

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

31 MARCH 2024



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 31 March 2024, and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of cash flows and interim condensed consolidated statement of changes in equity for the three-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.

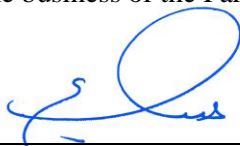
Conclusion

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 three-month period ended 31 March 2024 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 establishment of Capital Markets Authority “CMA” and organization of security activity and its executive regulations, as amended, during the three-month period ended 31 March 2024 that might have had a material effect on the business of the Parent Company or on its financial position.



ABDULKARIM ALSAMDAN
LICENCE NO. 208-A
EY
AL AIBAN, AL OSAIMI & PARTNERS

5 May 2024
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the period ended 31 March 2024

		<i>Three months ended</i>	
		<i>31 March</i>	
		2024	2023
Notes		KD	KD
INCOME			
	Rental income	313,261	326,746
	Net investment income from financial assets	37,084	20,012
	Share of results of associates	4	181,440
	Reversal of impairment/ provision on investment in associate	4	988,119
	Reversal of provisions no longer required	-	3,475
	Net foreign exchange differences	11,216	930
	Other income	2,897	5,440
	Total income	1,264,310	1,526,162
EXPENSES			
	Staff costs	(162,679)	(148,715)
	General and administrative expenses	(45,375)	(47,452)
	Real estate expenses	(62,987)	(46,217)
	Provision for expenses	(76,417)	(144,793)
	Finance costs	(28,118)	(73,439)
	Depreciation expense	(421)	(3,191)
	Total expenses	(375,997)	(463,807)
	PROFIT BEFORE TAX	888,313	1,062,355
	Taxation of overseas subsidiaries	(15,860)	(12,978)
	Contribution to Kuwait Foundation for Advancement of Sciences (“KFAS”)	(2,263)	(223)
	National Labour Support Tax (“NLST”)	(21,686)	(25,822)
	Zakat	(3,630)	(1,699)
	PROFIT FOR THE PERIOD	844,874	1,021,633
	Attributable to:		
	Equity holders of the Parent Company	825,492	995,649
	Non-controlling interests	19,382	25,984
		844,874	1,021,633
	BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	3	5.65 Fils
		4.68 Fils	5.65 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 31 March 2024

	<i>Three months ended</i>	
	<i>31 March</i>	
	2024	2023
	KD	KD
PROFIT FOR THE PERIOD	844,874	1,021,633
Other comprehensive loss		
<i>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	(1,086,747)	(772,304)
<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	-	-
Other comprehensive loss for the period	(1,086,747)	(772,304)
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	(241,873)	249,329
Attributable to:		
Equity holders of the Parent Company	109,743	889,085
Non-controlling interests	(351,616)	(639,756)
	(241,873)	249,329

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 31 March 2024

		31 March 2024	(Audited) 31 December 2023	31 March 2023
	Notes	KD	KD	KD
ASSETS				
Non-current assets				
Furniture and equipment		28,557	2,768	10,662
Investment properties	5	14,016,501	15,026,422	16,652,619
Investment in associates	4	2,984,376	1,923,158	1,733,787
Investment securities		1,007,914	1,007,914	972,822
Accounts receivable and other assets		-	-	139,711
		<u>18,037,348</u>	<u>17,960,262</u>	<u>19,509,601</u>
Current assets				
Accounts receivable and other assets		536,775	1,649,738	667,488
Term deposits		2,408,217	1,731,050	1,161,050
Cash and cash equivalents		386,760	407,965	536,578
		<u>3,331,752</u>	<u>3,788,753</u>	<u>2,365,116</u>
TOTAL ASSETS		<u><u>21,369,100</u></u>	<u><u>21,749,015</u></u>	<u><u>21,874,717</u></u>
EQUITY AND LIABILITIES				
Equity				
Share capital		17,942,989	17,942,989	17,942,989
Share premium		5,279,224	5,279,224	10,239,344
Statutory reserve		364,274	364,274	180,293
Voluntary reserve		183,981	183,981	180,293
Foreign currency translation reserve		(9,249,634)	(8,533,885)	(8,530,958)
Treasury shares	6	(209,965)	(209,965)	(209,965)
Treasury shares reserve		2,761	2,761	2,761
Fair value reserve		(117,805)	(117,805)	(118,563)
Retained earnings / (Accumulated losses)		2,006,206	1,180,714	(4,144,764)
Equity attributable to equity holders of the Parent Company		<u>16,202,031</u>	<u>16,092,288</u>	<u>15,541,430</u>
Non-controlling interests		1,164,422	1,516,038	1,456,011
Total equity		<u>17,366,453</u>	<u>17,608,326</u>	<u>16,997,441</u>
Liabilities				
Non-current liabilities				
Islamic finance payables		1,509,865	1,588,626	1,805,454
Employees' end of service benefits		566,191	527,757	423,279
		<u>2,076,056</u>	<u>2,116,383</u>	<u>2,228,733</u>
Current liabilities				
Islamic finance payables		295,498	287,992	277,910
Amounts due to related parties	8	190,904	191,041	219,533
Accounts payable and other liabilities		1,095,789	1,200,873	1,806,700
Lease liabilities		344,400	344,400	344,400
		<u>1,926,591</u>	<u>2,024,306</u>	<u>2,648,543</u>
Total liabilities		<u>4,002,647</u>	<u>4,140,689</u>	<u>4,877,276</u>
TOTAL EQUITY AND LIABILITIES		<u><u>21,369,100</u></u>	<u><u>21,749,015</u></u>	<u><u>21,874,717</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 31 March 2024

