

**Mashaer Holding Company K.S.C.P.  
and its Subsidiaries**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL INFORMATION (UNAUDITED)**

**30 JUNE 2022**

## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF MASHAER HOLDING COMPANY K.S.C.P.**

### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Mashaer Holding Company K.S.C.P. (“the Parent Company”) and its Subsidiaries (collectively, the “Group”) as at 30 June 2022, and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income for the three-month and six-month periods then ended, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard (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*

We conducted our review in accordance with International Standard on Review Engagements 2410, ‘*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*’. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently 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 IAS 34.

### **Report on Other Legal and Regulatory Requirements**

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of accounts of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any material 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, during the six-month period ended 30 June 2022 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, 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 the Capital Markets Authority and its related regulations, during the six-month period ended 30 June 2022 that might have had a material effect on the business of the Parent Company or on its financial position.



WALEED A. AL OSAIMI  
LICENCE NO. 68-A  
EY  
AL AIBAN, AL OSAIMI & PARTNERS

11 August 2022  
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
(UNAUDITED)

For the period ended 30 June 2022

	Note	Three months ended		Six months ended	
		30 June		30 June	
		2022	2021	2022	2021
		KD	KD	KD	KD
<b>INCOME</b>					
Rental income		355,692	665,706	718,834	1,346,526
Net investment income from financial assets		11,729	23,849	20,859	28,233
Share of results of associates		164,345	(494,395)	28,675	(882,191)
Reversal of provisions no longer required		5,973	-	184,324	-
Other income		7,321	21,385	56,410	40,407
<b>Total income</b>		<b>545,060</b>	216,545	<b>1,009,102</b>	532,975
<b>EXPENSES</b>					
Staff costs		(143,361)	(149,766)	(274,248)	(283,447)
General and administrative expenses		(41,830)	(84,123)	(90,869)	(137,030)
Real estate expenses		(65,648)	(75,435)	(134,446)	(159,393)
Amortisation of leasehold prepayment		-	(41,032)	-	(81,613)
Finance costs		(26,642)	(28,213)	(55,435)	(58,939)
Depreciation expense		(3,149)	(87,420)	(7,323)	(174,799)
<b>Total expenses</b>		<b>(280,630)</b>	(465,989)	<b>(562,321)</b>	(895,221)
<b>PROFIT (LOSS) BEFORE TAX</b>		<b>264,430</b>	(249,444)	<b>446,781</b>	(362,246)
Taxation of overseas subsidiaries		(18,355)	(7,326)	(38,619)	(13,808)
Contribution to Kuwait Foundation for Advancement of Sciences ("KFAS")		-	3,784	-	-
National Labour Support Tax ("NLST")		(5,972)	-	(9,880)	-
Zakat		(2,317)	4,029	(5,822)	-
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>237,786</b>	(248,957)	<b>392,460</b>	(376,054)
<b>Attributable to:</b>					
Equity holders of the Parent Company		212,249	(72,712)	340,897	(208,967)
Non-controlling interests		25,537	(176,245)	51,563	(167,087)
		<b>237,786</b>	(248,957)	<b>392,460</b>	(376,054)
<b>BASIC AND DILUTED EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS</b>	4	<b>1.20 Fils</b>	(0.41) Fils	<b>1.93 Fils</b>	(1.19) Fils

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
INCOME (UNAUDITED)

For the period ended 30 June 2022

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>237,786</b>	(248,957)	<b>392,460</b>	(376,054)
<b>Other comprehensive loss</b>				
<i>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of foreign operations	(369,986)	(595)	(1,091,651)	(13,064)
	<b>(369,986)</b>	(595)	<b>(1,091,651)</b>	(13,064)
<i>Other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods:</i>				
Net loss on equity instruments at fair value through other comprehensive income	-	1,280	-	(150,617)
	-	1,280	-	(150,617)
<b>Other comprehensive (loss) income for the period</b>	<b>(369,986)</b>	685	<b>(1,091,651)</b>	(163,681)
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>(132,200)</b>	(248,272)	<b>(699,191)</b>	(539,735)
<b>Attributable to:</b>				
Equity holders of the Parent Company	(50,771)	(72,027)	(547,440)	(372,378)
Non-controlling interests	(81,429)	(176,245)	(151,751)	(167,357)
	<b>(132,200)</b>	(248,272)	<b>(699,191)</b>	(539,735)

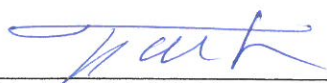
The attached notes 1 to 11 form part of this interim condensed consolidated financial information.

