SULTAN CENTER FOOD PRODUCTS COMPANY - K.S.C. (PUBLIC)
AND ITS SUBSIDIARIES
STATE OF KUWAIT
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED MARCH 31, 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

	Page
Report on review of interim condensed consolidated financial information	
Interim condensed consolidated statement of financial position (unaudited)	3
Interim condensed consolidated statement of profit or loss (unaudited)	4
Interim condensed consolidated statement of profit or loss and other comprehensive income (unaudited)	5
Interim condensed consolidated statement of changes in equity (unaudited)	6
Interim condensed consolidated statement of cash flows (unaudited)	7
Notes to interim condensed consolidated financial information (unaudited)	8 – 27

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To the Board of Directors
Sultan Center Food Products Company - K.S.C. (PUBLIC)
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 March 31, 2024 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the three month period then ended. Management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Basis for Qualified Conclusion

- As disclosed in Note (4), the interim condensed consolidated financial information include investment in associate "National Real Estate Company - K.S.C.P. (NREC)", where its interim condensed consolidated financial information includes an investment in associate "Agility Public Warehousing Company - K.S.C.P." which has filed an arbitration to recover one of its investments and a loan related thereto. Accordingly, we were unable to determine the effect of any adjustments that might be necessary to the value of NREC investment in "Agility Public Warehousing Company K.S.C.P." and the 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 March 31, 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 books of the associate "Agility Public Warehousing Company - K.S.C.P".

- As disclosed in Note (4) to the interim condensed consolidated financial information, the Group has investment in associate "National Real Estate Company - K.S.C.P. (NREC)". The Group's management did not perform the test of impairment for its investment in the associate which is not in line with the IFRS requirements. Had the Group's management performed the test of impairment for its investment in associate, its carrying value could have been materially impacted. The effect of not performing such test and the effect of any necessary adjustments with respect to this matter could not have been presently determined on the accompanying interim condensed consolidated financial information.
- 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) has investment properties amounting to KD 281,367 thousand as at 31 March 2024, which includes properties leased from the Public Authority for Industry, Kuwait ("PAI") amounting to KD 190,980 thousand whose lease periods have expired as at the date of interim condensed consolidated financial information. The 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 (12) to the interim condensed consolidated financial information which indicates that as at March 31, 2024, the Group's current liabilities exceeded its current assets by KD 57,288,655 (December 31, 2023: KD 56,386,376, March 31, 2023: KD 56,875,082). 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 of this matter.

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, except for the 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 three month period ended March 31, 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 (CMA) and its related regulations during the period ended March 31, 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
May 15, 2024

SULTAN CENTER FOOD PRODUCTS COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS OF MARCH 31, 2024
(All amounts are in Kuwaiti Dinar)

