

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

**Interim condensed consolidated financial information (Unaudited)
and review report for the nine months period ended 30 September 2022**

OSOS Holding Group Company K.P.S.C. and its subsidiaries
State of Kuwait
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For the nine months period ended 30 September 2022

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Report on review of interim condensed consolidated financial information

The Board of Directors
OSOS Holding Group Company K.P.S.C.
State of Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of OSOS Holding Group Company K.P.S.C. ("the Parent Company") and its subsidiaries (together referred to as "the Group") as at 30 September 2022 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows 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 the basis of preparation disclosed in note no. (2). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with the basis of preparation disclosed in note no. (2).

Report on review of other legal and regulatory requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the accounting records of the Parent Company. We further report that nothing has come to our attention indicating any contravention during the nine months period ended 30 September 2022, of the Companies Law No. 1 of 2016 and its Executive Regulations, as amended, or of the provisions of Law No. 7 of year 2010 concerning the Capital Markets Authority, Executive Regulations and its related regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that would materially affect the Group's activities or its consolidated financial position.




Barrak Abdul Mohsen Al-Ateeqi
Licence No. 69 A
Al-Ateeqi Certified Accountants
A Member of B.K.R. International


Kuwait: 31 October 2022


OSOS Holding Group Company K.P.S.C and its subsidiaries
State of Kuwait
Interim condensed consolidated statement of financial position (Unaudited)
As at 30 September 2022

	Notes	30 September 2022 KD	31 December 2021 (Audited) KD	30 September 2021 KD
Assets				
Non-current assets				
Property and equipment		16	15	8
Investment properties	4	10,700,625	10,366,000	7,434,625
Investments in associate		1	1	1
Financial assets at fair value through other comprehensive income	5	411,398	411,398	985,739
Total non-current assets		11,112,040	10,777,414	8,420,373
Current assets				
Debtors and other debit balances	6	45,944	316,069	177,259
Due from related party	7	2,706,755	2,862,891	2,836,964
Financial assets at fair value through profit or loss	8	4,297,485	3,106,799	4,624,215
Wakala investments deposits	9	161,000	161,000	161,000
Cash and cash equivalents	10	1,149,667	3,108,770	1,509,092
Total current assets		8,360,851	9,555,529	9,308,530
Total assets		19,472,891	20,332,943	17,728,903
Equity and liabilities				
Equity				
Share capital	11	10,500,000	10,500,000	10,500,000
Statutory reserve		1,124,737	1,124,737	973,965
Fair value reserve		(370,524)	(370,524)	(384,537)
Retained earnings		661,943	1,405,373	522,496
Total equity		11,916,156	12,659,586	11,611,924
Liabilities				
Non-current liabilities				
Lease contract with promise to purchase – non-current portion	12	1,111,175	1,192,100	-
Provision for end of service indemnity		229,716	208,529	139,303
Total non-current liabilities		1,340,891	1,400,629	139,303
Current liabilities				
Creditors and other credit balances		400,630	538,439	356,979
Lease contract with promise to purchase – current portion	12	188,825	107,900	-
Provisions	13	5,626,389	5,626,389	5,620,697
Total current liabilities		6,215,844	6,272,728	5,977,676
Total liabilities		7,556,735	7,673,357	6,116,979
Total equity and liabilities		19,472,891	20,332,943	17,728,903

The accompanying notes form an integral part of these interim condensed consolidated financial information.


Abdulmuhsen S. Al Meshan
Chairman


Fahad A. Al Mukhaizim
Vice Chairman


Khalid M. AlNouri
Chief Executive Officer

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OSOS Holding Group Company K.P.S.C and its subsidiaries
State of Kuwait
Interim condensed consolidated statement of profit or loss (Unaudited)
For the nine months period ended 30 September 2022

Notes	For the three months period ended		For the nine months period ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
	KD	KD	KD	KD
Real estate rental income	104,220	70,520	341,010	215,265
Real estate operating expenses	(7,868)	(4,467)	(52,264)	(26,396)
Gross profit	96,352	66,053	288,746	188,869
Share of results of an associate	-	-	-	(74,268)
Loss on sale of associate	-	(10,620)	-	(10,620)
Investment (loss) / income	14 (69,795)	102,660	373,254	622,200
General and administrative expenses	(110,798)	(107,626)	(309,715)	(285,306)
Reversal for doubtful debts	39,295	10,382	9,399	7,702
Foreign currency loss	(375)	(486)	(2,203)	(806)
Reversal of provision no longer required	-	-	-	55,393
Profit on wakala investments deposit and other	672	872	1,779	4,118
Other income	325	348	1,208	4,923
Finance cost from lease contract with promise to purchase	(13,926)	-	(41,324)	-
(Loss) / profit for the period before contribution to Kuwait Foundation for Advancement of Sciences "KFAS", National Labour Support Tax "NLST" and Zakat	(58,250)	61,583	321,144	512,205
KFAS	525	(554)	(2,890)	(4,610)
NLST	2,250	(1,405)	(8,346)	(9,138)
Zakat	901	(562)	(3,338)	(3,655)
(Loss) / profit for the period	(54,574)	59,062	306,570	494,802
Basic and diluted (loss) / earnings per share (Fils)	14 (0.52)	0.56	2.92	4.71

