

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

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

**31 MARCH 2022**



Ernst & Young  
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## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF 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 2022, and the related interim condensed consolidated statement of profit or loss, 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 material 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 2022 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any material 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 three months period ended 31 March 2022 that might have had a material effect on the business of the Parent Company or on its financial position.



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

12 May 2022  
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
(UNAUDITED)

For the period ended 31 March 2022

|  |  | <i>Three months ended</i> |                  |
|--|--|---------------------------|------------------|
|  |  | <i>31 March</i>           |                  |
|  |  | <b>2022</b>               | <b>2021</b>      |
| <i>Notes</i>   |  | <b>KD</b>                 | <b>KD</b>        |
| <b>INCOME</b>  |  |                           |                  |
|  | Islamic finance income                                       | 4,077                     | 2,315            |
| 3  | Income from leasing operations                               | 2,954,487                 | 2,603,015        |
| 4  | Real estate income   | 886,093                   | 657,681          |
| 5  | Income from investments and saving deposits                  | 214,580                   | 159,036          |
| 9  | Share of results of associates                               | 105,668                   | (1,253,874)      |
|  | Hair-cut income on settlement of Islamic finance payables    | -                         | 530,434          |
|  | Advisory and management fees                                 | 55,455                    | 41,848           |
|  | Other income   | 529,242                   | 63,920           |
|  |  | <b>4,749,602</b>          | <b>2,804,375</b> |
| <b>EXPENSES</b>  |  |                           |                  |
|  | Finance costs  | (19,374)                  | (17,781)         |
| 6  | Net reversals of expected credit losses and other provisions | 12,125                    | 1,524,907        |
|  | Staff costs  | (1,450,619)               | (1,282,096)      |
|  | Depreciation   | (93,934)                  | (89,985)         |
|  | Net foreign exchange differences                             | (51,890)                  | 17,983           |
|  | Other expenses   | (423,894)                 | (396,712)        |
|  |  | <b>(2,027,586)</b>        | <b>(243,684)</b> |
| <b>PROFIT BEFORE PROVISION FOR TAX</b>   |  | <b>2,722,016</b>          | <b>2,560,691</b> |
|  | Taxation   | (61,268)                  | (59,677)         |
|  | Taxation from subsidiaries                                   | (62,798)                  | (47,003)         |
| <b>PROFIT FOR THE PERIOD</b>   |  | <b>2,597,950</b>          | <b>2,454,011</b> |
| <b>Attributable to:</b>  |  |                           |                  |
|  | Equity holders of the Parent Company                         | 2,214,212                 | 2,230,248        |
|  | Non-controlling interests                                    | 383,738                   | 223,763          |
|  |  | <b>2,597,950</b>          | <b>2,454,011</b> |
| <b>BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b> |  | <b>3.10 fils</b>          | <b>2.78 fils</b> |

The attached notes 1 to 14 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 2022

|   | <i>Three months ended</i> |                  |
|---|---------------------------|------------------|
|   | <i>31 March</i>           |                  |
|   | <u>2022</u>               | <u>2021</u>      |
|   | <u>KD</u>                 | <u>KD</u>        |
| <b>PROFIT FOR THE PERIOD</b>  | <b>2,597,950</b>          | 2,454,011        |
| <b>Other comprehensive income</b>   |                           |                  |
| <i>Other comprehensive loss to be reclassified to profit or loss in subsequent periods:</i>       |                           |                  |
| Share of other comprehensive loss of associates   | (27,826)                  | -                |
| Exchange differences on translation of foreign operations   | (660,520)                 | (44,642)         |
|   | <u>(688,346)</u>          | <u>(44,642)</u>  |
| <i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i> |                           |                  |
| Net gain on equity investments designated at fair value through other comprehensive income        | -                         | 214,289          |
| <b>Other comprehensive (loss) income</b>  | <b>(688,346)</b>          | 169,647          |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>  | <b><u>1,909,604</u></b>   | <u>2,623,658</u> |
| <b>Attributable to:</b>   |                           |                  |
| Equity holders of the Parent Company  | 1,909,628                 | 2,425,832        |
| Non-controlling interests   | (24)                      | 197,826          |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>  | <b><u>1,909,604</u></b>   | <u>2,623,658</u> |

