

# AL MANAR

FINANCING & LEASING



2022



**Al Manar Financing and Leasing Company K.S.C. (Public)  
and its Subsidiaries  
State of Kuwait**

**Interim Condensed Consolidated Financial Information (Unaudited)  
For the six month period ended 30 June 2022  
With Review Report**



**Al Manar Financing and Leasing Company K.S.C. (Public)**  
and its Subsidiaries  
State of Kuwait

Interim Condensed Consolidated Financial Information (Unaudited)  
For the six month period ended 30 June 2022  
With Review Report

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Interim Condensed Consolidated Statement of Financial Position as at 30 June 2022  
(Unaudited)

(All amounts are in Kuwaiti Dinars)

|  | Notes | 30 June<br>2022   | 31 December<br>2021<br>(Audited) | 30 June<br>2021   |
|--|-------|-------------------|----------------------------------|-------------------|
| <b>Assets</b>                              |       |                   |                                  |                   |
| Cash and cash equivalents                  | 4     | 5,502,265         | 6,377,148                        | 2,829,411         |
| Investment in Murabaha receivables         | 5     | 4,347,321         | 4,347,321                        | 4,347,321         |
| Finance receivables                        | 6     | 13,447,433        | 13,796,070                       | 17,591,322        |
| Other receivables and prepayments          | 7     | 744,928           | 1,171,124                        | 1,095,309         |
| Investments in financial securities        | 8     | 7,006,648         | 7,536,644                        | 6,841,084         |
| Investment properties                      |       | 3,847,712         | 3,872,975                        | 3,920,697         |
| Other assets                               |       | 49,304            | 68,971                           | 86,176            |
| <b>Total assets</b>                        |       | <b>34,945,611</b> | <b>37,170,253</b>                | <b>36,711,320</b> |
| <b>Liabilities and equity</b>              |       |                   |                                  |                   |
| <b>Liabilities</b>                         |       |                   |                                  |                   |
| Islamic finance payables                   | 9     | 6,444,065         | 4,877,744                        | 4,969,570         |
| Accounts payable and other credit balances | 10    | 1,159,134         | 681,650                          | 613,823           |
| Provision for staff indemnity              |       | 506,557           | 550,478                          | 556,448           |
| <b>Total liabilities</b>                   |       | <b>8,109,756</b>  | <b>6,109,872</b>                 | <b>6,139,841</b>  |
| <b>Equity</b>                              |       |                   |                                  |                   |
| Share capital                              |       | 26,374,759        | 30,874,759                       | 30,874,759        |
| Gain on sale of treasury shares            |       | 4,995             | 4,995                            | 4,995             |
| Statutory reserve                          |       | 140,616           | 140,616                          | -                 |
| Voluntary reserve                          |       | 140,616           | 140,616                          | -                 |
| Fair value reserve                         |       | (464,393)         | (299,553)                        | (414,675)         |
| Retained earnings                          |       | 639,262           | 198,948                          | 106,400           |
| <b>Total equity</b>                        |       | <b>26,835,855</b> | <b>31,060,381</b>                | <b>30,571,479</b> |
| <b>Total liabilities and equity</b>        |       | <b>34,945,611</b> | <b>37,170,253</b>                | <b>36,711,320</b> |

The accompanying notes form an integral part of this interim condensed consolidated financial information.

**Khalid Abdullah Mirza**  
Chairman

Interim Condensed Consolidated Statement of Income for the six months ended 30 June 2022  
(Unaudited)

(All amounts are in Kuwaiti Dinars)

|  | Notes | Three months ended<br>30 June |                | Six months ended<br>30 June |                  |
|--|-------|-------------------------------|----------------|-----------------------------|------------------|
|  |       | 2022                          | 2021           | 2022                        | 2021             |
| <b>Revenues</b>  |       |                               |                |                             |                  |
| Finance revenues   |       | 404,454                       | 523,239        | 808,084                     | 1,049,403        |
| Rental income  |       | 69,250                        | 61,080         | 140,885                     | 129,590          |
| Net (losses)/ gains from investments in financial securities | 11    | (144,598)                     | 58,057         | (129,738)                   | 58,057           |
| Other income   |       | 41,861                        | 67,821         | 62,069                      | 101,335          |
|  |       | <b>370,967</b>                | <b>710,197</b> | <b>881,300</b>              | <b>1,338,385</b> |
| <b>Expenses</b>  |       |                               |                |                             |                  |
| Finance cost   |       | 34,470                        | 36,690         | 74,577                      | 108,259          |
| Staff costs  |       | 158,899                       | 203,929        | 291,878                     | 448,666          |
| Reversal of provisions for credit facilities                 | 6     | (14,101)                      | (234,245)      | (111,032)                   | (673,243)        |
| Other expenses   |       | 48,396                        | 256,649        | 157,008                     | 442,268          |
|  |       | <b>227,664</b>                | <b>263,023</b> | <b>412,431</b>              | <b>325,950</b>   |
| <b>Profit before deductions</b>                              |       | <b>143,303</b>                | <b>447,174</b> | <b>468,869</b>              | <b>1,012,435</b> |
| NLST   |       | 3,583                         | 4,551          | 11,722                      | 18,785           |
| Zakat  |       | 1,360                         | 1,817          | 4,249                       | 7,510            |
| KFAS   |       | 1,290                         | 318            | 4,220                       | 318              |
| <b>Net profit for the period</b>                             |       | <b>137,070</b>                | <b>440,488</b> | <b>448,678</b>              | <b>985,822</b>   |
| <b>Basic and diluted earnings per share (fils)</b>           | 12    | <b>0.46</b>                   | <b>1.43</b>    | <b>1.48</b>                 | <b>3.19</b>      |

