

**YANAL FINANCE COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)**

**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022**

YANAL FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
Interim condensed financial statements - Unaudited
For the three-months period ended 31 March 2022

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Report on review of interim condensed financial statements

To the Shareholders of YANAL Finance Company
(A Saudi Closed Joint Stock Company)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of YANAL Finance Company (A Saudi Closed Joint Stock Company) (the "Company") as of 31 March 2022 and the related interim condensed statements of income, comprehensive income, changes in shareholders' equity and cash flows for the three-months period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34) as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed 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 interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers

Bader I. Benmohareb
License Number 471

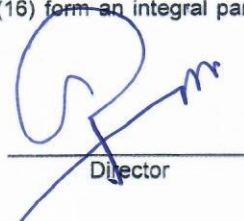
24 April 2022

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

	Note	As at 31 March 2022 (Unaudited)	As at 31 December 2021 (Audited)
Assets			
Non-current assets:			
Property and equipment		556,277	601,654
Intangible assets		195,093	215,537
Equity investment designated at fair value through other comprehensive income ("FVOCI")		892,850	892,850
Net investment in finance leases	4	428,010,387	472,661,739
Net investment in murabaha finance	5	271,565,165	266,517,862
		<u>701,219,772</u>	<u>740,889,642</u>
Current assets:			
Current maturity of net investment in finance leases	4	466,395,478	467,180,771
Current maturity of net investment in murabaha finance	5	158,650,144	145,263,644
Advances, prepayments and other receivables	6	38,219,358	42,891,282
Cash and cash equivalents	7	134,563,972	75,811,144
		<u>797,828,952</u>	<u>731,146,841</u>
Total assets		1,499,048,724	1,472,036,483
Equity and liabilities			
Equity:			
Share capital		550,000,000	550,000,000
Statutory reserve		92,008,014	92,008,014
Retained earnings		227,153,531	255,324,835
Proposed dividend		41,250,000	-
Total equity		910,411,545	897,332,849
Liabilities			
Non-current liabilities:			
Long-term loans and grants	8	161,103,665	174,537,997
Zakat and income tax	11	2,632,842	2,632,842
Employees' end of service benefits (EOSB)		21,618,158	20,265,652
		<u>185,354,665</u>	<u>197,436,491</u>
Current liabilities:			
Current maturity of long-term loans and grants	8	311,219,670	277,700,369
Accounts payable		48,528,218	55,650,692
Zakat and income tax	11	16,494,706	13,422,107
Accrued expenses and other liabilities	9	27,039,920	30,493,975
		<u>403,282,514</u>	<u>377,267,143</u>
Total liabilities		588,637,179	574,703,634
Total equity and liabilities		1,499,048,724	1,472,036,483

The accompanying notes (1) through (16) form an integral part of these interim condensed financial statements.


 Chief Executive Officer


 Director

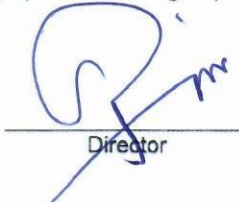

 Chief Financial Officer

YANAL FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
INTERIM CONDENSED STATEMENT OF INCOME – UNAUDITED
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH
 (All amounts are in Saudi Riyals unless stated otherwise)

	Note	2022	2021
REVENUE	10	34,645,966	37,421,371
EXPENSES			
Special commission expense	8.2	(6,538,502)	(6,344,738)
Expected credit losses ("ECL") reversal / (charge) on financial assets	4.2, 5.2	2,853,601	(2,215,231)
Modification loss	4.3, 5.3	(3,723,458)	-
Government grant income	6	2,779,968	-
Salaries and employee related expenses		(10,381,267)	(9,517,065)
General and administrative expenses		(2,748,351)	(2,702,756)
Depreciation and amortization		(84,868)	(73,692)
Total expenses		(17,842,877)	(20,853,482)
Income for the period before zakat and income tax		16,803,089	16,567,889
Zakat expense	11	(2,425,531)	(2,391,580)
Income tax expense	11	(647,071)	(1,137,836)
Total zakat and income tax expense		(3,072,602)	(3,529,416)
Income for the period after zakat and income tax		13,730,487	13,038,473
Earnings per share - basic and diluted	12	0.25	0.24

The accompanying notes (1) through (16) form an integral part of these interim condensed financial statements.


