

Interim condensed consolidated financial information and review report

Noor Financial Investment Company – KPSC and Subsidiaries

Kuwait

31 March 2023 (Unaudited)

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Report on review of interim condensed consolidated financial information

To the board of directors of
Noor Financial Investment Company – KPSC
Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Noor Financial Investment Company KPSC (the “Parent Company”) and its subsidiaries (together “the Group”) as of 31 March 2023 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 the basis of presentation set out in Note 2. 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.

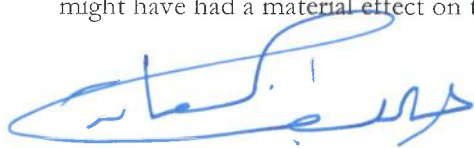
Conclusion

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 the basis of presentation set out in Note 2.

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 2023 that might have had a material effect on the business or financial position of the Parent Company.

We further report that, to the best of our knowledge and believe, no violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, or of the provisions of law No. 7 of 2010 regarding the Capital Markets Authority and its relevant regulations have occurred during the three-month period ended 31 March 2023 that might have had a material effect on the business or financial position of the Parent Company.



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

Kuwait
10 May 2023

Interim condensed consolidated statement of profit or loss

	Notes	Three months ended 31 March 2023 (Unaudited) KD	Three months ended 31 March 2022 (Unaudited) KD
Income			
Revenue from contracts with customers		3,760,292	3,865,634
Share of results of associates	10	6,078,455	5,417,968
(Loss) / gain on sale of investments at FVTPL		(2,234)	31,286
Change in fair value of investments at FVTPL		(173,151)	1,564,509
Dividend income		97,849	67,440
Rental income		206,027	197,607
Interest and other income		1,060,332	55,283
Reversal of impairment of wakala investments	22	8,584,340	-
Foreign exchange (loss) / gain		(610,292)	7,986
		19,001,618	11,207,713
Cost of contracts with customers		(2,857,749)	(3,094,664)
General, administrative and other expenses		(2,298,529)	(1,183,301)
Finance costs		(301,226)	(224,917)
Impairment of receivables		(936,275)	(21,450)
Profit for the period before provisions for NLST and Zakat		12,607,839	6,683,381
Provisions for Zakat and National Labour Support Tax (NLST)		(353,510)	(134,944)
Profit for the period		12,254,329	6,548,437
Attributable to:			
Owners of the Parent Company		12,231,207	6,392,506
Non-controlling interests		23,122	155,931
Profit for the period		12,254,329	6,548,437
Basic and diluted earnings per share (Fils)	5	24.02	12.52

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 2023 (Unaudited) KD	Three months ended 31 March 2022 (Unaudited) KD
Profit for the period	12,254,329	6,548,437
Other comprehensive (loss) / income:		
<i>Items that will be reclassified subsequently to the interim condensed consolidated statement of profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(12,198,775)	(1,172,231)
Share of other comprehensive loss of associates	(1,124,326)	(2,010,476)
<i>Items that will not be reclassified subsequently to the interim condensed consolidated statement of profit or loss:</i>		
Net change in fair value of investments at FVTOCI	(878,098)	(56,680)
Total other comprehensive loss for the period	(14,201,199)	(3,239,387)
Total comprehensive (loss) / income for the period	(1,946,870)	3,309,050
Total comprehensive (loss) / income attributable to:		
Owners of the Parent Company	(1,969,992)	3,153,119
Non-controlling interests	23,122	155,931
Total comprehensive (loss) / income for the period	(1,946,870)	3,309,050

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

	Notes	31 March 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
Assets				
Cash and cash equivalents	6	10,018,409	14,190,267	14,845,883
Investments at fair value through profit or loss	7	7,589,144	7,818,669	9,677,311
Accounts receivable and other assets	8	22,836,209	7,471,425	6,465,984
Inventories		750,198	595,544	709,008
Investments at fair value through other comprehensive income	9	7,707,231	8,570,703	15,544,870
Investment in associates	10	58,593,504	59,119,058	58,020,229
Investment properties	11	12,355,109	12,335,649	12,523,012
Property and equipment		1,344,954	1,386,422	1,434,460
Right of use assets		869,427	913,360	1,039,081
Goodwill		2,029,278	2,029,278	2,029,278
Total assets		124,093,463	114,430,375	122,289,116
Liabilities and equity				
Liabilities				
Due to banks	6	58,453	-	965,417
Accounts payable and other liabilities		11,208,592	9,092,696	9,115,520
Lease liabilities		907,319	1,032,153	1,397,185
Borrowings	12	24,500,000	15,000,000	18,421,875
Provision for employees' end of service benefits		1,433,872	1,371,392	1,482,907
Total liabilities		38,108,236	26,496,241	31,382,904
Equity				
Share capital	13	51,645,345	51,645,345	41,316,276
Share premium		3,410,573	3,410,573	3,410,573
Treasury shares	14	(1,197,666)	(1,197,666)	(1,197,666)
Statutory and voluntary reserves		20,997,662	20,997,662	16,904,868
Other components of equity	15	(63,225,491)	(49,024,292)	(36,627,512)
Retained earnings		72,099,579	59,868,372	64,628,235
Equity attributable to the owners of the Parent Company		83,730,002	85,699,994	88,434,774
Non-controlling interests		2,255,225	2,234,140	2,471,438
Total equity		85,985,227	87,934,134	90,906,212
Total liabilities and equity		124,093,463	114,430,375	122,289,116