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Comprehensive Income for the six months ended 30 June 2022  
(Unaudited)

(All amounts are in Kuwaiti Dinars)

|  | Three months ended<br>30 June |                | Six months ended<br>30 June |                  |
|--|-------------------------------|----------------|-----------------------------|------------------|
|  | 2022                          | 2021           | 2022                        | 2021             |
| <b>Net profit for the period</b>   | 137,070                       | 440,488        | 448,678                     | 985,822          |
| <i>Items that will not be reclassified subsequently to interim condensed consolidated statement of comprehensive income:</i> |                               |                |                             |                  |
| Change in fair value of equity investments at fair value through other comprehensive income                                  | (133,145)                     | 1,322          | (173,204)                   | 22,873           |
| Other comprehensive (loss)/ income for the period  | (133,145)                     | 1,322          | (173,204)                   | 22,873           |
| <b>Total comprehensive income</b>  | <b>3,925</b>                  | <b>441,810</b> | <b>275,474</b>              | <b>1,008,695</b> |

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statements of Changes in Equity for the six months ended 30 June 2022  
(Unaudited)

(All amounts are in Kuwaiti Dinars)

|   | Share capital | Share premium | Treasury Shares | Gain on sale of treasury shares | Statutory reserve | Voluntary reserve | Fair value reserve | (Accumulated losses)/ retained earnings | Total              |
|---|---------------|---------------|-----------------|---------------------------------|-------------------|-------------------|--------------------|---|--------------------|
| <b>Balance at 1 January 2021</b>          | 30,874,759    | 312,020       | -               | -                               | 2,000,722         | 371,744           | (400,536)          | (3,600,920)                             | <b>29,557,789</b>  |
| Amortize the accumulated losses           | -             | (312,020)     | -               | -                               | (2,000,722)       | (371,744)         | -                  | 2,684,486                               | -                  |
| Net profit for the period                 | -             | -             | -               | -                               | -                 | -                 | -                  | 985,822                                 | <b>985,822</b>     |
| Other comprehensive income for the period | -             | -             | -               | -                               | -                 | -                 | 22,873             | -                                       | <b>22,873</b>      |
| Transfer on disposal of investments       | -             | -             | -               | -                               | -                 | -                 | (37,012)           | 37,012                                  | -                  |
| Purchase of treasury shares               | -             | -             | (200,000)       | -                               | -                 | -                 | -                  | -                                       | <b>(200,000)</b>   |
| Sale of treasury shares                   | -             | -             | 200,000         | 4,995                           | -                 | -                 | -                  | -                                       | <b>204,995</b>     |
| <b>Balance at 30 June 2021</b>            | 30,874,759    | -             | -               | 4,995                           | -                 | -                 | (414,675)          | 106,400                                 | <b>30,571,479</b>  |
| <b>Balance at 1 January 2022</b>          | 30,874,759    | -             | -               | 4,995                           | 140,616           | 140,616           | (299,553)          | 198,948                                 | <b>31,060,381</b>  |
| Reduction of share capital (note 15)      | (4,500,000)   | -             | -               | -                               | -                 | -                 | -                  | -                                       | <b>(4,500,000)</b> |
| Net profit for the period                 | -             | -             | -               | -                               | -                 | -                 | -                  | 448,678                                 | <b>448,678</b>     |
| Other comprehensive loss for the period   | -             | -             | -               | -                               | -                 | -                 | (173,204)          | -                                       | <b>(173,204)</b>   |
| Transfer on disposal of investments       | -             | -             | -               | -                               | -                 | -                 | 8,364              | (8,364)                                 | -                  |
| <b>Balance at 30 June 2022</b>            | 26,374,759    | -             | -               | 4,995                           | 140,616           | 140,616           | (464,393)          | 639,262                                 | <b>26,835,855</b>  |

