

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

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

**31 MARCH 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 31 March 2024, and the related interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of cash flows and interim condensed consolidated statement of changes in equity for the three months 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 three months period ended 31 March 2024 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No. 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 three months period ended 31 March 2024 that might have had material effect on the business of the Parent Company or on its financial position.



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

6 May 2024  
Kuwait

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

## INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the period ended 31 March 2024

		<i>Three months ended</i>	
		<i>31 March</i>	
	<i>Notes</i>	<i>2024</i>	<i>2023</i>
		<i>KD</i>	<i>KD</i>
<b>INCOME</b>			
Income from leasing operations	3	<b>3,398,711</b>	3,720,158
Net real estate income	4	<b>1,019,447</b>	954,951
Net income from investments and saving deposits	5	<b>1,983,408</b>	762,053
Share of results of associates	9	<b>438,268</b>	806,940
Advisory and management fees		<b>56,241</b>	63,365
Islamic finance income		<b>5,088</b>	2,813
Other income		<b>13,321</b>	30,893
		<b>6,914,484</b>	6,341,173
<b>EXPENSES</b>			
Finance costs		<b>(152,856)</b>	(146,555)
Net allowance for expected credit losses and other provisions	6	<b>(257,616)</b>	(510,672)
Staff costs		<b>(1,822,501)</b>	(1,723,585)
Depreciation		<b>(104,647)</b>	(95,618)
Net foreign exchange differences		<b>(97,464)</b>	(25,562)
Other expenses		<b>(512,951)</b>	(490,560)
		<b>(2,948,035)</b>	(2,992,552)
<b>PROFIT BEFORE PROVISION FOR TAX</b>		<b>3,966,449</b>	3,348,621
Taxation		<b>(185,041)</b>	(104,088)
Taxation from subsidiaries		<b>(56,567)</b>	(59,980)
<b>PROFIT FOR THE PERIOD</b>		<b>3,724,841</b>	3,184,553
<b>Attributable to:</b>			
Equity holders of the Parent Company		<b>3,460,526</b>	2,943,256
Non-controlling interests		<b>264,315</b>	241,297
		<b>3,724,841</b>	3,184,553
<b>BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>	7	<b>5.21 Fils</b>	4.43 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 31 March 2024

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2024</i>	<i>2023</i>
	<i>KD</i>	<i>KD</i>
<b>PROFIT FOR THE PERIOD</b>	<b>3,724,841</b>	3,184,553
<b>Other comprehensive loss:</b>		
<i>Other comprehensive loss to be reclassified to interim condensed consolidated income statement in subsequent periods:</i>		
Exchange differences on translation of foreign operations	(1,197,834)	(681,223)
<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	(33,314)	(133,358)
<b>Total other comprehensive loss</b>	<b>(1,231,148)</b>	(814,581)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>2,493,693</b>	2,369,972
<b>Attributable to:</b>		
Equity holders of the Parent Company	2,927,362	2,528,553
Non-controlling interests	(433,669)	(158,581)
	<b>2,493,693</b>	2,369,972

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 31 March 2024

		31 March 2024 KD	31 December 2023 (Audited) KD	31 March 2023 KD
	Notes			
<b>ASSETS</b>				
Cash and cash equivalents	8	17,229,037	19,733,927	16,935,086
Financial assets at fair value through profit or loss	13	13,423,976	11,686,885	10,325,209
Investment in associates	9	18,541,662	18,060,910	23,015,453
Investment properties		30,389,580	30,603,517	30,701,285
Other assets		9,834,340	8,576,756	8,926,371
Property and equipment		68,364,200	65,131,540	61,691,264
Leasehold property		-	-	335,910
Goodwill		-	-	91,005
<b>TOTAL ASSETS</b>		<b>157,782,795</b>	<b>153,793,535</b>	<b>152,021,583</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
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		(1,762,888)	(1,263,038)	(1,205,863)
Effect of changes in reserves of associates		441,883	475,197	557,929
Retained earnings		19,174,477	20,665,193	12,546,703
<b>Equity attributable to equity holders of the Parent Company</b>		<b>96,032,900</b>	<b>98,056,780</b>	<b>88,771,919</b>
Non-controlling interests		11,642,650	12,316,947	12,003,075
<b>Total equity</b>		<b>107,675,550</b>	<b>110,373,727</b>	<b>100,774,994</b>
<b>Liabilities</b>				
Islamic finance payables		10,099,623	11,370,449	14,496,484
Other liabilities		40,007,622	32,049,359	36,750,105
<b>Total liabilities</b>		<b>50,107,245</b>	<b>43,419,808</b>	<b>51,246,589</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>157,782,795</b>	<b>153,793,535</b>	<b>152,021,583</b>