The attached notes 1 to 14 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 2022

|  | Notes | 31 March<br>2022<br>KD | (Audited)<br>31 December<br>2021<br>KD | 31 March<br>2021<br>KD |
|--|-------|------------------------|--|------------------------|
| <b>ASSETS</b>  |       |                        |  |                        |
| Cash and cash equivalents  | 8     | 31,480,883             | 30,942,199                             | 32,886,449             |
| Financial assets at fair value through profit or loss              | 13    | 1,958,827              | 1,972,864                              | 2,484,357              |
| Financial assets at fair value through other comprehensive income  | 13    | -                      | -                                      | 5,474,865              |
| Investment in associates   | 9     | 11,184,149             | 11,141,315                             | 7,083,771              |
| Investment properties  |       | 31,456,242             | 32,000,157                             | 29,533,116             |
| Other assets   |       | 8,184,395              | 7,779,131                              | 11,645,037             |
| Property and equipment   |       | 53,498,765             | 52,786,678                             | 51,619,464             |
| Leasehold property   |       | 1,116,491              | 1,444,870                              | 2,448,252              |
| Goodwill   |       | 91,005                 | 91,005                                 | 91,005                 |
| <b>TOTAL ASSETS</b>  |       | <b>138,970,757</b>     | <b>138,158,219</b>                     | <b>143,266,316</b>     |
| <b>EQUITY AND LIABILITIES</b>                                      |       |                        |  |                        |
| <b>Equity</b>  |       |                        |  |                        |
| Share capital  |       | 71,403,882             | 71,403,882                             | 81,403,882             |
| Statutory reserve  |       | 778,259                | 778,259                                | 145,466                |
| General reserve  |       | -                      | -                                      | 8,661,656              |
| Treasury shares  |       | -                      | -                                      | (11,339,726)           |
| Treasury shares reserve  |       | -                      | -                                      | 2,678,070              |
| Asset revaluation surplus  |       | 8,755,469              | 8,755,469                              | 8,755,469              |
| Foreign currency translation reserve                               |       | (506,222)              | (229,464)                              | (233,059)              |
| Fair value reserve   |       | -                      | -                                      | 63,974                 |
| Effect of changes in reserves of associates                        |       | 921,921                | 949,747                                | 968,870                |
| Retained earnings  |       | 8,810,572              | 6,596,360                              | 2,511,290              |
| <b>Equity attributable to equity holders of the Parent Company</b> |       | <b>90,163,881</b>      | <b>88,254,253</b>                      | <b>93,615,892</b>      |
| Non-controlling interests  |       | 12,850,050             | 12,983,077                             | 12,398,460             |
| <b>Total equity</b>  |       | <b>103,013,931</b>     | <b>101,237,330</b>                     | <b>106,014,352</b>     |
| <b>Liabilities</b>   |       |                        |  |                        |
| Islamic finance payables   |       | 4,382,851              | 4,571,241                              | 8,872,715              |
| Other liabilities  |       | 31,573,975             | 32,349,648                             | 28,379,249             |
| <b>Total liabilities</b>   |       | <b>35,956,826</b>      | <b>36,920,889</b>                      | <b>37,251,964</b>      |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                |       | <b>138,970,757</b>     | <b>138,158,219</b>                     | <b>143,266,316</b>     |

Fahad Ali Mohammed Thunayan Al-Ghanim  
Chairman

Abdullah Mohammed Al-Shatti  
Chief Executive Officer

The attached notes 1 to 14 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 2022

