

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

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

30 SEPTEMBER 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 30 September 2024, and the related interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of comprehensive income for the three and nine months period then ended, and the interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine 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 8 to the interim condensed consolidated financial information, under Gulf Real Estate Development House Company K.S.C. (Closed) (the “subsidiary”), Islamic finance payables of KD 21,000,000 (31 December 2023: KD 21,000,000, 30 September 2023: KD 21,000,000) and the finance cost of KD 4,318,164 (31 December 2023: KD 2,940,000, 30 September 2023: KD 2,644,375) are secured by a first charge over the subsidiary’s land and buildings (the “leased property”) with a carrying value of KD 26,031,181 (31 December 2023: KD 26,368,240 and 30 September 2023: KD 26,469,060).

As stated in the note therein, the financing arrangements expired and the amount outstanding was payable on 30 September 2020. Following a claim to handover the leased property to the lender in 2021 and throughout the legal dispute and proceeding between the lender and the subsidiary, on 17 May 2023, the Court of Appeal ruled in favor of the subsidiary that the property remains a pledge against the Islamic finance payable; therefore, the ownership of the property remains with the subsidiary. Furthermore, with respect to the joint guarantee contract with the Parent Company towards the debt obligation, the Court of Appeal, ruled a final decision that the contract is void; accordingly, the Parent Company has no contractual obligation towards the Islamic finance payables.

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)

However, on 13 July 2023, the lender appealed against the decision in the Court of Cassation and filed a motion to suspend the execution procedures. The court hearing was assigned on 20 May 2024 to further deliberate on the matter but was cancelled by the court and next hearing date is yet to be scheduled. 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.

Furthermore, during the period, the lender filed a new case against the Parent Company and the Subsidiary claiming the Islamic finance payables amounting to KD 21,000,000 with 5.25% profit. The first instance court hearing was scheduled on 20 October 2024 and further postponed to 17 November 2024.

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.

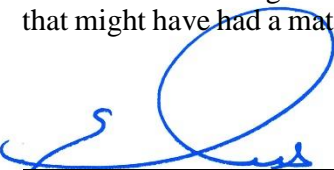
Qualified Conclusion

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.

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 nine months period ended 30 September 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 organization of security activity and its executive regulations, as amended, during the nine months period ended 30 September 2024 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

11 November 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 30 September 2024

	Notes	Three months ended		Nine months ended	
		30 September		30 September	
		2024	2023	2024	2023
		KD	KD	KD	KD
INCOME					
Hospitality income		849,011	1,008,256	3,021,559	3,132,333
Hospitality costs		(521,567)	(531,998)	(1,666,194)	(1,613,643)
Net hospitality income		327,444	476,258	1,355,365	1,518,690
Net rental income from investment properties		106,996	116,086	342,196	347,581
Share of results of associates	5	211,685	2,295,243	3,000,362	4,598,449
Management fees income		15,660	17,170	53,291	54,317
Other income		89,321	5,590	100,093	21,305
		751,106	2,910,347	4,851,307	6,540,342
EXPENSES					
Staff costs		(180,558)	(170,961)	(579,747)	(550,955)
Administrative expenses		(141,024)	(163,162)	(497,514)	(485,718)
Depreciation of right-of-use assets		(23,812)	(23,644)	(71,437)	(70,931)
Provision for expected credit losses		(1,520)	(5,800)	(4,540)	(3,880)
Financing costs for debts and loans.		(275,664)	(284,624)	(826,914)	(853,874)
Financing costs for lease obligations.		(8,486)	(1,642)	(22,761)	(6,359)
		(631,064)	(649,833)	(2,002,913)	(1,971,717)
PROFIT FOR THE PERIOD BEFORE TAX		120,042	2,260,514	2,848,394	4,568,625
Taxation		(157)	-	(137,788)	-
PROFIT FOR THE PERIOD		119,885	2,260,514	2,710,606	4,568,625
Attributable to:					
Equity holders of the Parent Company		144,039	2,276,588	2,769,199	4,607,772
Non-controlling interests		(24,154)	(16,074)	(58,593)	(39,147)
		119,885	2,260,514	2,710,606	4,568,625
BASIC AND DILUTED EARNINGS PER SHARE					
ATTRIBUTABLE TO EQUITY HOLDERS OF					
THE PARENT COMPANY					
	3	0.25 Fils	3.98 Fils	4.84 Fils	8.06 Fils

