

**Sokouk Holding Company K.S.C.P.  
and its Subsidiaries**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)**

**31 MARCH 2024**



## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO BOARD OF DIRECTORS OF SOKOUK HOLDING COMPANY K.S.C.P.**

### ***Introduction***

We have reviewed the accompanying interim condensed consolidated statement of financial position of Sokouk Holding Company K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively, the “Group”) as at 31 March 2024, and the related interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three 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 International Accounting Standard 34: *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### ***Scope of Review***

Except as explained in the following paragraph, 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, it 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.

### ***Basis for Qualified Conclusion***

As described in Note 9 to the interim condensed consolidated financial information, Islamic finance payables of KD 21,000,000 (31 December 2023: KD 21,000,000, 31 March 2023: 21,000,000) and the finance cost of KD 3,215,625 (31 December 2023: KD 2,940,000, 31 March 2023: KD 2,113,125) are secured by a first charge over certain of the Group’s land and buildings (the “leased property”) with a carrying value of KD 26,243,031 (31 December 2023: KD 26,368,240 and 31 March 2023: KD 26,636,545).

As stated in notes therein, the financing arrangements expired and the amount outstanding was payable on 30 June 2020. In 2021, following a claim lodged by the lender, an unfavourable judgment was handed down against the Group by the Court of First Instance to evict and handover the leased property to the lender. However, after taking appropriate legal advice, the Group decided to appeal against the decision and filed a cross appeal mainly claiming the difference between the carrying value of the leased property and the debt obligation outstanding.

On 20 June 2022, the appeal was suspended by the court until the motion on the cross-appeal is decided with respect to the right of ownership to the property.

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO BOARD OF DIRECTORS OF SOKOUK HOLDING COMPANY K.S.C.P. (continued)**

**Report on Review of Interim Condensed Consolidated Financial Information (continued)**

***Basis for Qualified Conclusion (continued)***

On 4 July 2021, another claim was lodged by the lender requesting the court to refer the matter to the experts' department to evaluate the ownership of the property and demand for compensation for the period from date of expiry of financing arrangement. The Group filed a counter litigation to prove its claim on the right of ownership of property and the refund of the entire finance cost since the beginning of the financing arrangement. On 25 December 2022, the Group received a favourable judgement with respect to the aforementioned lawsuit. However, the lender decided to appeal against the decision and the court was scheduled to consider this matter on 17 May 2023.

In the motion hearing scheduled on 17 May 2023, the Court of Appeal ruled in favor of the Group on all three counts. On 13 July 2023, the lender appealed the judicial decision in the Court of Cassation and filed a motion to suspend the execution procedures. The court hearing is assigned on 20 May 2024 to further deliberate on the matter. Based on legal advice received from the external legal counsel, the appeal in cassation may take one to two years from the date of filing for the court to render a decision. However, the Group continues to record the related finance cost.

Considering the range of possible outcomes of the judicial process, we were unable to determine whether any adjustments might be necessary to the interim condensed consolidated financial information of the Group.

***Qualified Conclusion***

Except for the adjustments to the interim condensed consolidated financial information that we might have become aware of had it not been for the matter described above, 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 IAS 34.

***Material Uncertainty Related to Going Concern***

We draw attention to Note 2 in the interim condensed consolidated financial information, which stated that the Group has accumulated losses amounted to KD 22,657,797 (31 December 2023: KD 23,806,748 and 31 March 2023: KD 26,100,951). Further, the Group's current liabilities exceeded its current assets by KD 17,717,061 (31 December 2023: KD 17,614,565 and 31 March 2023: KD 21,786,247).

As stated in Note 2 in the interim condensed consolidated financial information, these events or conditions, along with other matters as set forth in Note 9 for which we have modified our conclusion as described in the "*Basis for Qualified Conclusion*" paragraph above, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO BOARD OF DIRECTORS OF SOKOUK HOLDING COMPANY K.S.C.P. (continued)**

**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, except for the possible effect of the matter described in the “*Basis for Qualified Conclusion*” section of our report, 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 have occurred during the three months period ended 31 March 2024 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, except for the possible effect of the matter described in the “*Basis for Qualified Conclusion*” section of our report, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No 7 of 2010 concerning establishment of Capital Markets Authority “CMA” and organisation of security activity and its executive regulations, as amended, during the three months period ended 31 March 2024 that might have had a material effect on the business of the Parent Company or on its financial position.