ASSETS	Notes	March 31, 2024	December 31, 2023 (Audited)	March 31, 2023
Current assets:				
Cash on hand and at banks		4,733,670	5,046,251	7,986,388
Term deposit		-	-	801,509
Accounts receivable and other debit balances		5,819,234	4,747,493	6,429,901
Inventories		19,138,010	15,607,386	19,590,908
		29,690,914	25,401,130	34,808,706
Assets relating to discontinued operations		6,489,606	6,489,606	6,489,606
Total current assets		36,180,520	31,890,736	41,298,312
Non-current assets:				
Financial assets at fair value through other comprehensive income		4,646,293	4,646,293	7,287,582
Investment in associates	4	96,454,026	98,846,088	114,391,934
Investment properties		5,146,274	5,142,957	9,365,845
Property, plant and equipment		104,909,199	105,035,360	107,602,115
Right of use assets	7 – a	36,003,176	36,961,300	27,306,902
Intangible assets		427,405	452,965	780,822
Total non-current assets		247,586,373	251,084,963	266,735,200
Total assets		283,766,893	282,975,699	308,033,512
LIABILITIES AND EQUITY				
Current liabilities:				
Bank borrowings	5	3,887,534	3,786,562	4,006,804
Murabaha payables	6	3,258,876	2,908,876	908,876
Accounts payable and other credit balances		74,817,962	70,079,234	81,959,645
Due to related parties	3	207,450	207,450	207,450
Lease liabilities	7 - b	4,509,179	4,506,816	4,302,445
		86,681,001	81,488,938	91,385,220
Liabilities relating to discontinued operations		6,788,174	6,788,174	6,788,174
Total current liabilities		93,469,175	88,277,112	98,173,394
Non-current liabilities:				
Bank borrowings	5	92,757,261	93,854,572	101,802,161
Murabaha payables	6	15,702,718	15,818,937	17,204,593
Leases liabilities	7 - b	32,686,606	33,792,020	24,691,997
Bonds payable	8	9,887,583	9,835,317	-
Provision for end of service indemnity		4,204,134	4,166,858	4,361,935
Total non-current liabilities		155,238,302	157,467,704	148,060,686
Total liabilities		248,707,477	245,744,816	246,234,080
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		53,300,883	53,392,901	53,661,140
Effect of changes in other comprehensive loss and other components of equity of associates		(48,839,041)	(45,728,164)	(40,510,854)
Cumulative changes in fair value		(2,837,328)	(2,837,328)	(3,538,159)
Foreign currency translation adjustments		(2,256,972)	(2,276,470)	(1,921,256)
Retained earnings		3,981,793	3,014,575	22,456,193
Equity attributable to shareholders of the Parent Company		35,179,479	37,395,658	61,977,208
Non-controlling interests		(120,063)	(164,775)	(177,776)
Total equity		35,059,416	37,230,883	61,799,432
Total liabilities and equity		283,766,893	282,975,699	308,033,512

The accompanying notes from (1) to (17) form an integral part of the interim condensed consolidated financial information.

Essam Khalil Al Rifai
Vice Chairman

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SULTAN CENTER FOOD PRODUCTS COMPANY - K.S.C. (PUBLIC) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2024
(All amounts are in Kuwaiti Dinar)

	Notes	Three months ended March 31, 2024	Three months ended March 31, 2023
Operating income			
Sales		**47,145,343**	48,264,338
Rental income		**40,656**	40,656
Service contract revenues		**766,637**	1,057,606
		47,952,636	49,362,600
Operating costs:			
Cost of sales		**(39,063,320)**	(40,299,935)
Service contract costs		**(548,269)**	(865,367)
		(39,611,589)	(41,165,302)
Gross profit		**8,341,047**	8,197,298
Other operating income		**2,888,767**	2,366,046
General, administrative and selling expenses		**(7,155,079)**	(6,999,687)
Depreciation and amortization		**(1,780,740)**	(1,666,145)
Operating profit		**2,293,995**	1,897,512
Provisions no longer required	10	**300,000**	757,458
Group's share of results from associates	4	**718,815**	(559,423)
Finance charges		**(2,392,898)**	(2,001,604)
Profit for the period		**919,912**	93,943
Attributable to:			
Shareholders of the Parent Company		**875,200**	67,308
Non-controlling interests		**44,712**	26,635
		919,912	93,943
		Fils	Fils
Basic and diluted earnings per share attributable to the Parent Company's Shareholders	11	**3.13**	0.24

The accompanying notes from (1) to (17) 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 MARCH 31, 2024
(All amounts are in Kuwaiti Dinar)

	Notes	Three months ended March 31, 2024	2023
Profit for the period		**919,912**	93,943
Other comprehensive (loss) income:			
Items that may be reclassified subsequently to the interim condensed consolidated statement profit or loss:			
Foreign currency translation adjustments		**19,498**	(83,949)
Group's share of associates' other comprehensive income	4	**37,856**	380,684
Item that will not be reclassified subsequently to interim condensed consolidated statement of profit or loss:			
Group's share of associates' other comprehensive (loss) income	4	**(3,265,214)**	9,753,078
Other comprehensive (loss) income for the period		**(3,207,860)**	10,049,813
Total comprehensive (loss) income for the period		**(2,287,948)**	10,143,756
Attributable to:			
Shareholders of the Parent Company		**(2,332,660)**	10,117,121
Non-controlling interests		**44,712**	26,635
		(2,287,948)	10,143,756

