

**YANAL FINANCE COMPANY
(FORMERLY SAUDI ORIX LEASING COMPANY)
(A Saudi Closed Joint Stock Company)**

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2021**

YANAL FINANCE COMPANY (FORMERLY SAUDI ORIX LEASING COMPANY)
(A Saudi Closed Joint Stock Company)
Unaudited Condensed Interim Financial Statements
For the six-months period ended June 30, 2021

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Report on Review of Condensed Interim Financial Statements

To the Shareholders of Yanal Finance Company
(Formerly "Saudi ORIX Leasing Company")
(A Saudi Closed Joint Stock Company)

Introduction

We have reviewed the accompanying interim statement of financial position of Yanal Finance Company (Formerly "Saudi ORIX Leasing Company") (A Saudi Closed Joint Stock Company) (the "Company") as of June 30, 2021 and the related interim statements of income and other comprehensive income for the three and six months periods then ended, and the interim statements of changes in equity and cash flows for the six month then ended, comprising significant accounting policies and other explanatory notes (the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard No. 34 "Interim Financial Reporting" (IAS 34) as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements 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" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing as endorsed in the Kingdom of Saudi Arabia, 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 condensed interim financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers

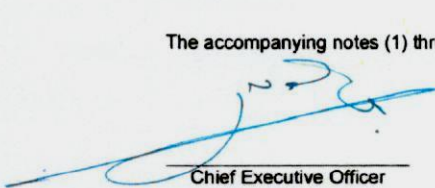
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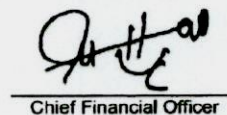
YANAL FINANCE COMPANY
(FORMERLY SAUDI ORIX LEASING COMPANY)
(A Saudi Closed Joint Stock Company)
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
(All amounts are in Saudi Riyals unless stated otherwise)

	Notes	As at June 30, 2021 (Unaudited)	As at December 31, 2020 (Audited)
Assets			
Non-current assets:			
Property and equipment		565,800	663,645
Intangible assets		203,572	238,476
Equity investment designated at FVOCI		892,850	892,850
Net investment in finance leases	4	391,840,852	451,966,235
Net investment in murabaha finance	5	207,815,059	143,560,678
		<u>601,318,133</u>	<u>597,321,884</u>
Current assets:			
Current maturity of net investment in finance leases	4	579,678,331	459,942,586
Current maturity of net investment in murabaha finance	5	115,200,052	60,100,542
Advances, prepayments and other receivables	6	38,386,129	29,061,510
Term deposits	7	-	202,000,000
Cash and cash equivalents	7	93,389,121	62,523,908
		<u>826,653,633</u>	<u>813,628,546</u>
Total assets		1,427,971,766	1,410,950,430
Equity and liabilities			
Equity:			
Share capital		550,000,000	550,000,000
Statutory reserve		86,757,029	86,757,029
Retained earnings		237,746,073	215,364,948
Total equity		874,503,102	852,121,977
Liabilities			
Non-current liabilities:			
Long-term loans, grants and lease liability	8	343,189,037	262,339,144
Zakat and income tax	12	5,265,684	5,265,684
Employees' end of service benefits (EOSB)		20,278,323	19,607,328
		<u>368,733,044</u>	<u>287,212,156</u>
Current liabilities:			
Current maturity of long-term loans, grants and lease liability	8	116,839,543	200,169,556
Accounts payable		24,797,343	32,736,405
Zakat and income tax	12	8,296,591	4,581,892
Accrued expenses and other liabilities	9	34,802,143	34,128,444
		<u>184,735,620</u>	<u>271,616,297</u>
Total liabilities		553,468,664	558,828,453
Total equity and liabilities		1,427,971,766	1,410,950,430
Commitments	14		

The accompanying notes (1) through (18) form an integral part of these condensed interim financial statements.