|  | <i>Attributable to equity holders of the Parent Company</i> |                                |                              |                              |                                      |  |   |                                 |   |                                |                       | <i>Non-controlling interests</i><br>KD | <i>Total equity</i><br>KD |
|--|---|--------------------------------|------------------------------|------------------------------|--------------------------------------|--|---|---------------------------------|---|--------------------------------|-----------------------|--|---------------------------|
|  | <i>Share capital</i><br>KD                                  | <i>Statutory reserve</i><br>KD | <i>General reserve</i><br>KD | <i>Treasury shares</i><br>KD | <i>Treasury shares reserve</i><br>KD | <i>Asset revaluation surplus</i><br>KD | <i>Foreign currency translation reserve</i><br>KD | <i>Fair value reserve</i><br>KD | <i>Effect of changes in reserve of associates</i><br>KD | <i>Retained earnings</i><br>KD | <i>Subtotal</i><br>KD |  |                           |
| 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                            | -   | -                              | -                            | -                            | -                                    | -                                      | -   | -                               | -   | 2,214,212                      | 2,214,212             | 383,738                                | 2,597,950                 |
| Other comprehensive loss                         | -   | -                              | -                            | -                            | -                                    | -                                      | (276,758)   | -                               | (27,826)  | -                              | (304,584)             | (383,762)                              | (688,346)                 |
| Total comprehensive (loss) income for the period | -   | -                              | -                            | -                            | -                                    | -                                      | (276,758)   | -                               | (27,826)  | 2,214,212                      | 1,909,628             | (24)                                   | 1,909,604                 |
| Dividends paid to non-controlling interests      | -   | -                              | -                            | -                            | -                                    | -                                      | -   | -                               | -   | -                              | -                     | (124,926)                              | (124,926)                 |
| Net movement in non-controlling interests        | -   | -                              | -                            | -                            | -                                    | -                                      | -   | -                               | -   | -                              | -                     | (8,077)                                | (8,077)                   |
| <b>As at 31 March 2022</b>                       | <b>71,403,882</b>   | <b>778,259</b>                 | <b>-</b>                     | <b>-</b>                     | <b>-</b>                             | <b>8,755,469</b>                       | <b>(506,222)</b>                                  | <b>-</b>                        | <b>921,921</b>  | <b>8,810,572</b>               | <b>90,163,881</b>     | <b>12,850,050</b>                      | <b>103,013,931</b>        |
| As at 1 January 2021                             | 81,403,882  | 145,466                        | 8,661,656                    | (11,339,726)                 | 2,678,070                            | 8,755,469                              | (214,354)   | -                               | 968,870   | 130,727                        | 91,190,060            | 12,400,479                             | 103,590,539               |
| Profit for the period                            | -   | -                              | -                            | -                            | -                                    | -                                      | -   | -                               | -   | 2,230,248                      | 2,230,248             | 223,763                                | 2,454,011                 |
| Other comprehensive (loss) income for the period | -   | -                              | -                            | -                            | -                                    | -                                      | (18,705)  | 214,289                         | -   | -                              | 195,584               | (25,937)                               | 169,647                   |
| Total comprehensive (loss) income for the period | -   | -                              | -                            | -                            | -                                    | -                                      | (18,705)  | 214,289                         | -   | 2,230,248                      | 2,425,832             | 197,826                                | 2,623,658                 |
| Transferred to retained earnings upon disposals  | -   | -                              | -                            | -                            | -                                    | -                                      | -   | (150,315)                       | -   | 150,315                        | -                     | -                                      | -                         |
| Dividends paid to non-controlling interests      | -   | -                              | -                            | -                            | -                                    | -                                      | -   | -                               | -   | -                              | -                     | (199,845)                              | (199,845)                 |
| As at 31 March 2021                              | 81,403,882  | 145,466                        | 8,661,656                    | (11,339,726)                 | 2,678,070                            | 8,755,469                              | (233,059)   | 63,974                          | 968,870   | 2,511,290                      | 93,615,892            | 12,398,460                             | 106,014,352               |

The attached notes 1 to 14 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 2022

|  | <i>Notes</i> | <i>Three months ended</i> |             |
|--|--------------|---------------------------|-------------|
|  |              | <i>31 March</i>           |             |
|  |              | <b>2022</b>               | <b>2021</b> |
|  |              | <b>KD</b>                 | <b>KD</b>   |
| <b>OPERATING ACTIVITIES</b>  |              |                           |             |
| Profit before provision for tax  |              | <b>2,722,016</b>          | 2,560,691   |
| <i>Non-cash adjustments to reconcile profit before tax to net cash flows:</i>          |              |                           |             |
| Depreciation and amortisation  |              | <b>2,582,415</b>          | 2,592,932   |
| Hair-cut income on settlement of Islamic finance payables                              |              | -                         | (530,434)   |
| Net reversals of expected credit losses and provisions                                 |              | <b>(12,125)</b>           | (1,524,907) |
| Gain on disposal of property and equipment   |              | <b>(330,788)</b>          | (2,650)     |
| Income from investments and saving deposits  |              | <b>(214,580)</b>          | (159,036)   |
| Share of results of associates   |              | <b>(105,668)</b>          | 1,253,874   |
| Redemption from investments in associates  |              | <b>(163,061)</b>          | -           |
| Net foreign exchange differences   |              | <b>51,890</b>             | (17,983)    |
| Provision for employees end of service benefits  |              | <b>170,104</b>            | 83,911      |
| Finance costs  |              | <b>29,030</b>             | 36,766      |
|  |              | <b>4,729,233</b>          | 4,293,164   |
| <i>Changes in operating assets and liabilities:</i>                                    |              |                           |             |
| Islamic finance receivables  |              | <b>18,594</b>             | 18,498      |
| Other assets   |              | <b>(2,870,089)</b>        | (2,166,610) |
| Other liabilities  |              | <b>(1,262,676)</b>        | 197,255     |
| Cash flows from operations   |              | <b>615,062</b>            | 2,342,307   |
| End of service benefits paid   |              | <b>(28,078)</b>           | (133,655)   |
| Taxes paid   |              | <b>(64,365)</b>           | -           |
| <b>Net cash flows from operating activities</b>  |              | <b>522,619</b>            | 2,208,652   |
| <b>INVESTING ACTIVITIES</b>  |              |                           |             |
| Proceeds from sale of subsidiary   |              | -                         | 1,100,946   |
| Purchase of financial assets at fair value through other comprehensive income          |              | -                         | (2,657,540) |
| Proceeds from sale/redemption of financial assets at fair value through profit or loss |              | <b>31,548</b>             | -           |
| Redemption from investments in associates  |              | <b>163,061</b>            | -           |
| Income received from investment and savings deposits                                   |              | <b>109,560</b>            | 129,450     |
| Dividend received  |              | <b>87,509</b>             | 6,003       |
| Dividend and capital reduction proceed received from associates                        | 9            | -                         | 125,007     |
| Purchase of property and equipment   |              | <b>(7,981)</b>            | (7,529)     |
| Proceeds from disposal of property and equipment                                       |              | <b>364,980</b>            | 18,050      |
| <b>Net cash flows from (used in) investing activities</b>                              |              | <b>748,677</b>            | (1,285,613) |
| <b>FINANCING ACTIVITIES</b>  |              |                           |             |
| Payments towards capital reduction   |              | <b>(52,098)</b>           | -           |
| Net repayment of Islamic finance payables  |              | <b>(202,391)</b>          | (1,435,656) |
| Payment of lease liabilities   |              | <b>(345,120)</b>          | (352,011)   |
| Dividends paid to non-controlling interests  |              | <b>(124,926)</b>          | (199,845)   |
| Net movement in non-controlling interests  |              | <b>(8,077)</b>            | -           |
| <b>Net cash flows used in financing activities</b>                                     |              | <b>(732,612)</b>          | (1,987,512) |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                            |              | <b>538,684</b>            | (1,064,473) |
| Cash and cash equivalents as at 1 January  |              | <b>30,889,086</b>         | 33,898,964  |
| <b>CASH AND CASH EQUIVALENTS AS AT 31 MARCH</b>  | 8            | <b>31,427,770</b>         | 32,834,491  |

