

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

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

30 JUNE 2023





Ernst & Young
Al Aiban, Al Osaimi & Partners
P.O. Box 74
18–20th Floor, Baitak Tower
Ahmed Al Jaber Street
Safat Square 13001, Kuwait

Tel: +965 2295 5000
Fax: +965 2245 6419
kuwait@kw.ey.com
ey.com/mena

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of A'ayan Leasing and Investment Company K.S.C.P. (the “Parent Company”) and Subsidiaries (collectively, the “Group”) as at 30 June 2023, and the related interim condensed consolidated income statement and interim condensed consolidated statement of comprehensive income for three-month and six-month periods then ended, and the related interim condensed consolidated statement of cash flows and interim condensed consolidated statement of changes in equity for the six-month period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with basis of preparation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements: 2410 ‘*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*’. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

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

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of accounts of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company's Articles of Association and Memorandum of Incorporation, as amended, during the six months period ended 30 June 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 six months period ended 30 June 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

24 July 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 June 2023

	Notes	Three months ended 30 June		Six months ended 30 June	
		2023	2022	2023	2022
		KD	KD	KD	KD
INCOME					
Income from leasing operations	3	3,522,639	3,132,695	7,242,797	6,087,182
Net real estate income	4	949,459	953,920	1,904,410	1,840,013
Net income from investments and saving deposits	5	1,320,746	129,969	2,082,799	344,549
Share of results of associates	9	1,000,280	209,801	1,807,220	315,469
Advisory and management fees		62,079	66,150	125,444	121,605
Islamic finance income		3,233	2,487	6,046	6,564
Other income		30,257	207,552	61,150	736,794
		6,888,693	4,702,574	13,229,866	9,452,176
EXPENSES					
Finance costs		(169,190)	(19,531)	(315,745)	(38,905)
Net allowance for expected credit losses and other provisions	6	(70,381)	(106,203)	(581,053)	(94,078)
Staff costs		(1,658,676)	(1,353,973)	(3,382,261)	(2,804,592)
Depreciation		(95,245)	(94,988)	(190,863)	(188,922)
Net foreign exchange differences		(3,216)	6,821	(28,778)	(45,069)
Other expenses		(599,252)	(499,140)	(1,089,812)	(923,034)
		(2,595,960)	(2,067,014)	(5,588,512)	(4,094,600)
PROFIT BEFORE PROVISION FOR TAX		4,292,733	2,635,560	7,641,354	5,357,576
Taxation		(151,529)	(57,563)	(255,617)	(118,831)
Taxation from subsidiaries		(52,815)	(57,096)	(112,795)	(119,894)
PROFIT FOR THE PERIOD		4,088,389	2,520,901	7,272,942	5,118,851
Attributable to:					
Equity holders of the Parent Company		3,883,352	2,295,175	6,826,608	4,509,387
Non-controlling interests		205,037	225,726	446,334	609,464
		4,088,389	2,520,901	7,272,942	5,118,851
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY					
	7	5.85 fils	3.33 fils	10.28 fils	6.42 fils

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

A'ayan Leasing and Investment Company K.S.C.P. and Subsidiaries
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)
For the period ended 30 June 2023

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	2023	2022	2023	2022
	KD	KD	KD	KD
PROFIT FOR THE PERIOD	4,088,389	2,520,901	7,272,942	5,118,851
Other comprehensive loss :				
<i>Other comprehensive loss to be reclassified to interim condensed consolidated income statement in subsequent periods:</i>				
Exchange differences on translation of foreign operations	(84,368)	(76,057)	(765,591)	(736,577)
<i>Other comprehensive loss not to be reclassified to interim condensed consolidated income statement in subsequent periods:</i>				
Share of other comprehensive loss of associates	(97,118)	(10,992)	(230,476)	(38,818)
Total other comprehensive loss	(181,486)	(87,049)	(996,067)	(775,395)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3,906,903	2,433,852	6,276,875	4,343,456
Attributable to:				
Equity holders of the Parent Company	3,751,390	2,252,315	6,279,943	4,161,943
Non-controlling interests	155,513	181,537	(3,068)	181,513
	3,906,903	2,433,852	6,276,875	4,343,456


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

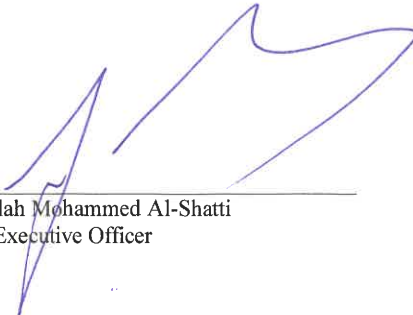
A'ayan Leasing and Investment Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2023

