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

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

31 MARCH 2025

Shape the future
with confidence

ERNST & YOUNG
AL AIBAN, AL OSAIMI & PARTNERS
P.O. Box 74
Burj Alshaya, 16th & 17th Floor
Al Soor Street, Mirqab
Safat 13001, State of Kuwait

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

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO BOARD OF DIRECTORS OF SOKOUK HOLDING COMPANY K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Sokouk Holding Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively, the "Group") as at 31 March 2025, and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three-month period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34: *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Basis for Qualified Conclusion

As described in Note 8 to the interim condensed consolidated financial information, under Gulf Real Estate Development House Company K.S.C. (Closed) (the "subsidiary"), Islamic finance payables of KD 21,000,000 (31 December 2024: KD 21,000,000, 31 March 2024: KD 21,000,000) and the finance cost of KD 4,318,125 (31 December 2024: KD 4,042,500, 31 March 2024: KD 3,215,625) are secured by a first charge over the subsidiary's property and equipment (the "leased property") with a carrying value of KD 25,882,864 (31 December 2024: KD 25,962,051 and 31 March 2024: KD 26,243,031).

Following a claim to handover the leased property to the lender in 2021 and throughout the legal dispute and resulting proceeding between the lender and the subsidiary, the Court of Appeal, on 17 May 2023, ruled in favour of the subsidiary and held that the property remains a pledge against the Islamic finance payable and that ownership remains with the subsidiary. The court also released the Parent Company from joint guarantee contract related to the debt obligation towards the Islamic finance payables.

However, on 24 January 2024, the lender appealed the decision before the Court of Cassation. According to the legal advice obtained from the Group's external legal counsel, the cassation process may take one to two years from the date of filing for the court to render its final judgement.

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO BOARD OF DIRECTORS OF SOKOUK HOLDING COMPANY K.S.C.P. (continued)

Basis for Qualified Conclusion (continued)

Furthermore, during the year, the lender filed a new case against the Parent Company and the subsidiary claiming the Islamic finance payables amounting to KD 21,000,000 with 5.25% profit. On 9 February 2025, the Court of First Instance dismissed the case. The lender filed an appeal against the decision. The hearing, initially scheduled for 7 May 2025, has been adjourned to 14 May 2025.

Considering the range of possible outcomes of the judicial process, we were unable to determine whether any adjustments might be necessary to the interim condensed consolidated financial information of the Group.

Qualified Conclusion

Except for the adjustments to the interim condensed consolidated financial information that we might have become aware of had it not been for the matter described above, based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, except for the possible effect of the matter described in the *"Basis for Qualified Conclusion"* section of our report, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association have occurred during the three-month period ended 31 March 2025 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, except for the possible effect of the matter described in the *"Basis for Qualified Conclusion"* section of our report, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No 7 of 2010 concerning establishment of Capital Markets Authority ("CMA") and organisation of security activity and its executive regulations, as amended, during the three-month period ended 31 March 2025 that might have had a material effect on the business of the Parent Company or on its financial position.

SHEIKHA AL-FULAIJ
LICENCE NO. 289 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

12 May 2025
Kuwait

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the period ended 31 March 2025

		Three months ended 31 March	
	Notes	***2025*** ***KD***	*2024* *KD*
INCOME			
Hospitality income		**1,243,538**	1,024,665
Hospitality costs		**(571,667)**	(569,156)
Net hospitality income		**671,871**	455,509
Net rental income from investment properties		**109,347**	118,206
Share of results of associates	4	**1,848,078**	1,303,243
Management fees income		**22,203**	18,646
Other income		**76,922**	5,868
Total income		**2,728,421**	1,901,472
EXPENSES AND OTHER CHARGES			
Staff costs		**(209,857)**	(189,381)
Administrative expenses		**(175,702)**	(171,465)
Depreciation of right-of-use assets		**(22,256)**	(23,812)
Allowance for expected credit losses		**(4,320)**	(4,280)
Financing costs for debts and loans		**(275,625)**	(275,625)
Financing costs for lease obligations		**(7,394)**	(5,379)
Total expenses and other charges		**(695,154)**	(669,942)
PROFIT BEFORE TAX		**2,033,267**	1,231,530
Taxation		**(714)**	(102,070)
PROFIT FOR THE PERIOD		**2,032,553**	1,129,460
Attributable to:			
Equity holders of the Parent Company		**2,030,186**	1,148,951
Non-controlling interests		**2,367**	(19,491)
		2,032,553	1,129,460
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	3	**3.55 Fils**	2.01 Fils

