SULTAN CENTER FOOD PRODUCTS COMPANY - K.S.C. (PUBLIC)
AND ITS SUBSIDIARIES
STATE OF KUWAIT
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED SEPTEMBER 30, 2023
(UNAUDITED)
WITH
REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION

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AND ITS SUBSIDIARIES
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REPORT ON REVIEW OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The Board of Directors
Sultan Center Food Products Company - K.S.C. (Public) and its Subsidiaries
State of Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Sultan Center Food Products Company - K.S.C. (Public) (the "Parent Company") and its subsidiaries (the "Group") as at September 30, 2023 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income for the three month and nine month periods then ended, changes in equity and cash flows for the nine month period then ended. 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". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Condensed Consolidated Financial Information Performed by the Independent Auditor of the Entity." A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

- As disclosed in Note (4), the interim condensed consolidated financial information includes investment in associate "National Real Estate Company - K.S.C.P. (NREC)", where its interim condensed consolidated financial information includes an investment in associate "Agility Public Warehousing Company - K.S.C.P." which has filed an arbitration to recover one of its investments and a loan related thereto. Accordingly, we were unable to determine the effect of any adjustments that might be necessary to the value of NREC investment in "Agility Public Warehousing Company K.S.C.P." and the consequential impact of that adjustment on the accompanying interim condensed consolidated financial information.

- As disclosed in Note (4) in the interim condensed consolidated financial information and in accordance with the judgment of the Court of Cassation against the General Administration of Customs (“GAC”) in Kuwait, the associate "Agility Public Warehousing Company - K.S.C.P.” (associate of the associate Company) has not recorded any adjustments related to the final outcome as at September 30, 2023 in its interim condensed consolidated financial information, as the management of the associate is exploring the possibilities of entering into negotiations with GAC for settlement of awarded compensation, which in our view should have been recorded as an income and receivable. As a result, investment in associate (NREC) and total equity as of September 30, 2023, are understated by KD 1,913 thousand related to the share of results from the associate “National Real Estate Company - K.S.C.P. (NREC)”. Further, "Agility Public Warehousing Company - K.S.C.P.” is also eligible for 7% interest per annum on awarded compensation, the financial impact of interest has not been determined in the associate interim condensed consolidated financial information.

- As disclosed in Note (4) in the interim condensed consolidated financial information, during the period ended September 30, 2023, the associate Company “NREC” has entered legal dispute with the Ministry of Finance related to the renewal of their right of utilization of a commercial mall in the State of Kuwait, which the associate evacuated during the period ended September 30, 2023. Consequently, we were unable to determine the impact of these events on the recoverable amount of the Group’s investment in the associate and were unable to assess any necessary impairment losses in the investment in the associate to determine any adjustments that might be necessary to the accompanying interim condensed consolidated financial information.

- The interim condensed consolidated financial information of “Agility Public Warehousing Company - K.S.C.P” (associate of the associate Company) as at September 30, 2023, includes properties leased from the Public Authority for Industry, Kuwait (“PAI”) amounting to KD 279,342 thousand, of which the lease contracts of properties amounting to KD 190,729 thousand have expired as at the reporting date. During the period ended September 30, 2023, PAI issued notices to the associate expressing their unwillingness to renew or extend these leases and requested the associate to evacuate the leased premises. Therefore, the associate was unable to obtain a reliable estimate of the fair value of the investment properties leased from PAI, on account of the uncertainty associated with these properties, as a result of the ongoing litigation with PAI. Accordingly, we were unable to determine the effect of any adjustments that might be necessary to the carrying value of NREC investment in “Agility Public Warehousing Company K.S.C.P.” and the impact of that adjustment on the carrying value of the Group’s investment in associate Company NREC and the accompanying interim condensed consolidated financial information.

Qualified Conclusion

Based on our review, except for the possible effects of the matters described in the Basis for Qualified Conclusion Section, 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 International Accounting Standard 34 “Interim Financial Reporting”.

Material Uncertainty Related to Ongoing Concern

We draw attention to Note (12) to the interim condensed consolidated financial information which indicates that as at September 30, 2023, the Group’s current liabilities exceeded its current assets by KD 56,569,955 (December 31, 2022: KD 58,290,540, September 30, 2022: KD 55,614,004). Our conclusion is not qualified with respect of this matter.

Emphasis of Matter

We draw attention to Note (4) to the interim condensed consolidated financial information which indicates that the associate Company is involved in multiple lawsuits, the ultimate outcome of these lawsuits cannot be presently determined accordingly, no provisions were accounted for the effects that might result from the lawsuits in the interim condensed consolidated financial information of the associate Company. Our conclusion is not qualified with respect of this matter.

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, except for the matter described in the Basis for Qualified Conclusion section of our report and Note (12), we have not become aware of any violations of the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended during the nine month period ended September 30, 2023 that might have had a material effect on the Parent Company financial position or results of its operations.

We further report that, during the course of our review, we have not become aware of any material violations of the provisions of Law 7 of 2010 and its Executive Regulations, as amended, relating to the Capital Markets Authority (CMA) and its related regulations during the period ended September 30, 2023 that might have had a material effect on the Parent Company's financial position or results of its operations.

Nayef M. Al Bazie
License No. 91-A
RSM Albazie & Co.

State of Kuwait
November 14, 2023

SULTAN CENTER FOOD PRODUCTS COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT SEPTEMBER 30, 2023
(All amounts are in Kuwaiti Dinar)

