

Interim condensed consolidated financial information and review report

National Industries Group Holding – KPSC and Subsidiaries

Kuwait

31 March 2022 (Unaudited)

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Report on review of interim condensed consolidated financial information

To the board of directors of
National Industries Group Holding – KPSC
Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of National Industries Group Holding - KPSC (the “Parent Company”) and its Subsidiaries (the “Group”) as of 31 March 2022 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the three-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”. 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 International Accounting Standard 34, “Interim Financial Reporting”.

Report on review of other legal and regulatory requirements

Based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. We further report that, to the best of our knowledge and belief, no violation of the Companies Law No. 1 of 2016 and its Executive Regulations, or of the Parent Company’s Memorandum of Incorporation and Articles of Association, as amended, have occurred during the three-month period ended 31 March 2022 that might have had a material effect on the business or financial position of the Parent Company.

We further report that, during the course of our review, we have not become aware of any material violations of the provision of law no 7 of 2010 concerning the Capital Markets Authority and its related regulations during the three-month period ended 31 March 2022 that might have had a material effect on the business or financial position of the Parent Company.

Abdullatif M. Al-Aiban (CPA)
(Licence No. 94-A)
of Grant Thornton – Al-Qatami, Al-Aiban & Partners

Kuwait
9 May 2022

Interim condensed consolidated statement of profit or loss

	Note	Three months ended 31 March 2022 (Unaudited) KD '000	Three months ended 31 March 2021 (Unaudited) KD '000
Sales		30,030	25,169
Cost of sales		(24,085)	(20,585)
Gross profit		5,945	4,584
Gain on sale of financial assets at fair value through profit or loss		4,531	645
Change in fair value of financial assets at fair value through profit or loss		58,588	23,060
Dividend income		2,913	1,737
Interest income		145	379
Share of results of associates	9	7,737	5,916
Rental income		587	531
Other income		553	787
(Loss)/gain on foreign currency exchange		(220)	78
		80,779	37,717
General, administrative and other expenses		(7,915)	(6,431)
Distribution costs		(2,276)	(2,135)
Finance costs		(4,903)	(5,406)
Impairment losses		(10,299)	(20)
Profit before taxation		55,386	23,725
Taxation charged on overseas subsidiaries		(468)	(77)
Profit for the period		54,918	23,648
Profit for the period attributable to:			
Owners of the Parent Company		46,406	19,087
Non-controlling interests		8,512	4,561
		54,918	23,648
Basic and diluted earnings per share attributable to the owners of the Parent Company	5	31.6 Fils	13.1 Fils

The notes set out on pages 7 to 21 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of profit or loss and other comprehensive income

	Three months ended 31 March 2022 (Unaudited) KD '000	Three months ended 31 March 2021 (Unaudited) KD '000
Profit for the period	54,918	23,648
Other comprehensive (loss)/income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	(1,460)	2,826
Share of other comprehensive (loss)/income of associates	(2,010)	319
	(3,470)	3,145
Items that will not to be reclassified subsequently to profit or loss:		
Defined benefit plan actuarial gain/(loss) – net	2,199	(110)
Net changes in fair value of financial assets at FVTOCI	(2,468)	7,716
Share of other comprehensive income of associates	1,270	720
	1,001	8,326
Total other comprehensive (loss)/income for the period	(2,469)	11,471
Total comprehensive income for the period	52,449	35,119
Total comprehensive income for the period attributable to:		
Owners of the Parent Company	43,645	23,220
Non-controlling interests	8,804	11,899
	52,449	35,119