The attached notes 1 to 11 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 31 March 2025

	Three months ended 31 March	
	2025	*2024*
	KD	*KD*
PROFIT FOR THE PERIOD	**2,032,553**	1,129,460
Other comprehensive income (loss)		
Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**410**	1,195
Share of other comprehensive income (loss) of associates	**24,791**	(37,491)
Net other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods	**25,201**	(36,296)
Other comprehensive (loss) income that will not be reclassified to profit or loss in subsequent periods:		
Net (loss) gain on equity instruments at fair value through other comprehensive income	**(28,849)**	810
Share of other comprehensive income of associates	**-**	(1,233)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	**(28,849)**	(423)
Other comprehensive loss for the period	**(28,849)**	(423)
Net other comprehensive (loss) for the period	**(3,648)**	(36,719)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**2,028,905**	1,092,741
Attributable to:		
Equity holders of the Parent Company	**2,026,538**	1,112,232
Non-controlling interests	**2,367**	(19,491)
	2,028,905	1,092,741

The attached notes 1 to 11 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
As at 31 March 2025

	Notes	*31 March 2025 KD*	*(Audited) 31 December 2024 KD*	*31 March 2024 KD*
ASSETS				
Bank balances and cash		**1,621,996**	1,108,448	1,735,568
Term deposits		**9,550,000**	9,585,000	4,550,000
Inventories		**57,374**	49,081	79,230
Accounts receivable and prepayments		**996,406**	1,045,433	1,282,589
Investment properties		**7,153,000**	7,153,000	6,958,000
Financial assets at FVOCI		**384,182**	413,031	382,936
Investment in associates	4	**15,397,012**	13,523,733	14,362,596
Right-of-use assets		**1,660,123**	1,717,367	1,884,486
Property and equipment	5	**25,884,066**	25,963,121	26,249,657
TOTAL ASSETS		**62,704,159**	60,558,214	57,485,062
EQUITY AND LIABILITIES				
Equity				
Share capital	6	**59,314,500**	59,314,500	59,314,500
Statutory reserve		**1,769,871**	1,769,871	1,769,871
Treasury shares	6	**(1,769,871)**	(1,769,871)	(1,769,871)
Effect of changes in other comprehensive income of associates		**(1,915,580)**	(1,940,371)	(1,901,240)
Foreign currency translation reserve		**68,096**	67,686	66,779
Fair value reserve		**(3,528,153)**	(3,499,304)	(3,529,399)
Other reserve		**(272,250)**	(272,250)	(272,250)
Accumulated losses		**(18,569,916)**	(20,600,102)	(22,657,797)
Equity attributable to equity holders of the Parent Company		**35,096,697**	33,070,159	31,020,593
Non-controlling interests		**211,742**	209,375	220,452
Total equity		**35,308,439**	33,279,534	31,241,045
LIABILITIES				
Islamic finance payables	7	**25,318,125**	25,042,500	24,215,625
Accounts payable and accruals		**1,635,126**	1,822,616	1,653,523
Employees' end of service benefits		**442,469**	413,564	374,869
Total liabilities		**27,395,720**	27,278,680	26,244,017
TOTAL EQUITY AND LIABILITIES		**62,704,159**	60,558,214	57,485,062

Sokouk Holding Co. K.P.S.C.