The accompanying notes form an integral part of these interim condensed consolidated financial information.

OSOS Holding Group Company K.P.S.C. and its subsidiaries
State of Kuwait
Interim condensed consolidated statement of comprehensive income (Unaudited)
For the nine months period ended 30 September 2022

	For the three months period ended		For the nine months period ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
	KD	KD	KD	KD
(Loss) / profit for the period	<u>(54,574)</u>	<u>59,062</u>	<u>306,570</u>	<u>494,802</u>
Other comprehensive loss				
<i>Items that may be reclassified subsequently to the consolidated statement of profit or loss:</i>				
Gain exchange differences on translating foreign operations	-	-	-	(1,088)
<i>Items that will not be reclassified subsequently to the consolidated statement of profit or loss:</i>				
Loss on investments in equity instruments designated at fair value through other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>(158,035)</u>
Other comprehensive loss for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>(159,123)</u>
Total (loss) / profit and other comprehensive income for the period	<u>(54,574)</u>	<u>59,062</u>	<u>306,570</u>	<u>335,679</u>

The accompanying notes form an integral part of these interim condensed consolidated financial information.

OSOS Holding Group Company K.P.S.C. and its subsidiaries
State of Kuwait
Interim condensed consolidated statement of changes in equity (Unaudited)
for the nine months period ended 30 September 2022

	Share capital KD	Statutory reserve KD	Fair value reserve KD	Foreign currency translation reserve KD	Retained earnings KD	Total equity KD
Balance at 1 January 2022	10,500,000	1,124,737	(370,524)	-	1,405,373	12,659,586
Total comprehensive income for the period	-	-	-	-	306,570	306,570
Distribution of cash dividends (note 18)	-	-	-	-	(1,050,000)	(1,050,000)
Balance at 30 September 2022	<u>10,500,000</u>	<u>1,124,737</u>	<u>(370,524)</u>	<u>-</u>	<u>661,943</u>	<u>11,916,156</u>
Balance at 1 January 2021	10,500,000	973,965	(226,502)	(48,228)	762,694	11,961,929
Profit for the period	-	-	-	-	494,802	494,802
Other comprehensive loss for the period	-	-	(158,035)	(1,088)	-	(159,123)
Total comprehensive (loss) / income for the period	-	-	(158,035)	(1,088)	494,802	335,679
Distribution of cash dividends	-	-	-	-	(735,000)	(735,000)
Reclassified to profit or loss on disposal of associate	-	-	-	49,316	-	49,316
Balance at 30 September 2021	<u>10,500,000</u>	<u>973,965</u>	<u>(384,537)</u>	<u>-</u>	<u>522,496</u>	<u>11,611,924</u>

The accompanying notes form an integral part of these interim condensed consolidated financial information.

OSOS Holding Group Company K.P.S.C. and its subsidiaries
State of Kuwait
Interim condensed consolidated statement of cash flows (Unaudited)
For the nine months period ended 30 September 2022

