

**ALAFCO AVIATION LEASE AND FINANCE  
COMPANY K.S.C.P. AND SUBSIDIARIES**

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

**31 MARCH 2024**



## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF ALAFCO AVIATION LEASE AND FINANCE COMPANY K.S.C.P.**

### ***Introduction***

We have reviewed the accompanying interim condensed consolidated statement of financial position of ALAFCO Aviation Lease and Finance Company K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively the “Group”) as at 31 March 2024, and the related interim condensed consolidated statements of income and comprehensive income for the three months and six months periods then ended, and the related interim condensed consolidated statements of changes in equity and cash flows for the six 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 International Accounting Standard 34: Interim Financial Reporting (“IAS 34”). 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 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 International Accounting Standard 34.

### ***Material Uncertainty Related to Going Concern***

We draw attention to Note 2, Note 7, and Note 17 to the interim condensed consolidated financial information, which states that the Extraordinary General Meeting of Shareholders of the Parent Company convened on 27 December 2022 and on 19 February 2024 have approved the sale of the entire Group’s portfolio of aircrafts. Subsequent to the period-end, the Parent Company also obtained the approvals from the Kuwait Competition Protection Agency (Kuwait CPA) and the Federal Economic Competition Commission of Mexico (COFECE) relating to sale of the remaining fleet approved by the Extraordinary General Meeting of Shareholders convened on 19 February 2024. Furthermore, the Parent Company will formulate a strategy relating to the future prospects after execution of the sale. These conditions, along with other matters stated in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Group’s ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF ALAFCO AVIATION LEASE AND FINANCE 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 account 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 Memorandum of Incorporation and Articles of Association during the six months period ended 31 March 2024 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, we have not become aware of any violations of the provisions of Law No. 7 of 2010 concerning establishment of Capital Markets Authority "CMA" and organization of security activity and its executive regulations, as amended, during the six months period ended 31 March 2024 that might have had a material effect on the business of the Parent Company or on its financial position.



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ABDULKARIM ALSAMDAN  
LICENCE NO. 208-A  
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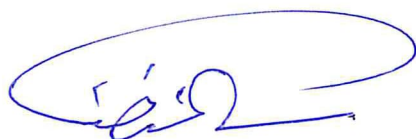
6 May 2024  
Kuwait

ALAFCO Aviation Lease and Finance Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 March 2024

		<i>(Audited)</i>	
	<i>31 March</i>	<i>30 September</i>	<i>31 March</i>
	<i>2024</i>	<i>2023</i>	<i>2023</i>
<i>Notes</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>ASSETS</b>			
Aircraft, engines and equipment	5	339,337,717	348,065,676
Capital advances	6	-	34,996,316
Receivables and other assets		31,811,908	33,969,921
Cash and cash equivalents		32,965,339	13,105,157
		<u>404,114,964</u>	<u>430,137,070</u>
Assets held for sale	7	342,416,130	455,718,036
		<u>746,531,094</u>	<u>885,855,106</u>
<b>TOTAL ASSETS</b>		<u>746,531,094</u>	<u>885,855,106</u>
		<u>1,186,835,192</u>	<u>1,186,835,192</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	8	95,209,348	95,209,348
Share premium		17,829,167	17,829,167
Statutory reserve		29,571,005	29,571,005
Foreign currency translation reserve		17,383,287	17,807,900
Retained earnings		55,689,036	60,433,519
		<u>215,681,843</u>	<u>220,850,939</u>
<b>TOTAL EQUITY</b>		<u>215,681,843</u>	<u>220,850,939</u>
<b>LIABILITIES</b>			
Due to financial institutions		407,540,659	547,390,298
Security deposits		4,034,254	4,169,525
Maintenance reserve and provisions		32,755,105	32,356,235
Other liabilities		11,173,035	13,118,828
		<u>455,503,053</u>	<u>597,034,886</u>
Liabilities directly associated with assets classified as held for sale	7	75,346,198	67,969,281
		<u>530,849,251</u>	<u>665,004,167</u>
<b>TOTAL LIABILITIES</b>		<u>530,849,251</u>	<u>665,004,167</u>
		<u>746,531,094</u>	<u>885,855,106</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>746,531,094</u>	<u>885,855,106</u>
		<u>1,186,835,192</u>	<u>1,186,835,192</u>



**Sami Abdullatif AlNusif**  
Chairman of the Board



**Ahmed Abdulaziz Alnafisi**  
Board member

The attached notes 1 to 17 form part of this interim condensed consolidated financial information.

