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

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

30 SEPTEMBER 2022

Building a better working world

Ernst & Young
Al Aiban, Al Osaimi & Partners
P.O. Box 74
18–20th Floor, Baitak Tower
Ahmed Al Jaber Street
Safat Square 13001, Kuwait

Tel: +965 2295 5000
Fax: +965 2245 6419
kuwait@kw.ey.com
ey.com/mena

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 2022, and the related interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of comprehensive income for the three months and nine months periods 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 9 and Note 14 to the interim condensed consolidated financial information, Islamic finance payables of KD 21,000,000 (31 December 2021: KD 21,000,000, 30 September 2021: 21,000,000) are secured by a first charge over certain of the Group's land and buildings (the "leased property") with a carrying value of KD 26,829,406 as at 30 September 2022 (31 December 2021: KD 27,180,093, 30 September 2021: KD 27,305,082).

As stated in Note 9 and Note 14 therein, the financing arrangements expired and the amount outstanding was payable on 30 June 2020. The uncertainties arising from the COVID-19 pandemic has made it difficult for the Group to refinance the existing financial liabilities or to access alternative financing arrangements, and accordingly the Group has been unable to conclude renegotiations with the lender.

During the previous year, the Group was subpoenaed by the court to evict and handover the leased property following a claim lodged by the lender. On 17 November 2021, the first instance court ruled against the Group and handover the leased property to the lender. The Group had appealed against the ruling in higher court. The Group has also filed a counter litigation mainly claiming the difference between the carrying value of the leased property and the debt obligation outstanding.

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 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 November 2022. The Group continues to record the related finance cost.

As stated in Note 9 and Note 14, the lender 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 date of expiry of financing arrangement. The court received the experts report on 19 September 2022 and contravened on 23 October 2022 and decided to shift the case to a different department – Commercial Government department, which has decided to send the matters to their own set of experts. The court is scheduled to hear this matter on 20 November 2022. Further, the Group filed a counter litigation to prove its claim on the right of ownership of property and have also claimed refund of entire finance cost since the beginning of financing arrangement contending this financing was in contravention of Islamic Sharia law. The court is scheduled to consider this matter on 20 November 2022.

Considering the range of possible outcomes of the judicial process, we were unable to obtain sufficient appropriate evidence at this stage to assess whether the Group continues to have ownership rights or the right to benefit from the recognised property and if the liabilities to which the arrangement applies represent the actual obligations of the Group at the reporting date. Consequently, 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 27,058,042 (31 December 2021: KD 27,215,900 and 30 September 2021: KD 27,980,929). Further, the Group's current liabilities exceeded its current assets by KD 22,092,684 (31 December 2021: KD 21,096,249 and 30 September 2021: KD 20,945,266).

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.

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 nine months period ended 30 September 2022 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, 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 the Capital Markets Authority and its related regulations during the nine months period ended 30 September 2022 that might have had a material effect on the business of the Parent Company or on its financial position.

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

7 November 2022
Kuwait

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the period ended 30 September 2022

