

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

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.

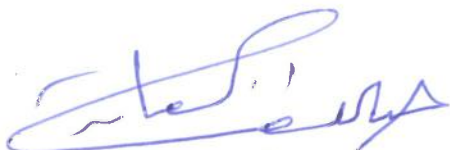
Conclusion

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

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 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):		
<i>Items that may be reclassified subsequently to consolidated statement of profit or loss:</i>		
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)
<i>Items that will not be reclassified subsequently to consolidated statement of profit or loss:</i>		
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	
Balance at 1 January 2024	229,518	175,435	(23,975)	52,679	(4,845)	70,090	498,902	665,285
Consolidation and other adjustments	-	-	-	-	465	(542)	(77)	(120)
Transactions with owners	-	-	-	-	465	(542)	(77)	(120)
Profit for the period	-	-	-	-	-	29,514	29,514	36,307
Other comprehensive loss for the period	-	-	-	-	(1,750)	(406)	(2,156)	(2,743)
Total comprehensive (loss)/income for the period	-	-	-	-	(1,750)	29,108	27,358	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	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
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	-	-	-	-	-	-	-	(1,528)
Increase on acquisition of a subsidiary	-	-	-	-	-	-	-	10,557
Consolidation and other adjustments	-	-	-	-	-	(251)	(251)	26
Transactions with owners	-	-	-	-	-	(251)	(251)	9,306
Profit for the period	-	-	-	-	-	15,884	15,884	23,447
Other comprehensive loss for the period	-	-	-	-	(11,053)	-	(11,053)	(9,861)
Total comprehensive (loss)/income for the period	-	-	-	-	(11,053)	15,884	4,831	(2,298)
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	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 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 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.

<i>Description</i>	<i>Effective for annual periods beginning</i>
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.

16 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)

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 Cession 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.

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