

**AGILITY PUBLIC WAREHOUSING
COMPANY K.S.C.P. AND SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION
(UNAUDITED)
30 SEPTEMBER 2024**

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF AGILITY PUBLIC WAREHOUSING COMPANY K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Agility Public Warehousing Company K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively, the “Group”) as at 30 September 2024 and the related interim condensed consolidated statement of income and interim condensed consolidated statement of comprehensive income for the three months and nine months periods then ended and the related interim condensed consolidated statement of cash flows and interim condensed consolidated statement of changes in equity for the nine months 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 IAS 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 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

- (i) As stated in Note 4 to the interim condensed consolidated financial information, the Group’s investment in and loan to Korek Telecom (“Korek”) is carried at KD 110,801 thousand (31 December 2023: KD 111,639 thousand and 30 September 2023: KD 112,330 thousand) and KD 35,444 thousand (31 December 2023: KD 35,711 thousand and 30 September 2023: KD 35,933 thousand) respectively, in the interim condensed consolidated statement of financial position as at 30 September 2024. We were unable to obtain sufficient appropriate evidence about the carrying value of the investment in Korek and the recoverability of the loan due to the nature and significant uncertainty around the investment and eventual outcome of the various ongoing arbitrations. Consequently, we were unable to determine whether any adjustments to the carrying value of the investment in and loan to Korek were necessary. We have been issuing a qualified opinion and conclusion on the consolidated financial statements of the Group in respect of the same matter since the year ended 31 December 2014.

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF AGILITY PUBLIC WAREHOUSING COMPANY K.S.C.P. (continued)

Basis for Qualified Conclusion (continued)

- (ii) As stated in Note 12(a) to the interim condensed consolidated financial information, the Group has investment properties amounting to KD 281,402 thousand as at 30 September 2024 (31 December 2023: KD 281,360 thousand and 30 September 2023: KD 279,342 thousand) that are leased from the Public Authority for Industry, Kuwait ("PAI"), of which the lease contracts of properties amounting to KD 255,909 thousand (31 December 2023: KD 191,172 thousand and 30 September 2023: KD 190,729 thousand) have expired as at the reporting date and the lease contracts of properties amounting to KD 190,988 thousand (31 December 2023: KD 191,172 thousand and 30 September 2023: KD 190,729 thousand) are currently under legal dispute since PAI issued a notice to the Group on 18 January 2023 expressing their unwillingness to renew or extend these lease contracts, and for the Group to vacate these premises within a week of issuing the notice. As part of legal proceedings, the Group has asked the Kuwait courts to prevent PAI from interrupting the usage of these properties by the Group. The Group was also 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. We were therefore unable to obtain sufficient appropriate audit evidence about the existence and valuations of these investment properties due to the expiry of the underlying lease contracts as detailed in Note 12(a), and management being unable to determine the fair value of all the leased properties from PAI as at 30 September 2024. Further there is significant uncertainty around the renewal of all the lease contracts with PAI and the rights or liabilities that may arise, as well as the operational revenues, profitability and related cashflows that may be impacted, as a result of the ongoing legal proceedings. Consequently, we were unable to determine whether any adjustments to the carrying value of these properties were necessary. We have been issuing a qualified opinion and conclusion on the consolidated financial statements of the Group in respect of the same matter since the year ended 31 December 2022.
- (iii) As stated in Note 12(d) to the interim condensed consolidated financial information and pursuant to the judgment by the Court of Cassation against the General Administration of Customs for Kuwait ("GAC"), the Group has not recorded any adjustments related to the final outcome as at 30 September 2024 in the interim condensed consolidated financial information, as the management is exploring the possibilities of entering into negotiations with GAC for settlement of awarded compensation, which in our view should have been recorded as an income and receivable. As a result, receivables, retained earnings and non-controlling interest as at 30 September 2024 are understated by KD 54,396 thousand (31 December 2023: KD 54,396 thousand and 30 September 2023: KD 54,396 thousand), KD 32,964 thousand (31 December 2023: KD 32,964 thousand and 30 September 2023: KD 32,964 thousand) and KD 21,432 thousand (31 December 2023: KD 21,432 thousand and 30 September 2023: KD 21,432 thousand) respectively. Further, as stated in Note 12(d), the Group is also eligible for 7% interest per annum on the awarded compensation, the financial impact of which has not been determined in the interim condensed consolidated financial information. We have been issuing a qualified opinion and conclusion on the consolidated financial statements of the Group in respect of the same matter since the period ended 30 June 2022.

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION TO THE BOARD OF DIRECTORS OF AGILITY PUBLIC
WAREHOUSING COMPANY K.S.C.P. (continued)**

Qualified Conclusion

Based on our review, except for the possible effect of the matters described in the “Basis for Qualified Conclusion” paragraph above, 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.

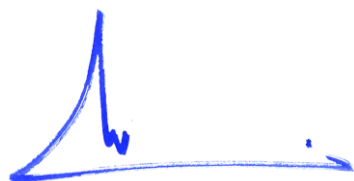
Emphasis of Matter

We draw attention to Note 12(e) to the interim condensed consolidated financial information which describe the contingencies and claims with the General Administration of Customs for Kuwait. Our conclusion is not further qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, except for the possible effects of the matters described in the “Basis for Qualified Conclusion” paragraph above, 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, 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, as amended, during the nine months period ended 30 September 2024 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, except for the possible effects of the matters described in the “Basis for Qualified Conclusion” paragraph above, during the course of our review, 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 organization of security activity and its executive regulations, as amended, during the nine months period ended 30 September 2024 that might have had a material effect on the business of the Parent Company or on its financial position, except for the valuation of investment properties as disclosed in Note 12(a).



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12 November 2024
Kuwait

Agility Public Warehousing Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2024

		30 September 2024	(Audited) 31 December 2023	30 September 2023
	Notes	KD 000's	KD 000's	KD 000's
ASSETS				
Non-current assets				
Property, plant and equipment		299,464	311,033	299,826
Projects in progress		62,564	47,476	43,657
Right-of-use assets		227,931	165,859	157,761
Investment properties		515,743	514,169	498,466
Intangible assets		79,432	83,409	85,630
Goodwill		268,119	264,229	261,639
Investment in associates and joint ventures	13	148,122	144,966	146,113
Financial assets at fair value through profit or loss	4	126,316	114,178	116,271
Financial assets at fair value through other comprehensive income	5	1,253,319	1,077,069	1,150,257
Other non-current assets		67,842	146,989	84,663
Loans to related parties	13	247,866	226,042	213,615
Loan to an associate	4,13	35,444	35,711	35,933
Total non-current assets		3,332,162	3,131,130	3,093,831
Current assets				
Inventories		64,588	58,317	54,782
Trade receivables		251,034	222,599	224,017
Other current assets		138,008	119,960	116,923
Bank balances, cash and deposits	6	270,304	213,542	158,868
Total current assets		723,934	614,418	554,590
TOTAL ASSETS		4,056,096	3,745,548	3,648,421
EQUITY AND LIABILITIES				
EQUITY				
Share capital		267,613	267,613	267,613
Share premium		152,650	152,650	152,650
Statutory reserve		195,595	195,595	195,595
Treasury shares	7	(40,561)	(40,561)	(40,561)
Treasury shares reserve		56,769	56,769	56,769
Foreign currency translation reserve		(36,520)	(44,132)	(13,088)
Hedging reserve		14,543	18,857	(56,289)
Investment revaluation reserve		(494,062)	(487,891)	(415,352)
Other reserves		26,527	26,464	28,571
Retained earnings		834,419	1,627,170	1,601,134
Equity attributable to equity holders of the Parent Company		976,973	1,772,534	1,777,042
Non-controlling interests	14	1,009,493	119,571	113,350
Total equity		1,986,466	1,892,105	1,890,392
LIABILITIES				
Non-current liabilities				
Provision for employees' end of service benefits		38,390	35,555	34,588
Interest bearing loans	8	1,101,464	981,974	945,064
Lease liabilities		204,150	150,861	151,326
Other non-current liabilities		36,004	48,486	59,455
Total non-current liabilities		1,380,008	1,216,876	1,190,433
Current liabilities				
Interest bearing loans	8	125,499	119,945	74,406
Lease liabilities		56,122	46,938	34,660
Trade and other payables		499,291	461,600	450,359
Dividends payable		8,710	8,084	8,171
Total current liabilities		689,622	636,567	567,596
Total liabilities		2,069,630	1,853,443	1,758,029
TOTAL EQUITY AND LIABILITIES		4,056,096	3,745,548	3,648,421

