

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

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL INFORMATION**

**30 SEPTEMBER 2023**



## **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 September 2023, and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income for the three-month and nine-month periods then ended, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine-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 nine-month period ended 30 September 2023 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 nine-month period ended 30 September 2023 that might have had a material effect on the business of the Parent Company or on its financial position.



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

12 November 2023  
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the period ended 30 September 2023

	Notes	Three months ended		Nine months ended	
		30 September		30 September	
		2023	2022	2023	2022
		KD	KD	KD	KD
<b>INCOME</b>					
Rental income		325,036	380,604	976,710	1,099,438
Net investment income from financial assets		30,266	21,597	72,089	42,456
Share of results of associates	4	17,705	89,764	1,529,708	118,439
Reversal of provisions no longer required		4,936	27,790	8,411	212,114
Net foreign exchange differences		3,339	729	4,261	729
Other income		4,056	9,642	14,358	66,052
<b>Total income</b>		<b>385,338</b>	<b>530,126</b>	<b>2,605,537</b>	<b>1,539,228</b>
<b>EXPENSES</b>					
Staff costs		(134,488)	(143,020)	(473,410)	(417,268)
General and administrative expenses		(42,719)	(36,005)	(141,783)	(126,874)
Real estate expenses		(93,314)	(72,857)	(186,669)	(207,303)
Provision for legal expenses	5	-	-	(145,449)	-
Finance costs		(29,725)	(25,123)	(134,703)	(80,558)
Depreciation expense		(3,402)	(3,346)	(9,926)	(10,669)
<b>Total expenses</b>		<b>(303,648)</b>	<b>(280,351)</b>	<b>(1,091,940)</b>	<b>(842,672)</b>
<b>PROFIT BEFORE TAX</b>		<b>81,690</b>	<b>249,775</b>	<b>1,513,597</b>	<b>696,556</b>
Taxation of overseas subsidiaries		(18,552)	(25,676)	(47,541)	(64,295)
Contribution to Kuwait Foundation for Advancement of Sciences ("KFAS")		(1,494)	-	(3,137)	-
National Labour Support Tax ("NLST")		(1,524)	(5,432)	(35,999)	(15,312)
Zakat		(1,878)	(3,203)	(5,728)	(9,025)
<b>PROFIT FOR THE PERIOD</b>		<b>58,242</b>	<b>215,464</b>	<b>1,421,192</b>	<b>607,924</b>
<b>Attributable to:</b>					
Equity holders of the Parent Company		39,037	182,970	1,354,061	523,867
Non-controlling interests		19,205	32,494	67,131	84,057
		<b>58,242</b>	<b>215,464</b>	<b>1,421,192</b>	<b>607,924</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>					
	3	<b>0.22 Fils</b>	1.04 Fils	<b>7.68 Fils</b>	2.97 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 September 2023

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>
<b>PROFIT FOR THE PERIOD</b>	<b>58,242</b>	215,464	<b>1,421,192</b>	607,924
<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	-	(5,337)	<b>(772,650)</b>	(1,096,988)
	-	(5,337)	<b>(772,650)</b>	(1,096,988)
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>				
Net gain on equity instruments at fair value through other comprehensive income	-	-	<b>758</b>	-
	-	-	<b>758</b>	-
<b>Other comprehensive income loss for the period</b>	-	(5,337)	<b>(771,892)</b>	(1,096,988)
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	<b>58,242</b>	210,127	<b>649,300</b>	(489,064)
<b>Attributable to:</b>				
Equity holders of the Parent Company	<b>39,037</b>	177,685	<b>1,247,913</b>	(369,755)
Non-controlling interests	<b>19,205</b>	32,442	<b>(598,613)</b>	(119,309)
	<b>58,242</b>	210,127	<b>649,300</b>	(489,064)