The attached notes 1 to 12 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 30 September 2024

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
PROFIT FOR THE PERIOD	119,885	2,260,514	2,710,606	4,568,625
Other comprehensive income (loss):				
<i>Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of foreign operations	(3,490)	5,426	(3,683)	7,498
Share of other comprehensive income (loss) of associates	11,545	17,282	(22,958)	7,207
Net other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods	8,055	22,708	(26,641)	14,705
<i>Other comprehensive income (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	(2,761)	(29,446)	60,782	(60,231)
Share of other comprehensive income of associates	(5,043)	-	-	-
Other comprehensive (loss) income for the period	(7,804)	(29,446)	60,782	(60,231)
Net other comprehensive (loss) income for the period	251	(6,738)	34,141	(45,526)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	120,136	2,253,776	2,744,747	4,523,099
Attributable to:				
Equity holders of the Parent Company	144,290	2,269,850	2,803,340	4,562,246
Non-controlling interests	(24,154)	(16,074)	(58,593)	(39,147)
	120,136	2,253,776	2,744,747	4,523,099

The attached notes 1 to 12 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 30 September 2024

		30 September	<i>(Audited)</i> 31 December	30 September
	<i>Notes</i>	2024	2023	2023
		KD	KD	KD
ASSETS				
Cash and cash equivalents	4	7,774,032	3,235,826	3,225,142
Inventories		52,108	61,668	86,704
Accounts receivable and prepayments		622,317	4,506,388	1,160,575
Investment properties		6,958,000	6,958,000	6,930,000
Financial assets at FVOCI		442,908	382,126	384,929
Investment in associates	5	16,070,603	13,096,882	16,513,238
Right-of-use assets		1,765,721	1,337,771	1,384,268
Property and equipment	6	26,037,677	26,374,795	26,475,787
TOTAL ASSETS		59,723,366	55,953,456	56,160,643
EQUITY AND LIABILITIES				
Equity				
Share capital	7	59,314,500	59,314,500	59,314,500
Statutory reserve		1,769,871	1,769,871	-
Treasury shares	7	(1,769,871)	(1,769,871)	(1,769,871)
Effect of changes in other comprehensive income of associates		(1,885,474)	(1,862,516)	(1,892,535)
Foreign currency translation reserve		61,901	65,584	71,073
Fair value reserve		(3,469,427)	(3,530,209)	(3,527,406)
Other reserve		(272,250)	(272,250)	(272,250)
Accumulated losses		(21,037,549)	(23,806,748)	(22,052,057)
Equity attributable to equity holders of the Parent Company		32,711,701	29,908,361	29,871,454
Non-controlling interests		181,350	239,943	259,186
Total equity		32,893,051	30,148,304	30,130,640
LIABILITIES				
Islamic finance payables	8	24,766,875	23,940,000	24,264,375
Accounts payable and accruals		1,663,551	1,505,585	1,413,288
Employees' end of service benefits		399,889	359,567	352,340
Total liabilities		26,830,315	25,805,152	26,030,003
TOTAL EQUITY AND LIABILITIES		59,723,366	55,953,456	56,160,643



Abdullateef Mohammad Allothman
Vice Chairman




Ahmad Mohammed Othman Al-Quraishi
Chief Executive Officer

The attached notes 1 to 12 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 30 September 2024