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 31 March 2024

	<i>Attributable to equity holders of the Parent Company</i>								
	<i>Share capital KD</i>	<i>Statutory reserve KD</i>	<i>Asset revaluation surplus KD</i>	<i>Foreign currency translation reserve KD</i>	<i>Effect of changes in reserves of associates KD</i>	<i>Retained earnings KD</i>	<i>Subtotal KD</i>	<i>Non-controlling interests KD</i>	<i>Total equity KD</i>
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	12,316,947	110,373,727
Profit for the period	-	-	-	-	-	3,460,526	3,460,526	264,315	3,724,841
Other comprehensive loss	-	-	-	(499,850)	(33,314)	-	(533,164)	(697,984)	(1,231,148)
Total comprehensive (loss) income for the period	-	-	-	(499,850)	(33,314)	3,460,526	2,927,362	(433,669)	2,493,693
Dividend (Note 1)	-	-	-	-	-	(4,980,291)	(4,980,291)	-	(4,980,291)
Dividend to non-controlling interests	-	-	-	-	-	-	-	(78,974)	(78,974)
Change in ownership interest in subsidiaries	-	-	-	-	-	29,049	29,049	(161,654)	(132,605)
<b>As at 31 March 2024</b>	<b>66,403,882</b>	<b>3,020,077</b>	<b>8,755,469</b>	<b>(1,762,888)</b>	<b>441,883</b>	<b>19,174,477</b>	<b>96,032,900</b>	<b>11,642,650</b>	<b>107,675,550</b>
As at 1 January 2023	66,403,882	1,713,799	8,755,469	(924,518)	691,287	14,583,738	91,223,657	12,250,888	103,474,545
Profit for the period	-	-	-	-	-	2,943,256	2,943,256	241,297	3,184,553
Other comprehensive loss	-	-	-	(281,345)	(133,358)	-	(414,703)	(399,878)	(814,581)
Total comprehensive (loss) income for the period	-	-	-	(281,345)	(133,358)	2,943,256	2,528,553	(158,581)	2,369,972
Dividend (Note 1)	-	-	-	-	-	(4,980,291)	(4,980,291)	-	(4,980,291)
Dividend to non-controlling interests	-	-	-	-	-	-	-	(89,232)	(89,232)
<b>As at 31 March 2023</b>	<b>66,403,882</b>	<b>1,713,799</b>	<b>8,755,469</b>	<b>(1,205,863)</b>	<b>557,929</b>	<b>12,546,703</b>	<b>88,771,919</b>	<b>12,003,075</b>	<b>100,774,994</b>