Fahad Sulaiman Al-Khaled
Chairman

Abdulghani M.S. Behbehani
Vice Chairman

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	Share premium KD	Treasury shares KD	Satutory and voluntary reserves KD	Other components of equity KD	Retained earnings KD	Sub- total KD	
Balance as at 1 January 2023 (audited)	51,645,345	3,410,573	(1,197,666)	20,997,662	(49,024,292)	59,868,372	85,699,994	87,934,134
Redemption of units by non-controlling interests	-	-	-	-	-	-	-	(2,037)
Total transactions with owners	-	-	-	-	-	-	-	(2,037)
Profit for the period	-	-	-	-	-	12,231,207	12,231,207	12,254,329
Total other comprehensive loss for the period	-	-	-	-	(14,201,199)	-	(14,201,199)	(14,201,199)
Total comprehensive (loss) / income for the period	-	-	-	-	(14,201,199)	12,231,207	(1,969,992)	(1,946,870)
Balance as at 31 March 2023 (Unaudited)	51,645,345	3,410,573	(1,197,666)	20,997,662	(63,225,491)	72,099,579	83,730,002	85,985,227

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	Share premium KD	Treasury shares KD	Satutory and voluntary reserve KD	Other components of equity KD	Retained earnings KD	Sub-total KD	
Balance as at 1 January 2022 (audited)	41,316,276	3,410,573	(1,197,666)	16,904,868	(33,388,125)	58,235,729	85,281,655	87,605,116
Redemption of units by non-controlling interests	-	-	-	-	-	-	-	(7,954)
Total transactions with owners	-	-	-	-	-	-	-	(7,954)
Profit for the period	-	-	-	-	-	6,392,506	6,392,506	6,548,437
Total other comprehensive loss for the period	-	-	-	-	(3,239,387)	-	(3,239,387)	(3,239,387)
Total comprehensive (loss) / income for the period	-	-	-	-	(3,239,387)	6,392,506	3,153,119	3,309,050
Balance as at 31 March 2022 (Unaudited)	41,316,276	3,410,573	(1,197,666)	16,904,868	(36,627,512)	64,628,235	88,434,774	90,906,212

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 2023 (Unaudited) KD	Three months ended 31 March 2022 (Unaudited) KD
OPERATING ACTIVITIES			
Profit before provisions for Zakat and NLST		12,607,839	6,683,381
Adjustments:			
Dividend income		(97,849)	(67,440)
Share of results of associates		(6,078,455)	(5,417,968)
Interest income		(52,429)	(23,992)
Reversal of impairment on wakala investments		(8,584,340)	-
Depreciation and amortization		91,103	91,084
Provision charge for employees' end of service benefits		62,480	46,039
Finance costs		301,226	224,917
Impairment of receivables		936,275	21,450
		(814,150)	1,557,471
Changes in operating assets and liabilities:			
Investments at fair value through profit or loss		229,525	(1,397,650)
Accounts receivable and other assets		(14,459,374)	(716,606)
Accounts payable and other liabilities		1,790,612	376,592
Inventories		(154,654)	(98,860)
Net cash used in operating activities		(13,408,041)	(279,053)
INVESTING ACTIVITIES			
Change in short term deposit maturing over 3 months		-	(1,791)
Purchases of investments at FVTOCI		(14,625)	-
Dividend income received		97,849	67,440
Interest income received		52,429	23,992
Net cash from investing activities		135,653	89,641
FINANCING ACTIVITIES			
Borrowings obtained		9,500,000	-
Paid to non-controlling interests on capital reduction		(13,373)	(63,469)
Redemption of units by non-controlling interests		(2,037)	(7,954)
Lease liabilities paid		(155,843)	-
Dividend paid		(67,087)	(4,038)
Finance costs paid		(219,583)	(193,782)
Net cash from / (used in) financing activities		9,042,077	(269,243)
Net decrease in cash and cash equivalents		(4,230,311)	(458,655)
Cash and cash equivalents at beginning of the period	6	14,184,277	13,688,985
Cash and cash equivalents at end of the period	6	9,953,966	13,230,330
Material non-cash transactions:			
Investment in associate	10	(8,584,340)	-
Wakala investments		8,584,340	-

