

**MUBARRAD HOLDING COMPANY
K.S.C.P. AND SUBSIDIARIES**

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

31 MARCH 2022



Ernst & Young
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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF MUBARRAD HOLDING COMPANY K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Mubarrad Holding Company K.S.C.P. (the “Parent Company”) and subsidiaries (collectively, the “Group”) as at 31 March 2022, and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows 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 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.

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2021 and the interim condensed consolidated financial information for the three-month period ended 31 March 2021 were audited and reviewed, respectively, by another auditor who expressed an unmodified opinion and conclusion on those statements on 13 February 2022 and 11 May 2021, respectively.

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

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 violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company's Articles of Association and Memorandum of Incorporation, as amended, during the three-month period ended 31 March 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 three-month period ended 31 March 2022 that might have had a material effect on the business of the Parent Company or on its financial position.



BADER A. ALABDULJADER
LICENCE NO. 207 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

12 May 2022
Kuwait

Mubarrad Holding Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
(UNAUDITED)

For the period ended 31 March 2022

| | Notes | Three months ended 31 March | |
|--|-------|--------------------------------|------------------|
| | | 2022 KD | 2021 KD |
| INCOME | | | |
| Net loss from transport, leasing and maintenance operations | | (264) | (10,234) |
| Net real estate income | 3 | 395,724 | 369,732 |
| Net investment income from financial assets | 4 | 29,208 | 7,940 |
| Share of results of an associate | 7 | 37,255 | 148,102 |
| Gain on sale of furniture and equipment | | 330,787 | 2,650 |
| Other income | | 10,373 | 62,355 |
| Total income | | 803,083 | 580,545 |
| EXPENSES AND OTHER CHARGES | | | |
| Administrative expenses | | (160,907) | (162,043) |
| Finance costs | | (13,973) | (16,149) |
| Total expenses | | (174,880) | (178,192) |
| PROFIT BEFORE TAX | | 628,203 | 402,353 |
| Contribution to Kuwait Foundation for Advancement of Sciences (KFAS) | | (5,654) | (3,621) |
| National Labour Support Tax (NLST) | | (15,817) | (10,252) |
| Zakat | | (6,327) | (4,101) |
| PROFIT FOR THE PERIOD | | 600,405 | 384,379 |
| Attributable to: | | | |
| Equity holders of the Parent Company | | 594,545 | 384,383 |
| Non-controlling interests | | 5,860 | (4) |
| | | 600,405 | 384,379 |
| BASIC AND DILUTED EARNINGS PER SHARE (EPS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY | | | |
| | 5 | 3.63 Fils | 2.35 Fils |

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

Mubarrad Holding Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)

For the period ended 31 March 2022

| | <i>Three months ended</i> | |
|---|---------------------------|-------------|
| | <i>31 March</i> | |
| | <i>2022</i> | <i>2021</i> |
| | <i>KD</i> | <i>KD</i> |
| PROFIT FOR THE PERIOD | 600,405 | 384,379 |
| 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 | (610,689) | (3,158) |
| TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD | (10,284) | 381,221 |
| Attributable to: | | |
| Equity holders of the Parent Company | (16,144) | 381,225 |
| Non-controlling interests | 5,860 | (4) |
| | (10,284) | 381,221 |

