

**NATIONAL INVESTMENTS COMPANY
K.S.C.P.
AND ITS SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION**

30 JUNE 2022 (UNAUDITED)



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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF NATIONAL INVESTMENTS COMPANY K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of National Investments Company K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively the “Group”) as at 30 June 2022 and the related interim condensed consolidated income statement and interim condensed consolidated statement of comprehensive income for the three months and six months periods then ended, and the interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six months period then ended. The management of the Parent Company 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 other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company’s Memorandum of Incorporation and Articles of Association, as amended, during the six months period ended 30 June 2022 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief we have not become aware of any 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 concerning the Capital Markets Authority and its related regulations during the six months period ended 30 June 2022 that might have had a material effect on the business of the Parent Company or on its financial position.

ABDULKARIM ALSAMDAN

LICENCE NO. 208 A

EY

AL AIBAN AL OSAIMI & PARTNERS

3 August 2022

Kuwait

National Investments Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the period ended 30 June 2022

	Note	Three months ended 30 June		Six months ended 30 June	
		2022 KD 000's	2021 KD 000's	2022 KD 000's	2021 KD 000's
INCOME					
Realized gain on financial assets at fair value through profit or loss		1,241	693	1,746	1,041
Unrealized (loss) gain on financial assets at fair value through profit or loss		(14,608)	8,049	930	13,739
Change in fair value of investment properties		-	-	-	(1,883)
Gain on sale of investment properties		166	133	166	140
Rental income		337	433	717	857
Dividend income		6,721	2,831	7,483	3,883
Management, incentive, brokerage and advisory fees		3,141	2,134	5,633	3,610
Interest income		69	10	137	15
Share of results of associates and joint venture		165	115	298	6
Net gain on sale/liquidation of associate		144	329	144	329
Gain on foreign exchange trading		53	162	94	252
TOTAL (LOSS) INCOME		(2,571)	14,889	17,348	21,989
EXPENSES					
Administrative expenses		1,739	1,847	3,844	3,658
Finance costs		296	129	553	247
Charge (reversal) for impairment losses and other provisions		2	(6)	(2)	210
(Gain) loss on foreign currency translation		(227)	129	(367)	196
TOTAL EXPENSES		1,810	2,099	4,028	4,311
(LOSS) PROFIT BEFORE TAXATION		(4,381)	12,790	13,320	17,678
Taxation		200	(399)	(529)	(666)
(LOSS) PROFIT FOR THE PERIOD		(4,181)	12,391	12,791	17,012
Attributable to:					
Equity holders of the Parent Company		(3,460)	11,269	11,949	15,056
Non-controlling interests		(721)	1,122	842	1,956
		(4,181)	12,391	12,791	17,012
BASIC AND DILUTED (LOSS) EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY					
	4	(4.3) fils	14.1 fils	15 fils	18.9 fils

The attached notes 1 to 13 form part of the interim condensed consolidated financial information.

National Investments Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 June 2022

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
(Loss) profit for the period	(4,181)	12,391	12,791	17,012
Other comprehensive income:				
<i>Items that will not be reclassified to interim condensed consolidated income statement in subsequent periods:</i>				
Change in fair value of equity instruments at fair value through other comprehensive income	(11,146)	4,744	7,972	8,568
Share of other comprehensive income (loss) of associates	138	113	246	(459)
	(11,008)	4,857	8,218	8,109
<i>Items that are or may be reclassified to the interim condensed consolidated income statement in subsequent periods:</i>				
Foreign currency translation adjustments	161	(91)	220	(138)
Other comprehensive (loss) income for the period	(10,847)	4,766	8,438	7,971
Total comprehensive (loss) income for the period	(15,028)	17,157	21,229	24,983
Attributable to:				
Equity holders of the Parent Company	(14,284)	16,047	20,255	22,991
Non-controlling interests	(744)	1,110	974	1,992
	(15,028)	17,157	21,229	24,983

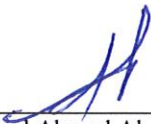
The attached notes 1 to 13 form part of the interim condensed consolidated financial information.