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 31 March 2024

	Notes	Three months ended 31 March	
		2024 KD	2023 KD
<b>OPERATING ACTIVITIES</b>			
Profit before provision for tax		3,966,449	3,348,621
<i>Non-cash adjustments to reconcile profit before tax to net cash flows:</i>			
Depreciation and amortisation		2,750,967	2,705,608
Net allowance for expected credit losses and provisions	6	257,616	510,672
Gain on sale of investment properties	4	-	(701)
Income from investments and saving deposits		(1,983,408)	(762,053)
Share of results of associates	9	(438,268)	(806,940)
Net foreign exchange differences		97,464	25,562
Provision for employees' end of service benefits		194,250	207,743
Finance costs		152,856	146,555
Accretion of finance cost on lease liabilities	4	19,925	11,514
		<b>5,017,851</b>	<b>5,386,581</b>
<i>Changes in operating assets and liabilities:</i>			
Islamic finance receivables		12,709	12,526
Other assets		(4,672,955)	(1,760,130)
Other liabilities		(224,770)	(1,781,216)
Cash flows from operations		<b>132,835</b>	<b>1,857,761</b>
End of service benefits paid		(24,405)	(15,165)
Taxes paid		(73,284)	(101,825)
<b>Net cash flows from operating activities</b>		<b>35,146</b>	<b>1,740,771</b>
<b>INVESTING ACTIVITIES</b>			
Addition of associates		-	(1,125,000)
Purchase of financial assets at fair value through profit or loss		-	(24,867)
Purchase of investment properties		(658,520)	-
Proceeds from sale of investment properties		-	18,141
Income received from investment and savings deposits	5	240,201	35,919
Dividend received from financial assets at fair value through profit or loss		6,116	120,065
Dividend received from associates	9	12,545	-
Purchase of property and equipment		(43,293)	(8,016)
Movement in restricted bank balance		(1,823)	-
<b>Net cash flows used in investing activities</b>		<b>(444,774)</b>	<b>(983,758)</b>
<b>FINANCING ACTIVITIES</b>			
Payments towards capital reduction		(43,217)	(248,944)
Dividend paid	1	(3,622)	-
Finance costs paid		(220,776)	(108,199)
Repayment of Islamic finance payables		(1,202,391)	-
Payment of lease liabilities		(415,500)	(389,974)
Dividends paid to non-controlling interests		(78,974)	(89,232)
Net movement in non-controlling interests		(132,605)	-
<b>Net cash flows used in financing activities</b>		<b>(2,097,085)</b>	<b>(836,349)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(2,506,713)</b>	<b>(79,336)</b>
Cash and cash equivalents as at 1 January		19,717,907	16,998,405
<b>CASH AND CASH EQUIVALENTS AS AT 31 MARCH</b>	8	<b>17,211,194</b>	<b>16,919,069</b>
<b>Non-cash items excluded from the statement of cash flows:</b>			
Additions to right-of-use assets		(2,909,007)	(27,450)
Additions to lease liabilities		2,909,007	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)

31 March 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 three months ended 31 March 2024 was authorised for issue in accordance with a resolution of the Board of Directors ("BOD") of the Parent Company on 6 May 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 04 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 (31 March 2023: 7.5%). As on 31 March 2024, the cash dividend for the year ended 31 December 2023 had not been paid and is recorded under "other liabilities" in the interim condensed consolidated financial information. During the period the group settled unclaimed dividend amounting to KD 3,622 related to cash dividend for the year ended 31 December 2022.

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 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:

Subsidiary's Name	Activity	Incorporation	% equity interest (Audited)		
			31 March 2024	31 December 2023	31 March 2023
Mubarrad Holding Company K.S.C.P. ("Mubarrad") <sup>1</sup>	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%

<sup>1</sup> As at 31 March 2024, the Group has 41.7% (31 December 2023: 41.3% and 31 March 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)

31 March 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 three months ended 31 March 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 three months period ended 31 March 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)

31 March 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 31 March</i>	
	<i>2024</i>	<i>2023</i>
	<i>KD</i>	<i>KD</i>
Operating lease rental income	<b>5,263,729</b>	5,063,942
Service and maintenance and other related income	<b>299,549</b>	310,964
Gain on disposal of motor vehicles	<b>742,355</b>	1,049,616
	<b>6,305,633</b>	6,424,522
Less: depreciation of motor vehicles	<b>(2,298,917)</b>	(2,135,625)
Less: maintenance and other expenses	<b>(608,005)</b>	(568,739)
	<b>3,398,711</b>	3,720,158

**4 NET REAL ESTATE INCOME**

	<i>Three months ended 31 March</i>	
	<i>2024</i>	<i>2023</i>
	<i>KD</i>	<i>KD</i>
Gain on sale of investment properties	-	701
Rental income from investment properties	<b>886,484</b>	900,326
Rental income from leasehold rights	<b>652,793</b>	704,783
Depreciation of right-of-use assets relating to leasehold rights	<b>(347,401)</b>	(309,164)
Amortisation of leasehold rights	-	(165,201)
Accretion of finance cost on lease liabilities	<b>(19,925)</b>	(11,514)
Real estate related expenses	<b>(77,020)</b>	(89,876)
Leasehold property related expenses	<b>(75,484)</b>	(75,104)
	<b>1,019,447</b>	954,951

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

31 March 2024

**5 NET INCOME FROM INVESTMENTS AND SAVING DEPOSITS**

	<i>Three months ended 31 March</i>	
	<i>2024</i>	<i>2023</i>
	<i>KD</i>	<i>KD</i>
Investment deposits and savings profits	<b>240,201</b>	35,919
Dividend income	<b>6,116</b>	120,065
Changes in fair value of financial assets at FVTPL	<b>1,737,091</b>	606,069
	<b>1,983,408</b>	762,053