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 March 2022

| | | <i>(Audited)</i> | |
|--|--------------|---------------------------------|------------------------------------|
| | <i>Notes</i> | <i>31 March 2022 KD</i> | <i>31 December 2021 KD</i> |
| | | <i>31 March 2021 KD</i> | |
| ASSETS | | | |
| Non-current assets | | | |
| Goodwill | | 91,005 | 91,005 |
| Furniture and equipment | | 7,711 | 40,628 |
| Investment properties | 6 | 13,898,604 | 14,420,321 |
| Investment in an associate | 7 | 3,737,895 | 3,698,143 |
| Financial asset at fair value through profit or loss | 11 | 824,948 | 839,145 |
| Accounts receivable and prepayments | | 193,000 | - |
| | | <u>18,753,163</u> | <u>19,089,242</u> |
| | | | <u>18,853,033</u> |
| Current assets | | | |
| Inventories | | - | 16,753 |
| Account receivables and prepayments | | 466,383 | 1,048,553 |
| Cash and cash equivalents | 8 | 4,863,506 | 3,569,322 |
| | | <u>5,329,889</u> | <u>4,634,628</u> |
| | | | <u>23,487,661</u> |
| TOTAL ASSETS | | <u><u>24,083,052</u></u> | <u><u>24,495,519</u></u> |
| | | | <u><u>23,487,661</u></u> |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | | 16,369,277 | 16,369,277 |
| Statutory reserve | | 1,244,220 | 1,064,855 |
| Treasury shares | | - | (671) |
| Treasury shares reserve | | - | 84,733 |
| Other reserve | | (3,594) | (3,594) |
| Foreign currency translation reserve | | (2,064,475) | (1,453,786) |
| Effect of changes in reserves of an associate | | 117,874 | 117,874 |
| Retained earnings | | 5,861,625 | 4,061,816 |
| | | <u>21,524,927</u> | <u>21,541,071</u> |
| Equity attributable to equity holders of the Parent Company | | <u>21,524,927</u> | <u>20,278,914</u> |
| Non-controlling interests | | 57,652 | 51,750 |
| | | <u>21,582,579</u> | <u>20,330,664</u> |
| Total equity | | <u>21,582,579</u> | <u>20,330,664</u> |
| Liabilities | | | |
| Non-current liabilities | | | |
| Employees' end of service benefits | | 333,320 | 328,853 |
| | | <u>333,320</u> | <u>328,853</u> |
| | | | <u>335,217</u> |
| Current liabilities | | | |
| Account payables and accruals | | 736,442 | 954,674 |
| Islamic finance payables | 6 | 1,430,711 | 1,619,129 |
| | | <u>2,167,153</u> | <u>2,573,803</u> |
| | | | <u>2,821,780</u> |
| Total liabilities | | <u>2,500,473</u> | <u>2,902,656</u> |
| | | | <u>3,156,997</u> |
| TOTAL EQUITY AND LIABILITIES | | <u><u>24,083,052</u></u> | <u><u>24,495,519</u></u> |
| | | | <u><u>23,487,661</u></u> |

Saad Bandar Al-Lafi
Vice Chairman & CEO

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

Mubarrad Holding Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 March 2022

| | <i>Attributable to equity holders of the Parent Company</i> | | | | | | | | | | |
|--|---|---------------------------------|-------------------------------|---------------------------------------|-----------------------------|--|--|---------------------------------|-------------------------|---|----------------------------|
| | <i>Share capital KD</i> | <i>Statutory reserve KD</i> | <i>Treasury shares KD</i> | <i>Treasury shares reserve KD</i> | <i>Other reserve KD</i> | <i>Foreign currency translation reserve KD</i> | <i>Effect of changes in reserve of associates KD</i> | <i>Retained earnings KD</i> | <i>Sub-total KD</i> | <i>Non-controlling interests KD</i> | <i>Total equity KD</i> |
| As at 1 January 2022 | 16,369,277 | 1,244,220 | - | 84,733 | (3,594) | (1,453,786) | 117,874 | 5,182,347 | 21,541,071 | 51,792 | 21,592,863 |
| Profit for the period | - | - | - | - | - | - | - | 594,545 | 594,545 | 5,860 | 600,405 |
| Other comprehensive loss for the period | - | - | - | - | - | (610,689) | - | - | (610,689) | - | (610,689) |
| Total comprehensive (loss) income for the period | - | - | - | - | - | (610,689) | - | 594,545 | (16,144) | 5,860 | (10,284) |
| Transfer of treasury shares reserve to retained earnings | - | - | - | (84,733) | - | - | - | 84,733 | - | - | - |
| At 31 March 2022 | 16,369,277 | 1,244,220 | - | - | (3,594) | (2,064,475) | 117,874 | 5,861,625 | 21,524,927 | 57,652 | 21,582,579 |
| As at 1 January 2021 | 16,369,277 | 1,064,855 | (671) | 84,388 | (3,594) | (1,411,873) | 117,874 | 3,677,433 | 19,897,689 | 51,754 | 19,949,443 |
| Profit (loss) for the period | - | - | - | - | - | - | - | 384,383 | 384,383 | (4) | 384,379 |
| Other comprehensive loss for the year | - | - | - | - | - | (3,158) | - | - | (3,158) | - | (3,158) |
| Total comprehensive (loss) income for the period | - | - | - | - | - | (3,158) | - | 384,383 | 381,225 | (4) | 381,221 |
| At 31 March 2021 | 16,369,277 | 1,064,855 | (671) | 84,388 | (3,594) | (1,415,031) | 117,874 | 4,061,816 | 20,278,914 | 51,750 | 20,330,664 |