National Investments Company K.S.C.P and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2022

		30 June 2022	(Audited) 31 December 2021	30 June 2021
	Notes	KD 000's	KD 000's	KD 000's
ASSETS				
Cash and balances with banks and financial institutions		27,833	39,365	11,073
Financial assets at fair value through profit or loss	5	114,371	111,209	106,639
Trading properties		287	284	282
Financial assets at fair value through other comprehensive income	6	82,120	82,048	66,880
Investment in associates and joint venture		14,386	21,206	19,879
Investment properties		28,013	29,671	28,153
Intangible assets		927	958	1,117
Other assets		7,989	5,833	5,491
TOTAL ASSETS		275,926	290,574	239,514
LIABILITIES AND EQUITY				
LIABILITIES				
Bank borrowings	7	39,173	40,483	20,763
Accounts payable and accruals		16,759	14,519	11,508
TOTAL LIABILITIES		55,932	55,002	32,271
EQUITY				
Share capital		79,786	79,786	79,786
Share premium		49,593	49,593	49,593
Statutory reserve		10,285	10,285	7,709
Voluntary reserve		12,508	22,693	22,693
Treasury shares		(235)	-	-
Treasury shares reserve		520	520	-
Other reserves		460	440	440
Foreign currency translation reserve		580	456	396
Cumulative changes in fair value		32,534	27,286	12,391
Retained earnings		14,883	25,719	16,210
Equity attributable to the equity holders of the Parent Company		200,914	216,778	189,218
Non-controlling interests		19,080	18,794	18,025
TOTAL EQUITY		219,994	235,572	207,243
TOTAL LIABILITIES AND EQUITY		275,926	290,574	239,514


Hamad Ahmad Al-Ameeri
Chairman


Fahad Abdulrahman Al-Mukhaizim
Chief Executive Officer

The attached notes 1 to 13 form part of the interim condensed consolidated financial information.

National Investments Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 June 2022

	<i>Attributable to equity holders of the Parent Company</i>												
	<i>Share capital KD 000's</i>	<i>Share premium KD 000's</i>	<i>Statutory reserve KD 000's</i>	<i>Voluntary reserve KD 000's</i>	<i>Treasury shares KD 000's</i>	<i>Treasury shares reserve KD 000's</i>	<i>Other reserves KD 000's</i>	<i>Foreign currency translation reserve KD 000's</i>	<i>Cumulative changes in fair value KD 000's</i>	<i>Retained earnings KD 000's</i>	<i>Sub total KD 000's</i>	<i>Non-controlling interests KD 000's</i>	<i>Total KD 000's</i>
Balance at 1 January 2022 <i>(Audited)</i>	79,786	49,593	10,285	22,693	-	520	440	456	27,286	25,719	216,778	18,794	235,572
Profit for the period	-	-	-	-	-	-	-	-	-	11,949	11,949	842	12,791
Other comprehensive income for the period	-	-	-	-	-	-	-	124	8,182	-	8,306	132	8,438
Total comprehensive income	-	-	-	-	-	-	-	124	8,182	11,949	20,255	974	21,229
Transfer of gain on disposal of financial assets at fair value through other comprehensive income to retained earnings	-	-	-	-	-	-	-	-	(2,934)	2,934	-	-	-
Purchase of treasury shares	-	-	-	-	(235)	-	-	-	-	-	(235)	-	(235)
Dividend (Note 8)	-	-	-	(10,185)	-	-	-	-	-	(25,719)	(35,904)	-	(35,904)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(752)	(752)
Partial disposal of subsidiary without loss of control	-	-	-	-	-	-	20	-	-	-	20	-	20
Movement in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	64	64
Balance at 30 June 2022	79,786	49,593	10,285	12,508	(235)	520	460	580	32,534	14,883	200,914	19,080	219,994

The attached notes 1 to 13 form part of the interim condensed consolidated financial information.

National Investments Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) (continued)

