

Interim condensed consolidated financial information and review report

National Industries Group Holding – KPSC and Subsidiaries

Kuwait

30 June 2023 (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 30 June 2023 and the related interim condensed consolidated statements of profit or loss and profit or loss and other comprehensive income for the three-month and six-month periods then ended and, interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". 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 six-month period ended 30 June 2023 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 six-month period ended 30 June 2023 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
10 August 2023

Interim condensed consolidated statement of profit or loss

	Note	Three months ended		Six months ended	
		30 June 2023 (Unaudited) KD '000	30 June 2022 (Unaudited) KD '000	30 June 2023 (Unaudited) KD '000	30 June 2022 (Unaudited) KD '000
Revenue from sales and contract with customers		34,706	31,418	74,026	61,448
Cost of sales and contract with customers		(28,126)	(24,825)	(58,719)	(48,910)
Gross profit		6,580	6,593	15,307	12,538
Gain on sale of financial assets at fair value through profit or loss		549	1,164	1,632	5,695
Change in fair value of financial assets at fair value through profit or loss		(6,240)	(31,440)	(2,908)	27,148
Dividend income		7,535	11,641	22,136	14,554
Interest income		2,893	548	4,485	693
Share of results of associates	10	6,905	6,719	14,339	14,456
Rental income		796	589	1,673	1,176
Reversal of impairment of wakala investments	22	-	-	8,584	-
Other income		1,444	401	3,108	954
Loss on foreign currency exchange		(285)	(145)	(776)	(365)
		20,177	(3,930)	67,580	76,849
General, administrative and other expenses		(7,039)	(5,324)	(16,718)	(13,239)
Distribution costs		(2,315)	(2,123)	(4,654)	(4,399)
Finance costs		(10,318)	(5,664)	(19,771)	(10,567)
Impairment losses-net		220	3,931	(2,066)	(6,368)
Profit/(loss) before taxation		725	(13,110)	24,371	42,276
Taxation charged on overseas subsidiaries		(243)	(317)	(442)	(785)
Profit/(loss) for the period		482	(13,427)	23,929	41,491
Profit/(loss) for the period attributable to:					
Owners of the Parent Company		(2,395)	(15,173)	13,489	31,233
Non-controlling interests		2,877	1,746	10,440	10,258
		482	(13,427)	23,929	41,491
Basic and diluted (loss)/earnings per share attributable to the Owners of the Parent Company	6	(1.06) Fils	(6.72) Fils	5.97 Fils	15.11 Fils

The notes set out on pages 8 to 22 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		Six months ended	
	30 June 2023 (Unaudited) KD '000	30 June 2022 (Unaudited) KD '000	30 June 2023 (Unaudited) KD '000	30 June 2022 (Unaudited) KD '000
Profit/(loss) for the period	482	(13,427)	23,929	41,491
Other comprehensive (loss):				
<i>Items that may be reclassified subsequently to consolidated statement of profit or loss:</i>				
Exchange differences arising on translation of foreign operations	(43)	(6,271)	(11,896)	(7,731)
Share of other comprehensive loss of associates	(377)	(54)	(1,501)	(2,064)
	(420)	(6,325)	(13,397)	(9,795)
<i>Items that will not be reclassified subsequently to consolidated statement of profit or loss:</i>				
Defined benefit plan actuarial (losses)/ gain – net	-	(97)	-	2,102
Net changes in fair value of financial assets at FVTOCI	(2,523)	(3,439)	(10,487)	(5,907)
Share of other comprehensive (loss)/income of associates	(2,471)	1,210	(2,444)	2,480
	(4,994)	(2,326)	(12,931)	(1,325)
Total other comprehensive loss for the period	(5,414)	(8,651)	(26,328)	(11,120)
Total comprehensive (loss)/income for the period	(4,932)	(22,078)	(2,399)	30,371
Total comprehensive (loss)/income attributable to:				
Owners of the Parent Company	(6,509)	(19,606)	(1,678)	24,039
Non-controlling interests	1,577	(2,472)	(721)	6,332
	(4,932)	(22,078)	(2,399)	30,371

The notes set out on pages 8 to 22 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of financial position