The notes set out on pages 7 to 21 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Note	31 March 2022 (Unaudited) KD '000	31 Dec. 2021 (Audited) KD '000	31 March 2021 (Unaudited) KD '000
Assets				
Cash and cash equivalents	6	108,230	90,674	72,201
Assets classified as held for sale		4,183	4,263	6,950
Accounts receivable and other assets		54,516	54,117	55,626
Inventories		37,646	36,905	35,699
Financial assets at fair value through profit or loss	7	447,975	396,501	339,131
Financial assets at fair value through other comprehensive income	8	190,508	194,307	226,783
Right of use of assets		7,349	7,633	9,156
Investment properties		62,526	60,293	59,625
Investment in associates	9	335,986	336,783	323,593
Property, plant and equipment		88,743	88,601	90,235
Goodwill and other intangible assets		9,930	9,834	10,215
Total assets		1,347,592	1,279,911	1,229,214
Liabilities and equity				
Liabilities				
Due to banks	6	12,850	12,941	14,522
Accounts payable and other liabilities		75,614	72,393	62,698
Lease liabilities		7,365	7,274	9,708
Borrowings	10	598,816	586,804	573,541
Bonds	11	30,000	30,000	55,000
Provisions		13,007	13,295	15,419
Total liabilities		737,652	722,707	730,888
Equity attributable to owners of the Parent Company				
Share capital	12	149,924	149,924	142,784
Share premium	12	122,962	122,962	122,962
Treasury shares	13	(23,406)	(23,406)	(30,375)
Statutory and general reserves		43,225	43,225	26,332
Other components of equity	14	12,944	21,139	42,251
Retained earnings		146,456	94,618	46,175
Equity attributable to owners of the Parent Company		452,105	408,462	350,129
Non-controlling interests		157,835	148,742	148,197
Total equity		609,940	557,204	498,326
Total liabilities and equity		1,347,592	1,279,911	1,229,214

Sa'ad Mohammed Al-Sa'ad
Chairman

Ahmad Mohammed Hassan
Chief Executive Officer

The notes set out on pages 7 to 21 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity

	Equity attributable to the owners of the Parent Company						Non- controlling interests	Total
	Share capital KD '000	Share premium KD '000	Treasury shares KD '000	Statutory and general reserves KD '000	Other components of equity KD '000	Retained earnings KD '000	Sub- total KD '000	
Balance at 1 January 2022	149,924	122,962	(23,406)	43,225	21,139	94,618	408,462	557,204
Consolidation and other adjustments	-	-	-	-	-	(2)	(2)	287
Profit for the period	-	-	-	-	-	46,406	46,406	54,918
Other comprehensive (loss)/income for the period	-	-	-	-	(4,960)	2,199	(2,761)	(2,469)
Total comprehensive (loss)/income for the period	-	-	-	-	(4,960)	48,605	43,645	52,449
Gain on sale of financial assets at FVTOCI	-	-	-	-	(3,235)	3,235	-	-
Balance at 31 March 2022	149,924	122,962	(23,406)	43,225	12,944	146,456	452,105	609,940
Balance at 1 January 2021	142,784	122,962	(30,375)	26,332	42,953	22,253	326,909	463,222
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(6)
Consolidation and other adjustments	-	-	-	-	-	-	-	(9)
Total transactions with owners	-	-	-	-	-	-	-	(15)
Profit for the period	-	-	-	-	-	19,087	19,087	23,648
Other comprehensive income/(loss) for the period	-	-	-	-	4,243	(110)	4,133	11,471
Total comprehensive income for the period	-	-	-	-	4,243	18,977	23,220	35,119
Gain on sale of financial assets at FVTOCI	-	-	-	-	(4,945)	4,945	-	-
Balance at 31 March 2021	142,784	122,962	(30,375)	26,332	42,251	46,175	350,129	498,326

The notes set out on pages 7 to 21 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	Three months ended 31 March 2022 (Unaudited) KD '000	Three months ended 31 March 2021 (Unaudited) KD '000
OPERATING ACTIVITIES			
Profit before foreign taxation		55,386	23,725
Adjustments for:			
Dividend income		(2,913)	(1,737)
Share of results of associates	9	(7,737)	(5,916)
Interest income		(145)	(331)
Depreciation and amortisation		3,378	1,914
Finance costs		4,903	5,406
Net impairment losses		10,299	20
Net provisions charged		1,911	123
		65,082	23,204
Changes in operating assets and liabilities:			
Inventories		(741)	(880)
Accounts receivable and other assets		(5,170)	1,489
Financial assets at fair value through profit or loss		(51,474)	(25,659)
Accounts payable and other liabilities		3,021	(477)
Cash from/(used in) operations		10,718	(2,323)
Taxation paid		-	(76)
Net cash from/(used in) operating activities		10,718	(2,399)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,948)	(1,771)
Additions to investment properties		(2,250)	(3)
Dividend received from associates		1,288	1,748
Purchase of financial assets at FVTOCI		(13)	(129)
Proceeds from sale of financial assets at FVTOCI		1,344	11,980
Dividend income received		2,913	1,737
Decrease of short-term deposits maturing after 3 months		4,048	627
Interest income received		145	134
Net cash from investing activities		5,527	14,323
FINANCING ACTIVITIES			
Net increase in borrowings		12,012	16,351
Repayment of lease liabilities		(911)	(50)
Finance costs paid		(4,850)	(5,405)
Dividend paid to the owners of the Parent Company		(54)	(173)
Dividend paid to non-controlling interests		-	(6)
Change in non-controlling interests		-	(9)
Net cash from financing activities		6,197	10,708
Net increase in cash and cash equivalents		22,442	22,632
Foreign currency translation differences		(747)	(36)
		21,695	22,596
Cash and cash equivalents at beginning of the period		67,535	34,454
Cash and cash equivalents at end of the period	6	89,230	57,050

The notes set out on pages 7 to 21 form an integral part of this interim condensed consolidated financial information.