Tarek Abdulaziz Sultan AlEssa
Vice Chairman and CEO

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

Agility Public Warehousing Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the period ended 30 September 2024

	<i>Notes</i>	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
		2024	2023	2024	2023
		KD 000's	KD 000's	KD 000's	KD 000's
Revenue from contract with customers	9	411,044	360,787	1,122,773	1,009,165
Cost of revenues		(151,065)	(147,958)	(402,852)	(409,468)
Net revenues		259,979	212,829	719,921	599,697
General and administrative expenses		(195,403)	(157,405)	(537,370)	(432,451)
Share of results of associates and joint ventures		2,490	315	7,481	4,568
Unrealised gain (loss) on financial assets at fair value through profit or loss		2,031	(811)	7,012	(1,918)
Dividend income		-	-	3,182	5,522
Miscellaneous income		916	3,823	3,992	4,209
Profit before interest, taxation, depreciation, amortisation and Directors' remuneration (EBITDA)		70,013	58,751	204,218	179,627
Depreciation		(23,120)	(21,612)	(68,606)	(61,891)
Amortisation		(2,047)	(3,342)	(6,192)	(7,648)
Profit before interest, taxation and Directors' remuneration (EBIT)		44,846	33,797	129,420	110,088
Interest income		2,525	386	4,847	1,557
Recycling of hedging reserve		-	23,479	-	23,479
Finance costs		(20,160)	(18,624)	(55,196)	(48,353)
Profit before taxation and Directors' remuneration		27,211	39,038	79,071	86,771
Taxation	10	(4,112)	(4,749)	(12,405)	(11,894)
Directors' remuneration		(88)	(88)	(263)	87
PROFIT FOR THE PERIOD		23,011	34,201	66,403	74,964
Attributable to:					
Equity holders of the Parent Company		10,093	28,046	34,791	57,533
Non-controlling interests		12,918	6,155	31,612	17,431
		23,011	34,201	66,403	74,964
BASIC AND DILUTED EARNINGS PER SHARE – ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY (FILS)	11	4.04	11.23	13.93	23.03

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

Agility Public Warehousing Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 September 2024

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Profit for the period	23,011	34,201	66,403	74,964
Other comprehensive income (loss):				
<i>Items that are or may be reclassified to consolidated statement of income in subsequent periods:</i>				
Foreign currency translation adjustments	(24,025)	15,368	(7,942)	4,730
Share of other comprehensive loss of associates and joint ventures	(251)	(581)	(331)	(562)
(Loss) income on hedge of net investments	(1,134)	410	(1,242)	(5,412)
Loss on cash flow hedges	(77)	(2,243)	(77)	(2,706)
Recycling of hedging reserve (Note 16)	-	(23,479)	-	(23,479)
Net other comprehensive loss that are or may be reclassified to consolidated statement of income in subsequent periods	(25,487)	(10,525)	(9,592)	(27,429)
<i>Items that will not be reclassified to the consolidated statement of income:</i>				
Changes in fair value of financial assets at fair value through other comprehensive income	313,023	(157,199)	180,025	163,063
(Loss) gain on fair value hedges	(105,498)	20,403	(67,264)	(19,968)
Net other comprehensive income (loss) that will not be reclassified to consolidated statement of income	207,525	(136,796)	112,761	143,095
Total other comprehensive income (loss)	182,038	(147,321)	103,169	115,666
Total comprehensive income (loss) for the period	205,049	(113,120)	169,572	190,630
Attributable to:				
Equity holders of the Parent Company	100,570	(116,338)	31,981	175,421
Non-controlling interests	104,479	3,218	137,591	15,209
	205,049	(113,120)	169,572	190,630

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

Agility Public Warehousing Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 30 September 2024

	Nine months ended 30 September	
	2024 KD 000's	2023 KD 000's
OPERATING ACTIVITIES		
Profit before taxation and Director's remuneration	79,071	86,771
Adjustments for:		
Expected credit losses charge on trade receivables	1,949	711
Provision for employees' end of service benefits	2,731	3,148
Foreign currency exchange gain	(1,118)	(1,771)
Share of results of associates and joint ventures	(7,481)	(4,568)
Unrealised (gain) loss on financial assets at fair value through profit or loss	(7,012)	1,918
Dividend income	(3,182)	(5,522)
Miscellaneous income	(3,992)	(4,209)
Depreciation of property, plant and equipment and right-of-use assets	68,606	61,891
Amortisation	6,192	7,648
Interest income	(4,847)	(1,557)
Recycling of hedging reserve	-	(23,479)
Finance costs	55,196	48,353
Operating profit before changes in working capital	186,113	169,334
Inventories	(5,872)	(9,819)
Trade receivables	(25,657)	(18,179)
Other current assets	(9,878)	7,167
Trade and other payables	16,924	12,993
	161,630	161,496
Taxation paid	(9,084)	(12,087)
Employees' end of service benefits paid	(3,256)	(5,712)
Directors' remuneration paid	(1,182)	-
Net cash flows from operating activities	148,108	143,697
INVESTING ACTIVITIES		
Net movement in financial assets at fair value through profit or loss	(387)	235
Net movement in financial assets at fair value through other comprehensive income	(6,627)	(1,867)
Additions to property, plant and equipment	(45,299)	(26,413)
Proceeds from disposal of property, plant and equipment	12,508	2,420
Loans to related parties	(29,131)	(30,593)
Additions to projects in progress	(8,506)	(15,127)
Net movement in investment in associates and joint ventures	(1,217)	(4,594)
Disposal of a subsidiary net of cash	5,953	-
Dividends received	6,791	10,775
Acquisition of additional interest in a subsidiary	(1,618)	-
Interest income received	3,845	1,556
Acquisition of a subsidiary, net of cash acquired	(938)	(813)
Net movement in deposits with original maturities exceeding three months	8,994	1,538
Net cash flows used in investing activities	(55,632)	(62,883)
FINANCING ACTIVITIES		
Proceeds from interest bearing loans	333,879	825,892
Repayment of interest bearing loans	(221,741)	(770,121)
Payment of lease obligations	(49,649)	(41,320)
Finance cost paid	(25,067)	(121,568)
Proceeds from cashflow hedges on derecognition of interest-rate swaps	-	23,479
Dividends paid to equity holders of the Parent Company	(50,267)	(272)
Dividends paid to non-controlling interests	(25,074)	(15,000)
Net cash flows used in financing activities	(37,919)	(98,910)
Net foreign exchange differences	(1,319)	(375)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	53,238	(18,471)
Cash and cash equivalents at 1 January	136,051	114,676
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	6 189,289	96,205

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

Agility Public Warehousing Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 2024