	Note	30 June 2023 (Unaudited) KD '000	31 Dec. 2022 (Audited) KD '000	30 June 2022 (Unaudited) KD '000
Assets				
Cash and cash equivalents	7	197,088	195,368	220,818
Assets classified as held for sale		15	2,677	4,096
Accounts receivable and other assets		110,544	68,995	70,024
Inventories		43,863	41,106	39,938
Financial assets at amortised cost		1,522	1,381	-
Financial assets at fair value through profit or loss	8	390,199	393,705	416,545
Financial assets at fair value through other comprehensive income	9	148,726	164,446	182,407
Right of use of assets		7,767	5,682	6,657
Investment properties		56,968	56,907	62,478
Investment in associates	10	338,228	354,380	340,602
Property, plant and equipment		117,259	90,340	89,076
Goodwill and other intangible assets		26,507	9,770	9,429
Total assets		1,438,686	1,384,757	1,442,070
Liabilities and equity				
Liabilities				
Due to banks	7	14,976	12,604	14,166
Accounts payable and other liabilities		94,024	82,679	105,287
Lease liabilities		7,155	5,880	6,567
Borrowings	11	617,579	570,952	611,742
Bonds	12	68,100	68,100	30,000
Provisions		15,978	14,374	12,885
Total liabilities		817,812	754,589	780,647
Equity				
Share capital	13	229,518	218,589	218,589
Share premium	13	175,435	175,435	175,435
Treasury shares	14	(23,975)	(23,975)	(23,975)
Statutory and general reserves		47,607	47,607	43,225
Other components of equity	15	(19,936)	(5,964)	6,191
Retained earnings		65,555	75,277	93,435
Equity attributable to the owners of the Parent Company		474,204	486,969	512,900
Non-controlling interests		146,670	143,199	148,523
Total equity		620,874	630,168	661,423
Total liabilities and equity		1,438,686	1,384,757	1,442,070

Sulaiman Hamad Al-Dalali
Vice Chairman

Ahmad Mohammed Hassan
Chief Executive Officer

The notes set out on pages 8 to 22 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 2023	218,589	175,435	(23,975)	47,607	(5,964)	75,277	486,969	630,168
Changes in non-controlling interests	-	-	-	-	-	-	-	(1,963)
Increase on acquisition of a subsidiary (note 5)	-	-	-	-	-	-	-	10,649
Issue of bonus shares (note 16)	10,929	-	-	-	-	(10,929)	-	-
Cash dividend (note 16)	-	-	-	-	-	(10,754)	(10,754)	(10,754)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(4,435)
Consolidation and other adjustments	-	-	-	-	-	(333)	(333)	(392)
Transactions with owners	10,929	-	-	-	-	(22,016)	(11,087)	(6,895)
Profit for the period	-	-	-	-	-	13,489	13,489	23,929
Other comprehensive loss for the period	-	-	-	-	(15,167)	-	(15,167)	(26,328)
Total comprehensive (loss)/income for the period	-	-	-	-	(15,167)	13,489	(1,678)	(2,399)
Loss on sale of financial assets at FVTOCI	-	-	-	-	1,195	(1,195)	-	-
Balance at 30 June 2023	229,518	175,435	(23,975)	47,607	(19,936)	65,555	474,204	620,874

The notes set out on pages 8 to 22 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of changes in equity (continued)

	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
Capital increase	52,473	52,473	-	-	-	-	104,946	104,946
Participation in capital increase by subsidiaries	-	-	(569)	-	-	-	(569)	(569)
Issue of bonus shares	16,192	-	-	-	-	(16,192)	-	-
Cash dividend	-	-	-	-	-	(23,898)	(23,898)	(23,898)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(3,793)
Consolidation and other adjustments	-	-	-	-	-	(80)	(80)	(2,838)
Transactions with owners	68,665	52,473	(569)	-	-	(40,170)	80,399	73,848
Profit for the period	-	-	-	-	-	31,233	31,233	41,491
Other comprehensive (loss)/income for the period	-	-	-	-	(9,296)	2,102	(7,194)	(11,120)
Total comprehensive (loss)/income for the period	-	-	-	-	(9,296)	33,335	24,039	30,371
Gain on sale of financial assets at FVTOCI	-	-	-	-	(2,308)	2,308	-	-
Share of associates' gain on sale of financial assets at FVTOCI	-	-	-	-	(3,344)	3,344	-	-
Balance at 30 June 2022	218,589	175,435	(23,975)	43,225	6,191	93,435	512,900	661,423