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 September 2023

		30 September 2023	(Audited) 31 December 2022	30 September 2022
	Notes	KD	KD	KD
<b>ASSETS</b>				
<b>Non-current assets</b>				
Furniture and equipment		5,852	13,513	16,885
Investment properties	5	16,652,619	17,325,799	18,256,299
Investment in associates	4	2,093,936	564,228	665,156
Investment securities		973,580	972,822	972,703
Accounts receivable and other assets		81,854	197,321	254,378
		<u>19,807,841</u>	<u>19,073,683</u>	<u>20,165,421</u>
<b>Current assets</b>				
Accounts receivable and other assets		561,237	756,608	842,681
Term deposits		1,631,050	995,260	1,267,680
Cash and cash equivalents		417,442	473,731	254,371
		<u>2,609,729</u>	<u>2,225,599</u>	<u>2,364,732</u>
<b>TOTAL ASSETS</b>		<u>22,417,570</u>	<u>21,299,282</u>	<u>22,530,153</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital		17,942,989	17,942,989	17,942,989
Share premium	7	5,279,224	10,239,344	10,239,344
Statutory reserve		180,293	180,293	180,293
Voluntary reserve	7	-	180,293	180,293
Foreign currency translation reserve		(8,531,300)	(8,424,394)	(7,010,100)
Treasury shares	6	(209,965)	(209,965)	(209,965)
Treasury shares reserve		2,761	2,761	2,761
Fair value reserve		(117,805)	(118,563)	(118,682)
Retained earnings / (Accumulated losses)		1,354,061	(5,140,413)	(6,153,290)
<b>Equity attributable to equity holders of the Parent Company</b>		<u>15,900,258</u>	<u>14,652,345</u>	<u>15,053,643</u>
Non-controlling interests		1,497,154	2,095,767	2,176,427
<b>Total equity</b>		<u>17,397,412</u>	<u>16,748,112</u>	<u>17,230,070</u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Islamic finance payables		1,660,056	1,619,455	1,722,050
Employees' end of service benefits		513,575	406,657	394,428
		<u>2,173,631</u>	<u>2,026,112</u>	<u>2,116,478</u>
<b>Current liabilities</b>				
Islamic finance payables		286,810	549,228	586,594
Amounts due to related parties	8	192,567	224,878	233,320
Accounts payable and other liabilities		2,022,750	1,406,552	2,019,291
Lease liabilities		344,400	344,400	344,400
		<u>2,846,527</u>	<u>2,525,058</u>	<u>3,183,605</u>
<b>Total liabilities</b>		<u>5,020,158</u>	<u>4,551,170</u>	<u>5,300,083</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>22,417,570</u>	<u>21,299,282</u>	<u>22,530,153</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 September 2023

	<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>Retained earnings/ (Accumulated losses)</i>	<i>Sub-total</i>	<i>Non-controlling interests</i>	<i>Total equity</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 2023</b>	17,942,989	10,239,344	180,293	180,293	(8,424,394)	(209,965)	2,761	(118,563)	(5,140,413)	14,652,345	2,095,767	16,748,112
Profit for the period	-	-	-	-	-	-	-	-	1,354,061	1,354,061	67,131	1,421,192
Other comprehensive (loss) income for the period	-	-	-	-	(106,906)	-	-	758	-	(106,148)	(665,744)	(771,892)
Total comprehensive (loss) income for the period	-	-	-	-	(106,906)	-	-	758	1,354,061	1,247,913	(598,613)	649,300
Extinguishment of accumulated losses (Note 7)	-	(4,960,120)	-	(180,293)	-	-	-	-	(5,140,413)	-	-	-
<b>At 30 September 2023</b>	<b>17,942,989</b>	<b>5,279,224</b>	<b>180,293</b>	<b>-</b>	<b>(8,531,300)</b>	<b>(209,965)</b>	<b>2,761</b>	<b>(117,805)</b>	<b>1,354,061</b>	<b>15,900,258</b>	<b>1,497,154</b>	<b>17,397,412</b>
As at 1 January 2022	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	-	-	-	-	-	-	-	-	523,867	523,867	84,057	607,924
Other comprehensive loss for the period	-	-	-	-	(893,622)	-	-	-	-	(893,622)	(203,366)	(1,096,988)
Total comprehensive (loss) income for the period	-	-	-	-	(893,622)	-	-	-	523,867	(369,755)	(119,309)	(489,064)
At 30 September 2022	17,942,989	10,239,344	180,293	180,293	(7,010,100)	(209,965)	2,761	(118,682)	(6,153,290)	15,053,643	2,176,427	17,230,070

