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, 2024
(UNAUDITED)
WITH
REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION

SULTAN CENTER FOOD PRODUCTS COMPANY - K.S.C. (PUBLIC)
AND ITS SUBSIDIARIES
STATE OF KUWAIT

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CONTENTS

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To the Board of Directors of
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, 2024 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income for the three months and nine months period then ended, changes in equity and cash flows for the nine months 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 include 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) to 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 as at September 30, 2024 any adjustments related to the final outcome of the judgement, including the legal interest of 7% on the compensation amount 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 the awarded compensation, which in our view should have been recorded as an income and receivable by an amount of KD 54,396 thousand in the books of the associate "Agility Public Warehousing Company - K.S.C.P.".

RSM Albazie & Co. is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

- As disclosed in Note (4), the interim condensed consolidated financial information of the associate "Agility Public Warehousing Company - K.S.C.P" (associate of the associate Company) has investment properties amounting to KD 281,402 thousand as at September 30, 2024, that are leased from the Public Authority for Industry, Kuwait ("PAI"), of which lease contracts of properties amounting to KD 255,909 thousand have expired as at the reporting date and lease contracts of properties amounting to KD 190,988 thousand are currently under legal dispute since PAI notified the associate of its intention not to renew nor to extend the leases and claimed the associate to evict these properties. 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 NREC and the accompanying interim condensed consolidated financial information.

Qualified Conclusion

Based on our review, except for the possible effect of the matters described in the Basis for Qualified Conclusion paragraph, 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 Going Concern

We draw attention to Note (11) to the interim condensed consolidated financial information which indicates that as at September 30, 2024, the Group's current liabilities exceeded its current assets by KD 62,593,817 (December 31, 2023 – KD 56,386,376, September 30, 2023 – KD 54,069,955), which indicate a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. 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 final 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 to 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 matters described in the Basis for Qualified Conclusion section of our report, 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 months period ended September 30, 2024 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 and its related regulations during the period ended September 30, 2024 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
December 31, 2024

SULTAN CENTER FOOD PRODUCTS COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT SEPTEMBER 30, 2024

(All amounts are in Kuwaiti Dinars)

ASSETS	Notes	September 30, 2024	December 31, 2023 (Audited)	September 30, 2023
Current assets:				
Cash on hand and at banks		**2,044,498**	5,046,251	4,970,283
Accounts receivable and other debit balances		**5,761,747**	4,747,493	6,497,899
Due from a related party	3	**-**	-	120,000
Inventories		**15,643,316**	15,607,386	16,933,316
		23,449,561	25,401,130	28,521,498
Assets relating to discontinued operations		**6,489,606**	6,489,606	6,489,606
Total current assets		**29,939,167**	31,890,736	35,011,104
Non-current assets:				
Due from a related party	3	**-**	-	4,462,120
Financial assets at fair value through other comprehensive income		**4,646,293**	4,646,293	6,445,617
Investment in associates	4	**103,892,201**	98,846,088	110,174,798
Investment properties		**5,129,472**	5,142,957	5,447,259
Property, plant and equipment		**104,490,432**	105,035,360	107,597,259
Right of use assets	7 – a	**33,714,823**	36,961,300	29,211,674
Other assets		**376,289**	452,965	478,693
Total non-current assets		**252,249,510**	251,084,963	263,817,420
Total assets		**282,188,677**	282,975,699	298,828,524
LIABILITIES AND EQUITY				
Current liabilities:				
Bank borrowings	5	**5,010,153**	3,786,562	3,715,592
Murabaha payable	6	**3,772,657**	2,908,876	908,876
Accounts payable and other credit balances		**72,240,563**	70,079,234	73,158,522
Due to related parties	3	**207,450**	207,450	207,450
Lease liabilities	7 – b	**4,513,987**	4,506,816	4,302,445
		85,744,810	81,488,938	82,292,885
Liabilities relating to discontinued operations		**6,788,174**	6,788,174	6,788,174
Total current liabilities		**92,532,984**	88,277,112	89,081,059
Non-current liabilities:				
Bank borrowings	5	**89,514,679**	93,854,572	94,228,712
Murabaha payable	6	**15,705,499**	15,818,937	17,448,155
Lease liabilities	7 – b	**30,951,450**	33,792,020	26,989,759
Bonds payable	8	**10,001,039**	9,835,317	9,764,044
Provision for end of service indemnity		**4,133,217**	4,166,858	4,380,147
Total non-current liabilities		**150,305,884**	157,467,704	152,810,817
Total liabilities		**242,838,868**	245,744,816	241,891,876
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	2,741,138
Voluntary reserve		**2,741,138**	2,741,138	2,741,138
Revaluation surplus		**53,049,299**	53,392,901	53,497,422
Effect of change in other comprehensive loss and other equity components of associates		**(41,590,443)**	(45,728,164)	(44,920,135)
Cumulative changes in fair value		**(2,837,328)**	(2,837,328)	(1,038,003)
Foreign currency translation adjustments		**(2,356,055)**	(2,276,470)	(1,904,335)
Retained earnings		**1,355,524**	3,014,575	19,664,213
Equity attributable to Parent Company's shareholders		**39,451,141**	37,395,658	57,129,306
Non-controlling interests		**(101,332)**	(164,775)	(192,658)
Total equity		**39,349,809**	37,230,883	56,936,648
Total liabilities and equity		**282,188,677**	282,975,699	298,828,524

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

Essam Khalil Al Rifai
Vice Chairman

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, 2024
(All amounts are in Kuwaiti Dinars)

		Three months ended September 30,		Nine months ended September 30,	
	Notes	**2024**	2023	**2024**	2023
Operating revenues:					
Sales		**45,265,127**	44,332,291	**138,226,351**	138,613,975
Rental income		**22,500**	40,654	**103,812**	121,968
Service contract revenue		**756,903**	814,152	**2,275,480**	2,754,039
		46,044,530	45,187,097	**140,605,643**	141,489,982
Operating costs:					
Cost of sales		**(37,399,095)**	(37,008,266)	**(114,517,275)**	(115,845,330)
Service contract costs		**(615,135)**	(615,861)	**(1,706,757)**	(2,180,362)
		(38,014,230)	(37,624,127)	**(116,224,032)**	(118,025,692)
Gross profit		**8,030,300**	7,562,970	**24,381,611**	23,464,290
Other operating income		**2,186,244**	2,089,202	**7,314,282**	7,225,504
General, administrative and selling expenses		**(7,330,510)**	(6,960,752)	**(22,197,800)**	(21,094,945)
Depreciation and amortization		**(1,787,809)**	(1,774,149)	**(5,348,945)**	(5,221,309)
Operating profit		**1,098,225**	917,271	**4,149,148**	4,373,540
Group's share of results from associates	4	**503,458**	579,908	**908,392**	(367,278)
Gain (loss) on sale of property, plant and equipment and investment property		**1,743**	822	**3,057**	(218,924)
Net provisions (charged) no longer required		**-**	(748,281)	**300,000**	(73,623)
Finance charges		**(2,434,797)**	(2,394,381)	**(7,299,807)**	(6,590,352)
Loss for the period		**(831,371)**	(1,644,661)	**(1,939,210)**	(2,876,637)
Attributable to:					
Parent Company's shareholders		**(839,306)**	(1,618,913)	**(2,002,653)**	(2,888,390)
Non-controlling interests		**7,935**	(25,748)	**63,443**	11,753
		(831,371)	(1,644,661)	**(1,939,210)**	(2,876,637)
		Fils	Fils	**Fils**	Fils
Basic and diluted loss per share attributable to shareholders of the Parent Company	10	**(3)**	(5.79)	**(7.17)**	(10.34)

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, 2024
(All amounts are in Kuwaiti Dinars)