The notes set out on pages 8 to 22 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Note	Six months ended 30 June 2023 (Unaudited) KD '000	Six months ended 30 June 2022 (Unaudited) KD '000
OPERATING ACTIVITIES			
Profit before foreign taxation		24,371	42,276
Adjustments for:			
Dividend income		(22,136)	(14,554)
Share of results of associates	10	(14,339)	(14,456)
Interest income		(4,485)	(693)
Loss on other non-financial assets – net		-	88
Depreciation and amortisation		7,876	4,604
Reversal of impairment of wakala investments		(8,584)	-
Finance costs		19,771	10,567
Impairment losses-net		2,066	6,368
Net provisions charged		1,604	1,692
		6,144	35,892
Changes in operating assets and liabilities:			
Inventories		(1,997)	(3,033)
Accounts receivable and other assets		(11,279)	(19,099)
Financial assets at fair value through profit or loss		3,539	(20,044)
Accounts payable and other liabilities		8,771	1,484
Cash from/ (used in) operations		5,178	(4,800)
Taxation paid		(467)	(354)
Net cash from/(used in) operating activities		4,711	(5,154)
INVESTING ACTIVITIES			
Net additions to property, plant and equipment		(3,886)	(3,673)
Additions to investment properties		-	(2,250)
Additions to investment in associates		(1,283)	(1,091)
Additions to right of use assets		(2,357)	-
Acquisition of financial assets at amortised cost		(141)	-
Dividend received from associates		10,334	5,389
Proceeds from disposal of associates		-	653
Purchase of financial assets at FVTOCI		(5,699)	(371)
Proceeds from sale of financial assets at FVTOCI		10,350	6,364
Dividend income received		22,136	14,554
Increase of short-term deposits maturing after 3 months		(10,083)	(358)
Interest income received		4,485	693
Acquisition of subsidiaries		(7,507)	-
Net cash from investing activities		16,349	19,910
FINANCING ACTIVITIES			
Net increase in borrowings		4,392	24,938
Repayment of lease liabilities		(2,372)	(1,658)
Issue of shares		-	104,946
Purchase of treasury shares		-	(569)
Dividend paid to non-controlling interests		(4,375)	(3,793)
Dividend paid to the owners of the Parent Company		(10,535)	-
Change in non-controlling interests		-	(6)
Finance costs paid		(19,171)	(10,348)
Net cash (used in)/from financing activities		(32,061)	113,510
Net (decrease)/increase in cash and cash equivalents		(11,001)	128,266
Foreign currency translation differences		267	295
		(10,734)	128,561
Cash and cash equivalents at beginning of the period		73,894	67,535
Cash and cash equivalents at end of the period	7	63,160	196,096

The notes set out on pages 8 to 22 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 legal status was changed to a “Holding Company”. The Parent Company along with its subsidiaries are jointly referred to as “the Group”. 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.

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 10 August 2023.

2 Basis of preparation

The interim condensed consolidated financial information of the Group for the six-month period ended 30 June 2023 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 2022, except for the changes described in Note 3.

The annual consolidated financial statements for the year ended 31 December 2022 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.

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 Group’s management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

Operating results for the six-month period ended 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023. For further details, refer to the consolidated financial statements and its related disclosures for the year ended 31 December 2022.

Notes to the interim condensed consolidated financial information (continued)

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>
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

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.

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

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.

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

IAS 12 Amendments – Income taxes- Deferred tax related to assets and liabilities arising from a single transaction

The amendments to IAS 8 provide an exemption from the *initial recognition exemption* provided in IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

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>
IAS 1 Amendments- Classification of current and non-current	1 January 2024
IAS 1 Amendments- Classification of liabilities with debt covenants	1 January 2024
IFRS 16 Amendments- Leases	1 January 2024

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)

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 - Classification of liabilities with debt covenants

The amendments to IAS 1 clarify that classification of liabilities depends only on the covenants that an entity is required to comply with on or before the reporting date of the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

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 16 Amendments – Leases

The amendments to IFRS 16 requires a seller-lessee to measure the right-of-use asset arising from a sale and leaseback transaction at the proportion of the previous carrying amount of the asset that relates to the right of use the seller-lessee retains. Accordingly, in a sale and leaseback transaction the seller-lessee recognises only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. The initial measurement of the lease liability that arise from a sale and leaseback transaction is a consequence of how the seller-lessee measures the right-of-use asset and the gain or loss recognised at the date of the transaction. The new requirements do not prevent a seller-lessee from recognising in any gain or loss relating to the partial or full termination of a lease.