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 September 2023

	Notes	<i>Nine months ended</i> <i>30 September</i>	
		<b>2023</b>	<b>2022</b>
		<b>KD</b>	<b>KD</b>
<b>OPERATING ACTIVITIES</b>			
Profit before tax		<b>1,513,597</b>	696,556
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Net investment income from financial assets		<b>(65,589)</b>	(36,456)
Dividend income		<b>(6,500)</b>	(6,000)
Share of results of associates	4	<b>(1,529,708)</b>	(118,439)
Employees' end of service benefits		<b>106,918</b>	38,517
Finance costs on debts and borrowings		<b>134,703</b>	80,558
Net foreign exchange difference		<b>(4,261)</b>	(729)
Reversal of provisions no longer required		<b>(8,411)</b>	(212,114)
Provision for legal expenses	5	<b>145,449</b>	-
Depreciation of furniture and equipment		<b>9,926</b>	10,669
		<b>296,124</b>	452,562
<i>Working capital adjustments:</i>			
Accounts receivable and other assets		<b>323,511</b>	102,512
Accounts payable and other liabilities		<b>493,659</b>	(90,873)
Amounts due to related parties		<b>(32,311)</b>	(23,459)
<b>Net cash flows from operations</b>		<b>1,080,983</b>	440,742
Employees' end of service benefits paid		-	(20,285)
Taxes paid		<b>(115,315)</b>	(6,448)
<b>Net cash flows from operating activities</b>		<b>965,668</b>	414,009
<b>INVESTING ACTIVITIES</b>			
Purchase of furniture and equipment		<b>(2,265)</b>	(1,690)
Capital expenditure on investment properties		-	(3,111)
Net movement in term deposits		<b>(635,790)</b>	(654,685)
Dividends received from an associate		-	640,000
Dividend income received from investment securities		<b>6,500</b>	6,000
Profit received from term deposits and saving accounts		<b>65,589</b>	36,456
<b>Net cash flows (used in) from investing activities</b>		<b>(565,966)</b>	22,970
<b>FINANCING ACTIVITIES</b>			
Finance costs paid		<b>(134,703)</b>	(80,558)
Repayment of tawarruq and murabaha payables		<b>(221,818)</b>	(411,545)
<b>Net cash flows used in financing activities</b>		<b>(356,521)</b>	(492,103)
<b>NET INCREASE (DECERASE) IN CASH AND CASH EQUIVALENTS</b>		<b>43,181</b>	(55,124)
Net foreign exchange difference		<b>(99,470)</b>	(87,896)
Cash and cash equivalents at 1 January		<b>473,731</b>	397,391
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>		<b>417,442</b>	254,371

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 September 2023

### 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 nine months ended 30 September 2023 was authorised for issue in accordance with a resolution of the directors of the Parent Company on 12 November 2023.

The consolidated financial statements of the Group for the year ended 31 December 2022 were approved by the shareholders at the AGM held on 6 April 2023. No dividends have been declared by the Parent Company.

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 for the nine months ended 30 September 2023 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The Group has prepared the interim condensed consolidated financial information on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed consolidated financial information does not contain all information and disclosures required for full 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 2022.

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

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. 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 2023, but do not have an impact on the interim condensed consolidated financial information of the Group.

#### **Definition of Accounting Estimates - Amendments to IAS 8**

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group’s interim condensed consolidated financial information as there were no corrections or changes in accounting policies within the scope of these amendments arisen during the period.

#### **Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2**

The amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements* provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no impact on the Group’s interim condensed consolidated financial information, but are expected to affect the accounting policy disclosures in the Group’s annual consolidated financial statements.



# 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 September 2023

### 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)

##### Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

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

### 3 EARNINGS PER SHARE (EPS)

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

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
Profit for the period attributable to equity holders of the Parent Company (KD)	<b>39,037</b>	182,970	<b>1,354,061</b>	523,867
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 (Fils)</b>	<b>0.22</b>	1.04	<b>7.68</b>	2.97

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.