	Notes	30 June 2023 KD	31 December 2022 (Audited) KD	30 June 2022 KD
ASSETS				
Cash and cash equivalents	8	16,486,403	17,014,416	19,489,166
Financial assets at fair value through profit or loss	13	11,489,266	9,694,274	7,939,475
Investment in associates	9	19,870,372	20,091,871	11,320,572
Investment properties		30,634,813	31,216,201	31,394,299
Other assets		9,371,298	11,431,287	10,979,562
Property and equipment		62,783,960	61,306,585	57,472,763
Leasehold property		168,873	501,111	838,856
Goodwill		91,005	91,005	91,005
TOTAL ASSETS		150,895,990	151,346,750	139,525,698
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		(1,240,707)	(924,518)	(538,090)
Effect of changes in reserves of associates		460,811	691,287	910,929
Retained earnings		16,430,055	14,583,738	11,105,747
Equity attributable to equity holders of the Parent Company		92,523,309	91,223,657	87,416,196
Non-controlling interests		11,657,451	12,250,888	12,357,176
Total equity		104,180,760	103,474,545	99,773,372
Liabilities				
Islamic finance payables		14,278,228	14,460,726	4,397,036
Other liabilities		32,437,002	33,411,479	35,355,290
Total liabilities		46,715,230	47,872,205	39,752,326
TOTAL EQUITY AND LIABILITIES		150,895,990	151,346,750	139,525,698


Mansour Hamad Al-Mubarak
Chairman


Abdullah Mohammed Al-Shatti
Chief Executive Officer

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 June 2023

	<i>Attributable to equity holders of the Parent Company</i>						<i>Subtotal KD</i>	<i>Non-controlling interests KD</i>	<i>Total equity KD</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>			
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	-	-	-	-	-	6,826,608	6,826,608	446,334	7,272,942
Other comprehensive loss	-	-	-	(316,189)	(230,476)	-	(546,665)	(449,402)	(996,067)
Total comprehensive (loss) income for the period	-	-	-	(316,189)	(230,476)	6,826,608	6,279,943	(3,068)	6,276,875
Dividend (Note 1)	-	-	-	-	-	(4,980,291)	(4,980,291)	-	(4,980,291)
Dividend to non-controlling interests	-	-	-	-	-	-	-	(612,872)	(612,872)
Movement in non-controlling interests	-	-	-	-	-	-	-	22,503	22,503
As at 30 June 2023	66,403,882	1,713,799	8,755,469	(1,240,707)	460,811	16,430,055	92,523,309	11,657,451	104,180,760
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	-	-	-	-	-	4,509,387	4,509,387	609,464	5,118,851
Other comprehensive loss	-	-	-	(308,626)	(38,818)	-	(347,444)	(427,951)	(775,395)
Total comprehensive (loss) income for the period	-	-	-	(308,626)	(38,818)	4,509,387	4,161,943	181,513	4,343,456
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 June 2022	66,403,882	778,259	8,755,469	(538,090)	910,929	11,105,747	87,416,196	12,357,176	99,773,372