ASSETS	Notes	September 30, 2023	December 31, 2022 (Audited)	September 30, 2022
Current assets:				
Cash on hand and at banks		**4,970,283**	7,079,452	5,443,729
Term deposit		**-**	800,859	1,625,130
Accounts receivable and other debit balances		**6,497,899**	5,789,745	7,282,608
Due from a related party	3	**120,000**	-	-
Inventories		**16,933,316**	15,439,703	15,529,143
		28,521,498	29,109,759	29,880,610
Assets relating to discontinued operations		**6,489,606**	6,489,606	6,489,606
Total current assets		**35,011,104**	35,599,365	36,370,216
Non-current assets:				
Due from a related party	3	**4,462,120**	-	-
Financial assets at fair value through other comprehensive income		**6,445,617**	7,287,582	8,323,201
Investment in an associate	4	**112,674,798**	106,965,918	95,682,875
Investment properties		**5,447,259**	9,363,369	9,460,760
Property, plant and equipment		**107,597,259**	106,434,555	106,217,648
Right of use assets	7 – a	**29,211,674**	24,139,980	24,825,898
Other assets		**478,693**	556,887	582,953
Total non-current assets		**266,317,420**	254,748,291	245,093,335
Total assets		**301,328,524**	290,347,656	281,463,551
LIABILITIES AND EQUITY				
Current liabilities:				
Bank borrowings	5	**3,715,592**	4,237,839	5,076,032
Accounts payable and other credit balances		**75,658,522**	77,578,983	75,134,383
Due to related parties	3	**207,450**	207,450	207,450
Murabaha payables	6	**908,876**	908,876	908,876
Lease Liabilities	7 - b	**4,302,445**	4,168,583	3,869,305
		84,792,885	87,101,731	85,196,046
Liabilities relating to discontinued operations		**6,788,174**	6,788,174	6,788,174
Total current liabilities		**91,581,059**	93,889,905	91,984,220
Non-current liabilities:				
Bank borrowings	5	**94,228,712**	101,918,898	102,016,340
Lease Liabilities	7 - b	**26,989,759**	21,510,964	22,323,480
Murabaha payables	6	**17,448,155**	17,309,030	16,559,030
Bonds payable	8	**9,764,044**	-	-
Provision for end of service indemnity		**4,380,147**	4,414,860	4,736,124
Total non-current liabilities		**152,810,817**	145,153,752	145,634,974
Total Liabilities		**244,391,876**	239,043,657	237,619,194
Equity:				
Share capital		**28,941,439**	28,941,439	28,941,439
Treasury shares	9	**(2,593,571)**	(2,593,571)	(2,593,571)
Statutory reserve		**2,741,138**	2,741,138	2,494,667
Voluntary reserve		**2,741,138**	2,741,138	2,494,667
Revaluation surplus		**53,497,422**	53,723,833	53,366,893
Effect of change in other comprehensive loss and other equity components of associate		**(44,920,135)**	(50,996,293)	(60,719,357)
Cumulative changes in fair value		**(1,038,003)**	(3,538,159)	(2,502,540)
Foreign currency translation adjustments		**(1,904,335)**	(1,837,307)	(1,667,193)
Retained earnings		**19,664,213**	22,326,192	24,210,048
Equity attributable to shareholders of the Parent Company		**57,129,306**	51,508,410	44,025,053
Non-controlling interests		**(192,658)**	(204,411)	(180,696)
Total equity		**56,936,648**	51,303,999	43,844,357
Total liabilities and equity		**301,328,524**	290,347,656	281,463,551

The accompanying notes from (1) to (16) form an integral part of the interim condensed consolidated financial information.

Essam Khalil Al Attal
Vice Chairman

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SULTAN CENTER FOOD PRODUCTS COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2023
(All amounts are in Kuwaiti Dinar)

	Notes	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Continuing operations:					
Operating revenues:					
Sales		**44,332,291**	44,283,694	**138,613,975**	138,765,426
Rental income		**40,654**	40,656	**121,968**	121,970
Service contract revenues		**814,152**	2,412,304	**2,754,039**	7,301,184
		45,187,097	46,736,654	**141,489,982**	146,188,580
Operating costs:					
Cost of sales		**(37,008,266)**	(37,163,141)	**(115,845,330)**	(115,555,391)
Service contract costs		**(615,861)**	(1,787,513)	**(2,180,362)**	(5,685,498)
		(37,624,127)	(38,950,654)	**(118,025,692)**	(121,240,889)
Gross profit		**7,562,970**	7,786,000	**23,464,290**	24,947,691
Other operating income		**2,089,202**	2,266,774	**7,225,504**	7,104,466
General, administrative and selling expenses		**(6,960,752)**	(6,563,650)	**(21,094,945)**	(21,411,051)
Depreciation and amortization		**(1,774,149)**	(1,607,370)	**(5,221,309)**	(4,783,343)
Profit from operations		**917,271**	1,881,754	**4,373,540**	5,857,763
Group's share of results from an associate	4	**579,908**	1,538,723	**(367,278)**	2,879,639
Net gain (loss) on sale of property, plant and equipment and investment properties		**822**	236	**(218,924)**	10,424
Net provisions (charged) no longer required	10	**(748,281)**	(230,000)	**(73,623)**	195,000
Finance charges		**(2,394,381)**	(1,875,023)	**(6,590,352)**	(5,014,471)
(Loss) profit for the period from continuing operations		**(1,644,661)**	1,315,690	**(2,876,637)**	3,928,355
Discontinued operations:					
Loss for the period from discontinued operations		**-**	-	**-**	(303,792)
(Loss) profit for the period		**(1,644,661)**	1,315,690	**(2,876,637)**	3,624,563
Attributable to:					
Shareholders of the Parent Company		**(1,618,913)**	1,285,588	**(2,888,390)**	3,498,684
Non-controlling interests		**(25,748)**	30,102	**11,753**	125,879
(Loss) profit for the period		**(1,644,661)**	1,315,690	**(2,876,637)**	3,624,563
(Loss) earnings per share attributable to the Parent Company's Shareholders		**Fils**	Fils	**Fils**	Fils
Basic and diluted (loss) earnings per share from continuing operations	11	**(5.79)**	4.60	**(10.34)**	13.61
Basic and diluted loss per share from the discontinued operations	11	**-**	-	**-**	(1.09)
Basic and diluted (loss) earnings per share attributable to the Parent Company's Shareholders	11	**(5.79)**	4.60	**(10.34)**	12.52

The accompanying notes from (1) to (16) form an integral part of the interim condensed consolidated financial information.

SULTAN CENTER FOOD PRODUCTS COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2023
(All amounts are in Kuwaiti Dinar)

		Three months ended September 30,		Nine months ended September 30,	
	Notes	**2023**	2022	**2023**	2022
(Loss) profit for the period		**(1,644,661)**	1,315,690	**(2,876,637)**	3,624,563
Other comprehensive (loss) income:					
Items that may be reclassified subsequently to the interim condensed consolidated statement profit or loss:					
Foreign currency translation adjustments		**13,660**	131,380	**(67,028)**	775,301
Group's share of associate's other comprehensive income (loss)	4	**775,128**	(2,994,479)	**5,034,769**	(6,146,542)
Items that will not be reclassified subsequently to the interim condensed consolidated statement of profit or loss:					
Change in fair value of financial assets at FVOCI	3 – a	**-**	-	**2,500,156**	-
Group's share of associate's other comprehensive (loss) income	4	**(9,452,125)**	(2,876,601)	**550,287**	(29,670,372)
Other comprehensive (loss) income for the period		**(8,663,337)**	(5,739,700)	**8,018,184**	(35,041,613)
Total comprehensive (loss) income for the period		**(10,307,998)**	(4,424,010)	**5,141,547**	(31,417,050)
Attributable to:					
Shareholders of the Parent Company		**(10,282,250)**	(4,454,112)	**5,129,794**	(31,542,929)
Non-controlling interests		**(25,748)**	30,102	**11,753**	125,879
		(10,307,998)	(4,424,010)	**5,141,547**	(31,417,050)

The accompanying notes from (1) to (16) form an integral part of the interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2023
(All amounts are in Kuwaiti Dinar)

