

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

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

30 SEPTEMBER 2023



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 30 September 2023, and the related interim condensed consolidated statement of profit or loss, and interim condensed consolidated statement of comprehensive income for the three-month and nine-month periods then ended, and the related 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 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.

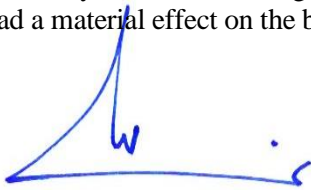
Conclusion

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 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 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.



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

14 November 2023
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
(UNAUDITED)

For the period ended 30 September 2023

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2023 KD	2022 KD	2023 KD	2022 KD
INCOME					
Net loss from transport, leasing and maintenance operations		-	(2,100)	-	(1,237)
Net real estate income	3	436,054	419,127	1,268,668	1,240,009
Net investment income from financial assets	4	40,000	30,065	90,528	96,752
Share of result of associates	7	55,042	19,005	111,843	85,212
Gain on sale of furniture and equipment		-	16,000	-	346,787
Gain on sale of investment property	6	-	-	2,960	-
Other income		616	17,401	69,204	39,206
Total income		531,712	499,498	1,543,203	1,806,729
EXPENSES AND OTHER CHARGES					
Administrative expenses		(129,189)	(111,739)	(416,903)	(389,866)
Finance costs		(19,131)	(14,284)	(56,767)	(42,386)
Total expenses and other charges		(148,320)	(126,023)	(473,670)	(432,252)
PROFIT BEFORE TAX		383,392	373,475	1,069,533	1,374,477
Contribution to Kuwait Foundation for Advancement of Sciences (“KFAS”)		(5,209)	(3,361)	(10,656)	(12,375)
National Labour Support Tax (“NLST”)		(9,778)	(9,409)	(27,679)	(34,323)
Zakat		(4,625)	(3,763)	(11,072)	(13,729)
PROFIT FOR THE PERIOD		363,780	356,942	1,020,126	1,314,050
Attributable to:					
Equity holders of the Parent Company		363,163	356,162	1,018,024	1,306,868
Non-controlling interests		617	780	2,102	7,182
		363,780	356,942	1,020,126	1,314,050
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITYHOLDERS OF THE PARENT COMPANY (EPS)					
	5	2.22 Fils	2.18 Fils	6.22 Fils	7.98 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 30 September 2023

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	2023	2022	2023	2022
	KD	KD	KD	KD
PROFIT FOR THE PERIOD	363,780	356,942	1,020,126	1,314,050
Other comprehensive income (loss)				
<i>Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of foreign operations	4,396	(30,797)	(734,448)	(735,783)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	368,176	326,145	285,678	578,267
Attributable to:				
Equity holders of the Parent Company	367,559	325,365	283,576	571,085
Non-controlling interests	617	780	2,102	7,182
	368,176	326,145	285,678	578,267

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 FINANCIAL POSITION (UNAUDITED)

As at 30 September 2023

	Notes	30 September 2023 KD	(Audited) 31 December 2022 KD	30 September 2022 KD
ASSETS				
Non-current assets				
Goodwill		91,005	91,005	91,005
Furniture and equipment		1,089	1,797	7,205
Investment properties	6	12,507,381	13,053,945	13,765,368
Investment in associates	7	3,820,930	3,758,100	3,786,210
Financial asset at fair value through profit or loss	11	727,553	727,553	824,948
Accounts receivable and prepayments		-	-	84,000
		<u>17,147,958</u>	<u>17,632,400</u>	<u>18,558,736</u>
Current assets				
Accounts receivable and prepayments		541,399	527,798	531,674
Cash and short-term deposits	8	4,706,284	5,098,401	4,853,695
		<u>5,247,683</u>	<u>5,626,199</u>	<u>5,385,369</u>
TOTAL ASSETS		<u><u>22,395,641</u></u>	<u><u>23,258,599</u></u>	<u><u>23,944,105</u></u>
EQUITY AND LIABILITIES				
Equity				
Share capital		16,369,277	16,369,277	16,369,277
Statutory reserve		1,405,545	1,405,545	1,244,220
Treasury shares		-	(3)	(3)
Other reserve		(3,594)	(3,594)	(3,594)
Foreign currency translation reserve		(3,840,574)	(3,106,126)	(2,189,569)
Effect of changes in reserves of an associate		117,874	117,874	117,874
Retained earnings		5,999,566	5,800,006	5,755,484
Equity attributable to equity holders of the Parent Company		<u>20,048,094</u>	<u>20,582,979</u>	<u>21,293,689</u>
Non-controlling interests		61,918	59,816	58,974
Total equity		<u>20,110,012</u>	<u>20,642,795</u>	<u>21,352,663</u>
Liabilities				
Non-current liabilities				
Employees' end of service benefits		383,726	337,453	325,648
Current liabilities				
Accounts payable and accruals		630,790	804,951	806,671
Islamic finance payables	6	1,271,113	1,473,400	1,459,123
		<u>1,901,903</u>	<u>2,278,351</u>	<u>2,265,794</u>
Total liabilities		<u>2,285,629</u>	<u>2,615,804</u>	<u>2,591,442</u>
TOTAL EQUITY AND LIABILITIES		<u><u>22,395,641</u></u>	<u><u>23,258,599</u></u>	<u><u>23,944,105</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 30 September 2023