ALAFCO Aviation Lease and Finance Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME  
(UNAUDITED)

For the period ended 31 March 2024

	Notes	Three months ended 31 March		Six months ended 31 March	
		2024	2023	2024	2023
		KD	KD	KD	KD
Operating lease income	9	<b>9,719,038</b>	8,765,146	<b>19,425,637</b>	16,974,322
Murabaha income		<b>271,087</b>	48,921	<b>560,172</b>	48,921
(Loss) gain on disposal of aircraft, engines and equipment	5 & 7	<b>(8,277,678)</b>	710,812	<b>(15,346,433)</b>	1,437,768
Other income	10	<b>9,197,629</b>	7,011,026	<b>13,554,720</b>	15,788,225
Staff costs		<b>(552,893)</b>	(866,587)	<b>(1,144,916)</b>	(1,523,006)
Depreciation	5	<b>(4,003,215)</b>	(3,898,305)	<b>(8,059,449)</b>	(7,840,099)
Other operating expenses		<b>(1,069,104)</b>	(1,069,916)	<b>(1,777,225)</b>	(2,061,649)
(Allowance for) reversal of credit loss on receivables		<b>(2,105)</b>	616,360	<b>1,619,293</b>	616,360
Finance costs		<b>(6,091,966)</b>	(12,165,230)	<b>(13,576,282)</b>	(23,632,472)
<b>LOSS FOR THE PERIOD BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS)</b>		<b>(809,207)</b>	(847,773)	<b>(4,744,483)</b>	(191,630)
Contribution to KFAS		-	5,905	-	-
<b>LOSS FOR THE PERIOD</b>		<b>(809,207)</b>	(841,868)	<b>(4,744,483)</b>	(191,630)
Basic and diluted losses per share	4	<b>(0.85) fils</b>	(0.88) fils	<b>(4.98) fils</b>	(0.20) fils

The attached notes 1 to 17 form part of this interim condensed consolidated financial information.

**ALAFCO Aviation Lease and Finance Company K.S.C.P. and Subsidiaries**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE**  
**INCOME (UNAUDITED)**  
For the period ended 31 March 2024

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>31 March</i>		<i>31 March</i>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b><i>KD</i></b>	<b><i>KD</i></b>	<b><i>KD</i></b>	<b><i>KD</i></b>
<b>Loss for the period</b>	<b>(809,207)</b>	(841,868)	<b>(4,744,483)</b>	(191,630)
<b>Other comprehensive income (loss):</b>				
<i>Items that are not reclassified subsequently to interim condensed consolidated statement of income:</i>				
Foreign currency translation adjustment	<b>588,857</b>	184,463	<b>(424,613)</b>	(3,062,549)
<b>Other comprehensive income (loss) for the period</b>	<b>588,857</b>	184,463	<b>(424,613)</b>	(3,062,549)
<b>Total comprehensive loss for the period</b>	<b>(220,350)</b>	(657,405)	<b>(5,169,096)</b>	(3,254,179)

The attached notes 1 to 17 form part of this interim condensed consolidated financial information.

ALAFCO Aviation Lease and Finance Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 March 2024

	Share capital KD	Share premium KD	Statutory reserve KD	Foreign currency translation reserve KD	Retained earnings KD	Total KD
Balance as at 1 October 2023	95,209,348	17,829,167	29,571,005	17,807,900	60,433,519	220,850,939
Loss for the period	-	-	-	-	(4,744,483)	(4,744,483)
Other comprehensive loss for the period	-	-	-	(424,613)	-	(424,613)
Total comprehensive loss for the period	-	-	-	(424,613)	(4,744,483)	(5,169,096)
<b>Balance as at 31 March 2024</b>	<b>95,209,348</b>	<b>17,829,167</b>	<b>29,571,005</b>	<b>17,383,287</b>	<b>55,689,036</b>	<b>215,681,843</b>
Balance as at 1 October 2022	95,209,348	17,829,167	29,571,005	19,829,279	61,583,713	224,022,512
Profit for the period	-	-	-	-	(191,630)	(191,630)
Other comprehensive loss for the period	-	-	-	(3,062,549)	-	(3,062,549)
Total comprehensive loss for the period	-	-	-	(3,062,549)	(191,630)	(3,254,179)
Balance as at 31 March 2023	95,209,348	17,829,167	29,571,005	16,766,730	61,392,083	220,768,333

The attached notes 1 to 17 form part of this interim condensed consolidated financial information.

ALAFCO Aviation Lease and Finance Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
(UNAUDITED)

