

**A'AYAN LEASING AND INVESTMENT
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 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 September 2023, and the related interim condensed consolidated income statement and interim condensed consolidated statement of comprehensive income for the three months and nine months 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 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

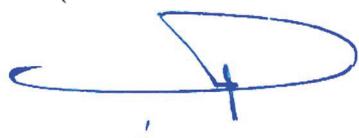
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with basis of preparation as set out in Note 2.

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 nine months 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. 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 the Capital Markets Authority and its related regulations during the nine months period ended 30 September 2023 that might have had a material effect on the business of the Parent Company or on its financial position.



WALEED A. AL OSAIMI
LICENCE NO. 68 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

5 November 2023
Kuwait

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

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

(UNAUDITED)

For the period ended 30 September 2023

	<i>Notes</i>	<i>Three months ended 30 September</i>		<i>Nine months ended 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>
INCOME					
Income from leasing operations	3	3,545,643	3,151,872	10,788,440	9,240,171
Net real estate income	4	1,932,784	1,028,718	3,837,194	2,868,731
Net income (loss) from investments and saving deposits	5	1,034,431	(21,487)	3,117,230	323,062
Share of results of associates	9	180,514	218,080	1,987,734	533,549
Advisory and management fees		76,886	65,165	202,330	186,770
Islamic finance income		4,784	8,952	10,830	15,516
Other income		31,982	54,789	93,132	790,466
		6,807,024	4,506,089	20,036,890	13,958,265
EXPENSES					
Finance costs		(170,391)	(19,685)	(486,136)	(58,590)
Net allowance for expected credit losses and other provisions	6	(56,429)	(67,735)	(637,482)	(161,813)
Staff costs		(1,587,764)	(1,302,914)	(4,970,025)	(4,107,506)
Depreciation		(98,260)	(100,589)	(289,123)	(289,511)
Net foreign exchange differences		1,503	(4,415)	(27,275)	(49,484)
Other expenses		(527,850)	(451,867)	(1,617,662)	(1,374,901)
		(2,439,191)	(1,947,205)	(8,027,703)	(6,041,805)
PROFIT BEFORE PROVISION FOR TAX		4,367,833	2,558,884	12,009,187	7,916,460
Taxation		(162,872)	(56,765)	(418,489)	(175,596)
Taxation from subsidiaries		(63,612)	(54,533)	(176,407)	(174,427)
PROFIT FOR THE PERIOD		4,141,349	2,447,586	11,414,291	7,566,437
Attributable to:					
Equity holders of the Parent Company		3,894,899	2,212,803	10,721,507	6,722,190
Non-controlling interests		246,450	234,783	692,784	844,247
		4,141,349	2,447,586	11,414,291	7,566,437
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	7	5.87 fils	3.33 fils	16.15 fils	9.75 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 September 2023

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	2023	2022	2023	2022
	KD	KD	KD	KD
PROFIT FOR THE PERIOD	4,141,349	2,447,586	11,414,291	7,566,437
Other comprehensive income (loss):				
<i>Other comprehensive income (loss) to be reclassified to interim condensed consolidated income statement in subsequent periods:</i>				
Exchange differences on translation of foreign operations	31,143	(111,782)	(734,448)	(848,359)
<i>Other comprehensive income (loss) not to be reclassified to interim condensed consolidated income statement in subsequent periods:</i>				
Share of other comprehensive income (loss) of associates	1,167	(30,335)	(229,309)	(69,153)
Total other comprehensive income (loss)	32,310	(142,117)	(963,757)	(917,512)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	4,173,659	2,305,469	10,450,534	6,648,925
Attributable to:				
Equity holders of the Parent Company	3,908,928	2,135,632	10,188,871	6,297,575
Non-controlling interests	264,731	169,837	261,663	351,350
	4,173,659	2,305,469	10,450,534	6,648,925