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

Mubarrad Holding Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

For the period ended 31 March 2021

| | Notes | Three months ended 31 March | |
|--|-------|--------------------------------|------------------|
| | | 2022 KD | 2021 KD |
| OPERATING ACTIVITIES | | | |
| Profit before tax | | 628,203 | 402,353 |
| <i>Non-cash adjustments to reconcile profit before tax to net cash flows:</i> | | | |
| Gain on disposal of furniture and equipment | | (330,787) | (2,650) |
| Profit from term deposits | 4 | (11,857) | (7,940) |
| Realised gain on sale of financial assets at fair value through profit or loss | 4 | (17,351) | - |
| Share of results of an associate | 7 | (37,255) | (148,102) |
| Provision for employees' end of service benefits | | 9,505 | 13,350 |
| Finance costs | | 13,973 | 16,149 |
| | | 254,431 | 273,160 |
| <i>Working capital adjustments:</i> | | | |
| Accounts receivable and prepayments | | 52,793 | 1,185,824 |
| Inventories | | - | 1,269 |
| Accounts payable and accruals | | (246,030) | 4,935 |
| Cash flows (used in) from operations | | 64,057 | 1,465,206 |
| Employees' end of service benefits paid | | (5,038) | (5,623) |
| Net cash flows (used in) from operating activities | | 59,019 | 1,459,583 |
| INVESTING ACTIVITIES | | | |
| Net movement in term deposits | | (118,478) | (550,000) |
| Profit received from term deposits | | 11,857 | 7,940 |
| Account receivables and prepayments | | (193,000) | - |
| Proceeds from sale of financial assets at fair value through profit or loss | | 31,548 | - |
| Proceeds from disposal of furniture and equipment | | 363,000 | 18,052 |
| Net cash flows from (used in) investing activities | | 94,927 | (524,008) |
| FINANCING ACTIVITIES | | | |
| Finance costs paid | | (13,973) | (16,149) |
| Repayment of Islamic finance payables | | (188,418) | (193,693) |
| Dividends paid | | - | (5,652) |
| Net cash flows used in financing activities | | (202,391) | (215,494) |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | | (48,445) | 720,081 |
| Net foreign exchange difference | | (90,765) | 550 |
| Cash and cash equivalents at 1 January | | 1,484,238 | 1,298,691 |
| CASH AND CASH EQUIVALENTS AT 31 MARCH | 8 | 1,345,028 | 2,019,322 |

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

Mubarrad Holding Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

1.1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Mubarrad Holding Company K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively, the “Group”) for the three months ended 31 March 2022 was authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 11 May 2022.

The shareholders of the Parent Company at the annual general assembly meeting (“AGM”) held on 10 April 2022 approved the consolidated financial statements for the year ended 31 December 2021. Dividends declared by the Group for the year then ended are provided in Note 12.