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ABDULKARIM ALSAMDAN  
LICENCE NO. 208 A  
EY  
AL AIBAN, AL OSAIMI & PARTNERS

13 May 2024  
Kuwait

Sokouk Holding Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
(UNAUDITED)

For the period ended 31 March 2024

	Notes	Three months ended 31 March	
		2024 KD	2023 KD
<b>INCOME</b>			
Hospitality income		1,024,665	928,615
Hospitality costs		(569,156)	(492,008)
<b>Net hospitality income</b>		<b>455,509</b>	436,607
Net rental income from investment properties		118,206	115,273
Share of results of associates	6	1,303,243	624,252
Management fees income		18,646	14,669
Other income		5,868	10,331
		<b>1,901,472</b>	1,201,132
<b>EXPENSES</b>			
Staff costs		(189,381)	(183,482)
Administrative expenses		(171,465)	(161,560)
Depreciation of right-of-use assets		(23,812)	(23,644)
Provision for expected credit losses		(4,280)	(60)
Financing costs for debts and loans.		(275,625)	(284,625)
Financing costs for lease obligations.		(5,379)	(2,592)
		<b>(669,942)</b>	(655,963)
<b>PROFIT FOR THE PERIOD BEFORE TAX</b>		<b>1,231,530</b>	545,169
Taxation		(102,070)	-
<b>PROFIT FOR THE PERIOD</b>		<b>1,129,460</b>	545,169
<b>Attributable to:</b>			
Equity holders of the Parent Company		1,148,951	558,880
Non-controlling interests		(19,491)	(13,711)
		<b>1,129,460</b>	545,169
<b>BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>	4	<b>2.01 Fils</b>	0.98 Fils

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

Sokouk Holding Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
INCOME (UNAUDITED)

For the period ended 31 March 2024

	<i>Three months ended</i> <i>31 March</i>	
	<b>2024</b>	2023
	<b>KD</b>	<b>KD</b>
<b>PROFIT FOR THE PERIOD</b>	<b>1,129,460</b>	545,169
<b>Other comprehensive loss:</b>		
<i>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	<b>1,195</b>	696
Share of other comprehensive loss of associates	<b>(37,491)</b>	(2,503)
<b>Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods</b>	<b>(36,296)</b>	(1,807)
<i>Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:</i>		
Net gain (loss) on equity instruments at fair value through other comprehensive income	<b>810</b>	(31,460)
Share of other comprehensive loss of associates	<b>(1,233)</b>	-
<b>Other comprehensive loss for the period</b>	<b>(423)</b>	(31,460)
<b>Net other comprehensive loss for the period</b>	<b>(36,719)</b>	(33,267)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>1,092,741</b>	511,902
<b>Attributable to:</b>		
Equity holders of the Parent Company	<b>1,112,232</b>	525,613
Non-controlling interests	<b>(19,491)</b>	(13,711)
	<b>1,092,741</b>	511,902

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

Sokouk Holding Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 March 2024

		31 March 2024 KD	(Audited) 31 December 2023 KD	31 March 2023 KD
<b>ASSETS</b>				
Cash and cash equivalents	5	6,285,568	3,235,826	2,189,727
Inventories		79,230	61,668	72,401
Accounts receivable and prepayments		1,282,589	4,506,388	1,038,036
Investment properties		6,958,000	6,958,000	7,226,084
Financial assets at FVOCI		382,936	382,126	413,700
Investment in associates	6	14,362,596	13,096,882	12,522,529
Right-of-use assets		1,884,486	1,337,771	1,495,127
Property and equipment	7	26,249,657	26,374,795	26,643,009
<b>TOTAL ASSETS</b>		<b>57,485,062</b>	<b>55,953,456</b>	<b>51,600,613</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	8	59,314,500	59,314,500	59,314,500
Statutory reserve		1,769,871	1,769,871	-
Treasury shares	8	(1,769,871)	(1,769,871)	(1,769,871)
Effect of changes in other comprehensive income of associates		(1,901,240)	(1,862,516)	(1,902,245)
Foreign currency translation reserve		66,779	65,584	64,270
Fair value reserve		(3,529,399)	(3,530,209)	(3,498,635)
Other reserve		(272,250)	(272,250)	(272,250)
Accumulated losses		(22,657,797)	(23,806,748)	(26,100,951)
<b>Equity attributable to equity holders of the Parent Company</b>		<b>31,020,593</b>	<b>29,908,361</b>	<b>25,834,818</b>
Non-controlling interests		220,452	239,943	284,622
<b>Total equity</b>		<b>31,241,045</b>	<b>30,148,304</b>	<b>26,119,440</b>
<b>LIABILITIES</b>				
Islamic finance payables	9	24,215,625	23,940,000	23,713,125
Accounts payable and accruals		1,653,523	1,505,585	1,438,214
Employees' end of service benefits		374,869	359,567	329,834
<b>Total liabilities</b>		<b>26,244,017</b>	<b>25,805,152</b>	<b>25,481,173</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>57,485,062</b>	<b>55,953,456</b>	<b>51,600,613</b>