		Three months ended September 30,		Nine months ended September 30,	
	Notes	**2024**	2023	**2024**	2023
Loss for the period		**(831,371)**	(1,644,661)	**(1,939,210)**	(2,876,637)
Other comprehensive income (loss):					
Items that may be reclassified subsequently to interim condensed consolidated statement of profit or loss:					
Foreign currency translation adjustments		**(65,228)**	13,660	**(79,585)**	(67,028)
Group's share of associates' other comprehensive (loss) income	4	**(1,248,057)**	3,713,067	**(1,469,479)**	8,152,071
Items that will not be reclassified subsequently to interim condensed consolidated statement of profit or loss:					
Change in the fair value of financial assets at fair value through other comprehensive income		**-**	-	**-**	2,500,156
Group's share of associates' other comprehensive income (loss)	4	**11,109,105**	(12,390,064)	**4,961,329**	(2,567,015)
Other comprehensive income (loss) for the period		**9,795,820**	(8,663,337)	**3,412,265**	8,018,184
Total comprehensive income (loss) for the period		**8,964,449**	(10,307,998)	**1,473,055**	5,141,547
Attributable to:					
Parent Company's shareholders		**8,956,514**	(10,282,250)	**1,409,612**	5,129,794
Non-controlling interests		**7,935**	(25,748)	**63,443**	11,753
		8,964,449	(10,307,998)	**1,473,055**	5,141,547

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 CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2024
(All amounts are in Kuwaiti Dinars)

	Equity attributable to Parent Company's shareholders											
	Share Capital	Treasury shares	Statutory reserve	Voluntary reserve	Revaluation surplus	Effect of changes in other comprehensive loss and other equity components of associates	Cumulative changes in fair value	Foreign currency translation adjustments	Retained earnings	Subtotal	Non-controlling interests	Total equity
Balance as at January 1, 2024	28,941,439	(2,593,571)	2,741,138	2,741,138	53,392,901	(45,728,164)	(2,837,328)	(2,276,470)	3,014,575	37,395,658	(164,775)	37,230,883
(Loss) profit for the period	-	-	-	-	-	-	-	-	(2,002,653)	(2,002,653)	63,443	(1,939,210)
Other comprehensive income (loss) for the period	-	-	-	-	-	3,491,850	-	(79,585)	-	3,412,265	-	3,412,265
Total comprehensive income (loss) for the period	-	-	-	-	-	3,491,850	-	(79,585)	(2,002,653)	1,409,612	63,443	1,473,055
Effect of changes in associates' equity (Note 4)	-	-	-	-	-	645,871	-	-	-	645,871	-	645,871
Transferred from revaluation surplus to retained earnings	-	-	-	-	(343,602)	-	-	-	343,602	-	-	-
Balance as at September 30, 2024	**28,941,439**	**(2,593,571)**	**2,741,138**	**2,741,138**	**53,049,299**	**(41,590,443)**	**(2,837,328)**	**(2,356,055)**	**1,355,524**	**39,451,141**	**(101,332)**	**39,349,809**
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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2024
(All amounts are in Kuwaiti Dinars)

	Notes	Nine months ended September 30,	
		2024	2023
Cash flows from operating activities:			
Loss for the period		**(1,939,210)**	(2,876,637)
Adjustments:			
Depreciation and amortization		**5,348,945**	5,221,309
Group's share of results from associates	4	**(908,392)**	367,278
Net (gain) loss on sale of property, plant and equipment and investment properties		**(3,057)**	218,924
Net provisions (no longer required) charged		**(300,000)**	73,623
Finance charges		**7,299,807**	6,590,352
Provision for end of service indemnity		**437,779**	408,318
		9,935,872	10,003,167
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		**(1,014,254)**	(708,154)
Inventories		**(35,930)**	(1,493,613)
Accounts payable and other credit balances		**2,627,051**	33,096
Cash flows generated from operating activities		**11,512,739**	7,834,496
Paid for end of service indemnity		**(466,567)**	(449,469)
Net cash flows generated from operating activities		**11,046,172**	7,385,027
Cash flows from investing activities:			
Paid for purchase of property, plant and equipment		**(1,926,688)**	(3,944,853)
Proceeds from sale of property, plant and equipment and investment properties		**3,057**	736,382
Net movement in term deposit		**-**	800,859
Net cash flows used in investing activities		**(1,923,631)**	(2,407,612)
Cash flows from financing activities:			
Net movement in bank borrowings		**(3,116,302)**	(1,662,433)
Net movement in murabaha payable		**750,343**	139,125
Proceeds from bonds payable		**-**	3,156,867
Lease liabilities paid	7 – b	**(3,866,483)**	(3,440,974)
Finance charges paid		**(5,920,505)**	(5,357,968)
Net cash flows used in financing activities		**(12,152,947)**	(7,165,383)
Foreign currencies translation adjustments		**28,653**	78,799
Net decrease in cash and cash equivalent		**(3,001,753)**	(2,109,169)
Cash and cash equivalent at the beginning of the period		**5,046,251**	7,079,452
Cash and cash equivalent at the end of the period		**2,044,498**	4,970,283

The accompanying notes (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. The Parent Company was registered in the Commercial register under reference number 30225 dated September 22, 1980.

The Parent Company is engaged in the following activities:

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

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

The interim condensed consolidated financial information was authorized for issue by the Parent Company's Board of Directors on December 31, 2024.

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 the 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, 2023. The Group has not early adopted any standards, interpretations or amendments that have been issued but is not yet effective. Other amendments and interpretations apply for the first time on January 1, 2024, do not have a material impact on the interim condensed consolidated financial information of the Group.

The interim condensed consolidated financial information does not include all the information and notes required for complete consolidated financial statements prepared in accordance with International Financial Reporting Standards and it should be read in conjunctions with the Group's annual consolidated financial statements for the year ended December 31, 2023. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included in the accompanying interim condensed consolidated financial information. Operating results for the period ended September 30, 2024, are not necessarily indicative of the results that may be expected for the year ending December 31, 2024.

3. Related parties' disclosure

The Group has entered into various transactions with related parties, i.e., shareholders, associates, entities under common control and other related parties in the normal course of its business. Prices and terms of payment are approved by the Group's management. Significant related parties' transactions and balances are as follows:

			Total		
Balances included in the interim condensed consolidated statement of financial position:	Shareholders	Entities under common control and other parties	**September 30, 2024**	December 31, 2023 (Audited)	September 30, 2023
Due from a related party – current portion	-	-	-	-	120,000
Due from a related party – non-current portion	-	-	-	-	4,462,120
Due to related parties	-	(207,450)	**(207,450)**	(207,450)	(207,450)
Accounts payable and other credit balances	-	(345,621)	**(345,621)**	(571,893)	(565,361)
Bonds payable (Note 8)	(10,001,039)	-	**(10,001,039)**	(9,835,317)	(9,764,044)

The amount due form / to related parties is non-interest bearing and has no specified maturity date.

Transactions included in the interim condensed consolidated statement of profit or loss:	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	**2024**	2023
General, administrative and selling expenses – entities under common control and other parties	**352,691**	511,578	**1,141,578**	1,751,708
Finance charges – shareholders	**170,728**	165,882	**564,456**	331,764

Compensation to key management personnel:	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	**2024**	2023
Salaries and other short-term benefits	**121,854**	168,792	**408,698**	419,818
End of service benefits	**5,546**	9,692	**19,675**	25,849
	127,400	178,484	**428,373**	445,667

4. Investment in associates

The movement during the period / year was as follows:

	September 30, 2024	December 31, 2023 (Audited)	September 30, 2023
Balance at the beginning of the period / year	**98,846,088**	104,465,918	104,465,918
Group's share of results from associates	**908,392**	(8,707,959)	(367,278)
Group's share of associates' other comprehensive income	**3,491,850**	4,845,075	5,585,056
Group's share of associate's equity movements	**645,871**	423,054	491,102
Impairment losses	-	(2,180,000)	-
Balance at the end of the period / year	**103,892,201**	98,846,088	110,174,798

As at September 30, 2024, certain shares of the associate Company (National Real Estate Company – K.S.C.P) with a market value of KD 37,540,889 (December 31, 2023 – KD 32,324,836, September 30, 2023 – KD 35,344,456) are pledged to certain local banks against bank borrowings and Murabaha payable provided to the group (Notes 5 & 6).

