

**A'AYAN LEASING AND INVESTMENT
COMPANY K.S.C.P. AND SUBSIDIARIES**

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

30 JUNE 2024



REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF A'AYAN LEASING AND INVESTMENT COMPANY K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of A'ayan Leasing and Investment Company K.S.C.P. (the “Parent Company”) and Subsidiaries (collectively, the “Group”) as at 30 June 2024, and the related interim condensed consolidated income statement and interim condensed consolidated statement of comprehensive income for three-month and six-month periods then ended, and the related interim condensed consolidated statement of cash flows and interim condensed consolidated statement of changes in equity for the six-month period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with basis of preparation set out in Note 2. 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 basis of preparation as set out in Note 2.

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF A'AYAN LEASING AND INVESTMENT 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 six months period ended 30 June 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. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, or of the provisions of Law No. 7 of 2010 concerning establishment of Capital Markets Authority "CMA" and organisation of security activity and its executive regulations, as amended, during the six months period ended 30 June 2024 that might have had 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

28 July 2024
Kuwait

A'ayan Leasing and Investment Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the period ended 30 June 2024

	<i>Notes</i>	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
		2024	2023	2024	2023
		KD	KD	KD	KD
INCOME					
Income from leasing operations	3	3,390,426	3,522,639	6,789,137	7,242,797
Net real estate income	4	1,067,301	949,459	2,086,748	1,904,410
Net (loss) income from investments and saving deposits	5	(519,667)	1,320,746	1,463,741	2,082,799
Share of results of associates	9	789,679	1,000,280	1,227,947	1,807,220
Advisory and management fees		59,109	62,079	115,350	125,444
Islamic finance income		7,538	3,233	12,626	6,046
Other income		57,103	30,257	70,424	61,150
		4,851,489	6,888,693	11,765,973	13,229,866
EXPENSES					
Finance costs		(146,302)	(169,190)	(299,158)	(315,745)
Net reversal (allowance) for expected credit losses and other provisions	6	783,046	(70,381)	525,430	(581,053)
Staff costs		(1,422,261)	(1,658,676)	(3,244,762)	(3,382,261)
Depreciation		(111,345)	(95,245)	(215,992)	(190,863)
Net foreign exchange differences		(9,959)	(3,216)	(107,423)	(28,778)
Other expenses		(541,270)	(597,922)	(1,054,221)	(1,087,151)
		(1,448,091)	(2,594,630)	(4,396,126)	(5,585,851)
PROFIT BEFORE PROVISION FOR TAX		3,403,398	4,294,063	7,369,847	7,644,015
Taxation		(100,872)	(151,529)	(285,913)	(255,617)
Taxation from subsidiaries		(58,396)	(54,145)	(114,963)	(115,456)
PROFIT FOR THE PERIOD		3,244,130	4,088,389	6,968,971	7,272,942
Attributable to:					
Equity holders of the Parent Company		2,989,112	3,883,352	6,449,638	6,826,608
Non-controlling interests		255,018	205,037	519,333	446,334
		3,244,130	4,088,389	6,968,971	7,272,942
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	7	4.50 fils	5.85 fils	9.71 fils	10.28 fils

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

A'ayan Leasing and Investment Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 June 2024

	<i>Three months ended</i> <i>30 June</i>		<i>Six months ended</i> <i>30 June</i>	
	2024	2023	2024	2023
	KD	KD	KD	KD
PROFIT FOR THE PERIOD	3,244,130	4,088,389	6,968,971	7,272,942
Other comprehensive loss:				
<i>Other comprehensive loss to be reclassified to interim condensed consolidated income statement in subsequent periods:</i>				
Exchange differences on translation of foreign operations	(38,371)	(84,368)	(1,236,205)	(765,591)
<i>Other comprehensive loss not to be reclassified to interim condensed consolidated income statement in subsequent periods:</i>				
Share of other comprehensive loss of associates	(111,110)	(97,118)	(144,424)	(230,476)
Total other comprehensive loss	(149,481)	(181,486)	(1,380,629)	(996,067)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3,094,649	3,906,903	5,588,342	6,276,875
Attributable to:				
Equity holders of the Parent Company	2,862,001	3,751,390	5,789,363	6,279,943
Non-controlling interests	232,648	155,513	(201,021)	(3,068)
	3,094,649	3,906,903	5,588,342	6,276,875