The attached notes 1 to 14 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 2022

### 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 2022 was authorised for issue in accordance with a resolution of the Board of Directors ("BOD") of the Parent Company on 12 May 2022.

The consolidated financial statements of the Group for the year ended 31 December 2021 were approved in the annual general assembly meeting ("AGM") of the shareholders of the Parent Company held on 6 April 2022.

In the extraordinary general meeting ("EGM") held on 6 April 2022, the shareholders had approved the partial reduction in share capital amounting to KD 5,000,000 from KD 71,403,882 to KD 66,403,882 proposed by the BOD in their meeting held on 6 February 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 2021.

The Group carries out its activities in accordance with the principles of Islamic Shari'ah as approved by the Fatwa and Shari'ah 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 Name   | Activity                           | Incorporation | % equity interest |                  |               |
|---|------------------------------------|---------------|-------------------|------------------|---------------|
|   |                                    |               | 31 March 2022     | 31 December 2021 | 31 March 2021 |
| Mubarrad Holding Company K.S.C.P. ("Mubarrad") <sup>1</sup> | Trading and renting heavy vehicles | Kuwait        | 41.9%             | 41.9%            | 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%         |

<sup>1</sup>The Group controls 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 three months ended 31 March 2022 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 2021.

Further, the results for the three months period ended 31 March 2022, are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

Certain prior year/ period amounts do not correspond with the 2021 consolidated financial statements/interim condensed consolidated financial information and reflect adjustments to confirm 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 2021, except for the adoption of new standards effective as of 1 January 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

#### **Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37**

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

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

These amendments had no impact on the interim condensed consolidated financial information of the Group as there were no onerous contracts outstanding within the scope of these amendments arisen during the period.

#### **Reference to the Conceptual Framework – Amendments to IFRS 3**

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

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

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

**Reference to the Conceptual Framework – Amendments to IFRS 3 (continued)**

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the interim condensed consolidated financial information of the Group as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

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

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

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

**IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities**

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

These amendments had no impact on the interim condensed consolidated financial information of the Group as there were no modifications of the Group's financial instruments during the period.

Several amendments and interpretations apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial information of the Group.

**3 INCOME FROM LEASING OPERATIONS**

|  | <i>Three months ended</i> |             |
|--|---------------------------|-------------|
|  | <i>31 March</i>           |             |
|  | <i>2022</i>               | <i>2021</i> |
|  | <i>KD</i>                 | <i>KD</i>   |
| Operating lease rental income                    | <b>4,148,085</b>          | 4,097,893   |
| Service and maintenance and other related income | <b>247,354</b>            | 269,641     |
| Gain on disposal of motor vehicles               | <b>914,300</b>            | 625,459     |
|  | <b>5,309,739</b>          | 4,992,993   |
| Less: depreciation of motor vehicles             | <b>(1,893,510)</b>        | (1,907,965) |
| Less: maintenance and other expenses             | <b>(461,742)</b>          | (482,013)   |
|  | <b>2,954,487</b>          | 2,603,015   |