Chief Executive Officer


Director

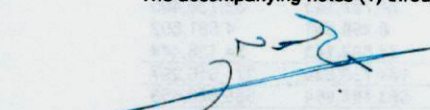

Chief Financial Officer

YANAL FINANCE COMPANY
(FORMERLY SAUDI ORIX LEASING COMPANY)
(A Saudi Closed Joint Stock Company)


CONDENSED INTERIM STATEMENT OF INCOME – UNAUDITED
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30,
(All amounts are in Saudi Riyals unless stated otherwise)

		For the three months ended		For the six months ended	
	Notes	2021	June 30, 2020	2021	June 30, 2020
REVENUE	10	37,079,109	24,375,330	74,500,480	52,338,329
EXPENSES					
Special commission expense		(7,007,326)	(3,751,112)	(13,352,064)	(4,180,266)
Provision for impairment on financial assets	4.2, 5.2	(1,103,077)	(7,019,995)	(3,318,308)	(11,676,866)
Modification loss	4.3, 5.3	(13,423,553)	(2,116,248)	(13,423,553)	(28,836,285)
Government grant income	8.1	17,816,289	2,116,248	17,816,289	28,836,285
Salaries and employee related expenses		(9,794,426)	(9,167,363)	(19,311,491)	(18,833,256)
General and administrative expenses	11	(1,380,972)	(2,153,072)	(4,083,728)	(6,364,491)
Depreciation and amortization		(73,706)	(551,115)	(147,398)	(1,103,460)
Total expenses		(14,966,771)	(22,642,657)	(35,820,253)	(42,158,339)
Income for the period before zakat and income tax		22,112,338	1,732,673	38,680,227	10,179,990
Zakat expense		(3,197,090)	(501,689)	(5,588,670)	(1,684,313)
Income tax expense		(1,646,830)	(564,577)	(2,784,666)	(1,393,708)
Total zakat and income tax expense		(4,843,920)	(1,066,266)	(8,373,336)	(3,078,021)
Income for the period after zakat and income tax		17,268,418	666,407	30,306,891	7,101,969
Earnings per share - basic and diluted	13	0.32	0.01	0.55	0.13

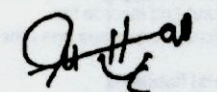
The accompanying notes (1) through (18) form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

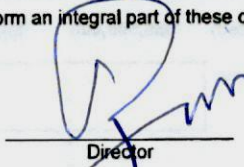
YANAL FINANCE COMPANY
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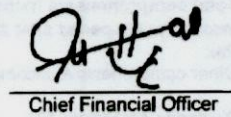
CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME – UNAUDITED
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30,
 (All amounts are in Saudi Riyals unless stated otherwise)

	For the three months ended June 30		For the six months ended June 30	
	2021	2020	2021	2020
Income for the period after zakat and income tax	17,268,418	666,407	30,306,891	7,101,969
Other comprehensive income				
<i>Items that will not be reclassified to statement of income in subsequent periods</i>				
Actuarial gain / (loss) on employees' end of service benefits	(121,310)	220,454	324,234	(187,916)
Total comprehensive income for the period	17,147,108	886,861	30,631,125	6,914,053

The accompanying notes (1) through (18) form an integral part of these condensed interim financial statements.


 Chief Executive Officer

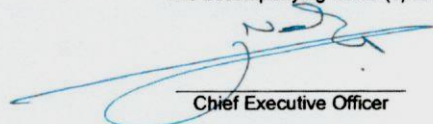

 Director

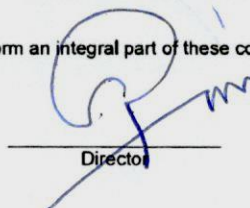

 Chief Financial Officer

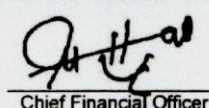
YANAL FINANCE COMPANY
(FORMERLY SAUDI ORIX LEASING COMPANY)
(A Saudi Closed Joint Stock Company)
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30,
(All amounts are in Saudi Riyals unless stated otherwise)