Notes to the interim condensed consolidated financial information

1 Incorporation and activities

National Industries Group Holding – KPSC (‘the Parent Company’) was incorporated in 1961 as a Kuwaiti shareholding company in accordance with the Commercial Companies Law in the State of Kuwait and in April 2003, its status was transformed to a ‘Holding Company’.

The Parent Company along with its subsidiaries are collectively referred to as “the Group” in this interim condensed consolidated financial information.

The Parent Company’s shares are traded on the Kuwait Stock Exchange and Dubai Financial Market.

The main objectives of the Parent Company are as follows:

- Owning stocks and shares in Kuwaiti or non-Kuwaiti shareholding companies and shares in Kuwaiti or non-Kuwaiti limited liability companies and participating in the establishment of, lending to and managing of these companies and acting as a guarantor for these companies.
- Lending money to companies in which it owns 20% or more of the capital of the borrowing company, along with acting as guarantor on behalf of these companies.
- Owning industrial equities such as patents, industrial trademarks, royalties, or any other related rights, and franchising them to other companies or using them within or outside the State of Kuwait.
- Owning real estate and moveable property to conduct its operations within the limits as stipulated by law.
- Employing excess funds available by investing them in investment and real estate portfolios managed by specialised companies.
- Owning stocks and shares in Kuwaiti or non-Kuwaiti shareholding companies and shares in Kuwaiti or non-Kuwaiti limited liability companies and participating in the establishment of, lending to and managing of these companies and acting as a guarantor for these companies.
- Lending money to companies in which it owns 20% or more of the capital of the borrowing company, along with acting as guarantor on behalf of these companies.
- Owning industrial equities such as patents, industrial trademarks, royalties, or any other related rights, and franchising them to other companies or using them within or outside the State of Kuwait.
- Owning real estate and moveable property to conduct its operations within the limits as stipulated by law.
- Employing excess funds available by investing them in investment and real estate portfolios managed by specialised companies.

The address of the Parent Company’s registered office is PO Box 417, Safat 13005, State of Kuwait.

The Board of Directors of the Parent Company approved this interim condensed consolidated financial information for issue on 9 May 2022.

2 Basis of preparation

The interim condensed consolidated financial information of the Group for the three-month period ended 31 March 2022 has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”. The accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2021, except for the changes described in note 3.

The annual consolidated financial statements for the year ended 31 December 2021 were prepared in accordance with the International Financial Reporting Standards (“IFRS”) promulgated by the International Accounting Standards Board (“IASB”), and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of preparation (continued)

The interim condensed consolidated financial information has been presented in Kuwaiti Dinars which is the functional and presentation currency of the Parent Company.

The interim condensed consolidated financial information does not include all information and disclosures required for complete financial statements prepared in accordance with the International Financial Reporting Standards. In the opinion of the Parent Company's management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

Operating results for the three-month period ended 31 March 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022. For further details, refer to the consolidated financial statements and its related disclosures for the year ended 31 December 2021.

3 Changes in accounting policies

3.1 New and amended standards adopted by the Group

The following new amendments or standards were effective for the current period.

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IFRS 3 Amendment – Reference to the conceptual framework	1 January 2022
IAS 16 – Amendments – Proceeds before intended use	1 January 2022
IAS 37 – Amendments – Onerous contracts -Cost of fulfilling a contract	1 January 2022
Annual Improvements 2018-2020 Cycle	1 January 2022

IFRS 3 – Reference to the conceptual framework

The amendments add a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination

The adoption of the amendments did not have a significant impact on the Group's interim condensed consolidated financial information.

IAS 16 Amendments – Proceeds before intended use

The amendment prohibits an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss.

The adoption of the amendment did not have a significant impact on the Group's interim condensed consolidated financial information.