For the period ended 30 June 2022

	<i>Attributable to equity holders of the Parent Company</i>												<i>Total</i> <i>KD 000's</i>
	<i>Share capital</i> <i>KD 000's</i>	<i>Share premium</i> <i>KD 000's</i>	<i>Statutory reserve</i> <i>KD 000's</i>	<i>Voluntary reserve</i> <i>KD 000's</i>	<i>Treasury shares</i> <i>KD 000's</i>	<i>Treasury shares reserve</i> <i>KD 000's</i>	<i>Other reserves</i> <i>KD 000's</i>	<i>Foreign currency translation reserve</i> <i>KD 000's</i>	<i>Cumulative changes in fair value</i> <i>KD 000's</i>	<i>Retained earnings</i> <i>KD 000's</i>	<i>Sub total</i> <i>KD 000's</i>	<i>Non-controlling interests</i> <i>KD 000's</i>	
Balance at 1 January 2021 <i>(Audited)</i>	79,786	49,593	7,709	25,408	-	-	419	494	5,512	6,061	174,982	16,443	191,425
Profit for the period	-	-	-	-	-	-	-	-	-	15,056	15,056	1,956	17,012
Other comprehensive (loss) income for the period	-	-	-	-	-	-	-	(98)	8,033	-	7,935	36	7,971
Total comprehensive (loss) income	-	-	-	-	-	-	-	(98)	8,033	15,056	22,991	1,992	24,983
Transfer of gain on disposal of financial assets at fair value through other comprehensive income to retained earnings	-	-	-	-	-	-	-	-	(1,154)	1,154	-	-	-
Dividend (Note 8)	-	-	-	(2,715)	-	-	-	-	-	(6,061)	(8,776)	-	(8,776)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(221)	(221)
Partial disposal of subsidiary without loss of control	-	-	-	-	-	-	21	-	-	-	21	-	21
Movement in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(189)	(189)
Balance at 30 June 2021	79,786	49,593	7,709	22,693	-	-	440	396	12,391	16,210	189,218	18,025	207,243

The attached notes 1 to 13 form part of the interim condensed consolidated financial information.

National Investments Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

For the period ended 30 June 2022

	<i>Six months ended</i>	
	<i>30 June</i>	
	2022	2021
	KD 000's	KD 000's
OPERATING ACTIVITIES		
Profit before taxation	13,320	17,678
Adjustments for:		
Unrealized gain on financial assets at fair value through profit or loss	(930)	(13,739)
Dividend income	(7,483)	(3,883)
Interest income	(137)	(15)
Change in fair value of investment properties	-	1,883
Gain on sale of investment properties	(166)	(140)
Share of results of associates and Joint venture	(298)	(6)
Net gain on sale/liquidation of associate	(144)	(329)
Finance costs	553	247
Depreciation and amortization	137	86
(Reversal) charge for impairment losses and other provisions	(2)	210
	4,850	1,992
<i>Changes in operating assets and liabilities:</i>		
Financial assets at fair value through profit or loss	(2,232)	(3,662)
Other assets	(2,251)	548
Accounts payable and accruals	(538)	(300)
Cash flows used in operations	(171)	(1,422)
Interest income received	137	15
Taxes paid	(1,020)	-
Dividend income received	7,474	3,345
Net cash flows from operating activities	6,420	1,938
INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(12,406)	(8,994)
Proceeds from sale of financial assets at fair value through other comprehensive income	20,306	9,083
Proceeds from sale of investment properties	1,824	2,158
Additions to investment in associates	-	(1,042)
Proceeds from sale of associate	7,263	440
Dividends received from associates	289	680
Capital distribution received from associates	-	1,025
Net movement in fixed deposits	450	303
Net cash flows from investing activities	17,726	3,653
FINANCING ACTIVITIES		
Net bank borrowings (repaid) availed	(1,310)	1,242
Purchase of treasury shares	(235)	-
Finance costs paid	(507)	(239)
Dividends paid to non-controlling interests	(752)	(221)
Movement in non-controlling interests	64	(189)
Dividends paid	(32,488)	(8,377)
Net cash flows used in financing activities	(35,228)	(7,784)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(11,082)	(2,193)
Cash and cash equivalents at 1 January	37,765	13,266
CASH AND CASH EQUIVALENTS AT 30 JUNE	26,683	11,073
Cash and cash equivalents comprise of:		
Cash and balances with banks and financial institutions	27,833	11,073
Less: Term deposits with an original maturity of more than three months	(1,150)	-
	26,683	11,073

The attached notes 1 to 13 form part of the interim condensed consolidated financial information.

National Investments Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2022

1 CORPORATE INFORMATION

The Group comprises National Investments Company K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively “the Group”). The Parent Company is a Public Kuwaiti Shareholding Company, incorporated on 6 December 1987 and listed on the Boursa Kuwait. The Parent Company is regulated by the Central Bank of Kuwait (“CBK”) for financing activities and Capital Markets Authority (“CMA”) as an investment company.