 Chief Executive Officer


 Director

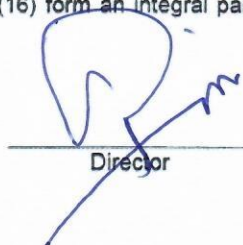

 Chief Financial Officer

YANAL FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME – UNAUDITED
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH
 (All amounts are in Saudi Riyals unless stated otherwise)

	<u>2022</u>	<u>2021</u>
Income for the period after zakat and income tax	13,730,487	13,038,473
Other comprehensive income		
<i>Items that will not be reclassified to statement of income in subsequent periods</i>		
Actuarial (loss) / gain on employees' end of service benefits	<u>(651,791)</u>	445,544
Total comprehensive income for the period	<u>13,078,696</u>	<u>13,484,017</u>

The accompanying notes (1) through (16) form an integral part of these interim condensed financial statements.


 Chief Executive Officer


 Director

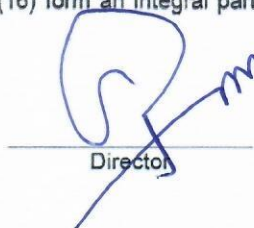

 Chief Financial Officer

YANAL FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022
 (All amounts are in Saudi Riyals unless stated otherwise)

	Share capital	Statutory reserve	Retained earnings	Proposed dividend	Total equity
Balance as at 31 December 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	-	-	13,038,473	-	13,038,473
Other comprehensive income	-	-	445,544	-	445,544
	-	-	13,484,017	-	13,484,017
Balance as at 31 March 2021 (Unaudited)	550,000,000	86,757,029	228,848,965	-	865,605,994
Balance as at 31 December 2021 (Audited)	550,000,000	92,008,014	255,324,835	-	897,332,849
Total comprehensive income:					
Income for the period after zakat and income tax	-	-	13,730,487	-	13,730,487
Other comprehensive loss	-	-	(651,791)	-	(651,791)
	-	-	13,078,696	-	13,078,696
Proposed dividend (Note 15)	-	-	(41,250,000)	41,250,000	-
Balance as at 31 March 2022 (Unaudited)	550,000,000	92,008,014	227,153,531	41,250,000	910,411,545

The accompanying notes (1) through (16) form an integral part of these interim condensed financial statements.


 Chief Executive Officer


 Director

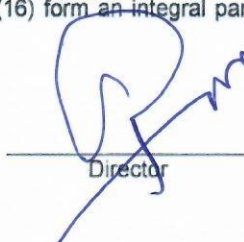

 Chief Financial Officer

YANAL FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CASH FLOWS - UNAUDITED
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH
(All amounts are in Saudi Riyals unless stated otherwise)