	Equity attributable to shareholders of the Parent Company											
	Share capital	Treasury shares	Statutory reserve	Voluntary reserve	Revaluation surplus	Effect of change in other comprehensive loss and other equity components of associate	Cumulative changes in fair value	Foreign currency translation adjustments	Retained earnings	Subtotal	Non-controlling interests	Total equity
Balance as at January 1, 2023	28,941,439	(2,593,571)	2,741,138	2,741,138	53,723,833	(50,996,293)	(3,538,159)	(1,837,307)	22,326,192	51,508,410	(204,411)	51,303,999
(Loss) profit for the period	-	-	-	-	-	-	-	-	(2,888,390)	(2,888,390)	11,753	(2,876,637)
Other comprehensive income (loss) for the period	-	-	-	-	-	5,585,056	2,500,156	(67,028)	-	8,018,184	-	8,018,184
Total comprehensive income (loss) for the period	-	-	-	-	-	5,585,056	2,500,156	(67,028)	(2,888,390)	5,129,794	11,753	5,141,547
Effect of changes in associate's equity (Note 4)	-	-	-	-	-	491,102	-	-	-	491,102	-	491,102
Transferred from revaluation surplus to retained earnings	-	-	-	-	(226,411)	-	-	-	226,411	-	-	-
Balance as at September 30, 2023	**28,941,439**	**(2,593,571)**	**2,741,138**	**2,741,138**	**53,497,422**	**(44,920,135)**	**(1,038,003)**	**(1,904,335)**	**19,664,213**	**57,129,306**	**(192,658)**	**56,936,648**
Balance as at January 1, 2022	28,941,439	(2,593,571)	2,494,667	2,494,667	53,958,720	(24,723,571)	(2,502,540)	(2,442,494)	20,119,537	75,746,854	(306,575)	75,440,279
Profit for the period	-	-	-	-	-	-	-	-	3,498,684	3,498,684	125,879	3,624,563
Other comprehensive (loss) income for the period	-	-	-	-	-	(35,816,914)	-	775,301	-	(35,041,613)	-	(35,041,613)
Total comprehensive (loss) income for the period	-	-	-	-	-	(35,816,914)	-	775,301	3,498,684	(31,542,929)	125,879	(31,417,050)
Effect of changes in associate's equity (Note 4)	-	-	-	-	-	(178,872)	-	-	-	(178,872)	-	(178,872)
Transferred from revaluation surplus to retained earnings	-	-	-	-	(591,827)	-	-	-	591,827	-	-	-
Balance as at September 30, 2022	28,941,439	(2,593,571)	2,494,667	2,494,667	53,366,893	(60,719,357)	(2,502,540)	(1,667,193)	24,210,048	44,025,053	(180,696)	43,844,357

The accompanying notes from (1) to (16) form an integral part of the interim condensed consolidated financial information.

	Notes	Nine months ended September 30, 2023	2022
Cash flows from operating activities:			
(Loss) profit for the period from continuing operations		**(2,876,637)**	3,928,355
Loss for the period from discontinued operations		**-**	(303,792)
(Loss) profit for the period		**(2,876,637)**	3,624,563
Adjustments for:			
Depreciation and amortization		**5,221,309**	4,783,343
Group's share of results from an associate	4	**367,278**	(2,879,639)
Net loss (gain) on sale of property, plant and equipment and investment properties		**218,924**	(10,424)
Loss related to assets held for sale		**-**	303,792
Net provisions charged (no longer required)	10	**73,623**	(195,000)
Finance charges		**6,590,352**	5,014,471
Provision for end of service indemnity		**408,318**	564,026
		10,003,167	11,205,132
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		**(708,154)**	(161,829)
Inventories		**(1,493,613)**	1,349,314
Accounts payable and other credit balances		**33,096**	(1,492,027)
Cash flows generated from operating activities		**7,834,496**	10,900,590
Paid for end of service indemnity		**(449,469)**	(573,360)
Net cash flows generated from operating activities		**7,385,027**	10,327,230
Cash flows from investing activities:			
Paid for purchase of property, plant and equipment		**(3,944,853)**	(2,282,879)
Proceeds from sale of property, plant and equipment and investment properties		**736,382**	835,424
Net movement in term deposit		**800,859**	-
Cash relating assets classified as held for sale		**-**	(35,467)
Net cash flows used in investing activities		**(2,407,612)**	(1,482,922)
Cash flows from financing activities:			
Net movement in bank facilities		**(1,662,433)**	(1,012,391)
Net movement in Murabaha payables		**139,125**	780,062
Proceeds from issue of bonds payable		**3,156,867**	-
Lease liabilities paid	7 - b	**(3,440,974)**	(3,218,596)
Finance charges paid		**(5,357,968)**	(3,949,861)
Net cash flows used in financing activities		**(7,165,383)**	(7,400,786)
Net (decrease) increase in cash on hand and at banks		**(2,187,968)**	1,443,522
Foreign exchange differences		**78,799**	(219,828)
Cash on hand and at banks at beginning of the period		**7,079,452**	4,220,035
Cash on hand and at banks at the end of the period		**4,970,283**	5,443,729

The accompanying notes from (1) to (16) form an integral part of the interim condensed consolidated financial information.

1- Incorporation and activities

Sultan Center Food Products Company - K.S.C. (Public) (the "Parent Company") was incorporated as a Kuwaiti shareholding company (Public) registered in the State of Kuwait. The Parent Company was registered in the Commercial Registry under number 30225 dated September 22, 1980.

The main activities of the Parent Company are as follows:

- Construction of central markets and associated rest areas and restaurants.
- Import, export and marketing of consumer goods.
- Manufacturing of food products.
- Investment in trade marks.
- The operation of retail supermarkets, restaurants, catering services, trading and the installation of telecommunication equipment.
- Trade in readymade garments and shoes, bags, accessories and gifts.
- To carry out the following in Kuwait or abroad:
  - Investment in various industries through incorporation of companies or investing in existing companies, and dealing in securities of local and foreign companies.
  - Providing consulting and training services.
  - Managing the financial administrative and operational segments of companies.
  - Investing in real estate.
  - Investing the excess funds in portfolios managed by specialized financial institutions.

The Parent Company's registered address is at P. O. Box 26567, Safat 13126 – the State of Kuwait.

The interim condensed consolidated financial information was authorized for issue by the Parent Company's Board of Directors on November 14, 2023.

2- Basis of preparation

The interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The accounting policies used in the preparation of this interim condensed consolidated financial information for the period are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2022.

Other amendments and interpretations which are effective for the first time in January 1, 2023, do not have material impact on the interim condensed consolidated financial information of the Group. The Group has not early adopted any other standard, interpretation or amendments that has been issued but is not effective.

The interim condensed consolidated financial information does not include all information and disclosures required for complete financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2022. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation of interim condensed consolidated financial information have been included. Operating results for the period ended September 30, 2023, are not necessarily indicative of the results that may be expected for the year ending December 31, 2023.