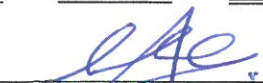
Mashaer Holding Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
(UNAUDITED)

As at 30 June 2022

		(Audited)	
	Notes	30 June 2022 KD	31 December 2021 KD
		30 June 2021 KD	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment		19,940	25,864
Right-of-use assets		-	54,641
Investment properties	5	18,254,939	17,925,965
Investment in associates		575,392	1,186,717
Investment securities		972,703	972,703
Accounts receivable and other assets		310,728	-
		<u>20,133,702</u>	<u>21,447,564</u>
			<u>21,617,261</u>
<b>Current assets</b>			
Accounts receivable and other assets		760,543	1,118,483
Term deposits		1,175,680	612,995
Cash and bank balances		367,590	397,391
		<u>2,303,813</u>	<u>2,128,869</u>
			<u>3,168,551</u>
<b>TOTAL ASSETS</b>		<u><u>22,437,515</u></u>	<u><u>23,576,433</u></u>
			<u><u>24,785,812</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		17,942,989	17,942,989
Share premium		10,239,344	10,239,344
Statutory reserve		180,293	180,293
Voluntary reserve		180,293	180,293
Foreign currency translation reserve		(7,004,815)	(6,116,478)
Treasury shares	6	(209,965)	(209,965)
Treasury shares reserve		2,761	2,761
Fair value reserve		(118,682)	(118,682)
Accumulated losses		(6,336,260)	(5,300,998)
		<u>14,875,958</u>	<u>15,423,398</u>
<b>Equity attributable to equity holders of the Parent Company</b>		<u>14,875,958</u>	<u>15,423,398</u>
Non-controlling interests		2,143,985	2,295,736
		<u>17,019,943</u>	<u>17,719,134</u>
			<u>19,028,970</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Tawarruq and murabaha facilities		1,866,428	2,193,012
Employees' end of service benefits		399,985	376,196
		<u>2,266,413</u>	<u>2,569,208</u>
			<u>2,186,180</u>
<b>Current liabilities</b>			
Tawarruq and murabaha facilities		580,805	527,177
Amounts due to related parties	8	234,920	256,779
Accounts payable and other liabilities		1,991,034	2,159,735
Lease liabilities		344,400	344,400
		<u>3,151,159</u>	<u>3,288,091</u>
			<u>3,570,662</u>
<b>Total liabilities</b>		<u>5,417,572</u>	<u>5,857,299</u>
			<u>5,756,842</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>22,437,515</u></u>	<u><u>23,576,433</u></u>
			<u><u>24,785,812</u></u>

