

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

**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)  
AND INDEPENDENT AUDITOR'S REVIEW REPORT  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024**

**YANAL FINANCE COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**INTERIM CONDENSED FINANCIAL STATEMENTS - UNAUDITED**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024**

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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 2024 and the related interim condensed statements of income and comprehensive income, changes in shareholders' equity and cash flows for the three-month 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**

A handwritten signature in blue ink, appearing to read "Bader I. Benmohareb", is written over a faint, illegible stamp or background.

Bader I. Benmohareb  
License Number 471

May 1, 2024

**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 2024 (Unaudited)	As at 31 December 2023 (Audited)
<b>Assets</b>			
Cash and cash equivalents	7	48,140,279	46,355,961
Advances, prepayments, and other receivables	6	53,092,544	37,353,570
Net investment in finance leases	4	868,270,551	843,732,060
Net investment in murabaha finance	5	626,789,530	617,100,352
Positive fair value of derivative		141,524	73,453
Equity investment designated at fair value through other comprehensive income ("FVOCI")		892,850	892,850
Intangible assets		716,889	794,633
Property, equipment and right of use assets		9,218,234	9,506,558
<b>Total assets</b>		<b>1,607,262,401</b>	<b>1,555,809,437</b>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Short-term loan		56,288,500	56,279,859
Accounts payable		114,392,292	48,402,922
Accrued expenses and other liabilities	9	32,282,005	31,093,649
Zakat and income tax	11	14,709,099	10,232,268
Long-term loans, lease liability and grants	8	397,015,638	441,411,683
Employees' end of service benefits (EOSB)		23,595,128	21,640,861
<b>Total Liabilities</b>		<b>638,282,662</b>	<b>609,061,242</b>
<b>Equity</b>			
Share capital		550,000,000	550,000,000
Statutory reserve		106,397,004	106,397,004
Retained earnings		257,441,211	290,277,738
Proposed dividend	16	55,000,000	-
Cash flow hedge		141,524	73,453
<b>Total equity</b>		<b>968,979,739</b>	<b>946,748,195</b>
<b>Total liabilities and equity</b>		<b>1,607,262,401</b>	<b>1,555,809,437</b>

The accompanying notes (1) through (17) 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-MONTH PERIOD ENDED 31 MARCH**  
 (All amounts are in Saudi Riyals unless stated otherwise)

	Note	2024	2023 (Restated – Note 15)
Finance income	10	47,908,564	42,467,891
Special commission expense	8.3	(8,488,772)	(6,038,078)
<b>Net finance income</b>		<b>39,419,792</b>	<b>36,429,813</b>
<b>Other income</b>		<b>517,145</b>	<b>1,034,514</b>
<b>OPERATING EXPENSES</b>			
Expected credit losses ("ECL") reversal on financial assets	4.2, 5.2	4,309,417	645,620
Salaries and employee related expenses		(13,254,787)	(12,510,706)
Other general and administrative expenses		(2,579,352)	(2,921,126)
Depreciation and amortization		(606,749)	(218,619)
<b>Total operating expenses</b>		<b>(12,131,471)</b>	<b>(15,004,831)</b>
<b>Income for the period before zakat and income tax</b>		<b>27,805,468</b>	<b>22,459,496</b>
Zakat expense	11	(3,039,207)	(2,435,490)
Income tax expense	11	(1,437,626)	(735,473)
<b>Total zakat and income tax expense</b>		<b>(4,476,833)</b>	<b>(3,170,963)</b>
<b>Income for the period after zakat and income tax</b>		<b>23,328,633</b>	<b>19,288,533</b>
<b>Earnings per share – basic and diluted</b>	12	<b>0.42</b>	<b>0.35</b>

The accompanying notes (1) through (17) 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-MONTH PERIOD ENDED 31 MARCH**  
 (All amounts are in Saudi Riyals unless stated otherwise)

	2024	2023
<b>Income for the period after zakat and income tax</b>	<b>23,328,633</b>	<b>19,288,533</b>
<b>Other comprehensive income / (loss)</b>		
<i>Items that are or maybe reclassified to statement of income in subsequent periods</i>		
Cash flow hedge – effective portion of changes in fair value	68,071	118,609
<i>Items that will not be reclassified to statement of income in subsequent periods</i>		
Actuarial loss on EOSB	(1,165,160)	(343,801)
<b>Total comprehensive income for the period</b>	<b>22,231,544</b>	<b>19,063,341</b>

The accompanying notes (1) through (17) form an integral part of these interim condensed financial statements.