IAS 37 Amendments – Onerous contracts- Cost of fulfilling a contract

The amendments specify which costs an entity includes when assessing whether a contract will be loss-making.

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

The amendments are only to be applied to contracts for which an entity has not yet fulfilled all of its obligations at the beginning of the annual period in which it first applies the amendments.

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.1 New and amended standards adopted by the Group (continued)

IAS 37 Amendments – Onerous contracts- Cost of fulfilling a contract (continued)

The adoption of the amendment did not have a significant impact on the Group's interim condensed consolidated financial information.

Annual Improvements 2018-2020 Cycle

Amendment to IAS 1 simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences. Subsidiary that is a first-time adopter later than its parent might have been required to keep two parallel sets of accounting records for cumulative translation differences based on different dates of transition to IFRSs. However, the amendment extends the exemption to cumulative translation differences to reduce costs for first-time adopters.

Amendment to IFRS 9 relates to the '10 per cent' Test for Derecognition of Financial Liabilities – In determining whether to derecognise a financial liability that has been modified or exchanged, an entity assesses whether the terms are substantially different. 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.

Amendment to IFRS 16 avoids the potential for confusion in applying IFRS 16 Leases because of how Illustrative Example 13 accompanying IFRS 16 had illustrated the requirements for lease incentives. Before the amendment, Illustrative Example 13 had included as part of the fact pattern a reimbursement relating to leasehold improvements; the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in IFRS 16. The IASB decided to remove the potential for confusion by deleting from Illustrative Example 13 the reimbursement relating to leasehold improvements.

The adoption of the amendments did not have a significant impact on the Group's interim condensed consolidated financial information.

3.2 IASB Standards issued but not yet effective

At the date of authorisation of this interim condensed consolidated financial information, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncements. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's interim condensed consolidated financial information is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's interim condensed consolidated financial information.

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments	No stated date
IAS 1 Amendments- Classification of current and non-current	1 January 2023
IAS 1 Amendments- Disclosure of accounting policies	1 January 2023
IAS 8 Amendments- Definition of accounting estimates	1 January 2023
IAS 12 Income taxes- Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments

The Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations)
- require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

IASB has postponed the effective date indefinitely until other projects are completed. However, early implementation is allowed. Management anticipates that the application of these amendments may have an impact on the Group's consolidated financial statements in future should such transactions arise.

IAS 1 Amendments - Classification of current or non-current

The amendments to IAS 1 clarify the classification of a liability as either current or non-current is based on the entity's rights at the end of the reporting period. Stating management expectations around whether they will defer settlement or not does not impact the classification of the liability. It has added guidance about lending conditions and how these can impact classification and has included requirements for liabilities that can be settled using an entity's own instruments.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's consolidated financial statements.

IAS 1 Amendments – Disclosure of accounting policies

The amendments to IAS 1 require entities to disclose material accounting policies instead of significant accounting policies. The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's consolidated financial statements.

IAS 8 Amendments – Definition of accounting estimates

The amendments to IAS 8 inserted the definition of accounting estimates replacing the definition of a change in accounting estimates. Accounting estimates are now defined as monetary amounts in financial statements that are subject to measurement uncertainty.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's consolidated financial statements.

Notes to the interim condensed consolidated financial information (continued)

4 Judgement and estimates

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended 31 December 2021.

5 Basic and diluted earnings per share

Basic and diluted earnings per share is calculated by dividing the profit for the period attributable to the owners of the Parent Company by the weighted average number of shares outstanding during the period as follows:

	Three months ended 31 March 2022 (Unaudited)	Three months ended 31 March 2021 (Unaudited)
Profit for the period attributable to the owners of the Parent Company (KD '000)	46,406	19,087
Weighted average number of shares outstanding during the year (excluding treasury shares) – shares	1,469,677,072	1,460,875,340
Basic and diluted earnings per share	31.6 Fils	13.1 Fils

a) There were no potential dilutive shares.