	<i>Attributable to equity holders of the Parent Company</i>										
	<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	-	-	-	-	-	-	-	2,769,199	2,769,199	(58,593)	2,710,606
Other comprehensive (loss) income	-	-	-	(22,958)	(3,683)	60,782	-	-	34,141	-	34,141
Total comprehensive (loss) income for the period	-	-	-	(22,958)	(3,683)	60,782	-	2,769,199	2,803,340	(58,593)	2,744,747
As at 30 September 2024	59,314,500	1,769,871	(1,769,871)	(1,885,474)	61,901	(3,469,427)	(272,250)	(21,037,549)	32,711,701	181,350	32,893,051
As at 1 January 2023	59,314,500	-	(1,769,871)	(1,899,742)	63,575	(3,467,175)	(272,250)	(26,659,829)	25,309,208	298,333	25,607,541
Profit (loss) for the period	-	-	-	-	-	-	-	4,607,772	4,607,772	(39,147)	4,568,625
Other comprehensive income (loss)	-	-	-	7,207	7,498	(60,231)	-	-	(45,526)	-	(45,526)
Total comprehensive income (loss) for the period	-	-	-	7,207	7,498	(60,231)	-	4,607,772	4,562,246	(39,147)	4,523,099
As at 30 September 2023	59,314,500	-	(1,769,871)	(1,892,535)	71,073	(3,527,406)	(272,250)	(22,052,057)	29,871,454	259,186	30,130,640

The attached notes 1 to 12 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 30 September 2024

	Note	<i>Nine months ended</i>	
		<i>30 September</i>	
		<i>2024</i>	<i>2023</i>
		<i>KD</i>	<i>KD</i>
OPERATING ACTIVITIES			
Profit for the period before tax		2,848,394	4,568,625
<i>Adjustments to reconcile profit for the period to net cash flows:</i>			
Share of results of associates		(3,000,362)	(4,598,449)
Depreciation of property and equipment		378,822	367,309
Depreciation of right-of-use assets		164,276	165,767
Provision for expected credit losses		3,020	3,880
Finance costs on debts and borrowings		826,875	853,874
Finance cost on lease liabilities		22,761	6,359
Provision for employees' end of service benefits		61,781	42,102
		1,305,567	1,409,467
<i>Changes in operating assets and liabilities:</i>			
Inventories		9,560	(12,903)
Accounts receivable and prepayments		3,881,051	(394,894)
Accounts payable and accruals		(472,320)	103,130
Cash flows from operating activities		4,723,858	1,104,800
Employees' end of service benefits paid		(21,459)	(9,724)
Net cash flows from operating activities		4,702,399	1,095,076
INVESTING ACTIVITIES			
Purchase of property and equipment		(41,704)	(92,561)
Sale of investment properties		-	296,084
Net cash flows (used in) from investing activities		(41,704)	203,523
FINANCING ACTIVITIES			
Payment of lease liabilities		(122,489)	(115,798)
Finance costs paid		-	(27,000)
Net cash flows used in financing activities		(122,489)	(142,798)
NET INCREASE IN CASH AND CASH EQUIVALENTS		4,538,206	1,155,801
Cash and cash equivalents at 1 January		3,235,826	2,069,341
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	4	7,774,032	3,225,142
Non-cash items excluded from the interim condensed consolidated statement of cash flows:			
Addition to right-of-use assets		(592,226)	-
Addition to lease liability		592,226	-

The attached notes 1 to 12 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 30 September 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 nine months ended 30 September 2024 was authorised for issue in accordance with a resolution of the directors on 11 November 2024.

The consolidated financial statements of the Group for the year ended 31 December 2023 were approved by the shareholders at the annual general assembly meeting (“AGM”) held on 12 May 2024. No dividends have been declared by the Parent Company

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

The Parent Company’s head office is located at ITS building 3rd 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’ah as approved by the Parent Company’s Fatwa and Shari’ah 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>30 September 2024</i>	<i>31 December 2023</i>	<i>30 September 2023</i>
Gulf Real Estate Development House Company K.S.C. (Closed)	Real Estate	Kuwait	87.99%	87.99%	87.99%
Sokouk Real Estate Company K.S.C. (Closed) *	Real Estate	Kuwait	96.52%	96.52%	99.99%
Sokouk Al Kuwaitia Trading Company W.L.L.*	Real estate	Kuwait	99%	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 30 September 2024

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

2.1 Basis of preparation

The interim condensed consolidated financial information for the nine months ended 30 September 2024 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

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 nine months period ended 30 September 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.

2.2 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.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

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

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.