Chief Executive Officer

Director

Chief Financial Officer

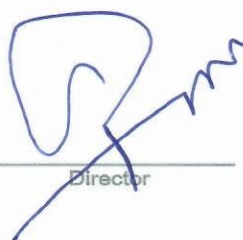
**YANAL FINANCE COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024**  
 (All amounts are in Saudi Riyals unless stated otherwise)

	Share capital	Statutory reserve	Retained earnings	Cash flow hedge	Proposed dividend	Total equity
<b>Balance as at 31 December 2022 (Audited)</b>	550,000,000	99,218,345	279,810,345	(293,687)	-	928,735,003
<b>Total comprehensive income / (loss):</b>						
Income for the period after zakat and income tax	-	-	19,288,533	-	-	19,288,533
Other comprehensive income / (loss)	-	-	(343,801)	118,609	-	(225,192)
	-	-	18,944,732	118,609	-	19,063,341
Proposed dividends (Note 16)	-	-	(55,000,000)	-	55,000,000	-
<b>Balance as at 31 March 2023 (Unaudited)</b>	<b>550,000,000</b>	<b>99,218,345</b>	<b>243,755,077</b>	<b>(175,078)</b>	<b>55,000,000</b>	<b>947,798,344</b>
<b>Balance as at 31 December 2023 (Audited)</b>	<b>550,000,000</b>	<b>106,397,004</b>	<b>290,277,738</b>	<b>73,453</b>	<b>-</b>	<b>946,748,195</b>
<b>Total comprehensive income / (loss):</b>						
Income for the period after zakat and income tax	-	-	23,328,633	-	-	23,328,633
Other comprehensive income / (loss)	-	-	(1,165,160)	68,071	-	(1,097,089)
	-	-	22,163,473	68,071	-	22,231,544
Proposed dividends (Note 16)	-	-	(55,000,000)	-	55,000,000	-
<b>Balance as at 31 March 2024 (Unaudited)</b>	<b>550,000,000</b>	<b>106,397,004</b>	<b>257,441,211</b>	<b>141,524</b>	<b>55,000,000</b>	<b>968,979,739</b>

The accompanying notes (1) through (17) 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-MONTH PERIOD ENDED 31 MARCH**  
(All amounts are in Saudi Riyals unless stated otherwise)

	Note	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income for the period before zakat and income tax		27,805,466	22,459,496
<b>Adjustments for non-cash items:</b>			
Depreciation of property and equipment and right of use assets		529,005	146,348
Amortization of intangible assets		77,744	72,271
Government grant, net		-	3,292,514
Special commission expense		8,488,772	6,038,078
ECL reversal on financial assets	4.2, 5.2	(4,309,417)	(645,620)
Employees' EOSB expense		842,527	798,528
		<u>33,434,097</u>	<u>32,161,615</u>
<b>Changes in operating assets and liabilities:</b>			
Net investment in finance leases		(18,227,767)	2,472,324
Net investment in murabaha finance		(11,690,485)	(80,738,346)
Advances, prepayments and other receivables		(15,745,305)	(15,044,109)
Accounts payable		65,989,370	(17,835,374)
Accrued expenses and other liabilities		1,145,004	(11,923,940)
Zakat and income tax paid		-	(827,443)
Employees' end of service benefits paid		(53,420)	(159,157)
<b>Net cash generated from / (used in) operating activities</b>		<u>54,851,494</u>	<u>(91,894,430)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>			
Purchase of property and equipment		(240,681)	(703,408)
<b>Net cash used in investing activity</b>		<u>(240,681)</u>	<u>(703,408)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long-term loans		-	127,000,000
Proceeds from commission-free SAMA deposit		-	31,317,948
Repayments of long-term loans		(39,418,750)	(15,887,125)
Repayment of commission-free SAMA deposit		(4,713,086)	(31,123,342)
Special commission and other bank charges paid		(8,694,659)	(1,782,569)
<b>Net cash (used in) / generated from financing activities</b>		<u>(52,826,495)</u>	<u>109,524,912</u>
Net increase in cash and cash equivalents		1,784,318	16,927,074
Cash and cash equivalents at the beginning of the period		46,355,961	33,450,475
<b>Cash and cash equivalents at the end of the period</b>	7	<u>48,140,279</u>	<u>50,377,549</u>

The accompanying notes (1) through (17) 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-MONTH PERIOD ENDED 31 MARCH 2024** (Unaudited)  
(All amounts are in Saudi Riyals 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 and a finance company license number 7/A Sh/201403 dated 27 Rabi-al-Thani 1435H (corresponding to 27 February 2014) issued by the Saudi Central Bank (“SAMA”), through its five branches (2023: five branches) in the Kingdom of Saudi Arabia.