		Three months ended 30 September		*Nine months ended 30 September*	
		2022	*2021*	***2022***	*2021*
	Notes	***KD***	*KD*	***KD***	*KD*
INCOME					
Hospitality income		**760,438**	316,980	**2,057,249**	1,395,298
Hospitality costs		**(460,191)**	(329,670)	**(1,293,899)**	(1,070,435)
Net hospitality income (loss)		**300,247**	(12,690)	**763,350**	324,863
Net rental income from investment properties		**118,726**	94,885	**316,281**	279,027
Share of results of associates	5	**474,692**	(471,439)	**469,649**	(3,600,449)
Management fees income		**20,765**	13,425	**48,959**	37,128
Other income		**6,831**	2,112	**90,950**	22,758
		921,261	(373,707)	**1,689,189**	(2,936,673)
EXPENSES					
Staff costs		**(158,625)**	(166,897)	**(509,740)**	(561,753)
Administrative expenses		**(139,292)**	(101,392)	**(420,362)**	(578,020)
Depreciation of right-of-use assets		**(23,362)**	(29,031)	**(70,085)**	(86,908)
Reversal of (allowance for) expected credit losses		**1,480**	(370)	**(530)**	790
Finance costs		**(196,381)**	(203,672)	**(590,426)**	(612,690)
		(516,180)	(501,362)	**(1,591,143)**	(1,838,581)
PROFIT (LOSS) FOR THE PERIOD BEFORE TAX		**405,081**	(875,069)	**98,046**	(4,775,254)
Taxation	5	**-**	(388,321)	**-**	(388,321)
Director's remuneration		**-**	-	**(7,500)**	-
PROFIT (LOSS) FOR THE PERIOD		**405,081**	(1,263,390)	**90,546**	(5,163,575)
Attributable to:					
Equity holders of the Parent Company		**429,755**	(1,219,213)	**157,858**	(5,036,251)
Non-controlling interests		**(24,674)**	(44,177)	**(67,312)**	(127,324)
		405,081	(1,263,390)	**90,546**	(5,163,575)
BASIC AND DILUTED EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	4	**0.75 Fils**	(2.13) Fils	**0.28 Fils**	(8.81) Fils

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 September 2022

	Three months ended 30 September		*Nine months ended 30 September*	
	2022	*2021*	***2022***	*2021*
	KD	*KD*	***KD***	*KD*
PROFIT (LOSS) FOR THE PERIOD	**405,081**	(1,263,390)	**90,546**	(5,163,575)
Other comprehensive income (loss):				
Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	**11,022**	1,512	**22,298**	(3,934)
Share of other comprehensive (loss) income of associates	**(4,140)**	(3,774)	**(15,835)**	23,106
	6,882	(2,262)	**6,463**	19,172
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:				
Net gain on equity instruments at fair value through other comprehensive income	**6,385**	64,000	**267,052**	90,569
	6,385	64,000	**267,052**	90,569
Total comprehensive income for the period	**13,267**	61,738	**273,515**	109,741
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	**418,348**	(1,201,652)	**364,061**	(5,053,834)
Attributable to:				
Equity holders of the Parent Company	**443,022**	(1,157,475)	**431,373**	(4,926,510)
Non-controlling interests	**(24,674)**	(44,177)	**(67,312)**	(127,324)
	418,348	(1,201,652)	**364,061**	(5,053,834)

The attached notes 1 to 14 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 2022

	Notes	*30 September 2022 KD*	*(Audited) 31 December 2021 KD*	*30 September 2021 KD*
ASSETS				
Cash and cash equivalents		**2,009,485**	2,595,842	2,755,476
Inventories		**59,078**	52,781	46,955
Accounts receivable and prepayments		**779,387**	664,240	727,188
Investment properties		**6,978,750**	5,304,000	5,141,000
Financial assets at FVOCI		**483,965**	847,872	751,547
Investment in associates	5	**11,661,368**	11,185,256	10,301,181
Right-of-use assets		**1,588,996**	1,753,918	2,009,912
Property and equipment	6	**26,835,895**	27,188,274	27,318,360
TOTAL ASSETS		**50,396,924**	49,592,183	49,051,619
EQUITY AND LIABILITIES				
Equity				
Share capital	7	**59,314,500**	59,314,500	59,314,500
Treasury shares	7	**(1,769,871)**	(1,769,871)	(1,769,871)
Effect of changes in other comprehensive income of associates		**(1,901,906)**	(1,886,071)	(1,893,683)
Foreign currency translation reserve		**75,657**	53,359	51,203
Fair value reserve		**(3,428,370)**	(3,695,422)	(3,791,747)
Other reserve		**(272,250)**	(272,250)	(272,250)
Accumulated losses		**(27,058,042)**	(27,215,900)	(27,980,929)
Equity attributable to equity holders of the Parent Company		**24,959,718**	24,528,345	23,657,223
Non-controlling interests		**287,887**	355,199	389,746
Total equity		**25,247,605**	24,883,544	24,046,969
LIABILITIES				
Employees' end of service benefits		**308,620**	296,161	342,881
Islamic finance payables	9	**23,453,750**	22,902,500	22,918,750
Accounts payable and accruals		**1,386,949**	1,509,978	1,743,019
Total liabilities		**25,149,319**	24,708,639	25,004,650
TOTAL EQUITY AND LIABILITIES		**50,396,924**	49,592,183	49,051,619