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

a) **Renewal of land leases with Public Authority for Industry, Kuwait (PAI)**
Investment properties include certain properties with a carrying value of KD 190,988 thousand that are leased from PAI as described below.

1. 805,712 m2 of land in Sulaibiya area with a carrying value of KD 77,966 thousand leased based on Municipal Council No. (MC /61/6/80) -issued in 1980 – under contract No. 60.
2. 150,000 m2 of land in Sulaibiya area with a carrying value of KD 11,754 thousand leased based on Municipal Council No. (MC / F 21/287/10/99)-issued in 1999 – under contract No. 211.
3. 1,625,000 m2 of land in Mina Abdullah area (plots 3,4 and 5) with a carrying value of KD 66,057 thousand leased based on Municipal Council No. (MC/11/10/78) -issued in 1981 – under contract No. 208.
4. 200,000 m2 of land in Amghara Industrial area with a carrying value of KD 6,821 thousand leased based on Municipal Council No. (L.B./83/10/86) -issued in 1986 – under contract No. 19/2002.
5. 941,420 m2 of land in Doha with a carrying value of KD 28,390 thousand leased in accordance with letter issued by the Council of Ministers No. (11/930-1949) – Issued in 1978 – under contract No. 8/2003.

The above lands were leased for developing warehousing facilities (both dry and temperature controlled), craft areas, open yards for parking trucks etc.

On 21 November 2022, the Council of Ministers, Kuwait issued a resolution no (1259/12) during its meeting No. (48-3/2022) which decided the following:

a. No automatic renewal or extension of leases for warehousing and related support services after the expiration of their term. The lands will be leased through public bidding process for qualified companies in conformity with the principles of justice, equality and improvement of governance.
b. No leasing of any land for storage purposes except after referring and coordinating with the government performance follow-up agency.

Subsequently PAI made a public announcement through news media that was also published in the Official Gazette "Kuwait Al-Youm" under No. 1618 on 15 January 2023 on the termination of the contracts referred to above. The Associate Company issued a warning dated 15 January 2023 to the PAI's Board of directors and to its Director General to respond and deny the content of these announcements. The Associate Company sent another warning to PAI on 25 January 2023 in response to the latter's warning dated 18 January 2023. The Associate Company filed the following cases in the court of first instance against PAI asserting its position that the leases have been renewed and requested the court to prevent PAI and its affiliates from obstructing the Associate Company's possession and use of the lands mentioned above.

The Associate Company filed the cases based on the terms of the aforementioned contracts, minutes of meetings, exchanged correspondences and relevant applicable provisions of laws and resolutions.

1. Case No. 14/2023 Commercial, Civil, Government / 27, regarding contract No. 60 of the Sulaibiya site, with an area of 805,712 m2. The court of first instance dismissed the case on 16 February 2023 rejecting the case. The Associate Company appealed the judgment under appeals No. 1480, 1482, 1449 Commercial Appeal, Civil, Government / 10 for the year 2023. A ruling was issued in these appeals at the hearing of 5 November 2023 to reject them. The Associate Company challenged this appeal decision before the court of Cassation and under appeals No. 18/35/38 for the year 2024 cassation commercial /1.

2. Case No. 9/2023 Commercial, Civil Government / 28, regarding contract No. 211 of the Sulaibiya site, with an area of 150,000 m2. The first instance court issued a judgment on 18 June 2023 on grounds of lack of jurisdiction and referred the case to the Administrative Department / 2 under no 4155/2023 administrative department /2. On 27 December 2023, the Associate Company appealed the above judgement under Appeal No. 3340/2023 Commercial, Civil, Government / 9. On 14 November 2023 the court of appeal rejected the appeal. The Associate Company filed a new case regarding contract No. 211 of the Sulaibiya site under case no. 622/2024 commercial, Civil Government /23 which is still under examination before the Court of First Instance. On 11 June 2024 a preliminary decision was issued by the Plenary Court to transfer the case to the expert department and the date was set for adjudication at the hearing on 10 December 2024.

3. Case No. 19/2023 Commercial, Civil, Government / 9, regarding contract No. 208 for Mina Abdullah's site, with an area of 1,625,000 m2. On 24 January 2024, the court of first instance delivered its judgement rejecting the main case and in the secondary case in favor of PAI. The Associate Company appealed the decision of the court of first instance in appeals no. 1119 and 1146 for the year 2024 and PAI appealed the court of first instance decision in appeal no 1049 for the year 2024 set for adjudication at the hearing of 15 December 2024.

4. Case No. 12/2023 Commercial, Civil, Government / 20, regarding Contract No. 19/2002 for the truck parking site in Amghara Industrial Area, with an area of 200,000 m2. The court of first instance dismissed the case on 28 February 2023. The Associate Company appealed the judgment with appeals Nos. 1613, 1649, 1654, 1663, commercial, civil, government / 5 for the year 2023. On 14 June 2023, a stay order was issued pending a decision on the judges' recusal request No. 13 of 2023 and on 16 July 2023 a decision was issued to reject the recusal request. On 13 March 2024, the court of appeal issued its ruling rejecting the appeal and confirmed the court of first instance ruling. The Associate Company has appealed this decision before the Court of Cassation under appeals No. 2043, 2148, 2211, 2215 for the year 2024 commercial cassation / 7.

5. Case No. 29/2023 Commercial, Civil, Government / 7 regarding contract No. 8/2003, Doha site, with an area of 941,420 m2. The court of first instance on 19 March 2023 ruled in favor of the Associate Company establishing the contractual relationship between the Associate Company and PAI for a period twenty years starting from 1 January 2023 and ending on 31 December 2042 on an area of 941,420 m2 in the Doha area, subject of contract No. 8/2003 dated 12 August 2003 under the same terms and conditions. PAI appealed the judgment in Appeal No. 1762/2023 Commercial, Civil, Government / 1. On 18 June 2023, the Court of Appeal ruled to annul the appealed ruling and dismiss the case. The Associate Company has appealed the ruling before the Court of Cassation appeals No 3897,3949,4145/ 2023 Commercial Cassation /1.

   The PAI also filed claims against the Associate Company in respect of contracts No. 208 for Mina Abdullah site, and Contract No. 211 for the Sulaibiya site, No. 8 for the Doha site and No. 60 for the Sulaibiya warehouses site.

   Pending final outcome of the above litigations, the Associate's management was unable to determine the fair value of the subject investment properties as at 30 September 2024.

b) Dispute with Iraqi Airways Company (IAC)

Aviation Service (Iraq) Limited (ASIL), an indirect partially owned subsidiary of the Associate Company, is a party to a concession agreement with IAC to provide Ground Handling and Aviation Fuel Concession Agreement with IAC (the "Concession Agreement"). Pursuant to the Concession Agreement, the parties established a separate entity in Iraq, Menzies Aviation Services Iraq LLC (but registered as United Iraqi Company for Airports and Ground Handling Services Limited) ("MASIL") to perform the services under the Concession Agreement.

On 20 October 2022, ASIL commenced an arbitration in the Dubai International Arbitration Centre ("DIAC") with assigned case number 239/2022 against IAC. The claim seeks, inter alia, damages against IAC for breaches of the Concession Agreement, including costs associated with services provided under the Concession Agreement in the amount of USD 15 million and loss of profits incurred by ASIL in the amount of USD 81 million. IAC has not filed any response to the request for arbitration. On 28 October 2023, DIAC confirmed the appointment of the chairperson of the Tribunal. The parties had their first meeting and were, as at 31 December 2023, in the process of agreeing the procedural timetable.

IAC subsequently commenced proceedings before the commercial court in Iraq seeking, inter alia, the annulment of the registration of MASIL, the annulment of the shareholders agreement entered into between ASIL and IAC (as shareholders in MASIL) and MASIL (as the company) and sought a grossly inflated financial compensation with no substantive evidence whatsoever. On 17 October 2023, the court decided to close the hearings in Commercial Case 1/2023 filed by IAC and later on dismissed the case. IAC appealed the decision of the Court of First Instance to the Supreme Court. The Supreme Court upheld the decision of the Court of First Instance and dismissed IAC's claim. The decision of the Supreme Court is final and binding;

On ASIL's request, the court has suspended Commercial Case 2/2023 until the arbitration has been determined pursuant to Article 253(3) of the Iraqi Civil Procedure Law.