3- Related party disclosures

In the normal course of business, the Group has entered into various transactions with related parties, i.e., Shareholders, associate, entities under common control and certain other related parties. Prices and terms of payment relating to these transactions are approved by Group's management. Significant related party transactions and balances are as follows:

Balances included in the interim condensed consolidated statement of financial position:

				Total		
	Shareholders	Entities under common control	Other parties	**September 30, 2023**	December 31, 2022 (Audited)	September 30, 2022
Due from a related party (a)	-	-	4,582,120	**4,582,120**	-	-
Due to related parties	-	207,450	-	**207,450**	207,450	207,450
Accounts payable and other credit balances	-	565,361	-	**565,361**	642,109	695,985
Bonds payable (Note 8)	9,764,044	-	-	**9,764,044**	-	-

Transactions included in the interim condensed consolidated statement of profit or loss:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
General and administrative expenses	**511,578**	1,217,391	**1,751,708**	2,684,328
Related party balance written off within the discontinued operations	**-**	-	**-**	185,370
Finance charges	**165,882**	-	**331,764**	-

	Three months ended September 30,		Nine months ended September 30,	
Compensation to key management personnel:	**2023**	2022	**2023**	2022
Salaries and other short term benefits	**168,792**	166,844	**419,818**	485,743
End of service indemnity	**9,692**	9,123	**25,849**	27,295
	178,484	175,967	**445,667**	513,038

(a) The Parent Company's Board of Directors on its meeting held on August 14, 2023, resolved to derecognise investment properties and financial assets at fair value through other comprehensive income registered under the name of a related party and carried at the interim condensed consolidated financial information at a net carrying amount of KD 4,582,120 and recording the same as due from a related party as at September 30, 2023.

The above assets include an investment property located at Shuwaikh area and were recognised pursuant to an irrevocable real estate assignment in favor of the Parent Company. Currently, the Management of the Parent Company is following-up on legal procedures, and in the event that the judicial dispute is resolved in favor of the Parent Company, the balance due from the related party will be reduced by the sale proceeds of the investment property.

For the Parent Company to guarantee the rights of the shareholders a debt declaration and an official pledge to pay were obtained by the Management from the related party, with a total amount of KD 5,143,000.

The details of the derecognized assets as at September 30, 2023 are as follows:

	Investment properties	Financial assets at fair value through other comprehensive income	**Total**
Carrying amount of the assets as at January 1, 2023	3,210,000	841,964	**4,051,964**
Credit balances recorded for the related party	(1,370,000)	-	**(1,370,000)**
Cumulative changes in fair value	-	2,500,156	**2,500,156**
	1,840,000	3,342,120	**5,182,120**
Less: Provision for expected credit losses (Note 10)			**(600,000)**
Carrying amount of the assets as at September 30, 2023			**4,582,120**

Due from related party has been classified in the interim condensed consolidated statement of financial position as follows:

	September 30, 2023	December 31, 2022 (Audited)	September 30, 2022
Current portion	**120,000**	-	-
Non-current portion	**4,462,120**	-	-
	4,582,120	-	-

(b) The other balances due from / to related parties are non-interest bearing and do not have specific maturity dates.

4- Investment in an associate

The movement during the period / year is as follows:

	September 30, 2023	December 31, 2022 (Audited)	September 30, 2022
Balance at the beginning of the period / year	**106,965,918**	128,799,022	128,799,022
Group's share of results from an associate	**(367,278)**	4,439,618	2,879,639
Group's share of changes in associate's equity	**491,102**	(178,158)	(178,872)
Group's share of associate's other comprehensive income (loss)	**5,585,056**	(26,094,564)	(35,816,914)
Balance at the end of the period / year	**112,674,798**	106,965,918	95,682,875

As at September 30, 2023, certain shares of the associate (National Real Estate Company – K.S.C.P) with a carrying amount of KD 35,344,465 (December 31, 2022: KD 61,221,280, September 30, 2022: KD 65,629,213) are pledged to certain local banks against bank borrowings and Murabaha payable (Notes 5 & 6).

Contingent liabilities for legal cases related to the associate: National Real Estate Company – K.S.C.P and its associate Company: Agility Public Warehousing Company - K.S.C.P., are as follows:

a) Korek Litigation:

In February 2017, the Associate filed a request for arbitration against the Republic of Iraq pursuant to Article 36 of the Convention on the Settlement of Investment Disputes between States and Nationals of Other States ("ICSID"), and Article 10 of the Agreement between the Government of the State of Kuwait and the Government of the Republic of Iraq for Reciprocal Promotion and Protection of Investments (the "2015 BIT"). The claim arises from a series of actions and inactions of the Iraqi government, including its regulatory agency Communications & Media Commission ("CMC") relating to an alleged decision by the CMC to annul the previous written consent granted in connection with the Group's investment in Korek Telecom, as well as the CMC's order to transfer the shares acquired by the Associate back to the original Iraqi shareholders (which was implemented in March 2019). The Group's claims relate to, inter alia, Iraq's failure to treat the Associate's investment of over USD 380 million fairly and equitably, its failure to accord the Associate with due process, as well as the indirect expropriation of that investment, each in breach of the 2015 BIT. On February 24, 2017, the Associate's request for arbitration was formally registered with ICSID. The arbitration tribunal was formally constituted on December 20, 2017 and an initial procedural hearing was held on January 31, 2018.

The Associate's memorial was submitted on April 30, 2018. On August 6, 2018, Iraq submitted objections to jurisdiction and requested that they be determined as a preliminary matter before the case proceeds further on the merits. The tribunal bifurcated the proceedings on October 31, 2018 and the Associate submitted its counter-memorial on jurisdiction on January 10, 2019. The reply of the respondents was submitted on February 25, 2019 and the Associate's rejoinder was submitted on March 21, 2019. The hearings were held on April 24 and 25, 2019. On July 9, 2019, the tribunal issued its decision on jurisdiction in which it found that it had jurisdiction over certain (but not all) of the Associate's claims. The case will now go forward on the merits of the claims over which the tribunal has jurisdiction. The Respondent's counter-memorial was submitted on March 13, 2020. The Associate's Reply to Respondent's Counter-Memorial was submitted on July 17, 2020. The hearings on the merits were held in October 2020, and post-hearing submissions were submitted in November 2020.

On 22 February 2021, the tribunal issued its ruling, dismissing all of the Associate's claims and awarding costs of approximately USD 5 million in favor of the respondent. On May 28, 2021, the Associate filed an application to annul the award with ICSID which was formally registered on June 4, 2021. On September 22, 2021, ICSID constituted a committee to adjudicate the Associate's application to annul the award. The committee convened on November 22, 2021, and issued a procedural timetable for the proceedings on November 24, 2021. In accordance with the procedural timetable, the Associate submitted its Memorial on December 22, 2021. Iraq's Counter-Memorial is due on April 22, 2022. The hearings were held on November 15 and 16, 2022. The committee is now expected to deliberate and issue its final award on annulment in a few months.