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Cash Flows for the six months ended 30 June 2022  
(Unaudited)

(All amounts are in Kuwaiti Dinars)

|  | Notes | Six months ended<br>30 June |                    |
|--|-------|-----------------------------|--------------------|
|  |       | 2022                        | 2021               |
| <b>Operating activities</b>                                    |       |                             |                    |
| Net profit for the period                                      |       | 448,678                     | 985,822            |
| Adjustments for:   |       |                             |                    |
| Depreciation and amortization                                  |       | 45,015                      | 45,920             |
| Net losses/ (gains) from investments in financial securities   | 11    | 129,738                     | (58,057)           |
| Reversal of provisions for credit facilities                   |       | (111,032)                   | (673,243)          |
| Finance costs  |       | 74,577                      | 108,259            |
| Provision for staff indemnity                                  |       | 25,550                      | 67,871             |
| Operating profit before changes in working capital             |       | 612,526                     | 476,572            |
| Finance receivables  |       | 459,669                     | 1,438,779          |
| Other receivables and prepayments                              |       | 426,196                     | 3,113              |
| Purchase of financial assets designated at FVTPL               |       | (50,000)                    | (1,476,406)        |
| Accounts payable and other credit balances                     |       | 101,775                     | (283,145)          |
| Paid for provision of staff indemnity                          |       | (69,471)                    | (164,952)          |
| <b>Net cash generated from/ (used in) operating activities</b> |       | <b>1,480,695</b>            | <b>(6,039)</b>     |
| <b>Investing activities</b>                                    |       |                             |                    |
| Dividends income received                                      |       | 34,983                      | 15,391             |
| Purchase of equipment  |       | (85)                        | (6,072)            |
| Purchase of financial securities (FVTOCI and amortized cost)   |       | (142,413)                   | (3,897,535)        |
| Proceeds from sale of financial securities (FVTOCI)            |       | 51,640                      | 246,137            |
| Disposal of financial securities (amortized cost)              |       | 332,844                     | -                  |
| <b>Net cash generated from/ (used in) investing activities</b> |       | <b>276,969</b>              | <b>(3,642,079)</b> |
| <b>Financing activities</b>                                    |       |                             |                    |
| Purchase of treasury shares                                    |       | -                           | (200,000)          |
| Proceeds from sale of treasury shares                          |       | -                           | 204,995            |
| Proceeds from Islamic finance payables                         |       | 3,000,000                   | 5,416,255          |
| Payment for Islamic finance payables                           |       | (1,433,679)                 | (3,347,925)        |
| Payment for capital reduction                                  |       | (4,095,683)                 | -                  |
| Dividends paid   |       | (28,608)                    | (27,912)           |
| Finance costs paid   |       | (74,577)                    | (108,259)          |
| <b>Net cash (used in)/ generated from financing activities</b> |       | <b>(2,632,547)</b>          | <b>1,937,154</b>   |
| <b>Net decrease in cash and cash equivalents</b>               |       | <b>(874,883)</b>            | <b>(1,710,964)</b> |
| <b>Cash and cash equivalents at beginning of the period</b>    |       | <b>6,377,148</b>            | <b>4,540,375</b>   |
| <b>Cash and cash equivalents at end of the period</b>          | 4     | <b>5,502,265</b>            | <b>2,829,411</b>   |

The accompanying notes form an integral part of this interim condensed consolidated financial information.



**Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2022**  
**(Unaudited)**

*(All amounts are in Kuwaiti Dinars unless otherwise stated)*

**1. Formation and principal activities**

Al Manar Financing and Leasing Company K.S.C. (Public) (“the Parent Company”) was incorporated in the State of Kuwait in 2003 by the authorized letter of incorporation no. 4857 file 1 dated 6 December 2003.

The main activities of the Parent Company and its subsidiaries (together referred to as “the Group”) are all financing and investing activities according to the Islamic Shari’a principles.

The Parent Company is subject to instructions and monitoring by the Central Bank of Kuwait and Capital Markets Authority.

The registered office of the Parent Company is P.O. Box 22828, Safat 13089, Kuwait.