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.

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 2022.

5 Acquisition of a subsidiary

During the period, the Group acquired additional 20% of the share capital in its associate, Gas and Oil Field Services Company KSC (Closed), which resulted in increase of the Group's ownership interest in the associate from 40% to 60% and enabling the Group to control the investee. The effective date of the acquisition was 1 January 2023 and was accounted in accordance with IFRS 3 as follows:

Notes to the interim condensed consolidated financial information (continued)

5 Acquisition of a subsidiary (continued)

	KD '000
Total consideration paid for additional stake of 20%	5,000
Fair value of previously held equity interest in the associate (note 10)	10,745
Value of non-controlling interests	10,649
	26,394
Less: recognised amounts of identifiable assets acquired and liabilities assumed:	
Total assets acquired (b, c)	83,444
Total liabilities assumed	(56,912)
Total identifiable net assets	26,532
Gain on bargain purchase of the subsidiary	138

- a) The initial accounting for the business combination is provisional due to its complexity, and will be adjusted retrospectively (if required) when the final purchase price allocation is completed during the one-year measurement period from the acquisition date.
- b) The above subsidiary has identified certain intangible assets aggregating KD17,365 thousand as part of the acquisition of the subsidiary representing customer relationships and customer contracts acquired in a business combination that qualify for separate recognition and have been recognised at their fair values.
- c) Total assets acquired include receivables due from one of the customers against which the subsidiary has filed legal cases. As part of the determination of provisional fair values, the subsidiary discounted those receivables using present value calculations as it expects to recover the amounts in full when legal cases are decided by the court.

6 Basic and diluted (loss)/earnings per share

Basic and diluted earnings per share is calculated by dividing the (loss)/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		Six months ended	
	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
(Loss)/profit for the period attributable to the owners of the Parent Company (KD '000)	(2,395)	(15,173)	13,489	31,233
Weighted average number of shares outstanding during the period (excluding treasury shares) – shares	2,258,436,212	2,258,675,113	2,258,436,212	2,066,691,765
Basic and diluted (loss)/earnings per share	(1.06) Fils	(6.72) Fils	5.97 Fils	15.11 Fils

The basic and diluted earnings per share reported during the previous period for the three months and six months ended 30 June 2022 were (7.1) Fils and 15.9 Fils respectively, before retroactive adjustments relating to bonus shares issue (Note 16).

There were no potential dilutive shares.

Notes to the interim condensed consolidated financial information (continued)

7 Cash and cash equivalents

	30 June 2023 (Unaudited) KD '000	31 Dec. 2022 (Audited) KD '000	30 June 2022 (Unaudited) KD '000
Bank balances and cash	32,526	35,450	90,952
Short term deposits (a)	164,562	159,918	129,866
Cash and cash equivalents for the purpose of interim condensed consolidated statement of financial position	197,088	195,368	220,818
Less: restricted bank balances	(6)	(6)	(5,506)
Less: time deposits maturing after three months	(118,946)	(108,864)	(5,050)
Due to banks (b)	(14,976)	(12,604)	(14,166)
Cash and cash equivalents for the purpose of interim condensed consolidated statement of cash flows	63,160	73,894	196,096

- a) The effective interest rate on short-term deposits as of 30 June 2023 range from 3.25% to 5.5% per annum (31 December 2022: 0.55% to 5.3% per annum and 30 June 2022: 0.3% to 3.3% per annum).
- b) Due to banks include bank overdraft facilities which carry commercial interest rates. The facilities are secured by pledge of short-term deposits of KD666 thousand as at 30 June 2023 (31 December 2022: KD654 thousand and 30 June 2022: KD650 thousand).
- c) Cash and cash equivalents amounting to KD65 thousand (31 December 2022: KD64 thousand and 30 June 2022: KD65 thousand) are pledged against borrowings (Note 11).