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

A'ayan Leasing and Investment Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2024

		30 June 2024 KD	31 December 2023 (Audited) KD	30 June 2023 KD
	Notes			
ASSETS				
Cash and cash equivalents	8	13,656,715	19,733,927	16,486,403
Financial assets at fair value through profit or loss	13	11,656,291	11,686,885	11,489,266
Investment in associates	9	19,190,886	18,060,910	19,870,372
Investment properties		30,333,552	30,603,517	30,634,813
Other assets		11,999,839	8,576,756	9,371,298
Property and equipment		76,555,152	65,131,540	62,783,960
Leasehold property		-	-	168,873
Goodwill		-	-	91,005
TOTAL ASSETS		163,392,435	153,793,535	150,895,990
EQUITY AND LIABILITIES				
Equity				
Share capital		66,403,882	66,403,882	66,403,882
Statutory reserve		3,020,077	3,020,077	1,713,799
Asset revaluation surplus		8,755,469	8,755,469	8,755,469
Foreign currency translation reserve		(1,778,889)	(1,263,038)	(1,240,707)
Effect of changes in reserves of associates		336,939	475,197	460,811
Retained earnings		22,166,583	20,665,193	16,430,055
Equity attributable to equity holders of the Parent Company		98,904,061	98,056,780	92,523,309
Non-controlling interests		11,364,696	12,316,947	11,657,451
Total equity		110,268,757	110,373,727	104,180,760
Liabilities				
Islamic finance payables		10,117,425	11,370,449	14,278,228
Other liabilities		43,006,253	32,049,359	32,437,002
Total liabilities		53,123,678	43,419,808	46,715,230
TOTAL EQUITY AND LIABILITIES		163,392,435	153,793,535	150,895,990

Mansour Hamad Al-Mubarak
Chairman

Abdullah Mohammed Al-Shatti
Chief Executive Officer

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

A'ayan Leasing and Investment Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 June 2024

	Attributable to equity holders of the Parent Company						Non-controlling interests KD	Total equity KD
	Share capital KD	Statutory reserve KD	Asset revaluation surplus KD	Foreign currency translation reserve KD	Effect of changes in reserves of associates KD	Retained earnings KD		
As at 1 January 2024	66,403,882	3,020,077	8,755,469	(1,263,038)	475,197	20,665,193	98,056,780	110,373,727
Profit for the period	-	-	-	-	-	6,449,638	519,333	6,968,971
Other comprehensive loss	-	-	-	(515,851)	(144,424)	-	(720,354)	(1,380,629)
Total comprehensive (loss) income for the period	-	-	-	(515,851)	(144,424)	6,449,638	(201,021)	5,588,342
Dividend (Note 1)	-	-	-	-	-	(4,980,291)	-	(4,980,291)
Transfer to retained earnings upon partial disposal of investment in associates	-	-	-	-	6,166	(6,166)	-	-
Dividend to non-controlling interests	-	-	-	-	-	-	(602,383)	(602,383)
Change in ownership interest in subsidiaries	-	-	-	-	-	38,209	(148,847)	(110,638)
As at 30 June 2024	66,403,882	3,020,077	8,755,469	(1,778,889)	336,939	22,166,583	11,364,696	110,268,757
As at 1 January 2023	66,403,882	1,713,799	8,755,469	(924,518)	691,287	14,583,738	12,250,888	103,474,545
Profit for the period	-	-	-	-	-	6,826,608	446,334	7,272,942
Other comprehensive loss	-	-	-	(316,189)	(230,476)	-	(449,402)	(996,067)
Total comprehensive (loss) income for the period	-	-	-	(316,189)	(230,476)	6,826,608	(3,068)	6,276,875
Dividend (Note 1)	-	-	-	-	-	(4,980,291)	-	(4,980,291)
Dividend to non-controlling interests	-	-	-	-	-	-	(612,872)	(612,872)
Movement in non-controlling interests	-	-	-	-	-	-	22,503	22,503
As at 30 June 2023	66,403,882	1,713,799	8,755,469	(1,240,707)	460,811	16,430,055	11,657,451	104,180,760

