

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

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

30 SEPTEMBER 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 30 September 2022, and the related interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of comprehensive income for the three months and nine months periods then ended, and the related interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine months period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with basis of preparation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion


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

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

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of accounts of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company's Articles of Association and Memorandum of Incorporation, as amended, during the nine months period ended 30 September 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 violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, or of the provisions of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations during the nine months period ended 30 September 2022 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

20 October 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 30 September 2022

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2022 KD	2021 KD	2022 KD	2021 KD
INCOME					
Islamic finance income		8,952	4,619	15,516	16,451
Income from leasing operations	3	3,151,872	2,591,594	9,240,171	7,808,180
Net real estate income	4	1,028,718	1,221,500	2,868,731	2,518,586
Net (loss) income from investments and saving deposits	5	(21,487)	91,018	323,062	417,168
Share of results of associates	9	218,080	(20,510)	533,549	(1,256,292)
Hair-cut income on settlement of Islamic finance payables		-	-	-	1,389,516
Advisory and management fees		65,165	56,418	186,770	129,992
Other income		54,789	124,582	790,466	1,499,582
		<u>4,506,089</u>	<u>4,069,221</u>	<u>13,958,265</u>	<u>12,523,183</u>
EXPENSES					
Finance costs		(19,685)	(17,416)	(58,590)	(50,949)
Net (allowance) reversal of expected credit losses and other provisions	6	(67,735)	68,503	(161,813)	(65,833)
Staff costs		(1,302,914)	(1,337,045)	(4,107,506)	(3,756,458)
Depreciation		(100,589)	(98,797)	(289,511)	(280,856)
Net foreign exchange differences		(4,415)	466	(49,484)	11,471
Other expenses		(451,867)	(446,406)	(1,374,901)	(1,614,443)
		<u>(1,947,205)</u>	<u>(1,830,695)</u>	<u>(6,041,805)</u>	<u>(5,757,068)</u>
PROFIT BEFORE PROVISION FOR TAX					
		<u>2,558,884</u>	<u>2,238,526</u>	<u>7,916,460</u>	<u>6,766,115</u>
Taxation		(56,765)	(44,445)	(175,596)	(145,360)
Taxation from subsidiaries		(54,533)	(67,670)	(174,427)	(155,354)
PROFIT FOR THE PERIOD					
		<u>2,447,586</u>	<u>2,126,411</u>	<u>7,566,437</u>	<u>6,465,401</u>
Attributable to:					
Equity holders of the Parent Company		2,212,803	1,646,341	6,722,190	5,619,651
Non-controlling interests		234,783	480,070	844,247	845,750
		<u>2,447,586</u>	<u>2,126,411</u>	<u>7,566,437</u>	<u>6,465,401</u>
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY					
	7	<u>3.33 fils</u>	<u>2.34 fils</u>	<u>9.75 fils</u>	<u>7.49 fils</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 COMPREHENSIVE
INCOME (UNAUDITED)**
For the period ended 30 September 2022

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
PROFIT FOR THE PERIOD	2,447,586	2,126,411	7,566,437	6,465,401
Other comprehensive loss				
<i>Other comprehensive loss to be reclassified to profit or loss in subsequent periods:</i>				
Share of other comprehensive (loss) income of associates	(30,335)	4,820	(69,153)	256
Exchange differences on translation of foreign operations	(111,782)	(62,976)	(848,359)	(62,189)
	<u>(142,117)</u>	<u>(58,156)</u>	<u>(917,512)</u>	<u>(61,933)</u>
<i>Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:</i>				
Net loss on equity investments designated at fair value through other comprehensive income	-	-	-	(989,175)
Total other comprehensive loss	(142,117)	(58,156)	(917,512)	(1,051,108)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2,305,469	2,068,255	6,648,925	5,414,293
Attributable to:				
Equity holders of the Parent Company	2,135,632	1,624,774	6,297,575	4,604,675
Non-controlling interests	169,837	443,481	351,350	809,618
	<u>2,305,469</u>	<u>2,068,255</u>	<u>6,648,925</u>	<u>5,414,293</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 30 September 2022