8 Financial assets at fair value through profit or loss

	30 June 2023 (Unaudited) KD '000	31 Dec. 2022 (Audited) KD '000	30 June 2022 (Unaudited) KD '000
Quoted securities:			
- Local	203,593	213,884	221,042
- Foreign	61,108	59,076	79,764
Unquoted securities:			
- Local	2,244	2,305	2,896
- Foreign	25,339	25,098	19,093
Managed portfolios and funds:			
- Investment in private equity funds	92,198	89,330	89,460
- Local funds	1,942	2,012	2,237
- Foreign portfolios	3,775	2,000	2,053
	390,199	393,705	416,545

- a) Quoted securities and managed funds with an aggregate carrying value of KD137,802 thousand (31 December 2022: KD131,877 thousand and 30 June 2022: KD147,195 thousand) are pledged against borrowings (Note 11).
- b) The Group has signed agreements whereby certain shares of financial assets at fair value through profit or loss with aggregate carrying value of KD155,441 thousand (31 December 2022: KD161,442 thousand and 30 June 2022: KD165,522 thousand) have been kept in custody portfolios against borrowings (Note 11).

Notes to the interim condensed consolidated financial information (continued)

9 Financial assets at fair value through other comprehensive income

	30 June 2023 (Unaudited) KD '000	31 Dec. 2022 (Audited) KD '000	30 June 2022 (Unaudited) KD '000
Quoted securities:			
- Local	7,529	8,179	9,148
- Foreign	26,689	34,803	43,370
Unquoted securities:			
- Local	13,205	13,740	14,951
- Foreign	78,394	84,179	91,471
Managed portfolios and funds:			
- Local	2,369	2,467	1,760
- Foreign	20,540	21,078	21,707
	148,726	164,446	182,407

- a) Quoted securities with an aggregate carrying value of KD22,022 thousand (31 December 2022: KD20,390 thousand and 30 June 2022: KD40,431 thousand) and unquoted securities with an aggregate carrying value of KD564 thousand (31 December 2022: KD564 thousand and 30 June 2022: KD680 thousand) are pledged against borrowings (Note 11).
- b) The Group has signed agreements whereby certain shares of financial assets at fair value through other comprehensive income with aggregate carrying value of KD2,983 thousand (31 December 2022: KD3,670 thousand and 30 June 2022: KD4,044 thousand) have been kept in custody portfolios against borrowings (Note 11).

10 Investment in associates

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

	30 June 2023 (Unaudited) KD '000	31 Dec. 2022 (Audited) KD '000	30 June 2022 (Unaudited) KD '000
Balance at 1 January	354,380	336,783	336,783
Additions during the period/year (a)	9,867	11,728	8,891
Reclassified to subsidiaries (b)	(10,745)	-	-
Share of results	14,339	38,070	14,456
Disposals	-	(840)	(741)
Share of other comprehensive loss	(3,945)	(4,039)	416
Dividend	(11,835)	(9,605)	(6,740)
Impairment losses – net	(1,350)	(5,427)	(5,428)
Foreign currency translation adjustment	(12,633)	(12,290)	(7,035)
Other adjustments	150	-	-
Balance at the end of the period/year	338,228	354,380	340,602

- a) During the period, the Group recognised an associate, Excellent Choice General Trading and Contracting Co. – WLL as a result of a part settlement of wakala investment by a subsidiary (Note 22). Accordingly, the subsidiary recognised its share of the net assets of the associate amounting to KD8,584 thousand. The Group owns 50% of the share capital of the associate and classified this investment as investment in associate because it is able to exercise significant influence over the operations of associate.

Notes to the interim condensed consolidated financial information (continued)

10 Investment in associates (continued)

- b) This includes investment in Gas and Oil Field Services Company KSC (Closed), amounting to KD10,745 thousand which is now accounted for as a subsidiary (Note 5).
- c) Investment in associate with a carrying value of KD2,925 thousand (31 December 2022: KD1,771 thousand and 30 June 2022: KD2,075 thousand) are pledged against borrowings (Note 11).
- d) The Group has signed agreements whereby certain shares of investment in associates with aggregate carrying value of KD201,403 thousand (31 December 2022: KD200,208 thousand and 30 June 2022: KD227,701 thousand) have been kept in custody portfolios with specialised institutions against borrowings (Note 11).