Mr. Abdullateef Mohammad Alothman
Vice Chairman

Ahmad Mohammed Othman Al-Quraishi
Chief Executive Officer

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 2022

	Attributable to equity holders of the Parent Company											
	Share capital KD	***Statutory reserve KD***	***Voluntary reserve KD***	***Treasury shares KD***	***Effect of changes in OCI of associates KD***	***Foreign currency translation reserve KD***	***Fair value reserve KD***	***Other reserve KD***	***Accumulated losses KD***	***Sub-total KD***	***Non-controlling interests KD***	***Total equity KD***
As at 1 January 2022	59,314,500	-	-	(1,769,871)	(1,886,071)	53,359	(3,695,422)	(272,250)	(27,215,900)	24,528,345	355,199	24,883,544
Profit (loss) for the period	-	-	-	-	-	-	-	-	157,858	157,858	(67,312)	90,546
Other comprehensive (loss) income	-	-	-	-	(15,835)	22,298	267,052	-	-	273,515	-	273,515
Total comprehensive (loss) income for the period	-	-	-	-	(15,835)	22,298	267,052	-	157,858	431,373	(67,312)	364,061
As at 30 September 2022	**59,314,500**	**-**	**-**	**(1,769,871)**	**(1,901,906)**	**75,657**	**(3,428,370)**	**(272,250)**	**(27,058,042)**	**24,959,718**	**287,887**	**25,247,605**
As at 1 January 2021	59,314,500	2,895,475	2,895,475	(1,769,871)	(1,916,789)	55,137	(3,882,316)	(272,250)	(28,735,628)	28,583,733	517,070	29,100,803
Loss for the period	-	-	-	-	-	-	-	-	(5,036,251)	(5,036,251)	(127,324)	(5,163,575)
Other comprehensive income (loss)	-	-	-	-	23,106	(3,934)	90,569	-	-	109,741	-	109,741
Total comprehensive income (loss) for the period	-	-	-	-	23,106	(3,934)	90,569	-	(5,036,251)	(4,926,510)	(127,324)	(5,053,834)
Extinguishment of accumulated losses (Note 8)	-	(2,895,475)	(2,895,475)	-	-	-	-	-	5,790,950	-	-	-
As at 30 September 2021	59,314,500	-	-	(1,769,871)	(1,893,683)	51,203	(3,791,747)	(272,250)	(27,980,929)	23,657,223	389,746	24,046,969

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 30 September 2022

	Nine months ended 30 September	
	2022	*2021*
	KD	*KD*
OPERATING ACTIVITIES		
Profit (loss) for the period	**90,546**	(5,163,575)
Adjustments to reconcile profit (loss) for the period to net cash flows:		
Share of results of associates	**(469,649)**	3,600,449
Depreciation of property and equipment	**372,429**	393,812
Depreciation of right-of-use assets	**164,922**	210,465
Dividend from financial assets at FVOCI	**(78,870)**	(18,656)
Provision for (reversal of) expected credit losses	**530**	(790)
Finance costs on debts and borrowings	**578,250**	585,000
Finance cost on lease liabilities	**12,176**	27,690
Provision for employees' end of service benefits	**38,586**	54,438
	708,920	(311,167)
Changes in operating assets and liabilities:		
Inventories	**(6,297)**	(10,101)
Accounts receivable and prepayments	**(115,677)**	33,180
Accounts payable and accruals	**(17,001)**	109,194
Cash flows from (used in) operating activities	**569,945**	(178,894)
Employees' end of service benefits paid	**(26,127)**	(36,154)
Net cash flows from (used in) operating activities	**543,818**	(215,048)
INVESTING ACTIVITIES		
Purchase of property and equipment	**(20,050)**	(13,995)
Purchase of investment properties	**(1,674,750)**	-
Proceeds from partial redemption of financial assets at FVOCI	**630,959**	457,254
Dividend received from financial assets at FVOCI	**78,870**	18,656
Net cash flows (used in) from investing activities	**(984,971)**	461,915
FINANCING ACTIVITIES		
Payment of lease liabilities	**(106,028)**	(163,440)
Finance costs paid	**(39,176)**	(33,750)
Net cash flows used in financing activities	**(145,204)**	(197,190)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(586,357)**	49,677
Cash and cash equivalents at 1 January	**2,595,842**	2,705,799
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	**2,009,485**	2,755,476