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 30 September 2024

3 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>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
Profit for the period attributable to equity holders of the Parent Company (KD)	144,039	2,276,588	2,769,199	4,607,772
Weighted average number of ordinary shares (excluding treasury shares) outstanding during the period	571,645,336	571,645,336	571,645,336	571,645,336
Basic and diluted earnings per share attributable to the equity holders of the Parent Company	0.25	3.98	4.84	8.06

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

4 CASH AND CASH EQUIVALENTS

	<i>30 September</i> <i>2024</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2023</i> <i>KD</i>	<i>30 September</i> <i>2023</i> <i>KD</i>
Cash balance	8,694	10,100	11,645
Bank balances	1,315,338	1,275,726	2,163,497
Short term deposits	6,450,000	1,950,000	1,050,000
Cash and cash equivalents in interim condensed consolidated statement of financial position	7,774,032	3,235,826	3,225,142

5 INVESTMENT IN ASSOCIATES

<i>Name</i>	<i>% Equity interest</i>			<i>Carrying amount</i>		
	<i>(Audited)</i>			<i>(Audited)</i>		
	<i>30 September</i> <i>2024</i> <i>%</i>	<i>31 December</i> <i>2023</i> <i>%</i>	<i>30 September</i> <i>2023</i> <i>%</i>	<i>30 September</i> <i>2024</i> <i>KD</i>	<i>31 December</i> <i>2023</i> <i>KD</i>	<i>30 September</i> <i>2023</i> <i>KD</i>
Munshaat Real Estate Projects Company K.S.C.P. ("Munshaat")	27.67	27.67	27.67	4,630,784	3,150,078	3,054,116
Qitaf Joint Venture ("Qitaf")	36.43	36.43	36.43	632,807	563,537	944,691
The Zamzam 2013 JV ("Zamzam")	23.48	23.48	23.48	10,807,012	9,383,267	12,514,431
				16,070,603	13,096,882	16,513,238

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 30 September 2024

5 INVESTMENT IN ASSOCIATES (continued)

Details of associates are set out below:

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

	<i>30 September</i> <i>2024</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2023</i> <i>KD</i>	<i>30 September</i> <i>2023</i> <i>KD</i>
Reconciliation to carrying amounts:			
As at the beginning of the period/ year	13,096,882	11,900,084	11,900,084
Share of results	3,000,362	4,765,559	4,598,449
Share of other comprehensive (loss) income	(22,958)	37,226	7,207
Exchange differences	(3,683)	2,010	7,498
Capital redemption	-	(3,607,997)	-
As at the end of the period/ year	16,070,603	13,096,882	16,513,238

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.

6 PROPERTY AND EQUIPMENT

Land and buildings with a carrying amount of KD 26,031,181 (31 December 2023: KD 26,368,240, 30 September 2023: KD 26,469,060) are subject to a first charge to secure the Group's Islamic finance payables (Note 8).

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.

7 EQUITY

7.1 Share capital

As at 30 September 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 30 September 2023: 593,145,000) shares of 100 fils each. All shares are paid in cash.

7.2 Treasury shares

	<i>30 September</i> <i>2024</i>	<i>(Audited)</i> <i>31 December</i> <i>2023</i>	<i>30 September</i> <i>2023</i>
Number of treasury shares	21,499,664	21,499,664	21,499,664
Percentage of share capital	3.60%	3.60%	3.60%
Cost of treasury shares – KD	1,769,871	1,769,871	1,769,871
Market value – KD	1,010,484	1,117,983	752,488
Weighted average market price – fils	47	52	35

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.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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8 ISLAMIC FINANCE PAYABLES

	<i>Currency</i>	<i>Effective interest rate (EIR)</i>	<i>30 September 2024 KD</i>	<i>(Audited) 31 December 2023 KD</i>	<i>30 September 2023 KD</i>
Secured Ijara facility	Kuwaiti Dinar	6.00%	-	-	600,000
Secured Ijara contract*	Kuwaiti Dinar	5.25%	24,766,875	23,940,000	23,664,375
			24,766,875	23,940,000	24,264,375

* Secured Ijara contract amounting to KD 24,766,875 (31 December 2023: KD 23,940,000 and 30 September 2023: KD 23,664,375) 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 26,031,181 at 30 September 2024 (31 December 2023: KD 26,368,240 and 30 September 2023: KD 26,469,060).