	Note	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income for the period before zakat and income tax		16,803,089	16,567,889
Adjustments for non-cash items:			
Depreciation of property and equipment		64,424	56,240
Amortization of intangible assets		20,444	17,452
Government grant, net		3,469,273	4,715,359
Special commission expense		6,538,502	6,344,738
ECL (reversal) / charge on financial assets	4.2 & 5.2	(2,853,601)	2,215,231
Employees' end of service benefits		727,033	767,154
Gain on disposal of property and equipment		-	(9,213)
		<u>24,769,164</u>	<u>30,674,850</u>
Changes in operating assets and liabilities:			
Net investment in finance leases		48,289,317	(74,340,309)
Net investment in murabaha finance		(18,432,874)	(87,425,616)
Advances, prepayments and other receivables		4,895,574	(24,064,297)
Employees' end of service benefits paid		(26,318)	(260,077)
Accounts payable		(7,122,474)	17,666,653
Accrued expenses and other liabilities		(9,703,301)	(10,597,210)
Zakat and Income tax paid		-	(2,068,084)
Net cash generated from / (used in) operating activities		<u>42,669,088</u>	<u>(150,414,090)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from redemption of term deposits		-	60,000,000
Additions to property, equipment and intangible assets		(19,047)	(14,649)
Proceeds from disposal of property and equipment		-	9,213
Net cash (used in) / generated from investing activities		<u>(19,047)</u>	<u>59,994,564</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans		-	40,000,000
Proceeds from profit-free Saudi Central Bank ("SAMA") deposit	8.1	30,668,675	13,834,366
Repayments of loans		(13,062,256)	(4,620,831)
Repayment of profit-free SAMA deposit		(1,383,437)	(27,159,409)
Special commission and other bank charges paid		(120,195)	(920,409)
Net cash generated from financing activities		<u>16,102,787</u>	<u>21,133,717</u>
Net increase / (decrease) in cash and cash equivalents		58,752,828	(69,285,809)
Cash and cash equivalents at the beginning of the period		75,811,144	62,523,908
Cash and cash equivalents at the end of the period	7	<u>134,563,972</u>	<u>(6,761,901)</u>

The accompanying notes (1) through (16) form an integral part of these interim condensed financial statements.


Chief Executive Officer


Director


Chief Financial Officer

YANAL FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022 (Unaudited)
(All amounts are in Saudi Riyals ("SAR") unless stated otherwise)

1. GENERAL INFORMATION

YANAL Finance 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 21 Shawal 1421H (corresponding to 16 January 2001), non-industrial license number 99 dated 27 Safar 1421H (corresponding to 31 May 2000) issued by the Ministry of Commerce license number 7/A Sh/201403 dated 27 /04/ 1435H (corresponding to 27 February 2014) issued by the Saudi Central Bank ("SAMA"), through its five branches (2021: five branches) in the Kingdom of Saudi Arabia.

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

YANAL Finance 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	Jamada Awal 9, 1425H	Dammam
4030150057	Jamada Awal 9, 1425H	Jeddah
2055013067	Rabi-Al-Awwal 9, 1432H	Jubail
5855036378	Rabi-Al-Awwal 9, 1432H	Khamis Mushait
4031090240	Rabi-Al-Thanni 26, 1436H	Makkah

The results, assets and liabilities of the branches are included in these interim condensed 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 interim condensed financial statements have been reviewed, not audited.

2. BASIS OF PREPARATION

- 2.1** The interim condensed financial statements of the Company as at and for the period ended 31 March 2022 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 interim condensed 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 31 December 2021.
- 2.3** The Company has not early adopted any new standards, interpretation or amendments that have been issued but which are not yet effective. There are no new standard or interpretation effective after 1 January, 2022 have significant impact on the Company's interim condensed financial statements.
- 2.4** The accounting and risk management policies used in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's financial statements for the year ended 31 December 2021.

YANAL FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022 (Unaudited)
(All amounts are in Saudi Riyals ("SAR") unless stated otherwise)

3. USE OF JUDGEMENTS AND ESTIMATES

The preparation of interim condensed 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 interim condensed 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 31 December 2021. During the three-months period ended 31 March 2022, there is no significant impact of COVID-19 on the Company's financial position and performance except as related to government grant and modification losses related to deferment of finance lease and murabaha receivables as per the SAMA program. Considering that there is no major impact of COVID-19 on the Company's financial position and performance, during the period ended 31 March 2022, the management has revised macroeconomic factors and scenario probabilities currently being used by the Company in ECL estimation. The adjustments to macroeconomic factors and scenario weightings resulted in decrease of ECL amounting to SAR 1.95 million.