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

Noor Financial Investment Company - KPSC ("the Parent Company") was incorporated in Kuwait on 5 June 1996 and registered in the commercial register on 1 February 1997. The Parent Company is listed on Boursa Kuwait and is regulated by the Central Bank of Kuwait and the Capital Markets Authority. The Parent Company is a subsidiary of National Industries Group Holding - KPSC ("the Ultimate Parent Company").

The Parent Company's principal activities are as follows:

- Invest in various economic sectors through the establishment of specialized companies or purchase of shares or stakes in those companies;
- Act as investment portfolio manager;
- Fund and brokerage in international trade operations;
- Collective investment system manager;
- Act as underwriting agent;
- Carry out all the services and activities that help developing the financial and monetary market in the State of Kuwait;
- Trade, by selling and buying, in shares, bonds, Sukuks and other securities listed in Boursa Kuwait and foreign securities for the Parent Company's account only;
- Invest in real estate, industrial and agricultural sectors of the economy in all types of instruments;
- Provide funding operations to third parties to buy or lease fixed assets and movables through contracts;
- Act as investment advisor;
- Act as custodian;
- Represent foreign companies the objectives of which are identical with the objectives of the Company in order to market their products and services in accordance with the relevant Kuwaiti legislation;
- Act as broker not registered in a stock exchange.

The Parent Company has the right to perform the above mentioned activities inside and outside the State of Kuwait directly or through an agent. The Parent Company may have an interest or participate in any aspect with the entities performing similar works or which might assist it in the achievement of its objectives in Kuwait or abroad. The Parent Company may also purchase these entities or affiliate with them. Further, the Parent Company may practice works similar or complementary or necessary or related to its above mentioned objectives and may utilize its surplus funds by investing same in portfolios and funds managed by specialized companies and bodies.

The address of the Parent Company's registered office is NIG Building, Ground Floor, Shuwaikh, Kuwait (PO Box 3311, Safat 13034, State of Kuwait).

The Board of Directors of the Parent Company approved this interim condensed consolidated financial information for issue on 10 May 2023.

2 Basis of preparation

This interim condensed consolidated financial information of the Group for the three-month period ended 31 March 2023 has been prepared in accordance with IAS 34 "Interim Financial Reporting". The accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2022, except for the changes described in note 3.

Notes to the interim condensed consolidated financial information (continued)

2 Basis of preparation (continued)

The annual consolidated financial statements for the year ended 31 December 2022 were prepared in accordance with the International Financial Reporting Standards (“IFRS”) promulgated by the International Accounting Standards Board (“IASB”), and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB, as modified for use by the Government of Kuwait for financial services institutions regulated by the Central Bank of Kuwait (“CBK”). The modification requires adoption of all IFRSs for such institutions except for the IFRS 9 requirement for measurement of expected credit losses (“ECL”) for credit facilities. The CBK requires to measure the provision for credit losses at the higher of provision calculated under IFRS 9 in accordance with the CBK guidelines, and the provision required by the prudential regulations of the CBK.

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

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

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

3 Changes in accounting policies

3.1 New and amended standards adopted by the Group

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

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IAS 1 Amendments- Disclosure of accounting policies	1 January 2023
IAS 8 Amendments- Definition of accounting estimates	1 January 2023
IAS 12 Income taxes- Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023

IAS 1 Amendments – Disclosure of accounting policies

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

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

IAS 8 Amendments – Definition of accounting estimates

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

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.1 New and amended standards adopted by the Group

IAS 8 Amendments – Definition of accounting estimates (continued)

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

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

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

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

3.2 IASB Standards issued but not yet effective

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

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

<i>Standard or Interpretation</i>	<i>Effective for annual periods beginning</i>
IAS 1 Amendments - Classification of current and non-current	1 January 2024
IAS 1 Amendments - Classification of liabilities with debt covenants	1 January 2024
IFRS 16 Amendments - Leases	1 January 2024

IAS 1 Amendments - Classification of current or non-current

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

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

IAS 1 Amendments - Classification of liabilities with debt covenants

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

Notes to the interim condensed consolidated financial information (continued)

3 Changes in accounting policies (continued)

3.2 IASB Standards issued but not yet effective (continued)

IAS 1 Amendments - Classification of liabilities with debt covenants (continued)

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

IAS 16 Amendments – Leases

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

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's 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 2022.