The accompanying notes from (1) to (17) 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 MARCH 31, 2024
(All amounts are in Kuwaiti Dinar)

	Equity attributable to shareholders of the Parent Company											
	Share capital	Treasury shares	Statutory reserve	Voluntary reserve	Revaluation surplus	Effect of changes in other comprehensive loss and other components of equity 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
Profit for the period	-	-	-	-	-	-	-	-	875,200	875,200	44,712	919,912
Other comprehensive (loss) income for the period	-	-	-	-	-	(3,227,358)	-	19,498	-	(3,207,860)	-	(3,207,860)
Total comprehensive (loss) income for the period	-	-	-	-	-	(3,227,358)	-	19,498	875,200	(2,332,660)	44,712	(2,287,948)
Effect of changes in associates' equity (Note 4)	-	-	-	-	-	116,481	-	-	-	116,481	-	116,481
Transferred from revaluation surplus to retained earnings	-	-	-	-	(92,018)	-	-	-	92,018	-	-	-
Balance as at March 31, 2024	**28,941,439**	**(2,593,571)**	**2,741,138**	**2,741,138**	**53,300,883**	**(48,839,041)**	**(2,837,328)**	**(2,256,972)**	**3,981,793**	**35,179,479**	**(120,063)**	**35,059,416**
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
Profit for the period	-	-	-	-	-	-	-	-	67,308	67,308	26,635	93,943
Other comprehensive income (loss) for the period	-	-	-	-	-	10,133,762	-	(83,949)	-	10,049,813	-	10,049,813
Total other comprehensive income (loss) for the period	-	-	-	-	-	10,133,762	-	(83,949)	67,308	10,117,121	26,635	10,143,756
Effect of changes in associates' equity (Note 4)	-	-	-	-	-	351,677	-	-	-	351,677	-	351,677
Transferred from revaluation surplus to retained earnings	-	-	-	-	(62,693)	-	-	-	62,693	-	-	-
Balance as at March 31, 2023	28,941,439	(2,593,571)	2,741,138	2,741,138	53,661,140	(40,510,854)	(3,538,159)	(1,921,256)	22,456,193	61,977,208	(177,776)	61,799,432

The accompanying notes from (1) to (17) form an integral part of the interim condensed consolidated financial information.

		Three months ended March 31,	
	Notes	**2024**	2023
Cash flows from operating activities:			
Profit for the period		**919,912**	93,943
Adjustments for:			
Depreciation and amortization		**1,780,740**	1,666,145
Provisions no longer required	10	**(300,000)**	(757,458)
Group’s share of results from associates	4	**(718,815)**	559,423
Finance charges		**2,392,898**	2,001,604
Provision for end of service indemnity		**131,914**	157,027
		4,206,649	3,720,684
Changes in operating assets and liabilities:			
Accounts receivable and other debit balances		**(1,071,741)**	(640,157)
Inventories		**(3,530,624)**	(4,151,205)
Accounts payable and other credit balances		**5,090,996**	7,638,122
Cash flows generated from operations		**4,695,280**	6,567,444
Payment of end of service indemnity		**(94,638)**	(210,501)
Net cash flows generated from operating activities		**4,600,642**	6,356,943
Cash flows from investing activities:			
Paid for purchase of property, plant and equipment		**(650,376)**	(2,188,117)
Net cash flows used in investing activities		**(650,376)**	(2,188,117)
Cash flows from financing activities:			
Net movement in bank facilities		**(996,339)**	(347,772)
Net movement in Murabaha payables		**233,781**	(104,437)
Lease liabilities paid	7 - b	**(1,585,015)**	(1,029,563)
Finance charges paid		**(1,933,219)**	(1,658,763)
Net cash flows used in financing activities		**(4,280,792)**	(3,140,535)
Net (decrease) increase in cash on hand and at banks		**(330,526)**	1,028,291
Foreign currency translation adjustments		**17,945**	(121,355)
Cash on hand and at banks at beginning of the period		**5,046,251**	7,079,452
Cash on hand and at banks at the end of the period		**4,733,670**	7,986,388