Mohamed Mubarak Al Hajeri  
Chairman



Ahmad Mohammed Othman Al-Quraishi  
Chief Executive Officer

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

Sokouk Holding Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 March 2024

*Attributable to equity holders of the Parent Company*

	<i>Share capital KD</i>	<i>Statutory Reserve KD</i>	<i>Treasury shares KD</i>	<i>Effect of changes in OCI of associates KD</i>	<i>Foreign currency translation reserve KD</i>	<i>Fair value reserve KD</i>	<i>Other reserve KD</i>	<i>Accumulated losses KD</i>	<i>Sub-total KD</i>	<i>Non-controlling interests KD</i>	<i>Total equity KD</i>
As at 1 January 2024	59,314,500	1,769,871	(1,769,871)	(1,862,516)	65,584	(3,530,209)	(272,250)	(23,806,748)	29,908,361	239,943	30,148,304
Profit (loss) for the period	-	-	-	-	-	-	-	1,148,951	1,148,951	(19,491)	1,129,460
Other comprehensive (loss) income	-	-	-	(38,724)	1,195	810	-	-	(36,719)	-	(36,719)
Total comprehensive (loss) income for the period	-	-	-	(38,724)	1,195	810	-	1,148,951	1,112,232	(19,491)	1,092,741
As at 31 March 2024	<b>59,314,500</b>	<b>1,769,871</b>	<b>(1,769,871)</b>	<b>(1,901,240)</b>	<b>66,779</b>	<b>(3,529,399)</b>	<b>(272,250)</b>	<b>(22,657,797)</b>	<b>31,020,593</b>	<b>220,452</b>	<b>31,241,045</b>
As at 1 January 2023	59,314,500	-	(1,769,871)	(1,899,742)	63,574	(3,467,175)	(272,250)	(26,659,831)	25,309,205	298,333	25,607,538
Profit (loss) for the period	-	-	-	-	-	-	-	558,880	558,880	(13,711)	545,169
Other comprehensive (loss) income	-	-	-	(2,503)	696	(31,460)	-	-	(33,267)	-	(33,267)
Total comprehensive (loss) income for the period	-	-	-	(2,503)	696	(31,460)	-	558,880	525,613	(13,711)	511,902
As at 31 March 2023	<b>59,314,500</b>	<b>-</b>	<b>(1,769,871)</b>	<b>(1,902,245)</b>	<b>64,270</b>	<b>(3,498,635)</b>	<b>(272,250)</b>	<b>(26,100,951)</b>	<b>25,834,818</b>	<b>284,622</b>	<b>26,119,440</b>

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



# Sokouk Holding Company K.S.C.P. and its Subsidiaries

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 31 March 2024

	<i>Notes</i>	<i>Three months ended 31 March</i>	<i>2023</i>
		<b>2024</b>	<b>2023</b>
		<b>KD</b>	<b>KD</b>
<b>OPERATING ACTIVITIES</b>			
Profit for the period before tax		1,231,530	545,169
<i>Adjustments to reconcile profit for the period to net cash flows:</i>			
Share of results of associates		(1,303,243)	(624,252)
Depreciation of property and equipment		125,407	120,040
Depreciation of right-of-use assets		45,481	54,908
Provision for expected credit losses		4,280	60
Finance costs on debts and borrowings		275,625	284,625
Finance cost on lease liabilities		5,379	2,592
Provision for employees' end of service benefits		16,143	15,197
		<u>400,602</u>	<u>398,339</u>
<i>Changes in operating assets and liabilities:</i>			
Inventories		(17,562)	1,400
Accounts receivable and prepayments		3,219,519	(268,538)
Accounts payable and accruals		(518,983)	55,096
		<u>3,083,576</u>	<u>186,297</u>
Cash flows from operating activities		3,083,576	186,297
Employees' end of service benefits paid		(841)	(5,325)
		<u>3,082,735</u>	<u>180,972</u>
<b>Net cash flows from operating activities</b>			
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(269)	(12,514)
		<u>(269)</u>	<u>(12,514)</u>
<b>Net cash flows used in investing activities</b>			
<b>FINANCING ACTIVITIES</b>			
Payment of lease liabilities		(27,345)	(39,072)
Finance costs paid		(5,379)	(9,000)
Short term deposit (less than 6 months)	5	(1,500,000)	(500,000)
		<u>(1,532,724)</u>	<u>(548,072)</u>
<b>Net cash flows used in financing activities</b>			
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at 1 January		1,549,742	(379,614)
		<u>3,235,826</u>	<u>2,069,341</u>
<b>CASH AND CASH EQUIVALENTS AT 31 MARCH</b>			
	5	<u>4,785,568</u>	<u>1,689,727</u>
<b>Non-cash items excluded from the interim condensed consolidated statement of cash flows:</b>			
Addition to right-of-use assets and lease liability		(592,196)	-
Addition to lease liability		592,196	-

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

# Sokouk Holding Company K.S.C.P. and its Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

### 1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Sokouk Holding Company K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively, the “Group”) for the three months ended 31 March 2024 was authorised for issue in accordance with a resolution of the directors on 13 May 2024.