4. NET INVESTMENT IN FINANCE LEASES

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

	Note	As at 31 March 2022 (Unaudited)	As at 31 December 2021 (Audited)
Lease receivables		1,221,771,734	1,281,816,785
Residual value		658,800,360	660,029,049
Gross investment in finance leases		1,880,572,094	1,941,845,834
Non-refundable security deposits		(651,792,600)	(653,009,289)
Prepaid lease rentals		(56,435,757)	(57,594,971)
Net receivables		1,172,343,737	1,231,241,574
Unearned lease finance income		(124,511,183)	(131,732,272)
Sub-total		1,047,832,554	1,099,509,302
Modification loss	4.3	(70,700,694)	(67,887,938)
Income on modified finance lease	10	46,061,850	40,127,745
		(24,638,844)	(27,760,193)
Net investment in finance leases		1,023,193,710	1,071,749,109
Expected credit loss ("ECL") on investment in finance leases	4.2	(128,787,845)	(131,906,599)
		894,405,865	939,842,510
Current maturity		(466,395,478)	(467,180,771)
		428,010,387	472,661,739

4.2 The movement in the ECL on investment in finance lease receivables is as follows:

	Note	As at 31 March 2022 (Unaudited)	As at 31 December 2021 (Audited)
Balance as at January 1		131,906,599	126,623,291
ECL (reversal) / charged for the period / year		(2,852,672)	5,504,898
Bad debt written-off		(266,082)	(221,590)
Balance at the end of the period / year	4.2.1	128,787,845	131,906,599

YANAL FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022 (Unaudited)
(All amounts are in Saudi Riyals ("SAR") unless stated otherwise)

4. NET INVESTMENT IN FINANCE LEASES (continued)

4.2.1 Portfolio ECL analysis for net investment in finance leases:

31 March 2022 (Unaudited)	Net investment in finance lease	ECL	Expected loss rates
Not yet due	724,922,498	405,829	0.00%-0.03%
1-90 days	176,848,234	3,839,531	0.04%-1.25%
91-180 days	14,631,428	687,639	1.26%-7.58%
181-365 days	8,460,195	918,908	7.59%-42.50%
366 days – 730 days	280,219	245,958	42.60%-100%
Above 730 days and Specific accounts*	122,689,980	122,689,980	100%
	1,047,832,554	128,787,845	

31 December 2021 (Audited)	Net investment in finance lease	ECL	Expected loss rates
Not yet due	762,829,541	600,013	0.00%-0.05%
1-90 days	189,991,751	6,902,243	0.06%-1.18%
91-180 days	23,811,088	1,547,730	1.19%-5.70%
181-365 days	-	-	5.71%-28.02%
366 days – 730 days	282,480	262,171	28.03%-100%
Above 730 days and specific accounts*	122,594,442	122,594,442	100%
	1,099,509,302	131,906,599	

*Includes ECL of SAR 9.0 million below 730 days against specific accounts where net investment in finance lease is fully provided (2021: SAR 6.5 million).

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 interim condensed financial statements as a difference in the book value and present value of repayments.

During December 2021, SAMA announced an extension to defer payments for an additional three-months to those companies that qualify as MSMEs and those that continue to be affected by the COVID-19 precautionary measures and have instalments falling due within the period from 1 January 2022 to 31 March 2022. 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 SAR 2.8 million and SAR 0.9 million on finance lease and murabaha contracts, respectively, during the three-months period ended 31 March 2022.

YANAL FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022 (Unaudited)
 (All amounts are in Saudi Riyals ("SAR") unless stated otherwise)

4. NET INVESTMENT IN FINANCE LEASES (continued)

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 (2021: thirty-six months), adjusted by the outlook of the economy.

4.5 Sensitivity analysis

Assuming all other factors remain constant, the sensitivity analysis of the ECL allowance on finance lease as of 31 March 2022 is as follows:

	Increase in ECL as on 31 March 2022
Use of maximum of forward flow rates instead of average flow rates	7,181,346
Increase in economic factor by 10%	341,862
Increase in loss given default by 10%	78,223

5. NET INVESTMENT IN MURABAHA FINANCE

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

	Note	As at 31 March 2022 (Unaudited)	As at 31 December 2021 (Audited)
Murabaha finance receivables		490,415,115	470,145,178
Unearned murabaha finance income		(54,801,526)	(52,909,149)
Sub-total		435,613,589	417,236,029
Modification loss	5.3	(11,580,516)	(10,669,814)
Income on modified murabaha finance	10	7,313,650	6,347,634
		(4,266,866)	(4,322,180)
Net investment in murabaha finance		431,346,723	412,913,849
ECL on investment in murabaha finance	5.2	(1,131,414)	(1,132,343)
		430,215,309	411,781,506
Current maturity		(158,650,144)	(145,263,644)
		271,565,165	266,517,862