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

A'ayan Leasing and Investment Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 KD	2023 KD
OPERATING ACTIVITIES			
Profit before provision for tax		7,369,847	7,644,015
<i>Non-cash adjustments to reconcile profit before tax to net cash flows:</i>			
Depreciation and amortisation		5,498,174	5,483,697
Net (reversal) allowance for expected credit losses and provisions	6	(525,430)	581,053
Gain on sale of investment properties	4	-	(2,960)
Income from investments and saving deposits		(1,388,728)	(2,082,799)
Income from disposal of investment in associates		(75,013)	-
Share of results of associates	9	(1,227,945)	(1,807,220)
Redemption from investments in associates		(51,415)	-
Net foreign exchange differences		107,423	28,778
Provision for employees' end of service benefits		298,627	333,926
Finance costs		452,638	334,644
		10,458,178	10,513,134
<i>Changes in operating assets and liabilities:</i>			
Islamic finance receivables		32,363	25,038
Other assets		(8,970,867)	(5,937,397)
Other liabilities		365,351	(715,175)
Cash flows from operations		1,885,025	3,885,600
End of service benefits paid		(28,752)	(25,554)
Taxes paid		(606,287)	(554,754)
Net cash flows from operating activities		1,249,986	3,305,292
INVESTING ACTIVITIES			
Addition of associates		(467,482)	(1,178,611)
Purchase of financial assets at fair value through profit or loss		(415,081)	(442,540)
Proceeds from sale/redemption of financial assets at fair value through profit or loss		964,479	-
Proceeds from sale/redemption of investment at associates		250,472	-
Purchase of investment properties		(658,520)	-
Proceeds from sale of investment properties		-	72,650
Income received from investment and savings deposits	5	349,304	210,532
Dividend received from financial assets at fair value through profit or loss		520,620	465,535
Dividend and capital reduction proceed received from associates	9	215,961	4,037,294
Purchase of property and equipment		(91,266)	(13,621)
Movement in restricted bank balance		-	(9,053)
Net cash flows used in investing activities		668,487	3,142,186
FINANCING ACTIVITIES			
Payments towards capital reduction		(53,399)	(284,731)
Dividend paid	1	(4,844,689)	(4,810,196)
Finance costs paid		(348,379)	(290,565)
Repayment of Islamic finance payables		(1,202,391)	(202,391)
Payment of lease liabilities		(833,804)	(806,292)
Dividends paid to non-controlling interests		(602,383)	(612,872)
Net movement in non-controlling interests		(110,638)	22,503
Net cash flows used in financing activities		(7,995,683)	(6,984,544)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(6,077,210)	(537,066)
Cash and cash equivalents as at 1 January		19,717,907	16,998,405
CASH AND CASH EQUIVALENTS AS AT 30 JUNE	8	13,640,697	16,461,339
Non-cash items excluded from the interim condensed consolidated statement of cash flows:			
Additions to right-of-use assets		(11,280,292)	(27,450)
Additions to lease liabilities		11,280,292	27,450

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

A'ayan Leasing and Investment Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

30 June 2024

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of A'ayan Leasing and Investment Company K.S.C.P. (the "Parent Company") and subsidiaries (collectively, the "Group") for the six months ended 30 June 2024 was authorised for issue in accordance with a resolution of the Board of Directors ("BOD") of the Parent Company on 28 July 2024.