	<i>Attributable to equity holders of the Parent Company</i>												
	<i>Share capital KD 000's</i>	<i>Share premium KD 000's</i>	<i>Statutory reserve KD 000's</i>	<i>Treasury shares KD 000's</i>	<i>Treasury shares reserve KD 000's</i>	<i>Foreign currency translation reserve KD 000's</i>	<i>Hedging reserve KD 000's</i>	<i>Investment revaluation reserve KD 000's</i>	<i>Other reserves KD 000's</i>	<i>Retained earnings KD 000's</i>	<i>Sub total KD 000's</i>	<i>Non-controlling interests KD 000's</i>	<i>Total equity KD 000's</i>
As at 1 January 2024	267,613	152,650	195,595	(40,561)	56,769	(44,132)	18,857	(487,891)	26,464	1,627,170	1,772,534	119,571	1,892,105
Profit for the period	-	-	-	-	-	-	-	-	-	34,791	34,791	31,612	66,403
Other comprehensive income (loss)	-	-	-	-	-	7,612	(4,314)	(6,171)	63	-	(2,810)	105,979	103,169
Total comprehensive income (loss) for the period	-	-	-	-	-	7,612	(4,314)	(6,171)	63	34,791	31,981	137,591	169,572
Share based payments	-	-	-	-	-	-	-	-	-	208	208	-	208
Dividends (Note 14)	-	-	-	-	-	-	-	-	-	(25,524)	(25,524)	-	(25,524)
Interim cash dividends (Note 14)	-	-	-	-	-	-	-	-	-	(25,524)	(25,524)	-	(25,524)
Dividends in-kind (Note 14)	-	-	-	-	-	-	-	-	-	(776,446)	(776,446)	776,446	-
Dividends to non-controlling Interests	-	-	-	-	-	-	-	-	-	-	-	(26,051)	(26,051)
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	(256)	-	(256)	477	221
Disposal of a subsidiary	-	-	-	-	-	-	-	-	256	(256)	-	(35)	(35)
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(3,938)	(3,938)
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	5,432	5,432
As at 30 September 2024	267,613	152,650	195,595	(40,561)	56,769	(36,520)	14,543	(494,062)	26,527	834,419	976,973	1,009,493	1,986,466
As at 1 January 2023	267,613	152,650	195,595	(40,561)	56,769	(150,788)	(4,695)	(446,276)	27,713	1,543,601	1,601,621	113,141	1,714,762
Profit for the period	-	-	-	-	-	-	-	-	-	57,533	57,533	17,431	74,964
Other comprehensive income (loss)	-	-	-	-	-	137,700	(51,594)	30,924	858	-	117,888	(2,222)	115,666
Total comprehensive income (loss) for the period	-	-	-	-	-	137,700	(51,594)	30,924	858	57,533	175,421	15,209	190,630
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(15,000)	(15,000)
As at 30 September 2023	267,613	152,650	195,595	(40,561)	56,769	(13,088)	(56,289)	(415,352)	28,571	1,601,134	1,777,042	113,350	1,890,392

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2024

1 CORPORATE INFORMATION

Agility Public Warehousing Company K.S.C.P. (the “Parent Company”) is a Kuwaiti shareholding company incorporated in 1979 and listed on Boursa Kuwait and Dubai Stock Exchange. The address of the Parent Company’s Head office is Sulaibia, beside Land Customs Clearing Area, P.O. Box 25418, Safat 13115, Kuwait. The Group operates under the brand name of “Agility”.

The interim condensed consolidated financial information of the Parent Company and its subsidiaries (collectively, the “Group”) was authorised for issue by the Board of Directors on 12 November 2024.

The main objectives of the Parent Company are as follows:

- ▶ Construction, management and renting of all types of warehouses.
- ▶ Warehousing goods under customs' supervision inside and outside customs areas.
- ▶ Investing the surplus funds in investment portfolios.
- ▶ Participating in, acquiring or taking over companies of similar activities or those that would facilitate achieving the Parent Company's objectives inside or outside Kuwait.
- ▶ All types of transportation, distribution, handling and customs clearance for goods.
- ▶ Customs consulting, customs automation, modernisation and decision support.

2 BASIS OF PREPARATION

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

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

3 NEW STANDARDS, INTERPRETATIONS, AMENDMENTS AND ACCOUNTING POLICIES 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 2023, except for the adoption of new standards effective as of 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2024, but do not have an impact on the interim condensed consolidated financial information of the Group.

Supplier Finance Agreements – Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity’s liabilities, cash flows and exposure to liquidity risk.

The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Group’s interim condensed consolidated financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2024

3 NEW STANDARDS, INTERPRETATIONS, AMENDMENTS AND ACCOUNTING POLICIES ADOPTED BY THE GROUP (continued)

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- ▶ What is meant by a right to defer settlement
- ▶ That a right to defer must exist at the end of the reporting period
- ▶ That classification is unaffected by the likelihood that an entity will exercise its deferral right
- ▶ That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the Group's interim condensed consolidated financial information.

4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>(Audited)</i>		
	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>
	<i>2024</i>	<i>2023</i>	<i>2023</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Investment in an associate - outside Kuwait (Note 13)	110,801	111,639	112,330
Quoted equity securities – outside Kuwait	4,099	1,374	1,997
Treasury bills - outside Kuwait	9,768	-	-
Unquoted equity securities - in Kuwait	21	21	21
Investment in funds - outside Kuwait (Note 13)	1,627	1,144	1,923
	<u>126,316</u>	<u>114,178</u>	<u>116,271</u>

During the year ended 31 December 2011, the Group (through its wholly owned subsidiary, a Venture Capital Organisation) jointly with France Telecom acquired 44% equity interest in Korek Telecom L.L.C. ("Korek Telecom"), a limited liability company incorporated in Iraq, via a joint company owned 54% by the Group and 46% by France Telecom. As a result, the Group owns 23.7% indirect interest in Korek Telecom.

The investment in Korek Telecom has been classified as an investment in an associate as the Group exercises significant influence over financial and operating policies of Korek Telecom. As this associate is held as part of Venture Capital Organization's investment portfolio, it is carried in the consolidated statement of financial position at fair value. This treatment is permitted by IAS 28 "Investment in Associates and Joint Ventures" which allows investments held by Venture Capital Organisations to be accounted for at fair value through profit and loss in accordance with IFRS 9, with changes in fair value recognised in the consolidated statement of income in the period of change.

As at 30 September 2024, interest bearing loan provided by the Group to Korek Telecom amounted to KD 35,444 thousand (31 December 2023: KD 35,711 thousand and 30 September 2023: KD 35,933 thousand) (Note 13).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2024

4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Korek Litigation

ICSID Claim

In February 2017, the Group 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 Group’s investment in Korek Telecom, as well as the CMC’s order to transfer the shares acquired by the Group back to the original Iraqi shareholders (which was implemented in March 2019). Without limitation, the Group’s claims relate to Iraq’s failure to treat the Group’s investment of over USD 380 million fairly and equitably, its failure to accord the Group with due process, as well as the indirect expropriation of that investment, each in breach of the 2015 BIT. On 24 February 2017, the Group’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 Group’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 Group submitted its counter-memorial on jurisdiction on 10 January 2019. The reply of the respondents was submitted on 25 February 2019 and the Group’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 Group’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 Group’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 Group’s claims and awarding costs of approximately USD 5 million in favor of the respondent. On 28 May 2021, the Group 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 Group’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 Group submitted its Memorial on 22 December 2021. Iraq’s Counter-Memorial was submitted on 22 April 2022. The hearings were convened on 15 and 16 November 2022. On 8 February 2024, the committee issued its decision in which it partially annulled the original judgment on the basis that the tribunal failed to properly rule on Agility’s implementation claim, thereby committing an annulable error. Consequently, on July 8, 2024, the Group refiled its ICSID claim against the Republic of Iraq. The claim has been registered and a new ICSID tribunal will be constituted in the coming months.

