

**Kuwait Emirates Holding Company K.S.C.P and its subsidiaries
State of Kuwait**

**Interim Condensed Consolidated Financial Information
(Unaudited)**

With Auditor's Review

For the Nine Months Period Ended 30 September 2023

**Kuwait Emirates Holding Company K.S.C.P and its subsidiaries
State of Kuwait**

**Interim Condensed Consolidated Financial Information (Unaudited) and Auditors
Review**

For the Nine Months Period Ended 30 September 2023

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Authorized Auditors & Consultants

Report on Review of Interim Condensed Consolidated Financial Information

To / Board of Directors

Kuwait Emirates Holding Company K.S.C.P and its subsidiaries

State of Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated financial information of Kuwait Emirates Holding Company K.S.C.P. (the "Parent Company") and its subsidiaries (together referred to as the "Group") - which comprise the interim condensed consolidated statement of financial position as at 30 September 2023 and the interim condensed consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the nine-months period then ended. The Company's Management 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 the International Standard on Review Engagements 2410, "Review of Interim 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 ("ISAs") 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information has not been prepared, in all material respects, in accordance with International Accounting Standard No. (34) "Interim Financial Reporting".

Emphasis of Matter

Without qualifying our conclusion, as shown in Note No. (12) to the interim condensed consolidated financial information regarding the recent developments in the Arab Republic of Syria regarding the decline in the exchange rate of the Syrian pound against foreign currencies on 30 July 2023, it resulted in a material decrease in the net assets of the subsidiaries located in the Arab Republic of Syria, which resulted in foreign currency translation differences during the financial period ending on 30 September 2023, which were included in the interim condensed consolidated statement of other comprehensive income.

The total assets of the group of subsidiaries within the Arab Republic of Syria amounted to KD 9,840,687 as at 30 September 2023, which comprises 68% approximately of the Group's total assets located in the Arab Republic of Syria and that the Group has assessed that the future political and economic events are not expected to have any material effect on carrying value of these assets.

(1)



Report on Review of Interim Condensed Consolidated Financial Information (continued)

**To / Board of Directors
Kuwait Emirates Holding Company K.S.C.P and its subsidiaries
State of Kuwait**

Other matter

We have been appointed as the Group's auditors for the first time for the financial period ending on 30 September 2023. Accordingly, the consolidated financial statements of Kuwait Emirates Holding Company - K.S.C.P. and its subsidiaries (formerly: Kuwait Syrian Holding Company – K.S.C.P) for the financial year ending on 31 December 2022, and the interim condensed consolidated financial information for the nine-month period ending on 30 September 2022 were audited by another auditor who expressed an unqualified opinion and conclusion about the consolidated financial statements and interim condensed consolidated financial information dated 23 March 2023 and 7 November 2022, respectively.

Report on other legal and regulatory requirements

Furthermore, and based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company, nothing has come to our attention indicating any violations of the Companies' Law No. 1 of 2016, as amended by law No.15 of 2017 and its Executive Regulations, as amended, or of the Parent Company's Articles of Association and Incorporation, and its amendments, or Law No. 7 of 2010 concerning the establishment of Capital Markets Authority and organization of securities activity and its Executive Regulations, and article of association and incorporation and its amendments during the nine-months period ended 30 September 2023 that would materially affect the Parent Company activities or its interim condensed consolidated financial position.



**Nayer Awadh Nazar
Authorized Public Auditor No. 43-Grade A.
Nazar and Partners
Member of Nexia International**

State of Kuwait: November 14, 2023 .



Kuwait Emirates Holding Company K.S.C.P and its subsidiaries
State of Kuwait

Interim Condensed Consolidated Statement of Financial Position (Unaudited)
As at 30 September 2023