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

For the period ended 30 June 2023

	Notes	Six months ended	
		30 June	
		2023	2022
		KD	KD
OPERATING ACTIVITIES			
Profit before provision for tax		7,641,354	5,357,576
<i>Non-cash adjustments to reconcile profit before tax to net cash flows:</i>			
Depreciation and amortisation		5,483,697	5,182,567
Net allowance for expected credit losses and provisions	6	581,053	94,078
Gain on sale of investment properties		(2,960)	-
Gain on disposal of property and equipment		-	(330,788)
Income from investments and saving deposits		(2,082,799)	(344,549)
Share of results of associates	9	(1,807,220)	(315,469)
Redemption from investments in associates		-	(163,061)
Net foreign exchange differences		28,778	45,069
Provision for employees' end of service benefits		333,926	265,456
Finance costs		334,644	55,985
		10,510,473	9,846,864
<i>Changes in operating assets and liabilities:</i>			
Islamic finance receivables		25,038	33,292
Other assets		(5,937,397)	(11,171,356)
Other liabilities		(712,514)	2,045,092
Cash flows from operations		3,885,600	753,892
End of service benefits paid		(25,554)	(59,188)
Taxes paid		(554,754)	(599,626)
Net cash flows from operating activities		3,305,292	95,078
INVESTING ACTIVITIES			
Addition of associates		(1,178,611)	-
Purchase of financial assets at fair value through profit or loss		(442,540)	(6,070,740)
Proceeds from sale/redemption of financial assets at fair value through profit or loss		-	117,461
Proceeds from redemption from investments in associates		-	163,061
Proceeds from sale of investment properties		72,650	-
Income received from investment and savings deposits		210,532	225,591
Dividend received from financial assets at financial assets at fair value through profit or loss		465,535	105,626
Dividend and capital reduction proceed received from associates		4,037,294	62,387
Purchase of property and equipment		(13,621)	(21,505)
Proceeds from disposal of property and equipment		-	364,978
Movement in restricted bank balance		(9,053)	-
Net cash flows from (used in) investing activities		3,142,186	(5,053,141)
FINANCING ACTIVITIES			
Payments towards capital reduction		(284,731)	(4,788,401)
Dividend paid	1	(4,810,196)	-
Finance costs paid		(290,565)	-
Repayment of Islamic finance payables		(202,391)	(202,392)
Payment of lease liabilities		(806,292)	(696,763)
Dividends paid to non-controlling interests		(612,872)	(807,414)
Net movement in non-controlling interests		22,503	-
Net cash flows used in financing activities		(6,984,544)	(6,494,970)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(537,066)	(11,453,033)
Cash and cash equivalents as at 1 January		16,998,405	30,889,086
CASH AND CASH EQUIVALENTS AS AT 30 JUNE	8	16,461,339	19,436,053

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

30 June 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 six months ended 30 June 2023 was authorised for issue in accordance with a resolution of the Board of Directors ("BOD") of the Parent Company on 24 July 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 June 2022: Nil). As on 30 June 2023, the unclaimed dividend amounting to KD 170,095 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'ah as approved by the Fatwa and Sharī'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:

<i>Subsidiary's Name</i>	<i>Activity</i>	<i>Incorporation</i>	<i>% equity interest</i>		
			<i>30 June 2023</i>	<i>31 December 2022</i>	<i>30 June 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 June 2023, the Group has 41.3% (31 December 2022: 41.3% and 30 June 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 six months ended 30 June 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 June 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 six months period ended 30 June 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</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</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>
Operating lease rental income	5,003,326	4,359,321	10,067,268	8,507,406
Service and maintenance and other related income	332,461	244,929	643,425	492,283
Gain on disposal of motor vehicles	976,633	964,897	2,026,249	1,879,197
	6,312,420	5,569,147	12,736,942	10,878,886
Less: depreciation of motor vehicles	(2,206,644)	(1,955,007)	(4,342,269)	(3,848,517)
Less: maintenance and other expenses	(583,137)	(481,445)	(1,151,876)	(943,187)
	3,522,639	3,132,695	7,242,797	6,087,182

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

4 NET REAL ESTATE INCOME

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	2023	2022	2023	2022
	KD	KD	KD	KD
Gain on sale of investment properties	2,259	-	2,960	-
Rental income from investment properties	868,176	866,737	1,768,502	1,689,650
Rental income from leasehold rights	718,304	780,896	1,423,087	1,584,865
Depreciation of right-of-use assets relating to leasehold rights	(309,163)	(272,522)	(618,327)	(539,114)
Amortisation of leasehold rights	(167,037)	(277,635)	(332,238)	(606,014)
Finance cost on lease liabilities	(7,385)	(7,424)	(18,899)	(17,080)
Real estate related expenses	(155,695)	(136,132)	(320,675)	(272,294)
	949,459	953,920	1,904,410	1,840,013

5 NET INCOME FROM INVESTMENTS AND SAVING DEPOSITS

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	2023	2022	2023	2022
	KD	KD	KD	KD
Investment deposits and savings profits	174,613	116,031	210,532	225,591
Dividend income	399,750	18,117	519,815	105,626
Changes in fair value of financial assets at FVTPL	746,383	(4,179)	1,352,452	13,332
	1,320,746	129,969	2,082,799	344,549

6 NET ALLOWANCE FOR EXPECTED CREDIT LOSSES AND OTHER PROVISIONS

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	2023	2022	2023	2022
	KD	KD	KD	KD
Reversal of allowance for impairment on Islamic finance receivables	(12,512)	(14,698)	(25,038)	(33,292)
Net (reversal) charge of allowance on other assets	(14,688)	28,828	10,798	(1,255)
Net charge of allowance for impairment on trade receivables	97,581	92,073	108,401	128,625
Allowance for provision for legal cases	-	-	486,892	-
	70,381	106,203	581,053	94,078