		30 September 2022	(Audited) 31 December 2021	30 September 2021
	Notes	KD	KD	KD
ASSETS				
Cash and cash equivalents	8	16,305,126	30,942,199	26,009,874
Financial assets at fair value through profit or loss	14	8,695,383	1,972,864	2,152,551
Investment in associates	9	10,769,994	11,141,315	11,327,711
Investment properties		32,983,423	32,000,157	30,273,027
Other assets		10,183,278	7,779,131	9,891,215
Property and equipment		60,812,685	52,786,678	51,967,122
Leasehold property		669,983	1,444,870	1,780,547
Goodwill		91,005	91,005	91,005
TOTAL ASSETS		140,510,877	138,158,219	133,493,052
EQUITY AND LIABILITIES				
Equity				
Share capital	10	66,403,882	71,403,882	71,403,882
Statutory reserve		778,259	778,259	145,466
General reserve		-	-	8,661,656
Treasury shares		-	-	(9,946,773)
Treasury shares reserve		-	-	1,436,945
Asset revaluation surplus		8,755,469	8,755,469	8,755,469
Foreign currency translation reserve		(584,926)	(229,464)	(240,411)
Effect of changes in reserves of associates		880,594	949,747	969,126
Retained earnings		13,318,550	6,596,360	4,761,628
Equity attributable to equity holders of the Parent Company		89,551,828	88,254,253	85,946,988
Non-controlling interests		12,527,013	12,983,077	12,880,957
Total equity		102,078,841	101,237,330	98,827,945
Liabilities				
Islamic finance payables		4,411,403	4,571,241	4,619,663
Other liabilities		34,020,633	32,349,648	30,045,444
Total liabilities		38,432,036	36,920,889	34,665,107
TOTAL EQUITY AND LIABILITIES		140,510,877	138,158,219	133,493,052

Mansour Hamad Al-Mubarak
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 30 September 2022

	<i>Attributable to equity holders of the Parent Company</i>												
	Share capital KD	Statutory reserve KD	General reserve KD	Treasury shares KD	Treasury shares KD	Asset revaluation surplus KD	Foreign currency translation reserve KD	Fair value reserve KD	Effect of changes in reserve of associates KD	Retained earnings KD	Subtotal KD	Non- controlling interests KD	Total equity 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	-	-	-	-	-	-	-	-	-	6,722,190	6,722,190	844,247	7,566,437
Other comprehensive loss	-	-	-	-	-	(355,462)	(355,462)	-	(69,153)	-	(424,615)	(492,897)	(917,512)
Total comprehensive (loss) income for the period	-	-	-	-	-	(355,462)	(355,462)	-	(69,153)	6,722,190	6,297,575	351,350	6,648,925
Partial reduction of share capital (Note 10)	(5,000,000)	-	-	-	-	-	-	-	-	-	(5,000,000)	-	(5,000,000)
Dividends to non-controlling Interests	-	-	-	-	-	-	-	-	-	-	-	(807,414)	(807,414)
As at 30 September 2022	66,403,882	778,259	-	-	-	8,755,469	(584,926)	-	880,594	13,318,550	89,551,828	12,527,013	102,078,841
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	-	-	-	-	-	-	-	-	-	5,619,651	5,619,651	845,750	6,465,401
Other comprehensive (loss) income	-	-	-	-	-	-	(26,057)	(989,175)	256	-	(1,014,976)	(36,132)	(1,051,108)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(26,057)	(989,175)	256	5,619,651	4,604,675	809,618	5,414,293
Partial reduction of share capital Transferred to retained earnings upon disposals	(10,000,000)	-	-	1,392,953	(1,241,125)	-	-	-	-	-	(9,848,172)	-	(9,848,172)
Dividends to non-controlling interests	-	-	-	-	-	-	-	989,175	(989,175)	-	-	-	-
Change in ownership interest in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(329,819)	(329,819)
As at 30 September 2021	71,403,882	145,466	8,661,656	(9,946,773)	1,436,945	8,755,469	(240,411)	-	969,126	4,761,628	85,946,988	12,880,957	98,827,945