For the period ended 31 March 2024

	Notes	Six months ended 31 March	
		2024 KD	2023 KD
<b>OPERATING ACTIVITIES</b>			
Loss for the period		(4,744,483)	(191,630)
Adjustments for:			
Depreciation	5	8,059,449	7,840,099
Murabaha income		(560,172)	(48,921)
Finance costs		13,576,282	23,632,472
Reversal of credit loss on receivables		(1,619,293)	(616,360)
Loss (gain) on disposal of aircraft, engines and equipment	5 & 7	15,346,433	(1,437,768)
		<b>30,058,216</b>	29,177,892
Changes in operating assets and liabilities:			
Receivables and other assets		5,457,520	(11,983,238)
Other liabilities		5,974,594	27,617,388
Maintenance reserve and provisions		6,058,108	2,145,302
Cash from operations		<b>47,548,438</b>	46,957,344
Finance cost paid		<b>(13,290,110)</b>	(22,839,205)
Net cash flows from operating activities		<b>34,258,328</b>	24,118,139
<b>INVESTING ACTIVITIES</b>			
Purchase of aircraft, engines and equipment		-	(1,024,541)
Proceeds from disposal of aircraft, engines and equipment		89,731,168	29,351,988
Capital advances for purchase of aircraft, engines and equipment		-	(107,467)
Capital advances refunded by the manufacturer		34,928,152	-
Murabaha income received		540,773	14,276
Net cash flows from investing activities		<b>125,200,093</b>	28,234,256
<b>FINANCING ACTIVITIES</b>			
Financing facilities received		-	24,528,000
Financing facilities repaid		<b>(139,605,006)</b>	(49,804,544)
Net cash flows used in financing activities		<b>(139,605,006)</b>	(25,276,544)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Foreign currency translation adjustment		6,767	(394,906)
Cash and cash equivalents at 1 October		13,105,157	25,113,155
<b>CASH AND CASH EQUIVALENTS AT 31 MARCH</b>		<b>32,965,339</b>	51,794,100

The attached notes 1 to 17 form part of this interim condensed consolidated financial information.



# ALAFCO Aviation Lease and Finance Company K.S.C.P. and Subsidiaries

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## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

### 1 INCORPORATION AND PRINCIPAL ACTIVITIES

ALAFCO Aviation Lease and Finance Company K.S.C.P. (ALAFCO) (the "Parent Company") is a Kuwaiti shareholding company registered and incorporated in Kuwait on 21 March 2000. The Parent Company is engaged in providing service to buy aircraft and other related assets on behalf of the aviation companies, coordinating with factories, providing asset management services to different aviation companies, providing operating lease or financing lease services commensurate with the needs and desires of aviation company customers, providing project financing to buy aircraft wholly or partly in light of the evaluation studies and the renewal of risk factors associated with such projects, marketing of aircraft to meet the needs of medium-and long-term for aviation companies wishing with such services, assisting aviation companies in the marketing of their aircraft through selling and leasing, participation in providing services associated with financing and providing technical support to aviation companies, assistance in the joint investment operations and specialized in aviation industry, Wholly or partly investment in providing aircraft, engines and spare parts as appropriate to needs of aviation companies and factories customers, Management and investment of revenues generated and collected from the above mentioned operations. The Parent Company may have an interest or to participate in any aspect in other entities conducting similar activities or which may assist in achieving its objectives in Kuwait or abroad and it may establish, participate or buy these bodies or in their equity.

The Parent Company operates in accordance with the Islamic Sharia'a principles. The Parent Company's registered head office is at Kuwait Chamber of Commerce and Industry Building Annexe, Second Floor, Abdul Aziz Hamid Al Sagar Street, Al-Mirqab, Kuwait.

The shares of the Parent Company are listed on Boursa Kuwait.

The Parent Company is an associate of Kuwait Finance House K.S.C.P. ("the Bank") and Gulf Investment Corporation S.A.G. (GIC).

The interim condensed consolidated financial information includes transactions and balances of the Parent Company and wholly owned Special Purpose Companies ("SPC") (its subsidiaries), together referred to as the "Group". All the transactions of SPC's are entered on behalf of ALAFCO and are guaranteed by ALAFCO.

The interim condensed consolidated financial information of the Group for the six months period ended 31 March 2024 was authorised for issue in accordance with a resolution of the board of directors on 6 May 2024.

### 2 FUNDAMENTAL ACCOUNTING CONCEPT

The management and the Board of Directors of the Parent Company have taken a number of actions to ensure best possible returns and meeting liquidity requirements as disclosed in Note 15:

- As disclosed in Note 7, the Board of Directors of the Parent Company considered, and the General Meeting of Shareholders convened on 27 December 2022 have approved the sale of 53 aircrafts (72% of the Group's portfolio of aircrafts). As of 31 March 2024, the Group has completed the sale of 30 aircrafts.
- The sale of 30 aircrafts has generated net cash proceeds of USD 261.25 million (approximately, KD 80.32 million) after settling secured financing facilities, of which KD 46,207,500 relates to the Bank and KD 187,674,750 relates to other financial institutions.
- The sale of the remaining 23 aircrafts is expected to generate net cash proceeds of USD 305.87 million (approximately, KD 94.04 million) after settling financing facilities, of which KD 20,673,441 relates to the Bank and KD 201,080,396 relates to other financial institutions.
- The Management and the Board of Directors of the Parent Company expects the execution of the sale to be completed within 12 months of signing the Sale Agreement, but also acknowledges that there is an inherent uncertainty associated with market conditions, buyer's conditions, and legal complexity associated with the transaction that might affect the timely execution and therefore the expected settlement of the related financing facilities.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