The purposes and objectives of the Parent Company are as follows:

- Working as financial broker unregistered in the Exchange market.
- Carrying out all financial transactions such as lending, borrowing, acting as a guarantor and issuance of bonds of all kinds with or without collateral in both local and global markets.
- Incorporating or participation in the incorporation of companies of all different types, purposes and nationalities as well as selling and purchasing of their shares, issued bonds and financial rights for the company.
- Undertaking all the activities related to securities, including selling and purchase of all types of shares and bonds for the interest of the Company, whether those issued by local and global private sector, governmental or semi-governmental companies.
- Acting as manager of financial portfolios.
- Investing in real estate, industrial, agricultural sectors and other economic sectors by participation in incorporating specialized companies or purchase of their shares.
- Undertaking real estate investments aiming at developing residential lands and building units, residential and commercial complexes with a view to sell or lease them.
- Acting as investment advisor.
- Acting as subscription agent.
- Acting as Mutual investment system manager.
- Dealing and trading in foreign currency exchange and precious metals market inside and outside Kuwait for its own account without prejudice to the prohibition stipulated by ministerial resolution issued concerning the Central Bank of Kuwait regulation of investment companies.
- Owning industrial property rights, patents, industrial and commercial trademarks, commercial royalties, literary and intellectual rights relating to software, publications as well as utilizing and franchising them to other bodies.
- Market Maker activities

The Parent Company may have an interest or participate in any manner with bodies performing activities similar to its own to assist the Parent Company in achieving its purpose inside or outside Kuwait. It may also establish, participate, merge or buy such corporations.

The Parent Company’s registered head office is at Khaleejia Complex, Jaber Al Mubarak street, Kuwait.

The Annual General Assembly (“AGM”) of the Parent Company’s shareholders held on 12 May 2022 approved the consolidated financial statements for the year ended 31 December 2021.

The interim condensed consolidated financial information for the period ended 30 June 2022 were authorized for issue in accordance with a resolution of the Parent Company’s Board of Directors on 3 August 2022.

2 BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard (“IAS”) 34: Interim Financial Reporting, except as noted below:

The annual consolidated financial statements for the year ended 31 December 2021 were prepared in accordance with the regulations of the State of Kuwait for financial services institutions regulated by the CBK. These regulations require expected credit loss (“ECL”) to be measured at higher of the ECL on credit facilities computed under IFRS 9: Financial Instruments (“IFRS 9”) according to the CBK guidelines or the provisions as required by CBK instructions; the consequent impact on related disclosures; and the adoption of all other requirements of International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2022

2 BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

The interim condensed consolidated financial information does not contain all information and disclosures required for the annual consolidated financial statements prepared in accordance with the IFRS and regulations of the State of Kuwait for financial services institutions regulated by the CBK, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2021.

Operating results for the six months ended 30 June 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022. For more details, please refer to the consolidated financial statements and its related disclosures for the year ended 31 December 2021.

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies used in the preparation of these interim condensed consolidated financial information are consistent with those used followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. The Group has not early adopted any standard, interpretation or amendments that has been issued but is not yet effective.

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the interim condensed consolidated financial information of the Group as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

IAS 29 Financial Reporting in Hyperinflationary Economies

The financial information of subsidiary companies whose functional currency is the currency of a hyperinflationary economy are adjusted for inflation prior to their translation to Kuwaiti Dinars. Once restated, all items of the financial statements are converted to Kuwaiti Dinars using the closing exchange rate. Amounts shown for prior years for comparative purposes are not restated at consolidation level as the presentation currency of the Group is not of a hyperinflationary economy. On consolidation, the effect of price changes in the prior periods on the financial information of the subsidiary has been recognised directly in the interim condensed consolidated statement of changes in equity.

The financial information of subsidiaries whose functional currency is the currency of a hyperinflationary economy are adjusted to reflect the changes in purchasing power of the local currency, such that all items in the interim condensed consolidated statement of financial position not expressed in current terms (non-monetary items) are restated by applying a general price index at the reporting date and all income and expenses are restated by applying appropriate conversion factors.

Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2022 did not have any material impact on the accounting policies, financial position or performance of the Group.