The consolidated financial statements of the Group for the year ended 31 December 2023 were approved in the annual general assembly meeting ("AGM") of the shareholders of the Parent Company held on 4 March 2024 and a cash dividend of 7.5% of the paid-up capital amounting to KD 4,980,291 was approved for the year ended 31 December 2023 (30 June 2023: Nil).

The Parent Company is a public shareholding company, incorporated and domiciled in the State of Kuwait, and whose shares are publicly traded in Bursa Kuwait. The Parent Company is regulated by the Central Bank of Kuwait ("CBK") and Capital Markets Authority ("CMA") as finance and investment company, respectively. The Parent Company's head office is located at A'ayan headquarters, Mohamed Bin Qasim Street, Al Rai 13027 and its registered postal address is P.O. Box 1426, Safat 13015, State of Kuwait.

The Group engages in financial investments, trading properties, investment properties and leasing activities as detailed in the Group's annual consolidated financial statements for the year ended 31 December 2023.

The Group carries out its activities in accordance with the principles of Islamic Shari'a as approved by the Fatwa and Shari'a board appointed by the Parent Company.

The interim condensed consolidated financial information includes the financial information of the Parent Company and the following principal subsidiaries:

<i>Subsidiary's Name</i>	<i>Activity</i>	<i>Incorporation</i>	<i>% equity interest</i>		
			<i>30 June 2024</i>	<i>(Audited) 31 December 2023</i>	<i>30 June 2023</i>
Mubarrad Holding Company K.S.C.P. ("Mubarrad") ¹	Logistics services and real estate	Kuwait	41.7%	41.3%	41.3%
A'ayan Leasing Holding Company K.S.C. (Holding)	Leasing activities	Kuwait	100%	100%	100%
East Gate Real Estate Company S.P.C.	Real estate	Kuwait	100%	100%	100%
Jahraa Mall – JV	Real estate	Kuwait	77.1%	77.1%	77.1%

¹ As at 30 June 2024, the Group has 41.7% (31 December 2023: 41.3% and 30 June 2023: 41.3%) of ownership interest in Mubarrad. Although the Group currently owns less than 50% of the equity of Mubarrad, management determined that it still controls the investee because the Group continues to hold the majority of the voting rights in view of the widely dispersed shareholding structure and the absence of evidence of minority shareholder acting in concert. The Group also holds the majority of the seats on the BOD, and accordingly, considers that it exercises *de facto* control over Mubarrad, based on IFRS 10: *Consolidated Financial Statements* criteria analysis.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

30 June 2024

**2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S MATERIAL ACCOUNTING
POLICIES INFORMATION**

2.1 Basis of preparation

The interim condensed consolidated financial information of the Group is prepared in accordance with International Accounting Standard 34, "*Interim Financial Reporting*", except as noted below.

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with the regulations for financial services institutions as issued by the CBK in the State of Kuwait. These regulations require expected credit loss ("ECL") to be measured at the higher of the ECL on credit facilities computed under IFRS 9 according to the CBK guidelines or the provisions as required by CBK instructions; the consequent impact on related disclosures; and the adoption of all other requirements of International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB") (collectively, referred to as "IFRS, as adopted by the CBK for use by the State of Kuwait").

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 2023.

Further, the results for the six months period ended 30 June 2024, are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

Certain prior year/ period amounts do not correspond with the 2023 annual consolidated financial statements and interim condensed consolidated financial information and reflect adjustments to conform to the current year presentation. Such adjustments do not affect previously reported total assets, equity and profit for the year/ period.