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

YANAL Finance Company  
3612, Prince Fawaz Bin Abdul Aziz, Ar Rabwah Dist.  
Riyadh 12813 – 7997  
Kingdom of Saudi Arabia

The Company has the following branches:

<b>Branch commercial registration number</b>	<b>Date</b>	<b>Location</b>
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 Al-Mukaramah

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** These interim condensed financial statements of the Company as at and for the three-month periods ended 31 March 2024 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** These 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 2023.

**YANAL FINANCE COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024** (Unaudited)  
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**2. BASIS OF PREPARATION** (continued)

**2.3** The International Accounting Standard Board (IASB) has issued following accounting standards, amendments, which were effective from periods on or after January 1, 2024. The management has assessed that the amendments have no significant impact on the Company's interim condensed financial statements.

- Amendment to IFRS 16 – Leases on sale and leaseback – These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
- Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements – These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.
- Amendment to IAS 1 – Non-current liabilities with covenants – These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

The listing of standards and interpretations issued which the Company reasonably expects to be applicable at a future date are as follows. The Company intends to adopt these standards when they become effective, where applicable.

<b>Standard / Interpretation</b>	<b>Description</b>	<b>Effective from periods beginning on or after</b>
Amendment to IAS 21 – Lack of exchangeability	IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.	1 January 2025
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	Effective date deferred indefinitely
IFRS 18 - Presentation and Disclosure in Financial Statements	IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.  IFRS 18 will apply for reporting periods beginning on or after 1 January 2027 and also applies to comparative information. The changes in presentation and disclosure required by IFRS 18 might require system and process changes for many entities, so entities should focus now to be ready for adoption.	1 January 2027

**YANAL FINANCE COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024** (Unaudited)  
(All amounts are in Saudi Riyals unless stated otherwise)

**2. BASIS OF PREPARATION** (continued)

**2.4** The accounting and risk management policies used in the preparation of these interim condensed financial statements are consistent with those followed in the preparation of the Company's financial statements for the year ended 31 December 2023.

**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 expenses. 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 2023.

**4. NET INVESTMENT IN FINANCE LEASES**

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

	Note	As at 31 March 2024 (Unaudited)	As at 31 December 2023 (Audited)
Finance lease receivables		1,107,673,940	1,088,086,859
Unearned lease finance income		<u>(155,750,440)</u>	(153,530,392)
Net investment in finance leases		951,923,500	934,556,467
Modification loss	4.3	<u>(70,700,694)</u>	(70,700,694)
Income on modified finance lease	10	<u>68,498,553</u>	67,637,819
		<u>(2,202,141)</u>	(3,062,875)
Net investment in finance leases after ML		949,721,359	931,493,592
ECL on investment in finance leases	4.2	<u>(81,450,808)</u>	(87,761,532)
		868,270,551	843,732,060
Current maturity		<u>(460,581,886)</u>	(444,629,917)
		<u>407,688,665</u>	399,102,143

**4.2** The movement in the ECL on net investment in finance lease was as follows:

	Note	As at 31 March 2024 (Unaudited)	As at 31 December 2023 (Audited)
Balance as at 1 January		87,761,532	116,325,429
ECL reversed for the period / year		<u>(6,310,724)</u>	(12,003,768)
Bad debt written-off		-	(16,560,129)
Balance at the end of the period / year	4.2.1	<u>81,450,808</u>	87,761,532

**YANAL FINANCE COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024 (Unaudited)**  
(All amounts are in Saudi Riyals unless stated otherwise)