Kuwait Claim Against the KRG

Separately, on 31 May 2021, Alcazar Capital Limited (“Alcazar”), a subsidiary of the Group, 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 Group’s investment. On 24 January 2022, the Court of First Instance dismissed Alcazar’s claims on the basis that, among other things, Alcazar had failed to prove that it had extended the USD 250 million loan to Korek over which it was seeking damages under the sovereign guarantee. On 16 February 2022, Alcazar appealed the judgment to the Kuwait Court of Appeal. On 19 April 2022 the Court of Appeal issued a judgment in favor of Alcazar awarding damages of USD 490 million (the “Kuwait Judgement”) against the Kurdistan Regional Government, together with interest of 7% p.a. up to the date of satisfaction of the amount. On 2 May 2023, the Kuwait Court of Cassation issued a stay of enforcement of the Kuwait Court of Appeal judgment, pending its adjudication of the matter. On 30 January 2024, the Kuwait Court of Cassation rejected the KRG’s appeal and upheld the Kuwait Judgment.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2024

4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Korek Litigation (continued)

Kuwait Claim Against the KRG (continued)

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

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

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

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

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

Deed of Release Arbitration

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2024

4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Korek Litigation (continued)

Deed of Release Arbitration (continued)

Separately and prior to filing the Request for Arbitration under the Deed of Release, Korek applied to the DIFC Courts for an interim injunction restraining Alcazar from enforcing the Kuwaiti Judgment until the tribunal in the Release Arbitration is constituted and can determine an equivalent application for an interim injunction (the “Interim Injunction Application”). The Interim Injunction Application was made on 20 January 2023. Alcazar acknowledged service of the Interim Injunction Application on 17 February 2023. After the parties filed evidence and skeleton arguments, the hearing of the Interim Injunction Application occurred on 22 March 2023. On 13 June 2023 the DIFC Court dismissed the Interim Injunction Application. On 26 June 2023, the DIFC Court provided written reasons for the dismissal of the Interim Injunction Application. Alcazar was awarded its costs of the Interim Injunction Application and proceeded with a detailed assessment of its costs which resulted in the DIFC Court ordering Korek to pay Alcazar USD 307,753 on June 28, 2024. Korek has, to date, failed to pay and enforcement steps are being taken.

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

In conjunction with the foregoing claims related to Korek Telecom, Iraq Telecom Limited (“IT Ltd.”) (in which the Group 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 Parent Company’s investment in Korek Telecom. The amount in dispute is to be determined during the course of the proceedings.

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

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
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As at and for the period ended 30 September 2024

4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Korek Litigation (continued)

► *Shareholders Agreement Arbitration (continued)*

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 were filed their joint reports on 24 November 2023, and a hearing of three days occurred in the week commencing 19 February 2024.

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

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

Pending final outcome of the enforcement proceedings and the uncertainties on the timing and determination of the amount of recovery, the Group’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 counterclaim was submitted on 8 October 2018. The counterclaim seeks damages for losses (still unquantified) allegedly suffered by the respondents in relation to their reputation and good standing. IBL’s answer and counterclaim was submitted on 8 November 2018. Korek’s and IH’s answer was submitted on 14 December 2018. The tribunal was constituted on 15 May 2019. IT Ltd.’s Statement of Claim was submitted on 22 November 2019, and respondents’ Statements of Defense were submitted on 21 February 2020. IT Ltd.’s Reply was filed on 22 July 2020. IBL’s Rejoinder and Reply to Defence to Counterclaim and IH/Korek’s Rejoinder were filed on 23 October 2020. The hearings were convened in February 2021.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2024

4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Korek Litigation (continued)

► *IBL Subordination Agreement Arbitration: Arbitration proceedings against IBL Bank SAL, Korek Telecom and International Holdings Ltd. (continued)*

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

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

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

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

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
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As at and for the period ended 30 September 2024

4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Korek Litigation (continued)

► *DIFC Director Claims*

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 Parent 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 Group is in the process of enforcing the award against Korek Telecom. As part of the enforcement process, Modern Global sought leave to make alternative service on Korek. A hearing before the DIFC Court regarding the grant of alternative service was convened on 9 February 2021. The DIFC Court issued its judgment on 9 May 2021 pursuant to which Modern Global was wholly successful on the appeal. Consequently, Modern Global is now taking active steps to enforce the USD 5 million award against Korek in the UAE and Iraq. In April 2022, an amount of approximately USD 1.1 million was obtained from certain Korek assets in the United Arab Emirates. Enforcement efforts remain ongoing.

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

Agility Public Warehousing Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2024

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<i>30 September 2024</i>	<i>(Audited) 31 December 2023</i>	<i>30 September 2023</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Quoted equity securities - outside Kuwait **	1,219,076	1,043,662	1,112,627
Treasury bills – outside Kuwait	-	5,949	5,708
Unquoted securities:			
- In Kuwait	928	935	941
- Outside Kuwait	33,315	26,523	30,981
	<u>1,253,319</u>	<u>1,077,069</u>	<u>1,150,257</u>

** Quoted equity securities include investment in a listed entity in Europe having a carrying value of KD 1,218,790 thousand (31 December 2023: KD 1,043,496 thousand and 30 September 2023: KD 1,112,513 thousand), of which, to the extent of securities having a carrying value of KD 883,897 thousand (31 December 2023: KD 756,770 thousand and 30 September 2023: KD 806,823 thousand), the Group has entered into a funded equity collar arrangement (“collars”) in order to hedge the fair value movements in these securities. The collars have been designated as a fair value hedge and accordingly the fair value loss on the collars during the period, amounting to KD 67,264 thousand (31 December 2023: gain of KD 55,215 thousand and 30 September 2023: loss of KD 19,968 thousand) has been recognized in the interim condensed consolidated statement of comprehensive income. The proceeds received from the collars amounting to KD 746,301 thousand (31 December 2023: KD 744,921 thousand and 30 September 2023: KD 714,073 thousand) has been classified as interest bearing loans (Note 8).

6 BANK BALANCES, CASH AND DEPOSITS

	<i>30 September 2024</i>	<i>(Audited) 31 December 2023</i>	<i>30 September 2023</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Bank balances and cash	223,980	184,024	136,840
Short term deposits *	46,324	29,518	22,028
Total Bank balances, cash and deposits	270,304	213,542	158,868
Less: Short term deposits with original maturities exceeding 3 months	(15,937)	(24,931)	(14,701)
Less: Bank overdrafts	(65,078)	(52,560)	(47,962)
Total cash and cash equivalents	<u>189,289</u>	<u>136,051</u>	<u>96,205</u>

* Short term deposits are placed for varying periods, depending on the immediate cash requirements of the Group and earn interest at the respective short term deposit rates.

Agility Public Warehousing Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2024

7 TREASURY SHARES

		(Audited)	
	30 September 2024	31 December 2023	30 September 2023
Number of treasury shares	123,786,106	123,786,106	123,786,106
Percentage of issued shares	4.63%	4.63%	4.63%
Market value in KD 000's	27,109	75,510	69,073

8 INTEREST BEARING LOANS

Interest bearing loans include financing facilities amounting to KD 746,301 thousand (31 December 2023: KD 744,921 thousand and 30 September 2023: KD 714,073 thousand) availed in relation to a funded equity collar arrangement ("collars"). These loans carry fixed interest in line with market rates and are secured against the quoted equity securities to the extent hedged. Current and non-current portions of interest prepaid for this facility amount to KD 24,336 thousand (31 December 2023: KD 24,291 thousand and 30 September 2023: KD 23,285 thousand) and KD 32,024 thousand (31 December 2023: KD 50,183 thousand and 30 September 2023: KD 53,926 thousand) and is reported under 'other current assets' and 'other non-current assets' respectively.