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 2023, except for the adoption of new standards effective as of 1 January 2024. 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 2024, but do not have an impact on the interim condensed consolidated financial information of the Group.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Group's interim condensed consolidated financial information.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

30 June 2024

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S MATERIAL ACCOUNTING POLICIES INFORMATION (continued)**2.2 New standards, interpretations and amendments adopted by the Group (continued)*****Amendments to IAS 1: Classification of Liabilities as Current or Non-current***

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- ▶ What is meant by a right to defer settlement
- ▶ That a right to defer must exist at the end of the reporting period
- ▶ That classification is unaffected by the likelihood that an entity will exercise its deferral right
- ▶ That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

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

3 INCOME FROM LEASING OPERATIONS

	<i>Three months ended</i> <i>30 June</i>		<i>Six months ended</i> <i>30 June</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Operating lease rental income	5,257,046	5,003,326	10,520,775	10,067,268
Service and maintenance and other related income	318,131	332,461	617,680	643,425
Gain on disposal of motor vehicles	835,115	976,633	1,577,470	2,026,249
	6,410,292	6,312,420	12,715,925	12,736,942
Less: depreciation of motor vehicles	(2,348,913)	(2,206,644)	(4,647,830)	(4,342,269)
Less: maintenance and other expenses	(670,953)	(583,137)	(1,278,958)	(1,151,876)
	3,390,426	3,522,639	6,789,137	7,242,797

4 NET REAL ESTATE INCOME

	<i>Three months ended</i> <i>30 June</i>		<i>Six months ended</i> <i>30 June</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Gain on sale of investment properties	-	2,259	-	2,960
Rental income from investment properties	1,013,026	868,176	1,899,510	1,768,502
Rental income from leasehold rights	662,377	718,304	1,315,170	1,423,087
Depreciation of right-of-use assets relating to leasehold rights	(286,952)	(309,163)	(634,353)	(618,327)
Amortisation of leasehold rights	-	(167,037)	-	(332,238)
Accretion of finance cost on lease liabilities	(133,555)	(7,385)	(153,480)	(18,899)
Real estate related expenses	(65,441)	(72,233)	(142,461)	(162,109)
Leasehold property related expenses	(122,154)	(83,462)	(197,638)	(158,566)
	1,067,301	949,459	2,086,748	1,904,410

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

30 June 2024

5 NET INCOME (LOSS) FROM INVESTMENTS AND SAVING DEPOSITS

	<i>Three months ended</i> <i>30 June</i>		<i>Six months ended</i> <i>30 June</i>	
	2024	2023	2024	2023
	KD	KD	KD	KD
Investment deposits and savings profits	109,103	174,613	349,304	210,532
Dividend income	514,504	399,750	520,620	519,815
Gain on disposal of investment in associates	75,013	-	75,013	-
Changes in fair value of financial assets at FVTPL	(1,218,287)	746,383	518,804	1,352,452
	(519,667)	1,320,746	1,463,741	2,082,799

6 NET (REVERSAL) ALLOWANCE FOR EXPECTED CREDIT LOSSES AND OTHER PROVISIONS

	<i>Three months ended</i> <i>30 June</i>		<i>Six months ended</i> <i>30 June</i>	
	2024	2023	2024	2023
	KD	KD	KD	KD
Reversal of allowance for impairment on Islamic finance receivables	(19,654)	(12,512)	(32,363)	(25,038)
Net (reversal) charge of allowance on other assets	(267,769)	(14,688)	(295,064)	10,798
Net charge of allowance for impairment on trade receivables	68,302	97,581	65,922	108,401
Net (reversal) allowance for provision for legal cases	(563,925)	-	(263,925)	486,892
	(783,046)	70,381	(525,430)	581,053

7 BASIC AND DILUTED 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>30 June</i>		<i>Six months ended</i> <i>30 June</i>	
	2024	2023	2024	2023
Profit for the period attributable to the equity holders of the Parent Company (KD)	2,989,112	3,883,352	6,449,638	6,826,608
Weighted average number of shares outstanding during the period (shares)	664,038,824	664,038,824	664,038,824	664,038,824
Basic and diluted earnings per share attributable to the equity holders of the Parent Company (fils)	4.50	5.85	9.71	10.28

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

A'ayan Leasing and Investment Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

30 June 2024

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 June 2024 KD	(Audited) 31 December 2023 KD	30 June 2023 KD
Cash and bank balances	5,178,463	5,192,032	5,669,923
Short-term placements with financial institutions	8,478,252	14,541,895	10,816,480
Cash and cash equivalents as per interim condensed consolidated statement of financial position	13,656,715	19,733,927	16,486,403
Less: restricted cash	(16,018)	(16,020)	(25,064)
Cash and cash equivalents as per interim condensed consolidated statement of cash flows	13,640,697	19,717,907	16,461,339

Cash and cash equivalents amounting to KD 213,169 (31 December 2023: KD 111,468 and 30 June 2023: KD 139,520) is maintained with one of the major shareholders (Note 11).