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 30 September 2022

	Notes	Nine months ended 30 September	
		2022 KD	2021 KD
OPERATING ACTIVITIES			
Profit before provision for tax		7,916,460	6,766,115
<i>Non-cash adjustments to reconcile profit before tax to net cash flows:</i>			
Depreciation and amortisation		7,886,179	7,699,681
Hair-cut income on settlement of Islamic finance payables		-	(1,389,516)
Net allowance of expected credit losses and provisions		161,813	65,833
Gain on sale of investment properties		(32,820)	(500,000)
Gain on disposal of property and equipment		(346,788)	(24,050)
Income from investments and saving deposits		(323,062)	(417,168)
Income from disposal of investment in associates on settlement of Islamic finance payables		-	(1,278,324)
Share of results of associates		(533,549)	1,256,292
Redemption from investments in associates		(163,061)	(66,179)
Net foreign exchange differences		49,484	(11,471)
Provision for employees end of service benefits		367,582	300,032
Finance costs		94,420	101,488
		15,076,658	12,502,733
<i>Changes in operating assets and liabilities:</i>			
Islamic finance receivables		74,278	88,277
Other assets		(16,003,708)	(5,398,529)
Other liabilities		936,512	41,269
Cash flows from operations		83,740	7,233,750
End of service benefits paid		(76,969)	(306,900)
Taxes paid		(599,626)	(148,000)
Net cash flows (used in) from operating activities		(592,855)	6,778,850
INVESTING ACTIVITIES			
Proceeds from sale of subsidiary		-	1,350,946
Purchase of associates		-	(2,223,429)
Purchase of financial assets at fair value through other comprehensive income		-	(2,657,540)
Purchase of financial assets at fair value through profit or loss		(7,361,895)	-
Proceeds from sale/redemption of financial assets at fair value through profit or loss		390,401	346,235
Proceeds from redemption from investments in associates		163,061	66,179
Purchase of investment properties		(2,550,000)	(2,171,500)
Proceeds from sale of investment properties		900,000	1,900,000
Income received from investment and savings deposits		316,051	271,528
Dividend received		255,986	107,629
Dividend and capital reduction proceed received from associates		459,790	829,270
Purchase of property and equipment		(52,031)	(49,502)
Proceeds from disposal of property and equipment		379,592	52,152
Movement in restricted bank balance		37,003	(1,158)
Net cash flows used in investing activities		(7,062,042)	(2,179,190)
FINANCING ACTIVITIES			
Payments towards capital reduction	10	(4,896,441)	(9,116,003)
Net repayment of Islamic finance payables		(202,392)	(2,056,783)
Payment of lease liabilities		(1,038,926)	(1,040,362)
Dividends paid to non-controlling interests		(807,414)	(329,819)
Net movement in non-controlling interests		-	1,104
Net cash flows used in financing activities		(6,945,173)	(12,541,863)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(14,600,070)	(7,942,203)
Cash and cash equivalents as at 1 January		30,889,086	33,898,964
CASH AND CASH EQUIVALENTS AS AT 30 SEPTEMBER	8	16,289,016	25,956,761

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)

30 September 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 nine months ended 30 September 2022 was authorised for issue in accordance with a resolution of the Board of Directors ("BOD") of the Parent Company on 20 October 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.

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

The Group engages in financial investments, trading properties, investment properties and leasing activities as detailed in the Group's annual consolidated financial statements for the year ended 31 December 2021.

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

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

Subsidiary Name	Activity	Incorporation	% equity interest		
			30 September 2022	31 December 2021	30 September 2021
Mubarrad Holding Company K.S.C.P. ("Mubarrad") ¹	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%

¹ 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 nine months ended 30 September 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").

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

30 September 2022

**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 2021.

Further, the results for the nine months period ended 30 September 2022, are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

Certain prior year/ period amounts do not correspond with the 2021 annual consolidated financial statements and 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.

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.