National Investments Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2022

3 SUBSIDIARY COMPANIES

Details of material subsidiary companies are as follows:

<i>Name</i>	<i>Country of incorporation</i>	<i>Holding %</i>			<i>Principal Activities</i>
		<i>30 June 2022</i>	<i>31 December 2021</i>	<i>30 June 2021</i>	
<i>Directly held</i>					
MENA Capital Holding Company K.S.C. (Closed) (“MENA”)	Kuwait	59.33	59.33	59.33	Investments
International Infrastructure Holding Co. K.S.C. (Closed)	Kuwait	99.00	99.00	99.00	Investments
Al Waseet Financial Business Company K.S.C. (Closed) (“Waseet”)	Kuwait	65.17	65.17	65.17	Investment brokerage services
Al-Bawaba Al-Watania General Trading & Cont. Co. W.L.L.	Kuwait	99.00	99.00	99.00	Trading and Contracting
National Gate for Computer Systems Company K.S.C. (Closed)	Kuwait	99.33	99.33	99.33	Information technology
National Investment Company S.A.L.(2)	Lebanon	100	100	100	Property development
National Investment Co. Holding S.A.L.(2)	Lebanon	99.00	99.00	99.00	Investments
Al Mada Investment Fund (“Al Mada”)	Bahrain	49.27	49.61	49.13	Investments
NIC Pipe	Cayman Island	92.50	92.50	100	Investments
NIC Technology Ventures 2 Ltd	British Virgin Islands	69.00	69.00	-	Investments
Flick Wholesale and Trading Co. W.L.L.(1)	Kuwait	95.00	-	-	Trading and Contracting
<i>Indirectly held through Waseet</i>					
Al Nugoua For General Trading Company W.L.L.	Kuwait	99.00	99.00	99.00	Real estate investments
<i>Indirectly held through MENA</i>					
Colony/MENA Holdings L.P.	Guernsey	99.99	99.99	99.99	Investments
Colony/MENA Holdings, Limited	Guernsey	100	100	100	Investments

- (1) During the period, the Parent Company has acquired a 95% stake in Flick Wholesale and Trading Co. W.L.L. The management of the Parent Company is in process of determining the fair value of assets acquired and liabilities assumed.
- (2) The Parent Company has two subsidiaries in Lebanon namely “National Investment Company S.A.L.” and “National Investment Co. Holding S.A.L.”. Lebanon has been declared as the Hyperinflationary economy in 2020. As per “IAS 29- Financial Reporting in Hyperinflationary Economy”, this standard applies where an entity's functional currency is that of a hyperinflationary economy. The functional currency of both the Lebanon entities is in US Dollars. Hence, the management has not applied IAS-29 on these entities.

National Investments Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2022

4 BASIC AND DILUTED (LOSS) EARNINGS PER SHARE

Basic and diluted (loss) earnings per share is computed by dividing the (loss) profit for the period attributable to equity holders of the Parent Company by the weighted average number of shares outstanding during the period less treasury shares.

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
(Loss) profit for the period attributable to equity holders of the Parent Company (KD 000's)	(3,460)	11,269	11,949	15,056
Weighted average number of shares outstanding during the period	797,700,794	797,862,103	797,781,004	797,862,103
Basic and diluted (loss) earnings per share	(4.3) fils	14.1 fils	15 fils	18.9 fils

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>(Audited)</i>		
	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>
	<i>2022</i>	<i>2021</i>	<i>2021</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Quoted securities (including loaned security) *	46,011	42,705	42,110
Unquoted equity investments (includes private equity investments)	3,594	5,649	7,381
Unquoted mutual fund investments (investing in quoted and unquoted securities)	64,766	62,855	57,148
	114,371	111,209	106,639

* The Group has entered in a security lending agreement ('Contract') with an external party in which shares of a quoted security with a carrying value of KD 1,185 thousand (31 December 2021: KD 1,010 thousand and 30 June 2021: KD 628 thousand) are lent for a period for one year. The external party is required to return the shares at the end or on the termination of the Contract whichever is earlier. Management has determined that as the derecognition criteria as per the IFRS 9 *Financial Instruments* was not met, the shares have not been derecognised.

Unquoted equity investments are fair valued using fair valuation techniques which resulted in a gain due to change in fair value of KD 46 thousand during the period recorded in interim condensed consolidated income statement (31 December 2021: loss due to change in fair value of KD 866 thousand and 30 June 2021: gain due to change in fair value of KD 262 thousand).

The unquoted mutual fund investments are carried at the latest net asset value provided by the respective fund managers based on the underlying assets of the funds.

The hierarchy for determining and disclosing the fair values of financial instruments by valuation technique are presented in Note 13.