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**4 REAL ESTATE INCOME**

|  | <i>Three months ended</i> |             |
|--|---------------------------|-------------|
|  | <i>31 March</i>           |             |
|  | <b>2022</b>               | <b>2021</b> |
|  | <b>KD</b>                 | <b>KD</b>   |
| Rental income from investment properties                         | <b>822,913</b>            | 734,228     |
| Rental income from leasehold rights                              | <b>803,969</b>            | 656,149     |
| Depreciation of right-of-use assets relating to leasehold rights | <b>(266,592)</b>          | (266,603)   |
| Amortisation of a leasehold right                                | <b>(328,379)</b>          | (328,379)   |
| Finance cost on lease liabilities                                | <b>(9,656)</b>            | (18,985)    |
| Real estate related expenses                                     | <b>(136,162)</b>          | (118,729)   |
|  | <b>886,093</b>            | 657,681     |

**5 INCOME FROM INVESTMENTS AND SAVING DEPOSITS**

|  | <i>Three months ended</i> |             |
|--|---------------------------|-------------|
|  | <i>31 March</i>           |             |
|  | <b>2022</b>               | <b>2021</b> |
|  | <b>KD</b>                 | <b>KD</b>   |
| Investment deposits and savings profits            | <b>109,560</b>            | 129,450     |
| Dividend income                                    | <b>87,509</b>             | 6,003       |
| Changes in fair value of financial assets at FVTPL | <b>17,511</b>             | 23,583      |
|  | <b>214,580</b>            | 159,036     |

**6 NET REVERSALS OF EXPECTED CREDIT LOSSES AND OTHER PROVISIONS**

|   | <i>Three months ended</i> |             |
|---|---------------------------|-------------|
|   | <i>31 March</i>           |             |
|   | <b>2022</b>               | <b>2021</b> |
|   | <b>KD</b>                 | <b>KD</b>   |
| Reversal of allowance for impairment on Islamic finance receivables | <b>(18,594)</b>           | (18,498)    |
| Net reversal of allowance on other assets                           | <b>(30,083)</b>           | (13,959)    |
| Net allowance for impairment on trade receivables                   | <b>36,552</b>             | 93,604      |
| Reversal of provisions further to CBK approval                      | -                         | (1,586,054) |
|   | <b>(12,125)</b>           | (1,524,907) |

**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.

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

|  | <i>Three months ended</i> |                    |
|--|---------------------------|--------------------|
|  | <i>31 March</i>           |                    |
|  | <u>2022</u>               | <u>2021</u>        |
| Profit for the period attributable to the equity holders of the Parent Company (KD)                                | <u>2,214,212</u>          | <u>2,230,248</u>   |
| Weighted average number of shares outstanding during the period (shares) *   | <u>714,038,824</u>        | <u>801,673,982</u> |
| <b>Basic and diluted earnings (loss) per share attributable to the equity holders of the Parent Company (fils)</b> | <u><b>3.10</b></u>        | <u><b>2.78</b></u> |

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

**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>31 March</i>          | <i>(Audited)</i>   | <i>31 March</i>   |
|--|--------------------------|--------------------|-------------------|
|  | <i>2022</i>              | <i>31 December</i> | <i>2021</i>       |
|  | <i>KD</i>                | <i>KD</i>          | <i>KD</i>         |
| Cash and bank balances   | <u>5,102,405</u>         | 7,982,199          | 5,111,449         |
| Short-term placements with financial institutions  | <u>26,378,478</u>        | 22,960,000         | 27,775,000        |
| <b>Cash and cash equivalents as per interim condensed consolidated statement of financial position</b> | <u><b>31,480,883</b></u> | 30,942,199         | 32,886,449        |
| Less: restricted cash  | <u>(53,113)</u>          | (53,113)           | (51,958)          |
| <b>Cash and cash equivalents as per interim condensed consolidated statement of cash flows</b>         | <u><b>31,427,770</b></u> | <u>30,889,086</u>  | <u>32,834,491</u> |

Cash and cash equivalents amounting to KD 463,734 (31 December 2021: KD 479,610 and 31 March 2021: KD 270,247) is maintained with one of the major shareholder (Note 11).