  
Fahad Abdullah Al-Saleh  
Chairman

  
Abdulaziz Zaid Al-Subaie  
Chief Executive Officer

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 June 2022

	<i>Equity attributable to the equity holders of the Parent Company</i>											
	<i>Share capital</i>	<i>Share premium</i>	<i>Statutory reserve</i>	<i>Voluntary reserve</i>	<i>Foreign currency translation reserve</i>	<i>Treasury shares</i>	<i>Treasury shares reserve</i>	<i>Fair value reserve</i>	<i>Accumulated losses</i>	<i>Sub-total</i>	<i>Non-controlling interests</i>	<i>Total</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>As at 1 January 2022</b>	17,942,989	10,239,344	180,293	180,293	(6,116,478)	(209,965)	2,761	(118,682)	(6,677,157)	15,423,398	2,295,736	17,719,134
Profit for the period	-	-	-	-	-	-	-	-	340,897	340,897	51,563	392,460
Other comprehensive loss for the period	-	-	-	-	(888,337)	-	-	-	-	(888,337)	(203,314)	(1,091,651)
Total comprehensive (loss) income for the period	-	-	-	-	(888,337)	-	-	-	340,897	(547,440)	(151,751)	(699,191)
<b>At 30 June 2022</b>	<b>17,942,989</b>	<b>10,239,344</b>	<b>180,293</b>	<b>180,293</b>	<b>(7,004,815)</b>	<b>(209,965)</b>	<b>2,761</b>	<b>(118,682)</b>	<b>(6,336,260)</b>	<b>14,875,958</b>	<b>2,143,985</b>	<b>17,019,943</b>
As at 1 January 2021	17,942,989	10,239,344	180,293	180,293	(5,949,974)	(209,965)	2,761	(547,335)	(4,513,031)	17,325,375	2,243,330	19,568,705
Loss for the period	-	-	-	-	-	-	-	-	(208,967)	(208,967)	(167,087)	(376,054)
Other comprehensive loss for the period	-	-	-	-	(13,064)	-	-	(150,347)	-	(163,411)	(270)	(163,681)
Total comprehensive loss for the period	-	-	-	-	(13,064)	-	-	(150,347)	(208,967)	(372,378)	(167,357)	(539,735)
Realized loss on derecognition of investment securities at FVOCI	-	-	-	-	-	-	-	579,000	(579,000)	-	-	-
At 30 June 2021	17,942,989	10,239,344	180,293	180,293	(5,963,038)	(209,965)	2,761	(118,682)	(5,300,998)	16,952,997	2,075,973	19,028,970

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

For the period ended 30 June 2022

	<i>Six months ended</i>	
	<i>30 June</i>	
<i>Notes</i>	<b>2022</b>	<b>2021</b>
	<b>KD</b>	<b>KD</b>
<b>OPERATING ACTIVITIES</b>		
Profit (loss) before tax	<b>446,781</b>	(362,246)
<i>Adjustments to reconcile profit (loss) before tax to net cash flows:</i>		
Net investment income from financial assets	<b>(20,859)</b>	(28,233)
Share of results of associates	<b>(28,675)</b>	882,191
Employees' end of service benefits	<b>23,789</b>	24,949
Amortization of leasehold prepayments	<b>-</b>	81,613
Finance costs	<b>55,435</b>	58,939
Reversal of provisions no longer required	<b>(184,324)</b>	-
Depreciation of property and equipment	<b>7,323</b>	10,885
Depreciation of right-of-use assets	<b>-</b>	163,914
	<b>299,470</b>	832,012
<i>Working capital adjustments:</i>		
Accounts receivable and other assets	<b>105,072</b>	(37,963)
Accounts payable and other liabilities	<b>(90,110)</b>	(706,845)
Amounts due to related parties	<b>(21,859)</b>	(112)
Net cash flows from operations	<b>292,573</b>	87,092
Employees' end of service benefits paid	<b>-</b>	(6,158)
Taxes paid	<b>(6,448)</b>	(2,356)
<b>Net cash flows from operating activities</b>	<b>286,125</b>	78,578
<b>INVESTING ACTIVITIES</b>		
Purchase of furniture and equipment	<b>(1,399)</b>	(2,669)
Capital expenditure on investment properties	<b>(1,751)</b>	(13,942)
Net movement of term deposits	<b>(562,685)</b>	234,601
Dividends received from associate	<b>640,000</b>	-
Income from investment deposits	<b>20,859</b>	28,233
<b>Net cash flows from investing activities</b>	<b>95,024</b>	246,223
<b>FINANCING ACTIVITIES</b>		
Finance costs paid	<b>(55,435)</b>	(58,939)
Payment of tawarruq and murabaha payables	<b>(272,956)</b>	(408,546)
<b>Net cash flows used in financing activities</b>	<b>(328,391)</b>	(467,485)
<b>NET INCREASE (DECREASE) IN CASH AND BANK BALANCES</b>	<b>52,758</b>	(142,684)
Foreign currency translation adjustments	<b>(82,559)</b>	594
Cash and bank balances at 1 January	<b>397,391</b>	429,598
<b>CASH AND BANK BALANCES AS AT 30 JUNE</b>	<b>367,590</b>	287,508

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

# Mashaer Holding Company K.S.C.P. and its Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2022

### 1 CORPORATE INFORMATION

The interim condensed consolidated financial information of the Mashaer Holding Company K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2022 was authorised for issue in accordance with a resolution of the directors of the Parent Company on 11 August 2022.

