Grant Thornton
Al-Qatami, Al-Aiban & Partners

Interim condensed consolidated financial information and review report

# National Industries Group Holding – KPSC and Subsidiaries

## Kuwait

31 March 2024 (Unaudited)

# Contents

| | Page |
|---|---|
| Report on review of interim condensed consolidated financial information | 1 |
| Interim condensed consolidated statement of profit or loss | 2 |
| Interim condensed consolidated statement of profit or loss and other comprehensive income | 3 |
| Interim condensed consolidated statement of financial position | 4 |
| Interim condensed consolidated statement of changes in equity | 5-6 |
| Interim condensed consolidated statement of cash flows | 7 |
| Notes to the interim condensed consolidated financial information | 8 to 22 |

Grant Thornton
Al-Qatami, Al-Aiban & Partners

Souq Al-Kabeer Building
Block A - 9th Floor
P.O. BOX 2986 Safat 13030
State of Kuwait
T+965-2244-3900/9
F+965-2243-8451
www.grantthornton.com.kw

# 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 2024 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 2024 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 2024 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
8 May 2024

# Interim condensed consolidated statement of profit or loss

| | Notes | Three months ended 31 March 2024 (Unaudited) KD '000 | Three months ended 31 March 2023 (Unaudited) KD '000 |
|---|---|---|---|
| Revenue from sales and contract with customers | | **40,437** | 39,320 |
| Cost of sales and contract with customers | | **(30,786)** | (30,593) |
| **Gross profit** | | **9,651** | 8,727 |
| Gain on sale of financial assets at fair value through profit or loss | | **545** | 1,083 |
| Change in fair value of financial assets at fair value through profit or loss | | **19,306** | 3,332 |
| Dividend income | | **10,039** | 14,601 |
| Interest income | | **2,639** | 1,592 |
| Share of results of associates | 9 | **12,238** | 7,434 |
| Rental income | | **714** | 877 |
| Reversal of impairment of wakala investments | | **-** | 8,584 |
| Reversal of provision no longer required | 21-b | **2,120** | - |
| Other income | | **1,192** | 1,664 |
| Gain/(loss) on foreign currency exchange | | **218** | (491) |
| | | **58,662** | 47,403 |
| General, administrative and other expenses | | **(8,489)** | (9,679) |
| Distribution costs | | **(1,944)** | (2,339) |
| Finance costs | | **(11,209)** | (9,453) |
| Impairment losses – net | | **(605)** | (2,286) |
| **Profit before taxation** | | **36,415** | 23,646 |
| Taxation charged on overseas subsidiaries | | **(108)** | (199) |
| **Profit for the period** | | **36,307** | 23,447 |
| **Profit for the period attributable to:** | | | |
| Owners of the Parent Company | | **29,514** | 15,884 |
| Non-controlling interests | | **6,793** | 7,563 |
| | | **36,307** | 23,447 |
| **Basic and diluted earnings per share attributable to the Owners of the Parent Company** | 5 | **13.07 Fils** | 7.03 Fils |

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

| | Three months ended 31 March 2024 (Unaudited) KD '000 | Three months ended 31 March 2023 (Unaudited) KD '000 |
|---|---|---|
| **Profit for the period** | **36,307** | 23,447 |
| **Other comprehensive income/(loss):** | | |
| ***Items that may be reclassified subsequently to consolidated statement of profit or loss:*** | | |
| Exchange differences arising on translation of foreign operations | **1,184** | (11,853) |
| Net change in fair value of financial assets at FVTOCI | **(45)** | - |
| Share of other comprehensive loss of associates | **(635)** | (1,124) |
| | **504** | (12,977) |
| ***Items that will not be reclassified subsequently to consolidated statement of profit or loss:*** | | |
| Defined benefit plan actuarial gain – net | **(406)** | - |
| Net changes in fair value of financial assets at FVTOCI | **(2,703)** | (7,964) |
| Share of other comprehensive (loss)/income of associates | **(138)** | 27 |
| | **(3,247)** | (7,937) |
| **Total other comprehensive loss for the period** | **(2,743)** | (20,914) |
| **Total comprehensive income for the period** | **33,564** | 2,533 |
| **Total comprehensive income/(loss) attributable to:** | | |
| Owners of the Parent Company | **27,358** | 4,831 |
| Non-controlling interests | **6,206** | (2,298) |
| | **33,564** | 2,533 |