The Parent Company is a public shareholding company incorporated and domiciled in the State of Kuwait, and whose shares are publicly traded in Boursa Kuwait.

The Parent Company's head office is located at Old Khaitan, Block 29, Street 22, Building 15, Mezzanine Office#12, Kuwait.

The principal activities of the Group are described in Note 10. All activities are conducted in accordance with Islamic Sharī‘a principles, as approved by the Parent Company’s Fatwa and Sharī‘a Supervisory Board.

The Parent Company is a subsidiary of A’ayan Leasing and Investment Company K.S.C.P. (“the Ultimate Parent Company”), whose shares are publicly traded in Boursa Kuwait.

1.2 GROUP INFORMATION

Subsidiaries

The consolidated financial statements of the Group include:

| | Principal activities | Country of incorporation | % equity interest | | |
|--|----------------------|--------------------------|-------------------|------------------|---------------|
| | | | 31 March 2021 | 31 December 2020 | 31 March 2020 |
| Mubarrad for Development and Limited Investment Company W.L.L. | Logistics services | Sudan | 100% | 100% | 100% |
| Inshaa’ National Real Estate – S.P.C. | Real estate | Kuwait | 100% | 100% | 100% |
| Emdad Equipment Leasing Co. K.S.C (Closed) | Logistics services | Kuwait | 98% | 98% | 98% |
| Takatof Real Estate Co. E.S.C * | Real estate | Egypt | 98% | 98% | 98% |

* The remaining shares in this subsidiary is held by other parties on behalf of the Group. Therefore, the effective ownership of the Group in this subsidiary is 100%.

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 three months ended 31 March 2022 have been prepared in accordance with International Accounting Standard 34, “*Interim Financial Reporting*” (“IAS 34”). The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The management considers 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 include all of the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2021.

The interim condensed consolidated financial information provides comparative information in respect of the previous period. Certain comparative information has been reclassified and represented to conform to classification in the current period. Such reclassification has been made to improve the quality of information presented.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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 and interpretations 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.

The Group applied the amendments to the contracts for which it had not fulfilled all of its obligations at the beginning of the reporting period.

These amendments had no impact on the interim condensed consolidated financial information as the Group had not identified any contracts as being onerous as the unavoidable costs under the contracts, which were the costs of fulfilling them, comprised only incremental costs directly related to the contracts.

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

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the interim condensed consolidated financial information of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

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

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent’s consolidated financial statements, based on the parent’s date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the interim condensed consolidated financial information of the Group as it is not a first-time adopter.

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.

IAS 41 Agriculture – Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

These amendments had no impact on the interim condensed consolidated financial information of the Group as it did not have assets in scope of IAS 41 as at the reporting date.

3 NET REAL ESTATE INCOME

| | <i>Three months ended</i> | |
|--|---------------------------|-------------|
| | <i>31 March</i> | |
| | <i>2022</i> | <i>2021</i> |
| | <i>KD</i> | <i>KD</i> |
| Rental income from investment properties | 412,705 | 434,013 |
| Real estate related expenses | (16,981) | (64,281) |
| | 395,724 | 369,732 |

4 NET INVESTMENT INCOME FROM FINANCIAL ASSETS

| | <i>Three months ended</i> | |
|--|---------------------------|-------------|
| | <i>31 March</i> | |
| | <i>2022</i> | <i>2021</i> |
| | <i>KD</i> | <i>KD</i> |
| Profit from term deposits | 11,857 | 7,940 |
| Realised gain on sale of financial assets at fair value through profit or loss | 17,351 | - |
| | 29,208 | 7,940 |

Mubarrad Holding Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

5 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 EPS are identical.

| | <i>Three months ended</i> | |
|---|---------------------------|-------------|
| | <i>31 March</i> | |
| | <i>2022</i> | <i>2021</i> |
| Profit for the period attributable to the equity holders of the Parent Company (KD) | 594,545 | 384,383 |
| Weighted average number of shares outstanding during the period (shares) * | 163,692,769 | 163,681,773 |
| Basic and diluted EPS (Fils) | 3.63 | 2.35 |

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares during the period.