The annual general assembly meeting (“AGM”) of the Parent Company for the year ended 31 December 2023 has not been held yet. Accordingly, the shareholders of the Parent Company have not yet approved the consolidated financial statements for the year ended 31 December 2023. The interim condensed consolidated financial information for the three-month period ended 31 March 2024 do not include any adjustments, which might have been required.

The Parent Company is a public shareholding company incorporated and domiciled in the State of Kuwait and whose shares are publicly traded in Boursa Kuwait.

The Parent Company’s head office is located at ITS building 3<sup>rd</sup> Floor, Mubarak Al-Kabeer Street, Sharq and its registered postal address is at P.O. Box 29110, Safat 13152 - State of Kuwait.

The Parent Company is a subsidiary of Aref Investment Group S.A.K. (Closed) (referred to hereunder as “Aref” or the “Ultimate Parent Company”), a Kuwaiti shareholding company incorporated and domiciled in the State of Kuwait.

The principal activities of the Parent Company as per its Memorandum of Incorporation are, as follows:

- ▶ Owning shares of Kuwaiti or foreign shareholding companies or units in Kuwaiti or foreign limited liability companies, or establishing, managing, financing and sponsoring such companies.
- ▶ Financing and sponsoring entities in which the Parent Company has an ownership interest of not less than 20% in such entities.
- ▶ Owning industrial rights such as patents, industrial trademarks, sponsoring foreign companies or any other related industrial rights and leasing such rights for the benefit of companies inside or outside State of Kuwait.
- ▶ Owning movable assets or real estates required to pursue the Parent Company’s activities within the limits acceptable by law.
- ▶ Utilising available surplus funds by investing these funds in portfolios managed by specialised parties.

All activities are conducted in accordance with Islamic Shari‘a as approved by the Parent Company’s Fatwa and Shari‘a Supervisory Board.

The interim condensed consolidated financial information includes the financial information of the Parent Company and the following principal subsidiaries:

<i>Subsidiary Name</i>	<i>Activity</i>	<i>Incorporation</i>	<i>% equity interest</i>		
			<i>31 March 2024</i>	<i>31 December 2023</i>	<i>31 March 2023</i>
Gulf Real Estate Development House Company K.S.C. (Closed)	Real Estate	Kuwait	<b>87.99%</b>	87.99%	87.99%
Sokouk Real Estate Company K.S.C. (Closed) *	Real Estate	Kuwait	<b>96.52%</b>	96.52%	99.99%
Sokouk Al Kuwaitia Trading Company W.L.L.*	Real estate	Kuwait	<b>99%</b>	99%	99%

\* The remaining shares/ units in these subsidiaries are held by other related parties on behalf of the Parent Company. Therefore, the effective holding of the Parent Company in these subsidiaries is 100%.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

**2 FUNDAMENTAL ACCOUNTING CONCEPT**

As at 31 March 2024, the Group's accumulated losses amounted to KD 22,657,797 (31 December 2023: KD 23,806,748 and 31 March 2023: KD 26,100,951). Further, as at the reporting date, the Group's current liabilities exceeded its current assets by KD 17,717,061 (31 December 2023: KD 17,614,565 and 31 March 2023: KD 21,786,247).

The interim condensed consolidated financial information has been prepared on a going concern basis, which assumes that the Group will be able to meet the mandatory repayment terms of the banking facilities taking into consideration the following assumptions:

- The cash flow over next twelve months from the date the interim condensed consolidated financial information is authorised for issue depends on the Group's ability to implement the mitigating factors within the Group's control.
- The ultimate outcome of the lawsuit filed by a lender against the Group (refer to Note 9 for further details).

Management acknowledges that uncertainty remains over the Group's ability to meet its funding requirements and to refinance or repay its banking facilities as they fall due. However, based on the facts and circumstances known at this moment, management has determined that the use of the going concern assumption is warranted and has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. If for any reason the Group is unable to continue as a going concern, then this could have an impact on the Group's ability to realise assets at their recognised values and to extinguish liabilities in the normal course of business at the amounts stated in the interim condensed consolidated financial information.

**3 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES**

**3.1 Basis of preparation**

The interim condensed consolidated financial information for the three months ended 31 March 2024 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The Group has prepared the interim condensed consolidated financial information on the basis that it will continue to operate as a going concern. The management considered that material uncertainties exist that may cast significant doubt over this assumption (refer Note 2 for further details). They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2023.

Further, results for the three months period ended 31 March 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

**3.2 New standards, interpretations and amendments adopted by the Group**

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

**Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7**

In May 2023, the IASB issued amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Group's interim condensed consolidated financial information.