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 June 2023

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

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	2023	2022	2023	2022
Profit for the period attributable to the equity holders of the Parent Company (KD)	3,883,352	2,295,175	6,826,608	4,509,387
Weighted average number of shares outstanding during the period (shares)	664,038,824	689,863,000	664,038,824	701,884,128
Basic and diluted earnings per share attributable to the equity holders of the Parent Company (fils)	5.85	3.33	10.28	6.42

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 June</i>	<i>(Audited)</i>	<i>30 June</i>
	2023	<i>31 December</i>	<i>2022</i>
	KD	KD	KD
Cash and bank balances	5,669,923	7,183,061	7,219,850
Short-term placements with financial institutions	10,816,480	9,831,355	12,269,316
Cash and cash equivalents as per interim condensed consolidated statement of financial position	16,486,403	17,014,416	19,489,166
Less: restricted cash	(25,064)	(16,011)	(53,113)
Cash and cash equivalents as per interim condensed consolidated statement of cash flows	16,461,339	16,998,405	19,436,053

Cash and cash equivalents amounting to KD 139,520 (31 December 2022: KD 191,188 and 30 June 2022: KD 476,707) 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:

<i>Associate's Name</i>	<i>Country of domicile</i>	<i>% equity interest</i>			<i>Principal activities</i>
		<i>30 June</i>	<i>31 December</i>	<i>30 June</i>	
		2023	2022	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

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

30 June 2023

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 June 2022: KD 112,822).

² As at 30 June 2023, the Group has 9.8% (31 December 2022: 9.8% and 30 June 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:

	<i>30 June</i>	<i>(Audited)</i>	<i>30 June</i>
	<i>2023</i>	<i>31 December</i>	<i>2022</i>
	<i>KD</i>	<i>2022</i>	<i>2022</i>
		<i>KD</i>	<i>KD</i>
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	1,807,220	821,953	315,469
Share of other comprehensive loss	(230,476)	(280,063)	(38,818)
Dividend from associates	(929,431)	(125,425)	(62,387)
Capital reduction from associates*	(3,110,527)	(738,322)	-
Redemption/ sale of associates	-	(1,265,888)	-
Foreign currency translation adjustments	(61,896)	30,234	(35,007)
As at the end of the period/ year	<u>19,870,372</u>	<u>20,091,871</u>	<u>11,320,572</u>

* 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 June 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 June 2023, the Group's bankers have provided bank guarantees amounting to KD 1,083,442 (31 December 2022: KD 1,027,433 and 30 June 2022: KD 1,025,881) 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</i>	<i>Other related</i>	<i>Six months ended</i>	
	<i>KD</i>	<i>shareholders</i>	<i>parties</i>	<i>30 June</i>	
		<i>KD</i>	<i>KD</i>	<i>2023</i>	<i>2022</i>
				<i>KD</i>	<i>KD</i>
<i>Interim condensed consolidated statement of income statement</i>					
Finance costs	-	37,636	-	37,636	28,102
Advisory and management fees (net of property management commission)	(8,422)	-	130,622	122,200	118,010

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

30 June 2023

11 RELATED PARTY DISCLOSURES (continued)

				<i>(Audited)</i>		
	<i>Associates</i>	<i>Major</i>	<i>Other related</i>	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>
	<i>KD</i>	<i>shareholders</i>	<i>parties</i>	<i>2023</i>	<i>2022</i>	<i>2022</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	-	139,520	-	139,520	191,188	476,707
Amount due from related parties (included in other assets)	113,417	64,473	149,724	327,614	171,925	207,235
Financial assets at FVTPL	-	7,957,823	665,036	8,622,859	6,851,806	5,460,456
Islamic finance payables	-	1,251,983	-	1,251,983	1,473,400	1,444,840
Amount due to related parties (included in other liabilities)	97,858	-	415,264	513,122	594,519	144,312

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

	<i>Other related</i>	<i>Six months ended</i>	
	<i>parties</i>	<i>30 June</i>	
	<i>KD</i>	<i>2023</i>	<i>2022</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Purchases of inventories	982,995	982,995	308,972

Terms and conditions of transactions with related parties

Transactions with related parties are made on terms approved by management. Outstanding balances at the reporting period other than Islamic finance payables are unsecured, non-profit bearing and have no fixed repayment schedule. For the period ended 30 June 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</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</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>
<i>Key management personnel compensation:</i>				
Salaries and other short-term benefits	205,399	185,444	802,750	702,744
End of service benefits	29,511	27,053	157,765	60,987
	234,910	212,497	960,515	763,731