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 September 2023

		30 September 2023 KD	31 December 2022 (Audited) KD	30 September 2022 KD
	Notes			
ASSETS				
Cash and cash equivalents	8	19,214,641	17,014,416	16,305,126
Financial assets at fair value through profit or loss	13	12,110,157	9,694,274	8,695,383
Investment in associates	9	20,078,799	20,091,871	10,769,994
Investment properties		28,086,249	31,216,201	32,983,423
Other assets		9,894,199	11,431,287	10,183,278
Property and equipment		64,147,190	61,306,585	60,812,685
Leasehold property		-	501,111	669,983
Goodwill		91,005	91,005	91,005
TOTAL ASSETS		153,622,240	151,346,750	140,510,877
EQUITY AND LIABILITIES				
Equity				
Share capital		66,403,882	66,403,882	66,403,882
Statutory reserve		1,713,799	1,713,799	778,259
Asset revaluation surplus		8,755,469	8,755,469	8,755,469
Foreign currency translation reserve		(1,227,845)	(924,518)	(584,926)
Effect of changes in reserves of associates		461,978	691,287	880,594
Retained earnings		20,324,954	14,583,738	13,318,550
Equity attributable to equity holders of the Parent Company		96,432,237	91,223,657	89,551,828
Non-controlling interests		11,922,118	12,250,888	12,527,013
Total equity		108,354,355	103,474,545	102,078,841
Liabilities				
Islamic finance payables		11,354,635	14,460,726	4,411,403
Other liabilities		33,913,250	33,411,479	34,020,633
Total liabilities		45,267,885	47,872,205	38,432,036
TOTAL EQUITY AND LIABILITIES		153,622,240	151,346,750	140,510,877

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 September 2023

	<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 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	-	-	-	-	-	10,721,507	10,721,507	692,784	11,414,291
Other comprehensive loss	-	-	-	(303,327)	(229,309)	-	(532,636)	(431,121)	(963,757)
Total comprehensive (loss) income for the period	-	-	-	(303,327)	(229,309)	10,721,507	10,188,871	261,663	10,450,534
Dividend (Note 1)	-	-	-	-	-	(4,980,291)	(4,980,291)	-	(4,980,291)
Dividend to non-controlling interests	-	-	-	-	-	-	-	(612,937)	(612,937)
Movement in non-controlling interests	-	-	-	-	-	-	-	22,504	22,504
As at 30 September 2023	66,403,882	1,713,799	8,755,469	(1,227,845)	461,978	20,324,954	96,432,237	11,922,118	108,354,355
As at 1 January 2022	71,403,882	778,259	8,755,469	(229,464)	949,747	6,596,360	88,254,253	12,983,077	101,237,330
Profit for the period	-	-	-	-	-	6,722,190	6,722,190	844,247	7,566,437
Other comprehensive loss	-	-	-	(355,462)	(69,153)	-	(424,615)	(492,897)	(917,512)
Total comprehensive (loss) income for the period	-	-	-	(355,462)	(69,153)	6,722,190	6,297,575	351,350	6,648,925
Partial reduction of share capital	(5,000,000)	-	-	-	-	-	(5,000,000)	-	(5,000,000)
Dividend to non-controlling interests	-	-	-	-	-	-	-	(807,414)	(807,414)
As at 30 September 2022	66,403,882	778,259	8,755,469	(584,926)	880,594	13,318,550	89,551,828	12,527,013	102,078,841