*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 | 31 March 2024 (Unaudited) KD '000 | 31 Dec. 2023 (Audited) KD '000 | 31 March 2023 (Unaudited) KD '000 |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and cash equivalents | 6 | **202,035** | 201,296 | 200,967 |
| Accounts receivable and other assets | | **141,509** | 118,739 | 128,168 |
| Inventories | | **46,259** | 47,180 | 41,250 |
| Financial assets at amortised cost | | **5,666** | 5,197 | 1,520 |
| Financial assets at fair value through profit or loss | 7 | **408,624** | 385,839 | 394,765 |
| Financial assets at fair value through other comprehensive income | 8 | **162,313** | 164,974 | 151,647 |
| Right of use of assets | | **7,122** | 7,187 | 7,182 |
| Investment properties | | **62,204** | 57,763 | 56,927 |
| Investment in associates | 9 | **380,353** | 376,071 | 339,284 |
| Property, plant and equipment | | **116,657** | 116,060 | 118,372 |
| Intangible assets | | **10,549** | 10,870 | 16,951 |
| Goodwill | | **9,213** | 10,098 | 9,805 |
| **Total assets** | | **1,552,504** | 1,501,274 | 1,466,838 |
| **Liabilities and equity** | | | | |
| **Liabilities** | | | | |
| Due to banks | 6 | **10,647** | 13,603 | 17,476 |
| Accounts payable and other liabilities | | **97,653** | 96,256 | 93,169 |
| Lease liabilities | | **7,237** | 6,637 | 7,270 |
| Borrowings | 10 | **652,946** | 634,763 | 622,816 |
| Bonds | 11 | **68,100** | 68,100 | 68,100 |
| Provisions | | **17,192** | 16,630 | 16,251 |
| **Total liabilities** | | **853,775** | 835,989 | 825,082 |
| **Equity** | | | | |
| Share capital | 12 | **229,518** | 229,518 | 218,589 |
| Share premium | 12 | **175,435** | 175,435 | 175,435 |
| Treasury shares | 13 | **(23,975)** | (23,975) | (23,975) |
| Statutory and general reserves | | **52,679** | 52,679 | 47,607 |
| Other components of equity | 14 | **(5,265)** | (4,845) | (16,615) |
| Retained earnings | | **97,791** | 70,090 | 90,508 |
| **Equity attributable to the owners of the Parent Company** | | **526,183** | 498,902 | 491,549 |
| Non-controlling interests | | **172,546** | 166,383 | 150,207 |
| **Total equity** | | **698,729** | 665,285 | 641,756 |
| **Total liabilities and equity** | | **1,552,504** | 1,501,274 | 1,466,838 |

Sa'ad Mohammed Al-Sa'ad
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 | KD '000 | KD '000 |
| **Balance at 1 January 2024** | 229,518 | 175,435 | (23,975) | 52,679 | (4,845) | 70,090 | 498,902 | 166,383 | 665,285 |
| Consolidation and other adjustments | - | - | - | - | 465 | (542) | (77) | (43) | (120) |
| **Transactions with owners** | - | - | - | - | 465 | (542) | (77) | (43) | (120) |
| Profit for the period | - | - | - | - | - | 29,514 | 29,514 | 6,793 | 36,307 |
| Other comprehensive loss for the period | - | - | - | - | (1,750) | (406) | (2,156) | (587) | (2,743) |
| **Total comprehensive (loss)/income for the period** | - | - | - | - | (1,750) | 29,108 | 27,358 | 6,206 | 33,564 |
| **Loss on sale of financial assets at FVTOCI** | - | - | - | - | 865 | (865) | - | - | - |
| **Balance at 31 March 2024** | 229,518 | 175,435 | (23,975) | 52,679 | (5,265) | 97,791 | 526,183 | 172,546 | 698,729 |

*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 | KD '000 | KD '000 |
| **Balance at 1 January 2023** | 218,589 | 175,435 | (23,975) | 47,607 | (5,964) | 75,277 | 486,969 | 143,199 | 630,168 |
| Changes in non-controlling interests | - | - | - | - | - | - | - | (1,528) | (1,528) |
| Increase on acquisition of a subsidiary | - | - | - | - | - | - | - | 10,557 | 10,557 |
| Consolidation and other adjustments | - | - | - | - | - | (251) | (251) | 277 | 26 |
| **Transactions with owners** | - | - | - | - | - | (251) | (251) | 9,306 | 9,055 |
| Profit for the period | - | - | - | - | - | 15,884 | 15,884 | 7,563 | 23,447 |
| Other comprehensive loss for the period | - | - | - | - | (11,053) | - | (11,053) | (9,861) | (20,914) |
| **Total comprehensive (loss)/income for the period** | - | - | - | - | (11,053) | 15,884 | 4,831 | (2,298) | 2,533 |
| **Loss on sale of financial assets at FVTOCI** | - | - | - | - | 402 | (402) | - | - | - |
| **Balance at 31 March 2023** | 218,589 | 175,435 | (23,975) | 47,607 | (16,615) | 90,508 | 491,549 | 150,207 | 641,756 |