	Notes	For the nine months period ended	
		30 September 2022 KD	30 September 2021 KD
Cash flows from operating activities			
Profit for the period		306,570	494,802
Adjustments for:			
Depreciation		769	-
Unrealised (gain) / loss on financial assets at fair value through profit or loss	14	195,808	(233,045)
Realised gain on sale of financial assets at fair value through profit or loss	14	(186,643)	(299,679)
Decline in value of financial assets at fair value through profit or loss		-	88,554
Share of results of an associate		-	74,268
Gain on sale of associate		-	10,620
Dividend income	14	(398,723)	(194,704)
Profit on wakala investments		(1,779)	(4,118)
Reversal for doubtful debts		(9,399)	(7,702)
Provision for indemnity		22,123	18,512
Reversal of provision for indemnity		-	(55,393)
Finance cost from lease contract with promise to purchase		41,324	-
Operating loss before changes in working capital		(29,950)	(107,885)
Changes in working capital			
Debtors and other debit balances		28,074	(80,921)
Due from related parties		156,136	(34,053)
Creditors and other credit balances		(172,581)	(43,683)
Provision for indemnity paid		(936)	(5,438)
Net cash used in operating activities		(19,257)	(271,980)
Cash flows from investing activities			
Net movement of financial assets at fair value through profit or loss		(1,199,851)	646,467
Proceed from sale of an associate		-	98,599
Purchase of investment properties		(77,500)	(179,625)
Purchase of property and equipment		(770)	-
Dividend received from investments		392,895	194,704
Profit on wakala investments received		1,932	2,567
Net cash (used in) / from investing activities		(883,294)	762,712
Cash flows from financing activities			
Payment to shareholders on reduction of share capital		(9,254)	(7,702)
Dividend paid		(1,047,298)	(723,985)
Net cash used in financing activities		(1,056,552)	(731,687)
Decrease in cash and cash equivalents		(1,959,103)	(240,955)
Cash and cash equivalents at beginning of the period		3,108,770	1,750,047
Cash and cash equivalent at the end of the period	10	1,149,667	1,509,092
Non-cash transactions:			
Debtors and other debit balances		(257,125)	-
Investment properties		257,125	-

The accompanying notes form an integral part of these interim condensed consolidated financial information.

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

Notes to the interim condensed consolidated financial information (Unaudited)
For the nine months period ended 30 September 2022

1. Incorporation and activities

The International Valley for Computer Company K.S.C. (Closed) was incorporated as per articles of association of a Kuwaiti Shareholding Company (Closed) authenticated at the Ministry of Justice- Real Estate Registration and Authentication Department – under ref. No. 17/Volume 284 dated May 16, 1994. According to the decision taken by Ordinary and Extraordinary General Assembly meeting dated 23 May 2007, the company agreed to amend the name of the company to become: “Al-Safat TEC Holding Company – K.S.C. (Holding)” and this amendment was registered in the Commercial Register on 30 May 2007. As per decision made in extra-ordinary meeting held on 30 July 2015, it was agreed to amend company's name to “OSOS Holding Group Company K.P.S.C.”, this amendment was registered in commercial register on 8 September 2015.

As per extra-ordinary general assembly meeting held on 25 October 2018, it was decided to amend the Company’s business objectives as detailed below. These amendments are recorded in the commercial register on 5 November 2018.

The purpose which the Company is incorporated is to conduct its activities in accordance with Islamic Sharia Laws and it is not permitted, in any form or shape, to conduct any of its activities below, directly or indirectly, in a way that contradicts with Islamic Sharia Laws.

1. Manage subsidiary companies or co-manage to those companies where there is equity interest and provide necessary support.
2. Invest funds in trading shares, bond and other financial instruments.
3. Finance or provide loan to those companies where the Parent Company has equity interest and guarantee against others. In this case, the Parent Company’s equity interest should not be less than 20% at minimum.
4. Owning property rights of patents, trade marks, commercial or industrial fees, or any other rights and using and leasing this to subsidiaries or other companies both inside and outside Kuwait.
5. Owning real estate or movables necessary to direct its activity in the limits and in accordance with the law.
6. Using the surplus funds available to the company in portfolio administered by the companies and specialized bodies.

In all cases, the Company is required to conduct all its activities in accordance with Islamic Sharia Law and the Company should stay away from activities that contradicts with Islamic Sharia Law. The Company can obtain guidance from Sharia Compliance Committee and their directive become obligatory on Company’s management.

The address of the Parent Company’s registered office is Hawalli, Beirut Street, Al Safat Tower, Floor 8, P.O. Box 16798 Qadisiya, 35858 Kuwait.

The interim condensed consolidated financial information for the period ended 30 September 2022, comprise of the Parent Company and its subsidiaries (together referred to as “the group”) (refer note 3).

The interim condensed consolidated financial information of OSOS Holding Group Company K.P.S.C. and its subsidiaries (“the Group”) for the period ended 30 September 2022 was authorized for issue by Board of Directors of the Parent Company on 31 October 2022.

2. Basis of preparation

The interim condensed consolidated financial information is prepared in accordance with IAS 34 “*Interim Financial Reporting*”. The interim condensed consolidated financial information does not include all of the information and footnotes required for complete financial statements prepared in accordance with International Financial Reporting Standards. For further information, refer to the consolidated financial statements and notes thereto for the year ended 31 December 2021. In the opinion of the management all adjustments (consisting of recurring accruals) have been included in the interim condensed consolidated financial information.