	<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 an associate 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 2023	16,369,277	1,405,545	(3)	-	(3,594)	(3,106,126)	117,874	5,800,006	20,582,979	59,816	20,642,795
Profit for the period	-	-	-	-	-	-	-	1,018,024	1,018,024	2,102	1,020,126
Other comprehensive loss	-	-	-	-	-	(734,448)	-	-	(734,448)	-	(734,448)
Total comprehensive (loss) income for the period	-	-	-	-	-	(734,448)	-	1,018,024	283,576	2,102	285,678
Transfer of treasury shares reserve to retained earnings	-	-	3	-	-	-	-	-	3	-	3
Cash dividends (Note 12)	-	-	-	-	-	-	-	(818,464)	(818,464)	-	(818,464)
At 30 September 2023	16,369,277	1,405,545	-	-	(3,594)	(3,840,574)	117,874	5,999,566	20,048,094	61,918	20,110,012
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	-	-	-	-	-	-	-	1,306,868	1,306,868	7,182	1,314,050
Other comprehensive loss	-	-	-	-	-	(735,783)	-	-	(735,783)	-	(735,783)
Total comprehensive (loss) income for the period	-	-	-	-	-	(735,783)	-	1,306,868	571,085	7,182	578,267
Purchase of treasury shares	-	-	(3)	-	-	-	-	-	(3)	-	(3)
Transfer of treasury shares reserve to retained earnings	-	-	-	(84,733)	-	-	-	84,733	-	-	-
Cash dividends (Note 12)	-	-	-	-	-	-	-	(818,464)	(818,464)	-	(818,464)
At 30 September 2022	16,369,277	1,244,220	(3)	-	(3,594)	(2,189,569)	117,874	5,755,484	21,293,689	58,974	21,352,663

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 30 September 2023

		<i>Nine months ended</i>	
		<i>30 September</i>	
	<i>Notes</i>	2023	2022
		KD	KD
OPERATING ACTIVITIES			
Profit before tax		1,069,533	1,374,477
<i>Non-cash adjustments to reconcile profit before tax to net cash flows:</i>			
Depreciation		708	-
Gain on disposal of furniture and equipment		-	(346,787)
Profit from term deposits	4	(90,528)	(79,401)
Realised gain on sale of financial assets at fair value through profit or loss	4	-	(17,351)
Gain on sale of investment property	6	(2,960)	-
Share of results of associates	7	(111,843)	(85,212)
Reversal of tax provisions no longer required		-	(2,437)
Provision for employees' end of service benefits		46,273	19,831
Finance costs		56,767	42,386
		967,950	905,506
<i>Working capital adjustments:</i>			
Accounts receivable and prepayments		(23,011)	(9,635)
Accounts payable and accruals		(226,518)	(205,993)
Cash flows from operations		718,421	689,878
Employees' end of service benefits paid		-	(23,036)
Net cash flows from operating activities		718,421	666,842
INVESTING ACTIVITIES			
Net movement in term deposits		1,352,261	180,688
Profit received from term deposits		81,118	79,401
Accounts receivable and prepayments		-	(84,000)
Proceeds from sale of financial assets at fair value through profit or loss		-	31,548
Proceeds from disposal of furniture and equipment		-	379,000
Proceeds from sale of investment property	6	72,649	-
Dividends received from associates	7	25,051	62,387
Net cash flows from investing activities		1,531,079	649,024
FINANCING ACTIVITIES			
Finance costs paid		(56,662)	(42,386)
Repayment of Islamic finance payables		(202,287)	(160,006)
Proceeds from sale of treasury shares		3	(3)
Dividends paid to equity holders of the Parent Company		(815,619)	(818,464)
Net cash flows used in financing activities		(1,074,565)	(1,020,859)
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,174,935	295,007
Net foreign exchange differences		(214,791)	(144,862)
Cash and cash equivalents at 1 January		3,339,046	1,484,238
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	8	4,299,190	1,634,383
Non-cash transactions excluded from the interim condensed consolidated statement of cash flows are as follows:			
Fair value adjustment on step disposal of retained interest in a former subsidiary (adjusted with investment in associates)	7	(11,187)	-