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 September 2023

		<i>Nine months ended 30 September</i>	
	<i>Notes</i>	2023 KD	2022 KD
OPERATING ACTIVITIES			
Profit before provision for tax		12,009,187	7,916,460
<i>Non-cash adjustments to reconcile profit before tax to net cash flows:</i>			
Depreciation and amortisation		8,362,987	7,886,179
Net allowance for expected credit losses and provisions	6	637,482	161,813
Gain on sale of investment properties	4	(962,960)	(32,820)
Gain on disposal of property and equipment		-	(346,788)
Income from investments and saving deposits		(3,117,230)	(323,062)
Share of results of associates	9	(1,987,734)	(533,549)
Redemption from investments in associates		-	(163,061)
Net foreign exchange differences		27,275	49,484
Provision for employees' end of service benefits		445,858	367,582
Finance costs		508,058	94,420
		15,922,923	15,076,658
<i>Changes in operating assets and liabilities:</i>			
Islamic finance receivables		52,291	74,278
Other assets		(10,601,362)	(16,003,708)
Other liabilities		1,548,068	936,512
Cash flows from operations		6,921,920	83,740
End of service benefits paid		(55,506)	(76,969)
Taxes paid		(1,238,715)	(599,626)
Net cash flows from (used in) operating activities		5,627,699	(592,855)
INVESTING ACTIVITIES			
Addition of associates		(1,178,611)	-
Purchase of financial assets at fair value through profit or loss		(442,541)	(7,361,895)
Proceeds from sale/redemption of financial assets at fair value through profit or loss		30,859	390,401
Proceeds from redemption from investments in associates		-	163,061
Purchase of investment properties		-	(2,550,000)
Proceeds from sale of investment properties		3,582,650	900,000
Income received from investment and savings deposits		330,175	316,051
Dividend received from financial assets at fair value through profit or loss		782,853	255,986
Dividend and capital reduction proceed received from associates		4,037,294	459,790
Purchase of property and equipment		(39,345)	(52,031)
Proceeds from disposal of property and equipment		-	379,592
Movement in restricted bank balance		(59)	37,003
Net cash flows from (used in) investing activities		7,103,275	(7,062,042)
FINANCING ACTIVITIES			
Payments towards capital reduction		(298,789)	(4,896,441)
Dividend paid	1	(4,821,283)	-
Finance costs paid		(435,498)	-
Repayment of Islamic finance payables		(3,148,373)	(202,392)
Payment of lease liabilities		(1,236,432)	(1,038,926)
Dividends paid to non-controlling interests		(612,937)	(807,414)
Net movement in non-controlling interests		22,504	-
Net cash flows used in financing activities		(10,530,808)	(6,945,173)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		2,200,166	(14,600,070)
Cash and cash equivalents as at 1 January		16,998,405	30,889,086
CASH AND CASH EQUIVALENTS AS AT 30 SEPTEMBER	8	19,198,571	16,289,016

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 September 2023

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 nine months ended 30 September 2023 was authorised for issue in accordance with a resolution of the Board of Directors ("BOD") of the Parent Company on 5 November 2023.

The consolidated financial statements of the Group for the year ended 31 December 2022 were approved in the annual general assembly meeting ("AGM") of the shareholders of the Parent Company held on 9 March 2023 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 2022 (30 September 2022: Nil). As on 30 September 2023, the unclaimed dividend amounting to KD 159,008 is recorded in other liabilities.

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 2022.

The Group carries out its activities in accordance with the principles of Islamic Sharī'a as approved by the Fatwa and Sharī'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>(Audited)</i>		
			<i>30 September</i>	<i>31 December</i>	<i>30 September</i>
			<i>2023</i>	<i>2022</i>	<i>2022</i>
Mubarrad Holding Company K.S.C.P. ("Mubarrad") ¹	Logistics services and real estate	Kuwait	41.3%	41.3%	41.9%
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 September 2023, the Group has 41.3% (31 December 2022: 41.3% and 30 September 2022: 41.9%) 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.

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 is prepared in accordance with International Accounting Standard 34, "*Interim Financial Reporting*", except as noted below.

The interim condensed consolidated financial information for the nine months ended 30 September 2023 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").

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

30 September 2023

**2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES
(continued)**

2.1 Basis of preparation (continued)

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.

Further, the results for the nine months period ended 30 September 2023, are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

Certain prior year/ period amounts do not correspond with the 2022 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 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 INCOME FROM LEASING OPERATIONS

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	2023	2022	2023	2022
	KD	KD	KD	KD
Operating lease rental income	5,141,063	4,697,940	15,208,331	13,205,346
Service and maintenance and other related income	328,986	266,958	972,411	759,241
Gain on disposal of motor vehicles	1,027,566	857,393	3,053,815	2,736,590
	6,497,615	5,822,291	19,234,557	16,701,177
Less: depreciation of motor vehicles	(2,302,996)	(2,124,987)	(6,645,265)	(5,973,504)
Less: maintenance and other expenses	(648,976)	(545,432)	(1,800,852)	(1,487,502)
	3,545,643	3,151,872	10,788,440	9,240,171