National Investments Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2022

6 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<i>30 June</i> <i>2022</i> <i>KD 000's</i>	<i>(Audited)</i> <i>31 December</i> <i>2021</i> <i>KD 000's</i>	<i>30 June</i> <i>2021</i> <i>KD 000's</i>
Quoted equity investments*	71,167	69,568	53,239
Unquoted equity investments	10,953	12,480	13,641
	82,120	82,048	66,880

*Quoted equity investments include shares in Boursa Kuwait Securities Company K.P.S.C. which were acquired by the Parent Company through auction on 14 February 2019 as a part of consortium prior to its listing.

Since, these shares are subject to specific restrictions for a five year period according to the shareholder agreement, a discount of 35% has been applied as at 30 June 2022 to arrive at the fair value in accordance with IFRS13. The Parent Company will assess its position periodically at the end of each reporting period and factor in the appropriate level of discount.

The hierarchy for determining and disclosing the fair values of financial instruments by valuation technique are presented in Note 13.

7 BANK BORROWINGS

	<i>30 June</i> <i>2022</i> <i>KD 000's</i>	<i>Audited</i> <i>31 December</i> <i>2021</i> <i>KD 000's</i>	<i>30 June</i> <i>2021</i> <i>KD 000's</i>
Secured borrowings:			
- Due within one year	5,483	6,453	6,563
- Due after one year	33,690	34,030	14,200
	39,173	40,483	20,763

Bank borrowings carry interest rates ranging from 2.45% to 3.75% (31 December 2021: 2.45% to 3% and 30 June 2021: 2.45% to 3%).

The bank borrowings are secured by a charge over certain financial assets at fair value through profit and loss, financial assets at fair value through other comprehensive income, investment in associates and investment properties of the Parent Company.

8 DIVIDEND DISTRIBUTIONS

The AGM of the shareholders for the year 2021 held on 12 May 2022 approved cash dividend of 45 fils per share amounting to KD 35,904 thousand from retained earnings and partly from voluntary reserves representing 45% of the paid-up share capital.

The AGM of the shareholders for the year 2020 held on 18 May 2021 approved cash dividend of 11 fils per share amounting to KD 8,776 thousand from retained earnings and partly from voluntary reserves representing 11% of the paid-up share capital.

National Investments Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2022

9 RELATED PARTIES DISCLOSURES

Related parties represent associated companies, managed funds, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Parent Company's management.

Transactions with related parties are as follows:

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Included in the interim condensed consolidated income statement:				
Management and advisory fees (others)	782	628	1,539	1,200
Management and advisory fees (associates)	17	47	35	62
Rental income (others)	-	55	-	3
Rental income (associates)	3	1	3	110
Management and advisory fees (others)	(15)		(31)	
Administrative expenses	-	(5)	-	(10)
			<i>(Audited)</i>	
	<i>30 June 2022</i>	<i>31 December 2021</i>	<i>30 June 2021</i>	
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	
Included in interim condensed consolidated statement of financial position:				
Other assets (others)		808	1,290	650
Other assets (associates)		44	54	17

Compensation of key management personnel

The compensation of key management personnel of the Group during the period were as follows:

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Salaries and short-term benefits	911	420	1,156	757
Employees' end of service benefits	27	33	56	66
	938	453	1,212	823

10 SEGMENT INFORMATION

For management purposes the Group is organized into four major business segments. The principal activities and services under these segments are as follows:

- ▶ Investment segment represents trading in equities including investment in associates and other strategic investments;
- ▶ Treasury segment represents liquidity management and trading in foreign currencies;
- ▶ Real estate segment represents rental operations, buying, selling and investing in real estate; and
- ▶ Asset management, advisory and brokerage segment represents managing discretionary and non-discretionary investment portfolio, managing of investment funds, brokerage services, providing advisory services, and other related financial services and market making

Management monitors the operating segment separately for the purpose of making decisions about the resource allocation and performance assessment. The segment performance is evaluated based on segment result before taxes in the management and reporting systems.

National Investments Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2022

10 SEGMENT INFORMATION (continued)

The following table presents revenue, results for the period, total assets and total liabilities information regarding the Group's reportable segments.