**4. NET INVESTMENT IN FINANCE LEASES (continued)**

**4.2.1** Portfolio ECL analysis for investment in finance leases is as follows:

<b>31 March 2024 (Unaudited)</b>	<b>Net investment in finance lease</b>	<b>ECL</b>	<b>Expected loss rates</b>
Not yet due	<b>643,714,681</b>	<b>1,945,847</b>	<b>0.00%-0.03%</b>
1-90 days*	<b>226,805,504</b>	<b>458,996</b>	<b>0.04%-1.18%</b>
91-180 days*	-	-	<b>1.19%-14.14%</b>
181-365 days*	<b>2,666,015</b>	<b>845,186</b>	<b>14.15%-51.57%</b>
366 days – 730 days	<b>1,442,304</b>	<b>1,023,823</b>	<b>51.58%-100%</b>
Above 730 days and specific accounts**	<b>77,294,996</b>	<b>77,176,956</b>	<b>100%</b>
	<b>951,923,500</b>	<b>81,450,808</b>	

<b>31 December 2023 (Audited)</b>	<b>Net investment in finance lease</b>	<b>ECL</b>	<b>Expected loss rates</b>
Not yet due	656,263,466	329,975	0.00%-0.03%
1-90 days*	193,654,803	7,257,381	0.04%-1.30%
91-180 days*	1,655,068	299,693	1.31%-10.44%
181-365 days*	4,731,087	1,622,440	10.45%-40.63%
366 days – 730 days	-	-	40.64%-100%
Above 730 days and specific accounts**	78,252,043	78,252,043	100%
	934,556,467	87,761,532	

\* Net investment in finance lease of SR 16 million (2023: SR 28.3 million) under overdue category of 1-90 days & 91-180 days are secured by real estate collateral, while the balance is secured by title to vehicle, machinery and equipment.

\*\* Includes fully provided specific accounts reclassified from 'Not yet due' to '366 days – 730 days' overdue category with net investment in finance lease amounting to SR 77 million (2023: SR 73 million).

**4.3** Modification loss was recognized 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 commission-free deposits from SAMA and loan moratorium from Monsha'at. Government grant benefit was recognized in these interim condensed financial statements as a difference in the book value and present value of repayments.

**YANAL FINANCE COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024** (Unaudited)  
(All amounts are in Saudi Riyals unless stated otherwise)

**5. NET INVESTMENT IN MURABAHA FINANCE**

**5.1** Reconciliation between murabaha finance receivables and net investment in murabaha finance is as follows:

	Note	As at 31 March 2024 (Unaudited)	As at 31 December 2023 (Audited)
Murabaha finance receivables		732,098,702	720,499,034
Unearned murabaha finance income		(100,036,073)	(99,986,770)
Net investment in murabaha finance		632,062,629	620,512,264
Modification loss	5.5	(11,580,516)	(11,580,516)
Income on modified murabaha finance	10	10,966,138	10,826,018
		(614,378)	(754,498)
Net investment in murabaha finance after ML		631,448,251	619,757,766
ECL on investment in murabaha finance	5.2, 5.4	(4,658,721)	(2,657,414)
		626,789,530	617,100,352
Current maturity		(254,699,094)	(242,493,943)
		372,090,436	374,606,409

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

	Note	As at 31 March 2024 (Unaudited)	As at 31 December 2023 (Audited)
Balance as at 1 January		2,657,414	150,646
ECL charge for the period / year		2,001,307	2,506,768
Balance at the end of the period / year	5.2.1	4,658,721	2,657,414

**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
<b>31 March 2024 (Unaudited)</b>				
Net investment in murabaha finance	566,245,176	60,054,268	5,763,185	632,062,629
ECL	(2,068,223)	(137,385)	(2,453,113)	(4,658,721)
Net receivables	564,176,953	59,916,883	3,310,072	627,403,908
	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Total
<b>31 December 2023 (Audited)</b>				
Net investment in murabaha finance	577,924,053	28,333,615	14,254,596	620,512,264
ECL	(96,164)	(98,650)	(2,462,600)	(2,657,414)
Net receivables	577,827,889	28,234,965	11,791,996	617,854,850

**YANAL FINANCE COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
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**5. NET INVESTMENT IN MURABAHA FINANCE (continued)**