**2 FUNDAMENTAL ACCOUNTING CONCEPT (continued)**

- During the current period, on 11 January 2024, the Parent Company has signed an amendment agreement with the Buyer relating to sale of remaining portfolio (23 aircrafts) to the Buyer. On 19 February 2024, the Parent Company obtained the approval of the shareholders at the General Assembly Meeting. The execution of this amendment was subject to the approval of Kuwait Competition Protection Agency (Kuwait CPA) and the Federal Economic Competition Commission of Mexico (COFECE), which was obtained subsequent to the reporting period. The sale of the 23 aircrafts is expected to generate net cash proceeds of USD 391.44 million (approximately, KD 120.35 million) after settling financing facilities of KD 179,927,635 which relates to various financial institutions.
- The shareholders at the General Assembly Meeting held on 19 February 2024, delegated the board of directors to analyse the future strategy of the Group and prepare a proposal on the matter after completion of the sale of all aircrafts. As of the reporting date, the board of directors have not yet completed their analysis with regards to the future strategy of the Group.

As such, the Board of Directors of the Parent Company has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The interim condensed consolidated financial information does not include any adjustment relating to the recoverability and classification of recorded assets and classification of liabilities which may be necessary if the Group is unable to continue as a going concern.

**3 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES**

**3.1 Basis of preparation**

The interim condensed consolidated financial information of the Group is prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*.

The interim condensed consolidated financial information does not contain all information and disclosures required for full consolidated financial statements prepared in accordance with the International Financial Reporting Standards. 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 months period ended 31 March 2024 are not necessarily indicative of the results that may be expected for the financial year ending 30 September 2024. For more details, please refer to the consolidated financial statements and its related disclosures for the year ended 30 September 2023.

The functional currency of the Parent Company is US dollars. The interim condensed consolidated financial information is presented in Kuwaiti Dinars.

**3.2 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 30 September 2023, except for the adoption of new standards effective as of 1 October 2023.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time from 1 October 2023, but do not have an impact on the interim condensed consolidated financial information of the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

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

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

**IFRS 17 Insurance Contracts**

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- ▶ A specific adaptation for contracts with direct participation features (the variable fee approach)
- ▶ A simplified approach (the premium allocation approach) mainly for short-duration contracts

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

**Definition of Accounting Estimates - Amendments to IAS 8**

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

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

**Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2**

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no impact on the Group's interim condensed consolidated financial information, but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

**Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12**

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

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

# ALAFCO Aviation Lease and Finance Company K.S.C.P. and Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

### 4 BASIC AND DILUTED LOSSES PER SHARE

Basic and diluted losses per share are calculated by dividing loss for the period by the weighted average number of ordinary shares outstanding during the period as follows:

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>31 March</i>		<i>31 March</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
Loss for the period (KD)	<b>(809,207)</b>	(841,868)	<b>(4,744,483)</b>	(191,630)
Weighted average number of ordinary shares	<b>952,093,482</b>	952,093,482	<b>952,093,482</b>	952,093,482
<b>Basic and diluted losses per share</b>	<b>(0.85) fils</b>	(0.88) fils	<b>(4.98) fils</b>	(0.20) fils

As there are no dilutive instruments outstanding, basic and diluted losses per share are identical.

### 5 AIRCRAFT, ENGINES AND EQUIPMENT

	<i>Aircraft and engines</i>	<i>Furniture and fixtures</i>	<i>Office equipment</i>	<i>Total</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Cost				
At 1 October 2023	<b>520,929,277</b>	<b>338,266</b>	<b>189,178</b>	<b>521,456,721</b>
Foreign currency adjustment	<b>(1,014,633)</b>	<b>(659)</b>	<b>(368)</b>	<b>(1,015,660)</b>
<b>At 31 March 2024</b>	<b>519,914,644</b>	<b>337,607</b>	<b>188,810</b>	<b>520,441,061</b>
Depreciation and impairment				
At 1 October 2023	<b>172,875,609</b>	<b>338,266</b>	<b>177,170</b>	<b>173,391,045</b>
Depreciation charge for the period	<b>8,056,693</b>	<b>95</b>	<b>2,661</b>	<b>8,059,449</b>
Foreign currency adjustment	<b>(346,141)</b>	<b>(754)</b>	<b>(255)</b>	<b>(347,150)</b>
<b>At 31 March 2024</b>	<b>180,586,161</b>	<b>337,607</b>	<b>179,576</b>	<b>181,103,344</b>
<b>Net carrying amount</b>				
<b>At 31 March 2024</b>	<b>339,328,483</b>	-	<b>9,234</b>	<b>339,337,717</b>
At 30 September 2023 (Audited)	348,053,668	-	12,008	348,065,676
At 31 March 2023	354,442,064	94	15,089	354,457,247

Aircraft with carrying value of KD 320,368,298 (30 September 2023: KD 328,337,879 and 31 March 2023: KD 354,442,061) are under finance lease arrangements and are mortgaged against the financing facilities and registered in the name of the lenders.