9 INVESTMENT IN ASSOCIATES

a) Set out below are the material associates of the Group as at the reporting date:

Associate's Name	Country of domicile	% equity interest			Principal activities
		30 June 2024	(Audited) 31 December 2023	30 June 2023	
Oman Integral Logistics Company O.S.C.C ¹	Oman	50%	50%	50%	Logistics
A'ayan Real Estate Company K.S.C.P. ("AREC") ²	Kuwait	9.1%	9.8%	9.8%	Real estate
Tawazun Holding Company K.S.C (Closed) ("Tawazun") ³	Kuwait	45.5%	43.8%	43.8%	Holding Company
Light Fields Catering Company W.L.L. ¹	Kuwait	30%	30%	30%	Food supplies

¹ Included in the carrying amount of the investment in the associates is goodwill of KD 115,822 (31 December 2023: KD 115,822 and 30 June 2023: KD 115,822).

² As at 30 June 2024, the Group has 9.1% (31 December 2023: 9.8% and 30 June 2023: 9.8%) of ownership interest in AREC. Although the Group currently owns less than 20% of the equity of AREC, management determined that it still exerts significant influence over the investee through both its collective voting rights and its nominated directors' active participation on AREC's BOD, based on IAS 28: Investments in Associates and Joint Ventures criteria analysis, and accordingly, the Group has accounted for its interest in AREC as an investment in associate using the equity method of accounting in accordance with IAS 28: *Investments in Associates and Joint Ventures*. During the period, group has acquired 0.02% of A'ayan Real Estate Company K.S.C.P. for a consideration of KD 8,313 fully paid in cash. During the period, group has sold 0.75% of shares for a consideration of KD 250,472 and a profit of 75,013 has been recognised.

³ During the period, group has acquired 1.73% of Tawazun Holding Company K.S.C (Closed) for a consideration of KD 459,169 fully paid in cash.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

30 June 2024

9 INVESTMENT IN ASSOCIATES (continued)

b) The movement in the carrying value of investment in associates is as follows:

	30 June 2024 KD	<i>(Audited)</i> 31 December 2023 KD	30 June 2023 KD
As at the beginning of the period/ year	18,060,910	20,091,871	20,091,871
Additions	467,482	2,303,611	2,303,611
Share of results	1,227,947	1,262,089	1,807,220
Share of other comprehensive loss	(144,424)	(216,090)	(230,476)
Dividend from associates	(215,961)	(1,008,208)	(929,431)
Capital reduction from associates	-	(4,337,214)	(3,110,527)
Sale / redemption of Associate	(341,459)	-	-
Foreign currency translation adjustments	136,391	(35,149)	(61,896)
As at the end of the period/ year	19,190,886	18,060,910	19,870,372

10 CONTINGENCIES

As at 30 June 2024, the Group's bankers have provided bank guarantees amounting to KD 550,417 (31 December 2023: KD 392,854 and 30 June 2023: KD 1,083,442) from which it is anticipated that no material liabilities will arise.

11 RELATED PARTY DISCLOSURES

These represent transactions with certain parties (associates, major shareholders, 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 Parent Company's management.