The accompanying notes from (1) to (17) form an integral part of the interim condensed consolidated financial information.

1- Incorporation and activities

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

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

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

The interim condensed consolidated financial information was authorized for issue by the Parent Company's Board of Directors on May 15, 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 this interim condensed consolidated financial information for the period are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2023. The Group has not early adopted any other standard, interpretation or amendments that has been issued but is not effective. Other amendments and interpretations which are effective for the first time in January 1, 2024, do not have material impact on the interim condensed financial information of the Group.

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

3- Related party disclosures

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

	Shareholders	Entities under common control and other parties	**March 31, 2024**	December 31, 2023 (Audited)	March 31, 2023
Balances included in the interim condensed consolidated statement of financial position:					
Due to related parties	-	207,450	**207,450**	207,450	207,450
Accounts payable and other credit balances	-	433,959	**433,959**	571,893	534,792
Bonds payable (Note 8)	9,887,583	-	**9,887,583**	9,835,317	-

Transactions included in the interim condensed consolidated statement of profit or loss are as follows:	Shareholders	Entities under common control and other parties	Three months ended March 31, **2024**	2023
General, administrative and selling expenses	-	310,675	**310,675**	676,481
Finance charges – bonds payable	167,250	-	**167,250**	-

Key management personnel benefits:	Three months ended March 31, **2024**	2023
Salaries and other short-term benefits	**119,764**	125,513
End of service indemnity	**32,033**	8,078
	151,797	133,591

(a) Due to related parties are non-interest bearing and with no specific maturity dates.

4- Investment in associates

The movement during the period/year is as follows:

	March 31, 2024	December 31, 2023 (Audited)	March 31, 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	**718,815**	(8,707,959)	(559,423)
Group's share of associates' comprehensive (loss) income	**(3,227,358)**	4,845,075	10,133,762
Group's share of changes in associates' equity	**116,481**	423,054	351,677
Impairment losses	**-**	(2,180,000)	-
Balance at the end of the period/year	**96,454,026**	98,846,088	114,391,934

As at March 31, 2024, certain shares of the associate (National Real Estate Company - K.S.C. (Public)) with a market value amounting to KD 49,466,795 (December 31, 2023: KD 32,324,836, March 31, 2023: KD 41,336,609) are pledged to certain local banks against bank facilities and Murabaha - Notes (5 , 6).

Contingent liabilities for legal cases related to Agility Public Warehousing Company - K.S.C.P (associate 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 of the associate include certain properties with a carrying value of KD 190,980 thousand that are leased from PAI as described below:

1. 805,712 m2 of land in Sulaibiya area with a carrying value of KD 77,962 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 11,750 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.

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 members 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 provision of the law applied resolutions in this regard.

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 filed the appeal under appeals No. 1480, 1482, 1449 Commercial Appeal, Civil, Government / 10 for the year 2023. On 5 November 2023, the court of appeals ruled to formally accept the three appeals and in substance to reject them and uphold the appealed ruling and compelled the appellant to pay the appeals’ expenses and an amount of KD Twenty (20) as attorney’s fees. Agility has challenged this appeal decision and filed case number 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 court of first instance ruled and dismissed the case. 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 under case no. 622/2024 commercial, civil Government /23 with the same requests and a first hearing is scheduled for 21 May 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 ordered the parent company to vacate the land in favor of PAI. The parent 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. All the three appeals are scheduled for ruling on 22 May 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 for the year 2023, commercial, civil, government / 5. On 14 June 2023, a stay order was issued pending a decision on the judges' recusal request No. 13 of 2023. On 13 March 2024, the court of appeal issued its ruling rejecting the appeal confirmed the court of first instance ruling. The associate company is in the process of filing an appeal before the court of cassation.