Non-cash items excluded from the interim condensed consolidated statement of cash flows:

Extinguishment of accumulated losses (adjusted with statutory reserve)	-	2,895,475
Extinguishment of accumulated losses (adjusted with voluntary reserve)	-	2,895,475

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

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 2022 was authorised for issue in accordance with a resolution of the directors on 7 November 2022.

The Group's annual audited consolidated financial statements for the year ended 31 December 2021 were approved by the shareholders of the Parent Company at the annual general assembly meeting ("AGM") held on 26 April 2022. 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 Boursa 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 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 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 Sharīʿa as approved by the Parent Company's Fatwa and Sharīʿa Supervisory Board.

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

			% equity interest		
				(Audited)	
Subsidiary Name	***Activity***	***Incorporation***	***30 September 2022***	*31 December 2021*	*30 September 2021*
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%	96.52%
Sokouk Al Oula Trading Company W.L.L. **	Real estate	Kuwait	**Nil%**	Nil%	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%.

**During the prior year, the subsidiary was closed. There was no gain or loss recorded in interim condensed consolidated statement of profit or loss as the subsidiary had no operations.

2 FUNDAMENTAL ACCOUNTING CONCEPT

For the nine months period ended 30 September 2022, the Group earned a net profit of KD 90,546 (30 September 2021: net loss KD 5,163,575) and, as of that date, Group's accumulated losses amounted to KD 27,058,042 (31 December 2021: KD 27,215,900 and 30 September 2021: KD 27,980,929). Further, as at the reporting date, the Group's current liabilities exceeded its current assets by KD 22,092,684 (31 December 2021: KD 21,096,249 and 30 September 2021: KD 20,945,266).

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 14 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 and the possible scenarios about how the pandemic and resulting government measures could evolve, 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 nine months ended 30 September 2022 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The Group has prepared the 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 doubt 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 2021.

Further, results for the nine months period ended 30 September 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022. 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 2021, except for the adoption of new standards effective as of 1 January 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

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)

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37 (continued)
The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The Group applied the amendments to the contracts for which it had not fulfilled all of its obligations at the beginning of the reporting period.

These amendments had no impact on the interim condensed consolidated financial information of the Group as there were no onerous contracts outstanding within the scope of these amendments arisen during the period.

Reference to the Conceptual Framework – Amendments to IFRS 3
The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

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

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the interim condensed consolidated financial information of the Group as there were no sales of such items produced by property and equipment made available for use on or after the beginning of the earliest period presented.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

These amendments had no impact on the interim condensed consolidated financial information of the Group as there were no modifications of the Group's financial instruments during the period.

Several amendments and interpretations apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial information of the Group.

4 EARNINGS (LOSS) PER SHARE (EPS)

Basic EPS is calculated by dividing the profit (loss) 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 (loss) 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.