| | Notes | 30 September 2023 | 31 December 2022 (Audited) | 30 September 2022 |
|---|-------|----------------------|-------------------------------|----------------------|
| | | KD | KD | KD |
| Assets | | | | |
| Non-Current assets | | | | |
| Investment properties | 4 | 7,563,521 | 12,725,426 | 12,913,332 |
| Financial assets at fair value through statement of other comprehensive income | 5 | 2,484,722 | 7,552,989 | 4,806,838 |
| | | <u>10,048,243</u> | <u>20,278,415</u> | <u>17,720,170</u> |
| Currents assets | | | | |
| Properties held for trading | 6 | 3,950,750 | 3,950,750 | 3,950,750 |
| Accounts receivable and other debit balances | | 102,737 | 321,921 | 314,353 |
| Cash and cash equivalent | 7 | 368,351 | 271,830 | 265,258 |
| | | <u>4,421,838</u> | <u>4,544,501</u> | <u>4,530,361</u> |
| Total assets | | <u>14,470,081</u> | <u>24,822,916</u> | <u>22,250,531</u> |
| Equity and liabilities | | | | |
| Equity | | | | |
| Capital | | 17,627,690 | 17,627,690 | 17,627,690 |
| Statuary reserve | | 139,253 | 139,253 | 139,253 |
| Change in fair value reserve | | 721,843 | 5,790,110 | 3,043,914 |
| Foreign currency translation reserve | | (11,228,187) | (875,668) | (717,501) |
| Retained earnings / (accumulated losses) | | 3,316,672 | (1,495,905) | (1,509,211) |
| Total equity attributable to the shareholders of the Parent Company | | <u>10,577,271</u> | <u>21,185,480</u> | <u>18,584,145</u> |
| Non-controlling interest | | 3,317,426 | 3,264,398 | 3,279,571 |
| Total equity | | <u>13,894,697</u> | <u>24,449,878</u> | <u>21,863,716</u> |
| Liabilities | | | | |
| Non-Current liabilities | | | | |
| Provision for end of service indemnity | | 19,015 | 16,976 | 14,881 |
| | | <u>19,015</u> | <u>16,976</u> | <u>14,881</u> |
| Current liabilities | | | | |
| Accounts payable and other credit balances | 8 | 556,369 | 356,062 | 371,934 |
| | | <u>556,369</u> | <u>356,062</u> | <u>371,934</u> |
| Total liabilities | | <u>575,384</u> | <u>373,038</u> | <u>386,815</u> |
| Total equity and liabilities | | <u>14,470,081</u> | <u>24,822,916</u> | <u>22,250,531</u> |

The accompanying notes from pages 8 to 14 an integral part of the interim condensed consolidated financial information



Fahad Abdulrahman Al-Mukhaizim
Vice Chairman



Abdul Muhsen Sulaiman Al-Meshan
Chief Executive Officer

Kuwait Emirates Holding Company K.S.C.P and its subsidiaries
State of Kuwait

Interim Condensed Consolidated Statement of profit or loss (Unaudited)
For the nine months period ended 30 September 2023

| | Notes | Three months ended | | Nine months ended | |
|---|-------|--------------------|-----------------|-------------------|------------------|
| | | 30 September | | 30 September | |
| | | 2023 | 2022 | 2023 | 2022 |
| | | KD | KD | KD | KD |
| Income | | | | | |
| Real estate revenue | | 88,074 | 53,113 | 222,694 | 158,837 |
| Dividend distribution from financial assets at fair value through statement of other comprehensive income | | - | 12,500 | - | 12,500 |
| Change in fair value of investment properties | | 5,086,534 | - | 5,086,534 | - |
| Foreign exchange (loss) / gain | | (19,769) | 753 | (62) | 1,741 |
| Interest income | | 553 | 347 | 1,581 | 667 |
| | | <u>5,155,392</u> | <u>66,713</u> | <u>5,310,747</u> | <u>173,745</u> |
| Expenses and other charges | | | | | |
| Staff cost | | (12,080) | (7,738) | (36,917) | (34,425) |
| General and administrative expenses | | (35,382) | (24,472) | (87,744) | (76,901) |
| Total expenses and other charges | | <u>(47,462)</u> | <u>(32,210)</u> | <u>(124,661)</u> | <u>(111,326)</u> |
| Profit for the period before deductions | | <u>5,107,930</u> | <u>34,503</u> | <u>5,186,086</u> | <u>62,419</u> |
| Share of Kuwait Foundation for the Advancement of Sciences | | (31,693) | - | (31,693) | - |
| National Labour Support Tax | | (125,097) | (590) | (125,486) | (605) |
| Zakat | | (47,482) | (111) | (47,638) | (117) |
| Net profit for the period | | <u>4,903,658</u> | <u>33,802</u> | <u>4,981,269</u> | <u>61,697</u> |
| Attributable to: | | | | | |
| Shareholders of the parent company | | 4,766,693 | 21,166 | 4,812,577 | 20,957 |
| Non-controlling interest | | 136,965 | 12,636 | 168,692 | 40,740 |
| Profit for the period | | <u>4,903,658</u> | <u>33,802</u> | <u>4,981,269</u> | <u>61,697</u> |
| Basic and diluted earnings per share attributable to shareholders of the Parent Company (fils) | | | | | |
| | 9 | <u>27.041</u> | <u>0.120</u> | <u>27.301</u> | <u>0.119</u> |