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 30 September 2023

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 nine months ended 30 September 2023 was authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 14 November 2023.

The shareholders of the Parent Company at the annual general assembly meeting (“AGM”) held on 2 May 2023 approved the consolidated financial statements for the year ended 31 December 2022. 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, Mezza nine Office #12, Kuwait.

The principal activities of the Group are described in Note 12. 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:

			% equity interest		
			30 September 2023	31 December 2022	30 September 2022
Mubarrad for Development and Limited Investment Company W.L.L.	Logistics Services	Sudan	100%	100%	100%
Emdad Equipment Leasing Company K.S.C (Closed)	Logistics Services	Kuwait	98%	98%	98%
Takatof Real Estate Co. E.S.C *	Real Estate	Egypt	98%	98%	98%
Inshaa Al Ahlia Real Estate W.L.L. **	Real Estate	Kuwait	-	100%	100%

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

** Refer to Note 7 for further details.

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 nine months ended 30 September 2023 have been prepared in accordance with International Accounting Standard 34, “*Interim Financial Reporting*” (“IAS 34”). The Group has prepared the interim condensed consolidated financial information 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 has been presented in Kuwaiti Dinar (“KD”), which is also the functional currency of the Parent Company.

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 2022.

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

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 and interpretations 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.

These amendments had no impact on the interim condensed consolidated financial information.

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.

3 NET REAL ESTATE INCOME

	<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>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Rental income from investment properties	453,899	441,295	1,325,802	1,300,689
Real estate related expenses	(17,845)	(22,168)	(57,134)	(60,680)
	436,054	419,127	1,268,668	1,240,009

4 NET INVESTMENT INCOME FROM FINANCIAL ASSETS

	<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>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Profit from term deposits	40,000	30,065	90,528	79,401
Realised gain on sale of financial assets at fair value through profit or loss	-	-	-	17,351
	40,000	30,065	90,528	96,752

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 30 September 2023

5 EARNINGS PER SHARE (EPS)

Basic EPS is 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>Nine months ended</i>	
	<i>30 September</i>	<i>2022</i>	<i>30 September</i>	<i>2022</i>
	2023	2022	2023	2022
Profit for the period attributable to the equity holders of the Parent Company (KD)	363,163	356,162	1,018,024	1,306,868
Weighted average number of shares outstanding during the period (shares) *	163,692,769	163,692,769	163,692,769	163,692,769
Basic and diluted EPS (Fils)	2.22	2.18	6.22	7.98

* 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 this interim condensed consolidated financial information which require the restatement of EPS.

6 INVESTMENT PROPERTIES

	<i>(Audited)</i>		
	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>
	2023	2022	2022
	KD	KD	KD
As at the beginning of the period/ year	13,053,945	14,420,321	14,420,321
Disposals*	(69,689)	-	-
Exchange differences	(476,875)	(1,366,376)	(654,953)
As at the end of the period/ year	12,507,381	13,053,945	13,765,368

* During the period, the Group sold residential units in Egypt with a carrying amount of KD 69,689 for cash consideration of KD 72,649 resulting in a gain of KD 2,960 recognised in the interim condensed consolidated statement of profit or loss for the period then ended.