As the tribunal refused to address the merits of the regulatory decision itself as issued by the CMC expropriating the Associate's investment in Korek, claiming lack of jurisdiction, the Associate is also in the process of preparing a fresh claim against the Republic of Iraq.

On 31 May 2021, Alcazar Capital Limited ("Alcazar"), a subsidiary of the Associate, filed a claim in Kuwait against the Kurdistan Regional Government, a political subdivision of the Government of Iraq, under the terms of a sovereign guarantee in respect of the Associate's investment. On January 24, 2022, the Court of First Instance dismissed Alcazar's claims on the basis that, among other things, Alcazar had failed to prove that it had extended the USD 250 million loan to Korek over which it was seeking damages under the sovereign guarantee. On February 16, 2022, Alcazar appealed the judgment to the Kuwait Court of Appeal. On April 19, 2022 the Court of Appeal issued a judgment in favor of Alcazar awarding damages of USD 490 million against the Kurdistan Regional Government, together with interest of 7% p.a. up to the date of satisfaction of the amount. On May, 2 2023, the Kuwait Court of Cassation issued a stay of execution of the Kuwait Court of Appeal judgment, pending its adjudication of the matter. The Kuwait Court of Cassation is expected to hold a hearing in Q4 2023.

On February 24, 2023, Korek Telecom commenced arbitration proceedings against Alcazar Company, seeking a permanent injunction preventing it from executing the Kuwaiti ruling against the Kurdistan Regional Government in the State of Kuwait and internationally. This, and Korek Telecom claims that obtaining and executing the Kuwaiti judgment is in contravention of the waiver deed entered into by Alcazar in 2011, by which the latter had breached Korek Telecom's obligations in the transferable loan agreement. Korek Telecom is also seeking various evidence, including that Alcazar is in breach of contract and that Korek Telecom is not liable under the Convertible Loan Agreement, and Korek Telecom has also indicated that it will apply to the court (once it is formed) for a temporary injunction preventing Korek Telecom from Alcazar from the implementation of the Kuwaiti ruling, pending the issuance of a final decision in the arbitration, noting that the arbitration is still in its early stages. Korek Telecom submitted an arbitration request to the Secretariat of the International Chamber of Commerce on February 24, 2023, and this was served on Alcazar on March 15, 2023. Alcazar filed its Answer to the Request for Arbitration (the "Answer") on May 15, 2023. On July 23, 2023, the tribunal was constituted. The ICC secretariat will now transfer the case file to the tribunal. From there, the terms of reference and the procedure for the arbitration will be set by the tribunal in consultation with the parties.

Separately and prior to filing the Request for Arbitration under the Deed of Release, Korek applied to the DIFC Courts for an interim injunction restraining Alcazar from enforcing the Kuwaiti Judgment until the tribunal in the Release Arbitration is constituted and can determine an equivalent application for an interim injunction (the "Interim Injunction Application"). The Interim Injunction Application was made on January 20, 2023. Alcazar acknowledged service of the Interim Injunction Application on February 17, 2023. After the parties filed evidence and skeleton arguments, the hearing of the Interim Injunction Application occurred on March 22, 2023. On June 13, 2023, the DIFC Court dismissed the Interim Injunction Application. On June 26, 2023, the DIFC Court provided written reasons for the dismissal of the Interim Injunction Application.

As the dispute remains pending without legal resolution and in the absence of clarity, the financial impact of this case cannot be assessed.

b) Guarantee encashment:

A resolution was issued by the Kuwait General Administration of Customs ("GAC") to cash a portion amounting to KD 10,092 thousand of the bank guarantee submitted by Global Clearing House Systems K.S.C. (Closed) ("GCS"), a subsidiary of the Associate, in favor of GAC in relation to performance of a contract. Pursuant to this resolution, GAC realized the above guarantee during the year ended December 31 2007.

GCS appealed the above resolution at the Court of First Instance and the latter issued its judgment in favour of GCS and ordered GAC to pay an amount of KD 58,927 thousand as compensation against the non-performance of its obligations under the contract, and KD 9,138 thousand towards refunding of the guarantee encased earlier, together with an interest of 7% per annum on these amounts to be calculated from the date the judgment becomes final.

GCS appealed against the judgment before the Court of Appeal requesting an increase in compensation. GAC also filed an appeal No. 1955 / 2014 Administrative 4 before the Court of Appeal. On September 13, 2015, the Court of Appeal pronounced its judgement upholding the decision of the Court of First Instance. Both GCS and GAC appealed against this ruling before the Kuwait Court of Cassation in appeals No. 1480, 1487 for the year 2015. On September 25, 2019, the Court of Cassation resolved to refer the appeal to the experts. On May 24, 2021, the experts committee issued a report affirming the Company's right for the claimed compensation.

On 11 May 2022, this matter was finally resolved with the issuance of this judgment in respect of Appeals No. 1480 and 1487 for year 2015, Administrative/41 by the Court of Cassation, where the court ordered the GAC to refund an amount of KD 5,561 thousand to GCS out of the original amount of encashed guarantee. The said appeals resolved, otherwise, to uphold the appealed judgment, which ordered the second defendant, "the Director General of the General Administration of Customs in his capacity," to pay to the Plaintiff "GCS" an amount of KD 58,927 thousand in addition to the legal interest of 7% annually on both amounts from the date this judgment becomes final.

The management of GCS is currently engaged in negotiations with GAC to conclude this in the best interest of shareholders of GCS and accordingly the Associate and GCS have decided not to recognize any adjustments in the consolidated financial statements to reflect the above judgement pending the outcome of the negotiations.

c) Appeal No. 1927 and 1933 of 2018:

GCS filed Case No. 760/2014 Administrative/6 against the GAC requesting the delegation of experts from the Ministry of Justice to view the IT system at the GAC to indicate the amount of vehicle handling fees. GAC filed a counterclaim requesting that GCS complies with the price list attached to the auction contract and not to increase or decrease the prices vis-à-vis the GAC or the public.

GAC also filed case No. 4242/2014 Administrative/6 against GCS with a request to establish a project mechanism development fund, for GCS to pay the customs an amount of KD 500 thousand for developing project mechanisms at customs ports on a periodic basis, obliging GCS to pay the customs an amount of KD 21,242 thousand for the fines owed by GCS as of 9 February 2005, as well as an amount of KD 50 thousand for the annual allocation to the fund.

GAC also filed several lawsuits that were included in the case filed by GCS, and these cases are Case No. 4246/2014 Administrative/6 against GCS requesting it to pay the customs an amount of KD 1,805 thousand as differential payments due for the project manager's fees from August 2006 to August 2011, obliging the Company to pay the GAC an amount of KD 2,025 thousand as differences due to the project manager's fees for the period from August 2011 to August 2014, obliging GCS to pay the GAC an amount of KD 42,991 thousand for the differences due as of February 9, 2005 as a result of its failure to pay the project manager's fees, with a cumulative delay fine of 1% per week, and obliging GCS to make monthly payments due for the project manager's fees until the end of the contract.