The accompanying notes from pages 8 to 14 an integral part of the interim condensed consolidated financial information

Interim Condensed Consolidated Statement of Other Comprehensive Income (Unaudited)
For the nine months period ended 30 September 2023

| | Three months ended | | Nine months ended | |
|--|---------------------|----------------|---------------------|------------------|
| | 30 September | | 30 September | |
| | 2023 | 2022 | 2023 | 2022 |
| | KD | KD | KD | KD |
| Net profit for the period | 4,903,658 | 33,802 | 4,981,269 | 61,697 |
| Other comprehensive income: | | | | |
| Items that may be reclassified subsequently to the interim condensed consolidated statement of profit or loss : | | | | |
| Foreign currency translation differences | (10,486,594) | 175,198 | (10,468,183) | 356,358 |
| Items that will not be reclassified subsequently to the interim condensed consolidated statement of profit or loss: | | | | |
| Change in fair value | (7,624,309) | 437,455 | (5,068,267) | 1,909,344 |
| Other comprehensive (loss) income for the period | <u>(18,110,903)</u> | <u>612,653</u> | <u>(15,536,450)</u> | <u>2,265,702</u> |
| Total other comprehensive (loss) income for the period | <u>(13,207,245)</u> | <u>646,455</u> | <u>(10,555,181)</u> | <u>2,327,399</u> |
| Attributable to: | | | | |
| shareholders of the parent company | (13,226,140) | 598,822 | (10,608,209) | 2,214,316 |
| Non-controlling interest | 18,895 | 47,633 | 53,028 | 113,083 |
| | <u>(13,207,245)</u> | <u>646,455</u> | <u>(10,555,181)</u> | <u>2,327,399</u> |

The accompanying notes from pages 8 to 14 an integral part of the interim condensed consolidated financial information

Kuwait Emirates Holding Company K.S.C.P and its subsidiaries
State of Kuwait

Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)
For the nine months period ended 30 September 2023

| | Capital | Statutory reserve | Change in fair value reserve | Foreign currency translation reserve | Retained earnings / (accumulated losses) | Sub-total | Non-controlling interest | Total equity |
|---|-------------------|-------------------|------------------------------|--------------------------------------|--|-------------------|--------------------------|-------------------|
| | KD | KD | KD | KD | KD | KD | KD | KD |
| Balance as at 1 January 2022 | 17,627,690 | 139,253 | 1,134,570 | (1,001,516) | (1,530,168) | 16,369,829 | 3,166,488 | 19,536,317 |
| Net profit for the period | - | - | - | - | 20,957 | 20,957 | 40,740 | 61,697 |
| Total other comprehensive income for the period | - | - | 1,909,344 | 284,015 | - | 2,193,359 | 72,343 | 2,265,702 |
| Balance as at 30 September 2022 | 17,627,690 | 139,253 | 3,043,914 | (717,501) | (1,509,211) | 18,584,145 | 3,279,571 | 21,863,716 |
| Balance as at 1 January 2023 | 17,627,690 | 139,253 | 5,790,110 | (875,668) | (1,495,905) | 21,185,480 | 3,264,398 | 24,449,878 |
| Net profit for the period | - | - | - | - | 4,812,577 | 4,812,577 | 168,692 | 4,981,269 |
| Total other comprehensive loss for the period | - | - | (5,068,267) | (10,352,519) | - | (15,420,786) | (115,664) | (15,536,450) |
| Balance as at 30 September 2023 | 17,627,690 | 139,253 | 721,843 | (11,228,187) | 3,316,672 | 10,577,271 | 3,317,426 | 13,894,697 |

The accompanying notes from pages 8 to 14 an integral part of the interim condensed consolidated financial information