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 2023 (Unaudited)	Three months ended 31 March 2022 (Unaudited)
Profit for the period attributable to the owners of the Parent Company (KD)	12,231,207	6,392,506
Weighted average number of shares outstanding during the period (excluding treasury share) (Share)	509,222,655	510,671,784
Basic and diluted earnings per share (Fils)	24.02	12.52

Notes to the interim condensed consolidated financial information (continued)

6 Cash and cash equivalents

	31 March 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
Cash and bank balances	5,358,673	2,732,918	6,506,742
Cash in portfolios	303,011	908,359	2,684,867
Short term deposits	4,356,725	10,548,990	5,654,274
Cash and cash equivalents as per consolidated financial position	10,018,409	14,190,267	14,845,883
Less:			
Due to banks	(58,453)	-	(965,417)
Restricted bank balances	(5,990)	(5,990)	(5,990)
Short term deposits maturing after three months	-	-	(644,146)
Cash and cash equivalents as per consolidated statements of cash flows	9,953,966	14,184,277	13,230,330

Cash in portfolio by an amount of KD60,665 (31 December 2022: KD64,021 and 31 March 2022: KD1,484,372) is pledged against borrowings (Note 12). The short-term deposits carry effective interest rate ranging 3.25% - 4.35% (31 December 2022: 3.125% - 4.125% and 31 March 2022: 1.125 % -1.55%) per annum.

Due to banks represents bank overdraft facilities utilised by a subsidiary which was secured by pledge of short-term deposits amount of KD659,356 (31 December 2022: KD653,850 and 31 March 2022: KD644,146).

7 Investments at fair value through profit or loss

	31 March 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
Local quoted shares	3,644,461	3,777,958	4,406,315
Foreign quoted shares	3,944,683	4,040,711	5,115,619
Unquoted foreign funds	-	-	155,377
	7,589,144	7,818,669	9,677,311

Quoted shares with a fair value of KD1,281,577(31 December 2022: KD1,275,643 and 31 March 2022: KD1,508,753) are pledged against borrowings (note 12).

The hierarchy for determining and disclosing the fair values of financial instruments is presented in note 18.2.

Notes to the interim condensed consolidated financial information (continued)

8 Accounts receivable and other assets

	31 March 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
Financial assets:			
Accounts receivable - net	2,502,736	3,258,840	3,777,693
Loans to customers – net	35,238	20,164	-
Accrued income - net	322,377	336,835	277,663
Dividend receivable from associates - net	3,285,906	2,970,007	1,287,784
Due from related parties (8.1)	15,652,541	16,616	6,237
Other assets	540,699	501,096	475,780
	22,339,497	7,103,558	5,825,157
Non-financial assets			
Other assets	496,712	367,867	640,827
	22,836,209	7,471,425	6,465,984

- 8.1 During the period, the Parent Company granted a loan of KD14,563,536 to “Excellent Choice General Trading and Contracting Co. – WLL” (“ECC”) which carried an interest rate of 4% per annum above the CBK discount rate and repayable on 30 June 2023. The loan was utilised by ECC to settle a judgment issued against ECC (Note 22). Subsequent to the reporting date, ECC repaid the loan amount in full.

9 Investments at fair value through other comprehensive income

	31 March 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
Local quoted shares	5,336,229	6,014,777	7,727,623
Foreign quoted shares	42,136	23,500	1,539
Local unquoted shares	1,670,278	1,661,670	1,783,881
Foreign unquoted shares	230,181	444,578	5,539,539
Foreign funds	428,407	426,178	492,288
	7,707,231	8,570,703	15,544,870

Investments with an aggregate fair value of KD5,842,072 (31 December 2022: KD6,509,103 and 31 March 2022: KD8,301,774) are pledged against borrowings (note 12).

The hierarchy for determining and disclosing the fair values of financial instruments is presented in note 18.2.