**9 INVESTMENT IN ASSOCIATES**

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

| Name  | <i>Country of domicile</i> | <i>% equity interest</i> |                         |                      | <i>Principal activities</i> |
|---|----------------------------|--------------------------|-------------------------|----------------------|-----------------------------|
|   |                            | <i>31 March 2022</i>     | <i>31 December 2021</i> | <i>31 March 2021</i> |                             |
| Oman Integral Logistics Company O.S.C.C <sup>1</sup>            | Oman                       | <b>50.0%</b>             | 50.0%                   | 50.0%                | Logistics                   |
| A'ayan Real Estate Company K.S.C.P. ("AREC") <sup>2</sup>       | Kuwait                     | <b>15.1%</b>             | 15.1%                   | 15.1%                | Real estate                 |
| Tawazun Holding Company K.S.C (Closed) ("Tawazun") <sup>3</sup> | Kuwait                     | <b>14.8%</b>             | 14.8%                   | -                    | Holding Company             |

<sup>1</sup> Included in the carrying amount of the investment in the associate is goodwill of KD 112,822 (31 December 2021: KD 112,822 and 31 March 2021: KD 112,822).

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**9 INVESTMENT IN ASSOCIATES (continued)**

<sup>2</sup> The Group controls 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 shareholding and its nominate 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*.

<sup>3</sup> The Group controls 14.8% of ownership interest in Tawazun. Although the Group currently owns less than 20% of the equity of Tawazun, management determined that it still exerts significant influence over the investee due to the Group having a representation on the BOD and participation in decisions over the relevant activities and operations, based on IAS 28: Investments in Associates and Joint Ventures criteria analysis, and accordingly, the Group has accounted for its interest in Tawazun as an investment in associate using the equity method of accounting in accordance with IAS 28: *Investments in Associates and Joint Ventures*.

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

|  | <b>31 March<br/>2022</b> | <i>(Audited)</i><br>31 December<br>2021 | 31 March<br>2021 |
|--|--------------------------|---|------------------|
|  | <b>KD</b>                | <b>KD</b>                               | <b>KD</b>        |
| As at the beginning of the period/ year        | <b>11,141,315</b>        | 8,497,741                               | 8,497,741        |
| Additions                                      | -                        | 2,223,429                               | -                |
| Reclassification from financial asset at FVOCI | -                        | 3,551,980                               | -                |
| Share of results                               | <b>105,668</b>           | (1,392,564)                             | (1,253,874)      |
| Share of other comprehensive income            | <b>(27,826)</b>          | (19,123)                                | -                |
| Dividend received from associates              | -                        | (122,768)                               | (125,007)        |
| Capital reduction received from associates     | -                        | (738,991)                               | -                |
| Net reversal of allowance for impairment       | -                        | 66,179                                  | -                |
| Redemption / sale of associates                | -                        | (882,760)                               | -                |
| Foreign currency translation adjustments       | <b>(35,008)</b>          | (41,808)                                | (35,089)         |
| <b>As at the end of the period/ year</b>       | <b>11,184,149</b>        | 11,141,315                              | 7,083,771        |

**10 CONTINGENCIES**

As at 31 March 2022, the Group's bankers have provided bank guarantees amounting to KD 315,323 (31 December 2021: KD 301,672 and 31 March 2021: KD 552,142) 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.

|  | <i>Associates</i> | <i>Major shareholders</i> | <i>Other related parties</i> | <i>Three months ended</i> |             |
|--|-------------------|---------------------------|------------------------------|---------------------------|-------------|
|  | <i>KD</i>         | <i>KD</i>                 | <i>KD</i>                    | <i>31 March</i>           |             |
|  |                   |                           |                              | <i>2022</i>               | <i>2021</i> |
|  |                   |                           |                              | <i>KD</i>                 | <i>KD</i>   |
| <b><i>Interim condensed consolidated statement of profit or loss</i></b> |                   |                           |                              |                           |             |
| Finance costs  | -                 | <b>13,973</b>             | -                            | <b>13,973</b>             | 15,969      |
| Advisory and management fees (net of property management commission)     | <b>(3,291)</b>    | -                         | <b>60,359</b>                | <b>57,068</b>             | 48,545      |

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**13 RELATED PARTY DISCLOSURES (continued)**

|  |                   |                     |                      |                 | <i>(Audited)</i>   |                 |
|--|-------------------|---------------------|----------------------|-----------------|--------------------|-----------------|
|  | <i>Associates</i> | <i>Major</i>        | <i>Other related</i> | <i>31 March</i> | <i>31 December</i> | <i>31 March</i> |
|  | <i>KD</i>         | <i>shareholders</i> | <i>parties</i>       | <i>2022</i>     | <i>2021</i>        | <i>2021</i>     |
|  | <i>KD</i>         | <i>KD</i>           | <i>KD</i>            | <i>KD</i>       | <i>KD</i>          | <i>KD</i>       |
| <i>Interim condensed consolidated statement of financial position:</i> |                   |                     |                      |                 |                    |                 |
| Cash and bank balances   | -                 | 463,734             | -                    | 463,734         | 479,610            | 270,247         |
| Amount due from related parties (included in other assets)             | 132,443           | 34,682              | 159,815              | 326,940         | 211,719            | 778,811         |
| Islamic finance payables   | -                 | 1,430,711           | -                    | 1,430,711       | 1,619,129          | 1,635,098       |
| Amount due to related parties (included in other liabilities)          | 85,340            | -                   | -                    | 85,340          | 93,337             | 176,550         |