The consolidated financial statements of the Group for the year ended 31 December 2021 were approved by the shareholders at the AGM held on 14 April 2022.

The Parent Company is a Kuwaiti public shareholding company registered and incorporated in the State of Kuwait on 12 June 2000 and is listed on 16 October 2006 at Boursa Kuwait.

The Group is principally engaged in investment and real estate activities. The principal activities of the Group are described in Note 10. All activities of the Group are conducted in accordance with the Islamic Sharī‘a as approved by the Parent Company’s Fatwa and Sharī‘a Supervisory Board.

The Parent Company head office is located at Gravity Tower 6<sup>th</sup> Floor, Ahmad Al Jaber Street, Sharq and its registered postal address is P.O. Box 23110, Safat 13092, State of Kuwait.

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

#### 2.1 Basis of preparation

The interim condensed consolidated financial information of the Group for the six months ended 30 June 2022 has been prepared in accordance with International Accounting Standard 34: “*Interim Financial Reporting*” (“IAS 34”). The Group has prepared the consolidated financial statements on the basis that it will continue to operate as a going concern. The management consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed consolidated financial information does not contain all information and disclosures required for full financial statements prepared in accordance with the 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 2021.

#### 2.2 New standards, interpretations, and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. 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 2022, but do not have an impact on the interim condensed consolidated financial information of the Group.

#### **Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37**

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments had no impact on the interim condensed consolidated financial information of the Group as there were no contracts within the scope of these amendments arisen during the period.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2022

**2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)**

**2.2 New standards, interpretations, and amendments adopted by the Group (continued)**

**Reference to the Conceptual Framework – Amendments to IFRS 3**

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the interim condensed consolidated financial information of the Group as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

**IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities**

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. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 *Financial Instruments: Recognition and Measurement*.

These amendments had no impact on the interim condensed consolidated financial information of the Group as there were no modifications of the Group's financial instruments during the period.

**3 FUNDAMENTAL ACCOUNTING CONCEPT**

The interim condensed consolidated financial information has been prepared on a going concern basis, which assumes that the Group will be able to meet the mandatory repayment terms of the banking facilities.

Although, the Group generated a profit of KD 392,460 during the period ended 30 June 2022, as of that date, the Group's current liabilities exceeded its current assets by KD 847,346. The current liabilities include Tawarruq and murabaha payables of KD 580,805, which are contractually due within 12 months from the end of the reporting period. Further, the Group's accumulated losses amounted to KD 6,336,260 as at the reporting date.

The interim condensed consolidated financial information has been prepared on a going concern basis, which assumes that the Group will be able to meet the mandatory repayment terms of the banking facilities taking into consideration the following assumptions:

- ▶ The Group had positive operating cash flows of KD 286,125 for the period ended 30 June 2022;
- ▶ The Group has access to a sufficient variety of sources of funding and has a reasonable expectation that debt maturing within 12 months can be rolled over with existing lenders;
- ▶ The Group has not defaulted on its contractual payments of Tawarruq and murabaha facilities during the period ended 30 June 2022; and
- ▶ The Group maintains sufficient cash to meet liquidity needs in the event of an unforeseen interruption in cash flows.

As described above, management has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The interim condensed consolidated financial information does not include any adjustment relating to the recoverability and classification of recorded assets and classification of liabilities which may be necessary if the Group is unable to continue as a going concern.