6 Cash and cash equivalents

	31 March 2022 (Unaudited) KD '000	31 Dec. 2021 (Audited) KD '000	31 March 2021 (Unaudited) KD '000
Bank balances and cash	64,070	59,188	47,267
Short term deposits	44,160	31,486	24,934
Cash and cash equivalents for the purpose of interim condensed consolidated statement of financial position	108,230	90,674	72,201
Less: restricted bank balances (a)	(5,506)	(5,506)	(6)
Less: time deposits maturing after three months	(644)	(4,692)	(623)
Due to banks (b)	(12,850)	(12,941)	(14,522)
Cash and cash equivalents for the purpose of interim condensed consolidated statement of cash flows	89,230	67,535	57,050

- a) At 31 March 2022, it includes KD5,500 thousand (31 December 2021: KD5,500 thousand) restricted against letters of guarantee.
- b) Due to banks include bank overdraft facilities secured by pledge of short-term deposits of KD644 thousand as at 31 March 2022 (31 December 2021: KD642 thousand and 31 March 2021: KD623 thousand).
- c) Cash and cash equivalents amounting to KD1,484 thousand (31 December 2021: KD1,400 thousand and 31 March 2021: KD1,254 thousand) are pledged against borrowings (Note 10).

Notes to the interim condensed consolidated financial information (continued)

7 Financial assets at fair value through profit or loss

	31 March 2022 (Unaudited) KD '000	31 Dec. 2021 (Audited) KD '000	31 March 2021 (Unaudited) KD '000
Quoted securities:			
- Local	240,027	196,858	174,665
- Foreign	86,550	75,219	52,327
Unquoted securities:			
- Local	2,340	2,368	3,030
- Foreign	17,092	17,027	10,978
Managed portfolios and funds:			
- Investment in private equity funds	97,105	100,421	93,965
- Local funds	2,453	2,153	2,086
- Foreign portfolios	2,408	2,455	2,080
	447,975	396,501	339,131

- a) Quoted securities and managed funds with an aggregate carrying value of KD157,443 thousand (31 December 2021: KD140,943 thousand and 31 March 2021: KD106,729 thousand) are pledged against borrowings (Note 10).
- b) The Group has signed agreements whereby certain shares of financial assets at fair value through profit or loss with aggregate carrying value of KD157,760 thousand (31 December 2021: KD139,073 thousand and 31 March 2021: KD121,150 thousand) have been kept in custody portfolios against borrowings (Note 10).

8 Financial assets at fair value through other comprehensive income

	31 March 2022 (Unaudited) KD '000	31 Dec. 2021 (Audited) KD '000	31 March 2021 (Unaudited) KD '000
Quoted securities:			
- Local	11,223	10,862	9,001
- Foreign	47,278	41,827	39,178
Unquoted securities:			
- Local	15,299	15,746	14,383
- Foreign	92,949	101,387	142,438
Managed portfolios and funds:			
- Local	1,794	1,827	1,922
- Foreign	21,965	22,658	19,861
	190,508	194,307	226,783

- a) Quoted securities with an aggregate carrying value of KD40,431 thousand (31 December 2021: KD34,043 thousand and 31 March 2021: KD36,319 thousand) and unquoted securities with an aggregate carrying value of KD680 thousand (31 December 2021: KD384 thousand and 31 March 2021: KD346 thousand) are pledged against borrowings (Note 10).
- b) The Group has signed agreements whereby certain shares of financial assets at fair value through other comprehensive income with aggregate carrying value of KD4,044 thousand (31 December 2020: KD4,105 thousand and 31 March 2021: KD3,290 thousand) have been kept in custody portfolios against borrowings (Note 10).

Notes to the interim condensed consolidated financial information (continued)

9 Investment in associates

a) The movement in associates during the period/year is as follows:

	31 March 2022 (Unaudited) KD '000	31 Dec. 2021 (Audited) KD '000	31 March 2021 (Unaudited) KD '000
Balance at 1 January	336,783	315,602	315,602
Additions during the period/year	-	3,570	-
Share of results	7,737	30,843	5,916
Disposals	-	(294)	-
Share of other comprehensive (loss)/income	(740)	6,383	1,039
Dividend distribution	(1,288)	(7,003)	(1,748)
Impairment in value – net	(5,428)	(5,857)	-
Foreign currency translation adjustment	(1,078)	(6,461)	2,772
Other adjustments	-	-	12
Balance at the end of the period/year	335,986	336,783	323,593

b) The Group has signed agreements whereby certain shares of investment in associates with aggregate carrying value of KD227,701 thousand (31 December 2021: KD204,073 thousand and 31 March 2021: KD209,932 thousand) have been kept in custody portfolios with specialised institutions against borrowings (Note 10).