During the prior period ended 31 March 2023, the Group recognised gain of KD 1,437,768 from the sale of certain aircrafts.

### 6 CAPITAL ADVANCES

During the current period, on 14 November 2023, the Group has signed a termination agreement with the manufacturer relating to the existing order book, and accordingly, the capital advances amounting to KD 34,996,316 as of 30 September 2023 has been fully refunded during the current period.

# ALAFCO Aviation Lease and Finance Company K.S.C.P. and Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

### 7 NON-CURRENT ASSETS HELD FOR SALE

On 29 November 2022, the Board of Directors of the Parent Company announced that they have reviewed and discussed the proposal for the sale of certain assets of the group to “Macquarie Airfinance Group Limited” (the Buyer).

The agreements which the Group has entered into with the Buyer are relating to the following:

- 1- Sale and purchase agreement for the sale of 53 aircrafts from the Group’s portfolio.
- 2- A framework agreement in respect of transferring the order book with Boeing to the Buyer.

The total sale price with regards to sale of 53 aircrafts in addition to transfer of the order book of Boeing, is USD 2.215 billion (approximately, KD 684 million).

The General Meeting of the Shareholders convened on 27 December 2022 approved the proposed sale transaction referred to by the Parent Company’s Board of Directors including the economic closing date (ECD) as of 30 September 2022, following which the sale and purchase agreement was signed with the buyer on 27 December 2022. The management has initiated the actions to complete the sale which was expected to be completed within one year. Accordingly, management has re-classified the carrying value of the 53 aircrafts as of 1 October 2022 from “aircraft, engines and equipment” to “assets held for sale” and re-classified the related liabilities to “liabilities directly associated with assets classified as held for sale”.

During the prior year, on 12 June 2023, the management of the Group has signed an amendment agreement with the Buyer in which the total sale price was reduced by USD 6 Mn (approximately, KD 2.67 million) and one aircraft has been removed from the sale transaction. Subsequently, the Group has entered into a sale agreement with another buyer in respect of sale of this aircraft, and the related aircraft was sold during the prior year. Such amendment agreement was entered into between the parties due to the unprecedented circumstances in the market which is considered immaterial considering the total transaction value.

No operating lease income and depreciation expenses relating to the assets classified as held for sale was recorded in the interim condensed consolidated statement of income for the period ended 31 March 2024, in line with the approved sale and purchase agreement for the sale of aircrafts. Further, the Group has recognised finance income representing compensation from the Buyer for the lost income resulting from pending transfer of the aircrafts to the Buyer with effect from the ECD date (i.e., 1 October 2022) (Note 10).

Movement on assets held for sale during the period ended 31 March 2024 is as follows:

	<i>Assets held for sale</i> <i>KD</i>
As of 1 October 2023	455,718,036
Disposal during the year *	(112,414,268)
Foreign currency translation adjustment	(887,638)
As of 31 March 2024	<u>342,416,130</u>

Movement on liabilities directly associated with assets classified as held for sale during the period ended 31 March 2024 is as follows:

	<i>Liabilities directly associated with assets classified as held for sale</i> <i>KD</i>
As of 1 October 2023	67,969,281
Cash collection of lease rent and maintenance reserve after ECD	15,411,650
Disposal during the period *	(7,902,344)
Foreign currency translation adjustment	(132,389)
As of 31 March 2024	<u>75,346,198</u>

# ALAFCO Aviation Lease and Finance Company K.S.C.P. and Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

### 7 NON-CURRENT ASSETS HELD FOR SALE (continued)

During the prior year, on 21 June 2023, the Group has completed the sale of 24 aircrafts by transferring the Group's shares in the SPCs which are holding those aircrafts to the Buyer. Furthermore, on 22 September 2023, the Group has completed the sale of 1 additional aircraft.

\* During the current period, the Group has completed the sale of 5 aircrafts, out of which 2 aircraft was sold by transferring the Group's shares in the SPCs which are holding those aircrafts to the Buyer and 3 aircrafts were sold by transferring the legal title in the aircraft to the Buyer. The Group recognised loss of KD 15,346,433 from the sale of these aircrafts. The total sale price with regards to sale of the remaining 23 aircrafts, is USD 1.14 billion (approximately, KD 350 million) as per the signed sale and purchase agreements.

Assets held for sale with carrying value of KD 321,214,936 (30 September 2023: KD 436,427,758 and 31 March 2023: KD 670,138,361) are mortgaged against the financing facilities and registered in the name of the lenders.