	Associates KD	Major shareholders KD	Other related parties KD	<i>Six months ended</i> 30 June	
				2024 KD	2023 KD
Interim condensed consolidated income statement					
Finance costs	-	32,618	-	32,618	37,636
Advisory and management fees (net of property management commission)	(9,175)	-	125,591	116,416	122,200
Dividend income	-	16,211	249,492	265,703	260,728

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

30 June 2024

11 RELATED PARTY DISCLOSURES (continued)

	<i>Associates</i>	<i>Major</i>	<i>Other related</i>	<i>30 June</i>	<i>(Audited)</i>	<i>30 June</i>
	<i>KD</i>	<i>shareholders</i>	<i>parties</i>	<i>2024</i>	<i>31 December</i>	<i>2023</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>2023</i>	<i>2023</i>
					<i>KD</i>	<i>KD</i>
<i>Interim condensed consolidated statement of financial position:</i>						
Cash and bank balances	-	213,169	-	213,169	111,468	139,520
Amount due from related parties (included in other assets)	383,476	-	248,393	631,869	476,341	327,614
Financial assets at FVTPL	-	1,457,234	7,405,656	8,862,890	8,635,619	8,622,859
Islamic finance payables	-	1,044,574	-	1,044,574	1,290,191	1,251,983
Trade Payable (included in other liabilities)	-	-	1,127,301	1,127,301	995,103	415,264
Amount due to related parties (included in other liabilities)	3,414	-	-	3,414	74,546	513,122

The following table provides total amount of other transactions that have been entered into/ with the related parties for the relevant financial period:

	<i>Other related</i>	<i>Six months ended</i>	
	<i>parties</i>	<i>30 June</i>	
	<i>KD</i>	<i>2024</i>	<i>2023</i>
		<i>KD</i>	<i>KD</i>
Purchases of inventories	1,394,655	1,394,655	982,995

Terms and conditions of transactions with related parties

Transactions with related parties are made on terms approved by management. Outstanding balances at the reporting period other than Islamic finance payables are unsecured, non-profit bearing and have no fixed repayment schedule. For the period ended 30 June 2024 and 2023, the Group has not recorded any further provisions for expected credit losses relating to amounts owed by related parties. There have been no guarantees received or provided for any related party receivables or payables.

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 with key management were as follows:

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Key management personnel compensation:</i>				
Salaries and other short-term benefits	212,237	205,399	964,440	802,750
End of service benefits	30,960	29,511	100,498	157,765
	243,197	234,910	1,064,938	960,515

On 4 March 2024, the shareholders at the Annual General Meeting had approved directors' remuneration amounting to KD 120,000 for the year ended 31 December 2023 based on the proposal of the board of directors on 01 February 2024.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

30 June 2024

12 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:

- ▶ **Islamic financing:** Providing a range of Islamic products to corporate and individual customers;
- ▶ **Leasing sector:** Leasing of vehicle and equipment to corporate and individual customers and investments with similar or related operations;
- ▶ **Real estate management:** Buying, selling and investing in real estate; and
- ▶ **Proprietary investment and assets management:** Operations of the Group's subsidiaries and associates (excluding subsidiaries and associates falling under the leasing sector) and managing funds and portfolios.

	<i>Islamic financing KD</i>	<i>Leasing sector KD</i>	<i>Real estate KD</i>	<i>Proprietary investment and assets management KD</i>	<i>Others KD</i>	<i>Total KD</i>
<i>Six months period ended 30 June 2024</i>						
Revenue	13,650	6,909,417	1,090,281	3,567,365	185,260	11,765,973
Segment profit (loss)	24,286	3,721,694	678,179	2,535,856	8,956	6,968,971
Depreciation	-	(4,851,215)	(638,561)	(8,398)	-	(5,498,174)
<i>30 June 2024</i>						
Total assets	-	78,642,283	26,774,903	48,201,299	9,773,950	163,392,435
Total liabilities	-	21,040,014	12,570,161	2,130,566	17,382,937	53,123,678
Goodwill	-	-	-	-	-	-
	<i>Islamic financing KD</i>	<i>Leasing sector KD</i>	<i>Real estate KD</i>	<i>Proprietary investment and assets management KD</i>	<i>Others KD</i>	<i>Total KD</i>
<i>31 December 2023 (audited)</i>						
Total assets	-	78,857,079	16,421,948	49,155,908	9,358,600	153,793,535
Total liabilities	-	20,961,265	1,955,394	2,586,198	17,916,951	43,419,808
Goodwill	-	-	-	-	-	-