10 Borrowings

	31 March 2022 (Unaudited) KD '000	31 Dec. 2021 (Audited) KD '000	31 March 2021 (Unaudited) KD '000
Short term:			
Term loans	162,110	161,377	72,445
Islamic financing arrangements	23,995	13,829	15,364
	186,105	175,206	87,809
Long term:			
Term loans			
- Current portion	49,135	48,748	156,187
- Due after more than one year	222,199	222,980	193,749
Islamic financing arrangements			
- Current portion	18,558	18,290	102,715
- Due after more than one year	122,819	121,580	33,081
	412,711	411,598	485,732
	598,816	586,804	573,541

As at 31 March 2022, certain borrowings are secured against cash and cash equivalents (Note 6c) and pledged and/or in custody portfolios with specialised institutions that includes financial assets at fair value through profit and loss (Note 7), financial assets at fair value through other comprehensive income (Note 8), investment properties, property plant and equipment, investment in subsidiaries and shares of certain associates (Note 9).

Notes to the interim condensed consolidated financial information (continued)

11 Bonds

	31 March 2022 (Unaudited) KD '000	31 Dec. 2021 (Audited) KD '000	31 March 2021 (Unaudited) KD '000
Kuwait Dinar:			
Floating rate bonds	7,600	7,600	32,600
Fixed rate bonds	22,400	22,400	22,400
	30,000	30,000	55,000

a) The outstanding bonds at 31 March 2022 mature on 11 February 2025, and are unsecured.

12 Share capital and share premium

	Authorised	Issued	Paid up
31 March 2022			
Shares of 100 Fils each	3,000,000,000	2,023,971,319	1,499,238,014
31 December 2021			
Shares of 100 Fils each	1,499,238,014	1,499,238,014	1,499,238,014
31 March 2021			
Shares of 100 Fils each	1,427,845,728	1,427,845,728	1,427,845,728

Share premium is not available for distribution.

During the previous year, the shareholders' approved to increase the Parent Company's authorised capital from KD149,924 thousand to KD300,000 thousand which was registered in the commercial register of the Ministry of Commerce on 11 January 2022.

On 30 January 2022, the board of directors of the Parent Company approved to increase the issued and paid up share capital from KD149,924 thousand to KD202,397 thousand through a cash increase of KD52,473 thousand by issuing 524,733,305 shares of 100 Fils per share plus 100 Fils per share as share premium.

Following approval of the Capital Markets Authority (CMA), the Parent Company's issued capital was increased to KD202,397 thousand and registered in the commercial register of the Ministry of Commerce on 21 March 2022.

Subsequent to the reporting date, the capital increase was fully subscribed and on 28 April 2022, Kuwait Clearance Company approved the allotment of the new shares.

Notes to the interim condensed consolidated financial information (continued)

13 Treasury shares

	31 March 2022 (Unaudited)	31 Dec. 2021 (Audited)	31 March 2021 (Unaudited)
Number of shares	29,560,940	29,560,940	36,535,880
Percentage of issued shares	1.97%	1.97%	2.6%
Market value (KD '000)	8,277	8,336	6,686
Cost (KD'000)	23,406	23,406	30,375

- a) Reserves of the Parent Company equivalent to the cost of the treasury shares have been earmarked as non-distributable.
- b) As at 31 March 2022, an associate held 10.1% (31 December 2021: 10.1% and 31 March 2021: 9.8%) of the Parent Company's shares.

14 Other components of equity

	Cumulative changes in fair value KD '000	Treasury shares reserve KD '000	Foreign currency translation reserve KD '000	Total KD '000
Balances as at 1 January 2022	21,090	15,915	(15,866)	21,139
Share of other comprehensive income of associates	250	-	-	250
Change in fair value of financial assets at FVTOCI	(4,148)	-	-	(4,148)
Currency translation differences	-	-	(1,062)	(1,062)
Other comprehensive income	(3,898)	-	(1,062)	(4,960)
Gain on sale of investments at FVTOCI	(3,235)	-	-	(3,235)
Balances as at 31 March 2022	13,957	15,915	(16,928)	12,944
Balances at 1 January 2021	36,469	18,452	(11,968)	42,953
Share of other comprehensive income of associates	884	-	-	884
Change in fair value of financial assets at FVTOCI	1,899	-	-	1,899
Currency translation differences	-	-	1,460	1,460
Other comprehensive income	2,783	-	1,460	4,243
Gain on sale of investments at FVTOCI	(4,945)	-	-	(4,945)
Balances at 31 March 2021	34,307	18,452	(10,508)	42,251

15 Annual general assembly of shareholders

The Annual General Assembly of the Parent Company for the year ended 31 December 2021 has not been held yet. Accordingly, the financial statements for the year ended 31 December 2021 have not been approved by the shareholders of the Parent Company. The interim condensed financial information for the three-month period ended 31 March 2022 does not include any adjustments, which might have been required, had the General Assembly not approved the consolidated financial statements for the year ended 31 December 2021.