*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 | Three months ended 31 March 2024 (Unaudited) KD '000 | Three months ended 31 March 2023 (Unaudited) KD '000 |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| **Profit before foreign taxation** | | **36,415** | 23,646 |
| **Adjustments for:** | | | |
| Dividend income | | **(10,039)** | (14,601) |
| Share of results of associates | | **(12,238)** | (7,434) |
| Interest income | | **(2,639)** | (1,592) |
| Depreciation and amortisation | | **2,031** | 4,301 |
| Reversal of provision no longer required | | **(2,120)** | - |
| Reversal of impairment of wakala investments | | **-** | (8,584) |
| Finance costs | | **11,209** | 9,453 |
| Impairment losses - net | | **605** | 2,286 |
| Net provisions charged | | **562** | 1,877 |
| | | **23,786** | 9,352 |
| **Changes in operating assets and liabilities:** | | | |
| Inventories | | **921** | 616 |
| Accounts receivable and other assets | | **(13,851)** | (18,073) |
| Financial assets at fair value through profit or loss | | **(22,785)** | (1,027) |
| Accounts payable and other liabilities | | **7,106** | 2,105 |
| Cash used in operations | | **(4,823)** | (7,027) |
| Taxation paid | | **(485)** | (900) |
| **Net cash used in operating activities** | | **(5,308)** | (7,927) |
| **INVESTING ACTIVITIES** | | | |
| Net additions to property, plant and equipment | | **(1,198)** | (3,294) |
| Additions to investment properties | | **(4,449)** | - |
| Additions to right of use assets | | **(467)** | (1,373) |
| Acquisition of financial assets at amortised cost | | **(469)** | (139) |
| Purchase of financial assets at FVTOCI | | **(582)** | (39) |
| Proceeds from sale of financial assets at FVTOCI | | **495** | 4,874 |
| Dividend income received | | **10,039** | 14,601 |
| Decrease/(increase) in short-term deposits maturing after 3 months | | **965** | (8,030) |
| Interest income received | | **2,241** | 1,562 |
| Acquisition of subsidiaries | | **-** | (7,507) |
| **Net cash from investing activities** | | **6,575** | 655 |
| **FINANCING ACTIVITIES** | | | |
| Net increase in borrowings | | **18,183** | 9,629 |
| Repayment of lease liabilities | | **(3,409)** | (876) |
| Change in non-controlling interests | | **-** | (2) |
| Finance costs paid | | **(11,090)** | (9,389) |
| **Net cash from/(used in) financing activities** | | **3,684** | (638) |
| Net increase/(decrease) in cash and cash equivalents | | **4,951** | (7,910) |
| Foreign currency translation differences | | **(291)** | 607 |
| | | **4,660** | (7,303) |
| Cash and cash equivalents at beginning of the period | | **169,061** | 73,894 |
| **Cash and cash equivalents at end of the period** | 6 | **173,721** | 66,591 |

*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 8 May 2024.

## 2 Basis of preparation

The interim condensed consolidated financial information of the Group for the three-month period ended 31 March 2024 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 2023, except for the changes described in Note 3.

The annual consolidated financial statements for the year ended 31 December 2023 were prepared in accordance with the IFRS Accounting Standards ("IFRS Accounting Standards") as issued by the International Accounting Standards Board ("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 Accounting 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 three-month period ended 31 March 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024. For further details, refer to the consolidated financial statements and its related disclosures for the year ended 31 December 2023.

# Notes to the interim condensed consolidated financial information (continued)

## 3 Changes in accounting policies

The accounting polices 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 2023, except for the adoption of the new and amended IFRS Accounting Standards effective as of 1 January 2024 as described in Note 3.1. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

### 3.1 New and amended IFRS Accounting Standards adopted by the Group

The following new IFRS Accounting Standards or amendments to existing IFRS Accounting Standards were effective for the current period.

| *Description* | *Effective for annual periods beginning* |
|---|---|
| IAS 1 Amendments- Classification of liabilities with debt covenants | 1 January 2024 |
| IAS 1 Amendments- Classification of liabilities as current or non-current | 1 January 2024 |
| IAS 7 and IFRS 7 Supplier finance arrangement disclosures | 1 January 2024 |
| IFRS 16 Amendments- Lease liability in a sale and leaseback | 1 January 2024 |

**IAS 1 Amendments - Classification of liabilities with debt covenants**

The amendments to IAS 1 clarify that classification of liabilities as either current or non-current depends only on the covenants that an entity is required to comply with on or before the reporting date. 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.

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

**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.

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

**IAS 7 and IFRS 7 Amendments – Supplier finance arrangements**

The amendments to IAS 7 and IFRS 7 added disclosure objectives to IAS 7 to enable the users of the financial statements to assess how the supplier finance arrangements effect an entity's liabilities and cash flows, and to understand the effect of these arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it. While the amendments do not explicitly define supplier finance arrangements it instead describes characteristics of such arrangements.

To meet the disclosure objectives, an entity is required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers

# Notes to the interim condensed consolidated financial information (continued)

## 3 Changes in accounting policies (continued)

### 3.1 New and amended IFRS Accounting Standards adopted by the Group (continued)

**IAS 7 and IFRS 7 Amendments – Supplier finance arrangements (continued)**

- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- Liquidity risk information

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

**IFRS 16 Amendments – Lease liability in a sale and leaseback**
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.

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

## 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 2023.

## 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 2024 (Unaudited) | Three months ended 31 March 2023 (Unaudited) |
|---|---|---|
| Profit for the period attributable to the owners of the Parent Company (KD '000) | **29,514** | 15,884 |
| Weighted average number of shares outstanding during the period (excluding treasury shares) – shares | **2,258,436,215** | 2,258,436,215 |
| Basic and diluted earnings per share | **13.07 Fils** | 7.03 Fils |

# Notes to the interim condensed consolidated financial information (continued)

## 5 Basic and diluted earnings per share (continued)

There were no potential dilutive shares.