YANAL FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022 (Unaudited)
(All amounts are in Saudi Riyals ("SAR") unless stated otherwise)

5. NET INVESTMENT IN MURABAHA FINANCE (continued)

5.2 The movement in the ECL on murabaha finance receivables was as follows:

	Note	As at 31 March 2022 (Unaudited)	As at 31 December 2021 (Audited)
Balance as at January 1		1,132,343	631,151
ECL (reversal) / charged for the period / year		(929)	606,436
Bad debt written-off		-	(105,244)
Balance at the end of the period / year	5.2.1	1,131,414	1,132,343

5.2.1 Stage wise analysis of murabaha finance receivables and ECL is as follow:

	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Total
31 March 2022 (Unaudited)				
Net investment in murabaha finance	377,107,577	57,538,243	967,769	435,613,589
ECL	(503,305)	(169,327)	(458,782)	(1,131,414)
Net receivables	376,604,272	57,368,916	508,987	434,482,175
	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Total
31 December 2021 (Audited)				
Net investment in murabaha finance	415,929,592	-	1,306,437	417,236,029
ECL	(565,961)	-	(566,382)	(1,132,343)
Net receivables	415,363,631	-	740,055	416,103,686

5.3 Modification loss was recognised in these interim condensed 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 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 (2021: thirty-six months), adjusted by the outlook of the economy.

YANAL FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022 (Unaudited)
(All amounts are in Saudi Riyals ("SAR") unless stated otherwise)

5. NET INVESTMENT IN MURABAHA FINANCE (continued)

5.5 Sensitivity analysis

Assuming all other factors remain constant, the sensitivity analysis of the ECL allowance on murabaha finance as of 31 March 2022 is as follows:

	Increase in ECL as of 31 March 2022
Use of maximum of forward flow rates instead of average flow rates	932,685
Increase in economic factor by 10%	107,919
Increase in loss given default by 10%	73,740

6. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

	Note	As at 31 March 2022 (Unaudited)	As at 31 December 2021 (Audited)
Receivable from Saudi shareholders for prior period zakat settlement		7,898,525	7,898,525
Government grant – receivable from SAMA	8.1	2,779,968	2,550,001
Advance to suppliers		13,295,786	20,558,942
Prepaid expenses		3,399,762	3,187,333
Loans and advances to staff		2,315,536	1,840,416
Deferred Value Added Tax ("VAT")		2,734,828	4,259,295
VAT refund		2,178,279	-
Other		3,616,674	2,596,770
		38,219,358	42,891,282

7. CASH AND CASH EQUIVALENTS

	As at 31 March 2022 (Unaudited)	As at 31 December 2021 (Audited)
Cash at banks	29,555,411	30,800,581
Cash in hand	8,561	10,563
Term deposits of less than three months maturity	105,000,000	45,000,000
	134,563,972	75,811,144

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8. LONG-TERM LOANS, GRANTS AND LEASE LIABILITY

	Note	As at 31 March 2022 (Unaudited)	As at 31 December 2021 (Audited)
Long-term loans		69,499,585	82,561,842
Profit-free deposit payable to SAMA	8.1	425,683,564	396,398,326
		495,183,149	478,960,168
Government grant on SAMA and Monsha'at loan	8.1	(66,415,822)	(63,865,821)
Special commission expense on grant		43,598,982	37,200,298
		(22,816,840)	(26,665,523)
Total loans and deposits, net of grant		472,366,309	452,294,645
Less: unamortised fee		(42,974)	(56,279)
		472,323,335	452,238,366
Less: current maturity		(311,219,670)	(277,700,369)
Non-current portion of long-term loans and grants		161,103,665	174,537,997