16 Segmental analysis

The Group's format for reporting segment information is business segments; which conforms to the internal reporting presented to management;

Borrowings, bonds and due to banks

Total equity, per consolidated statement of financial position

Notes to the interim condensed consolidated financial information (continued)

17 Related party balances and transactions

Related parties represent associates, directors and key management personnel of the Group, and other related parties such as major shareholders and companies in which directors and key management personnel of the Group are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the Group's management.

Details of significant related party transactions and balances are as follows:

	31 March 2022 (Unaudited) KD '000	31 Dec. 2021 (Audited) KD '000	31 March 2021 (Unaudited) KD '000
Balances included in the interim condensed consolidated statement of financial position			
Due from related parties (included in accounts receivable and other assets)			
- Due from associate companies	9,859	12,596	4,979
- Due from key management personnel	68	68	70
- Due from other related parties	927	921	903
Due to related parties (included in accounts payable and other liabilities)			
- Due to associates	20	20	20
- Due to other related parties	607	1,631	1,106
		Three months ended 31 March 2022 (Unaudited) KD '000	Three months ended 31 March 2021 (Unaudited) KD '000
Transactions included in the interim condensed consolidated statement of profit or loss			
Purchase of raw materials – from associates		160	176
Impairment losses		8,949	-
Compensation of key management personnel of the Group			
Short term employee benefits		911	861
Board of Directors' and committee remuneration including subsidiaries		-	480
Pension and end of service benefits		51	37
Cost of share-based payment		302	-
		1,264	1,378

Refer Note 19 & Note 20 for details of fiduciary assets and contingent liabilities and capital commitments held and issued on behalf of related parties.

18 Fair value measurement

18.1 Fair value hierarchy

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial assets and financial liabilities measured at fair value in the interim condensed consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Notes to the interim condensed consolidated financial information (continued)

18 Fair value measurement (continued)

18.1 Fair value hierarchy (continued)

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

18.2 Fair value measurement of financial instruments

The carrying amounts of the Group's financial assets and liabilities as stated in the interim condensed consolidated statement of financial position may also be categorized as follows:

	31 March 2022 (Unaudited) KD '000	31 Dec. 2021 (Audited) KD '000	31 March 2021 (Unaudited) KD '000
Financial assets:			
At amortised cost:			
• Cash and cash equivalents	108,230	90,674	72,201
• Accounts receivable and other financial assets	47,378	48,540	45,841
	155,608	139,214	118,042
At fair value:			
• Financial assets at FVTPL	447,975	396,501	339,131
• Financial assets at FVTOCI	190,508	194,307	226,783
	638,483	590,808	565,914
Total financial assets	794,091	730,022	683,956
Financial liabilities:			
At amortised cost:			
• Due to banks	12,850	12,941	14,522
• Accounts payable and other financial liabilities	75,410	71,600	61,878
• Lease liabilities	7,365	7,274	9,708
• Borrowings	598,816	586,804	573,541
• Bonds	30,000	30,000	55,000
	724,441	708,619	714,649

Management considers that the carrying amounts of financial assets and financial liabilities, which are stated at amortised cost, approximate their fair values.

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

Notes to the interim condensed consolidated financial information (continued)