Notes to the interim condensed consolidated financial information (continued)

10 Investment in associates

10.1 Details of the associates are set out below:

Name of associate	Country of Incorporation	Ownership percentage			Principal activities
		31 Mar. 2023 %	31 Dec. 2022 %	31 Mar. 2022 %	
Meezan Bank Limited	Pakistan	35.25	35.25	35.25	Islamic Bank
Excellent Choice General Trading and Contracting Co. – WLL (note 10.1.1)	Kuwait	50	-	-	General Trading & Contracting

10.1.1 During 2019, the Parent Company signed a settlement agreement against wakala investment with a local Islamic investment company under which 50% shares of Excellent Choice General Trading and Contracting Co. - WLL (“acquired company”) were transferred to the Parent Company. However, at the date of settlement agreement the acquired company had outstanding legal cases with a local bank (“Bank”). Therefore, the Parent Company did not recognise the acquired company in its accounting records pending finalisation of the legal cases. During 2022, the acquired company won the lawsuit against the Bank and consequently 50,504,513 shares of Boubyan Bank were transferred to the acquired company, in February 2023. These shares were held under a lien in favor of the Bank until the payment of KD14,563,536 has been made to the Bank (Note 22). On 3 April 2023, ECC made the payment to the Bank and the lien on the shares of Boubyan Bank were removed (Note 22).

Accordingly, during the period, the Group recognised its share of the net assets of the acquired company amounting to KD8,584,340 against part settlement of the outstanding wakala investments.

The Group classified this investment as investment in associate because it is able to exercise significant influence over the operations of associate but not control over the associate.

10.2 The movement of investment in associates is as follows:

	31 March 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
Balance at the beginning of the period/year	59,119,058	56,996,965	56,996,965
Share of results	6,078,455	22,853,575	5,417,968
Share of other comprehensive loss	(1,124,326)	(2,762,643)	(2,010,476)
Additions (note 10.1.1)	8,584,340	-	-
Dividend	(1,841,685)	(5,396,277)	(1,287,784)
Foreign currency translation adjustment	(12,222,338)	(12,572,562)	(1,096,444)
Balance at the end of the period/year	58,593,504	59,119,058	58,020,229

Notes to the interim condensed consolidated financial information (continued)

11 Investment properties

The movement of investment properties is as follows:

	31 March 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
Balance at the beginning of the period/year	12,335,649	12,541,667	12,541,667
Changes in fair value	-	(126,720)	-
Foreign currency translation adjustments	19,460	(79,298)	(18,655)
Balance at the end of the period/year	12,355,109	12,335,649	12,523,012

Investment properties comprise of land and buildings in the following countries:

	31 March 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
Kuwait	10,368,000	10,368,000	10,106,000
UAE and Jordan	1,194,099	1,193,843	1,540,336
United Kingdom	793,010	773,806	876,676
	12,355,109	12,335,649	12,523,012

Investments properties with carrying value of KD8,982,000 (31 December 2022: KD8,982,000 and 31 March 2022: KD8,720,000) are pledged against borrowings (note 12).

12 Borrowings

	Note	31 March 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
Term loan	12.1	15,000,000	15,000,000	18,421,875
Term loan from the Ultimate Parent Company	12.2	9,500,000	-	-
Total		24,500,000	15,000,000	18,421,875

12.1 At 31 March 2023, the outstanding term loan obtained in Kuwaiti Dinar from a local bank carried effective interest rate of 6% per annum (31 December 2022: 5.5% and 31 March 2022: 4.25% per annum) and repayable in various unequal instalments ending on 30 June 2027. The loan is secured by pledge of cash in portfolio, certain investments at fair value through profit or loss, certain investments at fair value through other comprehensive income, certain investment properties and Group's ownership of a subsidiary (notes 6, 7, 9 and 11).

12.2 During the period, the Parent Company obtained a loan of KD9,500,000 from the Ultimate Parent Company. The loan carried interest rate of 2% per annum above the CBK discount rate and repayable on 30 June 2023. Subsequent to the reporting date, the loan was repaid in full.

Notes to the interim condensed consolidated financial information (continued)

12 Borrowings (continued)

12.3 The borrowings are due for repayment as follows:

	31 March 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
Within one year	9,750,000	250,000	-
Over one year	14,750,000	14,750,000	18,421,875
	24,500,000	15,000,000	18,421,875

13 Share capital

The authorised, issued and fully paid up share capital of the Parent Company is KD51,645,345 comprising of 516,453,451 shares of 100 Fils each paid in cash and in kind (31 December 2022: 516,453,451 and 31 March 2022: 413,162,761 of 100 Fils each paid in cash and in kind).

14 Treasury shares

	31 March 2023 (Unaudited)	31 Dec. 2022 (Audited)	31 March 2022 (Unaudited)
Number of shares	7,230,796	7,230,796	5,781,667
Percentage of issued shares	1.40%	1.40%	1.40%
Market value (KD)	1,091,850	1,236,466	1,884,823
Cost (KD)	1,197,666	1,197,666	1,197,666

Reserves of the Parent Company equivalent to the cost of treasury shares have been earmarked as nondistributable.