**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 2022 and 2021, the Group has not recorded any further provisions for expected credit losses relating to amounts owed by related parties. There have been no guarantees provided or received 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 related parties were as follows:

|   | <i>Three months ended</i> |                |
|---|---------------------------|----------------|
|   | <i>31 March</i>           |                |
|   | <i>2022</i>               | <i>2021</i>    |
|   | <i>KD</i>                 | <i>KD</i>      |
| <i>Key management personnel compensation:</i> |                           |                |
| Salaries and other short-term benefits        | 528,835                   | 478,146        |
| End of service benefits                       | 26,768                    | 23,066         |
|   | <b>555,603</b>            | <b>501,212</b> |

**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.

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12 SEGMENT INFORMATION (continued)

|                                     | <i>Islamic<br/>financing<br/>KD</i> | <i>Leasing<br/>sector<br/>KD</i> | <i>Real estate<br/>KD</i> | <i>Proprietary<br/>investment<br/>and assets<br/>management<br/>KD</i> | <i>Others<br/>KD</i> | <i>Total<br/>KD</i> |
|-------------------------------------|-------------------------------------|----------------------------------|---------------------------|--|----------------------|---------------------|
| <i>Three months period ended</i>    |                                     |                                  |                           |  |                      |                     |
| <i>31 March 2022</i>                |                                     |                                  |                           |  |                      |                     |
| Revenue                             | 4,077                               | 2,962,675                        | 497,407                   | 1,285,443  | -                    | 4,749,602           |
| Segment profit (loss)               | 12,603                              | 1,747,273                        | 326,206                   | 721,011  | (209,143)            | 2,597,950           |
| Depreciation                        | -                                   | (1,984,873)                      | (267,457)                 | (1,706)  | -                    | (2,254,036)         |
| Amortisation of leasehold<br>rights | -                                   | -                                | (328,379)                 | -  | -                    | (328,379)           |
| <i>31 March 2022</i>                |                                     |                                  |                           |  |                      |                     |
| Total assets                        | -                                   | 69,104,896                       | 21,237,745                | 32,915,637   | 15,712,479           | 138,970,757         |
| Total liabilities                   | -                                   | 11,016,397                       | 4,155,008                 | 3,533,461  | 17,251,890           | 35,956,756          |
| Goodwill                            | -                                   | -                                | -                         | 91,005   | -                    | 91,005              |
|                                     | <i>Islamic<br/>financing<br/>KD</i> | <i>Leasing<br/>sector<br/>KD</i> | <i>Real estate<br/>KD</i> | <i>Proprietary<br/>investment<br/>and assets<br/>management<br/>KD</i> | <i>Others<br/>KD</i> | <i>Total<br/>KD</i> |
| <i>31 December 2021</i>             |                                     |                                  |                           |  |                      |                     |
| Total assets                        | -                                   | 68,057,582                       | 21,743,787                | 33,247,691   | 15,109,159           | 138,158,219         |
| Total liabilities                   | -                                   | 11,707,760                       | 4,234,084                 | 3,905,032  | 17,074,013           | 36,920,889          |
| Goodwill                            | -                                   | -                                | -                         | 91,005   | -                    | 91,005              |



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**12 SEGMENT INFORMATION (continued)**

|                                  | <i>Islamic<br/>financing<br/>KD</i> | <i>Leasing<br/>sector<br/>KD</i> | <i>Real estate<br/>KD</i> | <i>Proprietary<br/>investment<br/>and assets<br/>management<br/>KD</i> | <i>Others<br/>KD</i> | <i>Total<br/>KD</i> |
|----------------------------------|-------------------------------------|----------------------------------|---------------------------|--|----------------------|---------------------|
| <i>Three months period ended</i> |                                     |                                  |                           |  |                      |                     |
| <i>31 March 2021</i>             |                                     |                                  |                           |  |                      |                     |
| Revenue                          | 2,315                               | 2,613,350                        | 265,841                   | (607,567)  | 530,436              | 2,804,375           |
| Segment (loss) profit            | (25,725)                            | 1,470,273                        | 128,829                   | (1,296,378)  | 2,177,012            | 2,454,011           |
| Depreciation                     | -                                   | (1,997,012)                      | (267,541)                 | -  | -                    | (2,264,553)         |
| Amortisation of leasehold rights | -                                   | -                                | (328,379)                 | -  | -                    | (328,379)           |
| <i>31 March 2021</i>             |                                     |                                  |                           |  |                      |                     |
| Total assets                     | -                                   | 73,913,692                       | 21,563,787                | 34,622,976   | 13,165,861           | 143,266,316         |
| Total liabilities                | 36,476                              | 11,321,027                       | 4,218,381                 | 6,200,031  | 15,476,049           | 37,251,964          |
| 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 measurement using                             |  |  | Total<br>KD |
|---------------------------------------|--|--|--|-------------|
|                                       | Quoted prices<br>in active<br>markets<br>(Level 1)<br>KD | Significant<br>observable<br>inputs<br>(Level 2)<br>KD | Significant<br>unobservable<br>inputs<br>(Level 3)<br>KD |             |
| 31 March 2022                         |  |  |  |             |
| <b>Assets measured at fair value:</b> |  |  |  |             |
| <i>Investment securities:</i>         |  |  |  |             |
| Financial assets at FVTPL             | 27,680   | 919,629  | 1,011,518  | 1,958,827   |