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

6 INVESTMENT PROPERTIES

| | <i>(Audited)</i> | | |
|--|-------------------|--------------------|-----------------|
| | <i>31 March</i> | <i>31 December</i> | <i>31 March</i> |
| | <i>2022</i> | <i>2021</i> | <i>2021</i> |
| | <i>KD</i> | <i>KD</i> | <i>KD</i> |
| As at the beginning of the period/ year | 14,420,321 | 13,967,371 | 13,967,371 |
| Additions | - | 1,733,139 | - |
| Disposals | - | (1,400,000) | - |
| Change in fair value | - | 30,861 | - |
| Exchange differences | (521,717) | 88,950 | 85,215 |
| As at the end of the period/ year | 13,898,604 | 14,420,321 | 14,052,586 |

Included within investment properties, the following:

- ▶ Properties in the State of Kuwait with a carrying value of KD 6,250,000 (31 December 2021: 6,250,000 and 31 March 2021: KD 6,250,000) pledged as security in order to fulfil collateral requirements of banking facilities obtained from a local financial institution amounting to KD 1,430,711 (31 December 2021: 1,619,129 and 31 March 2021 KD 1,635,098).
- ▶ Property with a carrying value of KD 2,800,000 (31 December 2021: 2,800,000 and 31 March 2021: KD 2,560,000) managed by a related party on behalf of the Group for which management fees charged during the period amounted to KD 1,862 (31 March 2021: KD 1,866) (Note 9).

The valuations of investment properties were performed at 31 December by accredited independent valuers with recognised and relevant professional qualification and experience in the locations and categories of the investment properties being valued. The fair value was determined using a mix of 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 period, which may have an impact on fair value.

Mubarrad Holding Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

7 INVESTMENT IN AN ASSOCIATE

The Group has 50% (31 December 2020: 50%, 31 March 2021: 26.5%) interest in Oman Integral Logistics Company O.S.C. (Closed), an associate involved in logistic services. The Group's interest in its associate is accounted for using the equity method. The above associate is a private entity that is not listed on any stock exchange; therefore, no quoted market prices are available for its shares.

A reconciliation of the carrying amount of the associate is set out below:

| | 31 March 2022 KD | <i>(Audited)</i> 31 December 2021 KD | 31 March 2021 KD |
|------------------------|---------------------------------|---|------------------------|
| Opening balance | 3,698,143 | 3,587,040 | 3,587,040 |
| Share of profit | 37,255 | 268,969 | 148,102 |
| Distributions received | - | (122,767) | - |
| Exchange differences | 2,497 | (35,099) | 6,729 |
| Closing balance | 3,737,895 | 3,698,143 | 3,741,871 |

Although the Group holds 50% equity interest in its associate, the management has concluded that the Group does not exercise control or joint control over the associate based on relevant factors.

8 CASH AND SHORT-TERM DEPOSITS

For the purpose of the interim condensed statement of cash flows, cash and cash equivalents are comprised of the following:

| | 31 March 2022 KD | <i>(Audited)</i> 31 December 2021 KD | 31 March 2021 KD |
|---|---------------------------------|---|------------------------|
| Cash and bank balances | 645,028 | 1,484,238 | 1,044,322 |
| Term deposits placements with financial institutions | 4,218,478 | 3,400,000 | 2,252,000 |
| Cash and short-term deposits | 4,863,506 | 4,884,238 | 3,569,322 |
| Less: Term deposits with maturities of more than 3 months | (3,518,478) | (3,400,000) | (1,550,000) |
| Cash and cash equivalents | 1,345,028 | 1,484,238 | 2,019,322 |

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between 3 and 6 months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

9 RELATED PARTY DISCLOSURES

These represent transactions with certain parties (associates, Ultimate Parent, directors and executive officers of the Group, close members of their families and entities of which they are principal owners or over which they are able to exercise control or significant influence) entered into by the group in the ordinary course of business. Pricing policies and terms of these transactions are approved by the Group's management.

