

AL MANAR

FINANCING & LEASING



2024



**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-months period ended 30 June 2024
With Review Report**



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

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For the six-months period ended 30 June 2024
With Review Report

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The Board of Directors
Al Manar Financing and Leasing Company K.S.C. (Public)
State of Kuwait

Independent Auditor's Review Report on Interim Condensed Consolidated Financial Information

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al Manar Financing and Leasing Company K.S.C. (Public) ("the Parent Company") and its subsidiaries (together referred to as "the Group") as at 30 June 2024 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of preparation as set out in (Note 2.1). 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 the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim condensed consolidated 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 the basis of preparation as set out in (Note 2.1).

Other Matter

The consolidated financial statements of the Group for the financial year ended 31 December 2023 and the interim condensed consolidated financial information for the six months period ended 30 June 2023 were audited and reviewed, respectively, by another auditor who expressed an unqualified opinion and conclusion on those statements and information on 27 March 2024 and 7 August 2023 respectively.

Report on Other Legal and Regulatory Requirements

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, and its Executive Regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Article of Association, as amended, have occurred during the six months period ended 30 June 2024, that might have had a material effect on business of the Group or its interim condensed consolidated financial position.

Report on Other Legal and Regulatory Requirements (Continued)

We further report that, during the course of review to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law No. 32 of 1968 as amended, concerning currency, the Central Bank of Kuwait and the organization of banking business and its related regulation or of the provisions of Law No. 7 of 2010 concerning the establishment of Capital Markets Authority and Organization of Securities Activity and its Executive Regulations, as amended, have occurred during the six months period ended 30 June 2024, that might have had a material effect on business of the Group or its interim condensed consolidated financial position.

Qais M. Al Nisf
License No. 38 "A"
BDO Al Nisf & Partners

Kuwait: 13 August 2024

Interim Condensed Consolidated Statement of Financial Position (Unaudited)

As at 30 June 2024

	Notes	30 June 2024 KD	31 December 2023 (Audited) KD	30 June 2023 (Restated) KD
Assets				
Cash and cash equivalents	5	1,935,509	1,874,539	2,572,428
Investments in Murabaha and Wakala receivables	6	9,347,321	9,347,321	9,347,321
Investment in associate	7	11,127,655	10,882,423	-
Finance receivables	8	14,416,316	14,892,316	14,653,244
Other receivables and prepayments	9	322,545	302,675	433,869
Investments in financial securities	10	11,026,529	10,536,688	11,084,799
Investment properties		4,412,000	4,412,000	4,510,000
Other assets		10,421	12,272	43,042
Total assets		52,598,296	52,260,234	42,644,703
LIABILITIES AND EQUITY				
Liabilities				
Accounts payable and other credit balances	11	1,481,796	1,513,613	1,414,555
Islamic financing payables	12	17,776,086	18,050,406	12,475,710
Provision for staff indemnity		310,458	303,289	303,899
Total liabilities		19,568,340	19,867,308	14,194,164
Equity				
Share capital		26,374,759	26,374,759	26,374,759
Treasury shares	13	(46,122)	-	-
Treasury shares reserve		4,995	4,995	4,995
Statutory reserve		494,271	494,271	295,272
Voluntary reserve		494,271	494,271	295,272
Fair value reserve		(439,961)	(881,258)	(725,395)
Group's share in associate's reserve		(77,983)	(51,040)	-
Retained earnings		2,803,156	2,690,096	1,917,095
Total equity attributable to Shareholders of the Parent Company		29,607,386	29,126,094	28,161,998
Non-controlling interests		3,422,570	3,266,832	288,541
Total equity		33,029,956	32,392,926	28,450,539
Total liabilities and equity		52,598,296	52,260,234	42,644,703

The accompanying notes on pages 7 to 20 form an integral part of this interim condensed consolidated financial information.