Kuwait Emirates Holding Company K.S.C.P and its subsidiaries
State of Kuwait

Interim Condensed Consolidated Statement of Cash Flows (Unaudited)
For the nine months period ended 30 September 2023

| | Nine-months ended | |
|---|-------------------|----------------|
| | 30 September | |
| | 2023 | 2022 |
| | KD | KD |
| Cash flows from operating activities | | |
| Net profit for the period | 4,981,269 | 61,697 |
| <i>Adjustments:</i> | | |
| Dividend distribution from financial assets at fair value through statement of other comprehensive income | - | (12,500) |
| Depreciation of property and equipment | - | 139 |
| Interest income | (1,581) | (667) |
| Change in fair value of investment properties | (5,086,534) | - |
| Provision for end of service Indemnity | 2,039 | 1,168 |
| | <u>(104,807)</u> | <u>49,837</u> |
| Changes in working capital: | | |
| Accounts receivable and other debit balances | 219,184 | (14,382) |
| Accounts payable and other credit balances | (19,043) | (28,076) |
| Net cash generated from operating activities | <u>95,334</u> | <u>7,379</u> |
| Cash flows from investing activities | | |
| Dividend distribution received | - | 12,500 |
| Interest income received | 1,581 | 667 |
| Net cash generated from investing activities | <u>1,581</u> | <u>13,167</u> |
| Cash flows from Financing activities | | |
| Dividends paid | (394) | (2,472) |
| Net cash used in financing activities | <u>(394)</u> | <u>(2,472)</u> |
| Net increase in cash and cash equivalent | 96,521 | 18,074 |
| Cash and cash equivalent at beginning of the period | 271,830 | 247,184 |
| Cash and cash equivalent at end of the period | <u>368,351</u> | <u>265,258</u> |

The accompanying notes from pages 8 to 14 an integral part of the interim condensed consolidated financial information

1. Incorporation and objectives

The Kuwait Emirates Holding Company K.S.C.P (Formerly: Kuwait Syrian Holding Company) and its subsidiaries "the Parent Company" and its subsidiaries - the State of Kuwait - was established according to the memorandum of association of a Kuwaiti public shareholding company on 28 July 2002 and its subsequent amendments in accordance with the provisions in the State of Kuwait and under the memorandum of association and its amendments, and in accordance with the Kuwaiti Commercial Companies Law No. 15 of 1960 and its amendments. The last entry in the commercial registry is on 17 November 2022. The company is listed on Kuwait Stock Exchange.

The principal activities of the parent Company are:

- Owning stocks in Kuwaiti or Non-Kuwaiti shareholding companies and shares in Kuwaiti or non-Kuwaiti limited liability companies and participating in the establishment, lending and managing of these companies and acting as a guarantor for these companies.
- Lending money to companies in which it owns shares, guaranteeing them with other parties where the holding company owns 20% or more of the capital of the borrowing company.
- Owning industrial rights such as patents, industrial trademarks, royalties, or any other related rights, and leasing to other companies to use it inside and outside state of Kuwait.
- Owning properties and moveable property to conduct its operations within the limits as stipulated by law.
- Utilizing the company's available surplus funds in financial portfolio managed by specialized entities.

The head office of the parent company is located in Al Khaleejia Tower, Floor 3, Sharq, Kuwait.

This interim condensed consolidated financial information includes the financial information of the parent company and its subsidiaries as shown in Note No. (3) collectively referred to as the "Group".

This interim condensed consolidated financial information was approved for issue by the Board of Directors on November 14, 2023.

2. Basis of preparation

The interim condensed financial information has been prepared in accordance with the International Accounting Standard No. 34 "Interim Financial Reporting". The interim condensed financial information does not include all the information and disclosures required for complete financial statements prepared in accordance with International Financial Reporting Standards (IFRSs). In the opinion of the management all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included in the interim condensed consolidated financial information.

The interim condensed consolidated financial information is presented in Kuwaiti Dinars, which is the Group's functional and presentation currency.

Operating results for the nine-months period ended 30 September 2023 are not necessarily indicative of the results that may be expected for the year ended 31 December 2023. For further information, refer to the consolidated financial statements and notes thereto for the financial year ended 31 December 2022.

Kuwait Emirates Holding Company K.S.C.P and its subsidiaries
State of Kuwait

Notes to the interim condensed consolidated financial information (Unaudited)

For the nine months period ended 30 September 2023

Significant accounting policies

The accounting policies applied in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements of the Group for the year ended on 31 December 2022, except for the application of new standards that are effective from 1 January 2023, and which have no impact on the interim condensed consolidated financial information of the Group.

Standards, interpretation and amendments issued and adopted by the Group

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The new standards and amendments that are effective for annual reporting periods beginning on or after 1 January 2023. These amendments did not have material impact on the financial position or the performance of the Group.