	<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>
As at 1 January 2024	17,942,989	5,279,224	364,274	183,981	(8,533,885)	(209,965)	2,761	(117,805)	1,180,714	16,092,288	1,516,038	17,608,326
Profit for the period	-	-	-	-	-	-	-	-	825,492	825,492	19,382	844,874
Other comprehensive (loss) income for the period	-	-	-	-	(715,749)	-	-	-	-	(715,749)	(370,998)	(1,086,747)
Total comprehensive (loss) income for the period	-	-	-	-	(715,749)	-	-	-	825,492	109,743	(351,616)	(241,873)
At 31 March 2024	17,942,989	5,279,224	364,274	183,981	(9,249,634)	(209,965)	2,761	(117,805)	2,006,206	16,202,031	1,164,422	17,366,453
As at 1 January 2023	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	-	-	-	-	-	-	-	-	995,649	995,649	25,984	1,021,633
Other comprehensive loss for the period	-	-	-	-	(106,564)	-	-	-	-	(106,564)	(665,740)	(772,304)
Total comprehensive (loss) income for the period	-	-	-	-	(106,564)	-	-	-	995,649	889,085	(639,756)	249,329
At 31 March 2023	17,942,989	10,239,344	180,293	180,293	(8,530,958)	(209,965)	2,761	(118,563)	(4,144,764)	15,541,430	1,456,011	16,997,441

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 31 March 2024

	<i>Three months ended</i>	
	<i>31 March</i>	
	2024	2023
<i>Notes</i>	KD	KD
OPERATING ACTIVITIES		
Profit before tax	888,313	1,062,355
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Net investment income from financial assets	(35,584)	(16,512)
Dividend income	(1,500)	(3,500)
Share of results of associates	4 (476,499)	(181,440)
Reverse of impairment/ provision on investment in associates	4 (423,353)	(988,119)
Employees' end of service benefits	38,434	16,622
Finance costs on debts and borrowings	28,118	73,439
Net foreign exchange difference	(11,216)	(930)
Reversal of provisions no longer required	-	(3,475)
Provision for expenses	76,417	144,793
Depreciation of furniture and equipment	421	3,191
	83,551	106,424
<i>Working capital adjustments:</i>		
Accounts receivable and other assets	1,124,180	151,135
Accounts payable and other liabilities	(224,941)	214,633
Amounts due to related parties	(137)	(5,345)
Net cash flows from operations	982,653	466,847
Employees' end of service benefits paid	-	-
Taxes paid	-	-
Net cash flows from operating activities	982,653	466,847
INVESTING ACTIVITIES		
Purchase of furniture and equipment	(26,210)	(340)
Capital expenditure on investment properties	-	-
Net movement in term deposits	(677,167)	(165,790)
Dividends received from an associate	-	-
Dividend income received from investment securities	-	-
Profit received from term deposits and saving accounts	37,084	20,012
Net cash flows (used in) from investing activities	(666,293)	(146,118)
FINANCING ACTIVITIES		
Finance costs paid	(28,118)	(73,439)
Repayment of tawarruq and murabaha payables	(71,255)	(85,319)
Net cash flows used in financing activities	(99,373)	(158,758)
NET INCREASE (DECERASE) IN CASH AND CASH EQUIVALENTS	216,987	161,971
Net foreign exchange difference	(238,192)	(99,124)
Cash and cash equivalents at 1 January	407,965	473,731
CASH AND CASH EQUIVALENTS AT 31 MARCH	386,760	536,578

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 31 March 2024

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 three months ended 31 March 2024 was authorised for issue in accordance with a resolution of the directors of the Parent Company on 5 May 2024.