	Three months ended 30 September		*Nine months ended 30 September*	
	2022	*2021*	***2022***	*2021*
Profit (loss) for the period attributable to equity holders of the Parent Company (KD)	**429,755**	(1,219,213)	**157,858**	(5,036,251)
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 (loss) per share attributable to the equity holders of the Parent Company (fils)	**0.75**	(2.13)	**0.28**	(8.81)

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 INVESTMENT IN ASSOCIATES

Details of associates are set out below:

Name	*% Equity interest*			*Carrying amount*		
		(Audited)			*(Audited)*	
	30 September 2022	*31 December 2021*	*30 September 2021*	***30 September 2022***	*31 December 2021*	*30 September 2021*
	%	*%*	*%*	***KD***	*KD*	*KD*
Munshaat Real Estate Projects Company K.S.C.P. ("Munshaat")	**27.67**	27.67	27.67	**-**	-	-
Qitaf Joint Venture ("Qitaf")	**36.43**	36.43	36.43	**851,692**	813,197	640,944
The Zamzam 2013 JV ("Zamzam")	**23.48**	23.48	23.48	**10,809,676**	10,372,059	9,660,237
				11,661,368	11,185,256	10,301,181

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

		(Audited)	
	30 September 2022	*31 December 2021*	*30 September 2021*
Reconciliation to carrying amounts:	***KD***	*KD*	*KD*
As at the beginning of the period/ year	**11,185,256**	13,882,458	13,882,458
Share of results	**469,649**	(2,726,142)	(3,600,449)
Share of other comprehensive (loss) income	**(15,835)**	30,718	23,106
Exchange differences	**22,298**	(1,778)	(3,934)
As at the end of the period/ year	**11,661,368**	11,185,256	10,301,181

5 INVESTMENT IN ASSOCIATES (continued)

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.

Tax claim on related to Munshaat
During the prior period, board of directors of Munshaat approved in their meeting on 25 May 2021 the allocation report performed by independent advisor appointed by Munshaat to allocate the tax expense to each of the taxable entities. Taxation represents 20% income tax for the year 2018 and 2.5% Zakat for 2019 payable to General Authority of Zakat and Tax (“GAZT”), in the Kingdom of Saudi Arabia (“KSA”). As a result, based on results of the allocation exercise, Group’s share of the tax claim amounted to KD 388,321 (equivalent to SAR 4,830,846) which has been recognised by the Group within “Taxation” in the interim condensed consolidated statement of profit or loss.

6 PROPERTY AND EQUIPMENT

Land and buildings with a carrying amount of KD 26,829,406 (31 December 2021: KD 27,180,093, 30 September 2021: KD 27,305,082) 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 2021, 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 2022, the authorised, issued and fully paid-up capital of the Parent Company comprises of 593,145,000 (31 December 2021: 593,145,000 and 30 September 2021: 593,145,000) shares of 100 fils each. All shares are paid in cash.

7.2 Treasury shares

	30 September 2022	*(Audited) 31 December 2021*	*30 September 2021*
Number of treasury shares	**21,499,664**	21,499,664	21,499,664
Percentage of share capital	**3.62%**	3.62%	3.62%
Cost of treasury shares – KD	**1,769,871**	1,769,871	1,769,871
Market value – KD	**580,491**	644,990	515,992
Weighted average market price – fils	**27**	30	24

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.

8 ANNUAL GENERAL ASSEMBLY RESOLUTIONS

The annual general meeting ("AGM") of the shareholders of the Parent Company held on 26 April 2022 approved the consolidated financial statements for the year ended 31 December 2021 and approved compensation of KD 7,500 to the independent board member for the year then ended. Further, the shareholders of the Parent Company in this AGM resolved not to distribute dividends for the year ended 31 December 2021.

The AGM of the shareholders of the Parent Company held on 24 June 2021 approved the consolidated financial statements for the year ended 31 December 2020 and resolved not to distribute dividends for the year then ended.