**6 NET ALLOWANCE FOR EXPECTED CREDIT LOSSES AND OTHER PROVISIONS**

	<i>Three months ended 31 March</i>	
	<i>2024</i>	<i>2023</i>
	<i>KD</i>	<i>KD</i>
Reversal of allowance for impairment on Islamic finance receivables	<b>(12,709)</b>	(12,526)
Net (reversal) charge of allowance on other assets	<b>(27,295)</b>	25,486
Net (reversal) charge of allowance for impairment on trade receivables	<b>(2,380)</b>	10,820
Allowance for provision for legal cases	<b>300,000</b>	486,892
	<b>257,616</b>	510,672

**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 31 March</i>	
	<i>2024</i>	<i>2023</i>
Profit for the period attributable to the equity holders of the Parent Company (KD)	<b>3,460,526</b>	2,943,256
Weighted average number of shares outstanding during the period (shares)	<b>664,038,824</b>	664,038,824
<b>Basic and diluted earnings per share attributable to the equity holders of the Parent Company (fils)</b>	<b>5.21</b>	4.43

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)

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### 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:

	<b>31 March 2024 KD</b>	<b>(Audited) 31 December 2023 KD</b>	<b>31 March 2023 KD</b>
Cash and bank balances	<b>5,862,508</b>	5,192,032	7,339,409
Short-term placements with financial institutions	<b>11,366,529</b>	14,541,895	9,595,677
<b>Cash and cash equivalents as per interim condensed consolidated statement of financial position</b>	<b>17,229,037</b>	19,733,927	16,935,086
Less: restricted cash	<b>(17,843)</b>	(16,020)	(16,017)
<b>Cash and cash equivalents as per interim condensed consolidated statement of cash flows</b>	<b>17,211,194</b>	19,717,907	16,919,069

Cash and cash equivalents amounting to KD 116,197 (31 December 2023: KD 111,468 and 31 March 2023: KD 117,191) 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:

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

<sup>1</sup> Included in the carrying amount of the investment in the associates is goodwill of KD 115,822 (31 December 2023: KD 115,822 and 31 March 2023: KD 115,822).

<sup>2</sup> As at 31 March 2024, the Group has 9.8% (31 December 2023: 9.8% and 31 March 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*.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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**9 INVESTMENT IN ASSOCIATES (continued)**

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

	<b>31 March 2024 KD</b>	<i>(Audited)</i> <b>31 December 2023 KD</b>	<b>31 March 2023 KD</b>
As at the beginning of the period/ year	<b>18,060,910</b>	20,091,871	20,091,871
Additions	-	2,303,611	2,250,000
Share of results	<b>438,268</b>	1,262,089	806,940
Share of other comprehensive loss	<b>(33,314)</b>	(216,090)	(133,358)
Dividend from associates	<b>(12,545)</b>	(1,008,208)	-
Capital reduction from associates	-	(4,337,214)	-
Foreign currency translation adjustments	<b>88,343</b>	(35,149)	-
<b>As at the end of the period/ year</b>	<b>18,541,662</b>	18,060,910	23,015,453

**10 CONTINGENCIES**

As at 31 March 2024, the Group's bankers have provided bank guarantees amounting to KD 510,417 (31 December 2023: KD 392,854 and 31 March 2023: KD 1,037,721) 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.

					Three months ended 31 March	
	Associates KD	Major shareholders KD	Other related parties KD		2024 KD	2023 KD
<b>Interim condensed consolidated income statement</b>						
Finance costs	-	16,219	-		<b>16,219</b>	14,500
Advisory and management fees (net of property management commission)	(4,562)	-	62,206		<b>57,644</b>	60,122
Dividend income	-	-	6,116		<b>6,116</b>	6,116
					(Audited)	
	Associates KD	Major shareholders KD	Other related parties KD	31 March 2024 KD	31 December 2023 KD	31 March 2023 KD
<b>Interim condensed consolidated statement of financial position:</b>						
Cash and bank balances	-	116,197	-	<b>116,197</b>	111,468	117,191
Amount due from related parties (included in other assets)	153,197		192,415	<b>345,612</b>	476,341	242,491
Financial assets at FVTPL	-	1,287,153	8,328,254	<b>9,615,407</b>	8,635,619	6,991,299
Islamic finance payables	-	1,028,175		<b>1,028,175</b>	1,290,191	1,473,400
Trade Payable (included in other liabilities)	-	-	1,152,924	<b>1,152,924</b>	995,103	409,310
Amount due to related parties (included in other liabilities)	74,753	-	-	<b>74,753</b>	74,546	90,704