15 Other components of equity

	Foreign currency translation reserve KD	Cumulative changes in fair value KD	Total KD
Balances at 1 January 2023	(43,107,941)	(5,916,351)	(49,024,292)
Net change in fair value of investments at FVTOCI	-	(878,098)	(878,098)
Share of other comprehensive loss of associates	-	(1,124,326)	(1,124,326)
Exchange differences arising on translation of foreign operations	(12,198,775)	-	(12,198,775)
Balances at 31 March 2023	(55,306,716)	(7,918,775)	(63,225,491)
Balances at 1 January 2022	(30,422,508)	(2,965,617)	(33,388,125)
Net change in fair value of investments at FVTOCI	-	(56,680)	(56,680)
Share of other comprehensive loss of associates	-	(2,010,476)	(2,010,476)
Exchange differences arising on translation of foreign operations	(1,172,231)	-	(1,172,231)
Balances at 31 March 2022	(31,594,739)	(5,032,773)	(36,627,512)

Notes to the interim condensed consolidated financial information (continued)

16 Segment analysis

The Group's activities are concentrated in four main segments: Investments, Real Estate, IT services and Hotel operations. These segments are identified based on internal management reporting information and regularly reviewed by the Chief Operating Decision Maker for resource allocation and performance assessment. The Group's principal activities, significant assets and liabilities are carried out and located mainly in Kuwait, Pakistan, Middle East and Europe.

The segmental analysis of total revenues, profit for the period, total assets and total liabilities for the business segments are as follows:

	Investments			Real Estate			IT services			Hotel operations			Total	
	31 March 2023	31 March 2022		31 March 2023	31 March 2022		31 March 2023	31 March 2022		31 March 2023	31 March 2022		31 March 2023	31 March 2022
	(Unaudited) KD	(Unaudited) KD		(Unaudited) KD	(Unaudited) KD		(Unaudited) KD	(Unaudited) KD		(Unaudited) KD	(Unaudited) KD		(Unaudited) KD	(Unaudited) KD
Revenue from contracts with customers	-	-		-	-		3,154,656	3,445,102		605,636	420,532		3,760,292	3,865,634
Share of results of associates (Loss) / gain on sale of investments at FVTPL	6,078,455	5,417,968		-	-		-	-		-	-		6,078,455	5,417,968
Change in fair value of investments at FVTPL	(2,234)	31,286		-	-		-	-		-	-		(2,234)	31,286
Dividend Income	(173,151)	1,564,509		-	-		-	-		-	-		(173,151)	1,564,509
Rental income	97,849	67,440		-	-		-	-		-	-		97,849	67,440
Reversal of impairment of wakala investments	-	-		206,027	197,607		-	-		-	-		206,027	197,607
Interest income, other income and foreign exchange differences	8,584,340	-		-	-		-	-		-	-		8,584,340	-
	422,819	63,269		-	-		27,221	-		-	-		450,040	63,269
Total Segment income	15,008,078	7,144,472		206,027	197,607		3,181,877	3,445,102		605,636	420,532		19,001,618	11,207,713
Cost of contracts with customers	-	-		-	-		(2,642,899)	(2,941,839)		(214,850)	(152,825)		(2,857,749)	(3,094,664)
General and administrative expenses	(1,750,438)	(629,202)		(48,191)	(27,301)		(297,621)	(236,729)		(202,279)	(290,069)		(2,298,529)	(1,183,301)
Finance costs	(267,209)	(183,588)		-	-		(3,008)	(10,573)		(31,009)	(30,756)		(301,226)	(224,917)
Impairment of receivables	(936,275)	-		-	(21,450)		-	-		-	-		(936,275)	(21,450)
Profit for the period before provisions for NLST and Zakat	12,054,156	6,331,682		157,836	148,856		238,349	255,961		157,498	(53,118)		12,607,839	6,683,381
Assets	100,045,861	97,895,648		12,536,433	12,707,968		8,313,932	8,149,204		3,197,237	3,536,296		124,093,463	122,289,116
Liabilities	(32,996,553)	(25,397,913)		(82,316)	(63,972)		(3,405,819)	(3,833,249)		(1,623,548)	(2,087,770)		(38,108,236)	(31,382,904)
Net assets	67,049,308	72,497,735		12,454,117	12,643,996		4,908,113	4,315,955		1,573,689	1,448,526		85,985,227	90,906,212

Notes to the interim condensed consolidated financial information (continued)

17 Related party transactions

Related parties represent the Ultimate Parent Company, associates, directors and key management personnel of the Group, and other related parties such as subsidiaries of the Ultimate Parent Company (fellow subsidiaries), 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. Key management personnel include board of directors, chief executive officers and principal officers of the Parent Company and its subsidiaries. Pricing policies and terms of these transactions are approved by the Group's management.