Mohammed Mubarak Al-Hajeri
Chairman

Ahmad Mohammed Othman Al-Quraishi
Chief Executive Officer

The attached notes 1 to 11 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 March 2025

	Attributable to equity holders of the Parent Company										
	Share capital KD	***Statutory reserve KD***	***Treasury shares KD***	***Effect of changes in OCI of associates KD***	***Foreign currency translation reserve KD***	***Fair value reserve KD***	***Other reserve KD***	***Accumulated losses KD***	***Sub-total KD***	***Non-controlling interests KD***	***Total equity KD***
At 1 January 2025	**59,314,500**	**1,769,871**	**(1,769,871)**	**(1,940,371)**	**67,686**	**(3,499,304)**	**(272,250)**	**(20,600,102)**	**33,070,159**	**209,375**	**33,279,534**
Profit for the period	-	-	-	-	-	-	-	2,030,186	2,030,186	2,367	2,032,553
Other comprehensive income (loss)	-	-	-	24,791	410	(28,849)	-	-	(3,648)	-	(3,648)
Total comprehensive income (loss) for the period	-	-	-	24,791	410	(28,849)	-	2,030,186	2,026,538	2,367	2,028,905
At 31 March 2025	**59,314,500**	**1,769,871**	**(1,769,871)**	**(1,915,580)**	**68,096**	**(3,528,153)**	**(272,250)**	**(18,569,916)**	**35,096,697**	**211,742**	**35,308,439**
At 1 January 2024	59,314,500	1,769,871	(1,769,871)	(1,862,516)	65,584	(3,530,209)	(272,250)	(23,806,748)	29,908,361	239,943	30,148,304
Profit (loss) for the period	-	-	-	-	-	-	-	1,148,951	1,148,951	(19,491)	1,129,460
Other comprehensive (loss) income	-	-	-	(38,724)	1,195	810	-	-	(36,719)	-	(36,719)
Total comprehensive (loss) income for the period	-	-	-	(38,724)	1,195	810	-	1,148,951	1,112,232	(19,491)	1,092,741
At 31 March 2024	59,314,500	1,769,871	(1,769,871)	(1,901,240)	66,779	(3,529,399)	(272,250)	(22,657,797)	31,020,593	220,452	31,241,045

The attached notes 1 to 11 form part of this interim condensed consolidated financial information.

	Note	*Three months ended 31 March* *2025* *KD*	*2024* *KD*
OPERATING ACTIVITIES			
Profit before tax		**2,033,267**	1,231,530
Adjustments to reconcile profit before tax to net cash flows:			
Share of results of associates	*5*	**(1,848,078)**	(1,303,243)
Depreciation of property and equipment		**115,600**	125,407
Depreciation of right-of-use assets		**57,244**	45,481
Allowance for expected credit losses		**4,320**	4,280
Interest income *(included under other income)*		**(75,556)**	(5,868)
Finance costs on debts and borrowings		**275,625**	275,625
Finance cost on lease liabilities		**7,394**	5,379
Provision for employees' end of service benefits		**34,130**	16,143
		603,946	394,734
Changes in operating assets and liabilities:			
Inventories		**(8,293)**	(17,562)
Accounts receivable and prepayments		**83,555**	3,220,507
Accounts payable and accruals		**(154,768)**	(518,983)
Cash flows from operating activities		**524,440**	3,078,696
Employees' end of service benefits paid		**(5,225)**	(841)
Net cash flows from operating activities		**519,215**	3,077,855
INVESTING ACTIVITIES			
Purchase of equipment		**(36,545)**	(269)
Net movement in term deposits		**35,000**	(2,600,000)
Interest income received		**36,708**	4,880
Net cash flows used in investing activities		**35,163**	(2,595,389)
FINANCING ACTIVITIES			
Payment of lease liabilities		**(40,830)**	(27,345)
Finance costs paid		-	(5,379)
Net cash flows used in financing activities		**(40,830)**	(32,724)
NET INCREASE IN BANK BALANCES AND CASH		**513,548**	449,742
Bank balances and cash at 1 January		**1,108,448**	1,285,826
BANK BALANCES AND CASH AT 31 MARCH		**1,621,996**	1,735,568
Non-cash items excluded from the interim condensed consolidated statement of cash flows:			
Additions to right-of-use assets		-	(592,196)
Additions to lease liabilities		-	592,196

The attached notes 1 to 11 form part of this interim condensed consolidated financial information.