## 6 Cash and cash equivalents

| | 31 March 2024 (Unaudited) KD '000 | 31 Dec. 2023 (Audited) KD '000 | 31 March 2023 (Unaudited) KD '000 |
|---|---|---|---|
| Bank balances and cash | 35,882 | 25,119 | 31,801 |
| Short term deposits (a) | 166,153 | 176,177 | 169,166 |
| Cash and cash equivalents for the purpose of interim condensed consolidated statement of financial position | 202,035 | 201,296 | 200,967 |
| Less: restricted bank balances | (6) | (6) | (6) |
| Less: time deposits maturing after three months | (17,661) | (18,626) | (116,894) |
| Due to banks (b) | (10,647) | (13,603) | (17,476) |
| **Cash and cash equivalents for the purpose of interim condensed consolidated statement of cash flows** | 173,721 | 169,061 | 66,591 |

a) The effective interest rate on short-term deposits as of 31 March 2024 range from 3.5% to 5.5% per annum (31 December 2023: 2.9% to 5.7% per annum and 31 March 2023: 0.7% to 5.5% 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 KD600 thousand as at 31 March 2024 (31 December 2023: KD678 thousand and 31 March 2023: KD659 thousand).

c) Cash and cash equivalents amounting to KD27 thousand as at 31 March 2024 (31 December 2023: KD30 thousand and 31 March 2023: KD61 thousand) are pledged against borrowings (Note 10).

## 7 Financial assets at fair value through profit or loss

| | 31 March 2024 (Unaudited) KD '000 | 31 Dec. 2023 (Audited) KD '000 | 31 March 2023 (Unaudited) KD '000 |
|---|---|---|---|
| **Quoted securities:** | | | |
| - Local | 220,481 | 197,659 | 209,576 |
| - Foreign | 56,897 | 59,922 | 63,146 |
| **Unquoted securities:** | | | |
| - Local | 3,995 | 2,703 | 2,151 |
| - Foreign | 28,970 | 28,448 | 25,310 |
| **Managed portfolios and funds:** | | | |
| - Investment in private equity funds | 92,872 | 90,406 | 90,774 |
| - Local funds | 1,734 | 1,818 | 1,873 |
| - Foreign portfolios | 3,675 | 4,883 | 1,935 |
| | 408,624 | 385,839 | 394,765 |

# Notes to the interim condensed consolidated financial information (continued)

## 7 Financial assets at fair value through profit or loss (continued)

a) Quoted securities and managed funds with an aggregate carrying value of KD100,709 thousand as at 31 March 2024 (31 December 2023: KD106,272 thousand and 31 March 2023: KD139,109 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 KD148,385 thousand as at 31 March 2024 (31 December 2023: KD136,071 thousand and 31 March 2023: KD161,058 thousand) have been kept in custody portfolios against borrowings (Note 10).

## 8 Financial assets at fair value through other comprehensive income

| | 31 March 2024 (Unaudited) KD '000 | 31 Dec. 2023 (Audited) KD '000 | 31 March 2023 (Unaudited) KD '000 |
|---|---|---|---|
| **Quoted securities:** | | | |
| - Local | 9,057 | 7,929 | 7,790 |
| - Foreign | 25,782 | 26,800 | 33,431 |
| **Unquoted securities:** | | | |
| - Local | 12,985 | 12,681 | 13,518 |
| - Foreign | 84,673 | 86,968 | 73,929 |
| **Managed portfolios and funds:** | | | |
| - Foreign | 20,335 | 21,583 | 22,979 |
| **Debt securities:** | | | |
| - Local | 462 | 77 | - |
| - Foreign | 9,019 | 8,936 | - |
| | 162,313 | 164,974 | 151,647 |

a) Foreign debt securities represent investment in Ijara Sukuk carrying average profit rate of 21% (31 December 2023: 21%).

b) Quoted securities with an aggregate carrying value of KD27,593 thousand (31 December 2023: KD21,088 thousand and 31 March 2023: KD22,517 thousand) and unquoted securities with an aggregate carrying value of KD510 thousand (31 December 2023: KD591 thousand and 31 March 2023: KD506 thousand) are pledged against borrowings (Note 10).

c) The Group has signed agreements whereby certain shares of financial assets at fair value through other comprehensive income with aggregate carrying value of KD2,649 thousand (31 December 2023: KD2,568 thousand and 31 March 2023: KD3,640 thousand) have been kept in custody portfolios against borrowings (Note 10).

# Notes to the interim condensed consolidated financial information (continued)

## 9 Investment in associates

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

| | 31 March 2024 (Unaudited) KD '000 | 31 Dec. 2023 (Audited) KD '000 | 31 March 2023 (Unaudited) KD '000 |
|---|---|---|---|
| Balance at 1 January | 376,071 | 354,380 | 354,380 |
| Additions during the period/year | - | 12,647 | 8,584 |
| Reclassified to subsidiaries | - | (10,745) | (10,745) |
| Share of results | 12,238 | 66,961 | 7,434 |
| Redemption/Disposals | - | (4,290) | - |
| Share of other comprehensive (loss)/income | (773) | 2,866 | (1,097) |
| Dividend distributions | (8,293) | (17,458) | (4,953) |
| Impairment losses – net | - | (16,650) | (1,350) |
| Foreign currency translation adjustment | 1,047 | (11,774) | (12,119) |
| Other adjustments | 63 | 134 | (850) |
| Balance at the end of the period/year | 380,353 | 376,071 | 339,284 |

a) Investment in associates with a carrying value of KD1,913 thousand (31 December 2023: KD1,938 thousand and 31 March 2023: KD1,676 thousand) are pledged against borrowings (Note 10).

b) The Group has signed agreements whereby certain shares of investment in associates with aggregate carrying value of KD260,746 thousand (31 December 2023: KD260,919 thousand and 31 March 2023: KD202,388 thousand) have been kept in custody portfolios with specialised institutions against borrowings (Note 10).