Khaled Abdullah Mirza
Chairman

Interim Condensed Consolidated Statement of Profit or Loss
(Unaudited)

For the six months period ended 30 June 2024

	Notes	For the three months period ended 30 June 30 June		For the six months period ended 30 June	
		2024	2023	2024	2023
		KD	KD	KD	KD
Revenues					
Finance revenues		532,959	549,528	1,085,327	1,043,434
Share of associate's results	7	143,387	-	523,819	-
Rental income		71,840	69,410	143,355	139,020
Net gains from investments in financial securities	14	141,360	211,904	251,052	332,793
Other income		79,024	53,133	103,970	224,842
		968,570	883,975	2,107,523	1,740,089
Expenses					
Finance cost		(244,289)	(183,256)	(500,439)	(365,564)
Staff costs		(154,102)	(161,909)	(311,351)	(309,278)
Reversal / (provision) for credit facilities	8	1,235	55,381	(853)	(42,108)
Other expenses		(78,817)	(179,978)	(185,352)	(282,170)
		(475,973)	(469,762)	(997,995)	(999,120)
Profit for the period before deductions		492,597	414,213	1,109,528	740,969
NLST		(8,422)	(7,889)	(20,992)	(15,742)
Zakat		(3,373)	(3,143)	(8,468)	(6,075)
KFAS		(3,955)	(3,712)	(8,480)	(6,539)
Net profit for the period		476,847	399,469	1,071,588	712,613
Attributable to:					
The Parent Company's shareholders		423,691	410,343	904,303	723,487
Non-controlling interests		53,156	(10,874)	167,285	(10,874)
Net profit for the period		476,847	399,469	1,071,588	712,613
Basic and diluted earnings per share (fils)	15	1.61	1.56	3.43	2.74

The accompanying notes on pages 7 to 20 form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Unaudited)
For the six months period ended 30 June 2024

	For the three months period ended 30 June		For the six months period ended 30 June	
	2024	(Restated) 2023	2024	(Restated)20 23
	KD	KD	KD	KD
Net profit for the period	476,847	399,469	1,071,588	712,613
Other comprehensive income <i>Items that will not be reclassified subsequently to the interim condensed consolidated statement of profit or loss:</i>				
Changes in fair value of financial assets at fair value through other comprehensive income	118,250	367,654	441,297	12,431
<i>Items that may be reclassified subsequently to the interim condensed consolidated statement of profit or loss:</i>				
Group's share in associate's reserve	(52,276)	-	(38,490)	-
Other comprehensive income for the period	65,974	367,654	402,807	12,431
Total Comprehensive income for the period	542,821	767,123	1,474,395	725,044
Attributable to:				
The Parent Company's shareholders	505,347	778,582	1,318,657	736,503
Non-controlling interests	37,474	(11,459)	155,738	(11,459)
	542,821	767,123	1,474,395	725,044

The accompanying notes on pages 7 to 20 form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)
For the six months period ended 30 June 2024

	Share capital	Treasury shares	Treasury shares reserve	Statutory reserve	Voluntary reserve	Fair value reserve	Group's share in associates' reserve	Retained earnings	Total equity attributable to shareholders of Parent Company	Non-controlling interests	Total Equity
	KD		KD	KD	KD	KD	KD	KD	KD	KD	KD
Balance as at 1 January 2023 (as previously stated)	26,374,759	-	4,995	295,272	295,272	(787,445)	-	1,346,334	27,529,187	-	27,529,187
Impact from restatement (note 20)		-					-	687,551	687,551	-	687,551
Balance as at 1 January 2023 (Restated)	26,374,759	-	4,995	295,272	295,272	(787,445)	-	2,033,885	28,216,738	-	28,216,738
Net profit for the period (Restated)	-	-	-	-	-	-	-	723,487	723,487	(10,874)	712,613
Other comprehensive income for the period	-	-	-	-	-	13,016	-	-	13,016	(585)	12,431
Total comprehensive income for the period (Restated)	-	-	-	-	-	13,016	-	723,487	736,503	(11,459)	725,044
Transfer on disposal of investments	-	-	-	-	-	49,034	-	(49,034)	-	-	-
Dividends	-	-	-	-	-	-	-	(791,243)	(791,243)	-	(791,243)
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	300,000	300,000
Balance as at 30 June 2023 (Restated)	26,374,759	-	4,995	295,272	295,272	(725,395)	-	1,917,095	28,161,998	288,541	28,450,539
Balance as at 1 January 2024	26,374,759	-	4,995	494,271	494,271	(881,258)	(51,040)	2,690,096	29,126,094	3,266,832	32,392,926
Net profit for the period	-	-	-	-	-	-	-	904,303	904,303	167,285	1,071,588
Other comprehensive income for the period	-	-	-	-	-	441,297	(26,943)	-	414,354	(11,547)	402,807
Total comprehensive income for the period	-	-	-	-	-	441,297	(26,943)	904,303	1,318,657	155,738	1,474,395
Purchase of treasury shares	-	(46,122)	-	-	-	-	-	-	(46,122)	-	(46,122)
Dividends (note 18)	-	-	-	-	-	-	-	(791,243)	(791,243)	-	(791,243)
Balance as at 30 June 2024	26,374,759	(46,122)	4,995	494,271	494,271	(439,961)	(77,983)	2,803,156	29,607,386	3,422,570	33,029,956