Case No. 2738/2014 Administrative/6 against GCS with a request to oblige it to pay customs an amount of KD 5,853 thousand as differences in payments due for the project manager's fees from August 2006 to October 2010 with a cumulative delay fine and legal interest at the rate of 7% annually; and Case No. 3276/2015 Administrative/6 filed by the Director General of the General Administration of Customs with the same requests under Case No. 4242/2014 Administrative/6; and Case No. 3280/2015 Administrative/6 filed by the Director General of the General Administration of Customs with the same requests contained in Case No. 4246/2014 Administrative/6.

All these cases were joined together to hand down a single judgment for all of them. On September 25, 2018, the judgment was issued dismissing all cases.

The judgment was appealed by both GCS and GAC under appeals No. 1927 and 1933/2018, Contracts Administration and Individual Appeals/2. On September 26, 2022 the court ruled, First: the litigation is ended in the first appeal, and the Appellant Company is obliged to pay the expenses and KD 10 as attorney fees; Second: accepting the second appeal in form, and in substance, cancelling the appealed judgment with regard to what was included in its judgment under requests one to four, and oblige the appellee to set up the project development fund, subject of the Bidding Contract No. A/S.M./1/2004/2005, subject of the litigation, and pay the appealing administration an amount of KD 12,443 thousand, and rejecting the appeal and upholding the appealed judgment with respect to other requests.

GCS appealed this judgment before the Court of Cassation in appeal No. 3995 for the year 2022 Cassation, Administrative/1 and requested to cancel the ruling and reject the case. The appeal also included a request for a stay of execution until the appeal is resolved. GAC also appealed this judgement in appeal No. 4023 for the year 2022/cassation 1 and requested to increase the value of the compensation. During the hearing scheduled for April 12, 2023, the Court of Cassation considered the request for stay of execution, and resolved to stay the execution of the judgment until the appeal is resolved. The Associate and GCS (after consulting the external counsel) have resolved not to record any provision in the interim condensed consolidated financial information pending final ruling by the Court of Cassation.

In addition to the above, there are other legal disputes between GCS and GAC. Both the parties have filed various claims and counter claims that are currently pending in the courts. The Associate's in-house counsel believes that these matters will not have a material adverse effect on the Associate's interim condensed consolidated financial information.

Further to the foregoing, the Associate is a party to several claims and counterclaims. The Associate's in-house counsel believes that these matters will not have a material adverse effect on the Associate's interim condensed consolidated financial information.

d) NAS Afghanistan vs Afghanistan Civil Aviation Authority, Afghanistan Ministry of Transportation and Civil Aviation and Ariana Afghan Airlines Co. Ltd. (ICC Case No. 2580/AYZ/ELU1)

National Aviation Services, Afghanistan (NAS), a subsidiary of the associate Company filed a Notice of Arbitration in the above matter in November 2020. The claims involve the Respondents':(i) failure to enforce NAS' exclusive right to render ground handling services at Afghan airports; (ii) unlawful termination of the subject concession agreement; (iii) seizure and expropriation of the NAS' equipment and operations; and (iv) illegal encashment of a performance guarantee. An arbitral tribunal was constituted comprising Professor Dr. Mohamed S. Abdel Wahab, Laurence Shore, and Caline Mouawad (President). Following a hearing on the merits the Tribunal issued its Award dated 16 December 2022 in NAS' favour and awarding NAS damages, inclusive of attorneys' fees and arbitration costs, of approximately US$27.7 million plus post-Award interest accruing annually at a rate of LIBOR + 2%. NAS' external counsel is advising the company on the enforcement of the award with proceedings recently commenced in the UK High Court.

Pending final outcome of the enforcement proceedings and the uncertainties on the timing and determination of the amount of recovery, the associate's management has not considered any adjustment in the interim condensed consolidated financial information.

e) Other legal claims:

- On February 16, 2023, an administrative decision was issued by the Ministry of Finance to vacate the Associate from the Waterfront Project - Phase III "Souq Sharq." On March 2, 2023, the Ministry of Finance sent a warning to the Associate to hand over Souq Sharq. Before March 6, 2023, and in case of refusal, the Ministry will implement the administrative eviction decision by force, and on March 7, 2023, the Ministry evicted the Associate from Souq Sharq by force.

  The associate Company filed Case No. 13033 of 2022 Commercial Civil Total Government / 5 regarding proving the renewal of the contractual relationship between the company and the Ministry of Finance. On March 23, 2023, the Court of First Instance of the Commercial Civil Department Total Government / 5 ruled that it did not have jurisdiction to hear the case and referred it to a fully administrative department. 10 And on May 4, 2023 the case was dismissed. The associate Company also filed Case No. 1158 of 2023 Administrative / 10, the subject of which is the cancellation of Administrative Decision No. 2 of 2023. On August 24, 2023, the lawsuit was rejected, and the associate Company appealed the ruling, and a hearing was set for November 14, 2023.

  The associate Company filed Case No. 4917 of 2023 Commercial Civil Total Government / 24 regarding proving the renewal of the contractual relationship between the company and the Ministry of Finance for which a session is scheduled for November 22, 2023.

  Noting that the Group has paid the rental value to the Ministry of Finance in advance up to the date March 2024.

- On April 27, 2023, the Ministry of Finance liquidated the bank guarantee issued by the National Bank of Kuwait in the amount of KD 2,320,595.880 (two million, three hundred and twenty thousand five hundred and ninety six Kuwaiti Dinar and eight hundred and eighty Fils) in favor of the Ministry of Finance, which was issued on request of the Company in guarantee of the Company carrying out the design, construction, management and maintenance of the "Waterfront Project – Phase Three" facility (Souq Sharq), and since the group had It carried out complete maintenance work in accordance with the terms of the contract, and this continued until the Ministry of Finance has forcibly ceased the project on March 7, 2023, however, the Ministry of Finance liquidated the guarantee violating Article No. 16 of the aforementioned contract, and accordingly the Company filed a lawsuit Judicial No. 3674 for the year 2023 Commercial, Civil, Total Government circuit Claiming for which a session is scheduled for December 12, 2023. that the Ministry of Finance return the value of the guarantee and legal interest at the rate of 7% from the date of liquidation of the guarantee until full payment. The Company also registered the value of the guarantee under the item of receivables under judicial collection according to the aforementioned lawsuit.

In addition to the above, the Associate is involved in various incidental claims and legal proceedings whose outcome cannot be assessed until finally decided by the Courts. The Associate's in-house counsel believes that these matters will not have a material adverse effect on the Associate's interim condensed consolidated financial information. Therefore, no provisions were made in the Associate's records as at the reporting date.