Mubarrad Holding Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

9 RELATED PARTY DISCLOSURES (continued)

The following tables provides the total amount of transactions that have been entered into with related parties during the three months ended 31 March 2022 and 2021, as well as balances with related parties as at 31 March 2022, 31 December 2021 and 31 March 2021:

| | <i>Other related parties</i> | <i>Three months ended 31 March</i> | |
|---|------------------------------|------------------------------------|-------------|
| | <i>KD</i> | 2022 | <i>2021</i> |
| | | KD | <i>KD</i> |
| Interim condensed consolidated statement of profit or loss | | | |
| Management fees (Note 7) | 1,862 | 1,862 | 1,866 |

| | <i>Ultimate Parent</i> | <i>Other related parties</i> | 31 March 2022 | <i>(Audited) 31 December 2021</i> | <i>31 March 2021</i> |
|--|------------------------|------------------------------|----------------------|-----------------------------------|----------------------|
| | <i>KD</i> | <i>KD</i> | KD | <i>KD</i> | <i>KD</i> |
| Interim condensed consolidated statement of financial position: | | | | | |
| Financial assets at FVPL | - | 297,125 | 297,125 | 297,125 | 292,486 |
| Receivables from related parties | - | 16,937 | 16,937 | 19,800 | - |
| Payables to related parties | 655 | - | 655 | 655 | 655 |

Details of other related party disclosures are provided in Note 6.

Transactions with 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 with related parties were as follows:

| | <i>Transaction values for the period ended</i> | | <i>Balance outstanding as at (Audited)</i> | | |
|--|--|----------------------|--|-------------------------|----------------------|
| | <i>31 March 2022</i> | <i>31 March 2021</i> | <i>31 March 2022</i> | <i>31 December 2021</i> | <i>31 March 2021</i> |
| | <i>KD</i> | <i>KD</i> | <i>KD</i> | <i>KD</i> | <i>KD</i> |
| Salaries and other short-term benefits | 20,561 | 20,561 | - | - | - |
| Employees end of service benefits | 2,561 | 2,561 | 86,061 | 82,239 | 74,420 |
| | 23,122 | 23,122 | 86,061 | 82,239 | 74,420 |

The Board of Directors at the meeting held on 13 February 2022 proposed directors' remuneration of KD 30,000 for the year ended 31 December 2021. The remuneration was approved by the shareholders at the AGM held on 10 April 2022.

10 SEGMENT INFORMATION

For management purposes, the Group is organised into four major business segments. The principal activities and services under these segments are as follows:

- ▶ **Real estate:** Buying, selling, capital appreciation and investing in real estate
- ▶ **Investment segment:** financial assets at fair value through profit or loss, investment in associate and investment properties.
- ▶ **Transport, leasing and maintenance segment:** leasing, transportation and maintenance of vehicle and equipment to corporate and individual customers and investments with similar or related operations;
- ▶ **Others:** revenues and expenses that are not included under the above sectors