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Sokouk Holding Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively, the "Group") for the three months ended 31 March 2025 was authorised for issue in accordance with a resolution of the directors on 12 May 2025.

The consolidated financial statements of the Group for the year ended 31 December 2024 were approved by the shareholders at the annual general assembly meeting ("AGM") held on 27 April 2025. No dividends have been declared by the Parent Company

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

The Parent Company's head office is located at ITS building 3rd Floor, Mubarak Al-Kabeer Street, Sharq and its registered postal address is at P.O. Box 29110, Safat 13152 - State of Kuwait.

The Parent Company is a subsidiary of Aref Investment Group S.A.K. (Closed) (referred to hereunder as "Aref" or the "Ultimate Parent Company"), a Kuwaiti shareholding company incorporated and domiciled in the State of Kuwait.

The principal activities of the Parent Company as per its Memorandum of Incorporation are, as follows:

- Owning shares of Kuwaiti or foreign shareholding companies or units in Kuwaiti or foreign limited liability companies, or establishing, managing, financing and sponsoring such companies.
- Financing and sponsoring entities in which the Parent Company has an ownership interest of not less than 20% in such entities.
- Owning industrial rights such as patents, industrial trademarks, sponsoring foreign companies or any other related industrial rights and leasing such rights for the benefit of companies inside or outside State of Kuwait.
- Owning movable assets or real estates required to pursue the Parent Company's activities within the limits acceptable by law.
- Utilising available surplus funds by investing these funds in portfolios managed by specialised parties.

All activities are conducted in accordance with Islamic Sharīʿa as approved by the Parent Company's Fatwa and Sharīʿa Supervisory Board.

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

			% equity interest		
	Principal activities	***Country of incorporation***	***31 March 2025***	*31 December 2024*	*31 March 2024*
Gulf Real Estate Development House Company K.S.C. (Closed)	Real Estate	Kuwait	**87.99%**	87.99%	87.99%
Sokouk Real Estate Company K.S.C. (Closed) *	Real Estate	Kuwait	**96.52%**	96.52%	96.52%

* The remaining shares/ units in the subsidiary is held by other related parties on behalf of the Parent Company. Therefore, the effective holding of the Parent Company in the subsidiary is 100%.

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

2.1 Basis of preparation

The interim condensed consolidated financial information for the three months ended 31 March 2025 has been prepared in accordance with International Accounting Standard 34 *"Interim Financial Reporting"*.

The Group has prepared the interim condensed consolidated financial information on the basis that it will continue to operate as a going concern. The directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed consolidated financial information does not contain all information and disclosures required for full consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2024.

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of new standards effective as of 1 January 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

One amendment applies for the first time in 2025, but does not have an impact on the interim condensed consolidated financial information of the Group.

Lack of exchangeability - Amendments to IAS 21

The amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendment is effective for annual reporting periods beginning on or after 1 January 2025. When applying the amendment, an entity cannot restate comparative information.

The amendment did not have a material impact on the Group's interim condensed consolidated financial information.

3 EARNINGS PER SHARE (EPS)

Basic EPS is calculated by dividing the profit for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

	Three months ended 31 March	
	2025	*2024*
Profit for the period attributable to equity holders of the Parent Company (KD)	**2,030,186**	1,148,951
Weighted average number of ordinary shares (excluding treasury shares) outstanding during the period	**571,645,336**	571,645,336
Basic and diluted EPS attributable to the equity holders of the Parent Company	**3.55 fils**	2.01 Fils

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

4 INVESTMENT IN ASSOCIATES

Details of associates are set out below:

	% equity interest			*Carrying amounts*		
	31 March 2025 %	*31 December 2024 % (Audited)*	*31 March 2024 %*	***31 March 2025 KD***	*31 December 2024 KD (Audited)*	*31 March 2024 KD*
Munshaat Real Estate Projects Company K.S.C.P. ("Munshaat")	**27.67**	27.67	27.67	**5,682,525**	4,738,843	3,798,861
Qitaf Joint Venture ("Qitaf")	**36.43**	36.43	36.43	**498,632**	421,206	586,173
The Zamzam 2013 JV ("Zamzam")	**23.48**	23.48	23.48	**9,215,855**	8,363,684	9,977,562
				15,397,012	13,523,733	14,362,596

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

Reconciliation to carrying amounts:	***31 March 2025 KD***	*(Audited) 31 December 2024 KD*	*31 March 2024 KD*
As at the beginning of the period/ year	**13,523,733**	13,096,882	13,096,882
Share of results	**1,848,078**	3,060,391	1,303,243
Share of other comprehensive income (loss)	**24,791**	(77,855)	(38,724)
Exchange differences	**410**	2,102	1,195
Capital redemptions	-	(2,557,787)	-
As at the end of the period/ year	**15,397,012**	13,523,733	14,362,596

The Group performed an impairment test for its investment in associates during the fourth quarter of the preceding annual reporting period, which concluded that no impairment losses were required. As the assessment was performed at the end of the last annual reporting period, and in the absence of any new indicators of impairment during the current interim reporting period, management believes that there are no triggering events that would necessitate an update to the impairment test in accordance with IAS 36 *'Impairment of Assets'*.

5 PROPERTY AND EQUIPMENT

Property and equipment with a carrying amount of KD 25,882,864 (31 December 2024: KD 25,962,051, 31 March 2024: KD 26,243,031) are subject to a first charge to secure the Group's Islamic finance payables (Note 8).

Impairment losses related to a real estate property
As at 31 December 2024, the Group assessed whether there is an indication that land and building may be impaired through assessing factors such as significant external adverse changes including market, economic, technological or legal environment factors in which the Group operates or internal observable factors including failure to meet budgeted and forecasted earnings in the current and prior years; that may trigger indicators of impairment that will either impact the carrying value or the remaining useful life of land and building. The management has also considered certain additional factors such as maintenance status, market knowledge and historical transactions.

5 PROPERTY AND EQUIPMENT (continued)

Based on management assessment and the valuation performed by two independent real estate valuers with experience in the locations and category of the property being valued during the year-end, no impairment indicators were noted. Management believes that there are no significant circumstances during the interim reporting period that have arisen since year-end which may have a significant impact on the recoverable amount.

6 EQUITY

6.1 Share capital

As at 31 March 2025, the authorised, issued and fully paid-up capital of the Parent Company comprises of 593,145,000 (31 December 2024: 593,145,000 and 31 March 2024: 593,145,000) shares of 100 fils each. All shares are paid in cash.

6.2 Treasury shares

	31 March 2025	*(Audited) 31 December 2024*	*31 March 2024*
Number of treasury shares	**21,499,664**	21,499,664	21,499,664
Percentage of share capital	**3.60%**	3.60%	3.60%
Cost of treasury shares – KD	**1,769,871**	1,769,871	1,769,871
Market value – KD	**1,246,981**	1,096,483	1,074,983
Weighted average market price – fils	**58**	51	50

Reserves equivalent to the cost of the treasury shares held are not available for distribution during the holding period of such shares as per CMA guidelines.

7 ISLAMIC FINANCE PAYABLES

	Currency	***Effective interest rate (EIR)***	***31 March 2025 KD***	*(Audited) 31 December 2024 KD*	*31 March 2024 KD*
Secured Ijara contract*	Kuwaiti Dinar	5.25%	**25,318,125**	25,042,500	24,215,625

* The secured Ijara contract amounting to KD 25,318,125 (31 December 2024: KD 25,042,500 and 31 March 2024: KD 24,215,625) represent a finance lease agreement (“Ijara contract”) entered into between Gulf Real Estate Development House Company (“Subsidiary”) and a local financial institution (“lender”) in respect of a hotel property located in the State of Kuwait (“leased property”). The lease matured on 30 June 2020 (“maturity date”). Ijara payables are secured by a first charge over the Group’s leased property, with a carrying value of KD 25,882,864 at 31 March 2025 (31 December 2024: KD 25,962,051 and 31 March 2024: KD 26,243,031).