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

	31 March 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
Balances included in interim condensed consolidated statement of financial position			
Due from related parties (note 8)	15,652,541	16,616	6,237
Dividend receivable from associate – net (note 8)	3,285,906	2,970,007	1,287,784
Investments at fair value through profit or loss	69,324	66,303	1,982
Investments at FVTOCI	5,827,326	6,508,314	8,333,182
Due to Ultimate Parent Company	210	9,857	9,043
Due to related parties	547,500	547,500	494,850
Borrowings (note 12)	9,500,000	-	-
Interim condensed consolidated statement of profit or loss			
Management and placement fees		1,000,830	3,766
Finance costs		50,368	-
Impairment of receivables		933,235	-
Compensation of key management personnel of the Group			
Salaries and other short-term benefits		101,754	94,169
End of service benefits		7,441	5,570
		109,195	99,739

Notes to the interim condensed consolidated financial information (continued)

18 Summary of financial assets and liabilities by category and fair value measurement

18.1 Categories of financial assets and liabilities

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 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
Financial assets			
<i>At amortised cost:</i>			
Cash and cash equivalents	10,018,409	14,190,267	14,845,883
Accounts receivable and other assets (note 8)	22,339,497	7,103,558	5,825,157
<i>At fair value:</i>			
Investments at fair value through profit or loss	7,589,144	7,818,669	9,677,311
Investments at fair value through other comprehensive income	7,707,231	8,570,703	15,544,870
	47,654,281	37,683,197	45,893,221
Financial liabilities			
<i>At amortised cost:</i>			
Due to banks	58,453	-	965,417
Accounts payable and other liabilities	11,208,592	9,092,696	9,115,520
Lease liabilities	907,319	1,032,153	1,397,185
Borrowings	24,500,000	15,000,000	18,421,875
	36,674,364	25,124,849	29,899,997

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

18.2 Fair value hierarchy for financial instruments measured at fair value

The following table presents the financial assets which are measured at fair value in the interim condensed consolidated statement of financial position in accordance with the fair value hierarchy.

This hierarchy Groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

The level within which the financial 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 Summary of financial assets and liabilities by category and fair value measurement (continued)

18.2 Fair value hierarchy for financial instruments measured at fair value (continued)

The financial assets and liabilities measured at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	Level 1 KD	Level 2 KD	Level 3 KD	Total KD
31 March 2023 (Unaudited)				
Financial assets:				
Investments at fair value through profit or loss				
Quoted shares	7,589,144	-	-	7,589,144
Investments at fair value through other comprehensive income				
Quoted shares	5,378,365	-	-	5,378,365
Unquoted shares	-	227,166	1,673,293	1,900,459
Foreign funds	-	428,407	-	428,407
	12,967,509	655,573	1,673,293	15,296,375
31 December 2022 (Audited)				
Financial assets:				
Investments at fair value through profit or loss				
Quoted shares	7,818,669	-	-	7,818,669
Investments at fair value through other comprehensive income				
Quoted shares	6,038,277	-	-	6,038,277
Unquoted shares	-	441,565	1,664,683	2,106,248
Foreign funds	-	426,178	-	426,178
	13,856,946	867,743	1,664,683	16,389,372
31 March 2022 (Unaudited)				
Financial assets:				
Investments at fair value through profit or loss				
Quoted shares	9,521,934	-	-	9,521,934
Foreign fund	-	155,377	-	155,377
Investments at fair value through other comprehensive income				
Quoted shares	7,729,162	-	-	7,729,162
Unquoted shares	-	5,536,549	1,786,871	7,323,420
Foreign funds	-	492,288	-	492,288
	17,251,096	6,184,214	1,786,871	25,222,181

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

Notes to the interim condensed consolidated financial information (continued)

18 Summary of financial assets and liabilities by category and fair value measurement (continued)

18.2 Fair value hierarchy for financial instruments measured at fair value (continued)

Level 3 Fair value measurements

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

	31 March 2023 (Unaudited) KD	31 Dec. 2022 (Audited) KD	31 March 2022 (Unaudited) KD
Balance at the beginning of the period/year	1,664,683	1,490,263	1,490,263
Changes in fair value	8,610	193,617	296,608
Disposal	-	(19,197)	-
Balance at the end of the period/year	1,673,293	1,664,683	1,786,871

19 Contingencies

On 1 December 2011, the Parent Company's Jordanian subsidiary, Noor Jordanian Kuwaiti 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 subsidiary's net assets. The subsidiary's management and legal advisor believe that the favourable decision of the court is probable. Therefore, no provision for any effects that may result has been made in these interim condensed consolidated financial statements.