9 ISLAMIC FINANCE PAYABLES

	Currency	*Effective interest rate (EIR)*	*30 September 2022 KD*	*(Audited) 31 December 2021 KD*	*30 September 2021 KD*
Secured Ijara facility*	Kuwaiti Dinar	4.50%	**800,000**	800,000	1,000,000
Secured Ijara contract**	Kuwaiti Dinar	3.50%	**22,653,750**	22,102,500	21,918,750
			23,453,750	22,902,500	22,918,750

* Secured Ijara facility amounting to KD 800,000 (31 December 2021: KD 800,000 and 30 September 2020: KD 1,000,000) represent facilities obtained from local Islamic financial institutions and are secured by investment properties amounting to KD 3,576,000 (31 December 2021: KD 3,576,000 and 30 September 2021: KD 3,512,000).

** Secured Ijara contract amounting to KD 22,653,750 (31 December 2021: KD 22,102,500 and 30 September 2021: KD 1,000,000) 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") with a lease term of 65 months commencing on the date of signing the Ijara contract and maturing at the end of the lease on 30 June 2020 ("maturity date"). The lease payments are repayable in equal quarterly instalments of KD 275,625 and the ownership of the leased property is transferred to the Subsidiary once a lump sum payment of KD 21,000,000 ("balloon payment") is made at the maturity date. Ijara payables of KD 22,653,750 are secured by a first charge over the Group's leased property, with a carrying value of KD 26,829,406 at 30 September 2022 (31 December 2021: KD 27,180,093 and 30 September 2021: KD 27,305,082) (Note 14).

The COVID-19 pandemic lockdown placed severe stress on the Subsidiary's liquidity position as revenue-generating activities were severely restricted from February 2020 onwards. Given the uncertainties arising from the COVID-19 pandemic, the Subsidiary sent several correspondences to the lender explaining the financial difficulties encountered due to COVID-19 and exploring the possibility of extending the Ijara contract for an additional two years term. 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 4 October 2020, the Subsidiary held its annual general assembly meeting ("AGM") and the majority shareholders approved to surrender the leased asset and discharge the debt obligation while preserving the Subsidiary's financial and legal rights to claim the difference between the carrying value of the leased asset and the debt obligation outstanding at the maturity date. However, the lender did not accept the handover terms and conditions which states the carrying value of the leased asset.

On 30 March 2021, the Subsidiary held an extra-ordinary general assembly meeting ("EGM") wherein the majority shareholders approved a plan to sell the leased asset to fulfil the debt obligations.

9 ISLAMIC FINANCE PAYABLES (continued)

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 first hearing was scheduled on 7 April 2021, but was adjourned without deliberation. 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 17 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 November 2022.

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 matter has been referred to experts. On 25 October 2021, the Court sentenced the referred to the Department of Experts which was scheduled for 21 March 2022, for receiving the expert report. The court received the experts report on 19 September 2022 and contravened on 23 October 2022 and decided to shift the case to a different department – Commercial Government department, which has decided to send the matters to their own set of experts. The court is scheduled to hear this matter on 20 November 2022.

Further, on the same 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 for any such contingency. The court is scheduled to consider this matter on 20 November 2022.

10 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 September 2022 and 2021, as well as balances with related parties as at 30 September 2022, 31 December 2021 and 30 September 2021.

		Nine months ended	
	Associates KD	***30 September 2022 KD***	*30 September 2021 KD*
Interim condensed consolidated statement of profit or loss:			
Management fees	**48,959**	**48,959**	37,128
Taxation	**-**	**-**	388,321

	Major shareholder of the Ultimate Parent Company KD	***Associates KD***	***Other related parties KD***	***30 September 2022 KD***	*(Audited) 31 December 2021 KD*	*30 September 2021 KD*
Interim condensed consolidated statement of financial position:						
Receivables from related parties	**-**	**339,044**	**39,382**	**378,426**	220,452	145,818
Payables to related parties	**121,844**	**388,566**	**18,649**	**529,059**	525,410	520,755

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:

	Transaction values for the three months ended		*Transaction values for the nine months ended*		*Balance outstanding as at*		
	30 September 2022 KD	*30 September 2021 KD*	***30 September 2022 KD***	*30 September 2021 KD*	***30 September 2022 KD***	*(Audited) 31 December 2021 KD*	*30 September 2021 KD*
Salaries and other short-term benefits	**25,986**	37,583	**86,333**	112,513	**102,248**	61,725	63,641
End of service benefits	**1,891**	2,389	**6,536**	7,090	**14,887**	86,249	83,705
Compensation to independent board member*	**-**	-	**7,500**	7,500	**7,500**	-	-
	27,877	39,972	**100,369**	127,103	**124,635**	147,974	147,346

* Compensation to independent board member has been approved by the shareholders of the Parent Company in their AGM held on 26 April 2022 (Note 8).