### 4 INVESTMENT IN ASSOCIATES

Details of the Group's associates are as follows:

	<i>30 September</i>	<i>(Audited)</i>	<i>30 September</i>
	<i>2023</i>	<i>31 December</i>	<i>2022</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Hajar Tower Real Estate Company – K.S.C. (Closed) – (“Hajar”)	<b>2,093,936</b>	564,228	665,156
Rawahel Holding Company K.S.C. (Closed) – (“Rawahel”)	-	-	-
	<b>2,093,936</b>	564,228	665,156

#### *Hajar*

In 2017, Hajar, received a tax demand notice for SAR 279 million (equivalent to KD 23 million) from the General Authority of Zakat and Tax (“GAZT”), in the Kingdom of Saudi Arabia (“KSA”), including the assessment on Hajar for the years 2009 to 2014 and claimed corporate income tax, Zakat, withholding tax and penalties (“tax assessment”). However, after taking appropriate tax advice, Hajar had decided to appeal against the decision and filed an objection against the tax assessment raised by GAZT.

# 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 September 2023

### 4 INVESTMENT IN ASSOCIATES (continued)

#### *Hajar (continued)*

On 6 February 2023, Hajar received a non-appealable final tax assessment from the Zakat, Tax and Customs Authority (“ZATCA”) to settle an amount of SAR 186,119,045 (equivalent to KD 15.16 million), which has been accepted by Hajar. Accordingly, the Group has realised a gain of KD 988,119 on this transaction during the current year, by accounting for its share of results from Hajar.

#### *Rawahel*

Rawahel incurred losses in prior year which is in excess of the Group’s interest in the associate. Accordingly, the Group discontinued recognising its share of further losses to the extent that reduces its interest in the associate to zero.

#### Reconciliation to carrying amounts:

A reconciliation of the carrying value of the associates is set out below:

	<b>30 September 2023 KD</b>	<i>(Audited)</i> <b>31 December 2022 KD</b>	<b>30 September 2022 KD</b>
<b>Opening net assets 1 January</b>	<b>564,228</b>	1,186,717	1,186,717
Share of profit	<b>1,529,708</b>	17,511	118,439
Dividends received	-	(640,000)	(640,000)
<b>At the end of the period/year</b>	<b>2,093,936</b>	564,228	665,156

### 5 INVESTMENT PROPERTIES

	<b>30 September 2023 KD</b>	<i>(Audited)</i> <b>31 December 2022 KD</b>	<b>30 September 2022 KD</b>
<b>As at the beginning of the period/year</b>	<b>17,325,799</b>	19,262,280	19,262,280
Capital expenditure	-	2,737	3,111
Change in fair value	-	415,322	
Exchange differences	<b>(673,180)</b>	(2,354,540)	(1,009,092)
<b>At the end of the period/year</b>	<b>16,652,619</b>	17,325,799	18,256,299

On 29 December 2022, the Group entered into a contract with an unrelated third party to sell an investment property located in KSA for a cash consideration equivalent to its carrying value of KD 1,763,988 repayable in three instalments to be received in 2023. The agreement requires the buyer to pay the amount in full before the transfer of ownership, therefore, substantially eliminating the Group’s credit risk in this respect.

During the current year, the Group received a cash advance from the buyer amounting to KD 749,250. The sale will be recognised by the Group when the legal title transfers to the customer which generally occurs when all significant conditions are satisfied.

The Group is required to settle legal fees on this transaction amounting to KD 145,449 for which a provision has been recognised. The fees will be settled once the transaction has concluded and the ownership has been transferred.

# 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 September 2023

### 5 INVESTMENT PROPERTIES (continued)

The valuations of investment properties were performed at 31 December by two accredited independent valuers with recognised and relevant professional qualification and experience in the locations and categories of the investment properties being valued. As required by the Capital Market Authority (CMA), the Group has selected the lower of these valuations. The valuation models applied are consistent with the principles in IFRS 13 and fair value is determined using a mix of the income capitalisation method and the market comparison approach considering the nature and usage of each property. Valuation of the Group's investment property portfolio is performed on an annual basis as management believes that there are no significant circumstances that have arisen during the interim reporting period, which may have a material impact on fair value.