5- Bank borrowings

The bank borrowings are granted by local and foreign banks to the Group and secured by the joint guarantee of certain Companies in the Group and by assignment of right to revenue of certain contracts and pledge of certain assets of the Group as follows:

	Pledge	**September 30, 2023**	December 31, 2022 (Audited)	September 30, 2022
Financial assets at fair value through other comprehensive income	Equity securities	**6,445,621**	6,445,621	6,423,052
Shares of an associate (Note 4)	405,035,451 shares	**29,243,560**	50,629,431	54,274,750
Investment properties	Properties	**3,202,259**	3,195,605	3,229,760
Freehold lands and buildings	Lands and buildings	**65,376,046**	64,587,024	65,174,934
Ownership interest in a subsidiary	90 interests	**2,700,000**	2,700,000	2,700,000
Ownership interest in a subsidiary	13,000,000 interests	**5,203,998**	5,203,998	5,203,998

Analyzed as:

	Due date	**September 30, 2023**	December 31, 2022 (Audited)	September 30, 2022
Current portion	Several installments, the latest on September 30, 2024	**3,715,592**	4,237,839	5,076,032
Non-current portion	Several installments during 2025 and 2031	**94,228,712**	101,918,898	102,016,340
		97,944,304	106,156,737	107,092,372

The annual interest rate on the bank borrowings is as follows:

		Interest rate (%)		
Description	Currency	**September 30, 2023**	December 31, 2022 (Audited)	September 30, 2022
Average annual interest rate over Central Bank of Kuwait discount rate	KD	**1.25 – 2.5**	1.25 – 2.5	1.25 – 2.5
Average annual interest rate	KD	**-**	8	8
Average annual interest rate	JOD	**6.5 – 8.5**	6.5 – 8.5	6.5 – 8.5
Average semi annual interest rate	OMR	**4 – 4.5**	4 – 4.5	4 – 4.5

6- Murabaha payables

Murabaha payable carries average financing rate at 2.5% (December 31, 2022 – 2.5%, September 30, 2022 – 2.5%) over the Central Bank of Kuwait discount rate, and are secured by several pledges as follows:

	Pledge	**September 30, 2023**	December 31, 2022 (Audited)	September 30, 2022
Shares of an associate (Note 4)	84,734,795 shares	**6,100,905**	10,591,849	11,354,463
Investment properties	Properties	**2,245,000**	2,245,000	2,245,000
Freehold lands and buildings	Lands and buildings	**8,900,248**	9,057,740	8,914,536

Analyzed as:

	Due date	**September 30, 2023**	December 31, 2022 (Audited)	September 30, 2022
Current portion	Several installments, the latest on September 30, 2024	**908,876**	908,876	908,876
Non-current portion	Several installments during 2025	**17,448,155**	17,309,030	16,559,030
		18,357,031	18,217,906	17,467,906

7- Leases

a) Right of use assets

The movement in right of use assets during the period / year is as follows:

	September 30, 2023	December 31, 2022 (Audited)	September 30, 2022
Balance at the beginning of the period / year	**24,139,980**	24,238,488	24,238,488
Amortization charged for the period / year	**(2,742,212)**	(3,384,680)	(2,525,324)
Additions	**7,875,438**	3,094,122	2,805,009
Disposals	**(143,841)**	-	-
Foreign currency translation adjustments	**82,309**	192,050	307,725
Balance at the end of the period / year	**29,211,674**	24,139,980	24,825,898

b) Lease Liabilities

The movement in lease liabilities during the period / year is as follows:

	September 30, 2023	December 31, 2022 (Audited)	September 30, 2022
Balance at the beginning of the period / year	**25,679,547**	25,573,320	25,573,320
Finance charges	**1,232,384**	1,414,715	1,064,610
Paid during the period / year	**(3,440,974)**	(4,238,546)	(3,218,596)
Additions	**7,875,438**	2,697,791	2,417,749
Disposals	**(172,708)**	-	-
Foreign currency translation adjustments	**118,517**	232,267	355,702
Balance at the end of the period / year	**31,292,204**	25,679,547	26,192,785

Analyzed as:

	September 30, 2023	December 31, 2022 (Audited)	September 30, 2022
Current portion	**4,302,445**	4,168,583	3,869,305
Non-current portion	**26,989,759**	21,510,964	22,323,480
	31,292,204	25,679,547	26,192,785

8- Bonds payable

During the period ended September 30, 2023, the Parent Company, pursuant to the approval of the Extraordinary General Assembly meeting held on July 4, 2022, and after obtaining the approvals of the regulatory authorities, issued convertible bonds for a face value of KD 9,650,000, bearing interest of 8% annually, of face value KD 50,000 each bond, for a ceiling amount of KD 15,000,000, or 300 bonds, for a period of 10 years from the issue date which occurred on April 13, 2023. Bonds are convertible into ordinary shares voluntarily during the first five years from the date of issue, at a conversion price of 100 fils per share, with minimum conversion amount of KD 100,000 (one hundred thousand) for each bondholder. In the event of accumulated losses reaching 75% of the Parent Company's Capital, the conversion of the entire face value of the bonds into ordinary shares is mandatory, according to a conversion price to be determined by the Parent Company's Board of Directors.

Bonds payable are as follows:

	September 30, 2023	December 31, 2022 (Audited)	September 30, 2022
Face value of the bonds	**9,650,000**	-	-
Accrued interest	**114,044**	-	-
Total bonds payable (Note 3)	**9,764,044**	-	-

9- Treasury shares

	September 30, 2023	December 31, 2022 (Audited)	September 30, 2022
Number of shares	**10,002,122**	10,002,122	10,002,122
Percentage of paid up shares	**3.46%**	3.46%	3.46%
Market value (KD)	**1,010,214**	1,090,231	1,150,244
Cost (KD)	**(2,593,571)**	(2,593,571)	(2,593,571)

On May 15, 2022, the Parent Company's Board of Directors approved to allote an amount of KD 2,593,571 from retained earnings to treasury shares.