In early January 2024, ASIL, MASIL and IAC, reached a settlement whereby the parties have agreed to amicably resolve the issues subject of the ongoing disputes between them. By virtue of the settlement, IAC has paid to ASIL an amount equal to USD 9.6 million.

As part of the settlement, ASIL has agreed to cancel the DIAC arbitration and IAC has agreed to withdraw the claims it filed before the commercial courts in Iraq.

c) **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 has recently obtained an "Ex Parte" order from the UK court made without notice to Ariana Afghan Airlines Co. Ltd. as Defendant entering judgment in the terms of the ICC Award and granting NAS leave to enforce the ICC Award (so far as applicable against Ariana Afghan Airlines Co. Ltd) in the same manner as a judgment or order of the Court; this order has been served on Ariana Afghan Airlines Co. Ltd and is now enforceable. NAS' external counsel is advising the company on the enforcement proceedings.

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.

d) **Guarantee encashment**

A resolution was issued by the General Administration of Customs for Kuwait ("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 Company, in favour of GAC in relation to performance of a contract. Pursuant to this resolution, GAC called the above guarantee during the year ended 31 December 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 encashed earlier, together with an interest of 7% per annum on these amounts to be calculated from the date the judgment becomes final.

GCS appealed the judgment in appeal number 1923 for the year 2014 administration /4, 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 13 September 2015, the Court of Appeal pronounced its judgement affirming 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 25 September 2019, the Court of Cassation resolved to defer the appeal to the experts. On 24 May 2021, the experts committee issued a report affirming GCS'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 by Cassation No. 1480 and 1487 for year 2015, Administrative/41 before 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 principal of encashed guarantee. The said appeals by Cassation 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 Company 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.

e) **Legal cases with GAC - Appeals no. 1927 and 1933 for the year 2018**

Further, in respect of an ongoing dispute between GCS and GAC on which there were claims filed by both parties against each other relating to project management mechanisms in the ports, 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 contract.

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 authority an amount of KD 500 thousand for developing project mechanisms at customs ports on a periodic basis, and to oblige 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 joined to the cases filed by GCS which are as follows:

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 GCS to pay the customs 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 customs an amount of KD 42,991 thousand for the differences due as of 9 February 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 25 September 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 26 September 2022 the court ruled, First: the litigation 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 and requested to increase the value of the compensation. During the hearing scheduled for 12 April 2023, the Court of Cassation considered the request to stay the enforcement, and resolved to stay the enforcement of the judgment until the appeal is resolved. The Associate Company and GCS (after consulting the external counsel) have resolved not to record any provision 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 legal counsel of the Associate believes that these matters will not have a material adverse effect on the Associate's interim condensed consolidated financial information.

f) ICS Claims Against Argentina

On July 21, 2014, ICS Inspection and Control Services Limited, a subsidiary of the Associate Company, filed a notice of arbitration against the Argentine Republic ("the Respondent") regarding the Respondent's breach of its obligations under Article 2 of the bilateral treaty between the United Kingdom and Argentina in connection to an agreement entered into between the Claimant and Argentina's Ministry of Economy and Public Finances, formerly known as the Ministry of Economy and Public Works and Services ("MECON") on March 11, 1998. This agreement concerned services provided by ICS as part of a government-supervised program under which goods intended for import into Argentina would be inspected before being shipped to Argentina. ICS thereby sought compensation for the losses incurred due to the alleged breaches of the bilateral investment treaty.

On 29 April 2024, the tribunal awarded compensation to ICS for an amount of USD 165.9 million, being USD 9.7 million as principal award in addition to interest. Consequently, the Associate will pursue enforcement of the award against the Respondent.

On 29 May 2024, Argentina filed an application to correct a computation error in the Final Award under Article 38 of the 2010 UNCITRAL Rules. The computation error results in the principal amount due to ICS being reduced by USD 46 thousand. With the interest, the correction reduces the amount of compensation due to ICS as at the date of the Award by USD 723.8 thousand to USD 165.1 million. ICS did not object to the correction of the computation error. On 12 July 2024, the Tribunal issued its Decision confirming the correction of the computation filed by Argentina. Argentina can still seek to challenge this decision with the Deutsch courts.

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.

In addition to the above, the Associate is involved in various incidental claims and legal proceedings. The legal counsel of the Associate believes that these matters will not have a material adverse effect on the interim condensed consolidated financial information.

g) **Korek Litigation**

ICSID Claim

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 arbitral 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 Associate'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). Without limitation, the Associate's claims relate to 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 24 February 2017, the Associate's request for arbitration was formally registered with ICSID. The arbitration tribunal was formally constituted on 20 December 2017 and an initial procedural hearing was held on 31 January 2018.

The Associate's memorial was submitted on 30 April 2018. On 6 August 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 31 October 2018 and the Associate submitted its counter-memorial on jurisdiction on 10 January 2019. The reply of the respondents was submitted on 25 February 2019 and the Associate's rejoinder was submitted on 21 March 2019. The hearings were held on 24 and 25 April 2019. On 9 July 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 13 March 2020. The Associate's reply to Respondent's Counter-Memorial was submitted on 17 July 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 28 May 2021, the Associate filed an application to annul the award with ICSID which was formally registered on 4 June 2021. On 22 September 2021, ICSID constituted a committee to adjudicate the Associate's application to annul the award. The committee convened on 22 November, 2021 and issued a procedural timetable for the proceedings on 24 November 2021. In accordance with the procedural timetable, the Associate submitted its Memorial on 22 December 2021. Iraq's Counter-Memorial was submitted on 22 April 2022. The hearings were convened on 15 and 16 November 2022. On 8 February 2024, the committee issued its decision in which it partially annulled the original judgment on the basis that the tribunal failed to properly rule on Agility's implementation claim, thereby committing an annullable error. Consequently, on July 8, 2024, the Associate refiled its ICSID claim against the Republic of Iraq. The claim has been registered and a new ICSID tribunal will be constituted in the coming months.

Kuwait Claim Against the KRG

Separately, on 31 May 2021, Alcazar Capital Limited ("Alcazar"), a subsidiary of the Associate, filed a claim in Kuwait against the Kurdistan Regional Government (KRG), a political subdivision of the Government of Iraq, under the terms of a sovereign guarantee in respect of the Associate's investment. On 24 January 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 16 February 2022, Alcazar appealed the judgment to the Kuwait Court of Appeal. On 19 April 2022 the Court of Appeal issued a judgment in favor of Alcazar awarding damages of USD 490 million (the "Kuwait Judgement") against the Kurdistan Regional Government, together with interest of 7% p.a. up to the date of satisfaction of the amount. On 2 May 2023, the Kuwait Court of Cassation issued a stay of enforcement of the Kuwait Court of Appeal judgment, pending its adjudication of the matter. On 30 January 2024, the Kuwait Court of Cassation rejected the KRG's appeal and upheld the Kuwait Judgment.

Consequently, Alcazar commenced enforcement proceedings of the Kuwait Judgment. In January 2023, it commenced proceedings before the United States District Court for the Southern District of New York seeking recognition and enforcement of the Kuwaiti Judgment (the "SDNY Proceeding"). In April 2024, the U.S. Court stayed the proceedings pending the outcome of the proceedings in Kuwait. In July 2024, the U.S. Court lifted the stay and instituted a briefing schedule. The KRG has moved to dismiss the SDNY Proceeding on legal grounds. Alcazar has separately moved for the U.S. Court to enter summary judgment in its favor (i.e., granting Alcazar its requested relief). Briefing on these motions completed at the end of October 2024 and the Court will hear argument on these motions in November 2024.