Hedge of net investments in foreign operations

Included in interest bearing loans at 30 September 2024 are loans denominated in USD 245,000 thousand (31 December 2023: USD 285,000 thousand and 30 September 2023: USD 245,000 thousand) and EUR 128,000 thousand (31 December 2023: Nil and 30 September 2023: Nil) (hedging instrument), which have been designated as a hedge of the net investments in the overseas subsidiaries (with functional currency USD and EUR) and are being used to hedge the Group's exposure to foreign exchange risk on these investments.

Gains or losses on the retranslation of interest bearings loans are transferred to other comprehensive income to offset any gains or losses on translation of the net investments in these subsidiaries. During the period, foreign exchange loss arising on translation of the hedging instrument amounting to KD 1,242 thousand (30 September 2023: KD 5,412 thousand) was taken to other comprehensive income (hedging reserve).

9 REVENUE FROM CONTRACTS WITH CUSTOMERS

The following presents the disaggregation of the Group's revenue from contracts with customers:

	Three months ended 30 September		Nine months ended 30 September	
	2024	2023	2024	2023
	KD 000's	KD 000's	KD 000's	KD 000's
Logistics services	94,080	98,479	273,906	294,177
Rent	21,226	21,900	65,057	64,746
Ground handling and airport services	215,600	175,771	587,974	493,079
Others	80,138	64,637	195,836	157,163
	411,044	360,787	1,122,773	1,009,165
	Three months ended 30 September		Nine months ended 30 September	
	2024	2023	2024	2023
	KD 000's	KD 000's	KD 000's	KD 000's
Timing of revenue recognition				
Goods and services transferred at a point in time	368,883	318,311	997,983	885,180
Goods and services transferred over time	42,161	42,476	124,790	123,985
	411,044	360,787	1,122,773	1,009,165

Agility Public Warehousing Company K.S.C.P. and Subsidiaries

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9 REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Geographical markets				
Middle East and Africa	185,636	198,138	545,969	550,222
America	66,085	63,672	199,949	186,149
Europe	98,286	68,760	241,991	191,579
Asia	61,037	30,217	134,864	81,215
Total revenue from contracts with customers	411,044	360,787	1,122,773	1,009,165

10 TAXATION

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
National Labour Support Tax (NLST)	266	739	917	1,515
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)	134	328	451	712
Zakat	133	326	452	714
Deferred taxation	854	1,168	664	1,272
Taxation on overseas subsidiaries	2,725	2,188	9,921	7,681
	4,112	4,749	12,405	11,894

11 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share amounts are calculated by dividing profit for the period attributable to equity holders of the Parent Company by the weighted average number of outstanding shares during the period as follows:

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>
Profit for the period attributable to equity holders of the Parent Company (KD 000's)	10,093	28,046	34,791	57,533
Number of paid-up shares	2,676,128,586	2,676,128,586	2,676,128,586	2,676,128,586
Adjustment for reciprocal holding with an associate	(54,593,023)	(54,593,023)	(54,593,023)	(54,593,023)
Weighted average number of treasury shares	(123,786,106)	(123,786,106)	(123,786,106)	(123,786,106)
Weighted average number of outstanding shares	2,497,749,457	2,497,749,457	2,497,749,457	2,497,749,457
Basic and diluted earnings per share attributable to equity holders of the Parent Company (fils):	4.04	11.23	13.93	23.03

As there are no outstanding dilutive instruments, the basic and diluted earnings per share are identical.

Agility Public Warehousing Company K.S.C.P. and Subsidiaries

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12 CONTINGENCIES AND CAPITAL COMMITMENTS

The Group has contingencies and capital commitments at the reporting date as follows:

	30 September 2024 KD 000's	(Audited) 31 December 2023 KD 000's	30 September 2023 KD 000's
Letters of guarantee*	186,315	163,195	174,027
Operating lease commitments	1,229	2,194	566
Capital commitments	61,716	18,453	21,234
Corporate guarantees**	99,796	106,968	109,718
	349,056	290,810	305,545

*Included in letters of guarantee are bank guarantees of KD 30,651 thousand (31 December 2023: KD 30,651 thousand and 30 September 2023: KD 30,651 thousand), provided by a bank on behalf of the subsidiary "Global Clearing House Systems K.S.C. (Closed)" to the General Administration of Customs in the State of Kuwait. These guarantees are issued by the bank on a non-recourse basis to the Group.

**The Group (Parent Company along with its subsidiary UPAC) and a related party are part of an arrangement to construct and develop a commercial mall in UAE ("project"). The Group currently has an equity interest of 19.87% (31 December 2023: 19.87% and 30 September 2023: 19.87%) and has also extended interest bearing loan facilities to the project (Note 13). Further, the Parent Company provided corporate guarantees amounting to KD 99,498 thousand (31 December 2023: KD 106,634 thousand and 30 September 2023: KD 109,196 thousand) to external financial institutions that have provided finance facilities to the project.

Legal claims

(a) *Renewal of land leases with Public Authority for Industry, Kuwait (PAI)*

Investment properties include certain properties with a carrying value of KD 190,988 thousand that are leased from PAI as described below.

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

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

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12 CONTINGENCIES AND CAPITAL COMMITMENTS (continued)

Legal claims (continued)

(a) Renewal of land leases with Public Authority for Industry, Kuwait (PAI) (continued)

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

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

Subsequently PAI made a public announcement through news media that was also published in the Official Gazette "Kuwait Al-Youm" under No. 1618 on 15 January 2023 on the termination of the contracts referred to above. The Parent Company issued a warning dated 15 January 2023 to the PAI's Board of directors and to its Director General to respond and deny the content of these announcements. The Parent Company sent another warning to PAI on 25 January 2023 in response to the latter's warning dated 18 January 2023. The Parent 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 Parent Company's possession and use of the lands mentioned above.

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

1. Case No. 14/2023 Commercial, Civil, Government / 27, regarding contract No. 60 of the Sulaibiya site, with an area of 805,712 m². The court of first instance dismissed the case on 16 February 2023 rejecting the case. The Parent Company appealed the judgment under appeals No. 1480, 1482, 1449 Commercial Appeal, Civil, Government / 10 for the year 2023. A ruling was issued in these appeals at the hearing of 5 November 2023 to reject them. The Parent Company challenged this appeal decision before the court of Cassation and under appeals No. 18/35/38 for the year 2024 cassation commercial / 1.
2. Case No. 9/2023 Commercial, Civil Government / 28, regarding contract No. 211 of the Sulaibiya site, with an area of 150,000 m². The first instance court issued a judgment on 18 June 2023 on grounds of lack of jurisdiction and referred the case to the Administrative Department / 2 under no 4155/2023 administrative department / 2. On 27 December 2023, the Parent 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 Parent Company filed a new case regarding contract No. 211 of the Sulaibiya site under case no. 622/2024 commercial, Civil Government / 23 which is still under examination before the Court of First Instance. On 11 June 2024 a preliminary decision was issued by the Plenary Court to transfer the case to the expert department and the date was set for adjudication at the hearing on 10 December 2024.
3. Case No. 19/2023 Commercial, Civil, Government / 9, regarding contract No. 208 for Mina Abdullah's site, with an area of 1,625,000 m². On 24 January 2024, the court of first instance delivered its judgement rejecting the main case and in the secondary case in favor of PAI. The 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 set for adjudication at the hearing of 15 December 2024.
4. Case No. 12/2023 Commercial, Civil, Government / 20, regarding Contract No. 19/2002 for the truck parking site in Amghara Industrial Area, with an area of 200,000 m². The court of first instance dismissed the case on 28 February 2023. The Parent Company appealed the judgment with appeals Nos. 1613, 1649, 1654, 1663, commercial, civil, government / 5 for the year 2023. On 14 June 2023, a stay order was issued pending a decision on the judges' recusal request No. 13 of 2023 and on 16 July 2023 a decision was issued to reject the recusal request. On 13 March 2024, the court of appeal issued its ruling rejecting the appeal and confirmed the court of first instance ruling. The Parent Company has appealed this decision before the Court of Cassation under appeals No. 2043, 2148, 2211, 2215 for the year 2024 commercial cassation / 7.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
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As at and for the period ended 30 September 2024