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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**11 RELATED PARTY DISCLOSURES (continued)**

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 parties</i> <i>KD</i>	<i>Three months ended</i> <i>31 March</i>	
		<i>2024</i> <i>KD</i>	<i>2023</i> <i>KD</i>
Purchases of inventories	827,112	827,112	567,792

**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 31 March 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>31 March</i>	
	<i>2024</i> <i>KD</i>	<i>2023</i> <i>KD</i>
<b>Key management personnel compensation:</b>		
Salaries and other short-term benefits	752,203	597,351
End of service benefits	69,538	128,254
	<u>821,741</u>	<u>725,605</u>

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.

**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.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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## 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>Three months period ended 31 March 2024</i>						
Revenue	6,099	3,469,697	558,003	2,880,685	-	6,914,484
Segment profit (loss)	6,321	1,895,891	365,837	2,211,141	(754,349)	3,724,841
Depreciation	-	(2,397,932)	(349,160)	(3,875)	-	(2,750,967)
<i>31 March 2024</i>						
Total assets	-	79,844,896	19,228,488	49,700,770	9,008,641	157,782,795
Total liabilities	-	20,059,152	4,841,479	2,165,666	23,040,948	50,107,245
Goodwill	-	-	-	-	-	-
<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	-	-	-	-	-	-
<i>Three months period ended 31 March 2023</i>						
Revenue	2,813	3,738,829	555,454	2,044,077	-	6,341,173
Segment profit (loss)	4,579	2,152,107	311,835	1,602,652	(886,620)	3,184,553
Depreciation	-	(2,226,203)	(310,840)	(3,364)	-	(2,540,407)
Amortisation of leasehold rights	-	-	(165,201)	-	-	(165,201)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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**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>31 March 2023</i>						
Total assets	-	71,430,025	20,551,424	51,794,497	8,245,637	152,021,583
Total liabilities	-	21,378,435	3,691,484	3,527,060	22,649,610	51,246,589
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.

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>
<i>31 March 2024</i>			
<b>Assets measured at fair value:</b>			
<i>Investment securities:</i>			
Financial assets at FVTPL	10,420,820	3,003,156	13,423,976

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 three months ended 31 March 2024.

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

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**13 FAIR VALUE MEASUREMENT (continued)**

	<i>Fair value measurement using</i>		
	<i>Quoted prices in</i>	<i>Significant</i>	<i>Total</i>
	<i>active markets</i>	<i>unobservable inputs</i>	
	<i>(Level 1)</i>	<i>(Level 3)</i>	
	<i>KD</i>	<i>KD</i>	<i>KD</i>

31 December 2023 (audited)

Assets measured at fair value:

*Investment securities:*

Financial assets at FVTPL

9,397,884 2,289,001 11,686,885

	<i>Fair value measurement using</i>		
	<i>Quoted prices</i>	<i>Significant</i>	<i>Total</i>
	<i>in active</i>	<i>unobservable</i>	
	<i>markets</i>	<i>inputs</i>	
	<i>(Level 1)</i>	<i>(Level 3)</i>	
	<i>KD</i>	<i>KD</i>	<i>KD</i>

31 March 2023

*Investment securities:*

Financial assets at FVTPL

8,518,453 1,806,756 10,325,209

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
Remeasurements recognised in interim condensed consolidated income statement	714,155
As at 31 March 2024	3,003,156

	<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
As at 31 December 2023	2,289,001

	<i>Financial assets at FVTPL KD</i>
As at 1 January 2023	1,808,465
Remeasurements recognised in interim condensed consolidated income statement	(1,709)
As at 31 March 2023	1,806,756

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**13 FAIR VALUE MEASUREMENT (continued)**

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.

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

**INTERIM CONDENSED CONSOLIDATED  
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**31 MARCH 2024**