### 8 SHARE CAPITAL AND ANNUAL GENERAL ASSEMBLY

The authorised, issued and fully paid share capital as at 31 March 2024 comprises 952,093,482 ordinary shares (30 September 2023: 952,093,482 ordinary shares and 31 March 2023: 952,093,482 ordinary shares) of 100 fils each, fully paid in cash.

On 19 February 2024, the shareholders at the annual general assembly meeting ("AGM") of the Parent Company approved the consolidated financial statements for the year ended 30 September 2023 and resolved not to distribute any dividends for the year ended 30 September 2023. The shareholders at the annual general assembly of the Parent Company have also approved directors' remuneration of KD 45,000 for the year ended 30 September 2023.

### 9 OPERATING LEASE INCOME

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>31 March</i>		<i>31 March</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Lease rental income	<b>9,719,038</b>	8,866,656	<b>19,425,637</b>	17,181,486
Amortisation of lease incentive assets	-	(101,510)	-	(207,164)
Operating lease income	<b>9,719,038</b>	8,765,146	<b>19,425,637</b>	16,974,322

### 10 OTHER INCOME

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>31 March</i>		<i>31 March</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Finance income *	<b>3,912,884</b>	6,974,063	<b>8,128,714</b>	14,154,457
Reversal of other provisions **	<b>390,919</b>	(5,450)	<b>390,919</b>	1,535,600
Income from collection of written off receivables ***	<b>4,483,579</b>	-	<b>4,483,579</b>	-
Other miscellaneous income	<b>410,247</b>	42,413	<b>551,508</b>	98,168
	<b>9,197,629</b>	7,011,026	<b>13,554,720</b>	15,788,225

\* The finance income represents compensation from the Buyer, disclosed in Note 7, for the lost income resulting from pending transfer of the aircrafts to the Buyer. It represents an amount equal to the sale price multiplied by an agreed rate and which will be recorded from 1 October 2022 until the date of transfer of the aircrafts to the Buyer.

# ALAFCO Aviation Lease and Finance Company K.S.C.P. and Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

### 10 OTHER INCOME (continued)

\*\* This represents reversal of other provisions which were recorded under other payables which are mainly relating to legal expenses, securing financing facilities, expenses relating to sale of aircrafts, and other expenses which are no longer required based on a detailed assessment performed by the management of the Group during the period.

\*\*\* During the current period, the Group has recovered KD 4,483,579 from written off receivables in the prior years.

### 11 CAPITAL COMMITMENTS

Capital commitments in respect of purchase of aircraft and engines amount to KD Nil (30 September 2023: KD 701,861,120 and 31 March 2023: KD 698,557,440).

During the current period, on 14 November 2023, the Group has signed a termination agreement with the manufacturer relating to the existing order book, and fully refunded the existing capital advances during the current period (Note 6). Accordingly, the Group does not have any capital commitments as of 31 March 2024.

### 12 CONTINGENT LIABILITIES

As at 31 March 2024, the Group has contingent liabilities amounting to KD Nil (30 September 2023: KD Nil and 31 March 2023: KD 5,466,238) in respect of letters of credit arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

### 13 RELATED PARTY TRANSACTIONS

Related parties represent the major shareholders, directors and key management personnel of the Parent Company, and entities controlled, jointly controlled, or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Parent Company's management and Board of Directors.

Significant transactions with related parties included in the interim condensed consolidated financial information are as follows:

#### Interim condensed consolidated statement of income:

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>31 March</i>		<i>31 March</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Murabaha income				
- Bank	<b>246,591</b>	31,742	<b>507,710</b>	31,742
	<b>246,591</b>	31,742	<b>507,710</b>	31,742
Finance costs				
- Bank	<b>1,223,036</b>	2,359,952	<b>2,467,562</b>	4,438,990
	<b>1,223,036</b>	2,359,952	<b>2,467,562</b>	4,438,990
<i>Key management compensation:</i>				
Salaries and other short-term benefits	<b>132,798</b>	186,414	<b>297,133</b>	360,085
End of service benefits	<b>30,691</b>	29,537	<b>82,974</b>	71,755
	<b>163,489</b>	215,951	<b>380,107</b>	431,840

# ALAFCO Aviation Lease and Finance Company K.S.C.P. and Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

### 13 RELATED PARTY TRANSACTIONS (continued)

#### Interim condensed consolidated statement of financial position:

	<i>Bank KD</i>	<i>Total KD</i>
<b>31 March 2024</b>		
Cash and cash equivalents	21,655,639	21,655,639
Receivables and other assets *	10,187	10,187
Due to financial institutions	77,221,913	77,221,913
Other liabilities**	516,605	516,605
 30 September 2023 (Audited)		
Cash and cash equivalents	7,356,992	7,356,992
Due to financial institutions	79,891,118	79,891,118
Other liabilities**	535,236	535,236
 31 March 2023		
Cash and cash equivalents	31,477,607	31,477,607
Receivables and other assets *	31,688	31,688
Due to financial institutions	137,995,300	137,995,300
Other liabilities**	401,850	401,850

\* Receivables and other assets represents accrued Murabaha income.