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 Agility 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 under case No 3897,3949,4145/ 2023 Commercial Cassation /1.

The PAI also filed claims against the Associate Company in respect of contract No. 208 for Mina Abdullah site, and Contract No. 211 for the Sulaibiya 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 31 March 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 agreed to amicably resolve the issues subject of the ongoing disputes between them. By virtue of the settlement, IAC has agreed to pay to ASIL an amount equal to $9,608,802. The settlement agreement was endorsed by the Iraqi Prime Minister and the Iraqi Counsel of Ministers. IAC made its first payment of $4,800,000 with the balance being due as follows:

- $1,600,000 by the end of February 2024.
- $1,600,000 by the end of March 2024; and
- $1,608,002 by the end of April 2024.

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

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

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

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 Nos. 1480 and 1487 for year 2015, Administrative/4 by the Court of Cassation, where the court ordered the GAC to refund an amount of KD 5,561 thousand to GCS out of the original amount of encashed guarantee. The said appeals resolved, otherwise, to uphold the appealed judgment, which ordered the second defendant, "the Director General of the General Administration of Customs in his capacity," to pay to the plaintiff "GCS" an amount of KD 58,927 thousand in addition to the legal interest of 7% annually on both amounts from the date this judgment becomes final.

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

e) <u>Legal cases with GAC - Appeals No. 1927 and 1933 of 2018</u>

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 an amount of KD 500 thousand for developing project mechanisms at customs ports on a periodic basis, obliging GCS to pay the customs an amount of KD 21,242 thousand for the fines owed by GCS as of 9 February 2005, as well as an amount of KD 50 thousand for the annual allocation to the fund.

GAC also filed several lawsuits that were 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 the company 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, a 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 in the interim condensed consolidated financial information pending final ruling by the court of cassation.

In addition to the above, there are other legal disputes between GCS and GAC. Both the parties have filed various claims and counter claims that are currently pending in the courts. The 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.

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.

f) Korek Litigation

In February 2017, the Associate filed a request for arbitration against the Republic of Iraq pursuant to Article 36 of the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (“ICSID”), and Article 10 of the Agreement between the Government of the State of Kuwait and the Government of the Republic of Iraq for Reciprocal Promotion and Protection of Investments (the “2015 BIT”). The 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 Grou"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 Grou"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. Ira"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, the Associate will refile new claims before ICSID against the Republic of Iraq.

Separately, on 31 May 2021, Alcazar Capital Limited ("Alcaza""), 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 Grou"s investment. On 24 January 2022, the Court of First Instance dismissed Alcaza"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, the Associate will now pursue enforcement of the Kuwait Judgment against the KRG. 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.

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. The arbitration is in the very early stages. 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. Alcazar filed its Statement of Defence on 23 April 2024. The procedural timetable for the remaining steps in the case (i.e. document production; determination of the Injunction Application; the Statement of Reply; the Statement of Rejoinder; and the merits hearing) is currently being negotiated between the parties.

Separately and prior to filing the Request for Arbitration under the Deed of Release, Korek applied to the DIFC Courts for an interim injunction restraining Alcazar from enforcing the Kuwaiti Judgment until the tribunal in the Release Arbitration is constituted and can determine an equivalent application for an interim injunction (the “Interim Injunction Application”). The Interim Injunction Application was made on 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 is now proceeding with a detailed assessment of its costs.

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 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 will file their joint reports on 24 November 2023, and a hearing of three days is scheduled to be heard in the week commencing 19 February 2024. Judgment is expected by June 2024

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.