The interim condensed consolidated financial information includes the financial information of the Parent Company and its subsidiaries (the Group) as follow:

| Company name  | Ownership percentage (%) |             |              | Activity    | Country of incorporation |
|---|--------------------------|-------------|--------------|-------------|--------------------------|
|   | 30 June 2022             | 31 Dec 2021 | 30 June 2021 |             |                          |
| Manarat Tasaheel Real Estate Company W.L.L                    | 100                      | 100         | 100          | Real estate | Kuwait                   |
| Al-Manar Express for Marketing Consulting Company W.L.L       | 100                      | 100         | 100          | Consulting  | Kuwait                   |
| Al- Manar Watania for Administrative Consulting Company W.L.L | 100                      | 100         | 100          | Consulting  | Kuwait                   |

Subsidiaries’ management accounts have been used for the consolidation purposes as at 30 June 2022. The total assets of the subsidiaries are KD 4,230,812 (KD 4,412,938 as at 31 December 2021, KD 4,370,723 as at 30 June 2021), net profit of KD 11,203 during the six months ended 30 June 2022 (net losses KD 129,887 during the six months ended 30 June 2021).

On 28 April 2022, the General Assembly of shareholders of the Parent Company approved the consolidated financial statements for the year ended 31 December 2021.

The interim condensed consolidated financial information was approved for issue by the Board of Directors on 14 August 2022.

**2. Basis of preparation and significant accounting policies**

**2.1 Basis of preparation**

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard (IAS) 34, ‘Interim Financial Reporting’.

The annual consolidated financial statements for the year ended 31 December 2021 were prepared in accordance with the regulations of the State of Kuwait for financial services institutions regulated by the CBK. 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 (‘IFRS’) as issued by the International Accounting Standards Board (‘IASB’). (collectively referred to as IFRS, as adopted for use by the State of Kuwait).

The interim condensed consolidated financial information does not contain all information and disclosures required for the annual consolidated financial statements prepared in accordance with IFRSs, and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2021. Further, results for interim periods are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

**2.2 Significant accounting policies**

The accounting policies used in the preparation of these interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the amendments and annual improvements to IFRS, relevant to the Group which are effective for annual reporting period starting from 1 January 2022 and which did not result in any material impact on the accounting policies, financial position or performance of the Group. The Group has not early adopted any standards, interpretations and amendments that had been issued but is

Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2022  
(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

not yet effective.

**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 material impact on the interim condensed consolidated financial information of the Group as there were no significant modifications of the Group’s financial instruments during the period.

Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2022 did not have any material impact on the accounting policies, financial position or performance of the Group.

**3. Fair value estimation**

The fair values of financial assets and financial liabilities are determined as follows:

- Level one: Quoted prices in active markets for identical assets or liabilities.
- Level two: Quoted prices in an active market for similar instruments. Quoted prices for identical assets or liabilities in market that are not active. Inputs other than quoted prices that are observable for assets and liabilities.
- Level three: Inputs for the asset or liabilities that are not based on observable market data.

**Fair value of the Group’s financial assets and financial liabilities that are measured at fair value on a recurring basis:**

| Financial assets  | Fair value as at |                            |              | Fair value hierarchy | Valuation technique(s) and Key input(s)  | Significant unobservable inputs | Relationship of unobservable inputs to fair value |
|---|------------------|----------------------------|--------------|----------------------|--|---------------------------------|---|
|   | 30 June 2022     | 31 December 2021 (Audited) | 30 June 2021 |                      |  |                                 |   |
| <b>Financial assets at fair value through profit or loss:</b> |                  |                            |              |                      |  |                                 |   |
| Quoted foreign funds  | 1,017,265        | 1,232,488                  | 904,640      | Level 1              | Last bid prices                          | N/A                             | N/A   |
| Quoted local shares   | 52,648           | -                          | -            | Level 1              | Last bid prices                          | N/A                             | N/A   |
| Unquoted foreign funds  | 597,995          | 593,341                    | 614,432      | Level 2              | Net assets value                         | Net assets value                | N/A   |
| Unquoted local shares   | 592,864          | 549,664                    | 425,256      | Level 3              | Market comparatives and Net assets value | Illiquidity discount            | The higher the discount rate the lower the value  |
| Unquoted foreign shares                                       | 129,186          | 129,186                    | 169,934      | Level 3              | Market comparatives and Net assets value | Illiquidity discount            | The higher the discount rate the lower the value  |
| Unquoted local funds  | -                | -                          | 2,551        | Level 2              | Net assets value                         | Net assets value                | N/A   |
| <b>Financial assets at fair value through OCI:</b>            |                  |                            |              |                      |  |                                 |   |
| Quoted foreign shares   | 1,005,280        | 1,179,407                  | 1,215,980    | Level 1              | Last bid prices                          | N/A                             | N/A   |
| Unquoted foreign shares                                       | 1,480,472        | 1,480,472                  | 1,352,347    | Level 3              | Market comparatives and Net assets value | Illiquidity discount            | The higher the discount rate the lower the value  |
| <b>Financial assets at amortized costs:</b>                   |                  |                            |              |                      |  |                                 |   |
| Debt sukuks – quoted at foreign stock exchanges               | 1,968,028        | 2,066,987                  | 1,851,642    | Level 1              | Last bid prices                          | N/A                             | N/A   |

Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2022  
(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

Reconciliation of level 3 fair value measurements

|   | 30 June<br>2022  | 31 December<br>2021<br>(Audited) | 30 June<br>2021  |
|---|------------------|----------------------------------|------------------|
| Balance at the beginning of the period/ year  | 2,159,322        | 1,645,190                        | 1,645,190        |
| Change in fair value                          | 43,200           | 290,083                          | -                |
| Net addition                                  | -                | 224,049                          | 302,047          |
| <b>Balance at the end of the period/ year</b> | <b>2,202,522</b> | <b>2,159,322</b>                 | <b>1,947,237</b> |

Fair values of the Group's other financial assets and financial liabilities are approximately equal to their carrying value.

4. Cash and cash equivalents

|  | 30 June<br>2022  | 31 December<br>2021<br>(Audited) | 30 June<br>2021  |
|--|------------------|----------------------------------|------------------|
| Cash at banks and portfolios           | 4,997,192        | 3,871,742                        | 2,827,661        |
| Wakala with banks (less than 3 months) | 503,323          | 2,500,531                        | -                |
| Cash on hand                           | 1,750            | 4,875                            | 1,750            |
|  | <b>5,502,265</b> | <b>6,377,148</b>                 | <b>2,829,411</b> |

As at 30 June 2022, the effective yield rate on Wakala is 1.625% (1.25%- as at 31 December 2021 and Nil as at 30 June 2021) per annum.

5. Investment in Murabaha receivables

Investment in Murabaha receivables are the deposited amounts at a local financial institution according to Murabaha contracts. The average yield on those contracts is 1.775% per annum as at 30 June 2022 (31 December 2021: 1.275% and 30 June 2021: 1.275% per annum). Expected credit losses amounted to KD 17,679 as at 30 June 2022 (KD 17,679 as at 31 December 2021 and 30 June 2021).

6. Finance receivables

|  | 30 June<br>2022   | 31 December<br>2021<br>(Audited) | 30 June<br>2021   |
|--|-------------------|----------------------------------|-------------------|
| Finance receivables  | 19,117,526        | 19,606,175                       | 23,885,321        |
| Less: deferred revenues  | (2,254,692)       | (2,325,447)                      | (2,985,240)       |
| Less: provision for impairment in value/<br>expected credit losses | (3,415,401)       | (3,484,658)                      | (3,308,759)       |
| <b>Finance receivables – net</b>                                   | <b>13,447,433</b> | <b>13,796,070</b>                | <b>17,591,322</b> |

6.1 Expected credit losses on credit facilities determined under IFRS 9 according to CBK guidelines amounted to KD 2,866,709 as at 30 June 2022 (31 December 2021: KD 2,809,371 and 30 June 2021: KD 3,308,759), which is lower than/ equal to the provision for credit facilities required by CBK instructions of KD 3,415,401 as at 30 June 2022 (31 December 2021: KD 3,484,658 and 30 June 2021: KD 3,308,759).

Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2022  
(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

6.2 The movement in gross credit facilities is as follows:

|                                  | Stage 1           | Stage 2          | Stage 3          | Total             |
|----------------------------------|-------------------|------------------|------------------|-------------------|
| <b>Balance at 1 January 2021</b> | <b>13,052,998</b> | <b>7,451,874</b> | <b>4,704,890</b> | <b>25,209,762</b> |
| Net financing/ (collection)      | 1,247,859         | (2,058,391)      | (513,909)        | (1,324,441)       |
| Transfer from/ to Stage 1        | (1,507,556)       | 1,475,850        | 31,706           | -                 |
| Transfer from/ to Stage 2        | 57,027            | (369,685)        | 312,658          | -                 |
| <b>Balance at 30 June 2021</b>   | <b>12,850,328</b> | <b>6,499,648</b> | <b>4,535,345</b> | <b>23,885,321</b> |

|                                  |                   |                  |                  |                   |
|----------------------------------|-------------------|------------------|------------------|-------------------|
| <b>Balance at 1 January 2022</b> | <b>11,847,037</b> | <b>3,586,962</b> | <b>4,172,176</b> | <b>19,606,175</b> |
| Written off during the period    | -                 | -                | (25,688)         | (25,688)          |
| Net financing/ (collection)      | 1,184,683         | (1,107,046)      | (540,598)        | (462,961)         |
| Transfer from/ to Stage 1        | (402,218)         | 693,469          | (291,251)        | -                 |
| Transfer from/ to Stage 2        | 236,524           | (599,671)        | 363,147          | -                 |
| <b>Balance at 30 June 2022</b>   | <b>12,866,026</b> | <b>2,573,714</b> | <b>3,677,786</b> | <b>19,117,526</b> |