# Mashaer Holding Company K.S.C.P. and its Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2022

### 4 EARNINGS PER SHARE (EPS)

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

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
Profit (loss) for the period attributable to equity holders of the Parent Company (KD)	<b>212,249</b>	(72,712)	<b>340,897</b>	(208,967)
Weighted average number of shares outstanding (net of treasury shares)	<b>176,272,702</b>	176,272,702	<b>176,272,702</b>	176,272,702
<b>Basic and diluted EPS attributable to equity holders of the Parent Company</b>	<b>1.20 fils</b>	(0.41) fils	<b>1.93 fils</b>	(1.19) fils

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

### 5 INVESTMENT PROPERTIES

	<i>(Audited)</i>		
	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>
	<i>2022</i>	<i>2021</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>As at the beginning of the period/year</b>	<b>19,262,280</b>	17,912,023	17,912,023
Additions	-	1,547,875	-
Capital expenditure	<b>1,751</b>	16,703	13,942
Change in fair value	-	(214,321)	-
Exchange differences	<b>(1,009,092)</b>	-	-
<b>At the end of the period/year</b>	<b>18,254,939</b>	19,262,280	17,925,965

The fair value of investment properties was independently determined at 31 December 2021 by independent and accredited valuers with recognised and relevant professional qualification and with recent experience in locations and categories of investment properties being valued. The valuation models applied were consistent with the principles in IFRS 13 and fair value was determined using a mix of the income capitalisation method and the market comparison approach considering the nature and usage of each property. Fair value using the income capitalisation method is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation (discount) rate. Under the market comparison approach, fair value is estimated based on comparable transactions. The unit of comparison applied by the Group is the price per square meter ('sqm').

Investment properties amounting to KD 9,500,000 (31 December 2021: KD 9,500,000 and 30 June 2021: KD 9,650,000) are pledged as security in order to fulfil the collateral requirements for certain tawarruq facilities.

The fair value hierarchy of investment properties at 30 June 2022 and 2021 are disclosed in Note 11.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2022

**6 TREASURY SHARES**

	<b>30 June 2022</b>	<i>(Audited)</i> 31 December 2021	30 June 2021
Number of treasury shares	<b>3,157,188</b>	3,157,188	3,157,188
Percentage of issued shares	<b>1.75%</b>	1.75%	1.75%
Cost of treasury shares (KD)	<b>209,965</b>	209,965	209,965
Market value of treasury shares (KD)	<b>183,117</b>	221,003	164,174
Weighted average market value per treasury share (fils)	<b>58</b>	70	52

Reserves equivalent to the cost of treasury shares is not available for distribution throughout the holding period of such treasury shares as per CMA regulations.

**7 ANNUAL GENERAL ASSEMBLY (AGM)**

The AGM of the Parent Company's shareholders held on 14 April 2022 approved the consolidated financial statements of the Group for the year ended 31 December 2021 and also approved the Board of Directors' proposal to neither distribute cash dividends (2020: KD Nil) nor directors' remuneration (2020: KD Nil) for the year then ended.

**8 RELATED PARTY DISCLOSURES**

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

The following table shows the aggregate value of transactions and outstanding balances with related parties

	<b>30 June 2022 KD</b>	<i>(Audited)</i> 31 December 2021 KD	30 June 2021 KD
<b>Interim condensed consolidated statement of financial position:</b>			
Payables to related parties			
- Associates	<b>234,920</b>	256,779	256,738

The Group was not involved in any significant transactions with related parties during the six months ended 30 June 2022, except for key management personnel compensation as disclosed below.

**Key management personnel**

Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group. The aggregate value of transactions and outstanding balances related to key management personnel were as follows:

	<i>Transactions value for the six months ended 30 June</i>		<i>Balance outstanding as at</i>		
	<b>30 June 2022 KD</b>	30 June 2021 KD	<b>30 June 2022 KD</b>	<i>(Audited)</i> 31 December 2021 KD	30 June 2021 KD
Salaries and short-term benefits	<b>113,589</b>	79,889	<b>17,025</b>	24,597	10,403
End of service benefits	<b>18,912</b>	16,496	<b>15,117</b>	28,478	12,701
	<b>132,501</b>	96,385	<b>32,142</b>	53,075	23,104

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2022

**9 COMMITMENTS AND CONTINGENCIES**

**9.1 Capital commitments**

The Group has no capital commitments at the reporting date.