	<i>Investment KD 000's</i>	<i>Treasury KD 000's</i>	<i>Real estate KD 000's</i>	<i>Asset management, advisory and brokerage KD 000's</i>	<i>Unallocated KD 000's</i>	<i>Total KD 000's</i>
30 June 2022						
Segment revenues	10,663	193	884	5,608	-	17,348
Segment results	9,676	(509)	131	4,022	-	13,320
Segment assets	236,200	4,240	28,952	5,895	639	275,926
Segment liabilities	1,589	36,958	2,540	2,400	12,445	55,932
31 December 2021 (Audited)						
Segment assets	224,136	27,190	30,709	7,971	568	290,574
Segment liabilities	1,345	35,866	4,830	2,400	10,561	55,002
30 June 2021						
Segment revenues	19,040	254	(883)	3,578	-	21,989
Segment results	17,512	(284)	(1,642)	2,092	-	17,678
Segment assets	201,091	3,668	29,259	5,044	452	239,514
Segment liabilities	1,256	16,025	5,035	2,400	7,555	32,271

11 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

	<i>30 June 2022</i>	<i>(Audited) 31 December 2021</i>	<i>30 June 2021</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Capital commitments towards investments and other assets	11,648	11,817	11,689
Bank guarantees	268	149	154
Unsold borrowed shares*	665	436	-
	12,581	12,402	11,843

The Group has contingent liabilities in respect of bank guarantees arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

*Unsold borrowed shares relate to shares borrowed from a related party for Market Maker activity. As of the reporting period, these borrowed shares are being held by the Parent Company.

12 FIDUCIARY ACCOUNTS

The Group manages portfolios on behalf of others and maintains cash balances and securities in fiduciary accounts without recourse to the Group which are not included in the interim condensed consolidated statement of financial position. As at the reporting date, total fiduciary assets managed by the Group amount to KD 1,128,629 thousand (31 December 2021: KD 1,088,237 thousand and 30 June 2021: KD 1,069,467 thousand). The total income earned from trust and other fiduciary activities amount to KD 2,083 thousand (31 December 2021: KD 4,790 thousand and 30 June 2021: KD 1,598 thousand).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2022

13 FAIR VALUE MEASUREMENT

Fair value is 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 in the principal, or in its absence, the most advantageous market to which the Group has access at that date.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique;

Level 1: quoted (unadjusted) prices in active markets.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: other techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	<i>Fair value measurement using</i>			
	<i>Total</i>	<i>Quoted</i>	<i>Significant</i>	<i>Significant</i>
<i>30 June 2022</i>	<i>KD 000's</i>	<i>prices in</i>	<i>observable</i>	<i>unobservable</i>
		<i>active</i>	<i>inputs</i>	<i>inputs</i>
		<i>markets</i>	<i>(Level 2)</i>	<i>(Level 3)</i>
		<i>(Level 1)</i>	<i>(Level 2)</i>	<i>(Level 3)</i>
		<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Assets measured at fair value				
<i>Financial assets at fair value through profit or loss</i>				
Quoted securities (including loaned security)	46,011	46,011	-	-
Unquoted equity investments (includes private equity investments)	3,595	-	-	3,595
Unquoted mutual fund investments (investing in quoted and unquoted investments)	64,765	-	47,319	17,446
<i>Financial assets at fair value through other comprehensive income</i>				
Quoted equity investments	71,167	26,593	44,574	-
Unquoted equity investments	10,953	-	-	10,953
<i>Investment properties</i>	28,013	-	-	28,013
<i>Forward foreign exchange contracts</i>	7	-	7	-
Assets measured at cost while fair value is disclosed				
<i>Trading properties*</i>	287	-	-	287
	<u>224,798</u>	<u>72,604</u>	<u>91,900</u>	<u>60,294</u>
Liabilities measured at fair value				
<i>Forward foreign exchange contracts</i>	<u>7</u>	<u>-</u>	<u>7</u>	<u>-</u>

National Investments Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2022

13 FAIR VALUE MEASUREMENT (continued)

Fair value hierarchy (continued)