11 Borrowings

	30 June 2023 (Unaudited) KD '000	31 Dec. 2022 (Audited) KD '000	30 June 2022 (Unaudited) KD '000
Short term:			
Term loans	182,309	166,598	169,405
Islamic financing arrangements	51,448	35,455	37,048
	233,757	202,053	206,453
Long term:			
Term loans			
- Current portion	57,179	58,448	28,098
- Due after more than one year	178,051	182,152	248,774
Islamic financing arrangements			
- Current portion	13,402	13,322	11,386
- Due after more than one year	135,190	114,977	117,031
	383,822	368,899	405,289
	617,579	570,952	611,742

As at 30 June 2023, some of the borrowings are secured against certain balances of cash and cash equivalents and pledged and/or in custody portfolios with specialised institutions that includes financial assets at fair value through profit and loss, financial assets at fair value through other comprehensive income, investment in associates, investment properties, property plant and equipment, investment in subsidiaries and treasury shares.

12 Bonds

	30 June 2023 (Unaudited) KD '000	31 Dec. 2022 (Audited) KD '000	30 June 2022 (Unaudited) KD '000
Kuwait Dinar:			
Floating rate bonds	42,050	42,050	7,600
Fixed rate bonds	26,050	26,050	22,400
	68,100	68,100	30,000

Notes to the interim condensed consolidated financial information (continued)

12 Bonds (continued)

Floating rate bonds with a carrying value of KD34,450 thousand and fixed rate bonds with a carrying value of KD3,650 thousand will mature on 8 September 2027 and floating rate bonds with a carrying value of KD7,600 thousand and fixed rate bonds with a carrying value of KD22,400 thousand will mature on 11 February 2025.

The bonds are unsecured.

13 Share capital and share premium

	Authorised	Issued	Paid up
30 June 2023			
Shares of 100 Fils each	3,000,000,000	2,295,183,476	2,295,183,476
31 December 2022			
Shares of 100 Fils each	3,000,000,000	2,185,889,025	2,185,889,025
30 June 2022			
Shares of 100 Fils each	3,000,000,000	2,185,889,025	2,185,889,025

During the period, the Parent Company's share capital increased by KD10,929 thousands as a result of issuance of bonus shares (note 16). The share capital increase was registered in the commercial register on 14 May 2023.

Share premium is not available for distribution.

14 Treasury shares

	30 June 2023 (Unaudited)	31 Dec. 2022 (Audited)	30 June 2022 (Unaudited)
Number of shares	36,747,261	34,997,393	32,404,994
Percentage of issued shares	1.60%	1.60%	1.50%
Market value (KD '000)	7,349	7,559	8,166
Cost (KD'000)	23,975	23,975	23,975

- Reserves of the Parent Company equivalent to the cost of the treasury shares have been earmarked as non-distributable.
- Treasury shares owned by one of the Group's subsidiaries with a market value of KD4,591 thousand (31 December 2022: KD4,697 thousand and 30 June 2022: KD5,454 thousand) have been pledged against certain borrowings (note 11).
- As at 30 June 2023, an associate held 10% (31 December 2022: 10% and 30 June 2022: 10.1%) of the Parent Company's shares.

Notes to the interim condensed consolidated financial information (continued)

15 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 2023	1,204	15,915	(23,083)	(5,964)
Share of other comprehensive loss of associates	(3,205)	-	-	(3,205)
Changes in fair value of financial assets at FVTOCI	(6,272)	-	-	(6,272)
Foreign currency translation differences	-	-	(5,690)	(5,690)
Other comprehensive loss	(9,477)	-	(5,690)	(15,167)
Loss on sale of investments at FVTOCI	1,195	-	-	1,195
Balances as at 30 June 2023	(7,078)	15,915	(28,773)	(19,936)
Balances at 1 January 2022	21,090	15,915	(15,866)	21,139
Share of other comprehensive income of associates	1,432	-	-	1,432
Changes in fair value of financial assets at FVTOCI	(6,555)	-	-	(6,555)
Foreign currency translation differences	-	-	(4,173)	(4,173)
Other comprehensive loss	(5,123)	-	(4,173)	(9,296)
Gain on sale of investments at FVTOCI	(2,308)	-	-	(2,308)
Share of associates' gain on sale of financial assets at FVTOCI	(3,344)	-	-	(3,344)
Balances at 30 June 2022	10,315	15,915	(20,039)	6,191