**9.2 Legal claim contingencies**

The Group is a plaintiff in legal proceedings brought against a portfolio manager in respect of an investment transaction executed by the portfolio manager in a fiduciary capacity in prior years.

On 12 April 2021, the Court of First Instance has ruled in favour of the Group. The portfolio manager appealed this verdict before the Court of Appeal. On 10 February 2022, an appeal judgment was handed down in favour of the Group against the portfolio manager in respect of the legal claim made by the Group.

The Group expects the portfolio manager to appeal before the Court of Cassation and, having received legal advice, the management believes that a favourable outcome is highly probable. However, the contingent asset will only be recognised as a receivable in forthcoming reporting periods as the receipt of the amount is dependent on the outcome of the execution process.

Further, the Group operates in the real estate industry and is subject to legal disputes with tenants in the normal course of business. Management does not believe that such proceedings will have a material effect on its results and financial position.

**10 SEGMENT INFORMATION**

The Group's primary basis for segmental reporting is by business segments which is subject to risks and rewards that are different from those of other segments. The business segments comprises of:

- ▶ ***Real estate activities*** – Investments in real estate properties either by way of purchase, sale, development and renting of residential and commercial properties (including land and land development) in various geographical locations.
- ▶ ***Hajj and Umrah services*** – Ticketing, hotel accommodation, travel and logistic services relating to Hajj and Umrah.
- ▶ ***Investment activities*** - Establishing companies in Kuwait and aboard, lending to subsidiaries and associates and investing excess cash flows in investments managed by specialised financial institutions.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2022

**10 SEGMENT INFORMATION (continued)**

The Board of Directors monitors the operating results of each business segment separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. Accordingly, management analyses the segmental information based on their business segments as follows:

	<i>Six months ended 30 June 2022</i>				<i>Six months ended 30 June 2021</i>			
	<i>Real estate activities KD</i>	<i>Hajj &amp; Umrah services KD</i>	<i>Investment activities KD</i>	<i>Total KD</i>	<i>Real estate activities KD</i>	<i>Hajj &amp; Umrah services KD</i>	<i>Investment activities KD</i>	<i>Total KD</i>
Rental income	718,834	-	-	718,834	1,346,526	-	-	1,346,526
Net investment income from financial assets	13,756	-	7,103	20,859	18,233	-	10,000	28,233
Share of results of associates	28,675	-	-	28,675	(337,433)	(544,758)	-	(882,191)
Reversal of provisions no longer required	90,707	32,834	60,783	184,324	-	-	-	-
Other income	56,409	-	1	56,410	40,397	-	10	40,407
<b>Total income</b>	<b>908,381</b>	<b>32,834</b>	<b>67,887</b>	<b>1,009,102</b>	<b>1,067,723</b>	<b>(544,758)</b>	<b>10,010</b>	<b>532,975</b>
Staff costs	(64,511)	-	(209,737)	(274,248)	(64,056)	-	(219,391)	(283,447)
General and administrative expenses	(42,572)	(3,454)	(44,843)	(90,869)	(71,062)	(3,643)	(62,325)	(137,030)
Real estate expenses	(134,446)	-	-	(134,446)	(159,393)	-	-	(159,393)
Amortisation of leasehold prepayment	-	-	-	-	(81,613)	-	-	(81,613)
Finance costs	(53,186)	-	(2,249)	(55,435)	(55,919)	-	(3,020)	(58,939)
Depreciation expense	(6,472)	-	(851)	(7,323)	(174,071)	-	(728)	(174,799)
Taxation of overseas subsidiaries	(38,619)	-	-	(38,619)	(13,808)	-	-	(13,808)
KFAS, NLST and Zakat	(5,822)	-	(9,880)	(15,702)	-	-	-	-
<b>Total expenses and other charges</b>	<b>(345,628)</b>	<b>(3,454)</b>	<b>(267,560)</b>	<b>(616,642)</b>	<b>(619,922)</b>	<b>(3,643)</b>	<b>(285,464)</b>	<b>(909,029)</b>
<b>PROFIT / (LOSS) FOR THE PERIOD</b>	<b>562,753</b>	<b>29,380</b>	<b>(199,673)</b>	<b>392,460</b>	<b>447,801</b>	<b>(548,401)</b>	<b>(275,454)</b>	<b>(376,054)</b>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2022