12 CONTINGENCIES AND CAPITAL COMMITMENTS (continued)

Legal claims (continued)

(a) Renewal of land leases with Public Authority for Industry, Kuwait (PAI) (continued)

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

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

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

(b) Dispute with Iraqi Airways Company (IAC)

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

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

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

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

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

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As at and for the period ended 30 September 2024

12 CONTINGENCIES AND CAPITAL COMMITMENTS (continued)

Legal claims (continued)

(b) Dispute with Iraqi Airways Company (IAC) (continued)

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

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

National Aviation Services, Afghanistan (NAS), a subsidiary of the Parent Company filed a Notice of Arbitration in the above matter in November 2020. The claims involve the Respondents': (i) failure to enforce NAS' exclusive right to render ground handling services at Afghan airports; (ii) unlawful termination of the subject concession agreement; (iii) seizure and expropriation of the NAS' equipment and operations; and (iv) illegal encashment of a performance guarantee. An arbitral tribunal was constituted comprising Professor Dr. Mohamed S. Abdel Wahab, Laurence Shore and Caline Mouawad (President). Following a hearing on the merits the Tribunal issued its Award dated 16 December 2022 in NAS' favour and awarding NAS damages, inclusive of attorneys' fees and arbitration costs, of approximately US\$27.7 million plus post-Award interest accruing annually at a rate of LIBOR + 2%. NAS has recently obtained an "Ex Parte" order from the UK court made without notice to Ariana Afghan Airlines Co. Ltd. as Defendant entering judgment in the terms of the ICC Award and granting NAS leave to enforce the ICC Award (so far as applicable against Ariana Afghan Airlines Co. Ltd) in the same manner as a judgment or order of the Court; this order has been served on Ariana Afghan Airlines Co. Ltd and is now enforceable. NAS' external counsel is advising the company on the enforcement proceedings.

Pending final outcome of the enforcement proceedings and the uncertainties on the timing and determination of the amount of recovery, the Group'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 Parent Company, in favour of GAC in relation to performance of a contract. Pursuant to this resolution, GAC called the above guarantee during the year ended 31 December 2007.

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

GCS appealed the judgment in Appeal number 1923 for the year 2014 administration /4, before the Court of Appeal requesting an increase in compensation. GAC also filed an appeal No. 1955 / 2014 Administrative 4 before the Court of Appeal. On 13 September 2015, the Court of Appeal pronounced its judgement affirming the decision of the Court of First Instance. Both GCS and GAC appealed against this ruling before the Kuwait Court of Cassation in appeals No. 1480, 1487 for the year 2015. On 25 September 2019, the Court of Cassation resolved to defer the appeal to the experts. On 24 May 2021, the experts committee issued a report affirming GCS's right for the claimed compensation.

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

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

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12 CONTINGENCIES AND CAPITAL COMMITMENTS (continued)

Legal claims (continued)

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

Further, in respect of an ongoing dispute between GCS and GAC on which there were claims filed by both parties against each other relating to project management mechanisms in the ports, GCS filed Case No. 760/2014 Administrative/6 against the GAC requesting the delegation of experts from the Ministry of Justice to view the IT system at the GAC to indicate the amount of vehicle handling fees. GAC filed a counterclaim requesting that GCS complies with the price list attached to the contract.

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

GAC also filed several lawsuits that were joined to the cases filed by GCS which are as follows:

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

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

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

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

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

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

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As at and for the period ended 30 September 2024

12 CONTINGENCIES AND CAPITAL COMMITMENTS (continued)

Legal claims (continued)

(f) ICS Claims Against Argentina

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

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

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

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

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

Agility Public Warehousing Company K.S.C.P. and Subsidiaries

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13 RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties represent major shareholders, associates and joint ventures, directors and key management personnel of the Group, and entities which they control or over which they exert significant influence. Pricing policies and terms of these transactions are approved by the Group's management. Transactions and balances with related parties are as follows:

			Nine months ended	
			30 September	
	Major shareholders KD 000's	Other related parties KD 000's	2024 Total KD 000's	2023 Total KD 000's
Interim condensed consolidated statement of income				
Revenues	-	7,616	7,616	8,963
Cost of revenues	-	(27,610)	(27,610)	(29,424)
General and administrative expenses	-	(608)	(608)	(339)
Share of results of associates and joint ventures	(1,709)	9,190	7,481	4,568
Interest income	-	172	172	105
Finance costs	-	(116)	(116)	(131)
Miscellaneous income	-	408	408	-
			(Audited)	
		30 September	31 December	30 September
	Major	Other related	2024	2023
	shareholders	parties	Total	Total
	KD 000's	KD 000's	KD 000's	KD 000's
Interim condensed consolidated statement of financial position				
Investment in associates and joint ventures	16,027	132,095	148,122	144,966
Financial assets at fair value through profit or loss	-	112,276	112,276	112,783
Financial assets at fair value through other comprehensive income	-	13,462	13,462	10,798
Trade receivables	-	8,776	8,776	10,991
Amounts due from related parties	-	1,325	1,325	1,364
Loans to related parties	-	247,866	247,866	226,042
Loan to an associate (Note 4)	-	35,444	35,444	35,711
Other non-current liabilities	-	5,715	5,715	21,387
Trade and other payables	61	6,327	6,388	12,429

Loans to related parties include KD 244,308 thousand (31 December 2023: KD 215,232 thousand and 30 September 2023: KD 209,816 thousand) provided to a joint venture representing amounts advanced by a subsidiary of the Group towards the construction and development of a Commercial Mall in UAE ("Project"). This amount bears compounded annual interest rates and can be converted to equity in the project after completion of construction subject to the project achieving certain operational targets and upon the discretion of the Group. The subsidiary has suspended recognition of interest income since the year ended 31 December 2020. Amount of interest attributable for the period ended 30 September 2024 amounts to KD 21,883 thousand (31 December 2023: KD 24,043 thousand and 30 September 2023: KD 17,408 thousand). The suspension of interest is temporary, and the subsidiary retains the right to reinstate it in the future.