\*\* Other liabilities represent accrued finance costs on Islamic finance facilities obtained from the Bank.

### 14 SEGMENT INFORMATION

The Group is engaged primarily in only one business segment, aircraft leasing segment. However, for management purposes, the Group is organized into four geographical segments.

#### 31 March 2024:

	<i>Middle East KD</i>	<i>Asia KD</i>	<i>Europe KD</i>	<i>America KD</i>	<i>Total KD</i>
Segment revenue	4,904,464	6,386,765	3,524,002	3,378,865	18,194,096
Segment (losses) results before taxations	(4,823,562)	1,210,300	470,947	(1,602,168)	(4,744,483)
Total assets	259,623,294	226,443,248	86,211,896	174,252,656	746,531,094
Total liabilities	173,915,952	177,495,476	59,368,964	120,068,859	530,849,251
Other segmental information:					
Depreciation	3,384,636	2,437,819	896,309	1,340,685	8,059,449



# ALAFCO Aviation Lease and Finance Company K.S.C.P. and Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

### 14 SEGMENT INFORMATION

31 March 2023:

	<i>Middle East KD</i>	<i>Asia KD</i>	<i>Europe KD</i>	<i>America KD</i>	<i>Total KD</i>
Segment revenue	23,397,164	5,267,556	3,147,725	2,436,791	34,249,236
Segment results (losses) before taxations	8,528,513	(3,877,866)	(2,505,347)	(2,336,930)	(191,630)
Total assets	271,135,253	439,359,477	252,796,945	223,543,517	1,186,835,192
Total liabilities	327,832,850	334,004,009	157,107,446	147,122,554	966,066,859
Other segmental information: Depreciation	3,478,740	2,420,727	889,413	1,051,219	7,840,099
Capital expenditure	6,147	-	-	32,101,020	32,107,167

### 15 LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Group manages this risk by active cash flow management, short term financing facilities with various financial institutions, investment in short term murabahas and generation of funds from its operations. The maturity profile is monitored by finance department to ensure adequate liquidity is maintained.

The table below summarises the liquidity profile of the Group's liabilities and reflects the projected cash flows which includes future finance cost payments over the life of these financial liabilities.

<b>31 March 2024</b>	<i>Within 3 months KD</i>	<i>3 to 12 Months KD</i>	<i>1 to 5 years KD</i>	<i>More than 5 years KD</i>	<i>Total KD</i>
Due to financial institutions	<b>49,163,274</b>	<b>88,898,113</b>	<b>218,633,324</b>	<b>118,131,278</b>	<b>474,825,989</b>
Security deposits	-	<b>568,590</b>	<b>1,388,315</b>	<b>2,077,349</b>	<b>4,034,254</b>
Other liabilities (excluded operating lease income received in advance)	<b>44,326</b>	<b>8,301,610</b>	<b>275,260</b>	<b>1,144,514</b>	<b>9,765,710</b>
<b>TOTAL LIABILITIES</b>	<b>49,207,600</b>	<b>97,768,313</b>	<b>220,296,899</b>	<b>121,353,141</b>	<b>488,625,953</b>
 30 September 2023 (Audited)	 <i>Within 3 months KD</i>	 <i>3 to 12 Months KD</i>	 <i>1 to 5 years KD</i>	 <i>More than 5 years KD</i>	 <i>Total KD</i>
Due to financial institutions	45,192,535	137,682,214	308,758,407	137,296,356	628,929,512
Security deposits	-	435,449	1,652,674	2,081,402	4,169,525
Other liabilities (excluded operating lease income received in advance)	281,419	10,259,773	251,431	991,197	11,783,820
<b>TOTAL LIABILITIES</b>	<b>45,473,954</b>	<b>148,377,436</b>	<b>310,662,512</b>	<b>140,368,955</b>	<b>644,882,857</b>

# ALAFCO Aviation Lease and Finance Company K.S.C.P. and Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

### 15 LIQUIDITY RISK (continued)

31 March 2023	<i>Within 3 months KD</i>	<i>3 to 12 Months KD</i>	<i>1 to 5 years KD</i>	<i>More than 5 years KD</i>	<i>Total KD</i>
Due to financial institutions	48,319,670	208,783,209	475,686,539	169,629,547	902,418,965
Security deposits	-	433,399	1,644,895	1,979,932	4,058,226
Other liabilities (excluded operating lease income received in advance)	42,123	42,380,395	260,168	1,212,344	43,895,030
<b>TOTAL LIABILITIES</b>	<b>48,361,793</b>	<b>251,597,003</b>	<b>477,591,602</b>	<b>172,821,823</b>	<b>950,372,221</b>
Capital commitments	-	-	449,536,920	249,020,520	698,557,440

### 16 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below summarises the maturity profile of the Group's assets and liabilities. Maturity of cash and cash equivalents and receivables and other assets have been determined based on the remaining period from the reporting date to the contractual maturity date. The maturity profile for aircraft, engine and equipment and capital advances is determined based on management's estimate of liquidation of those assets. The actual maturities may differ from the maturities shown below since borrowers may have the right to prepay obligations with or without prepayment penalties.