- 8.1** During the period ended 31 March 2022, the Company received SAR 30.7 million of profit-free deposit from SAMA against the extension of SAMA deferred payment program for the period from 1 October 2021 to 31 December 2021. The benefit of the subsidised funding rate has been accounted for on a systematic basis in accordance with government grant accounting requirements. Further, the Company has recognised government grant income and receivable from SAMA against the extension of SAMA deferred payment program for the period from 1 January 2022 to 31 March 2022 amounting to SAR 2.78 million.
- 8.2** Special commission expense includes an amount of SAR 6.4 million (2021: SAR 6.06 million) commission cost on SAMA profit free deposit and deferred Monsha'at loan.

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9. ACCRUED EXPENSES AND OTHER LIABILITIES

	As at 31 March 2022 (Unaudited)	As at 31 December 2021 (Audited)
Proposed lease related payables	9,244,862	8,896,784
Employee related payables	3,652,963	5,514,087
Charity payable	4,156,532	4,163,424
Leased assets insurance premium payable	2,991,283	3,402,597
Leased assets insurance claims to be settled	1,431,030	2,247,775
VAT payable	-	1,495,239
Legal and professional charges	865,315	1,021,667
Other	4,697,935	3,752,402
	27,039,920	30,493,975

10. REVENUE

Finance lease income is stated net of insurance cost and it includes reversal of SAR 5,934,105 (2021: SAR 6,051,225) and SAR 966,016 (2021: SAR 904,206) 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. ZAKAT AND INCOME TAX

There is no change in the status of Zakat and income tax assessment since 31 December 2021.

12. 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.

13. COMMITMENTS

	As at 31 March 2022 (Unaudited)	As at 31 December 2021 (Audited)
Cost of finance lease and murabaha contracts not yet executed	23,939,666	10,027,353
Bank guarantees issued on behalf of the Company	2,000,000	2,000,000

14. 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 OLP Financial Services Pakistan Limited at no cost under an arrangement. Significant related party transactions and balances are as follows:

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14. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

	For the three- months period ended 31 March 2022 (Unaudited)	For the three- months period ended 31 March 2021 (Unaudited)
Transactions:		
The Saudi Investment Bank – shareholder		
Special commission and other bank charges paid	771	32,340
Profit earned on time deposit	42,055	-
Lease participation – payments*	567,777	-
Lease participation receipts – management fee and other - received*	5,330	-
The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company, KSA- affiliate		
Premium for insurance and other related payments-net	3,433,084	2,830,444
Key Management Personnel		
Salaries and other short-term employee benefits	3,645,827	2,767,393
End of service benefits accrued	429,360	198,464
	As at 31 March 2022 (Unaudited)	As at 31 December 2021 (Audited)
Balances:		
The Saudi Investment Bank – shareholder		
Current accounts	21,480,706	19,253,692
Advance against auto lease agreement	2,070	21,620
Investments in time deposit	75,000,000	-
Prior period zakat settlement receivable	4,080,506	4,080,506
Lease participation receivable*	-	23,977
Lease participation payable*	476,774	-
Trade Development & Investment Company – shareholder		
Prior period zakat settlement receivable	3,818,019	3,818,019
The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company, KSA- affiliate		
Advance / Payable against insurance premium, net	3,944,483	4,254,522
Key Management Personnel		
Employees' end of service benefits	3,968,082	3,538,721
Loans to key management of the Company	1,076,700	527,899
Directors' meeting attendance fee payable	1,125,000	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 3.0 million as at 31 March 2022 (31 December 2021: SAR 3.5 million).

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15. DIVIDENDS

The Board of Directors has proposed an annual dividend of SAR 0.75 per share (2020: SAR 0.15 per share) for the year ended 31 December 2021 amounting to SAR 41.25 million (2020: SAR 8.25 million). The proposal shall be presented for approval to shareholders in general assembly meeting.

16. DATE OF APPROVAL OF THESE INTERIM CONDENSED FINANCIAL STATEMENTS

The accompanying interim condensed financial statements were approved by the Board of Directors on 21 April 2022.