A'ayan Leasing and Investment Company K.S.C.P. and Subsidiaries
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)
30 September 2023

4 NET REAL ESTATE INCOME

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	2023	2022	2023	2022
	KD	KD	KD	KD
Gain on sale of investment properties	960,000	32,820	962,960	32,820
Rental income from investment properties	858,878	883,386	2,627,380	2,573,036
Rental income from leasehold rights	712,854	768,995	2,135,941	2,353,860
Depreciation of right-of-use assets relating to leasehold rights	(309,161)	(309,163)	(927,488)	(848,277)
Amortisation of leasehold rights	(168,873)	(168,873)	(501,111)	(774,887)
Finance cost on lease liabilities	(3,022)	(18,750)	(21,921)	(35,830)
Real estate related expenses	(117,892)	(159,697)	(438,567)	(431,991)
	<u>1,932,784</u>	<u>1,028,718</u>	<u>3,837,194</u>	<u>2,868,731</u>

5 NET INCOME (LOSS) FROM INVESTMENTS AND SAVING DEPOSITS

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	2023	2022	2023	2022
	KD	KD	KD	KD
Investment deposits and savings profits	119,643	90,460	330,175	316,051
Dividend income	263,038	150,360	782,853	255,986
Changes in fair value of financial assets at FVTPL	651,750	(262,307)	2,004,202	(248,975)
	<u>1,034,431</u>	<u>(21,487)</u>	<u>3,117,230</u>	<u>323,062</u>

6 NET ALLOWANCE FOR EXPECTED CREDIT LOSSES AND OTHER PROVISIONS

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	2023	2022	2023	2022
	KD	KD	KD	KD
Reversal of allowance for impairment on Islamic finance receivables	(27,253)	(40,985)	(52,291)	(74,277)
Net charge of allowance on other assets	4,526	20,767	15,324	19,512
Net charge of allowance for impairment on trade receivables	79,156	87,953	187,557	216,578
Allowance for provision for legal cases	-	-	486,892	-
	<u>56,429</u>	<u>67,735</u>	<u>637,482</u>	<u>161,813</u>

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.

A'ayan Leasing and Investment Company K.S.C.P. and Subsidiaries
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)
30 September 2023

7 BASIC AND DILUTED EARNINGS PER SHARE (EPS) (continued)

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	2023	2022	2023	2022
Profit for the period attributable to the equity holders of the Parent Company (KD)	3,894,899	2,212,803	10,721,507	6,722,190
Weighted average number of shares outstanding during the period (shares)	664,038,824	664,038,824	664,038,824	689,130,399
Basic and diluted earnings per share attributable to the equity holders of the Parent Company (fils)	5.87	3.33	16.15	9.75

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.

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:

	<i>30 September</i> 2023 <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2022</i> <i>KD</i>	<i>30 September</i> <i>2022</i> <i>KD</i>
Cash and bank balances	7,947,547	7,183,061	5,648,660
Short-term placements with financial institutions	11,267,094	9,831,355	10,656,466
Cash and cash equivalents as per interim condensed consolidated statement of financial position	19,214,641	17,014,416	16,305,126
Less: restricted cash	(16,070)	(16,011)	(16,110)
Cash and cash equivalents as per interim condensed consolidated statement of cash flows	19,198,571	16,998,405	16,289,016

Cash and cash equivalents amounting to KD 179,660 (31 December 2022: KD 191,188 and 30 September 2022: KD 92,568) 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
		(Audited)			
		30 September 2023	31 December 2022	30 September 2022	
Oman Integral Logistics Company O.S.C.C ¹	Oman	50%	50%	50.0%	Logistics
A’ayan Real Estate Company K.S.C.P. (“AREC”) ²	Kuwait	9.8%	9.8%	15.1%	Real estate
Tawazun Holding Company K.S.C (Closed) (“Tawazun”)	Kuwait	43.8%	43.8%	14.8%	Holding Company
Light Fields Catering Company W.L.L. ^{1&3}	Kuwait	30%	-	-	Food supplies