# Sokouk Holding Company K.S.C.P. and its Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

### 3 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

#### 3.2 New standards, interpretations and amendments adopted by the Group (continued)

##### Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- ▶ What is meant by a right to defer settlement
- ▶ That a right to defer must exist at the end of the reporting period
- ▶ That classification is unaffected by the likelihood that an entity will exercise its deferral right
- ▶ That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the Group's interim condensed consolidated financial information.

### 4 EARNINGS PER SHARE (EPS)

Basic EPS is calculated by dividing the profit for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

	<i>Three months ended</i>	
	<i>31 March</i>	
	<b>2024</b>	2023
Profit for the period attributable to equity holders of the Parent Company (KD)	<b>1,148,951</b>	558,880
Weighted average number of ordinary shares (excluding treasury shares) outstanding during the period	<b>571,645,336</b>	571,645,336
<b>Basic and diluted earnings per share attributable to the equity holders of the Parent Company</b>	<b>2.01 Fils</b>	0.98 Fils

There have been no transactions involving ordinary shares between the reporting date and the date of authorisation of this interim condensed consolidated financial information.

### 5 CASH AND CASH EQUIVALENTS

	<i>31 March</i>	<i>(Audited)</i>	<i>31 March</i>
	<i>2024</i>	<i>31 December</i>	<i>2023</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Cash balance	<b>10,045</b>	10,100	8,629
Bank balances	<b>1,725,523</b>	1,275,726	1,131,098
Short term deposits	<b>4,550,000</b>	1,950,000	1,050,000
Cash and cash equivalents in interim condensed consolidated statement of financial position	<b>6,285,568</b>	3,235,826	2,189,727
Short term deposits (more than 3 months)	<b>(1,500,000)</b>	-	(500,000)
Cash and cash equivalents in interim condensed consolidated statement of financial position	<b>4,785,568</b>	3,235,826	1,689,727

## Sokouk Holding Company K.S.C.P. and its Subsidiaries

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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#### 6 INVESTMENT IN ASSOCIATES

Details of associates are set out below:

Name	% Equity interest (Audited)			Carrying amount (Audited)		
	31 March 2024	31 December 2023	31 March 2023	31 March 2024	31 December 2023	31 March 2023
	%	%	%	KD	KD	KD
Munshaat Real Estate Projects Company K.S.C.P. ("Munshaat")	27.67	27.67	27.67	3,798,861	3,150,078	64,299
Qitaf Joint Venture ("Qitaf")	36.43	36.43	36.43	586,173	563,537	834,913
The Zamzam 2013 JV ("Zamzam")	23.48	23.48	23.48	9,977,562	9,383,267	11,623,317
				<b>14,362,596</b>	<b>13,096,882</b>	<b>12,522,529</b>

The movement in the carrying amount of investment in associates during the period/ year is, as follows:

Reconciliation to carrying amounts:	31 March 2024	(Audited) 31 December 2023	31 March 2022
	KD	KD	KD
As at the beginning of the period/ year	13,096,882	11,900,084	11,900,084
Share of results	1,303,243	4,765,559	624,252
Share of other comprehensive (loss) income	(38,724)	37,226	(2,503)
Exchange differences	1,195	2,010	696
Capital redemption	-	(3,607,997)	-
As at the end of the period/ year	<b>14,362,596</b>	<b>13,096,882</b>	<b>12,522,529</b>

The Group carried out an impairment assessment during the fourth quarter of the immediately preceding annual reporting period resulting in no impairment loss against any of the associates. Since the impairment test was performed at the end of the last annual reporting period, in light of current economic situation management believes that there are no new triggering events during the current interim period that require the Group to perform an impairment test in accordance with IAS 36.

#### 7 PROPERTY AND EQUIPMENT

Land and buildings with a carrying amount of KD 26,243,031 (31 December 2023: KD 26,368,240, 31 March 2023: KD 26,636,545) are subject to a first charge to secure the Group's Islamic finance payables (Note 9).

##### *Impairment losses related to a real estate property*

As at 31 December 2023, the Group assessed whether there is an indication that land and building may be impaired through assessing factors such as significant external adverse changes including market, economic, technological or legal environment factors in which the Group operates or internal observable factors including failure to meet budgeted and forecasted earnings in the current and prior years; that may trigger indicators of impairment that will either impact the carrying value or the remaining useful life of land and building. The management has also considered certain additional factors such as maintenance status, market knowledge and historical transactions.

Based on management assessment and the valuation performed by two independent real estate valuers with experience in the locations and category of the property being valued, no impairment indicators were noted. Management believes that there are no significant circumstances during the interim period that have arisen since year-end which may have a significant impact on the recoverable amount.