- IBL Subordination Agreement Arbitration: Arbitration proceedings against IBL Bank SAL, Korek Telecom and International Holdings Ltd.
  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 were submitted on 8 November 2018. Korek's and IH's answer were 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 US 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 parties are in discussions regarding an amendment to the terms of reference and the next procedural steps. There is likely to be a further round of tribunal queries following by closing submissions.

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 Ban"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 12-month stay of the arbitration proceedings.

- <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 currently 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 31 March 2024. Accordingly, the investment is carried at its fair value as of 31 December 2013 of USD 359 million equivalent to KD 111,774 thousand.

g) <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) 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 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.

   Noting that the Group 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 group had It carried out complete maintenance work in accordance with the terms of the contract, and this continued until the Ministry of Finance has forcibly ceased the project on March 7, 2023, however, the Ministry of Finance liquidated the guarantee violating Article No. 16 of the aforementioned contract, and accordingly the Company filed a lawsuit Judicial No. 3674 for the year 2023 Commercial, Civil, Total Government circuit Claiming for which a session is scheduled for December 12, 2023. that the Ministry of Finance to return the value of the guarantee and legal interest at the rate of 7% from the date of liquidation of the guarantee until full payment. The Company also registered the value of the guarantee under the item of receivables under judicial collection according to the aforementioned lawsuit.

   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 interim condensed consolidated financial information, and hence, no provisions were recorded in the Associate's records as of the reporting date.

5- Bank borrowings

The bank facilities are granted by local and foreign banks to the Group and secured by the joint guarantee of the Parent Company and its subsidiaries and by the assignment of revenue of certain contracts and pledge of certain assets of the Group as follows:

	Pledge	**March 31, 2024**	December 31, 2023 (Audited)	March 31, 2023
Financial assets at fair value through other comprehensive income ("FVOCI")	Equity securities	**4,646,293**	4,646,293	6,445,621
Shares of an associate (Note 4)	405,035,451 shares	**40,908,581**	26,732,340	34,184,992
Investment properties	Real Estate	**3,246,274**	3,242,957	3,195,605
Freehold lands and buildings	Lands and buildings	**65,429,985**	64,944,638	64,075,902
Ownership interest in a subsidiary	90 interests	**2,700,000**	2,700,000	2,700,000
Ownership interest in a subsidiary	13,000,000 interests	**5,203,998**	5,203,998	5,203,998

Analyzed as:

	Due date	**March 31, 2024**	December 31, 2023 (Audited)	March 31, 2023
Current portion	Several installments with latest due as of March 31, 2025	**3,887,534**	3,786,562	4,006,804
Non-current portion	Several installments during 2025 and 2031	**92,757,261**	93,854,572	101,802,161
		96,644,795	97,641,134	105,808,965

The annual effective interest on bank facilities is as follows:

		Interest rate (%)		
Description	Currency	**March 31, 2024**	December 31, 2023 (Audited)	March 31, 2023
Annual effective interest rate over Central Bank of Kuwait discount rate	KD	**1.25 – 2.5**	1.25 – 2.5	1.25 – 2.5
Annual effective interest rate	KD	**-**	-	8
Annual effective interest rate	JOD	**6.5 – 8.5**	6.5 – 8.5	6.5 – 8.5
Semiannual effective interest rate	OMR	**4 – 4.5**	4 – 4.5	4 – 4.5

6- Murabaha payables

Murabaha payable carries effective interest rate at 2.5% (December 31, 2023: 2.5%, March 31, 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	**March 31, 2024**	December 31, 2023 (Audited)	March 31, 2023
Shares of an associate (Note 4)	84,734,795 shares	**8,558,214**	5,592,496	7,151,617
Investment properties	Real Estate	**1,900,000**	1,900,000	2,245,000
Freehold lands and buildings	Lands and buildings	**7,480,720**	7,480,720	9,454,601