A'ayan Leasing and Investment Company K.S.C.P. and Subsidiaries
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
 INFORMATION (UNAUDITED)
 30 September 2022

**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)

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>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Operating lease rental income	4,697,940	4,045,299	13,205,346	12,100,716
Service and maintenance and other related income	266,958	235,633	759,241	853,001
Gain on disposal of motor vehicles	857,393	653,669	2,736,590	1,890,448
	<u>5,822,291</u>	<u>4,934,601</u>	<u>16,701,177</u>	<u>14,844,165</u>
Less: depreciation of motor vehicles	(2,124,987)	(1,871,788)	(5,973,504)	(5,614,067)
Less: maintenance and other expenses	(545,432)	(471,219)	(1,487,502)	(1,421,918)
	<u>3,151,872</u>	<u>2,591,594</u>	<u>9,240,171</u>	<u>7,808,180</u>

4 NET REAL ESTATE INCOME

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Gain on sale of investment properties	32,820	500,000	32,820	500,000
Rental income from investment properties	883,386	717,037	2,573,036	2,170,353
Rental income from leasehold rights	768,995	767,151	2,353,860	2,102,813
Depreciation of right-of-use assets relating to leasehold rights	(309,163)	(272,522)	(848,277)	(808,679)
Amortisation of a leasehold right	(168,873)	(335,676)	(774,887)	(996,079)
Finance cost on lease liabilities	(18,750)	(14,687)	(35,830)	(50,538)
Real estate related expenses	(159,697)	(139,803)	(431,991)	(399,284)
	<u>1,028,718</u>	<u>1,221,500</u>	<u>2,868,731</u>	<u>2,518,586</u>

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5 NET (LOSS) INCOME FROM INVESTMENTS AND SAVING DEPOSITS

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Investment deposits and savings profits	90,460	74,206	316,051	271,528
Dividend income	150,360	14,117	255,986	107,629
Changes in fair value of financial assets at FVTPL	(262,307)	2,695	(248,975)	38,011
	(21,487)	91,018	323,062	417,168

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

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Reversal of allowance for impairment on Islamic finance receivables	(40,985)	(10,681)	(74,277)	(88,277)
Net charge (reversal) of allowance on other assets	20,767	(16,022)	19,512	(27,536)
Net charge (reversal) of allowance for impairment on trade receivables	87,953	(41,800)	216,578	108,000
Reversal of provisions further to CBK approval	-	-	-	(1,586,054)
Allowance for provision for legal cases	-	-	-	1,659,700
	67,735	(68,503)	161,813	65,833

7 BASIC AND DILUTED EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the profit for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As there are no dilutive instruments outstanding, basic and diluted EPS are identical.

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
Profit for the period attributable to the equity holders of the Parent Company (KD)	2,212,803	1,646,341	6,722,190	5,619,651
Weighted average number of shares outstanding during the period (shares) *	664,038,824	703,192,261	689,130,399	750,088,319
Basic and diluted earnings per share attributable to the equity holders of the Parent Company (fils)	3.33	2.34	9.75	7.49

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares and partial reduction of share capital during the period (Note 10).

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

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:

	30 September 2022 KD	<i>(Audited)</i> 31 December 2021 KD	30 September 2021 KD
Cash and bank balances	5,648,660	7,982,199	7,453,774
Short-term placements with financial institutions	10,656,466	22,960,000	18,556,100
Cash and cash equivalents as per interim condensed consolidated statement of financial position	16,305,126	30,942,199	26,009,874
Less: restricted cash	(16,110)	(53,113)	(53,113)
Cash and cash equivalents as per interim condensed consolidated statement of cash flows	16,289,016	30,889,086	25,956,761

Cash and cash equivalents amounting to KD 92,568 (31 December 2021: KD 479,610 and 30 September 2021: KD 1,181,798) is maintained with one of the major shareholders (Note 12).

9 INVESTMENT IN ASSOCIATES

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

Name	Country of domicile	% equity interest			Principal activities
		<i>(Audited)</i>			
		30 September 2022	31 December 2021	30 September 2021	
Oman Integral Logistics Company O.S.C.C ¹	Oman	50.0%	50.0%	50.0%	Logistics
A'ayan Real Estate Company K.S.C.P. ("AREC") ²	Kuwait	15.1%	15.1%	15.1%	Real estate
Tawazun Holding Company K.S.C (Closed) ("Tawazun") ³	Kuwait	14.8%	14.8%	14.8%	Holding Company

¹ Included in the carrying amount of the investment in the associate is goodwill of KD 112,822 (31 December 2021: KD 112,822 and 30 September 2021: KD 112,822).