6.3 The movement in the provisions for expected credit losses effected during the current period is as follows:

|  | Stage 1       | Stage 2        | Stage 3          | Total            |
|--|---------------|----------------|------------------|------------------|
| <b>Balance at 1 January 2021</b>         | <b>82,523</b> | <b>462,581</b> | <b>3,113,672</b> | <b>3,658,776</b> |
| Credit losses reversed during the period | (10,252)      | (185,131)      | (154,634)        | (350,017)        |
| Transfer from/ to Stage 1                | (10,761)      | 16,704         | (5,943)          | -                |
| Transfer from/ to Stage 2                | 5,820         | (26,323)       | 20,503           | -                |
| <b>Balance at 30 June 2021</b>           | <b>67,330</b> | <b>267,831</b> | <b>2,973,598</b> | <b>3,308,759</b> |

|   |               |                |                  |                  |
|---|---------------|----------------|------------------|------------------|
| <b>Balance at 1 January 2022</b>                    | <b>57,788</b> | <b>89,781</b>  | <b>2,661,802</b> | <b>2,809,371</b> |
| Written off during the period                       | -             | -              | (25,688)         | (25,688)         |
| Credit losses (reversed)/ charged during the period | (39,546)      | (25,412)       | 147,984          | 83,026           |
| Transfer from/ to Stage 1                           | 45,446        | 5,849          | (51,295)         | -                |
| Transfer from/ to Stage 2                           | 4,010         | 39,339         | (43,349)         | -                |
| <b>Balance at 30 June 2022</b>                      | <b>67,698</b> | <b>109,557</b> | <b>2,689,454</b> | <b>2,866,709</b> |

6.4 The movement in the provisions for credit facilities required by CBK instructions effected is as follows:

|                               | 2022             | 2021             |
|-------------------------------|------------------|------------------|
| <b>Balance at 1 January</b>   | <b>3,484,658</b> | <b>3,658,776</b> |
| Written off during the period | (25,688)         | -                |
| Reversed during the period    | (43,569)         | (350,017)        |
| <b>Balance at 30 June</b>     | <b>3,415,401</b> | <b>3,308,759</b> |

6.5 The Group holds collateral amounting to KD 4,674,320 as at 30 June 2022 (KD 4,703,934 - 31 December 2021; KD 4,107,575 – 30 June 2021) as collateral over its finance receivables. Management believes that there is no further credit provision required in excess of the provision for credit facilities.

6.6 During the current period, the Group recovered an amount of KD 67,463 (KD 323,226 – 30 June 2021) from the written off finance receivables and reversed the same in the interim condensed consolidated statement of income in provision for credit facilities.

Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2022  
(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

7. Other receivables and prepayments

|   | 30 June<br>2022 | 31 December<br>2021<br>(Audited) | 30 June<br>2021  |
|---|-----------------|----------------------------------|------------------|
| Staff advances                                | 222,643         | 269,629                          | 292,011          |
| Due against collection on behalf of the Group | 190,736         | 533,774                          | 461,749          |
| Others (net)                                  | 331,549         | 367,721                          | 341,549          |
|   | <b>744,928</b>  | <b>1,171,124</b>                 | <b>1,095,309</b> |

- Staff advances include a Qard Hassan granted to the employees against the guarantee of the end of service indemnity. This amount is due within a period of one year from the date of granting.
- During the current period, the Group collected an amount of KD 351,000 from amount due against collection on behalf of the Group, the management expects to collect the remaining amount before the year-end.