Agility Public Warehousing Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2024

13 RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

Compensation of key management personnel

The remuneration of board of directors and other members of key management (executives) during the period were as follows:

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	2024 KD 000's	2023 KD 000's	2024 KD 000's	2023 KD 000's
Short-term benefits (key management)	194	151	582	453
Accrual for committees services (board of directors)	88	88	264	264
Accrual for remuneration to board of directors	88	88	264	264
	370	327	1,110	981

14 DIVIDEND, BONUS SHARES AND DIRECTORS' REMUNERATION

On 27 March 2024, the Board of Directors of the Parent Company, based on the authorization given by the Parent Company's ordinary general meeting held on 30 May 2023 and the extraordinary general meeting held on 7 June 2023, approved the distribution of interim dividends comprising of cash dividends of 10 fils per share and in-kind dividends representing 49% of the shares currently held by the Parent Company in Agility Global PLC, a wholly owned subsidiary of the Parent Company. Every shareholder registered in the Parent Company's records at the end of the record date will receive two shares in Agility Global PLC for each share such shareholder owns in the Parent Company. On 1 May 2024, the distribution of dividends in-kind was completed and on 2 May 2024, Agility Global PLC was listed on Abu Dhabi Securities Exchange (ADX) after finalizing the required procedures in accordance with the applicable rules and regulations.

Accordingly, the Parent Company has recognised non-controlling interest amounting to KD 776,446 thousand representing 49% of the carrying value of assets and liabilities of Agility Global PLC with a corresponding adjustment to the retained earnings in the interim condensed consolidated financial information.

On 14 May 2024, the Board of Directors of Agility Global PLC, in accordance with the Article of Association and the ADGM companies Regulations approved the distribution of interim dividends of AED 0.023 per share.

The shareholders at the Annual General Meeting ("AGM") held on 28 May 2024 approved the consolidated financial statement for the year ended 31 December 2023 and the distribution of cash dividends of 10 fils (2022: Nil) for the year ended 31 December 2023.

15 SEGMENT INFORMATION

The Group determined the following as its major operating segments:

Controlled entities:

This segment comprises of business units that are controlled by the Group and hence consolidated in its financial statements. The entities that are part of this segment provides services that include real estate, fuel logistics, airplane ground handling, fuelling and cleaning services, cargo and lounge management, customs operations and management, construction and remote site services, customs consulting and waste recycling.

Investments:

The segment comprise of business units that holds the Group's non-controlling interests in various sectors. These investments comprises of both listed and unlisted equity securities and convertible loans.

Agility Public Warehousing Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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15 SEGMENT INFORMATION (continued)

Nine months ended 30 September 2024	<i>Controlled entities KD 000's</i>	<i>Investments KD 000's</i>	<i>Total KD 000's</i>
Revenues	<u>1,122,773</u>	<u>-</u>	<u>1,122,773</u>
Profit before interest, taxation, depreciation, amortisation and Directors' remuneration (EBITDA)	<u>204,594</u>	<u>(376)</u>	<u>204,218</u>
Depreciation	<u>(68,606)</u>	<u>-</u>	<u>(68,606)</u>
Amortisation	<u>(6,192)</u>	<u>-</u>	<u>(6,192)</u>
Profit before interest, taxation and directors' remuneration (EBIT)	<u>129,796</u>	<u>(376)</u>	<u>129,420</u>

Key components of controlled entities:

Nine months ended 30 September 2024	<i>Aviation services KD 000's</i>	<i>Fuel logistics KD 000's</i>	<i>Others KD 000's</i>	<i>Total KD 000's</i>
Revenues	<u>586,934</u>	<u>270,931</u>	<u>264,908</u>	<u>1,122,773</u>
Results				
Profit before interest, taxation, depreciation, amortisation and directors' remuneration (EBITDA)	<u>87,881</u>	<u>57,305</u>	<u>59,408</u>	<u>204,594</u>

Nine months ended 30 September 2023	<i>Controlled entities KD 000's</i>	<i>Investments KD 000's</i>	<i>Total KD 000's</i>
Revenues	<u>1,009,165</u>	<u>-</u>	<u>1,009,165</u>
Profit before interest, taxation, depreciation, amortisation and Directors' remuneration (EBITDA)	<u>180,083</u>	<u>(456)</u>	<u>179,627</u>
Depreciation	<u>(61,891)</u>	<u>-</u>	<u>(61,891)</u>
Amortisation	<u>(7,648)</u>	<u>-</u>	<u>(7,648)</u>
Profit before interest, taxation and Directors' remuneration (EBIT)	<u>110,544</u>	<u>(456)</u>	<u>110,088</u>

Agility Public Warehousing Company K.S.C.P. and Subsidiaries

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15 SEGMENT INFORMATION (continued)

Key components of controlled entities:

Nine months ended 30 September 2023	<i>Aviation services KD 000's</i>	<i>Fuel logistics KD 000's</i>	<i>Others KD 000's</i>	<i>Total KD 000's</i>
Revenues	491,811	254,160	263,194	1,009,165
Results				
Profit before interest, taxation, depreciation, amortisation and directors' remuneration (EBITDA)	67,889	47,109	65,085	180,083

The Group's financing (including interest income and finance costs) and taxation is managed on a Group basis and are not allocated to operating segments.

The following table presents segment assets and liabilities of the Group's operating segments as at 30 September 2024, 31 December 2023 and 30 September 2023.

	<i>Controlled entities KD 000's</i>	<i>Investments KD 000's</i>	<i>Adjustments and eliminations KD 000's</i>	<i>Total KD 000's</i>
<i>As at 30 September 2024</i>				
Total assets	3,284,858	1,813,241	(1,042,003)	4,056,096
Total liabilities	1,344,782	1,778,019	(1,053,171)	2,069,630
<i>Other disclosures:</i>				
Goodwill	268,119	-	-	268,119
Intangible assets	79,432	-	-	79,432
Capital expenditure *	53,805	-	-	53,805

Key components of controlled entities:

<i>As at 30 September 2024</i>	<i>Aviation services KD 000's</i>	<i>Fuel logistics KD 000's</i>	<i>Others KD 000's</i>	<i>Total KD 000's</i>
Total assets	834,756	532,496	1,917,606	3,284,858
Total liabilities	787,209	302,116	255,457	1,344,782
<i>Other disclosures:</i>				
Goodwill	232,936	12,035	23,148	268,119
Intangible assets	65,255	14,177	-	79,432
Capital expenditure *	15,716	18,690	19,399	53,805

	<i>Controlled entities KD 000's</i>	<i>Investments KD 000's</i>	<i>Adjustments and eliminations KD 000's</i>	<i>Total KD 000's</i>
<i>As at 31 December 2023 (Audited)</i>				
Total assets	3,049,447	1,677,149	(981,048)	3,745,548
Total liabilities	1,122,935	1,702,388	(971,880)	1,853,443

Agility Public Warehousing Company K.S.C.P. and Subsidiaries

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As at and for the period ended 30 September 2024

15 SEGMENT INFORMATION (continued)

Other disclosures:

Goodwill	264,229	-	-	264,229
Intangible assets	83,409	-	-	83,409
Capital expenditure *	(63,200)	-	-	(63,200)
Change in fair value of investment properties	15,466	-	-	15,466

Key components of controlled entities:

<i>As at 31 December 2023 (Audited)</i>	<i>Aviation services KD 000's</i>	<i>Fuel logistics KD 000's</i>	<i>Others KD 000's</i>	<i>Total KD 000's</i>
Total assets	756,627	490,134	1,802,686	3,049,447
Total liabilities	697,663	274,661	150,611	1,122,935

Other disclosures:

Goodwill	228,515	12,111	23,603	264,229
Intangible assets	69,872	12,865	672	83,409
Capital expenditure *	(22,628)	(16,400)	(24,172)	(63,200)
Change in fair value of investment properties	-	-	15,466	15,466

	<i>Controlled entities KD 000's</i>	<i>Investments KD 000's</i>	<i>Adjustments and eliminations KD 000's</i>	<i>Total KD 000's</i>
<i>As at 30 September 2023</i>				
Total assets	3,005,037	1,679,687	(1,036,303)	3,648,421
Total liabilities	1,164,897	1,612,215	(1,019,083)	1,758,029

Other disclosures:

Goodwill	261,639	-	-	261,639
Intangible assets	85,630	-	-	85,630
Capital expenditure *	(41,541)	-	-	(41,541)

Key components of controlled entities:

<i>As at 30 September 2023</i>	<i>Aviation services KD 000's</i>	<i>Fuel logistics KD 000's</i>	<i>Others KD 000's</i>	<i>Total KD 000's</i>
Total assets	687,920	474,600	1,842,517	3,005,037
Total liabilities	630,765	266,560	267,572	1,164,897

Other disclosures:

Goodwill	230,174	7,826	23,639	261,639
Intangible assets	71,798	13,140	692	85,630
Capital expenditure *	(15,913)	(9,556)	(16,072)	(41,541)

* Capital expenditure consists of additions to property, plant and equipment, projects in progress and investment properties.