10- Net provisions (charged) no longer required

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Provisions no longer required	**-**	-	**757,458**	425,000
Provision for expected credit losses (Note 3 – a)	**(517,200)**	-	**(600,000)**	-
Other provisions	**(231,081)**	(230,000)	**(231,081)**	(230,000)
	(748,281)	(230,000)	**(73,623)**	195,000

11- Basic and diluted (loss) earnings per share attributable to the Parent Company's Shareholders

The information necessary to calculate basic and diluted (loss) earnings per share based on the weighted average number of shares outstanding during the period is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
(Loss) profit for the period from continuing operations attributable to the Parent Company's shareholders	**(1,618,913)**	1,285,588	**(2,888,390)**	3,802,476
Loss for the period from discontinued operations attributable to the Parent Company's shareholders	**-**	-	**-**	(303,792)
(Loss) profit for the period attributable to the Parent Company's shareholders	**(1,618,913)**	1,285,588	**(2,888,390)**	3,498,684
Number of shares outstanding:	**Shares**	Shares	**Shares**	Shares
Number of issued shares at the beginning of the period	**289,414,391**	289,414,391	**289,414,391**	289,414,391
Less: Weighted average of treasury shares	**(10,002,122)**	(10,002,122)	**(10,002,122)**	(10,002,122)
Weighted average number of shares outstanding at the end of the period	**279,412,269**	279,412,269	**279,412,269**	279,412,269
	Fils	Fils	**Fils**	Fils
Basic and diluted (loss) earnings per share from continuing operations	**(5.79)**	4.60	**(10.34)**	13.61
Basic and diluted loss per share from the discontinued operations	**-**	-	**-**	(1.09)
Basic and diluted (loss) earnings per share attributable to the Parent Company's Shareholders	**(5.79)**	4.60	**(10.34)**	12.52

As at September 30, 2023, there are bonds convertible into ordinary shares (Note 8), they do not have a dilutive effect on loss per share due to their nature.

12- Working capital

The interim condensed consolidated financial information has been prepared on a going concern basis, which assumes that the Group will be able to realize its assets and discharge its liabilities in the normal course of business. The interim condensed consolidated financial statements do not include any adjustments that might arise due to uncertainty of the Group's ability to continue as a going concern.

As at September 30, 2023, the Group's current liabilities exceeded its current assets by KD 56,569,955 (December 31, 2022: KD 58,290,540, September 30, 2022: KD 55,614,004).

The Group had taken the necessary measures to start implementing an exit plan from some of its investments and assets included in the condensed consolidated interim financial information to meet its obligations towards this matter, and restructured some of its bank borrowings during the previous years. Further, during the period the Group finalized the issuance of convertible bonds for a face value of KD 9,650,000, carrying an interest rate of 8% annually, due within 10 years for the issuance date.

In the opinion of the Group's management, despite the existence of significant doubt about the Group's ability to continue as a going concern, which might result in the Group's inability to realize its assets and discharge its liabilities in the normal course of business, the Group's Management expects that the exit from some assets according to the Group's plan will be successful in accordance with the current market data. Further, the Group issuance of long period convertible bonds will enhance its financial position. In addition, major shareholders of the Group and related parties will provide financial support to the Group when needed.

13- Fair value measurement

All assets and liabilities, measured or disclosed at fair value, are classified in the interim condensed consolidated financial information through a fair value hierarchy based on the lowest significant inputs level in proportion to the fair value measurement as a whole, as follows:

- 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.

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

	September 30, 2023		
	Level 2	**Level 3**	**Total**
Financial assets at fair value through other comprehensive income	**-**	**6,445,617**	**6,445,617**
Investment properties	**5,447,259**	**-**	**5,447,259**
	5,447,259	**6,445,617**	**11,892,876**

	December 31, 2022 (Audited)		
	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	-	7,287,582	7,287,582
Investment properties	9,363,369	-	9,363,369
	9,363,369	7,287,582	16,650,951

	September 30, 2022		
	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	-	8,323,201	8,323,201
Investment properties	9,460,760	-	9,460,760
	9,460,760	8,323,201	17,783,961

The Parent Company's management believes that there is no significant change in fair value of financial assets at fair value through other comprehensive income and investment properties during the period ended September 30, 2023.

During the period ended September 30, 2023, there were no transfers among levels of fair value hierarchy.

14- Contingent liabilities and legal claims

a) Contingent liabilities

The Group is contingently liable in respect of the following:

	September 30, 2023	December 31, 2022 (Audited)	September 30, 2022
Letters of guarantee	**4,559,158**	6,006,479	6,471,461
Letters of credit	**1,156,853**	1,799,876	1,584,034
	5,716,011	7,806,355	8,055,495

Contingent liabilities arising from the Group's interest in associate are as follows:

	September 30, 2023	December 31, 2022 (Audited)	September 30, 2022
Letters of guarantee	**668,508**	668,508	668,508

There are no significant changes in the contingent liabilities and legal claims of the Group or the associate "National Real Estate Company - K.S.C. (Public)" other than those disclosed in the consolidated financial statements for the year ended December 31, 2022.

b) Legal claims

There are no significant changes in the legal claims of the Group or the Associate "National Real Estate Company K.S.C.P." other than those disclosed in the consolidated financial statements for the year ended December 31, 2022, and Note (4).

15- Ordinary General Assembly

The Ordinary General Assembly of the Parent Company's shareholders meeting of the Parent Company held on May 22, 2023, approved the consolidated financial statements for the year ended December 31, 2022, and not to distribute cash dividends, bonus shares or Board of Directors' remuneration for the year ended December 31, 2022.

The Ordinary General Assembly of the Parent Company's shareholders meeting held on May 22, 2022, approved the consolidated financial statements for the year ended December 31, 2021, and not to distribute cash dividends, bonus shares or Board of Directors' remuneration for the year ended December 31, 2021.

16- Segment information

For management purposes, the group has the following strategic divisions as reportable operating segments, which are summarized as follows:

Reportable operating segment	Description
Retail	Food products hypermarkets.
Investment	Investing in securities, and associate
Contracting	Contracting
Real estate	Management, development, and trading in real estate.

Information related to each reportable operating segment is set out below:

	Nine months ended September 30, 2023				
	Retail	**Investment**	**Contracting**	**Real estate**	**Total**
Total revenue	**138,613,975**	**-**	**2,754,039**	**121,968**	**141,489,982**
Gross profit	**22,768,644**	**-**	**573,677**	**121,968**	**23,464,289**
Depreciation and amortization	**(5,055,047)**	**(56,409)**	**-**	**(109,853)**	**(5,221,309)**
Finance charges	**(1,640,222)**	**(4,950,130)**	**-**	**-**	**(6,590,352)**
Profit (loss) for the period	**2,905,449**	**(5,555,603)**	**122,323**	**(348,806)**	**(2,876,637)**
Total assets	**136,694,198**	**122,376,487**	**631,568**	**41,626,271**	**301,328,524**
Total Liabilities	**126,485,646**	**109,766,041**	**2,695,024**	**5,445,165**	**244,391,876**

	Nine months ended September 30, 2022				
	Retail	Investment	Contracting	Real estate	Total
Total revenue	138,765,426	-	7,301,184	121,970	146,188,580
Gross profit	23,210,035	-	1,615,686	121,970	24,947,691
Depreciation and amortization	(4,600,878)	(56,546)	(15,489)	(110,430)	(4,783,343)
Finance charges	(1,652,883)	(3,361,588)	-	-	(5,014,471)
Profit (loss) for the period	4,071,664	(1,353,056)	1,113,691	(207,736)	3,624,563
Total assets	130,201,519	104,172,514	1,890,606	45,198,912	281,463,551
Total Liabilities	119,255,464	109,722,331	3,232,778	5,408,621	237,619,194