The operating results for the nine month period ended 30 September 2022 are not necessarily indicative of the results that may be expected for the year ending 31 December 2022.

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

Notes to the interim condensed consolidated financial information (Unaudited)

For the nine months period ended 30 September 2022

2. Basis of preparation (continued)

The interim condensed consolidated financial information have been presented in Kuwaiti Dinars, which is the functional currency of the Group.

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2021. Certain amendments and interpretations apply for the first time on 1 January 2022, but do not have an impact on the interim condensed consolidated financial information of the Group.

New standards, interpretations and amendments adopted by the Group

Amendments to IFRS 3: Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 *Conceptual Framework* instead of the 1989 *Framework*. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 *Levies*, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Furthermore, the amendments add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective on or after 1 January 2022 and they did not have impact on Group's interim condensed consolidated financial information.

Amendments to IAS 16: Property, Plant and Equipment – Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures that cost of those items in accordance with IAS 2 *Inventories*.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

The amendments are effective on or after 1 January 2022 and they did not have impact on Group's interim condensed consolidated financial information.

Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify which costs an entity includes when assessing whether a contract will be loss-making.

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

The amendments are only to be applied to contracts for which an entity has not yet fulfilled all of its obligations at the beginning of the annual period in which it first applies the amendments.

The amendments are effective on or after 1 January 2022 and they did not have impact on Group's interim condensed consolidated financial information.

2. Basis of preparation (continued)

Annual Improvements 2018-2020 Cycle

Amendment to IAS 1 simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences. Subsidiary that is a first-time adopter later than its parent might have been required to keep two parallel sets of accounting records for cumulative translation differences based on different dates of transition to IFRSs. However, the amendment extends the exemption to cumulative translation differences to reduce costs for first-time adopters.

Amendment to IFRS 9 relates to the '10 per cent' Test for Derecognition of Financial Liabilities – In determining whether to derecognize a financial liability that has been modified or exchanged, an entity assesses whether the terms are substantially different. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Lease Incentives – amendment to illustrative examples – The IASB was informed about the potential for confusion in applying IFRS 16 Leases because of how Illustrative Example 13 accompanying IFRS 16 had illustrated the requirements for lease incentives. Before the amendment, Illustrative Example 13 had included as part of the fact pattern a reimbursement relating to leasehold improvements; the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in IFRS 16. The IASB decided to remove the potential for confusion by deleting from Illustrative Example 13 the reimbursement relating to leasehold improvements.

The amendments are effective on or after 1 January 2022 and they did not have impact on Group's interim condensed consolidated financial information.

New and revised IFRS Standards issued but not yet effective

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- Require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations).
- Require the partial recognition of gains and losses where the assets do not constitute a business, i.e. again or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

IASB has postponed the effective date indefinitely until other projects are completed. However, early implementation is allowed.

Management anticipates that the application of these amendments may have an impact on the Group's consolidated financial statements in future should such transactions arise.

2. Basis of preparation (continued)

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

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the consolidated statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Amendments to IAS 1: Disclosure of Accounting Policies

The amendments to IAS 1 require entities to disclose material accounting policies instead of significant accounting policies. The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's interim condensed consolidated financial information.

Amendments to IAS 8: Definition of Accounting Policies

The amendments to IAS 8 inserted the definition of accounting estimates replacing the definition of a change in accounting estimates. Accounting estimates are now defined as monetary amounts in financial statements that are subject to measurement uncertainty.

Management does not anticipate that the adoption of the amendments in the future will have a significant impact on the Group's interim condensed consolidated financial information.

IFRS 17: Insurance Contracts

IFRS 17 will be effective for annual periods beginning on or after 1 January 2023, and replaces IFRS 4: Insurance Contracts. The new standard applies to all types of insurance contracts, regardless of the type of establishments they are issued to, and it also applies to some guarantees and financial instruments with voluntary participation characteristics. The core of IFRS 17 is in generic form, in addition to:

- Special application for contracts with the characteristics of direct voluntary participation (the variable fee method).
- Simplified approach (the premium allocation method) mainly for short term contracts.

Early application is permitted provided that the Group also applies IFRS 9 and IFRS 15 on or before the date on which it first applies IFRS 17. These standards are not expected to have a material impact on the interim condensed consolidated financial information.

OSOS Holding Group Company K.P.S.C. and its subsidiaries
State of Kuwait
Notes to the interim condensed consolidated financial information (Unaudited)
For the nine months period ended 30 September 2022

3. Basis of consolidation

This interim condensed consolidated financial information for the nine months ended 30 September 2022 includes the Parent Company and all its subsidiaries.