	Share capital	Statutory reserve	Retained earnings	Total equity
Balance as at December 31, 2019 (Audited)	550,000,000	85,349,990	239,187,449	874,537,439
Total comprehensive income:				
Income for the period after zakat and income tax	-	-	7,101,969	7,101,969
Other comprehensive loss	-	-	(187,916)	(187,916)
	-	-	6,914,053	6,914,053
Dividends paid (Note 17)	-	-	(36,915,406)	(36,915,406)
Balance as at June 30, 2020 (Unaudited)	550,000,000	85,349,990	209,186,096	844,536,086
Balance as at December 31, 2020 (Audited)	550,000,000	86,757,029	215,364,948	852,121,977
Total comprehensive income:				
Income for the period after zakat and income tax	-	-	30,306,891	30,306,891
Other comprehensive income	-	-	324,234	324,234
	-	-	30,631,125	30,631,125
Dividends paid (Note 17)	-	-	(8,250,000)	(8,250,000)
Balance as at June 30, 2021 (Unaudited)	550,000,000	86,757,029	237,746,073	874,503,102

The accompanying notes (1) through (18) form an integral part of these condensed interim financial statements.


Chief Executive Officer


Director

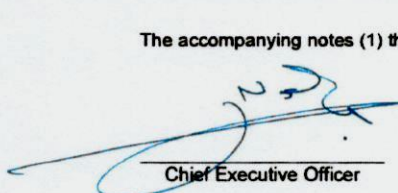

Chief Financial Officer

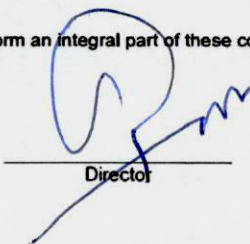
YANAL FINANCE COMPANY
(FORMERLY SAUDI ORIX LEASING COMPANY)
(A Saudi Closed Joint Stock Company)

CONDENSED INTERIM STATEMENT OF CASH FLOWS - UNAUDITED
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30,
(All amounts are in Saudi Riyals unless stated otherwise)

	Notes	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income for the period before zakat and income tax		38,680,227	10,179,990
Adjustments for non-cash items:			
Depreciation of property and equipment		112,494	1,042,979
Amortization of intangible assets		34,904	60,481
Government grant, net		(6,517,556)	-
Special commission expense		13,352,064	638,269
Provision for impairment on financial assets	4.2 & 5.2	3,318,308	11,676,866
Gain on disposal of property and equipment		(9,213)	(4,762)
		<u>48,971,228</u>	<u>23,593,823</u>
Changes in operating assets and liabilities:			
Net investment in finance leases & murabaha finance		(182,282,561)	1,547,266
Advances, prepayments and other receivables		(12,669,061)	(3,929,785)
Accounts payable		(7,939,062)	19,140,657
Accrued expenses and other liabilities		(12,180,421)	3,450,654
Employees' end of service benefits, net		995,229	1,048,046
Zakat and Income tax paid		(3,959,681)	-
Net cash (used in) / generated from operating activities		<u>(169,064,329)</u>	<u>44,850,661</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from redemption of term deposits		202,000,000	-
Purchase of investment in term deposits		-	(150,000,000)
Additions to property, equipment and intangible assets		(14,649)	(189,177)
Proceeds from disposal of property and equipment		9,213	4,762
Net cash generated from / (used in) investing activities		<u>201,994,564</u>	<u>(150,184,415)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans		53,834,366	20,000,000
Proceeds from profit free SAMA deposit		87,150,698	178,400,000
Repayments of loans and lease liabilities		(58,431,300)	(7,314,704)
Repayment of profit free SAMA deposit		(77,822,973)	-
Special commission and other bank charges paid		(1,178,655)	(426,314)
Dividends paid, net of zakat and income tax recovered		(5,617,158)	(16,772,254)
Net cash (used in) / generated from financing activities		<u>(2,065,022)</u>	<u>173,886,728</u>
Net increase in cash and cash equivalents		30,865,213	68,552,974
Cash and cash equivalents at the beginning of the period		62,523,908	9,840,190
Cash and cash equivalents at the end of the period	7	<u>93,389,121</u>	<u>78,393,164</u>

The accompanying notes (1) through (18) form an integral part of these condensed interim financial statements.