10 SEGMENT INFORMATION (continued)

	<i>Real estate activities KD</i>	<i>Hajj &amp; Umrah services KD</i>	<i>Investment activities KD</i>	<i>Total KD</i>
<b>30 June 2022</b>				
Segment assets	<u>20,473,417</u>	<u>7,606</u>	<u>1,956,492</u>	<u>22,437,515</u>
Segment liabilities	<u>4,310,228</u>	<u>46,650</u>	<u>1,060,694</u>	<u>5,417,572</u>
<b>31 December 2021 (Audited)</b>				
Segment assets	<u>20,994,367</u>	<u>11,851</u>	<u>2,570,215</u>	<u>23,576,433</u>
Segment liabilities	<u>4,698,365</u>	<u>80,447</u>	<u>1,078,487</u>	<u>5,857,299</u>
<b>30 June 2021</b>				
Segment assets	<u>20,645,560</u>	<u>2,047,157</u>	<u>2,093,095</u>	<u>24,785,812</u>
Segment liabilities	<u>4,641,584</u>	<u>78,348</u>	<u>1,036,910</u>	<u>5,756,842</u>

11 FAIR VALUE MEASUREMENT

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.

**Fair value hierarchy**

All financial and non-financial assets for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

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

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

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

Set out below that are a summary of financial instruments and non-financial assets measured at fair value on a recurring basis, other than those with carrying amounts that are reasonable approximations of fair values:

	<u>Fair value measurement using</u>		<i>Total KD</i>
	<i>Significant observable inputs (Level 2) KD</i>	<i>Significant unobservable inputs (Level 3) KD</i>	
<b>As at 30 June 2022</b>			
Investment securities	-	972,703	972,703
Investment properties	18,254,939	-	18,254,939

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2022

11 FAIR VALUE MEASUREMENT (continued)

*Fair value hierarchy (continued)*

	<i>Fair value measurement using</i>		
	<i>Significant observable inputs (Level 2)</i>	<i>Significant unobservable inputs (Level 3)</i>	<i>Total</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>As at 31 December 2021 (Audited)</i>			
Investment securities	-	972,703	972,703
Investment properties	19,262,280	-	19,262,280
<i>As at 30 June 2021</i>			
Investment securities	-	972,703	972,703
Investment properties	17,925,965	-	17,925,965

There were no transfers between different levels of the fair value hierarchy during the period / year.

**Reconciliation of Level 3 fair values**

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

	<i>Non-listed equity shares</i>		
	<i>30 June 2022</i>	<i>31 December 2021</i>	<i>30 June 2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
At the beginning of the period /year	<b>972,703</b>	1,123,915	1,123,915
Remeasurement recognised in OCI	-	(150,617)	(150,617)
Forex	-	(595)	(595)
<b>At the end of the period/year</b>	<b>972,703</b>	972,703	972,703

Management assessed that the carrying value of financial instruments at amortised cost is not significantly different from their fair values as most of these assets and liabilities are of short-term maturity or are re-priced immediately based on market movement in profit rates.

**Description of significant unobservable inputs to valuation of financial assets:**

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis are as shown below:

	<i>Valuation technique</i>	<i>Significant unobservable inputs</i>	<i>Input</i>	<i>Sensitivity of the input to fair value</i>
Non-listed equity investments	Market approach	Sector PBV multiple	0.66 - 0.99	10% increase / (decrease) in the Sector PBV multiple would result in an increase / (decrease) in fair value by KD 8,881.
		DLOM	30% - 40%	10% increase / (decrease) in the DLOM would result in an (decrease) / increase in fair value by KD 3,114.

\* Discount for lack of marketability ("DLOM") represents the amounts that the Group has determined that market participants would take into account when pricing the investments.