16 Annual general assembly and dividend

The Annual General Assembly of the shareholders of the Parent Company held on 4 May 2023 approved the consolidated financial statements for the year ended 31 December 2022 and the boards of directors' proposal to distribute cash dividend of 5% equivalent to KD10,929 thousand (2021: cash dividend of 12%), and to issue 5% bonus shares (2021: 8% bonus shares), and an amount of KD480 thousand as remuneration to the Board of Directors for the year ended 31 December 2022.

17 Segmental analysis

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

[illegible]

Notes to the interim condensed consolidated financial information (continued)

18 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 balances and transactions are as follows:

	30 June 2023 (Unaudited) KD '000	31 Dec. 2022 (Audited) KD '000	30 June 2022 (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 associates	20,411	17,904	13,648
- Due from key management personnel	68	68	68
- Due from other related parties	2,013	2,670	893
Due to related parties (included in accounts payable and other liabilities)			
- Due to associates	20	20	55
- Due to other related parties	680	1,742	113
Transactions included in the interim condensed consolidated statement of profit or loss			
Management fees	(390)	699	-
Purchase of raw materials – from associates	154	309	350
Impairment of associates	-	1,350	5,428
Impairment of receivables	(220)	713	-
Management fees	-	-	-
Compensation of key management personnel of the Group			
Short term employee benefits	748	1,955	2,345
Board of directors and committee remuneration including subsidiaries	15	15	-
Pension and end of service benefits	(52)	139	200
Cost of share-based payment	-	253	302
	711	2,362	2,847

Refer Note 20 and Note 21 for details of fiduciary assets and contingent liabilities and capital commitments held and issued on behalf of related parties.

19 Fair value measurement

19.1 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.

Notes to the interim condensed consolidated financial information (continued)

19 Fair value measurement (continued)

19.1 Fair value hierarchy (continued)

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

- 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).

19.2 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:

	30 June 2023 (Unaudited) KD '000	31 Dec. 2022 (Audited) KD '000	30 June 2022 (Unaudited) KD '000
Financial assets:			
At amortised cost:			
• Cash and cash equivalents	197,088	195,368	220,818
• Accounts receivable and other financial assets	102,059	64,362	55,191
• Financial assets at amortised cost	1,522	1,381	-
	300,669	261,111	276,009
At fair value:			
• Financial assets at FVTPL	390,199	393,705	416,545
• Financial assets at FVTOCI	148,726	164,446	182,407
	538,925	558,151	598,952
Total financial assets	839,594	819,262	874,961
Financial liabilities:			
At amortised cost:			
• Due to banks	14,976	12,604	14,166
• Accounts payable and other financial liabilities	90,954	80,251	104,528
• Lease liabilities	7,155	5,880	6,567
• Borrowings	617,579	570,952	611,742
• Bonds	68,100	68,100	30,000
	798,764	737,787	767,003

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)

19 Fair value measurement (continued)

19.2 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 30 June 2023					
At FVTPL:					
- Quoted securities	a	264,701	-	-	264,701
- Unquoted securities	b	-	-	27,583	27,583
- Managed portfolios and funds	c	765	4,953	92,197	97,915
At FVTOCI:					
- Quoted securities	a	34,218	-	-	34,218
- Unquoted securities	b	-	8,319	83,280	91,599
- Managed portfolios and funds	c	-	452	22,457	22,909
		299,684	13,724	225,517	538,925
At 31 December 2022					
At FVTPL:					
- Quoted securities	a	272,960	-	-	272,960
- Unquoted securities	b	-	-	27,403	27,403
- Managed portfolios and funds	c	816	3,196	89,330	93,342
At FVTOCI:					
- Quoted securities	a	42,982	-	-	42,982
- Unquoted securities	b	-	9,118	88,801	97,919
- Managed portfolios and funds	c	-	476	23,069	23,545
		316,758	12,790	228,603	558,151
At 30 June 2022					
At FVTPL:					
- Quoted shares	a	300,806	-	-	300,806
- Unquoted securities	b	-	109	21,880	21,989
- Managed portfolios and funds	c	-	4,290	89,460	93,750
At FVTOCI:					
- Quoted shares	a	52,518	-	-	52,518
- Unquoted securities	b	-	17,311	89,111	106,422
- Managed portfolios and funds	c	-	492	22,975	23,467
		353,324	22,202	223,426	598,952