Chief Executive Officer


Director


Chief Financial Officer

YANAL FINANCE COMPANY (FORMERLY "SAUDI ORIX LEASING COMPANY")

(A Saudi Closed Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX-MONTHS PERIOD ENDED June 30, 2021 (Unaudited)

(All amounts are in Saudi Riyals unless stated otherwise)

1. GENERAL INFORMATION

Yanal Finance Company (Formerly Saudi ORIX Leasing Company) (the "Company") is a Saudi closed joint stock company established under the Regulations for Companies in the Kingdom of Saudi Arabia. The Company operates under Commercial Registration number 1010163957 issued in Riyadh on Shawal 21, 1421H (corresponding to January 16, 2001), non-industrial license number 99 dated Safar 27, 1421H (corresponding to May 31, 2000) issued by the Ministry of Commerce and Investment, license number 7/A Sh/201403 dated 27 /04/ 1435H (corresponding to February 27, 2014) issued by the Saudi Central Bank ("SAMA"), through its five branches (December 31, 2020: five branches) in the Kingdom of Saudi Arabia.

The Company's head office is located in Riyadh at the following address:

Yanal Finance Company (Formerly Saudi ORIX Leasing Company)
7690, Al Madhar – As Sulimaniyah
Unit no. 1
Riyadh 12621 – 2692
Kingdom of Saudi Arabia

The Company has the following branches:

Branch commercial registration number	Date	Location
2050046083	9 Jamada Awal 1425H	Dammam
4030150057	9 Jamada Awal 1425H	Jeddah
2055013067	9 Rabi-Al-Awwal 1432H	Jubail
5855036378	9 Rabi-Al-Awwal 1432H	Khamis Mushait
4031090240	26 Rabi-Al-Thanni 1436H	Makkah

The results, assets and liabilities of the branches are included in these condensed interim financial statements.

The objective of the Company is to provide lease financing for movable and immovable assets and murabaha financing to all economic sectors in the Kingdom of Saudi Arabia.

These condensed interim financial statements have been reviewed, not audited.

2. BASIS OF PREPARATION

- 2.1** The condensed interim financial statements of the Company as at and for the period ended June 30, 2021 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").
- 2.2** The condensed interim financial statements do not include all information and disclosure required in the annual audited financial statements and should be read in conjunction with the annual audited financial statements for the year ended December 31, 2020.
- 2.3** The Company has not early adopted any new standards, interpretation or amendments that have been issued but which are not yet effective.
- 2.4** The accounting and risk management policies used in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the Company's financial statements for the year ended December 31, 2020.

3. USE OF JUDGEMENTS AND ESTIMATES

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The interim results may not represent a proper indication of the annual results of operations. In preparing these condensed interim financial statements, the significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the statutory financial statements as at and for the year ended December 31, 2020. During the six-months period ended June 30, 2021, there is no significant impact of COVID-19 on the Company's financial position and performance.