	Fair value measurement using			
	Total KD 000's	Quoted prices in active markets (Level 1) KD 000's	Significant observable inputs (Level 2) KD 000's	Significant unobservable inputs (Level 3) KD 000's
<i>31 December 2021 (Audited)</i>				
Assets measured at fair value				
<i>Financial assets at fair value through profit or loss:</i>				
Quoted securities	42,705	42,705	-	-
Unquoted equity investments (including private equity investments)	5,649	-	-	5,649
Unquoted mutual fund investments (investing in quoted and unquoted investments)	62,855	-	47,601	15,254
<i>Financial assets at fair value through other comprehensive income:</i>				
Quoted equity investments	69,568	31,589	37,979	-
Unquoted equity investments	12,480	-	-	12,480
<i>Investment properties</i>	29,671	-	-	29,671
Assets measured at cost while fair value is disclosed				
<i>Trading properties*</i>	284	-	284	-
	<u>223,212</u>	<u>74,294</u>	<u>85,864</u>	<u>63,054</u>
<i>30 June 2021</i>				
Assets measured at fair value				
<i>Financial assets at fair value through profit or loss</i>				
Quoted securities	42,110	42,110	-	-
Unquoted equity investments (including private equity investments)	7,381	-	-	7,381
Unquoted mutual fund investments (investing in quoted and unquoted investments)	57,148	-	45,515	11,633
<i>Financial assets at fair value through other comprehensive income</i>				
Quoted equity investments	53,239	29,636	23,603	-
Unquoted equity investments	13,641	-	-	13,641
<i>Investment properties</i>	28,153	-	-	28,153
<i>Forward foreign exchange contracts</i>	7	-	7	-
Assets measured at cost while fair value is disclosed				
<i>Trading properties*</i>	282	-	282	-
	<u>201,961</u>	<u>71,746</u>	<u>69,407</u>	<u>60,808</u>
Liabilities measured at fair value				
<i>Forward foreign exchange contracts</i>	7	-	7	-
	<u>7</u>	<u>-</u>	<u>7</u>	<u>-</u>

National Investments Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2022

13 FAIR VALUE MEASUREMENT (continued)

Fair value hierarchy (continued)

* The fair value of the trading properties measured at cost is KD 327 thousand (31 December 2021: KD 323 thousand and 30 June 2021: KD 321 thousand).

The following table shows a reconciliation of the opening and closing amount of level 3 financial assets and liabilities which are recorded at fair value.

	<i>As at 1 January 2022 KD 000's</i>	<i>Gain (loss) recorded in the interim condensed consolidated income statement KD 000's</i>	<i>Loss recorded in other comprehensive income KD 000's</i>	<i>Net purchases, transfer, (sales) and settlements KD 000's</i>	<i>As at 30 June 2022 KD 000's</i>
30 June 2022					
<i>Financial assets at fair value through profit or loss:</i>					
Unquoted equity investments	5,649	89	-	(2,144)	3,594
Unquoted mutual fund investments	15,254	(354)	-	2,547	17,447
<i>Financial assets at fair value through other comprehensive income:</i>					
Unquoted equity investments	12,480	-	226	(1,753)	10,953
<i>Investment properties</i>	29,671	166	-	(1,824)	28,013
	<u>63,054</u>	<u>(99)</u>	<u>226</u>	<u>(3,174)</u>	<u>60,007</u>
	<i>As at 1 January 2021 KD 000's</i>	<i>(Loss) gain recorded in the interim condensed consolidated income statement KD 000's</i>	<i>Loss recorded in other comprehensive income KD 000's</i>	<i>Net purchases, transfer, (sales) and settlements KD 000's</i>	<i>As at 31 December 2021 KD 000's</i>
31 December 2021 (Audited)					
<i>Financial assets at fair value through profit or loss:</i>					
Unquoted equity investments	7,240	(664)	-	(927)	5,649
Unquoted mutual fund investments	10,405	2,113	-	2,736	15,254
<i>Financial assets at fair value through other comprehensive income:</i>					
Unquoted equity investments	12,637	-	(290)	133	12,480
<i>Investment properties</i>	32,054	(225)	-	(2,158)	29,671
	<u>62,336</u>	<u>1,224</u>	<u>(290)</u>	<u>(216)</u>	<u>63,054</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2022

13 FAIR VALUE MEASUREMENT (continued)

<i>30 June 2021</i>	<i>As at 1 January 2021 KD 000's</i>	<i>Gain (loss) recorded in the interim condensed consolidated income statement KD 000's</i>	<i>Loss recorded in other comprehensive income KD 000's</i>	<i>Net purchases, transfer, sales and settlements KD 000's</i>	<i>As at 30 June 2021 KD 000's</i>
<i>Financial assets at fair value through profit or loss:</i>					
Unquoted equity investments	7,240	262	-	(121)	7,381
Unquoted mutual fund investments	10,405	567	-	661	11,633
<i>Financial assets at fair value through other comprehensive income:</i>					
Unquoted equity investments	12,637	-	253	751	13,641
<i>Investment properties</i>	32,054	(1,743)	-	(2,158)	28,153
	<u>62,336</u>	<u>(914)</u>	<u>253</u>	<u>(867)</u>	<u>60,808</u>