## 10 Borrowings

| | 31 March 2024 (Unaudited) KD '000 | 31 Dec. 2023 (Audited) KD '000 | 31 March 2023 (Unaudited) KD '000 |
|---|---|---|---|
| **Short term:** | | | |
| Term loans | 184,529 | 187,989 | 179,586 |
| Islamic financing arrangements | 60,997 | 56,193 | 70,418 |
| | 245,526 | 244,182 | 250,004 |
| **Long term:** | | | |
| **Term loans** | | | |
| - Current portion | 4,528 | 5,269 | 30,656 |
| - Due after more than one year | 142,542 | 142,337 | 123,242 |
| **Islamic financing arrangements** | | | |
| - Current portion | 34,107 | 31,564 | 40,084 |
| - Due after more than one year | 226,243 | 211,411 | 178,830 |
| | 407,420 | 390,581 | 372,812 |
| | 652,946 | 634,763 | 622,816 |

As at 31 March 2024, 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.

# Notes to the interim condensed consolidated financial information (continued)

## 11 Bonds

| | 31 March 2024 (Unaudited) KD '000 | 31 Dec. 2023 (Audited) KD '000 | 31 March 2023 (Unaudited) KD '000 |
|---|---|---|---|
| **Short term:** | | | |
| Floating rate bonds | 7,600 | - | - |
| Fixed rate bonds | 22,400 | - | - |
| | 30,000 | - | - |
| **Long term:** | | | |
| Floating rate bonds | 34,450 | 42,050 | 42,050 |
| Fixed rate bonds | 3,650 | 26,050 | 26,050 |
| | 38,100 | 68,100 | 68,100 |
| | 68,100 | 68,100 | 68,100 |

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

The bonds are unsecured.

## 12 Share capital and share premium

| | Authorised | Issued | Paid up |
|---|---|---|---|
| **31 March 2024** | | | |
| **Shares of 100 Fils each** | **3,000,000,000** | **2,295,183,476** | **2,295,183,476** |
| 31 December 2023 | | | |
| Shares of 100 Fils each | 3,000,000,000 | 2,295,183,476 | 2,295,183,476 |
| 31 March 2023 | | | |
| Shares of 100 Fils each | 3,000,000,000 | 2,185,889,025 | 2,185,889,025 |

Share premium is not available for distribution.

## 13 Treasury shares

| | 31 March 2024 (Unaudited) | 31 Dec. 2023 (Audited) | 31 March 2023 (Unaudited) |
|---|---|---|---|
| Number of shares | **36,747,261** | 36,747,261 | 34,997,393 |
| Percentage of issued shares | **1.60%** | 1.60% | 1.60% |
| Market value (KD '000) | **8,048** | 7,460 | 6,789 |
| Cost (KD'000) | **23,975** | 23,975 | 23,975 |

# Notes to the interim condensed consolidated financial information (continued)

## 13 Treasury shares (continued)

a) Reserves of the Parent Company equivalent to the cost of the treasury shares have been earmarked as non-distributable.

b) Treasury shares owned by one of the Group's subsidiaries with a market value of KD4,954 thousand (31 December 2023: KD4,636 thousand and 31 March 2023: KD4,221 thousand) have been pledged against certain borrowings (note 10).

c) As at 31 March 2024, an associate held 10% (31 December 2023: 10% and 31 March 2023: 10%) 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 2024** | **7,675** | **15,915** | **(28,435)** | **(4,845)** |
| Consolidation and other adjustments | **465** | **-** | **-** | **465** |
| Share of other comprehensive loss of associates | **(458)** | **-** | **-** | **(458)** |
| Changes in fair value of financial assets at FVTOCI | **(1,962)** | **-** | **-** | **(1,962)** |
| Foreign currency translation differences | **-** | **-** | **670** | **670** |
| **Other comprehensive (loss)/income** | **(2,420)** | **-** | **670** | **(1,750)** |
| **Loss on sale of investments at FVTOCI** | **865** | **-** | **-** | **865** |
| **Balances as at 31 March 2024** | **6,585** | **15,915** | **(27,765)** | **(5,265)** |
| **Balances at 1 January 2023** | 1,204 | 15,915 | (23,083) | (5,964) |
| Share of other comprehensive loss of associates | (742) | - | - | (742) |
| Changes in fair value of financial assets at FVTOCI | (4,426) | - | - | (4,426) |
| Foreign currency translation differences | - | - | (5,885) | (5,885) |
| **Other comprehensive loss** | (5,168) | - | (5,885) | (11,053) |
| **Loss on sale of investments at FVTOCI** | 402 | - | - | 402 |
| **Balances at 31 March 2023** | (3,562) | 15,915 | (28,968) | (16,615) |

## 15 Annual general assembly and dividend

The Annual General Assembly of the Parent Company for the year ended 31 December 2023 has not been held yet. Accordingly, the financial statements for the year ended 31 December 2023 have not been approved by the shareholders of the Parent Company. The interim condensed financial information for the three-month period ended 31 March 2024 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 2023.