3. Basis of consolidation

The interim condensed consolidated financial information has been consolidated on the basis of financial information prepared by management for the nine-month period ended on 30 September 2023. The interim condensed consolidated financial information the "Parent Company" and its subsidiaries is as follows:

| Company name | Main activities | Country of incorporation | Ownership percentage (direct and indirect) (%) | | |
|---|----------------------------------|--------------------------|--|----------------------------|-------------------|
| | | | 30 September 2023 | 31 December 2022 (Audited) | 30 September 2022 |
| Kuwait Syrian Real Estate Company – W.L.L | Real Estate Trading and services | Kuwait | 100 | 100 | 100 |
| Syrian Kuwait Limited Company – W.L.L. | Tourism | Syria | 100 | 100 | 100 |
| Al-Naser Gardens Holding Company – K.S.C | Holding | Kuwait | 60.9 | 60.9 | 60.9 |
| - Al-Naser Gardens Real Estate Company – W.L.L. | Real Estate | Kuwait | 99 | 99 | 99 |
| - Al-Naser Garden Syrian Company – Shareholding | General Trading | Syria | 97.9 | 97.9 | 97.9 |

The subsidiaries total assets amounted to KD 11,844,898 as at 30 September 2023 (KD 17,177,462 as at 31 December 2022, KD 17,305,992 as at 30 September 2022) and its profits amounted to KD 5,273,591 for the period ended 30 September 2023 (KD 107,271 for the period ended 30 September 2022).

Notes to the interim condensed consolidated financial information (Unaudited)
For the nine months period ended 30 September 2023

4. Investment properties

| | 30 September 2023 | 31 December 2022 (Audited) | 30 September 2022 |
|--|----------------------------------|---|----------------------------------|
| | KD | KD | KD |
| Balance at beginning of the period/year | 12,725,426 | 12,568,838 | 12,568,838 |
| Change in fair value | 5,086,534 | - | - |
| Foreign currency translation differences | (10,248,439) | 156,588 | 344,494 |
| Balance at end of the period/year | <u>7,563,521</u> | <u>12,725,426</u> | <u>12,913,332</u> |

Investment properties of the group are located in the Arab Syrian Republic.

The fair value of investment properties as at 30 September 2023 has been arrived at on the basis of the evaluations prepared by independent evaluators with experience and professional competence using recognized valuation principles and methods.

The fair value of investment properties was determined based on the evaluation principles - comparative market prices - "level two", taking into account the nature of the use of these investment properties.

5. Financial assets at fair value through statement of other comprehensive income

| | 30 September 2023 | 31 December 2022 (Audited) | 30 September 2022 |
|-------------------------|----------------------------------|---|----------------------------------|
| | KD | KD | KD |
| Foreign quoted shares | 1,671,082 | 6,700,944 | 3,965,015 |
| Local unquoted shares | 169,045 | 203,743 | 193,476 |
| Foreign unquoted shares | 644,595 | 648,302 | 648,347 |
| | <u>2,484,722</u> | <u>7,552,989</u> | <u>4,806,838</u> |

The fair value of the financial assets at fair value through the statement of other comprehensive income was reached in accordance with the evaluation principles as shown in Note No. (14).

6. Properties held for trading

This note represents the cost of purchasing investment properties for the purpose of resale. The properties are managed by a real estate company, and the net rents of those properties are included in the interim condensed consolidated statement of profit or loss.

7. Cash and cash equivalent

| | 30 September 2023 | 31 December 2022 (Audited) | 30 September 2022 |
|---------------|----------------------------------|---|----------------------------------|
| | KD | KD | KD |
| Term deposits | 55,000 | 55,170 | 54,857 |
| Cash at banks | 313,351 | 216,660 | 210,401 |
| | <u>368,351</u> | <u>271,830</u> | <u>265,258</u> |

Kuwait Emirates Holding Company K.S.C.P and its subsidiaries
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Notes to the interim condensed consolidated financial information (Unaudited)
For the nine months period ended 30 September 2023