Details of principal operating subsidiaries are as follows:

<u>Name of subsidiary</u>	<u>Country of Incorporation</u>	<u>Percentage of ownership interest (%)</u>		
		30 September 2022	31 December 2021	30 September 2021
OSOS Limited Company for Sale and Purchase of Real Estate and Shares for the Benefit of the Company O.P.C.	State of Kuwait	100	100	100
OSOS United Real Estate Group Company K.S.C. (Closed)	State of Kuwait	99	99	99

4. Investment properties

Include investment properties located in State of Kuwait. The details of investment properties are as follows:

	30 September 2022	31 December 2021 (Audited)	30 September 2021
	KD	KD	KD
Buildings on freehold land	8,004,625	5,970,000	7,434,625
Freehold land	-	1,700,000	-
* Buildings on lease hold land	<u>2,696,000</u>	<u>2,696,000</u>	<u>-</u>
	<u>10,700,625</u>	<u>10,366,000</u>	<u>7,434,625</u>

The movement of investment properties are as follows:

	30 September 2022	31 December 2021 (Audited)	30 September 2021
	KD	KD	KD
Beginning balances	10,366,000	7,255,000	7,255,000
Additions	334,625	2,500,000	179,625
Change in fair value	-	611,000	-
	<u>10,700,625</u>	<u>10,366,000</u>	<u>7,434,625</u>

* Investment properties with a carrying value of KD 2,696,000 are pledged against lease contract with promise to purchase (note 12).

5. Financial assets at fair value through other comprehensive income

	30 September 2022	31 December 2021 (Audited)	30 September 2021
	KD	KD	KD
Foreign unquoted securities	317,961	317,961	921,850
Local unquoted securities	<u>93,437</u>	<u>93,437</u>	<u>63,889</u>
	<u>411,398</u>	<u>411,398</u>	<u>985,739</u>

Financial assets at fair value through other comprehensive income are acquired with the intention of capital appreciation over a medium to long-term time frame.

The hierarchy for determining and disclosing the fair value of financial assets at fair value through other comprehensive income by valuation techniques are presented in note 16.

OSOS Holding Group Company K.P.S.C. and its subsidiaries
State of Kuwait
Notes to the interim condensed consolidated financial information (Unaudited)
For the nine months period ended 30 September 2022

6. Debtors and other debit balances

	30 September 2022	31 December 2021 (Audited)	30 September 2021
	KD	KD	KD
Receivable from tenants	186,041	211,071	183,591
Refundable deposits	8,540	8,540	8,290
Provision for doubtful debts	<u>(161,158)</u>	<u>(174,327)</u>	<u>(162,582)</u>
	33,423	45,284	29,299
Staff receivables	1,974	1,390	2,445
Prepaid expenses	3,400	5,125	3,400
Advance payments	-	257,125	100,000
Accrued income	7,038	7,036	21,343
Other debit balances	<u>109</u>	<u>109</u>	<u>20,772</u>
	<u>45,944</u>	<u>316,069</u>	<u>177,259</u>

7. Related parties

Related parties primarily comprise of directors, key management personnel, associates, subsidiaries, shareholders and companies of which the Parent Company is principal owner or over which they are able to exercise significant influence. All related party transactions are carried out on terms approved by the group's management. The following is the summary of significant related party transactions.

	For the three months period ended		For the nine months period ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
	KD	KD	KD	KD
Transactions included in the interim condensed consolidated statement of profit or loss:				
Net rental income	1,050	1,050	3,150	3,150
Investment property management fees	(2,106)	(1,956)	(5,699)	(5,484)
Key management personnel compensation:				
Salaries and social insurance	(43,986)	(42,602)	(126,475)	(130,983)
Reversal of provision for end of service indemnity	-	-	-	51,911
		30 September 2022	31 December 2021 (Audited)	30 September 2021
		KD	KD	KD
Balances included in the interim condensed consolidated statement of financial position :				
Due from related parties		<u>2,706,755</u>	<u>2,862,891</u>	<u>2,836,964</u>

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8. Financial assets at fair value through profit or loss

	30 September 2022	31 December 2021 (Audited)	30 September 2021
	KD	KD	KD
Local managed portfolios	57,479	58,672	58,468
Local quoted shares	4,240,006	3,048,127	4,565,799
Foreign managed portfolios	88,554	88,554	88,502
*Witten off	<u>(88,554)</u>	<u>(88,554)</u>	<u>(88,554)</u>
	<u>4,297,485</u>	<u>3,106,799</u>	<u>4,624,215</u>

* During the previous year, the parent company wrote off the value of financial assets in foreign portfolio classified at fair value through profit or loss in the amount of KD 88,554, as a result of lawsuits filed by the investment company who holds the foreign portfolio against the foreign custodian of the shares subject to write-off due to non-compliance with the implementation of the instructions and conditions and the terms of the contract between them and for not providing periodic reports. The financial impact of these lawsuits cannot be determined up to the date of preparation of this interim condensed consolidated financial information.