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9 INVESTMENT IN ASSOCIATES (continued)

- ¹ Included in the carrying amount of the investment in the associates is goodwill of KD 115,822 (31 December 2022: KD 112,822 and 30 September 2022: KD 112,822).
- ² As at 30 September 2023, the Group has 9.8% (31 December 2022: 9.8% and 30 September 2022: 15.1%) 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*.
- ³ During the period, the Group acquired 30% of Light Fields Catering Company W.L.L. for a consideration of KD 2,250,000, fully paid in cash.

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

	30 September 2023 KD	<i>(Audited)</i> 31 December 2022 KD	30 September 2022 KD
As at the beginning of the period/ year	20,091,871	11,141,315	11,141,315
Additions	2,303,611	10,508,067	-
Share of results	1,987,734	821,953	533,549
Share of other comprehensive loss	(229,309)	(280,063)	(69,153)
Dividend from associates	(929,431)	(125,425)	(62,387)
Capital reduction from associates*	(3,110,527)	(738,322)	(738,322)
Redemption/ sale of associates	-	(1,265,888)	-
Foreign currency translation adjustments	(35,150)	30,234	(35,008)
As at the end of the period/ year	20,078,799	20,091,871	10,769,994

* The Extraordinary General Meeting ("EGM") of the shareholders of Tawazun held on 22 May 2023 approved a partial reduction of share capital amounting to KD 7,100,000 from KD 68,032,688 to KD 60,932,688 by way of cash distribution to the shareholders. During the period ended 30 September 2023, Tawazun completed its partial capital reduction by way of cash distribution to its existing shareholders and reducing the outstanding number of shares at par value. As at reporting date, the Parent Company's portion out of capital reduction amounts to KD 3,110,527.

10 CONTINGENCIES

As at 30 September 2023, the Group's bankers have provided bank guarantees amounting to KD 1,068,495 (31 December 2022: KD 1,027,433 and 30 September 2022: KD 1,141,861) 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>Nine months ended 30 September</i>	
				2023 KD	2022 KD
Interim condensed consolidated income statement					
Finance costs	-	56,767	-	56,767	42,386
Advisory and management fees (net of property management commission)	(12,799)	-	197,778	184,979	180,009

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11 RELATED PARTY DISCLOSURES (continued)

	<i>Associates KD</i>	<i>Major shareholders KD</i>	<i>Other related parties KD</i>	<i>Nine months ended 30 September</i>	
				<i>2023 KD</i>	<i>2022 KD</i>
<i>Interim condensed consolidated income statement (continued)</i>					
Dividend income	-	34,226	488,701	522,927	162,593

	<i>Associates KD</i>	<i>Major shareholders KD</i>	<i>Other related parties KD</i>	<i>30 September 2023 KD</i>	<i>(Audited) 31 December 2022 30 September 2022</i>	
					<i>2022 KD</i>	<i>2022 KD</i>
<i>Interim condensed consolidated statement of financial position:</i>						
Cash and bank balances	-	179,660	-	179,660	191,188	92,568
Amount due from related parties (included in other assets)	164,343	39,533	253,505	457,381	171,925	263,192
Financial assets at FVTPL		1,186,645	8,261,255	9,447,900	6,851,806	5,370,074
Islamic finance payables	-	1,271,113	-	1,271,113	1,473,400	1,459,123
Amount due to related parties (included in other liabilities)	74,546	-	826,481	901,027	594,519	636,059

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 KD</i>	<i>Nine months ended 30 September</i>	
		<i>2023 KD</i>	<i>2022 KD</i>
Purchases of inventories	1,969,982	1,969,982	1,012,838

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 September 2023 and 2022, 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 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2023 KD</i>	<i>2022 KD</i>	<i>2023 KD</i>	<i>2022 KD</i>
<i>Key management personnel compensation:</i>				
Salaries and other short-term benefits	188,111	154,396	990,861	857,140
End of service benefits	43,188	27,350	200,953	88,337
	231,299	181,746	1,191,814	945,477

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11 RELATED PARTY DISCLOSURES (continued)

On 9 March 2023, the shareholders at the Annual General Meeting had approved directors' remuneration amounting to KD 120,000 for the year ended 31 December 2022 based on the proposal of the board of directors on 24 January 2023.