Included within investment properties, the following:

- ▶ Properties in the State of Kuwait with a carrying value of KD 6,250,000 (31 December 2022: KD 6,250,000 and 30 September 2022: 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 1,271,113 at the reporting date (31 December 2022: KD 1,473,400 and 30 September 2022: KD 1,459,123).
- ▶ Property with a carrying value of KD 2,800,000 (31 December 2022: KD 2,800,000 and 30 September 2022: KD 2,800,000) is managed by a related party on behalf of the Group for which management fees charged during the period amounted to KD 6,214 (30 September 2022: KD 5,611) (Note 9).

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 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.

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 30 September 2023

7 INVESTMENT IN ASSOCIATES

The Group has the following investment in associates:

	Principal activities	Country of incorporation	% equity interest		
			30 September 2023	31 December 2022	30 September 2022
Oman Integral Logistics Company O.S.C. (Closed) *	Logistics services	Oman	50%	50%	50%
Inshaa Al Ahlia Real Estate W.L.L.**	Real estate	Kuwait	20%	100%	100%

* As at 30 September 2023, the Group has 50% (31 December 2022: 50%, 30 September 2022: 50%) interest in Oman Integral Logistics Company O.S.C. (Closed), an associate involved in logistic services that is accounted for using the equity method. The associate is a private entity that is not listed on any stock exchange; therefore, no quoted market prices are available for its shares. Although the Group holds 50% equity interest in the associate, the management has concluded that the Group does not exercise control or joint control over the associate.

** During the current period, the Group sold 80% of its investment in Inshaa Al Ahlia Real Estate W.L.L., a former wholly owned subsidiary, to certain related parties leaving the Parent Company with 20% equity interest and significant influence. At the date of step disposal, the carrying amount of the net assets of the former subsidiary amounted to KD 57,695 and the carrying interest sold was KD 45,008. The fair value of the consideration receivable is KD 45,008, which is also the fair value of the interest sold. The investment retained in the former subsidiary is an associate accounted for using the equity method and its fair value is KD 11,187. No gain or loss is recognised from this transaction.

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

	30 September 2023	(Audited) 31 December 2022	30 September 2022
	KD	KD	KD
As at the beginning of the period/ year	3,758,100	3,698,143	3,698,143
Share of results	111,843	120,140	85,212
Dividends received	(25,051)	(125,425)	(62,387)
Fair value adjustment of retained interest in a former subsidiary	11,187	-	-
Exchange differences	(35,149)	65,242	65,242
As at the end of the period/ year	<u>3,820,930</u>	<u>3,758,100</u>	<u>3,786,210</u>

8 CASH AND CASH EQUIVALENTS

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

	30 September 2023	(Audited) 31 December 2022	30 September 2022
	KD	KD	KD
Cash and bank balances	4,299,190	3,339,046	1,059,229
Short-term deposits	407,094	1,759,355	3,794,466
Cash and short-term deposits	4,706,284	5,098,401	4,853,695
Less: term deposits with maturities of more than three months	(407,094)	(1,759,355)	(3,219,312)
Cash and cash equivalents	<u>4,299,190</u>	<u>3,339,046</u>	<u>1,634,383</u>

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 30 September 2023

8 CASH AND CASH EQUIVALENTS (continued)

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 (i.e. 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.

The following tables 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>Entity under common control</i>			
	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	2023	2022	2023	2022
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Interim condensed consolidated statement of profit or loss				
Management fees (Note 6)	400	2,976	4,142	5,611
	<i>Ultimate Parent Company</i>	<i>Other related parties</i>	<i>30 September 2023</i>	<i>(Audited) 31 December 2022</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>30 September 2022</i>
				<i>KD</i>
Interim condensed consolidated statement of financial position:				
Financial assets at FVPL	-	275,777	275,777	275,777
Receivables from related parties*	22,504	22,504	45,008	-
Payables to related parties	-	-	-	655

* The receivables from related parties represents the consideration receivable on disposal of 80% equity interest in Inshaa Al Ahlia Real Estate W.L.L. Refer to Note 7 for further details.