# Notes to the interim condensed consolidated financial information (continued)

## 16 Segmental analysis

The Group's activities are concentrated in four main segments: investment, building material and contracting services, specialist engineering and hotel and IT operations. The segments' results are reported to the higher management of the Group.

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

| | Investment | | Building materials and contracting services | | Specialist engineering and chemical | | Hotel and IT services | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Three-month ended:** | **31 March 2024 KD '000** | 31 March 2023 KD '000 | **31 March 2024 KD '000** | 31 March 2023 KD '000 | **31 March 2024 KD '000** | 31 March 2023 KD '000 | **31 March 2024 KD '000** | 31 March 2023 KD '000 | **31 March 2024 KD '000** | 31 March 2023 KD '000 |
| Segment revenue | **48,793** | 39,167 | **12,951** | 13,315 | **24,180** | 22,245 | **3,306** | 3,760 | **89,230** | 78,487 |
| **Less:** | | | | | | | | | | |
| Gain on sale of financial assets at fair value through profit or loss | | | | | | | | | **(545)** | (1,083) |
| Change in fair value of financial assets at fair value through profit or loss | | | | | | | | | **(19,306)** | (3,332) |
| Dividend income | | | | | | | | | **(10,039)** | (14,601) |
| Interest income | | | | | | | | | **(2,639)** | (1,592) |
| Share of results of associates | | | | | | | | | **(12,238)** | (7,434) |
| Rental income | | | | | | | | | **(714)** | (877) |
| Reversal of provision no longer required | | | | | | | | | **(2,120)** | - |
| Reversal of impairment of wakala investment | | | | | | | | | **-** | (8,584) |
| Other income | | | | | | | | | **(1,192)** | (1,664) |
| Revenue from sales and contract with customers, per consolidated statement of profit or loss | | | | | | | | | **40,437** | 39,320 |
| Segment profit | **40,659** | 30,804 | **2,314** | 767 | **4,120** | 1,590 | **313** | 429 | **47,406** | 33,590 |
| **Less:** | | | | | | | | | | |
| Finance costs | | | | | | | | | **(11,209)** | (9,453) |
| Other unallocated income/(loss) | | | | | | | | | **218** | (491) |
| Profit before taxation | | | | | | | | | **36,415** | 23,646 |
| Segment assets | **1,258,718** | 1,193,489 | **42,029** | 46,529 | **239,440** | 215,309 | **12,317** | 11,511 | **1,552,504** | 1,466,838 |
| Segment liabilities | **(32,881)** | (41,919) | **(21,089)** | (24,169) | **(62,907)** | (45,573) | **(5,205)** | (5,029) | **(122,082)** | (116,690) |
| Segment net assets | **1,225,837** | 1,151,570 | **20,940** | 22,360 | **176,533** | 169,736 | **7,112** | 6,482 | **1,430,422** | 1,350,148 |
| Borrowings, bonds and due to banks | | | | | | | | | **(731,693)** | (708,392) |
| Total equity, per consolidated statement of financial position | | | | | | | | | **698,729** | 641,756 |

# 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 balances and transactions are as follows:

| | 31 March 2024 (Unaudited) KD '000 | 31 Dec. 2023 (Audited) KD '000 | 31 March 2023 (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 | **29,785** | 17,798 | 34,903 |
| - Due from key management personnel | **-** | - | 68 |
| - Due from other related parties | **1,547** | 1,587 | 2,854 |
| Due to related parties (included in accounts payable and other liabilities) | | | |
| - Due to associates | **426** | 20 | 284 |
| - Due to other related parties | **409** | 1,623 | 1,223 |

| | Three months ended 31 March 2024 (Unaudited) KD '000 | Three months ended 31 March 2023 (Unaudited) KD '000 |
|---|---|---|
| **Transactions included in the interim condensed consolidated statement of profit or loss** | | |
| Fees income | **1** | 1,089 |
| Purchase of raw materials – from associates | **177** | 155 |
| Management fees | **24** | - |
| Impairment of associates | **-** | 1,350 |
| Impairment of receivables | **318** | 933 |
| **Compensation of key management personnel of the Group** | | |
| Short term employee benefits | **913** | 1,207 |
| Pension and end of service benefits | **85** | 191 |
| | **998** | 1,398 |

Refer Note 19 and Note 20 for details of fiduciary assets and contingent liabilities and 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.

# Notes to the interim condensed consolidated financial information (continued)

## 18 Fair value measurement (continued)

### 18.1 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 three levels of a fair value hierarchy. The three 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).