Separately, in December 2022, Alcazar commenced enforcement proceedings in France. On 20 November 2023, the KRG submitted its Statement of Defense. Alcazar submitted its Statement of Reply on 27 February 2024, following which the court ordered the KRG to submit its Statement of Rejoinder on 27 March 2024.

On 26 March 2024, the KRG informed the court that it had submitted an application for reconsideration before the Kuwaiti courts – seeking to overturn the Kuwaiti Judgment – and on that basis requested an extension for the filing of its Statement of Rejoinder. On 29 March 2024, the court in the French Proceedings granted the KRG's request for an extension, ordering that the Statement of Rejoinder be submitted on 11 September 2024. The request for reconsideration before the before the Kuwaiti courts was dismissed on 9 July 2024.

On 10 September 2024, the KRG submitted its Statement of Rejoinder, along with an application to stay the proceedings. Alcazar and the Company submitted their response to the KRG's application for stay on 8 October 2024, following which the court set a date for oral argument for 13 November 2024.

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

Deed of Release Arbitration

On 24 February 2023, Korek commenced an arbitration against Alcazar, seeking a permanent injunction preventing Alcazar from enforcing in Kuwait and internationally against the KRG, the Kuwait Judgment. Korek claims the obtaining and enforcement of the Kuwaiti Judgment is a breach of a Deed of Release that Alcazar signed in 2011, by which Alcazar is said to have released Korek's obligations under the Convertible Loan Agreement. Korek also seeks various declarations, including declarations that Alcazar is in breach of contract and Korek has no liability under a Convertible Loan Agreement. Korek has also indicated that it will apply to the tribunal (once constituted) for an interim injunction preventing Alcazar from enforcing the Kuwaiti Judgment, pending the issuance of a final award in the arbitration. Korek submitted its Request for Arbitration to the ICC Secretariat on 24 February 2023, and this was served on Alcazar on 15 March 2023. Alcazar filed its Answer to the Request for Arbitration (the "Answer") on 15 May 2023. The tribunal was constituted on 23 July 2023. Korek filed its statement of claim on 18 October 2023. Alcazar filed a security for costs application on 20 October 2023, and a stay application on 23 October 2023. On 21 December 2023, the tribunal granted Alcazar's security for costs application but dismissed its stay application. Korek was required to provide security for Alcazar's costs in the amount of USD 1.35 million (the "Security Amount") by 18 January 2024 but failed to do so. The proceedings were therefore automatically stayed until Korek belatedly paid the Security Amount on 18 March 2024.

The proceedings have now recommenced. Korek filed an application for an interim injunction on 28 March 2024 (the "Injunction Application"). Alcazar filed its Statement of Defence on 23 April 2024. The document production phase concluded on 13 August 2024. On 30 August 2024, in Procedural Order No. 3, Iraq Telecom was awarded additional security for costs in the amount of USD 220,000 in respect of its costs of opposing Korek's Injunction Application. Korek filed its Statement of Reply on 26 September 2024. Written submissions on the Injunction Application concluded on 14 October 2024, and the Injunction Application will be heard on 13 November 2024, with skeletons to be filed on 6 November 2024. Iraq Telecom has applied to the Tribunal for an extension of time to file its Rejoinder until 27 January 2025. At present the merits hearing remains listed for February 2025.

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 20 January 2023. Alcazar acknowledged service of the Interim Injunction Application on 17 February 2023. After the parties filed evidence and skeleton arguments, the hearing of the Interim Injunction Application occurred on 22 March 2023. On 13 June 2023 the DIFC Court dismissed the Interim Injunction Application. On 26 June 2023, the DIFC Court provided written reasons for the dismissal of the Interim Injunction Application. Alcazar was awarded its costs of the Interim Injunction Application and proceeded with a detailed assessment of its costs which resulted in the DIFC Court ordering Korek to pay Alcazar USD 307,753 on June 28, 2024. Korek has, to date, failed to pay and enforcement steps are being taken.

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

In conjunction with the foregoing claims related to Korek Telecom, Iraq Telecom Limited ("IT Ltd.") (in which the Associate holds an indirect 54% stake) commenced the following proceedings:

Shareholders Agreement Arbitration

On 4 June 2018, IT Ltd. commenced ICC arbitration proceedings against Korek International (Management) Ltd ("CS Ltd") and Mr. Sirwan Saber Mustafa. The dispute is in relation to various contractual breaches by the respondents under a shareholders' agreement relating to the Associate Company's investment in Korek Telecom. The amount in dispute is to be determined during the course of the proceedings.

The request for arbitration was submitted on 4 June 2018, and the respondents' reply was submitted on 10 September 2018. IT Ltd. filed an amended request for arbitration on 15 January 2019 and the tribunal was constituted on 29 March 2019. IT Ltd's Statement of Claim was submitted on 28 August 2019 and CS Ltd's Statement of Defense was submitted on 22 January 2020. On 10 July 2020, IT Ltd. discontinued the proceedings on a without prejudice basis.

New proceedings were commenced with similar claims were nonetheless filed by IT Ltd., both for itself and on behalf of International Holdings Ltd ("IH") and Korek Telecom, against CS Ltd. and Mr. Sirwan Saber Mustafa. On 25 August 2020, IT Ltd. filed its second amended (and current) request for arbitration for itself and in the name and on behalf of International Holdings Ltd. The tribunal was constituted, and IT Ltd.'s application to pursue derivative claims on behalf of International Holdings Ltd. and Korek Telecom was submitted in December 2020.

The tribunal held a preliminary hearing in February 2021 to adjudicate IT Ltd.'s application to bring derivative claims on behalf of International Holdings Ltd (including whether the tribunal has jurisdiction over such an application). By order dated 16 March 2021, the Tribunal granted IT Ltd. permission to file most of the derivative claims at issue. On 23 April 2021, IT Ltd. submitted its Statement of Claim on the merits. The parties held hearings on the merits between 8 and 16 May 2022. Further hearings occurred on 2 and 3 August 2022. On March 20, 2023, the Tribunal issued its award. The Tribunal agreed with IT Ltd. and International Holdings Limited that all of the respondents had engaged in a deliberate and intentional scheme "to bribe and corrupt officials" of Iraq's telecommunications regulator in order to procure a wrongful decision to expropriate the shareholding of IT Ltd. and IH in Korek Telecom. The Tribunal also agreed with IT Ltd. and International Holdings Limited that Sirwan Saber Mustafa Barzani had breached his fiduciary obligations by engaging in multiple acts of self-dealing and misconduct, causing harm to the claimants.

The Tribunal ordered that the respondents, jointly and severally, pay International Holdings Limited and IT Ltd. a combined amount of USD 1.65 billion in damages and legal costs, together with interest. Of this amount, an amount of USD 1.329 billion is due to International Holdings Limited, and an amount of USD 318.7 million is due to IT Ltd.

On 10 April 2023, an application for recognition and enforcement of the award was made. The DIFC Court granted the application on 13 April 2023 (the "R&E Order"). The R&E Order needs to be served before it is enforceable. On 14 April 2023, an application for permission to serve the Defendants with the R&E Order and related DIFC Court documents by alternative means was made. This application was granted by the DIFC Court on 2 May 2023.

On 14 April 2023, an application was made for IT Ltd. to have permission to enforce the award and the R&E Order for and on behalf of International Holdings Limited. This application was granted on 12 May 2023.

On 28 April 2023, IT Ltd. applied to the DIFC Court for a worldwide freezing order against Mr. Barzani, to the value of the amount he personally owes Iraq Telecom and IH Ltd under the SHA Award (i.e. circa US $1.6 billion). An ex parte hearing occurred on 11 May 2023 and the freezing order was granted on 12 May 2023. Mr. Barzani was served with the freezing order and expressed his willingness to comply with it, and also provided asset disclosure via an affidavit. The parties are in ongoing correspondence regarding the extent of Mr. Barzani's disclosure and his compliance with the freezing order. IT Ltd. can apply to the DIFC Court for an order for further disclosure, or cross-examination of Mr. Barzani, as necessary.