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</i>		<i>Balance outstanding as at</i>		
	<i>nine months ended</i>		<i>(Audited)</i>		
	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>
	2023	2022	2023	2022	2022
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Salaries and other short-term benefits	61,788	20,617	61,788	82,385	61,767
Employees end of service benefits	7,767	3,874	102,883	95,158	91,263
	69,555	24,491	164,671	177,543	153,030

The Board of Directors at the meeting held on 20 March 2023 proposed directors' remuneration of KD 30,000 for the year ended 31 December 2022. The remuneration was approved by the shareholders of the Parent Company at the AGM held on 2 May 2023.

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 30 September 2023

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:** financial assets at fair value through profit or loss, investment in associate and investment properties.
- ▶ **Transport, leasing and maintenance:** 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 allocated to the above sectors

	<i>30 September 2023</i>				
	<i>Real estate KD</i>	<i>Investment KD</i>	<i>Transport, leasing and maintenance KD</i>	<i>Other unallocated amounts KD</i>	<i>Total KD</i>
Assets	12,507,381	4,747,906	-	5,140,354	22,395,641
Liabilities	1,271,113	45,210	-	969,306	2,285,629
Income	1,325,801	111,843	-	105,559	1,543,203
Segment results	1,268,668	111,843	-	(310,978)	1,069,533
	<i>30 September 2022</i>				
	<i>Real estate KD</i>	<i>Investment KD</i>	<i>Transport, leasing and maintenance KD</i>	<i>Other unallocated amounts KD</i>	<i>Total KD</i>
Assets	13,765,368	4,611,158	510,105	5,057,474	23,944,105
Liabilities	1,459,123	-	53,020	1,079,299	2,591,442
Income	1,300,689	181,964	22,687	301,389	1,806,729
Segment results	1,240,009	181,964	(1,237)	(46,259)	1,374,477
	<i>31 December 2022 (Audited)</i>				
	<i>Real estate KD</i>	<i>Investment KD</i>	<i>Transport, leasing and maintenance KD</i>	<i>Other unallocated amounts KD</i>	<i>Total KD</i>
Assets	13,053,945	4,485,653	563,484	5,155,517	23,258,599
Liabilities	1,473,400	-	71,398	1,071,006	2,615,804

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 30 September 2023

11 FAIR VALUE OF FINANCIAL INSTRUMENTS

All financial instruments 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 financial 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.

Valuation methods and assumptions

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

The following methods and assumptions were used to estimate the fair values:

Unquoted equity investments

The Group invests in private equity companies that are not quoted in an active market. Transactions in such investments do not occur on a regular basis. Unquoted equity securities are valued based on dividend discount model and book value and price to book multiple method, multiples using latest financial statements available of the investee entities after considering for Discount for lack of marketability (DLOM) in the range of 20%-80%. The Group classifies the fair value of these investments as Level 3. The discount for lack of marketability represents the amounts that the Group has determined that market participants would take into account when pricing the investments.

Funds

The Group invests in a managed funds, including private equity funds, which are not quoted in an active market and which may be subject to restrictions on redemptions such as lock up periods. The management considers the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investing, to ensure they are reasonable and appropriate. Therefore, the Net Asset Value (NAV) of these funds may be used as an input into measuring their fair value. The Group classifies these funds as Level 3.

Other financial assets and liabilities at amortised cost

Fair value of other financial instruments is not materially different from their carrying values, at the reporting date, as most of these instruments are of short term maturity or re-priced immediately based on market movement in interest rates. The fair value of financial assets and financial liabilities with a demand feature is not less than its face value.

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>30 September</i>	<i>31 December</i>	<i>30 September</i>
	<i>2023</i>	<i>2022</i>	<i>2022</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
As at the beginning of the period/ year	727,553	839,145	824,948
Disposals	-	(14,198)	-
Change in fair value	-	(97,394)	-
As at the end of the period/ year	727,553	727,553	824,948

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)

The valuation techniques and inputs used in this 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.

12 ANNUAL GENERAL MEETING AND DISTRIBUTION APPROVED

The Board of Directors in their meeting held on 20 March 2023, proposed a cash dividend of 5% (2022: 5%) of the paid-up share capital (5 fils per share aggregating to KD 818,464) for the year ended 31 December 2022 (2021: KD 818,464) which were approved by the shareholders of the Parent Company at the annual general meeting (AGM) held on 2 May 2023. Dividends payable at the reporting date amounted to KD 2,845 and recorded within 'accounts payable and accruals' in the interim condensed consolidated statement of financial position.