The consolidated financial statements of the Group for the year ended 31 December 2023 were approved by the shareholders at the AGM held on 16 April 2024. 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 Shari‘a as approved by the Parent Company’s Fatwa and Shari‘a Supervisory Board.

The Parent Company head office is located at Gravity Tower 6th 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 three months ended 31 March 2024 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

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 2023.

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>31 March</i>	
	<i>2024</i>	<i>2023</i>
Profit for the period attributable to equity holders of the Parent Company (KD)	825,492	995,649
Weighted average number of shares outstanding (net of treasury shares)	176,272,702	176,272,702
Basic and diluted EPS attributable to equity holders of the Parent Company (Fils)	4.68 fils	5.65 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.

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 31 March 2024

4 INVESTMENT IN ASSOCIATES

Details of the Group's associates are as follows:

	<i>31 March</i> <i>2024</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2023</i> <i>KD</i>	<i>31 March</i> <i>2023</i> <i>KD</i>
Hajar Tower Real Estate Company – K.S.C. (Closed) – (“Hajar”)	2,267,302	1,923,158	1,733,787
Rawahel Holding Company K.S.C. (Closed) – (“Rawahel”)	717,074	-	-
	<u>2,984,376</u>	<u>1,923,158</u>	<u>1,733,787</u>

Rawahel

The Group had fully impaired its investment in Rawahel in 2021, based on poor financial performance and significant decline in the results of the associate. During the current period, Rawahel's operations have recovered greatly and the associate has recorded profits and accordingly, the Group has decided to reverse the impairment previously recorded amounting to KD 423,353 and account its share of results for the current period.

Reconciliation to carrying amounts:

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

	<i>31 March</i> <i>2024</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2023</i> <i>KD</i>	<i>31 March</i> <i>2023</i> <i>KD</i>
Opening net assets 1 January	1,923,158	564,228	564,228
Share of profit	476,499	370,811	181,440
Reversal of impairment/ provision	423,353	988,119	988,119
FCTR	161,366	-	-
At the end of the period/year	<u>2,984,376</u>	<u>1,923,158</u>	<u>1,733,787</u>

5 INVESTMENT PROPERTIES

	<i>31 March</i> <i>2024</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2023</i> <i>KD</i>	<i>31 March</i> <i>2023</i> <i>KD</i>
As at the beginning of the period/year	15,026,422	17,325,799	17,325,799
Capital expenditure	-	500	-
Disposals	-	(1,762,236)	-
Net gain from fair value remeasurement	-	135,539	-
Exchange differences	(1,009,921)	(673,180)	(673,180)
At the end of the period/year	<u>14,016,501</u>	<u>15,026,422</u>	<u>16,652,619</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

5 INVESTMENT PROPERTIES (continued)

The valuations of investment properties were performed at 31 December by two accredited independent valuers for local properties and by at least one accredited independent valuer for foreign properties, 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 4,920,000 (31 December 2023: KD 4,920,000 and 31 March 2023: KD 5,020,000) are pledged as security in order to fulfil the collateral requirements for certain tawarruq facilities.

6 TREASURY SHARES

	31 March 2024	<i>(Audited)</i> 31 December 2023	31 March 2023
Number of treasury shares	3,157,188	3,157,188	3,157,188
Percentage of issued shares	1.75%	1.75%	1.75%
Cost of treasury shares (KD)	209,965	209,965	209,965
Market value of treasury shares (KD)	217,846	173,645	170,488
Weighted average market value per treasury share (fils)	69	55	54

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 16 April 2024 approved the consolidated financial statements of the Group for the year ended 31 December 2023 and also approved the Board of Directors' proposal of directors' remuneration of KD 56,000 (2022: KD 40,000) and not to distribute any cash dividends (2022: Nil) for the year then ended.
- ▶ Subsequent to the reporting date on 16 April 2024, the Board of Directors of the Parent Company held an extra-ordinary general meeting ("EGM") to propose a 9% reduction of the parent company's issued share capital, which will result in reduction of 15,864,543 shares amounting to KD 1,585,454 from the existing share capital. The proceeds will be redeemed to existing shareholders on the record date. The EGM approved the proposed resolution.