**5.3 Stage-wise movement of net investment in murabaha finance:**

	<b>Performing</b>	<b>Under-</b>	<b>Non-</b>	<b>Total</b>
	(Stage 1)	performing	performing	
		(Stage 2)	(Stage 3)	
<b>31 March 2024 (Unaudited)</b>				
Balances as at 1 January	577,924,053	28,333,615	14,254,596	620,512,264
Transfer from Stage 1	(35,184,132)	35,184,132	-	-
Transfer from Stage 2	1,272,740	(1,272,740)	-	-
Transfer from Stage 3	6,494,499	-	(6,494,499)	-
Financial assets settled	(4,396,361)	-	(877,996)	(5,274,357)
New financial assets originated	39,436,936	-	-	39,436,936
Net re-measurement	(19,302,559)	(2,190,739)	(1,118,916)	(22,612,214)
	<b>(11,678,877)</b>	<b>31,720,653</b>	<b>(8,491,411)</b>	<b>11,550,365</b>
	<b>566,245,176</b>	<b>60,054,268</b>	<b>5,763,185</b>	<b>632,062,629</b>
<b>31 December 2023 (Audited)</b>				
Balances as at 1 January	468,523,984	25,548,882	-	494,072,866
Transfer from Stage 1	(41,577,148)	28,200,548	13,376,600	-
Transfer from Stage 2	1,362,430	(2,240,426)	877,996	-
Financial assets settled	(27,621,958)	(18,206,343)	-	(45,828,301)
New financial assets originated	238,213,296	133,067	-	238,346,363
Net re-measurement	(60,976,551)	(5,102,113)	-	(66,078,664)
	109,400,069	2,784,733	14,254,596	126,439,398
Balances as at 31 December	577,924,053	28,333,615	14,254,596	620,512,264

**5.4 Stage-wise movement in ECL of net investment in murabaha finance is as follows:**

	<b>Performing</b>	<b>Under-</b>	<b>Non-</b>	<b>Total</b>
	(Stage 1)	performing	performing	
		(Stage 2)	(Stage 3)	
<b>31 March 2024 (Unaudited)</b>				
ECL as at 1 January	96,164	98,650	2,462,600	2,657,414
Transfer from Stage 1	(83,826)	83,826	-	-
Transfer from Stage 2	67	(67)	-	-
Transfer from Stage 3	1,974,944	-	(1,974,944)	-
Financial assets settled	(2,431)	-	(45,838)	(48,269)
New financial assets originated	2,448	-	-	2,448
Net re-measurement of ECL	80,857	(45,024)	2,011,295	2,047,128
	<b>1,972,059</b>	<b>38,735</b>	<b>(9,487)</b>	<b>2,001,307</b>
ECL as at 31 March	<b>2,068,223</b>	<b>137,385</b>	<b>2,453,113</b>	<b>4,658,721</b>

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**5. NET INVESTMENT IN MURABAHA FINANCE** (continued)

	<b>Performing</b>	<b>Under-</b>	<b>Non-</b>	<b>Total</b>
	(Stage 1)	performing (Stage 2)	performing (Stage 3)	
<b>31 December 2023</b> <b>(Audited)</b>				
ECL as at 1 January	78,711	71,935	-	150,646
Transfer from Stage 1	(2,515,092)	98,330	2,416,762	-
Transfer from Stage 2	1,075	(46,913)	45,838	-
Financial assets settled	(12,215)	(51,600)	-	(63,815)
New financial assets originated	23,980	324	-	24,304
Net re-measurement of ECL	2,519,705	26,574	-	2,546,279
	<u>17,453</u>	<u>26,715</u>	<u>2,462,600</u>	<u>2,506,768</u>
ECL as at 31 December	<u>96,164</u>	<u>98,650</u>	<u>2,462,600</u>	<u>2,657,414</u>

**5.5** Modification loss was recognised in these interim condensed financial statements. (Refer Note 4.3 for details).

**6. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES**

	<b>Note</b>	<b>As at 31 March 2024 (Unaudited)</b>	<b>As at 31 December 2023 (Audited)</b>
Advance to suppliers		<b>27,988,926</b>	3,801,729
Receivable from Saudi shareholders for prior period			
Zakat settlement		<b>2,632,841</b>	2,632,841
Deferred Value Added Tax ("VAT") & VAT refund		<b>11,547,663</b>	11,356,920
Prepaid expenses		<b>6,164,557</b>	4,093,720
Receivable from lessees, net		<b>2,385,660</b>	1,773,607
Receivable from Jeddah Municipality	6.1	-	11,036,539
Loans and advances to staff		<b>2,302,157</b>	2,526,698
Other		<b>70,740</b>	131,516
		<u><b>53,092,544</b></u>	<u>37,353,570</u>

**6.1** This pertains to receivable against a land for which the Company holds the legal title as collateral, under a finance lease contract, with a right of disposal and settlement against the default. The land was acquired by Jeddah Municipality as a part of development project and the outstanding amount was settled during the period 31 March 2024.