YANAL FINANCE COMPANY (FORMERLY SAUDI ORIX LEASING COMPANY)

(A Saudi Closed Joint Stock Company)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2021 (Unaudited)**

(All amounts are in Saudi Riyals unless stated otherwise)

4. NET INVESTMENT IN FINANCE LEASES

4.1 Reconciliation between gross and net investment in finance leases is as follows:

	Note	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Lease receivables		1,322,942,670	1,275,719,150
Residual value		659,227,350	624,157,280
Gross investment in finance leases		1,982,170,020	1,899,876,430
Non-refundable security deposits		(652,175,283)	(617,105,213)
Prepaid lease rentals		(58,028,836)	(56,201,514)
Net receivables		1,271,965,901	1,226,569,703
Unearned lease finance income		(135,371,689)	(151,028,776)
Sub-total		1,136,594,212	1,075,540,927
Modification loss	4.3	(62,994,620)	(50,834,797)
Income on modified finance lease	10	27,424,831	13,825,982
		(35,569,789)	(37,008,815)
Net investment in finance leases		1,101,024,423	1,038,532,112
Provision for impairment	4.2	(129,505,240)	(126,623,291)
		971,519,183	911,908,821
Current maturity		(579,678,331)	(459,942,586)
		391,840,852	451,966,235

4.2 The movement in the provision for impairment of lease receivables is as follows:

	Note	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Balance as at January 1		126,623,291	195,878,313
Provision for the period / year, net		3,103,539	16,668,287
Bad debt written-off		(221,590)	(85,923,309)
Balance at the end of the period / year	4.2.1	129,505,240	126,623,291

4.2.1 Portfolio provision analysis for net investment in leases:

June 30, 2021 (Unaudited)	Net investment in finance lease	Provision for impairment	Expected Loss rates
Not yet due	900,601,602	1,734,351	0.0%-0.41%
1-90 days	101,148,123	548,969	0.42%-2.10%
91-180 days	-	-	2.20%-7.80%
181-365 days	-	-	7.90%-47.94%
366 days – 730 days	20,045,462	14,254,194	47.95%-95.78%
Above 730 days and Specific accounts*	114,799,025	112,967,726	77.87%-100%
	<u>1,136,594,212</u>	<u>129,505,240</u>	
December 31, 2020 (Audited)	Net investment in finance lease	Provision for impairment	Expected Loss rates
Not yet due	913,799,394	3,143,549	0.0%-0.41%
1-90 days	25,853,030	174,025	0.42%-2.10%
91-180 days	149,854	3,430	2.20%-7.80%
181-365 days	407,148	187,583	7.90%-47.94%
366 days – 730 days	23,905,242	13,002,092	47.95%-95.78%
Above 730 days and Specific accounts*	111,426,259	110,112,612	77.87%-100%
	<u>1,075,540,927</u>	<u>126,623,291</u>	

*Includes provision for impairment against specific accounts where net investment in finance lease of SR 52 million is fully provided (December 31, 2020: SR 51 million).

YANAL FINANCE COMPANY (FORMERLY SAUDI ORIX LEASING COMPANY)

(A Saudi Closed Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2021 (Unaudited)**

(All amounts are in Saudi Riyals unless stated otherwise)

4. NET INVESTMENT IN FINANCE LEASES (continued)

- 4.3** Modification loss was recognised in respect of deferral of cash flows under Deferred Payment Program announced by SAMA and Small and Medium Enterprises General Authority ("Monsha'at"). Against the deferral, the Company received profit free deposits from SAMA and loan moratorium from Monsha'at. Government grant benefit was recognized in the financial statements as a difference in the book value and present value of repayments.

SAMA announced an extension to defer payments for an additional three-month on finance lease and murabaha contracts to those companies that qualify as MSMEs and have instalments falling due within the period from April 01, 2021 to June 30, 2021. The accounting impact of these changes in terms of the finance lease and murabaha contracts has been assessed and are treated as per the requirements of IFRS 9 as modification in terms of arrangement. This resulted in the Company recognising a day 1 modification loss of SR 12.1 million SR 1.3 million on finance lease and murabaha contracts, respectively, during the period ended June 30, 2021.

During June 2021, SAMA announced further extension of deferral program for an additional three-months for qualifying MSMEs for the period July 01, 2021 to September 30, 2021. The implementation of new deferral is in process, accordingly, these financials do not account for the modification impact.