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)

19 Fair value measurement (continued)

19.2 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 date. The financial instruments within this level can be reconciled from beginning to ending balances as follows:

	30 June 2023 (Unaudited) KD '000	31 Dec. 2022 (Audited) KD '000	30 June 2022 (Unaudited) KD '000
Opening balance	228,603	239,496	239,496
Net change in fair value	(2,668)	(15,602)	(13,646)
Net additions/(disposal) during the period/year	(418)	4,709	(2,424)
Closing balance	225,517	228,603	223,426

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.

20 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 30 June 2023 amounted to KD3,312 thousand (31 December 2022: KD11,108 thousand and 30 June 2022: KD11,155 thousand) of which assets managed on behalf of the related parties amounted to KD3,014 thousand (31 December 2022: KD3,001 thousand and 30 June 2022: KD3,087 thousand).

Notes to the interim condensed consolidated financial information (continued)

21 Contingent liabilities and capital commitments

At 30 June 2023, the Group had contingent liabilities in respect of outstanding bank guarantees amounting to KD51,948 thousand (31 December 2022: KD51,374 thousand and 30 June 2022: KD51,112 thousand) of which an amount of KD7,000 thousand (31 December 2022: KD7,000 thousand and 30 June 2022: 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 KD29,241 thousand (31 December 2022: KD26,957 thousand and 30 June 2022: KD27,572 thousand).

22 Wakala investments

In previous years, one of the Group's subsidiaries, Noor Financial Investment Company ("Noor"), had Wakala investments of KD14,324 thousand placed with a local Islamic investment company which matured in the last quarter of 2008. The investee company defaulted on settlement of these balances on the original maturity date as well as the revised maturity dates stipulated by the court. Consequently, Noor made full provision in prior years against these Wakala investments but initiated various legal cases against the investee company which were eventually decided in its favor. During 2019, Noor signed a settlement agreement with the investee company under which 50% shares of Excellent Choice General Trading and Contracting Co. - WLL (acquired company) were transferred to Noor.

In years prior to the above settlement agreement, the acquired company had filed lawsuits against a local bank ("Bank") claiming return of the ownership of 33,544,500 shares of Boubyan Bank, which were transferred by the Bank in its favor through a sale contract, plus any cash or in-kind dividends and other benefits related to those shares.

In January 2022, the court of first instance rendered a judgment obligating the Bank to return to the acquired company the 50,504,513 shares of Boubyan Bank and cash dividends of KD386 thousand whereas the acquired company was ordered to pay to the Bank an amount of KD14,302 thousand as a consideration of the shares, commissions and ownership transfer fees plus an amount of KD6,416 thousand as a compensation to the Bank for losses and damages. On 3 July 2022, the court of appeal substantially upheld the above judgment but revoked the KD6,416 thousand compensation to the Bank. As of the date of issuance of this interim condensed consolidated financial information, the lawsuit is still deliberated before the court of cassation.

On 2 February 2023, the acquired company was able to execute part of the judgement and 50,504,513 shares of Boubyan Bank were transferred to the acquired company. However, these shares were held under a lien in favor of the Bank until the payment of KD14,564 thousand by the acquired company.

On 3 April 2023, the acquired company paid the adjudicated amount to the Bank and lien on Boubyan shares was removed. Accordingly, the acquired company obtained full rights over the transferred shares. Therefore, during the period ended 30 June 2023, Noor recognised its share of the net assets of ECC amounting to KD8,584 thousand and classified it as an investment in associate against part settlement of the wakala investments and recognised a gain on reversal of impairment of wakala investments of KD8,584 thousand in the interim condensed consolidated statement of profit or loss.

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