Given the uncertainties arising from the COVID-19 pandemic and the consequent financial difficulties, the lender officially notified the Subsidiary in August 2020 to vacate and surrender the leased property.

Subsequently, on 5 April 2021, the Group was summoned by the court to evict and surrender the leased property following a claim filed by the lender. On 17 November 2021 the Court of First Instance ruled in favour of the lender and ordered the Subsidiary to surrender and hand over the leased property. The Subsidiary appealed the judgement before the Court of Appeal. On 20 June 2022, the higher court decided to suspend the case until the outcome of the counter litigation filed by the Group asserting ownership rights over the property.

7 ISLAMIC FINANCE PAYABLES (continued)

On 4 July 2021, the lender has filed a separate legal action against the Group, requesting the court to appoint a panel of experts to assess the ownership status of the property. The lender also submitted a claim for compensation covering the period from the lease expiry date. The court referred the matter to experts, whose report was submitted on 19 September 2022. At the court hearing held on 23 October 2022, the court decided to transfer the case to the Commercial Government department, which in turn appointed a new panel of experts for further evaluation. On the same date, the Group has filed a counterclaim asserting its ownership rights over the property. Despite the expiry of the lease contract on 30 June 2022, the Group continued to accrue finance costs as a provision against any potential financial obligation. On 25 December 2022, the court issued a judgement in favour of the Group.

In relation to the joint guarantee agreement previously signed by the Parent Company in respect of the finance obligation, the Court of Appeal issued a final ruling declaring the contract null and void, thereby releasing the Parent Company from any contractual liability relating to the Islamic finance payables.

The Lender has appealed this decision on 24 January 2023. A court hearing was scheduled for 20 May 2024 to further deliberate on the matter, however the hearing was cancelled by the court and the case was transferred to the Court of Cassation Prosecution.

Furthermore, in 2024, the lender filed a new claim against the Parent Company and the Subsidiary demanding settlement of Islamic finance payables amounting to KD 21,000,000 with 5.25% profit margin. On 9 February 2025, the Court of First Instance dismissed case. The lender filed an appeal against the decision. The hearing, initially scheduled for 7 May 2025, has been adjourned to 14 May 2025.

8 RELATED PARTY DISCLOSURES

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

The following table provides the total amount of transactions that have been entered into with related parties during the three months ended March 2025 and 2024, as well as balances with related parties as at 31 March 2025, 31 December 2024 and 31 March 2024.

		Three months ended	
	Associates KD	***31 March 2025 KD***	*31 March 2024 KD*
Interim condensed consolidated statement of profit or loss:			
Management fees income	**22,203**	**22,203**	18,646

	Major shareholder of the Ultimate Parent Company KD	***Associates KD***	***Other related parties KD***	***31 March 2025 KD***	*31 December 2024 KD (Audited)*	*31 March 2024 KD*
Interim condensed consolidated statement of financial position:						
Receivables from related parties	**-**	**332,206**	**23,358**	**355,564**	499,812	838,037
Payables to related parties	**121,845**	**1,972**	**13,057**	**136,874**	179,774	141,322

8 RELATED PARTY DISCLOSURES (continued)

Terms and conditions of transactions with related parties
Transactions with related parties are made on terms approved by the Group's management. All balances at the period-end are unsecured, interest free and have no fixed repayment schedule. There have been no guarantees provided or received for any related party receivables or payables. For the period ended 31 March 2025, the Group has not recognised any provision for expected credit losses relating to amounts owed by related parties (31 December 2024: Nil; 31 March 2024: Nil).

Key management compensation
Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group.