8. Accounts payable and other credit balances

| | 30 September 2023 | 31 December 2022 (Audited) | 30 September 2022 |
|---|----------------------------------|---|----------------------------------|
| | KD | KD | KD |
| Trade payables | 317,155 | 326,525 | 340,566 |
| Accrued dividends | 21,835 | 22,229 | 24,063 |
| Kuwait Foundation for the Advancement of Sciences | 31,693 | - | - |
| National Labour Support Tax | 125,521 | 997 | 640 |
| Zakat | 47,777 | 139 | 256 |
| Other credit balances | 12,388 | 6,172 | 6,409 |
| | <u>556,369</u> | <u>356,062</u> | <u>371,934</u> |

9. Basic and diluted earnings per share attributable to shareholders of the Parent Company

Earnings as per share has been calculated by dividing the net profit for the period attributable to the shareholders of the Parent Company by the weighted average number of shares outstanding during the period as follows:

| | Three months ended 30 September | | Nine months ended 30 September | |
|---|--|--------------------|---|--------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Net profit for the period attributable to the shareholders of the Parent Company (Kuwaiti Dinars) | <u>4,766,693</u> | <u>21,166</u> | <u>4,812,577</u> | <u>20,957</u> |
| Weighted average number of shares outstanding and paid up (share) | <u>176,276,900</u> | <u>176,276,900</u> | <u>176,276,900</u> | <u>176,276,900</u> |
| Basic and diluted earnings as per share attributable to shareholders of the Parent Company (Fils) | <u>27.041</u> | <u>0.120</u> | <u>27.301</u> | <u>0.119</u> |

10. Related parties' disclosures

Related parties represent the shareholders of the Group who have representation on the Board of Directors, members of the Board of Directors, senior management personnel, their close family members and companies owned by them. In the normal course of business and with the approval of the Group's management, transactions with those parties during the nine months ended on 30 September 2023. The following are the significant transactions and balances with related parties:

| | 30 September 2023 | 31 December 2022 (Audited) | 30 September 2022 |
|---|----------------------------------|---|----------------------------------|
| Balances in interim condensed consolidated statement of financial position | KD | KD | KD |
| Key management compensation | 3,163 | 5,371 | 3,842 |

Notes to the interim condensed consolidated financial information (Unaudited)
For the nine months period ended 30 September 2023

10. Related parties' disclosures (continued)

| | Three months ended 30 | | Nine months ended 30 | |
|---|-----------------------|-------|----------------------|--------|
| | September | | September | |
| | 2023 | 2022 | 2023 | 2022 |
| | KD | KD | KD | KD |
| Transactions in the interim condensed consolidated statement of profit or loss | | | | |
| Key management compensation | 7,149 | 4,950 | 23,850 | 24,750 |

These transactions with related parties are subject to the approval of the shareholders in the Annual General Assembly Meeting.

11. Operating segments

The management has determined the operating segments based on the reports submitted to the Board of Directors for the purpose of making strategic decisions.

The following is a summary of the activity of each of the Group's sectors to be reported:

- Investment: includes the Group's activities related to trading in securities and investment.
- Real estate: includes real estate trading, development and management.

| | Nine months ended 30 September 2023 | | |
|--------------------|-------------------------------------|-------------|------------|
| | Investment | Real estate | Total |
| | KD | KD | KD |
| Sector revenue | 56 | 5,310,691 | 5,310,747 |
| Sector expenses | (292,378) | (37,100) | (329,478) |
| Sector results | (292,322) | 5,273,591 | 4,981,269 |
| Sector assets | 2,625,183 | 11,844,898 | 14,470,081 |
| Sector liabilities | 569,913 | 5,471 | 575,384 |

| | Nine months ended 30 September 2022 | | |
|--------------------|-------------------------------------|-------------|------------|
| | Investment | Real estate | Total |
| | KD | KD | KD |
| Sector revenue | 12,623 | 161,122 | 173,745 |
| Sector expenses | (98,937) | (13,111) | (112,048) |
| Sector results | (86,314) | 148,011 | 61,697 |
| Sector assets | 4,914,139 | 17,336,338 | 22,250,531 |
| Sector liabilities | 368,662 | 18,153 | 386,815 |

Notes to the interim condensed consolidated financial information (Unaudited)
For the nine months period ended 30 September 2023