4.4 Generating the term structure of Probability of Default (PD)

Loss rates are calculated using a 'flowrate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. PD term structures are based on the default probability calculated on forward flow rates, average of past thirty-six months (2020: twenty-four months), adjusted by the outlook of the economy.

4.5 Sensitivity Analysis

Assuming all other factors remain constant, the sensitivity analysis of the expected credit loss allowance of finance lease as on June 30, 2021 is as follows:

	Increase in ECL as on June 30, 2021
Use of maximum of forward flow rates instead of average flow rates	<u>7,162,376</u>
Increase in economic factor by 10%	<u>2,674,856</u>
Increase in loss given default by 10%	<u>849,014</u>

YANAL FINANCE COMPANY (FORMERLY SAUDI ORIX LEASING COMPANY)
(A Saudi Closed Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2021 (Unaudited)
(All amounts are in Saudi Riyals unless stated otherwise)

5. NET INVESTMENT IN MURABAHA FINANCE

5.1 Reconciliation between gross and net murabaha finance is as follows:

	Notes	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Murabaha finance receivables		368,955,590	240,141,135
Unearned murabaha finance income		(40,354,282)	(30,412,585)
Sub-total		328,601,308	209,728,550
Modification loss	5.3	(8,765,860)	(7,502,130)
Income on modified murabaha finance	10	3,920,339	2,065,951
		(4,845,521)	(5,436,179)
Net investment in murabaha finance		323,755,787	204,292,371
Provision for impairment	5.2	(740,676)	(631,151)
		323,015,111	203,661,220
Current maturity		(115,200,052)	(60,100,542)
		207,815,059	143,560,678

5.2 The movement in the provision for impairment on murabaha receivables was as follows:

	Notes	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Balance as at January 1		631,151	61,414
Provision for the period / year, net		214,769	569,737
Bad debt written-off		(105,244)	-
Balance at the end of the period / year	5.2.1	740,676	631,151

5.2.1 Stage wise analysis of murabaha finance receivables and provision for impairment is as follow:

	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Total
June 30, 2021 (Unaudited)				
Net investment in murabaha finance	318,416,083	9,217,456	967,769	328,601,308
Provision for impairment	(79,590)	(126,090)	(534,996)	(740,676)
Net receivables	318,336,493	9,091,366	432,773	327,860,632
	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Total
December 31, 2020 (Audited)				
Net investment in murabaha finance	208,760,781	-	967,769	209,728,550
Provision for impairment	(345,630)	-	(285,521)	(631,151)
Net receivables	208,415,151	-	682,248	209,097,399

5.3 Modification loss was recognised, and netted off against government grant, in these condensed interim financial statements. (Refer note 4.3 for details).

5.4 Generating the term structure of Probability of Default (PD)

Loss rates are calculated using a 'flowrate' method as disclosed in note 4.4 in these condensed interim financial statements.

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5. NET INVESTMENT IN MURABAHA FINANCE (continued)**5.5 Sensitivity Analysis**

Assuming all other factors remain constant, the sensitivity analysis of the expected credit loss allowance on murabaha finance as on June 30, 2021 is as follows:

	Increase in ECL as on June 30, 2021
Use of maximum of forward flow rates instead of average flow rates	<u>826,293</u>
Increase in economic factor by 10%	<u>169,572</u>
Increase in loss given default by 10%	<u>50,394</u>

6. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Receivable from Saudi shareholders for prior period zakat settlement	7,898,526	10,531,367
Advance to suppliers	18,646,949	7,886,190
Prepaid expenses	2,814,178	2,789,431
Loans and advances to staff	1,823,565	1,877,522
Deferred VAT	1,323,732	1,805,943
VAT refund	2,940,064	983,812
Other	2,939,115	3,187,245
	<u>38,386,129</u>	<u>29,061,510</u>

7. CASH AND BANK BALANCES

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Cash at banks	20,378,839	13,511,770
Cash in hand	10,282	12,138
Term deposits of less than three months maturity	73,000,000	49,000,000
	<u>93,389,121</u>	<u>62,523,908</u>
Term deposits of more than three months maturity	7.1 -	202,000,000
	-	<u>202,000,000</u>

7.1 This represents commission-bearing term deposit held with local banks with a maturity of between 90 - 180 days at prevailing market rate.