The financing arrangements expired, and the amount outstanding was payable on 30 September 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 favor 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 time frame. 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, the hearing was cancelled by the court and the case was transferred to cassation prosecution.

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 September 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 September 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. Furthermore, with respect to the joint guaranteed contract with the Parent Company towards the debt obligation, the Court of Appeal, ruled a final decision that the contract is void; accordingly, the Parent Company has no contractual obligation towards the Islamic finance payables. The Lender has appealed against the decision on 24 January 2023. The court has assigned 20 May 2024 to further deliberate on the matter but the hearing was cancelled by the court and the case was transferred to cassation prosecution.

Furthermore, during the period, the lender filed a new case against the Parent Company and the Subsidiary claiming the Islamic finance payables amounting to KD 21,000,000 with 5.25% profit. The first instance court hearing was scheduled on 20 October 2024 and further postponed to 17 November 2024.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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9 RELATED PARTY DISCLOSURES

Related parties represent the Ultimate Parent Company, major shareholders, associates, directors and key management personnel of the Group, and companies of which they are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the Parent Company's management.

The following table provides the total amount of transactions that have been entered into with related parties during the nine months ended June 2024 and 2023, as well as balances with related parties as at 30 September 2024, 31 December 2023 and 30 September 2023.

				<i>Nine months ended</i>		
				<i>30 September</i> <i>2024</i> <i>KD</i>	<i>30 September</i> 2023 <i>KD</i>	
<i>Interim condensed consolidated statement of profit or loss:</i>			<i>Associates</i> <i>KD</i>			
Management fees income			53,291	53,291	54,317	
Management fees					16,799	
	<i>Major shareholder of the Ultimate Parent Company</i> <i>KD</i>	<i>Associates</i> <i>KD</i>	<i>Other related parties</i> <i>KD</i>	<i>30 September</i> <i>2024</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2023</i> <i>KD</i>	<i>30 September</i> <i>2023</i> <i>KD</i>
<i>Interim condensed consolidated statement of financial position:</i>						
Receivables from related parties		155,402	23,358	178,760	4,187,704	739,044
Payables to related parties	121,845	37,157	30,860	189,862	532,787	534,474

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2024

9 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 nine months ended</i>		<i>Balances outstanding as at</i>		
	<i>30 September 2024</i>	<i>30 September 2023</i>	<i>(Audited)</i>		
	<i>KD</i>	<i>KD</i>	<i>30 September 2024</i>	<i>31 December 2023</i>	<i>30 September 2023</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Salaries and other short-term benefits	27,300	80,574	49,545	75,571	73,446
End of service benefits	1,890	3,750	24,596	20,355	19,237
Compensation to independent board member	-	-	-	10,000	-
	29,190	84,324	74,141	105,926	92,683

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 30 September 2024

10 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 nine months ended 30 September 2024 and 30 September 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>Nine months ended 30 September 2024</i>					
Segment revenue	3,021,559	342,197	3,000,362	153,384	6,517,502
Segment expenses	(3,396,419)	(91,838)	-	(318,639)	(3,806,896)
Segment results	<u>(374,860)</u>	<u>250,359</u>	<u>3,000,362</u>	<u>(165,255)</u>	<u>2,710,606</u>
<i>Nine months ended 30 September 2023</i>					
Segment revenue	3,132,333	347,581	4,598,449	75,622	8,153,985
Segment expenses	(3,212,203)	(95,834)	-	(277,323)	(3,585,360)
Segment results	<u>(79,870)</u>	<u>251,747</u>	<u>4,598,449</u>	<u>(201,701)</u>	<u>4,568,625</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 30 September 2024