The accompanying notes on pages 7 to 20 form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Cash Flows (Unaudited)

For the six months period ended 30 June 2024

	Notes	For the six months period ended 30 June	
		2024	(Restated) 2023
		KD	KD
Cash flows from operating activities			
Net profit for the period		1,071,588	712,613
<i>Adjustments for:</i>			
Share of associate's results	7	(523,819)	-
Bargain purchase gain of additional share in associate	7	(32,054)	-
Depreciation and amortization		2,626	19,117
Net gains from investments in financial securities	14	(251,052)	(332,793)
Provision for credit facilities	8	853	42,108
Finance costs		500,439	365,564
Provision for staff indemnity		22,487	15,548
		791,068	822,157
Change in working capital			
Finance receivables		475,147	289,127
Other receivables and prepayments		(19,870)	248,608
Financial assets at fair value through profit or loss (net movement)		4,506	71,977
Accounts payable and other credit balances		(4,252)	(625,605)
Payment of staff indemnity		(15,318)	(37,774)
Net cash flows from operating activities		1,231,281	768,490
Investing activities			
Purchase of financial securities at FVTOCI		(651)	(287,739)
Proceeds from sale of financial securities at FVTOCI		-	353,753
Proceeds at maturity of financial securities at amortized cost		64,628	-
Payment for purchase of additional share in associate	7	(195,250)	-
Purchase of other assets		(775)	(560)
Dividends income received from financial securities	14	133,383	135,737
Dividends income received from associate	7	467,401	-
Net cash flows from investing activities		468,736	201,191
Financing activities			
Proceed from Islamic financing payables		-	4,791,700
Payment for Islamic financing payables		(274,320)	(3,325,022)
Purchase of treasury shares		(46,122)	-
Payment for capital reduction		(59,864)	(180,195)
Dividend paid		(758,302)	(751,999)
Finance cost paid		(500,439)	(365,564)
Net cash flows (used in)/from financing activities		(1,639,047)	168,920
Net increase in cash and cash equivalents		60,970	1,138,601
Cash and cash equivalents at the beginning of the period		1,874,539	1,433,827
Cash and cash equivalents at the end of the period	5	1,935,509	2,572,428

The accompanying notes on pages 7 to 20 form an integral part of this interim condensed consolidated financial information.

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)
For the six months period ended 30 June 2024

1. INCORPORATION AND 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 has the right to conduct the above activities inside and outside State of Kuwait directly or through agency and the Parent Company may have an interest or participate with others having similar activities or assist it in accomplishing its activities inside or outside Kuwait or purchase these companies. This must be in accordance with the provisions of Islamic Sharia.

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.

This interim condensed consolidated financial information for the six months period ended 30 June 2024 were authorized for issue by the Board of Directors of the Parent Company on 13 August 2024.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with International Accounting Standard: 34 “Interim Financial Reporting” and the instructions of the Central Bank of Kuwait and should be read with the last audited consolidated annual financial statements of the Group as of 31 December 2023.