### 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 2024 (Unaudited) KD '000 | 31 Dec. 2023 (Audited) KD '000 | 31 March 2023 (Unaudited) KD '000 |
|---|---|---|---|
| **Financial assets:** | | | |
| ***At amortised cost:*** | | | |
| • Cash and cash equivalents | **202,035** | 201,296 | 200,967 |
| • Accounts receivable and other financial assets | **111,609** | 98,211 | 119,722 |
| • Financial assets at amortised cost | **5,666** | 5,197 | 1,520 |
| | **319,310** | 304,704 | 322,209 |
| ***At fair value:*** | | | |
| • Financial assets at FVTPL | **408,624** | 385,839 | 394,765 |
| • Financial assets at FVTOCI | **162,237** | 164,974 | 151,647 |
| | **570,861** | 550,813 | 546,412 |
| Total financial assets | **890,171** | 855,517 | 868,621 |
| **Financial liabilities:** | | | |
| ***At amortised cost:*** | | | |
| • Due to banks | **10,647** | 13,603 | 17,476 |
| • Accounts payable and other financial liabilities | **84,356** | 95,988 | 91,585 |
| • Lease liabilities | **7,237** | 6,637 | 7,270 |
| • Borrowings | **652,946** | 634,763 | 622,816 |
| • Bonds | **68,100** | 68,100 | 68,100 |
| | **823,286** | 819,091 | 807,247 |

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 2024** | | | | | |
| **At FVTPL:** | | | | | |
| - Quoted securities | a | 277,378 | - | - | 277,378 |
| - Unquoted securities | b | - | - | 32,965 | 32,965 |
| - Managed portfolios and funds | c | 582 | 4,826 | 92,873 | 98,281 |
| **At FVTOCI:** | | | | | |
| - Quoted securities | a | 34,839 | - | - | 34,839 |
| - Unquoted securities | b | - | 13,338 | 84,320 | 97,658 |
| - Managed portfolios and funds | c | - | 58 | 20,277 | 20,335 |
| - Debt securities | d | - | 9,481 | - | 9,481 |
| | | 312,799 | 27,703 | 230,435 | 570,937 |
| **At 31 December 2023** | | | | | |
| **At FVTPL:** | | | | | |
| - Quoted securities | a | 257,581 | - | - | 257,581 |
| - Unquoted securities | b | - | - | 31,151 | 31,151 |
| - Managed portfolios and funds | c | 703 | 5,999 | 90,405 | 97,107 |
| **At FVTOCI:** | | | | | |
| - Quoted securities | a | 34,729 | - | - | 34,729 |
| - Unquoted securities | b | - | 16,218 | 83,431 | 99,649 |
| - Managed portfolios and funds | c | - | 58 | 21,525 | 21,583 |
| - Debt securities | d | - | 9,013 | - | 9,013 |
| | | 293,013 | 31,288 | 226,512 | 550,813 |
| **At 31 March 2023** | | | | | |
| **At FVTPL:** | | | | | |
| - Quoted shares | a | 272,722 | - | - | 272,722 |
| - Unquoted securities | b | - | - | 27,461 | 27,461 |
| - Managed portfolios and funds | c | 725 | 3,134 | 90,723 | 94,582 |
| **At FVTOCI:** | | | | | |
| - Quoted shares | a | 41,221 | - | - | 41,221 |
| - Unquoted securities | b | - | 4,337 | 83,110 | 87,447 |
| - Managed portfolios and funds | c | - | 428 | 22,551 | 22,979 |
| | | 314,668 | 7,899 | 223,845 | 546,412 |

**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.

**d) Debt securities**
Debt securities mainly represent investment in Ijara sukuk in Pakistan. The fair value of Ijara sukuk is derived using "Pakistan Islamic Revaluation Value" rates. The rates are simple average of quotes received from eight different pre-defined/ approved dealers/ brokers.

**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:

| | 31 March 2024 (Unaudited) KD '000 | 31 Dec. 2023 (Audited) KD '000 | 31 March 2023 (Unaudited) KD '000 |
|---|---|---|---|
| Opening balance | 226,512 | 228,603 | 228,603 |
| Net change in fair value | 3,692 | 3,700 | (49) |
| Transferred out level 3 | - | (5,675) | - |
| Net additions during the period/year | 231 | (116) | (4,709) |
| Closing balance | 230,435 | 226,512 | 223,845 |

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.

# Notes to the interim condensed consolidated financial information (continued)-

## 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 2024 amounted to KD2,976 thousand (31 December 2023: KD2,938 thousand and 31 March 2023: KD10,938 thousand) of which assets managed on behalf of the related parties amounted to KD2,937 thousand (31 December 2023: KD2,900 thousand and 31 March 2023: KD2,975 thousand).

## 20 Contingent liabilities and commitments

At 31 March 2024, the Group had contingent liabilities in respect of outstanding bank guarantees amounting to KD46,872 thousand (31 December 2023: KD72,722 thousand and 31 March 2023: KD57,671 thousand).

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 KD18,493 thousand (31 December 2023: KD19,915 thousand and 31 March 2023: KD27,872 thousand).

