3,271,812)
Transfer of property, plant and equipment from inventories (net) - (adjusted with property, plant and equipment)	7	225,564	1,938,665
Transfer of property, plant and equipment to inventories (net) - (adjusted with inventories)	7	(225,564)	(1,938,665)
Loss arising from transfer of land to the Ultimate Parent Company (adjusted with retained earnings)	7	-	840,681
Gain related to derecognition of lease liabilities (adjusted with accounts payables and accruals)		(18,362)	(5,712)
Derecognition of right-of-use assets	7	116,051	192,680
Derecognition of lease liabilities	19	(134,413)	(198,392)
Increase in share capital (adjusted with retained earnings)	16	-	10,000,000

The attached notes 1 to 30 form part of these consolidated financial statements.