The aggregate value of transactions and balances outstanding related to key management personnel were as follows:

	Transaction values for the three months ended		*Balances outstanding as at*		
	31 March 2025 KD	*31 March 2024 KD*	***31 March 2025 KD***	*31 December 2024 KD (Audited)*	*31 March 2024 KD*
Salaries and other short-term benefits	**27,497**	27,226	**51,132**	113,757	54,111
End of service benefits	**1,849**	935	**27,533**	4,705	21,755
	29,346	28,161	**78,665**	118,462	75,866

The Board of Directors of the Parent Company in their meeting held on held on 4 March 2025 proposed a remuneration to the independent board member of KD 10,000 for the year ended 31 December 2024 (2023: KD Nil). This proposal was subsequently approved by the shareholders at the annual general assembly meeting ("AGM") held on 27 April 2025.

9 SEGMENT INFORMATION

For management purposes, the Parent Company is organised into three major business segments. The principal activities and services under these segments are as follows:

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on return on investments. The Group does not have any inter-segment transactions.

The following table presents segment revenue, expenses, results information of the Group's operating segments for the three months ended 31 March 2025 and 31 March 2024:

	Hotel operations KD	***Real estate KD***	***Investment KD***	***Other unallocated items KD***	***Total KD***
Three months ended 31 March 2025					
Segment revenue	**1,243,538**	**109,347**	**1,848,078**	**99,125**	**3,300,088**
Segment expenses	**(1,126,349)**	**(26,253)**	**-**	**(114,933)**	**(1,267,535)**
Segment results	**117,189**	**83,094**	**1,848,078**	**(15,808)**	**2,032,553**

9 SEGMENT INFORMATION (continued)

	Hotel operations KD	*Real estate KD*	*Investment KD*	*Other unallocated items KD*	*Total KD*
Three months ended 31 March 2024					
Segment revenue	1,024,665	118,206	1,303,243	24,514	2,470,628
Segment expenses	(1,214,300)	(24,210)	-	(102,658)	(1,341,168)
Segment results	(189,635)	93,996	1,303,243	(78,144)	1,129,460

The following table presents assets and liabilities for the Group's operating segments as at 31 March 2025, 31 December 2024 and 31 March 2024, respectively:

	Hotel operations KD	***Real estate KD***	***Investment KD***	***Other unallocated items KD***	***Total KD***
As at 31 March 2025					
Total assets	**31,655,840**	**9,968,310**	**20,994,243**	**85,766**	**62,704,159**
Total liabilities	**26,370,361**	**374,417**	**14,989**	**635,953**	**27,395,720**
As at 31 December 2024 (Audited)					
Total assets	31,683,406	9,732,351	19,051,268	91,189	60,558,214
Total liabilities	26,263,160	388,652	14,988	611,880	27,278,680
As at 31 March 2024					
Total assets	30,667,722	8,741,924	14,945,751	3,129,665	57,485,062
Total liabilities	24,699,511	931,502	12,083	600,921	26,244,017

10 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

31 March 2025	***Within 1 year KD***	***After 1 year KD***	***Total KD***
ASSETS			
Bank balances and cash	**1,621,996**	**-**	**1,621,996**
Term deposits	**9,550,000**	**-**	**9,550,000**
Inventories	**57,374**	**-**	**57,374**
Accounts receivable and prepayments	**996,406**	**-**	**996,406**
Investment properties	**-**	**7,153,000**	**7,153,000**
Financial assets at FVOCI	**-**	**384,182**	**384,182**
Investment in associates	**-**	**15,397,012**	**15,397,012**
Right-of-use assets	**-**	**1,660,123**	**1,660,123**
Property and equipment	**-**	**25,884,066**	**25,884,066**
TOTAL ASSETS	**12,225,776**	**50,478,383**	**62,704,159**
LIABILITIES			
Islamic finance payables	**25,318,125**	**-**	**25,318,125**
Accounts payable and accruals	**1,280,115**	**355,011**	**1,635,126**
Employees' end of service benefits	**-**	**442,469**	**442,469**
TOTAL LIABILITIES	**26,598,240**	**797,480**	**27,395,720**
NET LIQUIDTY GAP	**(14,372,464)**	**49,680,903**	**35,308,439**