² 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*.

³ 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*.

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9 INVESTMENT IN ASSOCIATES (continued)

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

	<i>30 September</i> <i>2022</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2021</i> <i>KD</i>	<i>30 September</i> <i>2021</i> <i>KD</i>
As at the beginning of the period/ year	11,141,315	8,497,741	8,497,741
Additions	-	2,223,429	2,223,429
Reclassification from financial asset at FVOCI	-	3,551,980	3,551,980
Share of results	533,549	(1,392,564)	(1,256,292)
Share of other comprehensive income	(69,153)	(19,123)	256
Dividend received from associates	(62,387)	(122,768)	(92,023)
Capital reduction from associates*	(738,322)	(738,991)	(738,991)
Redemption/ sale of associates	-	(816,581)	(816,581)
Foreign currency translation adjustments	(35,008)	(41,808)	(41,808)
As at the end of the period/ year	<u>10,769,994</u>	<u>11,141,315</u>	<u>11,327,711</u>

During the previous year, the Group transferred investment in associate with a carrying value of KD 816,581 to settle outstanding Islamic finance payables of KD 2,094,905 and realised a gain amounting to KD 1,278,324 (included in other income).

*During the period, Tawazun, completed its capital reduction thus writing off its accumulated losses against share capital and reserves and by settling the balance amount to its existing shareholders and reducing the outstanding number of shares at par value. The Parent Company's share in cash distribution against capital reduction amounted to KD 738,322 of which KD 397,403 was received.

10 SHARE CAPITAL

	<i>30 September</i> <i>2022</i>	<i>(Audited)</i> <i>31 December</i> <i>2021</i>	<i>30 September</i> <i>2021</i>
Authorised shares of 100 fils each (shares)	664,038,824	714,038,824	714,038,824
Issued and fully paid-up shares of 100 fils each, paid in cash (KD)	<u>66,403,882</u>	<u>71,403,882</u>	<u>71,403,882</u>

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 (50,000,000 shares from 714,038,824 shares to 664,038,824 shares at 100 fils each) proposed by the BOD in their meeting held on 6 February 2022. The effective date of the reduction is 15 May 2022 being the maturity date as stated and instructed in the commercial register of the Parent Company amended and issued on 18 April 2022.

11 CONTINGENCIES

As at 30 September 2022, the Group's bankers have provided bank guarantees amounting to KD 1,141,861 (31 December 2021: KD 301,672 and 30 September 2021: KD 382,159) from which it is anticipated that no material liabilities will arise.

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12 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>KD</i>	<i>Major</i> <i>shareholders</i> <i>KD</i>	<i>Other related</i> <i>parties</i> <i>KD</i>	<i>Nine months ended</i> <i>30 September</i>	
				<i>2022</i> <i>KD</i>	<i>2021</i> <i>KD</i>
<i>Interim condensed consolidated statement of profit or loss</i>					
Finance costs	-	42,386	-	42,386	48,441
Advisory and management fees (net of property management commission)	(8,987)	-	188,996	180,009	124,006

	<i>Associates</i> <i>KD</i>	<i>Major</i> <i>shareholders</i> <i>KD</i>	<i>Other related</i> <i>parties</i> <i>KD</i>	<i>(Audited)</i>		
				<i>30 September</i> <i>2022</i> <i>KD</i>	<i>31 December</i> <i>2021</i> <i>KD</i>	<i>30 September</i> <i>2021</i> <i>KD</i>
<i>Interim condensed consolidated statement of financial position:</i>						
Cash and bank balances	-	92,568	-	92,568	479,610	1,181,798
Amount due from related parties (included in other assets)	89,938	64,441	108,813	263,192	211,719	890,092
Financial assets at FVTPL	-	5,370,074	-	5,370,074	-	-
Islamic finance payables	-	1,459,123	-	1,459,123	1,619,129	1,667,570
Amount due to related parties (included in other liabilities)	148,031	-	-	148,031	93,337	92,550