On 24 May 2023, Korek and Mr. Barzani applied to stay the effect of the R&E Order pending determination of the Award Set Aside Application (defined below) (the "R&E Application"). The Court granted the R&E Application on 31 May 2023, but then set aside the order granting the R&E Application on 2 June 2023 and requested a hearing of the R&E Application, which was listed for 25 July 2023. The parties then agreed to the withdrawal of the R&E Application, on the condition that Iraq Telecom undertake not to enforce the R&E Order in the DIFC until the determination of the Award Set Aside Application by the DIFC Court of First Instance. That agreement was memorialised in a consent order. The 25 July 2023 hearing has been vacated.

On 20 June 2023, Korek and Mr. Barzani applied to the DIFC Court to set aside the SHA Award. In respect of this application, IT Ltd. filed and served responsive evidence to Korek's and Mr. Barzani's application on 15 September 2023, and Korek and Mr. Barzani filed and served their factual evidence on 20 October 2023. The experts appointed by the parties was filed their joint reports on 24 November 2023, and a hearing of three days occurred in the week commencing 19 February 2024.

On 29 August 2024, the DIFC Court dismissed the Award Set Aside Application in full and awarded Iraq Telecom its costs (the "Set Aside Judgment").

On 19 September 2024, Korek applied to the DIFC Court for: (1) permission to appeal the Set Aside Judgment; and (2) a stay of enforcement of the R&E Order in the DIFC pending any appeal. On 10 October 2024, Iraq Telecom submitted a skeleton argument in opposition to the permission to appeal application. The procedure for determination of the accompanying stay application is yet to be directed by the DIFC 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.

<u>IBL Subordination Agreement Arbitration: Arbitration proceedings against IBL Bank SAL, Korek Telecom and International Holdings Ltd.</u>
The dispute is in relation to alleged fraud orchestrated by certain Korek Telecom stakeholders with the knowledge and cooperation of IBL Bank in connection with a subordination agreement relating to a USD 150 million loan extended by IBL Bank to Korek Telecom. The amount in dispute is to be determined during the course of the proceedings. The request for arbitration was submitted on 26 June 2018, and the respondents' reply and counter-claim was submitted on 8 October 2018. The counterclaim seeks damages for losses (still unquantified) allegedly suffered by the respondents in relation to their reputation and good standing. IBL's answer and counterclaim was submitted on 8 November 2018. Korek's and IH's answer was submitted on 14 December 2018. The tribunal was constituted on 15 May 2019. IT Ltd.'s Statement of Claim was submitted on 22 November 2019, and respondents' Statements of Defense were submitted on 21 February 2020. IT Ltd.'s Reply was filed on 22 July 2020. IBL's Rejoinder and Reply to Defence to Counterclaim and IH/Korek's Rejoinder were filed on 23 October 2020. The hearings were convened in February 2021.

On 24 September 2021, the Tribunal issued its award granting in full IT Ltd.'s claim to render as null and void the subordination agreement relating to the USD 150 million loan extended by IBL Bank to Korek Telecom. The Tribunal agreed with IT Ltd. that all of the respondents, including IBL Bank, had engaged in a deliberate and intentional deception of IT Ltd. The counterclaims of the respondents were rejected in their entirety. In addition to the avoidance of the subordination agreement, IT Ltd. was awarded legal costs in the amount of USD 3 million, which was collected on 18 May 2023.

As a result of this award, on 12 November 2021, IT Ltd. filed a Request for Arbitration against Korek Telecom, in order to enforce its debt claim of more than USD 285 million (plus default interest) bringing the total claim to approximately USD 1 billion, against IH, as debtor, and Korek Telecom, as guarantor. Korek Telecom filed its reply on 24 January 2022. On 17 June 2022, Korek Telecom filed a request to stay the proceedings pending adjudication of its application before the Lebanese courts to annul the arbitral award invalidating the Subordination Agreement. On 1 July 2022, IT Ltd. filed its response to Korek Telecom's motion to stay. On 15 July 2022, Korek Telecom filed its Reply in support of its motion to stay. On 29 July 2022, IT Ltd. filed its Rejoinder to Korek Telecom's motion to stay. The hearing of the stay application occurred on 17 August 2022 and Korek Telecom's stay application was dismissed by the Tribunal on 22 August 2022.

The first Procedural order was issued on 9 September 2022. IT Ltd. filed its Statement of Claim on 9 September 2022. Korek Telecom's Defense was filed on 18 November 2022, the disclosure stage concluded on 20 January 2023. Iraq Telecom's Statement of Reply was filed on 3 March 2023. Korek's Statement of Rejoinder was filed on 5 May 2023. The merits hearing was convened in June 2023, and further hearings were convened on 26 and 27 September 2023.

The Tribunal submitted its draft Final Award to the ICC Secretariat on 8 July 2024 for approval and declared the proceedings closed. The Final Award was issued on 9 September 2024. Korek was ordered to pay IT Ltd. over USD 1.3 billion. IT Ltd. is now in the process of enforcing this Final Award.

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.

Separately as well, IT Ltd. filed a Request for Arbitration ("IBL II Arbitration") against IBL Bank on 13 December 2021, seeking damages for the fraud that was adjudicated in the previous arbitration. IBL Bank's Reply was submitted on 7 April 2022. The tribunal was constituted on 10 August 2022, and the Tribunal has convened a Case Management Conference in the arbitration on 3 November 2022 and issued a procedural timetable on 5 December 2022. Pursuant to the timetable, IT Ltd. filed its Statement of Claim on 9 December 2022 and IBL's Statement of Defense was filed 24 March 2023.

On 1 June 2023, the Beirut Court of Appeal issued its decision on IBL's challenge to the award in the initial IBL Arbitration, ordering the set aside of that award (the "Annulment Decision"). IT Ltd. appealed the Annulment Decision before the Lebanese Court of Cassation. Following the issuance of the Annulment Decision, on 7 July 2023, IT Ltd. applied for a stay of the proceedings, or, in the alternative, an adjustment of the procedural timetable. On the same date, IBL applied for a summary dismissal of IT Ltd.'s claims. The Tribunal granted a stay of the proceedings until IT Ltd.'s application to the Lebanese Court of Cassation to stay the annulment was determined. On 18 October 2023, the Lebanese Court of Cassation ordered a stay of the Annulment Decision. The challenge to the Beirut Court of Appeal's decision is currently pending, and the parties have indicated they have no objection to maintaining the stay pending the outcome of the challenge. On 1 February 2024, the Tribunal issued Procedural Order No. 10, ordering a stay of the arbitration proceedings until the Lebanese Court of Cassation's decision on the challenge to the Beirut Court of Appeal's decision, or until 1 February 2025, whichever occurs first.

<u>DIFC Director Claims</u>
On 12 March 2018 IT Ltd. commenced proceedings in the courts of the Dubai International Financial Centre ("DIFC") against Raymond Zina Rahmeh. The claim alleges breach of the defendant's duties as directors of International Holdings and also alleges multiple instances of self-dealing. Mr. Rahmeh was validly served with the claim in CFI-019-2018 in Lebanon on 6 February 2020 and a certificate of service was issued by the DIFC Court on 13 February 2020.