31 December 2024	*Within 1 year KD*	*Over 1 year KD*	*Total KD*
ASSETS			
Bank balances and cash	1,108,448	-	1,108,448
Term deposits	9,585,000	-	9,585,000
Inventories	49,081	-	49,081
Accounts receivable and prepayments	1,045,433	-	1,045,433
Investment properties	-	7,153,000	7,153,000
Financial assets at FVOCI	-	413,031	413,031
Investment in associates	-	13,523,733	13,523,733
Right-of-use assets	-	1,717,367	1,717,367
Property and equipment	-	25,963,121	25,963,121
TOTAL ASSETS	11,787,962	48,770,252	60,558,214
LIABILITIES			
Islamic finance payables	25,042,500	-	25,042,500
Accounts payable and accruals	1,420,795	401,821	1,822,616
Employees' end of service benefits	-	413,564	413,564
TOTAL LIABILITIES	26,463,295	815,385	27,278,680
NET LIQUIDTY GAP	(14,675,333)	47,954,867	33,279,534

10 MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

31 March 2024	*Within 1 year KD*	*After 1 year KD*	*Total KD*
ASSETS			
Bank balances and cash	1,735,568	-	1,735,568
Term deposits	4,550,000	-	4,550,000
Inventories	79,230	-	79,230
Accounts receivable and prepayments	1,282,589	-	1,282,589
Investment properties	-	6,958,000	6,958,000
Financial assets at FVOCI	-	382,936	382,936
Investment in associates	-	14,362,596	14,362,596
Right-of-use assets	-	1,884,486	1,884,486
Property and equipment	-	26,249,657	26,249,657
TOTAL ASSETS	7,647,387	49,837,675	57,485,062
LIABILITIES			
Islamic finance payables	24,215,625	-	24,215,625
Accounts payable and accruals	1,148,823	504,700	1,653,523
Employees' end of service benefits	-	374,869	374,869
TOTAL LIABILITIES	25,364,448	879,569	26,244,017
NET LIQUIDTY GAP	(17,717,061)	48,958,106	31,241,045

11 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value hierarchy
All financial assets and liabilities for which fair value is measured or disclosed in the interim condensed consolidated financial information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognised in the interim condensed consolidated financial information at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

Valuation methods and assumptions
The following methods and assumptions were used to estimate the fair values:

Unlisted equity securities
The fair value of unlisted equity investment has been estimated using a market-based valuation technique. The Group determines comparable public companies (peers) based on industry, size and leverage and calculates an appropriate trading multiple for the comparable company identified. The multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company specific facts and circumstances. The Group classifies the fair value of these investments as Level 3.

11 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Other financial assets and liabilities
Fair value of other financial instruments is not materially different from their carrying values, at the reporting date, as most of these instruments are of short-term maturity or re-priced immediately based on market movement in interest rates.

Reconciliation of Level 3 fair values
The following table shows a reconciliation of all movements in the fair value of items categorised within Level 3 between the beginning and the end of the reporting period:

	Non-listed equity investments		
	31 March 2025 KD	*31 December 2024 KD*	*31 March 2024 KD*
As at 1 January	**413,031**	382,126	382,126
Remeasurement (loss) gain recognised in OCI	**(28,849)**	30,905	810
	384,182	413,031	382,936

The valuation techniques and inputs used in this interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024.

Reconciliation of Level 3 fair values (continued)
The fair value of financial instruments classified as level 3 are, in certain circumstances, measured using valuation techniques that incorporate assumptions that are not evidenced by the prices from observable current market transactions in the same instrument and are not based on observable market data. The Group employs valuation techniques, depending on the instrument type and available market data. For example, in the absence of active market, an investment's fair value is estimated on the basis of an analysis of the investee's financial position and results, risk profile and other factors. Favourable and unfavourable changes in the value of financial instruments are determined on the basis of changes in the value of the instruments as a result of varying the levels of the unobservable parameters, quantification of which is judgmental. The management assessed that the impact on profit or loss or other comprehensive income would be immaterial if the relevant risk variables used to fair value the financial instruments classified as Level 3 were altered by 5 percent.