## 21 Legal cases

The significant legal cases of the Group are summarised below:

a) One of the Group's subsidiaries has filed legal cases against one of its customers regarding gross trade receivables of KD43,077 thousand. These are shown in the Group's consolidated financials at its acquisition fair values. During 2023, the court of first instance issued a verdict for one of the cases in favour of the subsidiary which was appealed by the defendant. Management of the subsidiary and their legal advisors believe that a favourable decision of the court is probable and the balance is fully recoverable along with additional compensation. The litigations are at initial stages and the final outcome cannot be determined at present.

b) During the period, the Court of Cassation ruled in favour of a government entity ordering one of the Group's subsidiaries to settle an amount of USD1.868 million (equivalent to KD580 thousand) for gas usage from 2004 to 2011. The subsidiary had made a provision for this legal dispute amounting to KD2,700 thousand in prior periods. Consequently, during the current period, the subsidiary reversed the excess provision of KD2,120 thousand reflecting the updated legal obligation.

c) During the previous year, the General Manager of the Public Authority for Industry in Kuwait (in his capacity) filed a legal case against one of the subsidiaries requesting eviction from a non-contracted plot of land claiming that the subsidiary is obligated to pay an amount of KD16,185 thousand for utilizing the aforementioned area since 1 April 2007 along with any fees and expenses. This legal case is at its early stages and has been transferred to the experts committee. The next court hearing is scheduled for 27 June 2024. The subsidiary's management (after consulting with external legal counsel) believes that it is not obligated to pay any financial liabilities on that land due to the absence of any contracts with the above government entity. The information usually required by IAS 37, Provisions, Contingent Liabilities and Contingent Assets, is not disclosed on the grounds that it can be expected to prejudice seriously the outcome of the litigation. The subsidiary is planning to strongly contest the legal case and after consulting with their external legal counsel, believes that the claim can be successfully countered.

# Notes to the interim condensed consolidated financial information (continued)

## 21 Legal cases (continued)

d) 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, consequently, Noor fully provided for the balance and initiated various legal cases against the investee company which were eventually decided in its favor. During 2019, a settlement agreement was reached transferring 50% shares of Excellent Choice General Trading and Contracting Co. - WLL (acquired company) to Noor.

Prior to the above settlement agreement, the acquired company had filed lawsuits against a local bank ("Bank") seeking return of 33,544,500 shares of Boubyan Bank, transferred by the bank through a sale contract, and associated benefits. The Court of Cessation ruled in favour of the acquired company granting fully rights over the transferred shares. As a result, Noor recognised its share of net assets of ECC as an investment in associate amounting to KD8,584 thousand against partial 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 as of 31 March 2023.

Further, in previous years, the acquired company filed a lawsuit against the legal representative of the Kuwait Clearing Company and others regarding the disbursement of dividends from previous years pertaining to the above shares of Boubyan Bank for an amount of KD1,354 thousand, which are held by the Kuwait Clearing Company. The court of first-instance ruling was issued on 24 October 2023 in favor of the acquired company, obliging the defendant to pay the amount of these dividends to the acquired company.

On 18 April 2024, the Court of Appeal upheld the above-mentioned ruling issued in favor of the acquired company. The Group will recognize its share of the amount as income on collection from the defendants.

e) On 1 December 2011, the Group's Jordanian subsidiary, Noor Jordan Kuwait Financial Investment Company Limited ("the Seller") disposed of its entire equity interest in one of its Jordanian subsidiaries (Noor Jordan Kuwait Transport Company JSCC) to nine individual buyers ("the Buyers"). Subsequent to the transfer of shares and control to the Buyers, they filed a case against the Seller claiming misrepresentation in valuing the net assets of the company sold. On 15 September 2022, the Court of First Instance ruled in favour of the Seller. However, the Buyers filed an appeal to the Court of Appeals which ruled to annul the decision and returned it back to the Court of First Instance for review. Later, the Court of First Instance issued another verdict in favor of the Seller. However, this verdict was appealed before the Amman Court of Appeal, which issued its final decision on 5 December 2023 (in absentia) in favor of the Buyers and ordered the Seller and its representatives to jointly pay an amount of JOD2,744 thousand equivalents to KD1,188 thousand. Therefore, the Group has recognised a provision of KD2,377 thousand in the consolidated financial statements for the year ended 31 December 2023 which represents the judgment amount plus the legal interest according to the Civil Procedure Code in Jordan.

Noor Jordan Kuwait Financial Investment Company Limited submitted a request for the Court of Cassation to challenge the verdict issued by the Court of Appeal. This request was accepted in January 2024, and no hearing session has been set yet. The lawsuit will be pursued in the Court of Cassation.

## 22 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.

About Grant Thornton

Grant Thornton is a global network of 58,000 people in member firms in over 130 countries with a common goal — to help you realise your ambitions. Which is why our network combines global scale and capability with local insights and understanding. So, whether you're growing in one market or many, looking to operate more effectively, managing risk and regulation, or realising stakeholder value, our member firms have the assurance, tax and advisory capabilities you need with the quality you expect.

Grant Thornton - Al-Qatami, Al-Aiban and Partners, established in 1973, is one of the oldest public accounting firms in the State of Kuwait and has been a full member of Grant Thornton International since 1985. This affiliation helps us draw on the expertise and resources of the international organization to provide world class professional services to our clients in Kuwait.

We invest in listening, building relationships and understanding your concerns to deliver an experience that's more personal, agile and proactive.

We work at the pace that matters. Yours.

That's why we celebrate fresh thinking and diverse perspectives to find better solutions.

We don't predict the future. We help you shape it.

"Grant Thornton" refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. "GTIL" refers to Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

© 2022 Grant Thornton – Al-Qatami, Al-Aiban & Partners
All Rights Reserved

grantthornton.com.kw