Permission for IT to bring the derivative claim for and on behalf of IH against Mr. Rahmeh was granted by the DIFC Court on 11 May 2020, subject to the condition that IT is to file a schedule of breach, loss and causation (which has been done). Efforts were made to serve Mr. Rahmeh with the Schedule of Particulars and other recent documents via diplomatic service, but ultimately failed. Per the orders of the Court, the Schedule of Particulars must be served before further steps are taken in the proceedings. IT Ltd therefore applied for and was granted on 17 June 2021 permission to serve Mr. Rahmeh with the Schedule of Particulars and other documents by alternative means (e.g. email and courier to various affiliates of Mr. Rahmeh). Service by the alternative methods was effected, and, subsequently, on 16 December 2021, a judgment against Mr. Rahmeh was issued in the amount of USD 71.3 million plus costs and interest. On 27 December 2021, the DIFC court granted permission for the judgement to be served on Mr. Rahmeh by way of alternate service. Alternative service was effected, IT is now in the process of enforcing the judgement sum plus costs. On 1 January 2023, IT Ltd. applied for injunctive relief (preventative attachments) before the courts in Lebanon regarding certain of Mr. Rahmeh's assets. On 25 January 2023, injunctive relief was granted, thereby attaching 26 properties owned by Mr. Rahmeh in different districts as well as his shares in 24 companies. The injunctive relief extends to profits generated by those companies. Following a number of notification steps, the enforcement process proceeded towards a court-controlled auction process to auction off the assets. However, this process was interrupted because Mr. Rahmeh appealed to the Court of Appeal the decision of the Lebanese Court of First Instance granting permission to IT Ltd to enforce the default judgment. Pending determination of Mr. Rahmeh's appeal, enforcement is paused by law. IT Ltd is in the process of drafting a detailed defense to Mr. Rahmeh's appeal which will be filed imminently.

Separately, on 5 September 2017, Modern Global Company for General Trading of Equipment, Supplier for Construction and Real Estate WLL (a wholly owned subsidiary of the Associate Company) commenced arbitration proceedings against Korek Telecom in relation to Korek's alleged failure to pay servicing fees due to Modern Global under a services agreement. On 20 March 2019, Modern Global was awarded its full claim, interest and legal costs, amounting to approximately USD 4.5 million. The Associate is in the process of enforcing the award against Korek Telecom. As part of the enforcement process, Modern Global sought leave to make alternative service on Korek. A hearing before the DIFC Court regarding the grant of alternative service was convened on 9 February 2021. The DIFC Court issued its judgment on 9 May 2021 pursuant to which Modern Global was wholly successful on the appeal. Consequently, Modern Global is now taking active steps to enforce the USD 5 million award against Korek in the UAE and Iraq. In April 2022, an amount of approximately USD 1.1 million was obtained from certain Korek assets in the United Arab Emirates. Enforcement efforts remain ongoing.

As a result of the ongoing litigation relating to Korek, the Associate's management was unable to determine the fair value of this investment and the recoverability of interest bearing loan as at 30 September 2024, 31 December 2023 and 30 September 2023. Accordingly, the investment is carried at its fair value as at 31 December 2013 of USD 359 million equivalent to KD 110,801 thousand (31 December 2023: KD 111,639 thousand and 30 September 2023: KD 112,330 thousand).

h) <u>Other legal lawsuits</u>

1) The Ministry of Finance (MOF) issued a resolution to terminate contracts relating to certain properties constructed on land leased from the Government of the State of Kuwait upon the expiry of 25 years. The Associate appealed against this resolution. For one of the properties, the Court of Appeal has ruled in favour of MOF and awarded a compensation of KD 11,711,060.

   The associate has paid the compensation to MOF on installments throughout 2017 to 2019, the last payment being paid on March 31, 2019. The Associate has further appealed to the Court of Cassation and the case is still under consideration. For the other property, the Court of Appeal has also ruled in favour of MOF and awarded a compensation of KD 6,597,527. The Associate has further appealed to the Court of Cassation. The case is under consideration to date and the Associate has made a precautionary provision for this lawsuit in prior years with the full amount, and the amount is still outstanding to date.

2) The associate filed a legal case against Kuwait Ports Authority (KPA) and a transport company claiming for unpaid rent arising from utilization of certain plots in KFTZ. The Court of Appeal confirmed the appeal obliging KPA and the transport company to jointly pay KD 6,956,416 to the Associate. The Associate received the amount as stated in the court ruling on October 11, 2011. KPA and the transport company appealed against the ruling in the Court of Cassation, which is still pending a final ruling. As a precaution, the Associate has not reversed previously recorded provisions until a final ruling is issued.

   Also, the associate has filed a lawsuit against KPA to compensate it for utilizing other sites in KFTZ. The Court transferred the matter to the Experts department which is still under consideration to date.

3) During the year ended December 31,2023, on February 16, 2023, an administrative decision was issued by the Ministry of Finance to vacate the associate Company from the Waterfront Project - Phase III "Souq Sharq." On March 2, 2023, the Ministry of Finance sent a warning to the associate company 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 company 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 dismissed. The associate Company appealed this ruling, and on September 10, 2023, it was ruled that the appeal was not permissible. On November 12, 2023, a case was registered in the Commercial Cassation court No. 4875/2023, and no cassation hearing has been scheduled to date.

   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 on February 6, 2024, the Court of Appeal ruled to accept the appeal in its form and in substance, rejecting it and confirming the appealed ruling. The associate company will appeal this ruling by cassation within the legal deadlines. The Associate Company has brought an appeal by cassation under No. 1075/2024 Admin 1/ against this judgment for which no session was scheduled to date.

   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 and on February 28, 2024, it was ruled that it lacked jurisdiction and was referred to Administrative/11, and a session was set for April 24, 2024, which was adjourned to May 15, 2024 for delivery of the decision which upheld dismissal of the case. The Associate Company filed an appeal against this judgment before the Appeal Circuit No. 2930/2024 and the hearing session is scheduled on September 9, 2024, which ruled to reject and uphold the appealed judgment.

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

4) 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 associate 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 the Lawsuit No. 3674 of 2023, commercial, first instance, government and requested a judgment obliging the Ministry of Finance to payback the amount of guarantee (performance bond) and legal interest at 7% effective from the date of liquidation of guarantee until the full repayment. The hearing session dated May 21, 2024, had been scheduled for the report and it was adjourned to September 10, 2024 for the same and it was adjourned again to December 3, 2024.

   Accordingly, the associate recorded the amount of bail within accounts receivable under judicial collection based on the above-mentioned case.

There are certain lawsuits raised against the associate, the results of which cannot be assessed till being finally cleared by the court. In the opinion of the Associate's internal legal counsel, there will be no material adverse impact on the associate's interim condensed consolidated financial information, and hence, no provisions were recorded in the Associate's records as of the reporting date.

5. Bank borrowings

Bank borrowings are granted by local and foreign banks to the Group, which are secured by the joint guarantee of the Group's companies, assignment of certain contracts income and pledge of certain assets of the group as follows:

	Pledge	**September 30, 2024**	December 31, 2023 (Audited)	September 30, 2023
Financial assets at fair value through other comprehensive income	Equity shares	**4,646,293**	4,646,293	6,445,621
Shares of an associate (Note 4)	425,287,224 shares	**31,045,967**	26,732,340	29,243,560
Investment properties	Real estate	**3,229,472**	3,242,957	3,202,259
Freehold lands and buildings	Land and buildings	**64,794,174**	64,944,638	65,376,046
Ownership shares in a subsidiary	90 units	**2,700,000**	2,700,000	2,700,000
Ownership shares in a subsidiary	13,000,000 units	**5,203,998**	5,203,998	5,203,998

Analyzed as:

	Maturity date	**September 30, 2024**	December 31, 2023 (Audited)	September 30, 2023
Current portion	Several installments, the latest due as of September 30, 2025	**5,010,153**	3,786,562	3,715,592
Non-Current portion	Several installments during 2025 and 2031	**89,514,679**	93,854,572	94,228,712
		94,524,832	97,641,134	97,944,304

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

		Interest rate (%)		
Description	Currency	**September 30, 2024**	December 31, 2023 (Audited)	September 30, 2023
Annual effective interest rate over Central Bank of Kuwait discount rate	Kuwaiti Dinar	**1.25 – 2.5**	1.25 – 2.5	1.25 – 2.5
Annual effective interest rate	Jordanian Dinar	**6.5 – 8.5**	6.5 – 8.5	6.5 – 8.5
Semiannual effective interest rate	Omani Riyal	**4 – 4.5**	4 – 4.5	4 – 4.5

6. Murabaha payable

Murabaha payable carries effective interest rate at 2.5% (December 31, 2023: 2.5%, September 30, 2023: 2.5%) over the Central Bank of Kuwait discount rate, and are secured by the joint guarantee of the Parent Company and its subsidiaries, with the promise to purchase the right of utilization of plots 239, 180 and 181 located in block 3, Shuwaikh Industrial area – Kuwait, and pledge of certain assets of the Group as follows:

	Pledge	**September 30, 2024**	December 31, 2023 (Audited)	September 30, 2023
Shares of an associate (Note 4)	88,971,535 shares	**6,494,922**	5,592,496	6,100,905
Investment properties	Real estate	**1,900,000**	1,900,000	2,245,000
Freehold lands and buildings	Land and buildings	**7,484,208**	7,480,720	8,900,248

Analyzed as:

	Maturity date	**September 30, 2024**	December 31, 2023 (Audited)	September 30, 2023
Current portion	Several installments, the latest due as of September 30, 2025	**3,772,657**	2,908,876	908,876
Non-current portion	Several installments during 2025 and 2030	**15,705,499**	15,818,937	17,448,155
		19,478,156	18,727,813	18,357,031

7. Leases

a) **Right of use assets**

Movement of right of use assets during the period / year are as follows:

	September 30, 2024	December 31, 2023 (Audited)	September 30, 2023
Balance at the beginning of the period / year	**36,961,300**	24,139,980	24,139,980
Amortization charged during the period / year	**(2,965,243)**	(3,849,234)	(2,742,212)
Additions	**331,420**	17,003,486	7,875,438
Disposals	**(555,332)**	(338,539)	(143,841)
Foreign currencies translation adjustments	**(57,322)**	5,607	82,309
Balance at the end of the period / year	**33,714,823**	36,961,300	29,211,674

b) Lease liabilities

Movement of lease liabilities during the period / year are as follows:

	September 30, 2024	December 31, 2023 (Audited)	September 30, 2023
Balance at the beginning of the period / year	**38,298,836**	25,679,547	25,679,547
Finance charges	**1,379,302**	1,729,546	1,232,384
Paid during the period / year	**(3,866,483)**	(4,714,645)	(3,440,974)
Additions	**331,420**	16,069,755	7,875,438
Disposals	**(615,408)**	(375,048)	(172,708)
Foreign currencies translation adjustments	**(62,230)**	(90,319)	118,517
Balance at the end of period / year	**35,465,437**	38,298,836	31,292,204

Analyzed as:	**September 30, 2024**	December 31, 2023 (Audited)	September 30, 2023
Current portion	**4,513,987**	4,506,816	4,302,445
Non-current portion	**30,951,450**	33,792,020	26,989,759
	35,465,437	38,298,836	31,292,204

The incremental borrowing rate utilized for calculation of the present value of the leases ranges from 4.625% to 8.5% annually.

8. Bonds payable

As of September 30, 2024, the Parent Company have convertible bonds for a face value of KD 9,650,000, bearing interest of 8% annually, of face value KD 50,000 each bond, or 193 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.

	September 30, 2024	December 31, 2023 (Audited)	September 30, 2023
Face value of the bonds	**9,650,000**	9,650,000	9,650,000
Accrued Interest	**351,039**	185,317	114,044
Total value of bonds payable (Note 3)	**10,001,039**	9,835,317	9,764,044

9. Treasury shares

	September 30, 2024	December 31, 2023 (Audited)	September 30, 2023
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)	**970,206**	900,191	1,010,214
Cost (KD)	**(2,593,571)**	(2,593,571)	(2,593,571)

On May 15, 2023, the Parent Company's Board of Directors approved to reserve an amount of KD 2,593,571 from retained earnings and reserves to treasury shares.

10. Basic and diluted loss per share attributable to Parent Company's Shareholders

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

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	**2024**	2023
Loss for the period attributable to the Parent Company's shareholders	**(839,306)**	(1,618,913)	**(2,002,653)**	(2,888,390)
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 number of treasury shares (Note 9)	**(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 per share attributable to the Parent Company's shareholders	**(3)**	(5.79)	**(7.17)**	(10.34)

As of September 30, 2024, there are bonds convertible into ordinary shares (Note 8), they do not have a dilutive effect on the loss per share due to its nature.

11. 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 information does not include any adjustments that might arise due to uncertainty of the Group's ability to continue as a going concern.

As of September 30, 2024, the Group's current liabilities exceeded its current assets by KD 62,593,817 (December 31, 2023 – KD 56,386,376, September 30, 2023 – KD 54,069,955).

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 credit facilities during the previous years. Further during the previous periods, 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 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.

12. Fair value measurement

All assets and liabilities for which fair value is measured or disclosed in the interim condensed consolidated financial information are categorized 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.

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

	September 30, 2024		
	Level 2	**Level 3**	**Total**
Financial assets at fair value through other comprehensive income	**-**	**4,646,293**	**4,646,293**
Investment properties	**5,129,472**	**-**	**5,129,472**
	5,129,472	**4,646,293**	**9,775,765**

	December 31, 2023 (Audited)		
	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	-	4,646,293	4,646,293
Investment properties	5,142,957	-	5,142,957
	5,142,957	4,646,293	9,789,250

	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

Management of the Parent Company believes that there has been no significant change in the fair value of the financial assets at FVOCI and the investment properties during the period ended September 30, 2024.

During the period ended September 30, 2024, there were no transfers among levels of fair value hierarchy.

13. Contingent liabilities and legal claims

a. Contingent liabilities

The Group is contingently liable in respect of the following:

	September 30, 2024	December 31, 2023 (Audited)	September 30, 2023
Letters of guarantee	**3,404,598**	4,920,472	4,559,158
Letters of credit	**2,750,683**	2,032,269	1,156,853
	6,155,281	6,952,741	5,716,011

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

	September 30, 2024	December 31, 2023 (Audited)	September 30, 2023
Letters of guarantee	**668,508**	668,508	668,508

b. Legal claims:
There are certain lawsuits raised by / against the Parent Company, the results of which cannot be assessed till being finally cleared by the court. In the opinion of the Group's internal legal counsel, there will be no material adverse impact on the Group's interim condensed consolidated financial information.

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, 2023

14. Ordinary General Assembly

The Shareholders' Ordinary General Assembly meeting held on May 23, 2024, approved the consolidated financial statements for the year ended December 31, 2023, and approved not to distribute cash dividends, bonus shares or Board of Directors' remuneration for the year ended December 31, 2023.

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

15. Comparative figures

Certain of the prior year / period amounts have been reclassified to conform to the amounts of current year / period presentation. Such reclassification has no impact on the Group's loss or equity for the previous year / period.

The details of reclassification are as follows:

Description	Amount before reclassification	Reclassified amount	Amount after reclassification
As of December 31, 2023 (audited):			
Accounts receivable and other debit balances	4,535,081	212,412	4,747,493
Accounts payable and other credit balances	(69,866,822)	(212,412)	(70,079,234)
As of September 30, 2023:			
Investment in associates	112,674,798	(2,500,000)	110,174,798
Accounts payable and other credit balances	(75,658,522)	2,500,000	(73,158,522)

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 associates.
Contracting	Construction
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, 2024				
	Retail	**Investment**	**Contracting**	**Real Estate**	**Total**
Total revenue	**138,226,351**	**-**	**2,275,480**	**103,812**	**140,605,643**
Gross profit	**23,709,076**	**-**	**568,723**	**103,812**	**24,381,611**
Depreciation and amortization	**(4,909,810)**	**(49,226)**	**-**	**(389,909)**	**(5,348,945)**
Finance charges	**(1,514,489)**	**(5,562,709)**	**-**	**(222,609)**	**(7,299,807)**
Profit (loss) for the period	**3,580,262**	**(5,180,174)**	**648,637**	**(987,935)**	**(1,939,210)**
Total assets	**129,816,482**	**109,051,980**	**1,413,142**	**41,907,073**	**282,188,677**
Total liabilities	**124,531,197**	**107,332,349**	**582,769**	**10,392,553**	**242,838,868**

	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	22,768,645	-	573,677	121,968	23,464,290
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	119,876,487	631,568	41,626,271	298,828,524
Total liabilities	126,485,646	107,266,041	2,695,024	5,445,165	241,891,876