10 SEGMENT INFORMATION (continued)

The following table presents assets and liabilities for the Group's operating segments as at 30 September 2024, 31 December 2023 and 30 September 2023, 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>
<i>As at 30 September 2024</i>					
Total assets	<u>30,884,169</u>	<u>9,139,410</u>	<u>16,513,511</u>	<u>3,186,276</u>	<u>59,723,366</u>
Total liabilities	<u>25,297,110</u>	<u>923,685</u>	<u>50,175</u>	<u>559,345</u>	<u>26,830,315</u>
<i>31 December 2023 (audited)</i>					
	<i>Hotel operations KD</i>	<i>Real estate KD</i>	<i>Investment KD</i>	<i>Other unallocated items 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>As at 30 September 2023</i>					
	<i>Hotel operations KD</i>	<i>Real estate KD</i>	<i>Investment KD</i>	<i>Other unallocated items KD</i>	<i>Total KD</i>
Total assets	<u>30,022,807</u>	<u>8,711,022</u>	<u>17,098,387</u>	<u>328,427</u>	<u>56,160,643</u>
Total liabilities	<u>24,301,080</u>	<u>892,642</u>	<u>399,615</u>	<u>436,666</u>	<u>26,030,003</u>

11 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.

<i>30 September 2024</i>	<i>Within 1 year KD</i>	<i>After 1 year KD</i>	<i>Total KD</i>
ASSETS			
Cash and cash equivalents	<u>7,774,032</u>	-	<u>7,774,032</u>
Inventories	<u>52,108</u>	-	<u>52,108</u>
Accounts receivable and prepayments	<u>622,317</u>	-	<u>622,317</u>
Investment properties	-	<u>6,958,000</u>	<u>6,958,000</u>
Financial assets at FVOCI	-	<u>442,908</u>	<u>442,908</u>
Investment in associates	-	<u>16,070,603</u>	<u>16,070,603</u>
Right-of-use assets	-	<u>1,765,721</u>	<u>1,765,721</u>
Property and equipment	-	<u>26,037,677</u>	<u>26,037,677</u>
TOTAL ASSETS	<u>8,448,457</u>	<u>51,274,909</u>	<u>59,723,366</u>
LIABILITIES			
Islamic finance payables	<u>24,766,875</u>	-	<u>24,766,875</u>
Accounts payable and accruals	<u>345,954</u>	<u>1,317,597</u>	<u>1,663,551</u>
Employees' end of service benefits	-	<u>399,889</u>	<u>399,889</u>
TOTAL LIABILITIES	<u>25,112,829</u>	<u>1,717,486</u>	<u>26,830,315</u>
NET LIQUIDTY GAP	<u>(16,664,372)</u>	<u>49,557,423</u>	<u>32,893,051</u>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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11 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>
ASSETS			
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
TOTAL ASSETS	7,803,882	48,149,574	55,953,456
LIABILITIES			
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
TOTAL LIABILITIES	25,418,447	386,705	25,805,152
NET LIQUIDTY GAP	(17,614,565)	47,762,869	30,148,304
<i>30 September 2023</i>	<i>Within 1 year KD</i>	<i>After 1 year KD</i>	<i>Total KD</i>
ASSETS			
Cash and cash equivalents	3,225,142	-	3,225,142
Inventories	86,704	-	86,704
Accounts receivable and prepayments	1,160,575	-	1,160,575
Investment properties	-	6,930,000	6,930,000
Financial assets at FVOCI	-	384,929	384,929
Investment in associates	-	16,513,238	16,513,238
Right-of-use assets	-	1,384,268	1,384,268
Property and equipment	-	26,475,787	26,475,787
TOTAL ASSETS	4,472,421	51,688,222	56,160,643
LIABILITIES			
Employees' end of service benefits	-	352,340	352,340
Islamic finance payables	24,264,375	-	24,264,375
Accounts payable and accruals	1,380,574	32,714	1,413,288
TOTAL LIABILITIES	25,644,949	385,054	26,030,003
NET LIQUIDTY GAP	(21,172,528)	51,303,168	30,130,640

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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12 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>30 September 2024</i>	<i>(Audited) 31 December 2023</i>	<i>30 September 2023</i>
As at 1 January	382,126	445,160	445,160
Remeasurement gain (loss) recognised in OCI	60,782	(63,034)	(60,231)
	442,908	382,126	384,929

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.

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12 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.