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:

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

30 June 2023

12 SEGMENT INFORMATION (continued)

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

	<i>Islamic financing KD</i>	<i>Leasing sector KD</i>	<i>Real estate KD</i>	<i>Proprietary investment and assets management KD</i>	<i>Others KD</i>	<i>Total KD</i>
<i>Six months period ended</i>						
<i>30 June 2023</i>						
Revenue	6,065	7,276,159	1,089,497	4,858,145	-	13,229,866
Segment profit (loss)	11,174	4,117,175	664,681	3,795,172	(1,315,260)	7,272,942
Depreciation	-	(4,524,217)	(621,376)	(5,866)	-	(5,151,459)
Amortisation of leasehold rights	-	-	(332,238)	-	-	(332,238)
<i>30 June 2023</i>						
Total assets	-	74,353,451	19,790,731	49,071,963	7,679,845	150,895,990
Total liabilities	-	22,332,238	3,063,201	3,292,038	18,027,753	46,715,230
Goodwill	-	-	-	91,005	-	91,005
<i>31 December 2022</i>						
<i>(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
<i>Six months period ended</i>						
<i>30 June 2022</i>						
Revenue	6,564	6,261,852	1,032,029	2,151,731	-	9,452,176
Segment profit (loss)	21,848	3,728,048	653,075	1,124,044	(408,164)	5,118,851
Depreciation	-	(4,032,589)	(540,756)	(3,208)	-	(4,576,553)
Amortisation of leasehold rights	-	-	(606,014)	-	-	(606,014)

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

30 June 2023

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>30 June 2022</i>						
Total assets	-	69,091,375	20,769,043	38,435,804	11,229,476	139,525,698
Total liabilities	-	14,966,386	4,535,754	3,560,092	16,690,094	39,752,326
Goodwill	-	-	-	91,005	-	91,005

13 FAIR VALUE MEASUREMENT

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

Fair value hierarchy

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

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

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

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

Set out below that are a summary of financial instruments measured at fair value on a recurring basis, other than those with carrying amounts that are reasonable approximations of fair values:

	<i>Fair value measurement using</i>			<i>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>	
<i>30 June 2023</i>				
Assets measured at fair value:				
<i>Investment securities:</i>				
Financial assets at FVTPL	9,481,937	1,116,805	890,524	11,489,266

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the six months ended 30 June 2023.

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

13 FAIR VALUE MEASUREMENT (continued)

Fair value hierarchy (continued)

	<i>Fair value measurement using</i>			<i>Total</i> KD
	<i>Quoted prices in active markets (Level 1)</i> KD	<i>Significant observable inputs (Level 2)</i> KD	<i>Significant unobservable inputs (Level 3)</i> KD	
<i>31 December 2022 (audited)</i>				
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</i> KD
	<i>Quoted prices in active markets (Level 1)</i> KD	<i>Significant observable inputs (Level 2)</i> KD	<i>Significant unobservable inputs (Level 3)</i> KD	
<i>30 June 2022</i>				
<i>Investment securities:</i>				
Financial assets at FVTPL	6,007,864	920,093	1,011,518	7,939,475

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</i> KD
As at 1 January 2023 and 30 June 2023	890,524
	<i>Financial assets at FVTPL</i> KD
As at 1 January 2022	1,011,518
Additions	150,000
Remeasurements recognised in interim condensed consolidated income statement	(270,994)
As at 31 December 2022	890,524
	<i>Financial assets at FVTPL</i> KD
As at 1 January 2022 and 30 June 2022	1,011,518

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

30 June 2023

13 FAIR VALUE MEASUREMENT (continued)

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

Management assessed that the carrying value of other financial instruments at amortised cost is not significantly different from their fair values as most of these assets and liabilities are of short-term maturity or are re-priced immediately based on market movement in profit rates. The fair value of financial assets and financial liabilities with a demand feature is not less than its face value.

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over.

We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

The MENA practice of EY has been operating in the region since 1923. For more than 90 years, we have grown to more than 6,000 people united across 20 offices and 15 countries, sharing the same values and an unwavering commitment to quality. As an organization, we continue to develop outstanding leaders who deliver exceptional services to our clients and who contribute to our communities. We are proud of our accomplishments over the years, reaffirming our position as the largest and most established professional services organization in the region.

© 2017 EYGM Limited.

All Rights Reserved.

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ey.com/mena