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 three months ended 31 March 2024 and 2023, as well as balances with related parties as at 31 March 2024, 31 December 2023 and 31 March 2023:

	31 March 2024	<i>(Audited)</i> 31 December 2023	31 March 2023
	KD	KD	KD
Consolidated statement of financial position:			
Payables to related parties			
- Associates	190,904	191,041	219,533

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

8 RELATED PARTY DISCLOSURES (continued)

The Group was not involved in any significant transactions with related parties during the three months ended 31 March 2024, 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 three months ended</i>		<i>Balance outstanding as at</i>		
	<i>31 March 2024</i>	<i>31 March 2023</i>	<i>31 March 2024</i>	<i>31 December 2023</i>	<i>31 March 2023</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Salaries and short-term benefits	168,034	164,286	85,687	82,525	74,219
End of service benefits	25,622	14,654	393,978	370,921	270,180
	193,656	178,940	479,665	453,446	344,399

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 June 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 31 March 2024

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>Three months ended 31 March 2024</i>				<i>Three months ended 31 March 2023</i>			
	<i>Real estate activities KD</i>	<i>Hajj & Umrah services KD</i>	<i>Investment activities KD</i>	<i>Total KD</i>	<i>Real estate activities KD</i>	<i>Hajj & Umrah services KD</i>	<i>Investment activities KD</i>	<i>Total KD</i>
Rental income	313,261	-	-	313,261	326,746	-	-	326,746
Net investment income from financial assets	26,656	-	10,428	37,084	12,416	-	7,596	20,012
Share of results of associates	344,144	-	132,355	476,499	181,440	-	-	181,440
Reversal of impairment / provision on investment in associate	-	-	423,353	423,353	988,119	-	-	988,119
Reversal of provisions no longer required	-	-	-	-	2,644	831	-	3,475
Net foreign exchange differences	-	-	11,216	11,216	-	7	923	930
Other income	2,897	-	-	2,897	5,440	-	-	5,440
Total income	686,958	-	577,352	1,264,310	1,516,805	838	8,519	1,526,162
Staff costs	(38,411)	-	(124,268)	(162,679)	(28,716)	-	(119,999)	(148,715)
General and administrative expenses	(18,289)	(1,514)	(25,572)	(45,375)	(20,901)	(1,656)	(24,895)	(47,452)
Real estate expenses	(62,987)	-	-	(62,987)	(46,217)	-	-	(46,217)
Provisions for expenses	(76,417)	-	-	(76,417)	-	-	(144,793)	(144,793)
Finance costs	(27,495)	-	(623)	(28,118)	(72,909)	-	(530)	(73,439)
Depreciation expense	(52)	-	(369)	(421)	(2,713)	-	(478)	(3,191)
Taxation of overseas subsidiaries	(15,860)	-	-	(15,860)	(12,978)	-	-	(12,978)
KFAS, NLST and Zakat	(1,847)	-	(25,732)	(27,579)	(1,922)	-	(25,822)	(27,744)
Total expenses and other charges	(241,358)	(1,514)	(176,564)	(419,436)	(186,356)	(1,656)	(316,517)	(504,529)
PROFIT/(LOSS) FOR THE PERIOD	445,600	(1,514)	400,788	844,874	1,330,449	(818)	(307,998)	1,021,633

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 31 March 2024

10 SEGMENT INFORMATION (continued)

	<i>Real estate activities KD</i>	<i>Hajj & Umrah services KD</i>	<i>Investment activities KD</i>	<i>Total KD</i>
31 March 2024				
Segment assets	17,718,137	953,678	2,697,285	21,369,100
Segment liabilities	2,686,790	47,692	1,268,165	4,002,647
31 December 2023 (Audited)				
Segment assets	18,669,927	955,317	2,123,771	21,749,015
Segment liabilities	2,709,954	47,817	1,382,918	4,140,689
31 March 2023				
Segment assets	18,338,385	926,985	2,609,347	21,874,717
Segment liabilities	3,188,796	48,395	1,640,085	4,877,276

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>
As at 1 January 2024 (Audited)	945,719	62,195	1,007,914
Remeasurement recognised in OCI	-	-	-
Remeasurement recognised in profit or loss	-	-	-
As at 31 March 2024	945,719	62,195	1,007,914

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 31 March 2024

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 2023 (<i>Audited</i>)	911,385	61,437	972,822
Remeasurement recognised in OCI	-	758	758
Remeasurement recognised in profit or loss	34,334	-	34,334
As at 31 December 2023 (<i>Audited</i>)	945,719	62,195	1,007,914

	<i>Non-listed equity shares</i>		
	<i>FVTPL KD</i>	<i>FVOCI KD</i>	<i>Total KD</i>
As at 1 January 2023	911,385	61,437	972,822
Remeasurement recognised in OCI	-	-	-
Remeasurement recognised in profit or loss	-	-	-
As at 31 March 2023	911,385	61,437	972,822

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 63,045.
		DLOM	30% - 40%*	10% increase / (decrease) in the DLOM would result in an (decrease)/ increase in fair value by KD 116,955.

* 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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