Mubarrad Holding Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

10 SEGMENT INFORMATION (continued)

| | 31 March 2022 | | | | |
|-----------------|----------------------------|------------------|--|-------------|-------------|
| | Real estate KD | Investment KD | Transport, leasing and maintenance KD | Other KD | Total KD |
| Assets | 13,898,604 | 4,562,843 | 416,409 | 5,205,196 | 24,083,052 |
| Liabilities | 1,430,711 | - | 60,641 | 1,009,121 | 2,500,473 |
| (Loss) / income | 412,705 | 66,463 | (264) | 341,761 | 820,665 |
| Segment results | 395,724 | 66,463 | (264) | 138,482 | 600,405 |
| | 31 March 2021 | | | | |
| | Real estate KD | Investment KD | Transport, leasing and maintenance KD | Other KD | Total KD |
| Assets | 14,052,586 | 4,636,330 | 188,575 | 4,610,170 | 23,487,661 |
| Liabilities | 1,619,129 | - | 91,400 | 1,446,468 | 3,156,997 |
| (Loss) / income | 434,013 | 156,042 | (10,234) | 65,005 | 644,826 |
| Segment results | 369,732 | 156,042 | (10,234) | (131,161) | 384,379 |
| | 31 December 2021 (Audited) | | | | |
| | Real estate KD | Investment KD | Transport, leasing and maintenance KD | Other KD | Total KD |
| Assets | 14,420,321 | 4,537,288 | 155,096 | 5,382,814 | 24,495,519 |
| Liabilities | 1,635,098 | - | 79,196 | 1,188,362 | 2,902,656 |

11 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- ▶ In the principal market for the asset or liability; or
- ▶ In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Mubarrad Holding Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

11 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the interim condensed consolidated financial information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Fair value hierarchy

- ▶ 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 in the interim condensed consolidated financial information 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.

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

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

| | Fair value measurement using | | |
|----------------------------|---|---|---------------------|
| | <i>Quoted prices in active markets (Level 1) KD</i> | <i>Significant unobservable inputs (Level 3) KD</i> | <i>Total KD</i> |
| 31 March 2022 | | | |
| Unquoted equity securities | - | 373,177 | 373,177 |
| Unquoted funds | - | 451,771 | 451,771 |
| | <u>-</u> | <u>824,948</u> | <u>824,948</u> |
| 31 December 2021 | | | |
| Unquoted equity securities | - | 373,177 | 373,177 |
| Unquoted funds | - | 465,968 | 465,968 |
| | <u>-</u> | <u>839,145</u> | <u>839,145</u> |
| 31 March 2021 | | | |
| Quoted equity securities | 1,247 | - | 1,247 |
| Unquoted equity securities | - | 427,244 | 427,244 |
| Unquoted funds | - | 465,968 | 465,968 |
| | <u>1,247</u> | <u>893,212</u> | <u>894,459</u> |

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.

Mubarrad Holding Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

11 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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>Unquoted securities</i> | | |
|--|---------------------------------|------------------------------------|---------------------------------|
| | <i>31 March 2022 KD</i> | <i>31 December 2021 KD</i> | <i>31 March 2021 KD</i> |
| At the beginning of the period /year | 839,145 | 895,212 | 895,212 |
| Remeasurement recognised in profit or loss | - | - | - |
| Purchase / sales (net) | (14,197) | (56,067) | (2,000) |
| At the end of the period/year | 824,948 | 839,145 | 893,212 |

The fair value of financial instruments classified as level 3 are, in certain circumstances, measured using valuation techniques that incorporate assumptions that are not evidenced by the prices from observable current market transactions in the same instrument and are not based on observable market data. The Group employs valuation techniques, depending on the instrument type and available market data. For example, in the absence of active market, an investment's fair value is estimated on the basis of an analysis of the investee's financial position and results, risk profile and other factors. Favourable and unfavourable changes in the value of financial instruments are determined on the basis of changes in the value of the instruments as a result of varying the levels of the unobservable parameters, quantification of which is judgmental. The management assessed that the impact on profit or loss would be immaterial if the relevant risk variables used to fair value the financial instruments classified as Level 3 were altered by 5 percent.

12 DISTRIBUTIONS MADE AND PROPOSED

The Board of Directors in their meeting held on 13 February 2022, proposed a cash dividend of 5% (2020: Nil) of the paid-up share capital (5 fils per share aggregating to KD 818,464) for the year ended 31 December 2021 (2020: Nil).

Subsequent to the reporting period, the proposed dividend for the year ended 31 December 2021 were approved by the shareholders of the Parent Company at the annual general meeting (AGM) held on 10 April 2022 and are not recognised as a liability as at 31 March 2022.