The interim condensed consolidated financial information does not include all the information and disclosures required to prepare complete annual consolidated financial statements in accordance with International Financial Reporting Standards (“IFRSs”) as amended for use by the State of Kuwait for financial services institutions supervised by the Central Bank of Kuwait. These regulations require the application of all IFRSs, including the requirements of International Financial Reporting Standard No. (9): Financial Instruments Related to Expected Credit Risks or the required provisions in accordance with the instructions of the Central Bank of Kuwait, whichever is higher.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

Operating results for the six-month period ended 30 June 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024. For further information, refer to the annual audited consolidated financial statements of the Group for the year ended 31 December 2023.

This interim condensed consolidated financial information is presented in Kuwaiti Dinars (KD), which is also the functional and presentation currency of the Parent Company.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

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 2023, except for the adoption of new standards effective as of 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2024, but do not have an impact on the interim condensed consolidated financial information of the Group.

Amendments to IAS 7 and IFRS 7- Supplier Finance Arrangements

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments.

The amendments had no impact on the Group's interim condensed consolidated financial information.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Group's interim condensed consolidated financial information.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement,
- That a right to defer must exist at the end of the reporting period,
- That classification is unaffected by the likelihood that an entity will exercise its deferral right,
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the Group's interim condensed consolidated financial information.

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)
 For the six months period ended 30 June 2024

3. MATERIAL JUDGMENTS AND ESTIMATES

Fair valuation

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRSs, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Further information about the assumptions made in measuring fair values is included in Note 19.

4. BASIS OF CONSOLIDATION

The interim condensed consolidated financial information comprises of Al Manar Financing and Leasing Company K.S.C. (Public) and its subsidiaries (together referred to as “the Group”)

Name of subsidiary	Country of incorporation	Principal activities	Ownership (%)		
			30 June 2024	31 December 2023 (Audited)	30 June 2023
Manarat Tasaheel Real Estate Company W.L.L.	Kuwait	Real estate	100	100	100
AI-Manar Express for Marketing Consulting Company W.L.L.	Kuwait	Consulting	100	100	100
AI- Manar Watania for Administrative Consulting Company W.L.L.	Kuwait	Consulting	100	100	100
AI Jawhara Company for Buying and Selling Shares & Bonds W.L.L.	Kuwait	Investment	70	70	70

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)
For the six months period ended 30 June 2024

4. BASIS OF CONSOLIDATION (CONTINUED)

Subsidiaries' management accounts have been used for the consolidation purposes as at 30 June 2024. The total assets of the subsidiaries are KD 15,904,823 (KD 15,394,230 as at 31 December 2023, KD 5,103,627 as at 30 June 2023), net gains of KD 582,552 during the six months ended 30 June 2024 (net gains KD 95,924 during the six months ended 30 June 2023).

5. CASH AND CASH EQUIVALENTS

	30 June 2024	(Audited) 31 December 2023	30 June 2023
	KD	KD	KD
Cash at banks and portfolios	1,434,359	1,073,539	2,571,683
Wakala with banks (less than 3 months)	500,000	800,000	-
Cash on hand	1,150	1,000	745
	1,935,509	1,874,539	2,572,428

As at 30 June 2024, the effective yield rate on Wakala is 4% (31 December 2023: 4.6%).

6. INVESTMENTS IN MURABAHA AND WAKALA RECEIVABLES

Investments in Murabaha and Wakala receivables have been deposited at local financial institutions according to Murabaha and Wakala contracts. The average yield on those contracts is 4.125% - 4.5% per annum as at 30 June 2024 (31 December 2023: 4.125% - 4.5% and 30 June 2023: 4.125% to 5% per annum). Expected credit losses amounted to KD 17,679 as at 30 June 2024 (KD 17,679 as at 31 December 2023 and 30 June 2023).

