

Al-Yusr Leasing and Financing Company
(A Saudi Closed Joint Stock Company)
Riyadh– Saudi Arabia
Interim Condensed Financial Statements
(Unaudited)
and Independent Auditor’s Report
For The Three Months Period Ended
March 31, 2021

Al-Yusr Leasing and Financing Company

(A Saudi Closed Joint Stock Company)

Riyadh - Saudi Arabia

**Interim Condensed Financial Statements (Unaudited) and Independent Auditor's Report
For The Three Months Period Ended March 31, 2021**

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ASSOCIATED ACCOUNTANTS

Houmod Al Robian and Co. - Certified Accountants and Consultants

Independent Auditor's Report of Interim Condensed Financial Statements

To, The Shareholders
Al-Yusr Leasing And Financing Company
(A Saudi Closed Joint Stock Company)
Riyadh - Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Al-Yusr Leasing And Financing Company - (A Saudi Closed Joint Stock Company) (the "Company") as at March 31, 2021 and the related interim condensed statements of Profit or Loss and Other Comprehensive Income, and statements of changes in shareholders' equity and cash flows for the three-months period then ended and a summary of significant accounting policies and other explanatory notes from 1 to 16.

Management is responsible for the preparation and fair 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" endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements 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 that are 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 as at March 31, 2021 are not prepared, in all material respects, in accordance with IAS 34 endorsed in the Kingdom of Saudi Arabia.

Date: April 27, 2021



Associated Accountants
Independent Member of Geneva Group International

Hamoud Ali Al-Rubian
(License No. 222)

Al-Yusr Leasing and Financing Company
(A Saudi Closed Joint Stock Company)
Interim Condensed Statement of Financial Position (Unaudited)
As at March 31, 2021
(Saudi Riyal)

	Note	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
<u>Assets</u>			
Cash and cash equivalents		34,833,176	105,105,843
Prepayments and other receivables	5	810,387,090	852,180,436
Due from related parties	6	95,373,891	95,373,891
Net investment in Islamic financings	7	1,595,820,952	1,589,882,924
Margin deposits – restricted	8	107,285,645	133,102,147
Investment carried at FVOCI		892,875	892,875
Property and equipment		5,537,108	6,056,297
Intangible assets		1,883,486	1,955,843
Right-of-use assets		8,648,024	7,689,889
Total Assets		2,660,662,247	2,792,240,145
<u>Shareholders' Equity and Liabilities</u>			
Shareholders' Equity:			
Share capital	9	500,000,000	500,000,000
Statutory reserve		98,512,706	98,512,706
Retained earnings		472,599,842	462,347,806
Actuarial gain on employees' post-employment benefits		5,282,378	5,282,378
Total shareholders' equity		1,076,394,926	1,066,142,890
Liabilities:			
Trade payables		25,236,851	24,655,069
Accruals and other payables	10	272,983,910	291,402,700
Lease liabilities		7,060,594	4,898,582
Due to related parties	6	320,665	320,665
Net servicing liability for securitized receivables		58,638,788	65,231,776
Provision for zakat	11	33,640,370	31,922,585
Borrowings	12	1,168,685,275	1,289,911,878
Employees' post-employment benefits		17,700,868	17,754,000
Total liabilities		1,584,267,321	1,726,097,255
Total shareholders' equity and liabilities		2,660,662,247	2,792,240,145

The accompanying notes from 1 to 16 are an integral part of these interim condensed financial statements

Al-Yusr Leasing and Financing Company

(A Saudi Closed Joint Stock Company)

Interim Condensed Statement of Profit or Loss and Other Comprehensive Income (Unaudited)**For The Three Months Period Ended March 31, 2021**

(Saudi Riyal)

	Note	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
<u>Income</u>			
Income From Islamic Financing, Net		36,066,207	55,642,901
Other Income		9,222,639	5,497,116
Total Operation Income		45,288,846	61,140,017
<u>Operating Expenses</u>			
Salaries, wages and other benefits		(27,753,364)	(31,261,688)
Finance cost		(18,899,210)	(22,738,647)
Other expenses		(12,757,467)	(9,296,826)
Depreciation and Amortization		(2,364,521)	(3,191,294)
Reversal of Impairmen/(Impairment) of Islamic Financing, net	13	17,674,368	(52,650,589)
Reversal of impairment/(Impairment) of margin deposits		4,717,239	(1,031,828)
Gain from collection deferment	7.3	4,136,345	-
Reversal of provision in respect of present value of margin deposit		1,617,787	2,964,522
Income rescheduling gain		309,798	-
Total Operation Expenses		(33,319,025)	(117,206,350)
Income/(Loss) before zakat		11,969,821	(56,066,333)
Zakat charge for the period		(1,717,785)	(169,169)
Net income/(Loss) for the Period		10,252,036	(56,235,502)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the period		10,252,036	(56,235,502)