# Sokouk Holding Company K.S.C.P. and its Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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### 8 EQUITY

#### 8.1 Share capital

As at 31 March 2024, the authorised, issued and fully paid-up capital of the Parent Company comprises of 593,145,000 (31 December 2023: 593,145,000 and 31 March 2023: 593,145,000) shares of 100 fils each. All shares are paid in cash.

#### 8.2 Treasury shares

		<i>(Audited)</i>	
	<b>31 March 2024</b>	<i>31 December 2023</i>	<i>31 March 2023</i>
Number of treasury shares	<b>21,499,664</b>	21,499,664	21,499,664
Percentage of share capital	<b>3.60%</b>	3.60%	3.60%
Cost of treasury shares – KD	<b>1,769,871</b>	1,769,871	1,769,871
Market value – KD	<b>1,074,983</b>	1,117,983	472,993
Weighted average market price – fils	<b>50</b>	52	22

Reserves equivalent to the cost of the treasury shares held are not available for distribution during the holding period of such shares as per CMA guidelines.

### 9 ISLAMIC FINANCE PAYABLES

	<i>Effective interest rate (EIR)</i>		<i>(Audited)</i>	
<i>Currency</i>		<b>31 March 2024 KD</b>	<i>31 December 2023 KD</i>	<i>31 March 2023 KD</i>
Secured Ijara facility	Kuwaiti Dinar	6.00%	-	600,000
Secured Ijara contract*	Kuwaiti Dinar	5.25%	<b>24,215,625</b>	23,113,125
			<b>24,215,625</b>	23,713,125

\* Secured Ijara contract amounting to KD 24,215,625 (31 December 2023: KD 23,940,000 and 31 March 2023: KD 23,113,125) represent a finance lease agreement (“Ijara contract”) entered into between Gulf Real Estate Development House Company (“Subsidiary”) and a local financial institution (“lender”) for a hotel property located in the State of Kuwait (“leased property”) and maturing at the end of the lease on 30 June 2020 (“maturity date”). Ijara payables are secured by a first charge over the Group’s leased property, with a carrying value of KD 26,243,031 at 31 March 2024 (31 December 2023: KD 26,368,240 and 31 March 2023: KD 26,636,545).

The financing arrangements expired and the amount outstanding was payable on 30 June 2020; however, both the Subsidiary and the lender did not reach a conclusion and, accordingly the lender officially notified the Subsidiary in August 2020 to surrender the leased property.

On 5 April 2021, the Group was subpoenaed by the court to evict and surrender the leased property following a claim lodged by the lender. The Group’s external legal counsel developed a defense strategy for the trial proceedings mainly claiming the difference between the carrying value of the lease property and debt obligation outstanding. On 17th November 2021 the Court of First Instance ruled in favour of the lender and ordered the Subsidiary to hand over the leased property. However, after taking appropriate legal advice, the Subsidiary decided to appeal against the decision before the Court of Appeal within the prescribed timeframe. On 20 June 2022, the higher court decided to suspend the case until the outcome of the counter litigation filed by the Group to prove its claim on the right of ownership on the property which is scheduled on 20 May 2024.

On 4 July 2021, the lender has filed another case against the Group requesting the court to refer the matter to experts to evaluate the ownership of the property and has also raised a demand for compensation for the period from the date of expiry of the contract, i.e., 30 June 2020 till date. The Group has filed a counter litigation to prove its claim on the right of ownership on the property. However, finance cost was continuously accrued by the Group since the expiry of the contract on 30 June 2020 in order to provide any such contingency. The court had given a decision in favor of the Group on 25 December 2022 regarding the above 2 cases. The Lender has appealed against the decision on 24 January 2023. There is no decision taken till the reporting date and the court has assigned 20 May 2024 to further deliberate on the matter.



Sokouk Holding Company K.S.C.P. and its Subsidiaries

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**10 RELATED PARTY DISCLOSURES (continued)**

**Key management compensation**

Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group.

The aggregate value of transactions and balances outstanding related to key management personnel were as follows:

	<i>Transaction values for the three months ended</i>		<i>Balance outstanding as at</i>		
	<i>31 March 2024</i>	<i>31 March 2023</i>	<i>(Audited)</i>		
	<i>KD</i>	<i>KD</i>	<i>31 March 2024</i>	<i>31 December 2023</i>	<i>31 March 2023</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Salaries and other short-term benefits	<b>27,226</b>	26,788	<b>54,111</b>	75,571	49,423
End of service benefits	<b>935</b>	925	<b>21,755</b>	20,355	17,056
Compensation to independent board member	-	-	-	10,000	7,500
	<b>28,161</b>	27,713	<b>75,866</b>	105,926	73,979



# Sokouk Holding Company K.S.C.P. and its Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

### 11 SEGMENT INFORMATION

For management purposes, the Parent Company is organised into three major business segments. The principal activities and services under these segments are as follows:

- ▶ Hotel operations: Provision of hospitality services through the Millennium Hotel and Convention Center Kuwait
- ▶ Real estate: Managing investment properties
- ▶ Investment: Managing direct investments and investment in subsidiaries and associates

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on return on investments. The Group does not have any inter-segment transactions.