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:

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

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 2022 and 30 September 2021:

	Hotel operations KD	***Real estate KD***	***Investment KD***	***Other unallocated items KD***	***Total KD***
Nine months ended 30 September 2022					
Segment revenue	**2,057,249**	**316,281**	**469,649**	**139,909**	**2,983,088**
Segment expenses	**(2,520,404)**	**(75,689)**	**-**	**(296,449)**	**(2,892,542)**
Segment results	**(463,155)**	**240,592**	**469,649**	**(156,540)**	**90,546**

	Hotel operations KD	*Real estate KD*	*Investment KD*	*Other unallocated items KD*	*Total KD*
Nine months ended 30 September 2021					
Segment revenue	1,395,298	279,027	(3,600,449)	59,886	(1,866,238)
Segment expenses	(2,421,772)	(153,388)	(388,321)	(333,856)	(3,297,337)
Segment results	(1,026,474)	125,639	(3,988,770)	(273,970)	(5,163,575)

11 SEGMENT INFORMATION (continued)

The following table presents assets and liabilities for the Group's operating segments as at 30 September 2022, 31 December 2021 and 30 September 2021, respectively:

	Hotel operations KD	***Real estate KD***	***Investment KD***	***Other unallocated items KD***	***Total KD***
As at 30 September 2022					
Total assets	**29,282,787**	**7,873,418**	**12,345,551**	**895,168**	**50,396,924**
Total liabilities	**23,255,533**	**1,068,689**	**399,615**	**425,482**	**25,149,319**

31 December 2021 (Audited)	*Hotel operations KD*	*Real estate KD*	*Investment KD*	*Other unallocated items KD*	*Total KD*
Total assets	29,431,395	6,207,243	13,185,668	767,877	49,592,183
Total liabilities	22,793,787	1,069,569	388,566	456,717	24,708,639

	Hotel operations KD	*Real estate KD*	*Investment KD*	*Other unallocated items KD*	*Total KD*
As at 30 September 2021					
Total assets	29,782,592	6,025,405	12,205,268	1,038,354	49,051,619
Total liabilities	22,837,609	1,256,814	388,321	521,906	25,004,650

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.

30 September 2022	***Within 1 year KD***	***After 1 year KD***	***Total KD***
ASSETS			
Cash and cash equivalents	**2,009,485**	-	**2,009,485**
Inventories	**59,078**	-	**59,078**
Accounts receivable and prepayments	**579,167**	**200,220**	**779,387**
Investment properties	-	**6,978,750**	**6,978,750**
Financial assets at FVOCI	-	**483,965**	**483,965**
Investment in associates	-	**11,661,368**	**11,661,368**
Right-of-use assets	-	**1,588,996**	**1,588,996**
Property and equipment	-	**26,835,895**	**26,835,895**
TOTAL ASSETS	**2,647,730**	**47,749,194**	**50,396,924**
LIABILITIES			
Employees' end of service benefits	-	**308,620**	**308,620**
Islamic finance payables	**23,453,750**	-	**23,453,750**
Accounts payable and accruals	**1,286,664**	**100,285**	**1,386,949**
TOTAL LIABILITIES	**24,740,414**	**408,905**	**25,149,319**
NET LIQUIDTY GAP	**(22,092,684)**	**47,340,289**	**25,247,605**