8. LONG-TERM LOANS, GRANTS AND LEASE LIABILITY

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Long-term loans – Monsha'at	108,620,513	126,242,438
Profit-free deposit payable to SAMA	387,993,249	364,831,158
Government grant on Monsha'at loan and SAMA	(61,607,521)	(42,505,634)
Total loans and deposits, net of grant	435,006,241	448,567,962
Accrued special commission	25,111,384	12,990,130
	<u>460,117,625</u>	<u>461,558,092</u>
Lease liability	-	1,079,167
	<u>460,117,625</u>	<u>462,637,259</u>
Less: unamortised fee	(89,045)	(128,559)
	<u>460,028,580</u>	<u>462,508,700</u>
Less: current maturity	(116,839,543)	(200,169,556)
Non-current portion of long-term loans and grants	<u>343,189,037</u>	<u>262,339,144</u>

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8.1 During April 2021, the Company has received SR 87.1 million of profit free deposit from SAMA repayable in a single payment on October 22, 2022. The benefit of the subsidised funding rate has been accounted for on a systematic basis in accordance with government grant accounting requirements. This has resulted in a gain on SAMA profit-free deposit amounting to SR 7.3 million accounted for during the period ended June 30, 2021. The change in repayment terms of previous SAMA deposits has resulted in a gain of SR 10.6 million during the three-month period ended June 30, 2021. The Company also received a SAMA profit-free deposit amounting to SR 13.8 million for SAMA's Funding for Lending Program in participation for SAMA's private sector financing support program.

9. ACCRUED EXPENSES AND OTHER LIABILITIES

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Proposed lease related payables	15,793,555	8,809,946
Employee related payables	3,630,142	4,647,766
Leased assets insurance claims to be settled	2,486,177	3,819,861
Leased assets insurance premium payable	5,095,830	5,174,139
Charity payable	3,867,822	3,730,026
Other	3,928,617	7,946,706
	34,802,143	34,128,444

10. REVENUE

Finance lease income is stated net of insurance cost and it includes reversal of SR 13,598,849 (2020: SR 2,939,858) and SR 1,854,388 (2020: SR 602,139) against modification loss on finance leases and murabaha finance contracts, respectively

Revenue also includes front-end fees and income earned on short-term time deposits

11. GENERAL AND ADMINISTRATIVE EXPENSES

Expenses for six-months period ended June 30, 2021 included a provision for vendor legal claim amounting to SR Nil (2020: SR 3.3 million).

12. ZAKAT AND INCOME TAX

There is no change in the status of zakat and income tax assessment since December 31, 2020.

13. BASIC AND DILUTED EARNINGS PER SHARE

The basic and diluted earnings per share are calculated by dividing the profit for the period attributable to the shareholders by weighted average number of shares (55,000,000) at the end of the period.

14. COMMITMENTS

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Finance lease and murabaha contracts not yet executed	7,534,450	20,598,548
Bank guarantees issued on behalf of the Company	2,000,000	2,000,000

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15. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

In the ordinary course of its activities, the Company transacts business with related parties, which are related to its shareholders. The Company obtains technical assistance from ORIX Corporation, Japan and ORIX Leasing Pakistan Limited at no cost under an arrangement. Significant related party transactions and balances are as follows:

	For the six-month ended June 30, 2021 (Unaudited)	For the six-month ended June 30, 2020 (Unaudited)
Transactions:		
The Saudi Investment Bank – shareholder		
Special commission and other bank charges paid	47,535	20,701
Lease participation – payments*	-	1,033,855
Lease participation receipts – management fee and other*	-	47,473
The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company, KSA- affiliate		
Premium for insurance and other related payments-net	4,080,297	2,804,140
Amlak International for Real Estate Development and Finance Company, KSA – affiliate		
Rent and premises related income on subletting to an affiliate	-	132,653
Key Management Personnel		
Salaries and other short-term employee benefits	5,190,225	5,116,959
Termination benefits	316,868	410,219
Balances:	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
The Saudi Investment Bank – shareholder		
Current accounts	15,938,997	11,971,946
Prior period zakat settlement receivable	4,080,507	5,440,676
Trade Development & Investment Company – shareholder		
Prior period zakat settlement receivable	3,818,019	5,090,691
The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company, KSA- affiliate		
Advance / Payable against insurance premium, net	2,881,636	1,132,440
Key Management Personnel		
Employees' end of service benefits	3,299,309	2,657,002
Loans to key management of the Company	322,194	281,273
Directors' meeting attendance fee payable	450,000	900,000

*The Company has certain lease transactions, in which the related party has a non-recourse participation. The Company charges a fee for administration of the portfolio. The value of such portfolio was SR 4 million as at June 30, 2021 (December 31, 2020: SR 4 million).

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16. RISK MANAGEMENT**Liquidity risk and going concern**

The Company is aware of the need to keep a close focus on liquidity management during this period and has enhanced its daily monitoring of liquidity. The Company acknowledges the timely action of SAMA and other government bodies in providing support and assurance to the financial markets.

From the perspective of liquidity risk and going concern, no changes were made in the objectives, policies and processes for managing capital and management monitors the maturity profile to ensure adequate liquidity is maintained. The table below summarizes the maturity profile of the Company's liabilities based on contractual undiscounted cash flows:

	Within 3 months	4 to 12 months	1 to 5 years	No fixed maturity	Total
June 30, 2021 (Unaudited)					
Accounts payable	24,797,343	-	-	-	24,797,343
Accrued expenses and other liabilities	34,802,143	-	-	-	34,802,143
Zakat and income tax	8,296,591	-	5,265,684	-	13,562,275
Long-term loans and lease liabilities	26,134,814	99,003,812	372,199,136	-	497,337,762
Employees' EOSB	-	-	-	20,278,323	20,278,323
	<u>94,030,891</u>	<u>99,003,812</u>	<u>377,464,820</u>	<u>20,278,323</u>	<u>590,777,846</u>
December 31, 2020 (Audited)					
Accounts payable	32,736,405	-	-	-	32,736,405
Accrued expenses and other liabilities	34,128,444	-	-	-	34,128,444
Zakat and income tax	62,619	4,519,273	5,265,684	-	9,847,576
Long-term loans and lease liabilities	29,349,688	191,526,854	273,061,036	-	493,937,578
Employees' EOSB	-	-	-	19,607,328	19,607,328
	<u>96,277,156</u>	<u>196,046,127</u>	<u>278,326,720</u>	<u>19,607,328</u>	<u>590,257,331</u>

As at condensed interim statement of financial position date, current ratio and gearing ratio, supporting going concern assumption analysis was as follows:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Equity	874,503,102	852,121,977
Liabilities	553,468,664	558,828,453
Total financing structure	<u>1,427,971,766</u>	<u>1,410,950,430</u>
Gearing ratio	38.76%	39.61%
Current ratio (times)	<u>4.47</u>	<u>3.00</u>

17. DIVIDENDS

The Board of Directors proposed an annual dividend of SR 0.15 per share (2019: SR 0.671 per share) for the year ended December 31, 2020 amounting to SR 8.25 million (2019: SR 36.9 million). The shareholders approved the distribution at the General Assembly Meeting, which was held in June 2021.

18. DATE OF APPROVAL OF THESE CONDENSED INTERIM FINANCIAL STATEMENTS

The accompanying condensed interim financial statements were approved by the Board of directors on August 2, 2021.