Investment properties amounting to KD 5,020,000 (31 December 2022: KD 5,020,000 and 30 September 2022: KD 8,150,000) are pledged as security in order to fulfil the collateral requirements for certain tawarruq facilities.

### 6 TREASURY SHARES

	<i>30 September</i> <i>2023</i>	<i>(Audited)</i> <i>31 December</i> <i>2022</i>	<i>30 September</i> <i>2022</i>
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>195,745</b>	173,645	167,331
Weighted average market value per treasury share (fils)	<b>62</b>	55	53

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 MEETING (AGM) RESOLUTIONS

- ▶ The annual general meeting ("AGM") of the Parent Company's shareholders held on 6 April 2023 approved the consolidated financial statements of the Group for the year ended 31 December 2022 and also approved the Board of Directors' proposal of directors' remuneration of KD 40,000 (2021: Nil) and not to distribute any cash dividends (2021: Nil) for the year then ended.
- ▶ The Board of Directors of the Parent Company in their meeting held on 15 February 2023 proposed to extinguish accumulated losses as at 31 December 2022 through utilising the full balance of voluntary reserve of KD 180,293 and partial balance of share premium of KD 4,960,120, as of that date. Subsequently the shareholders of the Parent Company in the AGM held on 6 April 2023 approved the extinguishment of accumulated losses of KD 5,140,413, which is reflected in the interim condensed consolidated financial information in the current period.

### 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 provides the total amount of transactions that have been entered into with related parties during the nine months ended 30 September 2023 and 2022, as well as balances with related parties as at 30 September 2023, 31 December 2022 and 30 September 2022:

	<i>30 September</i> <i>2023</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2022</i> <i>KD</i>	<i>30 September</i> <i>2022</i> <i>KD</i>
<b>Consolidated statement of financial position:</b>			
Payables to related parties			
- Associates	<b>192,567</b>	224,878	233,320

# 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 September 2023

### 8 RELATED PARTY DISCLOSURES (continued)

The Group was not involved in any significant transactions with related parties during the nine months ended 30 September 2023, 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 nine months ended</i>		<i>Balance outstanding as at</i>		
	<i>30 September 2023</i>	<i>30 September 2022</i>	<i>30 September 2023</i>	<i>31 December 2022</i>	<i>30 September 2022</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Salaries and short-term benefits	<b>304,979</b>	183,770	<b>76,795</b>	73,194	70,124
End of service benefits	<b>101,932</b>	35,060	<b>352,312</b>	258,099	249,562
	<b>406,911</b>	218,830	<b>429,107</b>	331,293	319,686

The Board of Directors at the meeting held on 15 February 2023 proposed directors' remuneration of KD 40,000 for the year ended 31 December 2022. The remuneration was approved by the shareholders at the AGM held on 6 April 2023.

### 9 COMMITMENTS AND CONTINGENCIES

#### 9.1 Capital commitments

The Group had 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. Subsequently, the portfolio manager appealed the 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 portfolio manager appealed the verdict before the Court of Cassation, which issued a ruling on 7 September 2022 to suspend the execution of the previous judgement, which required the portfolio manager to pay compensation to the Group, until the Court of Cassation reviews the case and issues a verdict. No date has yet been provided for the next hearing on this case. 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 abroad, 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 September 2023