18 Fair value measurement (continued)

18.2 Fair value measurement of financial instruments (continued)

The financial assets and liabilities measured at fair value on a recurring basis in the interim condensed consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	Note	Level 1 KD'000	Level 2 KD'000	Level 3 KD'000	Total KD'000
At 31 March 2022					
At FVTPL:					
- Quoted securities	a	326,577	-	-	326,577
- Unquoted securities	b	-	113	19,319	19,432
- Managed portfolios and funds	c	1,038	3,823	97,105	101,966
At FVTOCI:					
- Quoted securities	a	58,501	-	-	58,501
- Unquoted securities	b	-	19,761	88,487	108,248
- Managed portfolios and funds	c	-	492	23,267	23,759
		386,116	24,189	228,178	638,483
At 31 December 2021					
At FVTPL:					
- Quoted securities	a	272,077	-	-	272,077
- Unquoted securities	b	-	128	19,267	19,395
- Managed portfolios and funds	c	-	4,608	100,421	105,029
At FVTOCI:					
- Quoted securities	a	52,689	-	-	52,689
- Unquoted securities	b	-	21,288	95,845	117,133
- Managed portfolios and funds	c	-	522	23,963	24,485
		324,766	26,546	239,496	590,808
At 30 March 2021					
At FVTPL:					
- Quoted shares	a	226,992	-	-	226,992
- Unquoted securities	b	-	159	13,849	14,008
- Managed portfolios and funds	c	-	3,846	94,285	98,131
At FVTOCI:					
- Quoted shares	a	48,179	-	-	48,179
- Unquoted securities	b	-	79,868	76,953	156,821
- Managed portfolios and funds	c	-	500	21,283	21,783
		275,171	84,373	206,370	565,914

Measurement at fair value

The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialists for complex valuations, where required. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximizing the use of market-based information.

The methods and valuation techniques used for the purpose of measuring fair values, are unchanged compared to the previous reporting period/year.

Notes to the interim condensed consolidated financial information (continued)

18 Fair value measurement (continued)

18.2 Fair value measurement of financial instruments (continued)

a) Quoted securities

Quoted securities represent all listed equity securities which are publicly traded in stock exchanges. Where quoted prices in an active market are available, the fair value of such investments have been determined by reference to their quoted bid prices at the reporting date (Level 1).

b) Unquoted securities (Level 2 and 3)

The consolidated financial statements include investments in unlisted securities which are measured at fair value. Fair value is estimated using discounted cash flow model or observable market prices or other valuation techniques which include some assumptions that are not supportable by observable market prices or rates.

c) Managed portfolios and funds

Private equity funds (Level 3)

The underlying investments in these private equity funds mainly represent foreign quoted and unquoted securities. Information for these investments is limited to periodic financial reports provided by the investment managers. These investments are carried at net asset values reported by the investment managers. Due to the nature of these investments, the net asset values reported by the investment managers represent the best estimate of fair values available for these investments.

Other managed portfolios and funds (Level 2 and 3)

The underlying investments of international managed portfolios and funds represent quoted and unquoted securities. They are valued based on periodic reports received from the portfolio/fund managers.

Measurement at fair value

The Group measurement of financial assets and liabilities classified in level 3 uses valuation techniques inputs that are not based on observable market data. The financial instruments within this level can be reconciled from beginning to ending balances as follows:

	31 March 2022 (Unaudited) KD '000	31 Dec. 2021 (Audited) KD '000	31 March 2021 (Unaudited) KD '000
Opening balance	239,496	212,910	212,910
Net change in fair value	(6,921)	33,807	2,832
Net disposals during the period/year	(4,397)	(7,221)	(9,372)
Closing balance	228,178	239,496	206,370

Changing inputs to the level 3 valuations to reasonably possible alternative assumption would not change significantly amounts recognised in profit or loss, total assets or total liabilities or total equity.

19 Fiduciary assets

One of the subsidiaries of the Group manages mutual funds, portfolios on behalf of related and third parties, and maintains securities in fiduciary accounts which are not reflected in the interim condensed consolidated statement of financial position. Assets under management at 31 March 2022 amounted to KD11,155 thousand (31 December 2021: KD9,973 thousand and 31 March 2021: KD8,692 thousand) of which assets managed on behalf of the related parties amounted to KD3,087 thousand (31 December 2021: KD2,878 thousand and 31 March 2021: KD2,600 thousand).

Notes to the interim condensed consolidated financial information (continued)

20 Contingent liabilities and capital commitments

At 31 March 2022, the Group had contingent liabilities in respect of outstanding bank guarantees amounting to KD24,129 thousand (31 December 2021: KD24,221 thousand and 31 March 2021: KD21,804 thousand) of which an amount of KD7,000 thousand (31 December 2021: KD7,000 thousand and 31 March 2021: KD7,000 thousand) is in relation to an associate.

At the reporting date, the Group had commitments for the purchase of investments, the acquisition of property, plant and equipment and investment properties and the incorporation of investment in associates totalling KD27,222 thousand (31 December 2021: KD30,177 thousand and 31 March 2021: KD18,076 thousand).

21 Comparative information

Certain other comparative figures have been reclassified to conform to the presentation in the current period, and such reclassification does not affect previously reported net assets, net equity and net results for the period or net decrease in cash and cash equivalents.

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