8. Investments in financial securities

|   | 30 June<br>2022  | 31 December<br>2021<br>(Audited) | 30 June<br>2021  |
|---|------------------|----------------------------------|------------------|
| <b>Financial assets at fair value through profit or loss ("FVTPL")</b>              |                  |                                  |                  |
| Quoted foreign funds  | 1,017,265        | 1,232,488                        | 904,640          |
| Quoted local shares   | 52,648           | -                                | -                |
| Unquoted foreign funds  | 597,995          | 593,341                          | 614,432          |
| Unquoted local shares   | 592,864          | 549,664                          | 425,256          |
| Unquoted foreign shares   | 129,186          | 129,186                          | 169,934          |
| Unquoted local funds  | -                | -                                | 2,551            |
|   | <b>2,389,958</b> | <b>2,504,679</b>                 | <b>2,116,813</b> |
| <b>Financial assets at fair value through other comprehensive income ("FVTOCI")</b> |                  |                                  |                  |
| Quoted foreign shares   | 1,005,280        | 1,179,407                        | 1,215,980        |
| Unquoted foreign shares   | 1,480,472        | 1,480,472                        | 1,352,347        |
|   | <b>2,485,752</b> | <b>2,659,879</b>                 | <b>2,568,327</b> |
| <b>Financial assets at amortized cost</b>   |                  |                                  |                  |
| Debt sukuks – quoted at foreign stock exchanges                                     | 2,130,938        | 2,372,086                        | 2,155,944        |
|   | <b>2,130,938</b> | <b>2,372,086</b>                 | <b>2,155,944</b> |
|   | <b>7,006,648</b> | <b>7,536,644</b>                 | <b>6,841,084</b> |

- Fair value of investments has been determined in the manner described in Note 3.
- Debt sukuks represents investment in high rated securities and are classified as Stage 1 instruments.

Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2022  
(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

9. Islamic finance payables

Islamic finance payables are obtained from local and foreign banks and are denominated in KD and USD. The average cost is 4.25%- 4.75% and 2.43% for KD and USD respectively as at 30 June 2022 (3.75% - 4.25% and 1.19% - 31 December 2021; 3.75% - 4.25% and 1.695% 30 June 2021).

Islamic finance payables are guaranteed against the following:

|                                    | 30 June<br>2022 | 31 December<br>2021<br>(Audited) | 30 June<br>2021 |
|------------------------------------|-----------------|----------------------------------|-----------------|
| Investment in Murabaha receivables | 4,347,321       | 4,347,321                        | 4,347,321       |
| Assigning receivables – net        | 843,219         | 1,196,316                        | 1,644,120       |
| Investment properties              | 851,835         | 851,835                          | 851,835         |
| Investment in financial securities | 4,751,477       | 5,074,821                        | 4,588,646       |

10. Accounts payable and other credit balances

|   | 30 June<br>2022  | 31 December<br>2021<br>(Audited) | 30 June<br>2021 |
|---|------------------|----------------------------------|-----------------|
| Trade payables                            | 423,966          | 154,193                          | 265,488         |
| Capital reduction payables (note 15)      | 404,317          | -                                | -               |
| Dividends payable                         | 112,863          | 141,471                          | 146,461         |
| Accrued salaries and other staff accruals | 75,619           | 273,217                          | 89,802          |
| NLST                                      | 11,722           | 28,405                           | 18,785          |
| Zakat                                     | 4,249            | 11,358                           | 10,303          |
| KFAS                                      | 4,220            | 3,832                            | 21,588          |
| Others                                    | 122,178          | 69,174                           | 61,396          |
|   | <b>1,159,134</b> | <b>681,650</b>                   | <b>613,823</b>  |

11. Net (losses)/ gains from investments in financial securities

|   | Three months ended<br>30 June |               | Six months ended<br>30 June |               |
|---|-------------------------------|---------------|-----------------------------|---------------|
|   | 2022                          | 2021          | 2022                        | 2021          |
| <i>Financial assets at fair value through profit or loss ("FVTPL")</i>              |                               |               |                             |               |
| Change in fair value  | (167,654)                     | 42,666        | (164,721)                   | 42,666        |
| Dividend and distribution income  | 22,185                        | 7,762         | 22,185                      | 7,762         |
|   | <b>(145,469)</b>              | <b>50,428</b> | <b>(142,536)</b>            | <b>50,428</b> |
| <i>Financial assets at fair value through other comprehensive income ("FVTOCI")</i> |                               |               |                             |               |
| Dividends income  | 871                           | 7,629         | 12,798                      | 7,629         |
|   | <b>(144,598)</b>              | <b>58,057</b> | <b>(129,738)</b>            | <b>58,057</b> |

12. Basic and diluted earnings per share (fils)

Basic and diluted earnings per share are calculated based on the profit for the period divided by the weighted average number of shares outstanding during the period, as follows:

|  | Three months ended<br>30 June |             | Six months ended<br>30 June |             |
|--|-------------------------------|-------------|-----------------------------|-------------|
|  | 2022                          | 2021        | 2022                        | 2021        |
| Net profit for the period  | 137,070                       | 440,488     | 448,678                     | 985,822     |
| Weighted average number of the Parent Company's outstanding shares | 298,362,976                   | 308,747,590 | 303,526,596                 | 308,747,590 |
| Basic and diluted earnings per share (fils)                        | <b>0.46</b>                   | <b>1.43</b> | <b>1.48</b>                 | <b>3.19</b> |

Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2022  
(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

13. Related parties' transactions and balances

Related parties consist of major shareholders, directors and executive officers of the Group, their families and companies of which they are the principal owners. All related parties' transactions are at arm's length terms and are approved by the Group's management.