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 2022.

|                                       | Fair value measurement using                          |  |  | Total<br>KD |
|---------------------------------------|---|--|--|-------------|
|                                       | Quoted prices in<br>active markets<br>(Level 1)<br>KD | Significant<br>observable<br>inputs<br>(Level 2)<br>KD | Significant<br>unobservable<br>inputs<br>(Level 3)<br>KD |             |
| 31 December 2021 (audited)            |   |  |  |             |
| <b>Assets measured at fair value:</b> |   |  |  |             |
| <i>Investment securities:</i>         |   |  |  |             |
| Financial assets at FVTPL             | 29,105  | 932,241  | 1,011,518  | 1,972,864   |

|                               | Fair value measurement using                          |  |  | Total<br>KD |
|-------------------------------|---|--|--|-------------|
|                               | Quoted prices in<br>active markets<br>(Level 1)<br>KD | Significant<br>observable<br>inputs<br>(Level 2)<br>KD | Significant<br>unobservable<br>inputs<br>(Level 3)<br>KD |             |
| 31 March 2021                 |   |  |  |             |
| <i>Investment securities:</i> |   |  |  |             |
| Financial assets at FVOCI     | -   | -  | 5,474,865  | 5,474,865   |
| Financial assets at FVPL      | 353,493   | 929,388  | 1,201,476  | 2,484,357   |
|                               | 353,493   | 929,388  | 6,676,341  | 7,959,222   |

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:

|                            |   |
|----------------------------|---|
|                            | <b>Financial<br/>assets at<br/>FVTPL<br/>KD</b> |
| As at 1 January 2022       | <b>1,011,518</b>                                |
| Change in fair value       | -   |
| <b>As at 31 March 2022</b> | <b>1,011,518</b>                                |

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**13 FAIR VALUE MEASUREMENT (continued)**

|   | <i>Financial<br/>assets at<br/>FVOCI<br/>KD</i> | <i>Financial<br/>assets at<br/>FVTPL<br/>KD</i> | <i>Total<br/>KD</i> |
|---|---|---|---------------------|
| As at 1 January 2021                        | 4,340,771                                       | 1,201,476                                       | 5,542,247           |
| Additions                                   | 2,657,540                                       | -   | 2,657,540           |
| Disposals                                   | (1,988,028)                                     | -   | (1,988,028)         |
| Remeasurements recognised in OCI            | (1,458,303)                                     | -   | (1,458,303)         |
| Remeasurements recognised in profit or loss | -   | (189,958)                                       | (189,958)           |
| Reclassified to associates                  | (3,551,980)                                     | -   | (3,551,980)         |
| As at 31 December 2021                      | -   | 1,011,518                                       | 1,011,518           |
|   | <i>Financial<br/>assets at<br/>FVOCI<br/>KD</i> | <i>Financial<br/>assets at<br/>FVTPL<br/>KD</i> | <i>Total<br/>KD</i> |
| As at 1 January 2021                        | 4,340,771                                       | 1,201,476                                       | 5,542,247           |
| Additions                                   | 2,657,540                                       | -   | 2,657,540           |
| Disposals                                   | (1,587,420)                                     | -   | (1,587,420)         |
| Remeasurements recognised in OCI            | 63,974  | -   | 63,974              |
| As at 31 March 2021                         | 5,474,865                                       | 1,201,476                                       | 6,676,341           |

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.

**14 SUBSEQUENT EVENT**

On 6 April 2022, the shareholders at their extraordinary general assembly meeting (EGM) approved the proposal made by Board of Director's meeting held on 6 February 2022 for a partial reduction amounting to KD 5,000,000 in share capital from KD 71,403,882 to KD 66,403,882 (50,000,000 shares from 714,038,824 shares to 664,038,824 shares at 100 fils each) by way of cash distribution to the shareholders effective on 15 May 2022 after obtaining all necessary regulatory approvals.