11. Operating segments (continued)

The following is the geographical distribution of assets and liabilities:

| | 30 September 2023 | | |
|-------------|--------------------------|--------------|--------------|
| | Kuwait | Syria | Total |
| | KD | KD | KD |
| Assets | 4,629,394 | 9,840,687 | 14,470,081 |
| Liabilities | 575,258 | 126 | 575,384 |

| | 31 December 2022 (Audited) | | |
|-------------|-----------------------------------|--------------|--------------|
| | Kuwait | Syria | Total |
| | KD | KD | KD |
| Assets | 4,568,536 | 20,254,380 | 24,822,916 |
| Liabilities | 372,650 | 388 | 373,038 |

| | 30 September 2022 | | |
|-------------|--------------------------|--------------|--------------|
| | Kuwait | Syria | Total |
| | KD | KD | KD |
| Assets | 4,537,146 | 17,713,385 | 22,250,531 |
| Liabilities | 373,282 | 13,533 | 386,815 |

12. Developments in the Arab Republic of Syria

The Group's assets amounting to KD 9,840,687 as at 30 September 2023 which represent approximately 68% from the Group's Assets is in Syria (KD 20,254,380 as at 31 December 2022 which represent approximately 82% from the Group's Assets and KD 17,713,385 as at 30 September 2022 which represents approximately 78% from the Group's Assets).

As a result of the recent developments in the Arab Republic of Syria regarding the decline in the exchange rate of the Syrian pound against foreign currencies on 30 July 2023, it resulted in a material decrease in the net assets of those subsidiaries, which resulted in foreign currency translation differences for the financial period ending on 30 September 2023, in the amount of KD 10,468,183, which represent KD 10,352,519 related to the shareholders of the Parent Company and KD 115,664 for non-controlling interests, which were included in the interim condensed consolidated statement of other comprehensive income.

The Group has assessed that the future political and economic events is unlikely to have any material effect on the carrying value of these assets, taking into consideration that these assets are recorded at its fair values which reflect the impact of the current circumstances. In addition, there are no restrictions on the disposition of these assets.

The Group's management believes that the application of IAS 29 "Financial Reporting in Hyperinflationary Economies" has no material impact on the financial statements of the subsidiaries in the Syrian Arab Republic taking into consideration the above, in addition, most of the long-term assets have been transferred and registered in these companies, so as to reflect the effect of changes in currency rates.

Notes to the interim condensed consolidated financial information (Unaudited)
For the nine month period ended 30 September 2023

13. The General Assembly of the Shareholders of the Parent Company

As on 11 May 2023, the general ordinary assembly meeting of the shareholders of the Parent Company approved the consolidated financial statements for the financial year ended on 31 December 2022 and approved the Board of Directors' recommendation not to distribute dividends and not to pay Board of Directors remunerations for the financial year ended on 31 December 2022.

As on 9 June 2022, the general ordinary assembly meeting of the shareholders of the Parent Company approved the consolidated financial statements for the financial year ended on 31 December 2021 and approved the Board of Directors' recommendation not to distribute dividends and not to pay Board of Directors remunerations for the financial year ended on 31 December 2021.

14. Fair value measurement

The Group measures financial assets as financial assets at fair value through statement of other comprehensive income at the end of the reporting period.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly (for example, price inputs).
- Level 3: Inputs derived from valuation techniques that include inputs for assets or liabilities that are not based on market data and are supported by identifiable sources (inputs not supported by identifiable sources).

The following table shows an analysis of items recorded at fair value, according to the level of the fair value hierarchy:

| Financial assets at fair value through statement of other comprehensive income: | Fair value as at | | | fair value level | Valuation technique(s) and Key input(s) |
|---|-------------------|----------------------------|-------------------|------------------|---|
| | 30 September 2023 | 31 December 2022 (Audited) | 30 September 2022 | | |
| Foreign quoted shares | 1,671,082 | 6,700,944 | 3,965,015 | Level 1 | Closing price |
| Local unquoted shares | 169,045 | 203,743 | 193,476 | Level 2 | Comparative market price |
| Foreign unquoted shares | 550,643 | 554,350 | 554,395 | Level 3 | Discounted cash flows |
| Foreign unquoted shares | 93,952 | 93,952 | 93,952 | Level 3 | Adjusted book value |
| Total | 2,484,722 | 7,552,989 | 4,806,838 | | |

Reconciliation to determine fair value for Level 3:

| | 30 September 2023 | 31 December 2022 (Audited) | 30 September 2022 |
|---|-------------------|----------------------------|-------------------|
| | KD | KD | KD |
| Balance at beginning of the period/year | 648,302 | 648,247 | 648,247 |
| Change in fair value | (3,707) | 55 | 100 |
| Balance at end of the period/year | 644,595 | 648,302 | 648,347 |