The maturity profile of assets and liabilities at 31 March 2024, 30 September 2023, and 31 March 2023 are as follows:

<b>31 March 2024</b>	<i>Less than 1 year KD</i>	<i>Over 1 year KD</i>	<i>Total KD</i>
<b>ASSETS</b>			
Aircraft, engines and equipment	-	339,337,717	339,337,717
Capital advances	-	-	-
Receivables and other assets	31,811,908	-	31,811,908
Cash and cash equivalents	32,965,339	-	32,965,339
	<b>64,777,247</b>	<b>339,337,717</b>	<b>404,114,964</b>
Assets held for sale	342,416,130	-	342,416,130
<b>Total assets</b>	<b>407,193,377</b>	<b>339,337,717</b>	<b>746,531,094</b>
<b>LIABILITIES</b>			
Due to financial institutions	117,663,213	289,877,446	407,540,659
Security deposits	568,591	3,465,663	4,034,254
Maintenance reserve and provisions	-	32,755,105	32,755,105
Other liabilities	9,786,470	1,386,565	11,173,035
	<b>128,018,274</b>	<b>327,484,779</b>	<b>455,503,053</b>
Liabilities directly associated with assets classified as held for sale	75,346,198	-	75,346,198
<b>Total liabilities</b>	<b>203,364,472</b>	<b>327,484,779</b>	<b>530,849,251</b>

# ALAFCO Aviation Lease and Finance Company K.S.C.P. and Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2024

### 16 MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

30 September 2023 (Audited)	<i>Less than 1 year KD</i>	<i>Over 1 year KD</i>	<i>Total KD</i>
<b>ASSETS</b>			
Aircraft, engines and equipment	-	348,065,676	348,065,676
Capital advances	34,996,316	-	34,996,316
Receivables and other assets	33,969,921	-	33,969,921
Cash and cash equivalents	13,105,157	-	13,105,157
	<u>82,071,394</u>	<u>348,065,676</u>	<u>430,137,070</u>
Assets held for sale	455,718,036	-	455,718,036
	<u>537,789,430</u>	<u>348,065,676</u>	<u>885,855,106</u>
<b>LIABILITIES</b>			
Due to financial institutions	157,447,294	389,943,004	547,390,298
Security deposits	-	4,169,525	4,169,525
Maintenance reserve and provisions	-	32,356,235	32,356,235
Other liabilities	11,876,200	1,242,628	13,118,828
	<u>169,323,494</u>	<u>427,711,392</u>	<u>597,034,886</u>
Liabilities directly associated with assets classified as held for sale	67,969,281	-	67,969,281
	<u>237,292,775</u>	<u>427,711,392</u>	<u>665,004,167</u>
<b>31 March 2023</b>			
	<i>Less than 1 year KD</i>	<i>Over 1 year KD</i>	<i>Total KD</i>
<b>ASSETS</b>			
Aircraft, engines and equipment	-	354,457,247	354,457,247
Capital advances	-	34,831,588	34,831,588
Receivables and other assets	37,613,562	-	37,613,562
Cash and cash equivalents	51,794,100	-	51,794,100
	<u>89,407,662</u>	<u>389,288,835</u>	<u>478,696,497</u>
Assets held for sale	708,138,695	-	708,138,695
	<u>797,546,357</u>	<u>389,288,835</u>	<u>1,186,835,192</u>
<b>LIABILITIES</b>			
Due to financial institutions	227,010,309	571,054,095	798,064,404
Security deposits	1,336,172	2,722,054	4,058,226
Maintenance reserve and provisions	3,176,206	46,379,688	49,555,894
Other liabilities	43,918,846	1,472,512	45,391,358
	<u>275,441,533</u>	<u>621,628,349</u>	<u>897,069,882</u>
Liabilities directly associated with assets classified as held for sale	68,996,977	-	68,996,977
	<u>344,438,510</u>	<u>621,628,349</u>	<u>966,066,859</u>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)**

As at and for the period ended 31 March 2024

**17 SUBSEQUENT EVENTS**

During the current period, on 11 January 2024, the Parent Company has signed an amendment agreement with the Buyer relating to sale of remaining portfolio (23 aircrafts) to the Buyer. On 19 February 2024, the Parent Company obtained the approval of the shareholders at the General Assembly Meeting. The execution of this amendment was subject to the approval of Kuwait Competition Protection Agency (Kuwait CPA) and the Federal Economic Competition Commission of Mexico (COFECE), which was obtained subsequent to the reporting period.

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