The hierarchy for determining and disclosing the fair value of financial assets at fair value through the consolidated statement of profit or loss by valuation techniques are presented in note 16.

9. Wakala investments deposits

	30 September 2022	31 December 2021 (Audited)	30 September 2021
	KD	KD	KD
Wakala investments deposits	<u>161,000</u>	<u>161,000</u>	<u>161,000</u>

The effective yield rate of the wakala investments deposits varies from 1.50% to 1.75% (31 December 2021: 1.125% to 1.25% and 30 September 2021: 1.125% to 1.25%) per annum.

10. Cash and cash equivalents

	30 September 2022	31 December 2021 (Audited)	30 September 2021
	KD	KD	KD
Cash on hand	1,714	454	538
Cash at banks	467,642	221,307	1,451,625
Cash in portfolios	<u>680,311</u>	<u>2,887,009</u>	<u>56,929</u>
	<u>1,149,667</u>	<u>3,108,770</u>	<u>1,509,092</u>

11. Share capital

The company's share capital is KD 10,500,000 (31 December 2021: KD 10,500,000 and 30 September 2021: KD 10,500,000) distributed into 105,000,000 shares (31 December 2021: 105,000,000 shares and 30 September 2021: 105,000,000 shares) each valued at 100 fils and all shares are cash shares.

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12. Lease contract with promise to purchase

	30 September 2022	31 December 2021 (Audited)	30 September 2021
	KD	KD	KD
Total amount	1,355,250	1,355,250	-
Less: deferred finance costs	<u>(55,250)</u>	<u>(55,250)</u>	<u>-</u>
	<u>1,300,000</u>	<u>1,300,000</u>	<u>-</u>

On 19 October 2021 the subsidiary company (OSOS United Real Estate Group Company K.S.C. (Closed)) signed lease contract with promise to purchase with Local Islamic Bank in State of Kuwait. Lease contract with promise to purchase is repaid on maximum period of 12 years at effective cost rate 2.75% per annum above discount rate of Central Bank of Kuwait. The subsidiary company is obligated to deposit the property income or otherwise in the subsidiary company account with the local bank. Also, the subsidiary company undertakes that distribution rate of net profits shall not exceed 75%. Lease contract with promise to purchase is granted against pledged of buildings on leasehold land to a Local Islamic Bank (note 4).

	30 September 2022	31 December 2021 (Audited)	30 September 2021
	KD	KD	KD
Non- current portion	1,111,175	1,192,100	-
Current portion	<u>188,825</u>	<u>107,900</u>	<u>-</u>
	<u>1,300,000</u>	<u>1,300,000</u>	<u>-</u>

13. Provisions

The Group management performed comprehensive study of contingents and commitments that will probably require resource outlays and future cash outflow. Furthermore, the management created provision for probable losses are as follows:

	30 September 2022	31 December 2021 (Audited)	30 September 2021
	KD	KD	KD
Precautionary provision for bank facilities granted to an associate	1,187,225	1,187,225	1,186,759
Provision against due from subsidiary and associate	4,046,403	4,046,403	3,844,795
Precautionary provision for potential estimated financial support from lawsuits of an associate	<u>392,761</u>	<u>392,761</u>	<u>589,143</u>
	<u>5,626,389</u>	<u>5,626,389</u>	<u>5,620,697</u>

Movement in provisions during the year was as follows:

	Precautionary provision for bank facilities, granted to an associate KD	Provision against due from subsidiary and associate KD	Precautionary provision for potential estimated financial support from lawsuits of an associate KD	Total KD
Opening balance	<u>1,187,225</u>	<u>4,046,403</u>	<u>392,761</u>	<u>5,626,389</u>
Closing balance	<u>1,187,225</u>	<u>4,046,403</u>	<u>392,761</u>	<u>5,626,389</u>

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14. (Loss) / income from investments