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 30 September 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>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	<i>2022</i> <i>KD</i>	<i>2021</i> <i>KD</i>	<i>2022</i> <i>KD</i>	<i>2021</i> <i>KD</i>
<i>Key management personnel compensation:</i>				
Salaries and other short-term benefits	154,396	167,175	857,140	774,129
End of service benefits	27,350	24,038	88,337	63,324
	181,746	191,213	945,477	837,453

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13 SEGMENT INFORMATION

For management purposes, the Group is organised into four major business segments. The principal activities and services under these segments are as follows:

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

	<i>Islamic financing KD</i>	<i>Leasing sector KD</i>	<i>Real estate KD</i>	<i>Proprietary investment and assets management KD</i>	<i>Others KD</i>	<i>Total KD</i>
<i>Nine months period ended 30 September 2022</i>						
Revenue	15,516	9,432,536	1,645,729	2,864,484	-	13,958,265
Segment profit (loss)	64,944	5,653,981	1,011,516	1,483,345	(297,326)	7,916,460
Depreciation	-	(6,255,639)	(850,761)	(4,892)	-	(7,111,292)
Amortisation of leasehold rights	-	-	(774,887)	-	-	(774,887)
<i>30 September 2022</i>						
Total assets	-	69,160,014	22,628,432	38,980,447	9,741,984	140,510,877
Total liabilities	-	13,229,566	4,580,801	3,621,584	17,000,085	38,432,036
Goodwill	-	-	-	91,005	-	91,005
	<i>Islamic financing KD</i>	<i>Leasing sector KD</i>	<i>Real estate KD</i>	<i>Proprietary investment and assets management KD</i>	<i>Others KD</i>	<i>Total KD</i>
<i>31 December 2021 (audited)</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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13 SEGMENT INFORMATION (continued)

	<i>Islamic financing KD</i>	<i>Leasing sector KD</i>	<i>Real estate KD</i>	<i>Proprietary investment and assets management KD</i>	<i>Others KD</i>	<i>Total KD</i>
<i>Nine months period ended</i>						
<i>30 September 2021</i>						
Revenue	16,451	7,847,791	860,050	2,409,376	1,389,515	12,523,183
Segment profit (loss)	81,487	4,592,381	399,448	(371,579)	2,064,378	6,766,115
Depreciation	-	(5,891,263)	(808,679)	(3,660)		(6,703,602)
Amortisation of leasehold rights	-	-	(996,079)	-	-	(996,079)
	<i>Islamic financing KD</i>	<i>Leasing sector KD</i>	<i>Real estate KD</i>	<i>Proprietary investment and assets management KD</i>	<i>Others KD</i>	<i>Total KD</i>
<i>30 September 2021</i>						
Total assets	-	65,929,972	22,047,193	33,804,295	11,711,592	133,493,052
Total liabilities	-	10,353,275	4,286,394	3,833,605	16,191,833	34,665,107
Goodwill	-	-	-	91,005	-	91,005

14 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.

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14 FAIR VALUE MEASUREMENT (continued)

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

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

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the nine months ended 30 September 2022.

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

	Fair value measurement using			Total KD
	Quoted prices in active markets (Level 1) KD	Significant observable inputs (Level 2) KD	Significant unobservable inputs (Level 3) KD	
30 September 2021				
<i>Investment securities:</i>				
Financial assets at FVTPL	21,576	929,499	1,201,476	2,152,551

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:

	Financial assets at FVTPL KD
As at 1 January 2022	1,011,518
Change in fair value	-
As at 30 September 2022	1,011,518

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14 FAIR VALUE MEASUREMENT (continued)

	<i>Financial assets at FVTPL KD</i>
As at 1 January 2021	1,201,476
Remeasurements recognised in profit or loss	(189,958)
As at 31 December 2021	<u>1,011,518</u>

	<i>Financial assets at FVTPL KD</i>
As at 1 January 2021	1,201,476
As at 30 September 2021	<u>1,201,476</u>

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.