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>Nine months period ended 30 September 2023</i>						
Revenue	10,858	10,869,979	2,595,898	6,560,155	-	20,036,890
Segment profit (loss)	36,139	6,185,429	1,990,111	5,009,893	(1,807,281)	11,414,291
Depreciation	-	(6,922,416)	(931,598)	(7,862)	-	(7,861,876)
Amortisation of leasehold rights	-	-	(501,111)	-	-	(501,111)
<i>30 September 2023</i>						
Total assets	-	78,273,679	17,106,284	50,313,746	7,928,531	153,622,240
Total liabilities	-	22,215,854	2,698,261	2,326,866	18,026,904	45,267,885
Goodwill	-	-	-	91,005	-	91,005
				<i>Proprietary investment and assets management KD</i>	<i>Others KD</i>	<i>Total KD</i>
<i>31 December 2022 (audited)</i>						
Total assets	-	70,552,070	20,794,865	48,634,012	11,365,803	151,346,750
Total liabilities	-	22,642,154	3,904,342	3,648,747	17,676,962	47,872,205
Goodwill	-	-	-	91,005	-	91,005

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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>Nine months period ended 30 September 2022</i>						
Revenue	15,516	9,432,536	1,645,729	2,864,484	-	13,958,265
Segment profit (loss)	64,944	5,539,938	1,011,516	1,422,875	(472,836)	7,566,437
Depreciation	-	(6,255,639)	(850,761)	(4,892)	-	(7,111,292)
Amortisation of leasehold rights	-	-	(774,887)	-	-	(774,887)
	<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 September 2022</i>						
Total assets	-	69,160,014	22,628,432	38,980,447	9,741,984	140,510,877
Total liabilities	-	13,229,566	4,580,801	3,621,584	17,000,085	38,432,036
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:

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13 FAIR VALUE MEASUREMENT (continued)

Fair value hierarchy (continued)

	<i>Fair value measurement using</i>			<i>Total KD</i>
	<i>Quoted prices in active markets (Level 1) KD</i>	<i>Significant observable inputs (Level 2) KD</i>	<i>Significant unobservable inputs (Level 3) KD</i>	
30 September 2023				
Assets measured at fair value:				
<i>Investment securities:</i>				
Financial assets at FVTPL	10,105,688	1,113,945	890,524	12,110,157

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 nine months ended 30 September 2023.

	<i>Fair value measurement using</i>			<i>Total KD</i>
	<i>Quoted prices in active markets (Level 1) KD</i>	<i>Significant observable inputs (Level 2) KD</i>	<i>Significant unobservable inputs (Level 3) KD</i>	
31 December 2022 (audited)				
Assets measured at fair value:				
<i>Investment securities:</i>				
Financial assets at FVTPL	7,885,809	917,941	890,524	9,694,274

	<i>Fair value measurement using</i>			<i>Total KD</i>
	<i>Quoted prices in active markets (Level 1) KD</i>	<i>Significant observable inputs (Level 2) KD</i>	<i>Significant unobservable inputs (Level 3) KD</i>	
30 September 2022				
<i>Investment securities:</i>				
Financial assets at FVTPL	6,768,044	915,821	1,011,518	8,695,383

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 2023 and 30 September 2023	890,524

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13 FAIR VALUE MEASUREMENT (continued)

	<i>Financial assets at FVTPL KD</i>
As at 1 January 2022	1,011,518
Additions	150,000
Remeasurements recognised in interim condensed consolidated income statement	(270,994)
	<hr/>
As at 31 December 2022	890,524
	<hr/>
	<i>Financial assets at FVTPL KD</i>
As at 1 January 2022 and 30 September 2022	1,011,518
	<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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