At the reporting date the Group had contingent liabilities with respect to outstanding bank guarantees amounting to KD3,806,950 (31 December 2022: KD4,288,151 and 31 March 2022: KD3,885,803).

Subsequent to the reporting date, the Parent Company has provided a bank guarantee of KD14,400,000 for a loan obtained by one of the associates.

20 Fiduciary assets

The Group manages mutual funds and portfolios on behalf of its Ultimate Parent Company, other related parties and outsiders, and maintains securities in fiduciary accounts which are not reflected in the Group's interim condensed consolidated statement of financial position. Assets under management at 31 March 2023 amounted to KD28,154,175 (31 December 2022: KD28,312,321 and 31 March 2022: KD28,467,076) of which assets managed on behalf of its Ultimate Parent Company and other related parties amounted to KD20,191,594 (31 December 2022: KD20,199,489 and 31 March 2022: KD20,298,036).

21 Annual general assembly

The Annual General Assembly of the shareholders of the Parent Company held on 3 May 2023 approved the consolidated financial statements for the year ended 31 December 2022 and the board of directors' proposal to distribute a cash dividend to shareholders equivalent to 5 fils per share for the year ended 31 December 2022 (31 December 2021: 6 fils per share and bonus shares of 25%) and an amount of KD177,500 (31 December 2021: KD162,000) as directors' remuneration for the year ended 31 December 2022.

Notes to the interim condensed consolidated financial information (continued)

22 Wakala investments

Wakala investments of KD14,324,160 placed with a local Islamic investment company which matured in the last quarter of 2008. The investee company defaulted on settlement of these balances on the original maturity date. However, revised maturity dates were stipulated by the court. The investee company again defaulted the payment of 2nd, 3rd, 4th and 5th instalments due in September 2014, 2015, 2016 and 2017, respectively. The Group made full provision in prior years for the receivable in accordance with the Central Bank of Kuwait provision rules. The Group initiated various legal cases against the investee company which were eventually decided in favor of the Group. During 2019, the Parent Company signed a settlement agreement with the investee company under which 50% shares of Excellent Choice General Trading and Contracting Co. - WLL (“acquired company” or “ECC”) were transferred to the Parent Company.

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

On 6 April 2016, the court of first instance rendered a judgment in favor of the Bank, upholding its ownership of the said Boubyan Bank shares. Subsequently, on 22 February 2017, the court of appeal adjudicated that the above sale contract is null and void and subject shares should be returned to the acquired company, along with all the cash or in-kind dividends and other benefits that the Bank had obtained on those shares. The Bank appealed the judgment before the Court of Cassation, which adjudicated, on 27 December 2017, that the acquired company is obliged to refund the price of the shares paid by the Bank and ordered the Bank to return ownership of the shares along with related benefits to the acquired company.

The acquired company initiated various legal procedures and cases for the execution of the above-mentioned court orders.

On 31 January 2022, the court of first instance rendered a judgment obligating the Bank to return to the acquired company the 50,504,513 shares of Boubyan Bank and cash dividends of KD386,294 whereas the acquired company was ordered to pay to the Bank an amount of KD14,301,772 as a consideration of the shares, commissions and ownership transfer fees plus an amount of KD6,416,324 as a compensation to the Bank for losses and damages.

On 3 July 2022, the court of appeal substantially upheld the above judgment but revoked the KD6,416,324 compensation to the Bank. Hence, the total amount to be paid to the Bank is KD14,301,772 plus court expenses and as per the recent certificate of execution department, total amount to be paid to the Bank is KD14,563,536. As of the date of issuance of these interim condensed consolidated financial information, the lawsuit is still deliberated before the court of cassation.

On 2 February 2023, the acquired company was able to execute part of the judgement and 50,504,513 shares of Boubyan Bank were transferred to the acquired company. However, these shares were held under a lien in favor of the Bank until the payment of KD14,563,536 has been made by the acquired company.

Subsequent to the reporting date, the acquired company paid the adjudicated amount to the Bank and lien on Boubyan Bank shares was removed. Accordingly, the acquired company now has full rights over the transferred shares. Therefore, as of 31 March 2023, the Parent Company’s share of the net assets of ECC has been recognised and classified as an investment in associate amounting to KD8,584,340 against part settlement of the wakala investments and recognised a gain on reversal of impairment of wakala investments of KD8,584,340 in the interim condensed consolidated statement of profit or loss.