The related parties' balances and transactions included in the interim condensed consolidated financial information are as follows:

|                                      | 30 June<br>2022 | 31 December<br>2021<br>(Audited) | 30 June<br>2021 |
|--------------------------------------|-----------------|----------------------------------|-----------------|
| <b>Balances:</b>                     |                 |                                  |                 |
| a) Finance receivables               | 1,663,628       | 599,756                          | 4,498           |
| b) Key management's benefits payable | 99,456          | 185,792                          | 19,136          |
| c) Advance to staff                  | 69,972          | 73,967                           | -               |

|   | 30 June<br>2022 | 30 June<br>2021 |
|---|-----------------|-----------------|
| <b>Transactions:</b>                        |                 |                 |
| a) Remuneration of key management personnel |                 |                 |
| Staff costs                                 | 70,908          | 104,358         |
| b) Finance revenues                         | 6,065           | 234             |

The Group has entered into an agreement with an ex-related party to collect the outstanding instalments from some of the finance receivables on behalf of the Group. The cash collected through that party on behalf of the Group during the period amounted to KD Nil (KD 996,619 – 31 December 2021 and KD 996,619 – 30 June 2021). The fees paid to that party amounted to KD Nil (KD 6,000 – 30 June 2021).

14. Segmental information

Operating segments are to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The operating segments are divided into two major business segments which are finance (including the credit facilities for consumers), investment (including the investments in financial securities and investment properties). Business segments are distinguishable components of the Group that provide products or services subject to risks and returns different from those of other business segments.

|                     | 30 June 2022 |            |           |            |
|---------------------|--------------|------------|-----------|------------|
|                     | Finance      | Investment | Others    | Total      |
| Segment revenues    | 754,371      | 101,244    | 25,685    | 881,300    |
| Segment expenses    | (3,484)      | (12,720)   | (396,227) | (412,431)  |
| Segment results     | 750,887      | 88,524     | (370,542) | 468,869    |
| Segment assets      | 19,204,912   | 14,425,064 | 1,315,635 | 34,945,611 |
| Segment liabilities | 5,027,831    | 1,840,200  | 1,241,725 | 8,109,756  |

  

|                     | 30 June 2021 |            |           |            |
|---------------------|--------------|------------|-----------|------------|
|                     | Finance      | Investment | Others    | Total      |
| Segment revenues    | 1,056,333    | 235,977    | 46,075    | 1,338,385  |
| Segment expenses    | 532,371      | (85,990)   | (772,331) | (325,950)  |
| Segment results     | 1,588,704    | 149,987    | (726,256) | 1,012,435  |
| Segment assets      | 23,729,197   | 11,650,398 | 1,331,725 | 36,711,320 |
| Segment liabilities | 3,127,708    | 2,107,350  | 904,783   | 6,139,841  |

**Notes to the Interim Condensed Consolidated Financial Information for the six months ended 30 June 2022**  
**(Unaudited)**

*(All amounts are in Kuwaiti Dinars unless otherwise stated)*

**15. General Assembly**

On 28 April 2022, the Ordinary General Assembly approved the consolidated financial statements for the year ended 31 December 2021 and approved the followings:

- Not to distribute dividends to the shareholders of the Parent Company for the year ended 31 December 2021.
- Board of Directors' remunerations amounting to Nil for year 2021 (Nil for year 2020).
- Board of Directors Committees' remunerations of KD 61,000 for year 2021 (KD 31,000 for year 2020).

On 9 May 2022, the Extra-ordinary General Assembly held and approved to reduce authorized, issued and paid-up share capital of the Parent Company by an amount of KD 4,500,000 equivalent to approximately 14.6% of the Parent Company's share capital through cancelling 45,000,000 shares and payment of the nominal value in cash to the Company's shareholders on a pro rata basis and authorizing the Board of Directors to dispose the fractional shares resulting from the reduction. Therefore, the share capital amounted to KD 26,374,759 comprised of 263,747,591 shares with 100 fils per share, and all shares are in cash. This amendment had been ratified in commercial register on 18 May 2022.

**16. Impact of COVID-19**

The Group is gradually recovering from the effects of COVID-19 pandemic. The Group's operating environment is moderately rebound, and signs of economic recovery is visible across the region and globally. High vaccination rates and strict social distancing measures significantly reduced the impact of latest variants of virus.



# AL MANAR

FINANCING & LEASING



2022