12 MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

31 December 2021 (Audited)	*Within 1 year KD*	*Over 1 year KD*	*Total KD*
ASSETS			
Cash and cash equivalents	2,595,842	-	2,595,842
Inventories	52,781	-	52,781
Accounts receivable and prepayments	464,240	200,000	664,240
Investment properties	-	5,304,000	5,304,000
Financial assets at FVOCI	-	847,872	847,872
Investment in associates	-	11,185,256	11,185,256
Right-of-use assets	-	1,753,918	1,753,918
Property and equipment	-	27,188,274	27,188,274
TOTAL ASSETS	3,112,863	46,479,320	49,592,183
LIABILITIES			
Employees' end of service benefits	-	296,161	296,161
Islamic finance payables	22,902,500	-	22,902,500
Accounts payable and accruals	1,306,612	203,366	1,509,978
TOTAL LIABILITIES	24,209,112	499,527	24,708,639
NET LIQUIDTY GAP	(21,096,249)	45,979,793	24,883,544

30 September 2021	*Within 1 year KD*	*After 1 year KD*	*Total KD*
ASSETS			
Cash and cash equivalents	2,755,476	-	2,755,476
Inventories	46,955	-	46,955
Accounts receivable and prepayments	527,188	200,000	727,188
Investment properties	-	5,141,000	5,141,000
Financial assets at FVOCI	-	751,547	751,547
Investment in associates	-	10,301,181	10,301,181
Right-of-use assets	-	2,009,912	2,009,912
Property and equipment	-	27,318,360	27,318,360
TOTAL ASSETS	3,329,619	45,722,000	49,051,619
LIABILITIES			
Employees' end of service benefits	-	342,881	342,881
Islamic finance payables	22,918,750	-	22,918,750
Accounts payable and accruals	1,356,135	386,884	1,743,019
TOTAL LIABILITIES	24,274,885	729,765	25,004,650
NET LIQUIDTY GAP	(20,945,266)	44,992,235	24,046,969

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:

	Non-listed equity investments		
	30 September 2022	*31 December 2021*	*30 September 2021*
As at 1 January	**847,872**	660,978	660,978
Remeasurement gain recognised in OCI	**267,052**	186,894	90,569
Redemptions	**(630,959)**	-	-
	483,965	847,872	751,547

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 2021.

13 FAIR VALUE OF FINANCIAL INSTRUMENTS (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.

14 LEGAL CLAIM CONTINGENCY

Financing arrangements of a partly owned subsidiary ("Subsidiary") expired and the debt outstanding of KD 21,000,000 was payable on 30 June 2020. The Subsidiary was unable to conclude re-negotiations with the lender or obtain replacement financing as at the maturity date. On 10 August 2020, the lender officially notified the subsidiary to surrender a pledged asset included under 'Properties and equipment' and carried at KD 26,829,406 (31 December 2021 and 30 September 2021: KD 27,305,082 respectively) in the interim condensed consolidated statement of financial position as at 30 September 2022 (refer to Notes 6 and 9).

On 4 October 2020, the Subsidiary held its annual general assembly meeting ("AGM") and the majority shareholders approved to surrender the leased asset and discharge the debt obligation while preserving the Subsidiary's financial and legal rights to claim the difference between the carrying value of the leased asset and the debt obligation outstanding at the maturity date. However, the lender did not accept the handover terms and conditions which states the carrying value of the leased asset.

On 30 March 2021, the Subsidiary held an extra-ordinary general assembly meeting ("EGM") wherein the majority shareholders approved a plan to sell the leased asset to fulfil the debt obligations.

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 first hearing was scheduled on 7 April 2021, but was adjourned without deliberation. 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 17 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 November 2022.

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 matter has been referred to experts. On 25 October 2021, the Court sentenced the referred to the Department of Experts which was scheduled for 21 March 2022, for receiving the expert report. The court received the experts report on 19 September 2022 and contravened on 23 October 2022 and decided to shift the case to a different department – Commercial Government department, which has decided to send the matters to their own set of experts. The court is scheduled to hear this matter on 20 November 2022. Further, on the same 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 for any such contingency. The court is scheduled to consider this matter on 20 November 2022.