	For the three months period ended		For the nine months period ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
	KD	KD	KD	KD
Unrealised (loss) / gain on financial assets at fair value through profit or loss	(100,651)	31,057	(195,808)	233,045
(Loss) / gain on sale of financial assets at fair value through profit or loss	(31,587)	145,988	186,643	299,679
Decline in value of financial assets at fair value through profit or loss	-	(88,554)	-	(88,554)
Dividend income	65,435	20,466	398,723	194,704
Portfolio management fees	(2,992)	(6,297)	(16,304)	(16,674)
	<u>(69,795)</u>	<u>102,660</u>	<u>373,254</u>	<u>622,200</u>

15. (Loss) / earnings per share attributable to owners of the Parent Company (fils)

(Loss) / earnings per share is calculated by dividing the net (loss) / profit attributable to owners of the Parent Company to weighted average number of shares outstanding during the period. The following is the (loss) / profit and weighted average number of shares outstanding during the period which is used to calculate the (loss) / profit per share.

The Parent Company had no outstanding dilutive potential shares.

	For the three months period ended		For the nine months period ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
(Loss) / profit for the period	(54,574)	59,062	306,570	494,802
Weighted average number of shares (No's)	105,000,000	105,000,000	105,000,000	105,000,000
Basic and diluted (loss) / earnings per share (Fils)	<u>(0.52)</u>	<u>0.56</u>	<u>2.92</u>	<u>4.71</u>

16. Fair value of financial instruments

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of fair value through other comprehensive income, due from related parties, accounts receivable and other debit balances, investments at fair value through profit or loss, bank balances and short term deposits. Financial liabilities consist of accounts lease contract with promise to purchase and payable and other credit balances and Lease contract with promise to purchase. The fair values of financial instruments are not materially different from their carrying values.

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16. Fair value of financial instruments (continued)

a) Fair value measurements recognised in the consolidated statement of financial position

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

30 September 2022	Level 1	Level 3	Total
	KD	KD	KD
<i>Financial assets at fair value through profit or loss</i>			
Managed portfolios	4,972	52,500	57,479
Local quoted securities	4,240,006	-	4,240,006
<i>Financial assets at fair value through other comprehensive income</i>			
Foreign unquoted securities	-	317,961	317,961
Local unquoted securities	-	93,437	93,437
Total	<u>4,244,985</u>	<u>463,898</u>	<u>4,708,883</u>
31 December 2021			
<i>Financial assets at fair value through profit or loss</i>			
Managed portfolios	6,172	52,500	58,672
Local quoted securities	3,048,127	-	3,048,127
<i>Financial assets at fair value through other comprehensive income</i>			
Foreign unquoted securities	-	317,961	317,961
Local unquoted securities	-	93,437	93,437
Total	<u>3,054,299</u>	<u>463,898</u>	<u>3,518,197</u>
30 September 2021			
<i>Financial assets at fair value through profit or loss</i>			
Managed portfolios	5,917	52,500	58,417
Local quoted securities	4,565,799	-	4,565,799
<i>Financial assets at fair value through other comprehensive income</i>			
Foreign unquoted securities	-	921,850	921,850
Local unquoted securities	-	63,889	63,889
Total	<u>4,571,716</u>	<u>1,038,239</u>	<u>5,609,955</u>

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16. Fair value of financial instruments (continued)

There have been no transfers between levels 1 & 3 during the reporting period.

Valuation techniques and significant unobservable inputs used in determining the fair value measurement of level 3 financial instruments, as well as the inter-relationship between key unobservable inputs and fair value, are set out below.

Valuation of unquoted equity investments classified under level 3 is normally based on price to book value technique, dividend yield method and external valuation with marketability discount ranging from 20% to 30%.

Changing inputs to the level 3 valuations to reasonably possible alternative assumptions would not change significantly amounts recognized in the consolidated statement of profit or loss, total assets, total liabilities or total equity.

The measurement of financial assets and liabilities classified in level 3 uses valuation techniques inputs that are not based on observable market date. The financial instruments within this level can be reconciled from beginning to ending balances as follows:

Reconciliation of Level 3 fair value measurements of financial assets

	Financial assets at fair value through profit and loss	Financial assets at fair value through other comprehensive income	Total
	KD	KD	KD
30 September 2022			
Beginning balance	<u>52,500</u>	<u>411,398</u>	<u>463,898</u>
Ending balance	<u>52,500</u>	<u>411,398</u>	<u>463,898</u>
31 December 2021			
Beginning balance	51,000	1,143,773	1,194,773
Total gain or loss			
- In profit or loss	1,500	-	1,500
- Change in fair value reserve	-	(128,480)	(128,480)
Disposals	-	(603,895)	(603,895)
Ending balance	<u>52,500</u>	<u>411,398</u>	<u>463,898</u>
30 September 2021			
Beginning balance	51,000	1,143,773	1,194,773
Total gain or loss			
- Change in fair value reserve	<u>1,500</u>	-	<u>1,500</u>
Ending balance	<u>52,500</u>	<u>985,739</u>	<u>1,038,239</u>