7. INVESTMENT IN ASSOCIATE

Name of associate	Country of incorporation	Principal activities	Ownership (%)		
			(Audited) 30 June 2024	31 December 2023	30 June 2023
Injazzat Real Estate Development Company K.S.C.P.	Kuwait	Real Estate	28.210%	27.629%	-

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)
For the six months period ended 30 June 2024

7. INVESTMENT IN ASSOCIATE (CONTINUED)

The movement during the period / year / period is as follows:

	30 June 2024	(Audited) 31 December 2023	30 June 2023
	KD	KD	KD
Balance at the beginning of the period / year / period	10,882,423	-	-
Additions	195,250	-	-
Purchase consideration	-	9,233,997	-
Bargain purchase gain	32,054	1,499,231	-
Share of results	523,819	222,109	-
Share of reserves	(38,490)	(72,914)	-
Dividends received	(467,401)	-	-
Balance at the end of the period / year / period	11,127,655	10,882,423	-

During the period, the Group acquired an additional 0.581% interests in the above associate, increasing its ownership interests to 28.210% for a total cash consideration of KD 195,250. A bargain purchase of KD 32,054 has been recognized as a result of this additional acquisition which has been included in the other income in the interim condensed consolidated statement of profit or loss.

The Group has recognised the share of results from “Injazzat Real Estate Development Company K.S.C. (Public)” based on issued interim condensed consolidated financial information as at 30 June 2024.

8. FINANCE RECEIVABLES

	30 June 2024	(Audited) 31 December 2023	30 June 2023
	KD	KD	KD
Finance receivables	20,062,040	20,420,126	20,281,154
Less: deferred revenues	(2,736,173)	(2,740,782)	(2,878,756)
Less: provision for credit facilities	(2,909,551)	(2,787,028)	(2,749,154)
Finance receivables – net	14,416,316	14,892,316	14,653,244

Provision for expected credit losses on credit facilities determined under IFRS 9 according to CBK guidelines amounted to KD 2,705,099 as at 30 June 2024 (31 December 2023: KD 2,787,028 and 30 June 2023: KD 2,749,154), which lower than / equal to the provision for credit facilities required by CBK instructions of KD 2,909,551 as at 30 June 2024 (31 December 2023: KD 2,787,028 and 30 June 2023: KD 2,749,154).

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)
For the six months period ended 30 June 2024

8. FINANCE RECEIVABLES (CONTINUED)

The movement in gross credit facilities is as follows:

	Stage 1	Stage 2	Stage 3	Total
	KD	KD	KD	KD
Balance at 1 January 2024	15,672,403	1,056,822	3,690,901	20,420,126
Net financing / (collection)	452,785	(633,906)	(176,965)	(358,086)
Transfer from / to stage 1	(546,589)	480,782	65,807	-
Transfer from / to stage 2	-	(19,891)	19,891	-
Balance at 30 June 2024	15,578,599	883,807	3,599,634	20,062,040

	Stage 1	Stage 2	Stage 3	Total
	KD	KD	KD	KD
Balance at 1 January 2023	15,047,533	1,765,319	3,537,597	20,350,449
Net financing / (collection)	826,744	(669,754)	(226,285)	(69,295)
Transfer from / to stage 1	(994,629)	994,629	-	-
Transfer from / to stage 2	198,838	(473,613)	274,775	-
Balance at 30 June 2023	15,078,486	1,616,581	3,586,087	20,281,154

The movement in the provision for expected credit losses during the period is as follows:

	Stage 1	Stage 2	Stage 3	Total
	KD	KD	KD	KD
Balance at 1 January 2024	70,053	20,483	2,696,492	2,787,028
Charged / (reversal) during the period	1,692	(14,805)	(68,816)	(81,929)
Transfer from / to stage 1	(4,297)	4,026	271	-
Transfer from / to stage 2	-	18,513	(18,513)	-
Balance at 30 June 2024	67,448	28,217	2,609,434	2,705,099

	Stage 1	Stage 2	Stage 3	Total
	KD	KD	KD	KD
Balance at 1 January 2023	68,363	66,268	2,537,166	2,671,797
Charged during the period	2,949	10,653	63,755	77,357
Transfer from / to stage 1	(5,434)	5,434	-	-
Transfer from / to stage 2	5,026	(21,921)	16,895	-
Balance at 30 June 2023	70,904	60,434	2,617,816	2,749,154

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months period ended 30 June 2024

8. FINANCE RECEIVABLES (CONTINUED)

The movement in the provision for credit facilities required by CBK instructions as follows:

	30 June 2024	30 June 2023
	KD	KD
Balance at 1 January	2,787,028	2,671,797
Charged during the period*	122,523	77,357
Balance at 30 June	2,909,551	2,749,154

*During the current period, the Group recovered an amount of KD 121,670 (30 June 2023: KD 35,249) from the written off finance receivables and reversed the same in the interim condensed consolidated statement of income in allowance for credit facilities.