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**7. CASH AND CASH EQUIVALENTS**

	<b>As at 31 March 2024 (Unaudited)</b>	<b>As at 31 December 2023 (Audited)</b>
Cash at banks	<b>48,126,633</b>	46,344,325
Cash in hand	<b>13,646</b>	11,636
	<b>48,140,279</b>	46,355,961

**8. LONG-TERM LOANS, LEASE LIABILITY AND GRANTS**

	<b>Note</b>	<b>As at 31 March 2024 (Unaudited)</b>	<b>As at 31 December 2023 (Audited)</b>
Long-term loans	8.1	<b>362,995,833</b>	402,414,585
Commission-free deposit payable to SAMA	8.2	<b>26,359,993</b>	31,073,079
		<b>389,355,826</b>	433,487,664
Government grant on SAMA and Monsha'at loan		<b>(1,285,599)</b>	(1,285,599)
Special commission expense on grant	8.3	<b>1,285,599</b>	1,279,297
		-	(6,302)
Accrued special commission expense		<b>2,828,281</b>	3,188,096
Total loans and deposits, net of grant		<b>392,184,107</b>	436,669,458
Less: unamortised fee		<b>(84,338)</b>	(102,805)
		<b>392,099,769</b>	436,566,653
Lease liability		<b>4,915,869</b>	4,845,030
		<b>397,015,638</b>	441,411,683
Less: current maturity		<b>(176,572,267)</b>	(177,835,019)
Non-current portion of long-term loans, lease liability and grants		<b>220,443,371</b>	263,576,664

**8.1** Long term loans are obtained from commercial banks amounting at prevailing commercial commission rates which are payable by October 2026. The Company was fully compliant with the covenants on long-term loans during the period / year ended 31 March 2024 and 31 December 2023.

**8.2** Represents the commission-free deposit received from SAMA against funding for lending program of SAMA to support SME customers. The financing tenure is thirty-six months including six-month repayments grace period. The net impact of the commission-free deposit from SAMA and commission charged on financing to SME customers with a low commission rate is not significant to the interim condensed financial statements.

**8.3** Special commission expense includes an amount of SR 6,302 (2023: SR 3,372,350) commission cost on SAMA commission-free deposit and deferred Monsha'at loan.



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**9. ACCRUED EXPENSES AND OTHER LIABILITIES**

	<b>As at 31 March 2024 (Unaudited)</b>	<b>As at 31 December 2023 (Audited)</b>
Proposed lease related payables	<b>14,562,782</b>	12,761,778
Employee related payables	<b>4,938,531</b>	7,400,046
Leased assets insurance premium payable	<b>1,559,659</b>	-
Leased assets insurance claims to be settled	<b>871,169</b>	1,050,141
Legal and professional charges	<b>2,747,874</b>	3,088,701
Accrued expenses	<b>2,160,395</b>	3,451,644
Other	<b>5,441,595</b>	3,341,339
	<b><u>32,282,005</u></b>	<b><u>31,093,649</u></b>

**10. FINANCE INCOME**

Finance lease income includes reversal of SR 0.86 million (2023: SR 2.8 million) and SR 0.14 million (2023: SR 0.5 million) against modification loss on finance leases and murabaha finance contracts, respectively.

**11. ZAKAT AND INCOME TAX**

There is no change in the status of Zakat and income tax assessment since 31 December 2023.