The sensitivity analysis of a reasonably possible change in one significant unobservable input, holding other inputs constant, of level 3 financial instruments is provided below:

Financial assets at fair value through profit or loss and other comprehensive income (level 3)

	Profit or loss		Other comprehensive income	
	Increase	Decrease	Increase	Decrease
	KD	KD	KD	KD
30 September 2022				
If marketability discount changes by 5% with all other factors constant, the impact on the profit and equity would be:	2,625	(2,625)	20,570	(20,570)

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16. Fair value of financial instruments (continued)

	<u>Profit or loss</u>		<u>Other comprehensive income</u>	
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
	<u>KD</u>	<u>KD</u>	<u>KD</u>	<u>KD</u>
31 December 2021				
If marketability discount changes by 5% with all other factors constant, the impact on the profit and equity would be:	2,625	(2,625)	20,570	(20,570)
30 September 2021				
If marketability discount changes by 5% with all other factors constant, the impact on the profit and equity would be:	2,625	(2,625)	49,287	(49,287)

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

(i) Quoted securities

All the listed equity securities are publicly traded on a recognized stock exchange. Fair value has been determined by referring to their quoted bid prices at the reporting date.

(ii) Managed portfolios

The underlying investments of managed funds primarily comprise of quoted and unquoted securities. The fair value of the quoted underlying securities has been determined by reference to their quoted bid prices at the reporting date. The fair value of the unquoted underlying securities has been determined using valuation techniques that are normally used by fund managers. All significant inputs into the model are based on observable market prices.

(iii) Unquoted securities

Unlisted securities are measured at fair value estimated using various models like discounted cash flow model, which includes some assumptions that are not supportable by observable market prices or rates or the latest consolidated financial statements or information available on these investments the future financial flows of which are unpredictable.

17. Operating segments

The group's activities represent mainly two segments: real estate activities and investments activities. The group operates mainly in the State of Kuwait and has no other geographical area. For the purpose of presenting the main activities, the management classified its activities as follows:

Real estate activities: Own, sell, purchase real estate and bare lands and develop for the Company's account inside Kuwait and outside Kuwait as well as property management for others. Own, sell, purchase shares and bonds in real estate companies for company's account only. Prepare studies and offer consultations in the field of real estate in varied forms.

Investment activities: Investing in portfolios and in other companies.

	<u>Real estate activities</u>	<u>Investment activities</u>	<u>Total</u>
	<u>KD</u>	<u>KD</u>	<u>KD</u>
30 September 2022			
Segment revenues	342,219	372,830	715,049
Segment costs	(153,725)	(254,754)	(408,479)
Segment result	<u>188,494</u>	<u>118,076</u>	<u>306,570</u>
Segment assets	10,795,468	8,677,423	19,472,891
Segment liabilities	1,419,293	6,137,442	7,556,735

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17. Operating segments (continued)

	<u>Real estate activities</u>	<u>Investment activities</u>	<u>Total</u>
	KD	KD	KD
31 December 2021			
Segment revenues	920,792	1,132,547	2,053,339
Segment costs	<u>(164,153)</u>	<u>(495,814)</u>	<u>(659,967)</u>
Segment result	<u>756,639</u>	<u>636,733</u>	<u>1,393,372</u>
Segment assets	10,698,199	9,634,744	20,332,943
Segment liabilities	1,392,149	6,281,208	7,673,357
30 September 2021			
Segment revenues	220,188	596,017	816,205
Segment costs	<u>(73,841)</u>	<u>(247,562)</u>	<u>(321,403)</u>
Segment result	<u>146,347</u>	<u>348,455</u>	<u>494,802</u>
Segment assets	7,718,169	10,010,734	17,728,903
Segment liabilities	48,733	6,068,246	6,116,979

18. Annual general assembly meeting

The annual general assembly of shareholders was held on 28 April 2022 and approved the consolidated financial statements for the year ended 31 December 2021.

The General Assembly also approved the distribution of cash dividends to shareholders at the rate of 10% (Ten Percent) of the nominal value of each share (i.e. 10 fils per share) for the year ended 31 December 2021.

The General Assembly also approved Board of Directors remuneration in the amount of KD 42,000 for the year ended 31 December 2021.