The Group holds collateral amounting to KD 2,247,913 as at 30 June 2024 (31 December 2023: KD 2,346,172 and 30 June 2023: KD 2,555,904) over its finance receivables. Management believes that there is no further credit provision required in excess of the provision for credit losses.

9. OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2024	(Audited) 31 December 2023	30 June 2023
	KD	KD	KD
Staff advances	24,628	30,228	23,572
Due from related party (note 16)	-	-	194,700
Accrued income	228,974	169,687	132,376
Others	68,943	102,760	83,221
	322,545	302,675	433,869

10. INVESTMENTS IN FINANCIAL SECURITIES

	30 June 2024	(Audited) 31 December 2023	30 June 2023
	KD	KD	KD
Financial assets at fair value through profit or loss ("FVTPL")			
Quoted foreign funds	1,399,613	1,278,938	1,202,681
Quoted local shares	63,746	66,583	62,863
Unquoted foreign funds	540,604	545,279	572,750
Unquoted local shares	374,400	374,400	477,664
Unquoted foreign shares	130,640	130,640	106,170
	2,509,003	2,395,840	2,422,128

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months period ended 30 June 2024

Financial assets at fair value through other comprehensive income (“FVTOCI”)			
Quoted local shares	4,531,470	4,094,883	4,344,637
Quoted foreign shares	713,440	708,079	785,652
Unquoted foreign shares	1,237,811	1,237,811	1,399,012
	6,482,721	6,040,773	6,529,301

Financial assets at amortized cost			
Debt sukuk – quoted at foreign stock exchanges	2,034,805	2,100,075	2,133,370
	2,034,805	2,100,075	2,133,370
	11,026,529	10,536,688	11,084,799

Fair value of investments has been determined in the manner described in Note 19.

11. ACCOUNTS PAYABLE AND OTHER CREDIT BALANCES

	(Audited)		
	30 June 2024	31 December 2023	30 June 2023
	KD	KD	KD
Trade payables	732,593	433,668	822,194
Capital reduction payables	113,151	173,015	184,878
Accrued salaries and other staff accruals	109,274	316,806	112,585
Dividends payable	175,360	142,419	150,460
NLST	20,992	63,515	15,742
Zakat	8,468	25,266	6,075
KFAS	8,480	17,910	6,539
Others	313,478	341,014	116,082
	1,481,796	1,513,613	1,414,555

12. ISLAMIC FINANCING PAYABLES

Islamic financing payables are obtained from local and foreign banks and are denominated in KD and USD. The average cost is 5.375% - 5.50% and 4.79% - 6.64% for KD and USD respectively as at 30 June 2024 (31 December 2023: 5.375% - 5.50% and 5.285% - 7.66% for KD and USD respectively, 30 June 2023: 4.25% - 5.25% and 7.80% - 7.92% for KD and USD respectively).

12. ISLAMIC FINANCING PAYABLES (CONTINUED)

Islamic finance payables are guaranteed against the following:

	(Audited)		
	30 June 2024	31 December 2023	30 June 2023
	KD	KD	KD
Investment in Murabaha receivables	9,347,321	9,347,321	9,347,321
Assigning receivables – net	1,930,991	2,513,931	2,775,743
Investment properties	4,292,000	4,292,000	3,704,114
Investment in financial securities	9,219,932	8,727,254	8,753,840

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months period ended 30 June 2024

13. TREASURY SHARES

	30 June 2024	(Audited) 31 December 2023	30 June 2023
	KD	KD	KD
Number of treasury shares (share)	770,281	-	-
Percentage of issued shares	0.292%	-	-
Market value (KD)	45,447	-	-
Cost (KD)	46,122	-	-