**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>Nine months ended 30 September 2023</i>				<i>Nine months ended 30 September 2022</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	976,710	-	-	976,710	1,099,438	-	-	1,099,438
Net investment income from financial assets	50,845	-	21,244	72,089	32,874	-	9,582	42,456
Share of results of associates	1,529,708	-	-	1,529,708	118,439	-	-	118,439
Reversal of provisions no longer required	7,580	831	-	8,411	95,200	52,635	64,279	212,114
Net foreign exchange differences	-	-	4,261	4,261	-	729	-	729
Other income	14,318	-	40	14,358	63,352	2,700	-	66,052
<b>Total income</b>	<b>2,579,161</b>	<b>831</b>	<b>25,545</b>	<b>2,605,537</b>	<b>1,409,303</b>	<b>56,064</b>	<b>73,861</b>	<b>1,539,228</b>
Staff costs	(86,921)	-	(386,489)	(473,410)	(94,423)	-	(322,845)	(417,268)
General and administrative expenses	(60,512)	(5,093)	(76,178)	(141,783)	(56,552)	(5,008)	(65,314)	(126,874)
Real estate expenses	(186,669)	-	-	(186,669)	(207,303)	-	-	(207,303)
Provisions for legal expenses	-	-	(145,449)	(145,449)	-	-	-	-
Finance costs	(132,911)	-	(1,792)	(134,703)	(77,656)	-	(2,902)	(80,558)
Depreciation expense	(8,341)	-	(1,585)	(9,926)	(9,356)	-	(1,313)	(10,669)
Taxation of overseas subsidiaries	(47,541)	-	-	(47,541)	(64,295)	-	-	(64,295)
KFAS, NLST and Zakat	(8,865)	-	(35,999)	(44,864)	(8,514)	(511)	(15,312)	(24,337)
<b>Total expenses and other charges</b>	<b>(531,760)</b>	<b>(5,093)</b>	<b>(647,492)</b>	<b>(1,184,345)</b>	<b>(518,099)</b>	<b>(5,519)</b>	<b>(407,686)</b>	<b>(931,304)</b>
<b>PROFIT/ (LOSS) FOR THE PERIOD</b>	<b>2,047,401</b>	<b>(4,262)</b>	<b>(621,947)</b>	<b>1,421,192</b>	<b>891,204</b>	<b>50,545</b>	<b>(333,825)</b>	<b>607,924</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 September 2023

### 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 September 2023</b>				
Segment assets	<b>18,364,369</b>	<b>11,065</b>	<b>4,042,136</b>	<b>22,417,570</b>
Segment liabilities	<b>2,965,576</b>	<b>47,275</b>	<b>2,007,307</b>	<b>5,020,158</b>
<b>31 December 2022 (Audited)</b>				
Segment assets	19,362,229	15,793	1,921,260	21,299,282
Segment liabilities	3,318,939	47,770	1,184,461	4,551,170
<b>30 September 2022</b>				
Segment assets	20,469,364	30,279	2,030,510	22,530,153
Segment liabilities	4,195,878	47,786	1,056,419	5,300,083

### 11 FAIR VALUE 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.

#### *Fair value hierarchy*

All financial instruments 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 financial 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.

#### **Reconciliation of Level 3 fair values**

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

	<i>Non-listed equity shares</i>		
	<i>FVTPL KD</i>	<i>FVOCI KD</i>	<i>Total KD</i>
<b>As at 1 January 2023 (Audited)</b>	<b>911,385</b>	<b>61,437</b>	<b>972,822</b>
Remeasurement recognised in OCI	-	758	758
<b>As at 30 September 2023</b>	<b>911,385</b>	<b>62,195</b>	<b>973,580</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 September 2023

11 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	<i>Non-listed equity shares</i>		
	<i>FVTPL KD</i>	<i>FVOCI KD</i>	<i>Total KD</i>
As at 1 January 2022	911,385	61,318	972,703
Remeasurement recognised in OCI	-	119	119
As at 31 December 2022	911,385	61,437	972,822

  

	<i>Non-listed equity shares</i>		
	<i>FVTPL KD</i>	<i>FVOCI KD</i>	<i>Total KD</i>
As at 1 January 2022	911,385	61,318	972,703
Remeasurement recognised in OCI	-	-	-
As at 30 September 2022	911,385	61,318	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 – 1.04	10% increase / (decrease) in the Sector PBV multiple would result in an increase / (decrease) in fair value by KD 9,006.
		DLOM	30% - 38%	10% increase / (decrease) in the DLOM would result in an (decrease)/ increase in fair value by KD 3,152.

\* 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.

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