Analyzed as:

	Due date	**March 31, 2024**	December 31, 2023 (Audited)	March 31, 2023
Current portion	Several installments with latest due as of March 31, 2025	**3,258,876**	2,908,876	908,876
Non-current portion	Several installments during 2025 and 2030	**15,702,718**	15,818,937	17,204,593
		18,961,594	18,727,813	18,113,469

7- Leases

a) Right of use assets

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

	March 31, 2024	December 31, 2023 (Audited)	March 31, 2023
Balance at the beginning of the period/year	**36,961,300**	24,139,980	24,139,980
Amortization charged for the period/year	**(978,643)**	(3,849,234)	(869,524)
Additions	**-**	17,003,486	3,999,962
Disposals	**-**	(338,539)	-
Foreign currency translation adjustments	**20,519**	5,607	36,484
Balance at the end of the period/year	**36,003,176**	36,961,300	27,306,902

b) Lease Liabilities

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

	March 31, 2024	December 31, 2023 (Audited)	March 31, 2023
Balance at the beginning of the period/year	**38,298,836**	25,679,547	25,679,547
Finance charges	**459,679**	1,729,546	342,841
Paid during the period/year	**(1,585,015)**	(4,714,645)	(1,029,563)
Additions	**-**	16,069,755	3,999,962
Disposals	**-**	(375,048)	-
Foreign currency translation adjustments	**22,285**	(90,319)	1,655
Balance at the end of the period/year	**37,195,785**	38,298,836	28,994,442

Analyzed as:

	March 31, 2024	December 31, 2023 (Audited)	March 31, 2023
Current portion	**4,509,179**	4,506,816	4,302,445
Non-current portion	**32,686,606**	33,792,020	24,691,997
	37,195,785	38,298,836	28,994,442

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 March 31, 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. Bonds payable are as follows:

	March 31, 2024	December 31, 2023 (Audited)	March 31, 2023
Face value of the bonds	**9,650,000**	9,650,000	-
Accrued interest	**237,583**	185,317	-
Total bonds payable (Note 3)	**9,887,583**	9,835,317	-

9- Treasury shares

	March 31, 2024	December 31, 2023 (Audited)	March 31, 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)	**990,210**	900,191	890,189
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 to treasury shares.

10- Provisions no longer required

	Three months ended March 31,	
	2024	2023
Provision for legal cases no longer required (*)	**300,000**	-
Accrued finance charges (**)	**-**	660,451
Other provisions	**-**	97,007
	300,000	757,458

(*) During the period ended March 31, 2024, the Group's management reversed a provision amounting to KD 300,000 made for a legal case based on the final judgment rendered by the Court of Cassation in favor of the Group.

(**) This item relates to finance charges accounted for in excess during the previous years, which were reversed during the previous period to the interim condensed consolidated statement of profit or loss.

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

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

	Three months ended March 31,	
	2024	2023
Profit for the period attributable to the Parent Company's shareholders	**875,200**	67,308
Number of shares outstanding:	**Shares**	Shares
Number of issued shares at the beginning of the period	**289,414,391**	289,414,391
Less: Weighted average of treasury shares	**(10,002,122)**	(10,002,122)
Weighted average number of shares outstanding at the end of the period	**279,412,269**	279,412,269
	Fils	Fils
Basic and diluted earnings per share attributable to the Parent Company's Shareholders	**3.13**	0.24

There are Bonds convertible into ordinary shares (Note 8), and they did not have a dilutive effect on the earnings per share due to its nature.

12- Working capital

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

As at March 31, 2024, the Group's current liabilities exceeded its current assets by KD 57,288,655 (December 31, 2023: KD 56,386,376, March 31, 2023: KD 56,875,082).