14. NET GAINS FROM INVESTMENTS IN FINANCIAL SECURITIES

	For the three months period ended 30 June		For the six months period ended 30 June	
	2024	2023	2024	2023
	KD	KD	KD	KD
<i>Financial assets at fair value through profit or loss ("FVTPL")</i>				
Change in fair value	20,753	94,437	117,669	197,056
Dividend income	15,833	17,776	25,216	27,719
	36,586	112,213	142,885	224,775
<i>Financial assets at fair value through other comprehensive income ("FVTOCI")</i>				
Dividend income	104,774	99,691	108,167	108,018
	141,360	211,904	251,052	332,793

15. BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY

	For the three months period ended 30 June		For the six months period ended 30 June	
	2024	(Restated) 2023	2024	(Restated) 2023
	2024	(Restated) 2023	2024	(Restated) 2023
Net profit for the period attributable to the Shareholders of the Parent Company ("KD")	423,691	410,343	904,303	723,487
Weighted average number of outstanding shares	263,655,503	263,747,591	263,701,547	263,747,591
Basic and diluted earnings per share (fils)	1.61	1.56	3.43	2.74

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months period ended 30 June 2024

16. RELATED PARTIES' BALANCES AND TRANSACTIONS

Related parties represent major shareholders, directors and senior management personnel of the Group, and Companies controlled, or significantly influenced by such parties. The pricing policies and conditions for these transactions are approved by the Group's management.

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

	30 June 2024	(Audited) 31 December 2023	30 June 2023
	KD	KD	KD
Balances:			
Finance receivables (gross)	2,520,570	2,628,420	1,537,131
Receivables due from related party (note 9)	-	-	194,700
Key management's benefits payable	199,136	271,669	171,380
Advance to staff	11,732	16,076	-
Board of Directors committees' remunerations payables	-	61,000	-

	30 June 2024	30 June 2023
	KD	KD
Transactions:		
a) Remuneration of key management personal Staff cost	127,924	126,029
b) Finance revenue	73,189	27,596

17. SEGMENTAL INFORMATION

The Group is organised into functional divisions to manage its various lines of business. For the purposes of segment reporting, the Group's management has grouped its activities into the following business segments:

- Finance
- Investment
- Others

	30 June 2024			
	Finance	Investment	Others	Total
	KD	KD	KD	KD
Segment revenues	983,347	1,095,825	28,351	2,107,523
Segment expenses	(390,754)	(314,010)	(293,231)	(997,995)
Segment results	592,593	781,815	(264,880)	1,109,528
Segment assets	20,519,777	31,450,276	628,243	52,598,296
Segment liabilities	9,483,754	9,024,925	1,059,661	19,568,340

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months period ended 30 June 2024

	31 December 2023 (Audited)			
	Finance	Investment	Others	Total
	KD	KD	KD	KD
Segment revenues	2,104,128	2,398,303	200,144	4,702,575
Segment expenses	(700,047)	(432,236)	(1,080,488)	(2,212,771)
Segment results	1,404,081	1,966,067	(880,344)	2,489,804
Segment assets	21,318,777	30,306,112	635,345	52,260,234
Segment liabilities	9,458,699	9,025,375	1,383,234	19,867,308

	30 June 2023 (Restated)			
	Finance	Investment	Others	Total
	KD	KD	KD	KD
Segment revenues	1,060,849	516,726	162,514	1,740,089
Segment expenses	(415,629)	(203,027)	(380,464)	(999,120)
Segment results	645,220	313,699	(217,950)	740,969
Segment assets	26,024,714	15,802,776	817,213	42,644,703
Segment liabilities	10,004,769	3,293,135	896,260	14,194,164

18. ANNUAL GENERAL ASSEMBLY

The Parent Company's Shareholders' Ordinary General Assembly Meeting held on 8 May 2024 approved the consolidated financial statements of the Group for the financial year ended 31 December 2023 and approved to distribute cash dividends of 3% of the paid-up capital (3 fils per share) for the year ended 31 December 2023. Also, not to pay remuneration to the Board of Directors.