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

30 June 2024

12 SEGMENT INFORMATION (continued)

	<i>Islamic financing KD</i>	<i>Leasing sector KD</i>	<i>Real estate KD</i>	<i>Proprietary investment and assets management KD</i>	<i>Others KD</i>	<i>Total KD</i>
<i>Six months period ended 30 June 2023</i>						
Revenue	6,065	7,276,159	1,089,497	4,752,657	105,488	13,229,866
Segment profit (loss)	11,174	4,117,175	664,681	3,795,172	(1,315,260)	7,272,942
Depreciation	-	(4,524,217)	(621,376)	(5,866)	-	(5,151,459)
Amortisation of leasehold rights	-	-	(332,238)	-	-	(332,238)
	<i>Islamic financing KD</i>	<i>Leasing sector KD</i>	<i>Real estate KD</i>	<i>Proprietary investment and assets management KD</i>	<i>Others KD</i>	<i>Total KD</i>
<i>30 June 2023</i>						
Total assets	-	74,353,451	19,790,731	49,071,963	7,679,845	150,895,990
Total liabilities	-	22,332,238	3,063,201	3,292,038	18,027,753	46,715,230
Goodwill	-	-	-	91,005	-	91,005

13 FAIR VALUE MEASUREMENT

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in orderly transactions between market participants at the measurement date.

Fair value hierarchy

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

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

30 June 2024

13 FAIR VALUE MEASUREMENT (continued)

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:

	<i>Fair value measurement using</i>		
	<i>Quoted prices in active markets (Level 1) KD</i>	<i>Significant unobservable inputs (Level 3) KD</i>	<i>Total KD</i>
30 June 2024			
Assets measured at fair value:			
<i>Investment securities:</i>			
Financial assets at FVTPL	9,518,755	2,137,536	11,656,291

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the six months ended 30 June 2024.

	<i>Fair value measurement using</i>		
	<i>Quoted prices in active markets (Level 1) KD</i>	<i>Significant unobservable inputs (Level 3) KD</i>	<i>Total KD</i>
31 December 2023 (audited)			
Assets measured at fair value:			
<i>Investment securities:</i>			
Financial assets at FVTPL	9,397,884	2,289,001	11,686,885

	<i>Fair value measurement using</i>		
	<i>Quoted prices in active markets (Level 1) KD</i>	<i>Significant unobservable inputs (Level 3) KD</i>	<i>Total KD</i>
30 June 2023			
<i>Investment securities:</i>			
Financial assets at FVTPL	9,481,937	2,007,329	11,489,266

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>Financial assets at FVTPL KD</i>
As at 1 January 2024	2,289,001
Disposal	(863,343)
Remeasurements recognised in interim condensed consolidated income statement	711,878
As at 30 June 2024	2,137,536

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
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13 FAIR VALUE MEASUREMENT (continued)

	<i>Financial assets at FVTPL KD</i>
As at 1 January 2023	1,808,465
Transfer from Level 1	26,562
Additions	200,000
Disposal	(1,135,517)
Remeasurements recognised in interim condensed consolidated income statement	1,389,491
	<hr/>
As at 31 December 2023	2,289,001
	<hr/>
	<i>Financial assets at FVTPL KD</i>
As at 1 January 2023	1,808,465
Additions	200,000
Remeasurements recognised in interim condensed consolidated income statement	(1,136)
	<hr/>
As at 30 June 2023	2,007,329
	<hr/>

For assets classified as Level 3, fair value is estimated using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of similar assets; or other valuation techniques. The Group has also performed a sensitivity analysis by varying these input factors by 5%. Based on such analysis, there is no material impact on the interim condensed consolidated financial information.

Management assessed that the carrying value of other 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. The fair value of financial assets and financial liabilities with a demand feature is not less than its face value.

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