The following table presents segment revenue, expenses, results information of the Group's operating segments for the three months ended 31 March 2024 and 31 March 2023:

	<i>Hotel operations KD</i>	<i>Real estate KD</i>	<i>Investment KD</i>	<i>Other unallocated items KD</i>	<i>Total KD</i>
<i>Three months ended</i>					
<i>31 March 2024</i>					
Segment revenue	1,024,665	118,206	1,303,243	24,514	2,470,628
Segment expenses	(1,214,300)	(24,210)	-	(102,658)	(1,341,168)
Segment results	<u>(189,635)</u>	<u>93,996</u>	<u>1,303,243</u>	<u>(78,144)</u>	<u>1,129,460</u>
	<i>Hotel operations KD</i>	<i>Real estate KD</i>	<i>Investment KD</i>	<i>Other unallocated items KD</i>	<i>Total KD</i>
<i>Three months ended</i>					
<i>31 March 2023</i>					
Segment revenue	928,615	115,273	624,252	25,000	1,693,140
Segment expenses	(1,028,583)	(25,224)	-	(94,164)	(1,147,971)
Segment results	<u>(99,968)</u>	<u>90,049</u>	<u>624,252</u>	<u>(69,164)</u>	<u>545,169</u>

# Sokouk Holding Company K.S.C.P. and its Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

### 11 SEGMENT INFORMATION (continued)

The following table presents assets and liabilities for the Group's operating segments as at 31 March 2024, 31 December 2022 and 31 March 2022, respectively:

	<i>Hotel operations KD</i>	<i>Real estate KD</i>	<i>Investment KD</i>	<i>Other unallocated items KD</i>	<i>Total KD</i>
<b>As at 31 March 2024</b>					
Total assets	<u>30,667,722</u>	<u>8,741,924</u>	<u>14,945,751</u>	<u>3,129,665</u>	<u>57,485,062</u>
Total liabilities	<u>24,699,511</u>	<u>931,502</u>	<u>12,083</u>	<u>600,921</u>	<u>26,244,017</u>
<b>31 December 2023 (audited)</b>					
	<i>Hotel operations KD</i>	<i>Real estate KD</i>	<i>Investment KD</i>	<i>Others KD</i>	<i>Total KD</i>
Total assets	<u>30,138,356</u>	<u>8,540,631</u>	<u>13,679,228</u>	<u>3,595,241</u>	<u>55,953,456</u>
Total liabilities	<u>23,987,465</u>	<u>934,364</u>	<u>399,615</u>	<u>483,708</u>	<u>25,805,152</u>
	<i>Hotel operations KD</i>	<i>Real estate KD</i>	<i>Investment KD</i>	<i>Other unallocated items KD</i>	<i>Total KD</i>
<b>As at 31 March 2023</b>					
Total assets	<u>29,720,606</u>	<u>8,227,806</u>	<u>13,136,448</u>	<u>515,753</u>	<u>51,600,613</u>
Total liabilities	<u>23,745,445</u>	<u>889,264</u>	<u>399,615</u>	<u>446,849</u>	<u>25,481,173</u>

### 12 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

<b>31 March 2024</b>	<i>Within 1 year KD</i>	<i>After 1 year KD</i>	<i>Total KD</i>
<b>ASSETS</b>			
Cash and cash equivalents	6,285,568	-	6,285,568
Inventories	79,230	-	79,230
Accounts receivable and prepayments	1,282,589	-	1,282,589
Investment properties	-	6,958,000	6,958,000
Financial assets at FVOCI	-	382,936	382,936
Investment in associates	-	14,362,596	14,362,596
Right-of-use assets	-	1,884,486	1,884,486
Property and equipment	-	26,249,657	26,249,657
<b>TOTAL ASSETS</b>	<u>7,647,387</u>	<u>49,837,675</u>	<u>57,485,062</u>
<b>LIABILITIES</b>			
Islamic finance payables	24,215,625	-	24,215,625
Accounts payable and accruals	1,148,823	504,700	1,653,523
Employees' end of service benefits	-	374,869	374,869
<b>TOTAL LIABILITIES</b>	<u>25,364,448</u>	<u>879,569</u>	<u>26,244,017</u>
<b>NET LIQUIDTY GAP</b>	<u>(17,717,061)</u>	<u>48,958,106</u>	<u>31,241,045</u>