19. FAIR VALUE MEASUREMENT

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

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.

The level within which the financial asset is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets measured at fair value in the interim condensed consolidated statement of financial position / consolidated statement of financial position are grouped into the fair value hierarchy as follows:

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months period ended 30 June 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	KD	KD	KD	KD
30 June 2024				
Financial assets at fair value through profit or loss	1,463,359	540,604	505,040	2,509,003
Financial assets at fair value through other comprehensive income	5,244,910	-	1,237,811	6,482,721
	6,708,269	540,604	1,742,851	8,991,724
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	KD	KD	KD	KD
31 December 2023 (Audited)				
Financial assets at fair value through profit or loss	1,345,521	545,279	505,040	2,395,840
Financial assets at fair value through other comprehensive income	4,802,962	-	1,237,811	6,040,773
	6,148,483	545,279	1,742,851	8,436,613
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	KD	KD	KD	KD
30 June 2023				
Financial assets at fair value through profit or loss	1,265,544	572,750	583,834	2,422,128
Financial assets at fair value through other comprehensive income	5,130,289	-	1,399,012	6,529,301
	6,395,833	572,750	1,982,846	8,951,429

19. FAIR VALUE MEASUREMENT (CONTINUED)

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months period ended 30 June 2024

Reconciliation of level 3 fair value measurements:

	30 June 2024	(Audited) 31 December 2023	30 June 2023
	KD	KD	KD
Balance at the beginning of the period / year / period	1,742,851	2,013,476	2,013,476
Change in fair value	-	(239,995)	-
Disposals	-	(30,630)	(30,630)
Balance at the end of the period / year / period	1,742,851	1,742,851	1,982,846

During the period/year, there were no transfers between level 1, level 2 and level 3.

20. CHANGE IN ACCOUNTING POLICY

During the prior year, the management voluntarily changed its accounting policy on investment properties relating to measurement after recognition under IAS 40- Investment Property in order to provide a reliable and more relevant information about the Group's financial position, financial performance and cash flows to its shareholders. Historically, the Group chose the cost model as its accounting policy for measurement after recognition which is now voluntarily changed to fair value model under which the respective investment properties are annually re-measured at fair value to reflect the current market prices. Accordingly, the Group restated the comparatives figures in accordance with the requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and IAS 1 "Preparation of Financial Statements".

A summary of the impact of the above matter is as follows:

Interim Condensed Consolidated Statement of Changes in Equity as at 1 January 2023:

	As previously stated	Effect of restatement	As restated
	KD	KD	KD
1 January 2023			
Retained earnings	1,346,334	687,551	2,033,885

20. CHANGE IN ACCOUNTING POLICY (CONTINUED)

Interim Condensed Consolidated Statement of Financial Position as at 30 June 2023:

	As previously stated	Effect of restatement	As restated
	KD	KD	KD
30 June 2023			
ASSETS			
Investment properties	3,797,186	712,814	4,510,000
Equity			
Retained earnings	1,204,281	712,814	1,917,095

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the six months period ended 30 June 2024

Interim Condensed Consolidated Statement of Profit or Loss for the period ended 30 June 2023:

	<u>As previously stated</u>	<u>Effect of restatement</u>	<u>As restated</u>
	KD	KD	KD
30 June 2023			
Other expenses	(307,433)	25,263	(282,170)
Net profit for the period	687,350	25,263	712,613
Basic and diluted earnings per share (fils)	2.65	0.09	2.74

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the period ended 30 June 2023:

	<u>As previously stated</u>	<u>Effect of restatement</u>	<u>As restated</u>
	KD	KD	KD
30 June 2023			
Net profit for the period	687,350	25,263	712,613
Total Comprehensive income	699,781	25,263	725,044

Interim Condensed Consolidated Statement of Cash Flows for the period ended 30 June 2023:

	<u>As previously stated</u>	<u>Effect of restatement</u>	<u>As restated</u>
	KD	KD	KD
30 June 2023			
Net profit for the period	687,350	25,263	712,613
Depreciation and amortization	44,380	(25,263)	19,117

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2024