The Group had taken the necessary measures to start implementing an exit plan from some of its investments and assets included in the condensed consolidated interim financial information to meet its obligations towards this matter and restructured some of its bank borrowings during the previous years. Further, during the 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 long period convertible bonds will enhance its financial position. In addition, major shareholders of the Group and related parties will provide financial support to the Group when needed.

13- Fair value measurement

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

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

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

	March 31, 2024		
	Level 2	**Level 3**	**Total**
Financial assets at fair value through other comprehensive income	**-**	**4,646,293**	**4,646,293**
Investment properties	**5,146,274**	**-**	**5,146,274**
	5,146,274	**4,646,293**	**9,792,567**

	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

	March 31, 2023		
	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	-	7,287,582	7,287,582
Investment properties	9,365,845	-	9,365,845
	9,365,845	7,287,582	16,653,427

The Parent Company's management believes that there is no significant change in fair value of financial assets at fair value through other comprehensive income and investment properties during the three months ended March 31, 2024.

There were no transfers between any levels of the fair value hierarchy during the period ended March 31, 2024.

14- Contingent liabilities and legal claims

a) Contingent liabilities

The Group is contingently liable in respect of the following:

	March 31, 2024	December 31, 2023 (Audited)	March 31, 2023
Letters of guarantee	**4,029,755**	4,920,472	4,728,523
Letters of credit	**2,207,211**	2,032,269	744,114
	6,236,966	6,952,741	5,472,637

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

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

There are no significant changes in the contingent liabilities and legal claims of the Associate "National Real Estate Company K.S.C.P." as disclosed in the consolidated financial statements for the year ended December 31, 2023.

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 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.

15- Ordinary General Assembly

The Annual General Assembly of Parent Company's shareholders for the year ended December 31, 2023, had not been held until the date of approval of this accompanying interim condensed consolidated financial information. Accordingly, the consolidated financial statements for the year then ended have not been approved by the General Assembly of the Parent Company's shareholders. The interim condensed consolidated financial information for the period ended March 31, 2024 does not include any adjustment which might have been required had the General Assembly of the Parent Company's shareholders approved the consolidated financial statements.

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

16- 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 profit 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 March 31, 2023:			
Investment in associates	116,891,934	(2,500,000)	114,391,934
Accounts payable and other credit balances	(84,459,645)	2,500,000	(81,959,645)

17- 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, associates and joint operations.
Contracting	Services
Real estate	Management, development, and trading in real estate.

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

	Three months ended 31 March 2024				
	Retail	**Investment**	**Contracting**	**Real estate**	**Total**
Total revenue	**47,145,343**	**-**	**766,637**	**40,656**	**47,952,636**
Gross profit	**8,082,023**	**-**	**218,368**	**40,656**	**8,341,047**
Depreciation and amortization	**(1,639,047)**	**(12,307)**	**-**	**(129,386)**	**(1,780,740)**
Finance charges	**(512,308)**	**(1,805,804)**	**-**	**(74,786)**	**(2,392,898)**
Profit (loss) for the period	**1,939,978**	**(1,251,190)**	**452,443**	**(221,319)**	**919,912**
Total assets	**138,588,079**	**101,492,463**	**1,413,142**	**42,273,209**	**283,766,893**
Total liabilities	**129,594,052**	**108,039,538**	**582,769**	**10,491,118**	**248,707,477**

	Three months ended 31 March 2023				
	Retail	Investment	Contracting	Real estate	Total
Total revenue	48,264,338	-	1,057,606	40,656	49,362,600
Gross profit	7,964,403	-	192,239	40,656	8,197,298
Depreciation and amortization	(1,610,724)	(18,803)	-	(36,618)	(1,666,145)
Finance charges	(501,051)	(1,498,421)	(2,132)		(2,001,604)
Profit (loss) for the period	1,543,007	(1,474,767)	114,852	(89,149)	93,943
Total assets	141,938,400	122,860,893	1,390,572	41,843,647	308,033,512
Total Liabilities	130,940,172	106,903,305	2,919,730	5,470,873	246,234,080