Sokouk Holding Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

**12 MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)**

<i>31 December 2023 (audited)</i>	<i>Within 1 year KD</i>	<i>Over 1 year KD</i>	<i>Total KD</i>
<b>ASSETS</b>			
Cash and cash equivalents	3,235,826	-	3,235,826
Inventories	61,668	-	61,668
Accounts receivable and prepayments	4,506,388	-	4,506,388
Investment properties	-	6,958,000	6,958,000
Financial assets at FVOCI	-	382,126	382,126
Investment in associates	-	13,096,882	13,096,882
Right-of-use assets	-	1,337,771	1,337,771
Property and equipment	-	26,374,795	26,374,795
<b>TOTAL ASSETS</b>	<b>7,803,882</b>	<b>48,149,574</b>	<b>55,953,456</b>
<b>LIABILITIES</b>			
Islamic finance payables	23,940,000	-	23,940,000
Accounts payable and accruals	1,478,447	27,138	1,505,585
Employees' end of service benefits	-	359,567	359,567
<b>TOTAL LIABILITIES</b>	<b>25,418,447</b>	<b>386,705</b>	<b>25,805,152</b>
<b>NET LIQUIDTY GAP</b>	<b>(17,614,565)</b>	<b>47,762,869</b>	<b>30,148,304</b>
<i>31 March 2023</i>	<i>Within 1 year KD</i>	<i>After 1 year KD</i>	<i>Total KD</i>
<b>ASSETS</b>			
Cash and cash equivalents	2,189,727	-	2,189,727
Inventories	72,401	-	72,401
Accounts receivable and prepayments	1,038,036	-	1,038,036
Investment properties	-	7,226,084	7,226,084
Financial assets at FVOCI	-	413,700	413,700
Investment in associates	-	12,522,529	12,522,529
Right-of-use assets	-	1,495,127	1,495,127
Property and equipment	-	26,643,009	26,643,009
<b>TOTAL ASSETS</b>	<b>3,300,164</b>	<b>48,300,449</b>	<b>51,600,613</b>
<b>LIABILITIES</b>			
Islamic finance payables	23,713,125	-	23,713,125
Accounts payable and accruals	1,373,286	64,928	1,438,214
Employees' end of service benefits	-	329,834	329,834
<b>TOTAL LIABILITIES</b>	<b>25,086,411</b>	<b>394,762</b>	<b>25,481,173</b>
<b>NET LIQUIDTY GAP</b>	<b>(21,786,247)</b>	<b>47,905,687</b>	<b>26,119,440</b>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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**13 FAIR VALUE OF FINANCIAL INSTRUMENTS**

*Fair value hierarchy*

All financial assets and liabilities for which fair value is measured or disclosed in the interim condensed consolidated financial information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- ▶ Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- ▶ Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- ▶ Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the interim condensed consolidated financial information at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

**Valuation methods and assumptions**

The following methods and assumptions were used to estimate the fair values:

*Unlisted equity securities*

The fair value of unlisted equity investment has been estimated using a market-based valuation technique. The Group determines comparable public companies (peers) based on industry, size and leverage and calculates an appropriate trading multiple for the comparable company identified. The multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company specific facts and circumstances. The Group classifies the fair value of these investments as Level 3.

*Other financial assets and liabilities*

Fair value of other financial instruments is not materially different from their carrying values, at the reporting date, as most of these instruments are of short-term maturity or re-priced immediately based on market movement in interest rates.

**Reconciliation of Level 3 fair values**

The following table shows a reconciliation of all movements in the fair value of items categorised within Level 3 between the beginning and the end of the reporting period:

	<i>Non-listed equity investments</i>		
	<i>(Audited)</i>		
	<i>31 March 2024</i>	<i>31 December 2023</i>	<i>31 March 2023</i>
As at 1 January	<b>382,126</b>	445,160	445,160
Remeasurement (loss) gain recognised in OCI	<b>810</b>	(63,034)	(31,460)
	<b>382,936</b>	382,126	413,700

The valuation techniques and inputs used in this interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
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As at and for the period ended 31 March 2024

**13 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

**Reconciliation of Level 3 fair values (continued)**

The fair value of financial instruments classified as level 3 are, in certain circumstances, measured using valuation techniques that incorporate assumptions that are not evidenced by the prices from observable current market transactions in the same instrument and are not based on observable market data. The Group employs valuation techniques, depending on the instrument type and available market data. For example, in the absence of active market, an investment's fair value is estimated on the basis of an analysis of the investee's financial position and results, risk profile and other factors. Favourable and unfavourable changes in the value of financial instruments are determined on the basis of changes in the value of the instruments as a result of varying the levels of the unobservable parameters, quantification of which is judgmental. The management assessed that the impact on profit or loss or other comprehensive income would be immaterial if the relevant risk variables used to fair value the financial instruments classified as Level 3 were altered by 5 percent.