Agility Public Warehousing Company K.S.C.P. and Subsidiaries

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As at and for the period ended 30 September 2024

15 SEGMENT INFORMATION (continued)

Other geographic information

The following presents information regarding the Group's non-current assets based by geographical segments determined based on the geographic locations of the legal entities forming part of the Group.

	<i>30 September 2024</i>	<i>(Audited) 31 December 2023</i>	<i>30 September 2023</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Non-current assets			
Middle east and Africa	1,537,317	1,550,580	1,418,349
Asia	72,040	76,303	51,471
Europe	78,820	57,885	55,892
America	116,228	110,149	155,478
	1,804,405	1,794,917	1,681,190

Non-current assets for this purpose consists of property, plant and equipment, projects in progress, right-of-use assets, investment properties, intangible assets, goodwill, other non-current assets, loan to related parties and loan to associate.

16 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in orderly transactions between market participants at the measurement date.

Determination of fair value and fair value hierarchy:

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

- Level 1: quoted (unadjusted) prices in an active market for identical assets and liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: other techniques which use inputs which have a significant effect on the recorded fair value are not based on observable market data.

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

	<i>Level 1 KD'000</i>	<i>Level 2 KD'000</i>	<i>Level 3 KD'000</i>	<i>Total fair value KD'000</i>
30 September 2024				
Financial assets measured at fair value through profit or loss				
Investment in an associate - outside Kuwait	-	-	110,801	110,801
Quoted equity securities – outside Kuwait	4,099	-	-	4,099
Treasury bills - outside Kuwait	-	-	9,768	9,768
Unquoted equity securities - in Kuwait	-	-	21	21
Investment in funds - outside Kuwait	-	1,627	-	1,627
Loans to related parties	-	-	244,318	244,318
Loan to an associate	-	-	35,444	35,444
	4,099	1,627	400,352	406,078
Financial assets measured at fair value through other comprehensive income				
Quoted equity securities- outside Kuwait	1,219,076	-	-	1,219,076
Unquoted securities	-	-	34,243	34,243
	1,219,076	-	34,243	1,253,319

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2024

16 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

	<i>Level 1 KD'000</i>	<i>Level 2 KD'000</i>	<i>Level 3 KD'000</i>	<i>Total fair value KD'000</i>
<i>Derivative financial liabilities</i>				
Forward foreign exchange contracts	-	(107)	-	(107)
Collars	-	(2,138)	-	(2,138)
	-	(2,245)	-	(2,245)
	1,223,175	(618)	434,595	1,657,152
	<i>Level 1 KD'000</i>	<i>Level 2 KD'000</i>	<i>Level 3 KD'000</i>	<i>Total fair value KD'000</i>
31 December 2023 (Audited)				
<i>Financial assets measured at fair value through profit or loss</i>				
Investment in an associate - outside Kuwait	-	-	111,639	111,639
Quoted equity securities – outside Kuwait	1,374	-	-	1,374
Unquoted equity securities - in Kuwait	-	-	21	21
Investment in funds - outside Kuwait	-	1,144	-	1,144
Loans to related parties	-	-	215,232	215,232
Loan to an associate	-	-	35,711	35,711
	1,374	1,144	362,603	365,121
<i>Financial assets measured at fair value through other comprehensive income</i>				
Quoted equity securities - outside Kuwait	1,043,662	-	-	1,043,662
Treasury bills - outside Kuwait	-	-	5,949	5,949
Unquoted securities	-	-	27,458	27,458
	1,043,662	-	33,407	1,077,069
<i>Derivative financial assets</i>				
Forward foreign exchange contracts	-	5	-	5
Interest rate swaps	-	44	-	44
Collars	-	65,107	-	65,107
	-	65,156	-	65,156
	1,045,036	66,300	396,010	1,507,346

During the prior period, certain interest rate swaps that were designated as cash flow hedges were closed and on discontinuation of the related hedge accounting, the cumulative fair value gains amounting to KD 23,479 thousand has been recycled from hedging reserve to the interim condensed consolidated statement of income.

Agility Public Warehousing Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2024

16 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

	Level 1 KD'000	Level 2 KD'000	Level 3 KD'000	Total fair value KD'000
30 September 2023				
<i>Financial assets measured at fair value through profit or loss</i>				
Investment in an associate - outside Kuwait	-	-	112,330	112,330
Quoted equity securities - outside Kuwait	1,997	-	-	1,997
Unquoted equity securities - in Kuwait	-	-	21	21
Investment in funds - outside Kuwait	-	1,923	-	1,923
Loans to related parties	-	-	209,816	209,816
Loan to an associate	-	-	35,933	35,933
	<u>1,997</u>	<u>1,923</u>	<u>358,100</u>	<u>362,020</u>
<i>Financial assets measured at fair value through other comprehensive income</i>				
Quoted equity securities - outside Kuwait	1,112,627	-	-	1,112,627
Treasury bills - outside Kuwait	-	-	5,708	5,708
Unquoted securities	-	-	31,922	31,922
	<u>1,112,627</u>	<u>-</u>	<u>37,630</u>	<u>1,150,257</u>
<i>Derivative financial assets (liabilities)</i>				
Forward foreign exchange contracts	-	(954)	-	(954)
Collars	-	(10,485)	-	(10,485)
Interest rate swaps	-	346	-	346
	<u>-</u>	<u>(11,093)</u>	<u>-</u>	<u>(11,093)</u>
	<u>1,114,624</u>	<u>(9,170)</u>	<u>395,730</u>	<u>1,501,184</u>

There were no transfers between the fair value hierarchies during the period.

The Group's management was unable to determine the fair value of the investment in an associate and the recoverability of interest bearing loan as at 30 September 2024, 31 December 2023 and 30 September 2023 due to certain inherent uncertainties and accordingly the investment and related loan is carried at its fair value as at 31 December 2013 (Note 4).

Fair values of unquoted equity securities classified as fair value through other comprehensive income are determined using valuation techniques that are not based on observable market prices or rates.

The fair value of the collars has been determined based on the Black Scholes model for which key inputs include risk free rate, strike price for the put and call options, spot price of the equity security and volatility of the put and call options.

The following table below shows a reconciliation of the opening and the closing amount of level 3 financial assets measured at fair value:

	30 September 2024 KD'000	(Audited) 31 December 2023 KD'000	30 September 2023 KD'000
As at 1 January	396,010	384,206	384,206
Change in fair value recognised in consolidated statement of income	4,140	-	-
Re-measurement recognised in interim condensed consolidated statement of other comprehensive income	74	(28,165)	(24,038)
Others including net purchases (sales), transfer and exchange difference	34,371	39,969	35,562
As at the reporting date	<u>434,595</u>	<u>396,010</u>	<u>395,730</u>