**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**

	<b>As at 31 March 2024 (Unaudited)</b>	<b>As at 31 December 2023 (Audited)</b>
Cost of finance lease and murabaha contracts not yet executed	<b>16,393,425</b>	35,339,230
Bank guarantees issued on behalf of the Company	<b>2,000,000</b>	2,000,000

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**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. Significant related party transactions and balances are as follows:

	For the three- month period ended 31 March 2024 (Unaudited)	For the three- month period ended 31 March 2023 (Unaudited)
<b><u>Transactions:</u></b>		
<b>The Saudi Investment Bank – shareholder</b>		
Long-term loan receipt	-	127,000,000
Long-term loan repayment	14,750,000	4,166,667
Special commission and bank charges paid	2,463,337	901,355
Rent and premises related expense	62,500	409,379
Lease participation payments	-	532,995
Lease participation receipts – management fee and other	-	5,330
<b>The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company, KSA- affiliate</b>		
Premium for insurance and other related payments, net	271,948	4,447,050
<b>Key Management Personnel</b>		
Salaries and other short-term employee benefits	4,880,492	3,479,406
End of service benefits	424,558	250,827
Directors' meeting attendance fees	295,000	295,000
	<b>As at 31 March 2024 (Unaudited)</b>	<b>As at 31 December 2023 (Audited)</b>
<b><u>Balances:</u></b>		
<b>The Saudi Investment Bank- shareholder</b>		
Bank current accounts	28,068,901	41,877,567
Long-term loans (including accrued commission)	114,844,650	129,753,853
Prior period zakat settlement receivable	1,360,169	1,360,169
Lease participation payable	-	2,070
Positive fair value of derivative	141,524	73,453
<b>Trade Development and Investment Company - shareholder</b>		
Prior period zakat settlement receivable	1,272,672	1,272,672
<b>The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company, KSA- affiliate</b>		
Advance / prepaid against insurance premium, net	1,687,825	2,955,392
<b>Key Management Personnel</b>		
Employees' end of service benefits	4,367,223	3,942,665
Loans to key management of the Company	363,101	525,515
Directors' meeting attendance fee payable	1,475,000	1,180,000

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**15. Restatement of comparative figures**

Management has re-evaluated the presentation of certain transactions in the interim condensed statement of income in the prior periods to determine if such transactions have been presented appropriately in line with the requirements of International Financial Reporting Standards ("IFRS "). Where necessary, changes in presentation were made in accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors".

**1. Interim condensed statement of income**

**(1A) Reclassification of Other income from Finance income to "Other income"**

In the prior periods, the Company presented "Other income" within the Finance income (Previously named "Revenue") on the face of the interim condensed statement of income.

International Accounting Standard 1- Presentation of Financial Statements ("IAS 1") requires the profit or loss section or the interim condensed statement of income to present revenue, presenting separately finance income calculated using the effective commission method;

During 2023, management considered the above requirements and reclassified the "Other income" from "Finance income" and as a result, restated prior year financial statements to present "Other income" as a separate financial statement line item on the face of the interim condensed statement of income.

**(1B) Change in presentation of the interim condensed statement of income**

In the prior periods, the Company presented special commission expenses within total expenses and did not present the "Net finance income" sub-total on the face of the interim condensed statement of income.

During 2023, the Company reviewed its financial statements and as a result changed the presentation of the interim condensed statement of income by reclassifying the special commission expenses from the total expenses and presenting the "Net finance income" on the face of the interim condensed statement of income.

The Company believes that the change in presentation provides reliable and more relevant information and is consistent with the nature of the Company's financing operations. In accordance with IAS 8, the change has been made retrospectively and comparatives have been restated accordingly.

**Impact on interim condensed statement of income as at 31 March 2023:**

	As previously stated	Restatement (1A)	Restatement (1B)	Restated
Finance income (Previously called "Revenue")	43,502,405	(1,034,514)	-	42,467,891
Special commission expense	-	-	(6,038,078)	(6,038,078)
<b>Net finance income</b>				<b>36,429,813</b>
Other income	-	1,034,514	-	1,034,514
<b>Operating expenses</b>				
Special commission expense	(6,038,078)	-	6,038,078	-
<b>Total operating expenses</b>	<b>(21,042,909)</b>	<b>-</b>	<b>6,038,078</b>	<b>(15,004,831)</b>

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**16. DIVIDENDS**

The Board of Directors proposed an annual dividend of SR 1 per share (2022: SR 1 per share) for the year ended 31 December 2023 amounting to SR 55 million (2022: SR 55 million). The shareholders are yet to approve the distribution at the Annual General meeting.

**17. DATE OF APPROVAL OF THESE INTERIM CONDENSED FINANCIAL STATEMENTS**

The accompanying interim condensed financial statements were approved by the Board of Directors on 30 April 2024.