The accompanying notes from 1 to 16 are an integral part of these interim condensed financial statements

Al-Yusr Leasing and Financing Company
(A Saudi Closed Joint Stock Company)
Interim Condensed Statement of Changes in Shareholders' Equity (Unaudited)
For The Three Months Period Ended March 31, 2021
(Saudi Riyal)

	Share capital	Statutory reserve	Retained earnings	Actuarial gain on employees' post-employment benefits	Total
2020					
Balance as at December 31, 2019 (audited)	500,000,000	98,512,706	542,734,751	1,194,964	1,142,442,421
Total comprehensive loss for the period	-	-	(56,235,502)	-	(56,235,502)
Balance as at March 31, 2020	500,000,000	98,512,706	486,499,249	1,194,964	1,086,206,919
2021					
Balance as at December 31, 2020 (audited)	500,000,000	98,512,706	462,347,806	5,282,378	1,066,142,890
Total comprehensive income for the period	-	-	10,252,036	-	10,252,036
Balance as at March 31, 2021	500,000,000	98,512,706	472,599,842	5,282,378	1,076,394,926

The accompanying notes from 1 to 16 are an integral part of these interim condensed financial statements

Al-Yusr Leasing and Financing Company
(A Saudi Closed Joint Stock Company)
Interim Condensed Statement of Cash Flows (Unaudited)
For The Three Months Period Ended March 31, 2021
(Saudi Riyal)

	31 March 2021	31 March 2020
	(Unaudited)	(Unaudited)
Cash Flows From Operating Activities		
Income/(Loss) for the period before zakat	11,969,821	(56,066,333)
Adjustments to reconcile net income/(loss) before zakat to net cash flows provided by operating activities:		
Depreciation of right of use assets	1,500,824	1,627,462
Depreciation of property and equipment	684,034	1,069,952
Amortization of intangibles	179,663	493,880
(Reversal of Impairmen)/ Impairment of Islamic financing, net	(17,674,368)	52,650,589
Reversal of Impairment on margin deposits	(4,717,239)	1,031,828
Reversal of provision in respect of present value of margin deposits	(1,617,787)	(2,964,522)
Finance cost	18,899,210	22,738,647
Gain from collection deferement	(4,136,345)	-
Provision for employees' post-employment benefits	759,500	857,225
	5,847,313	21,438,728
(Increase) / decrease in operating assets		
Other receivables and prepayments	45,929,691	(41,107,416)
Due from related parties	-	(4,967,255)
Net investment in Islamic financing	11,736,340	128,224,174
Margin deposit – restricted	32,151,528	(7,806,196)
Increase / (decrease) in operating liabilities		
Trade payables	581,782	(19,866,305)
Other payables and accruals	(18,418,790)	(5,660,197)
Due to a related party	-	(3,965,948)
Net servicing liability for securitized receivables	(6,592,988)	(13,181,883)
Lease liability paid	(296,945)	(519,000)
Employees' post-employment benefits paid	(812,632)	(772,787)
Net cash generated from operating activities	70,125,297	51,815,915
Cash Flows From Investing Activities		
Acquisition of property and equipment	(164,847)	(283,327)
Additions of intangible assets	(107,306)	(75,717)
Net cash used in investing activities	(272,151)	(359,044)
Cash Flows From Financing Activities		
Proceeds from borrowings	-	-
Repayment of borrowings	(122,155,116)	(2,417,632)
Finance cost paid	(17,970,697)	(20,160,758)
Net cash used in financing activities	(140,125,813)	(22,578,390)
Net increase / (decrease) in cash and cash equivalents	(70,272,667)	28,878,481
Cash and cash equivalents at beginning of the period	105,105,843	36,613,543
Cash and cash equivalents at end of the period	34,833,176	65,492,024

The accompanying notes from 1 to 16 are an integral part of these interim condensed financial statements

Al-Yusr Leasing and Financing Company
(A Saudi Closed Joint Stock Company)
Notes to the Interim Condensed Financial Statements (Unaudited)
For The Three Months Period Ended March 31, 2021

1- Legal Status and operations

Al-Yusr Leasing and Financing Company (“the Company”) is a Saudi Closed Joint-Stock Company registered in Riyadh in the Kingdom of Saudi Arabia under CR. No. 1010192058 issued on 20 Shawal 1424H corresponding to 14 December 2003G.

The main activities of the Company are to engage in Islamic finance lease, financing of small and medium-sized enterprises, financing of productive assets and consumer finance under the Saudi Arabian Monetary Authority (SAMA) license No. (10/AO/201403) issued on 27 Rabi' al-Thani 1435H corresponding to 28 February 2014G.

The Company’s Head Office is located at the following address;

Al-Yusr Leasing and Financing Company
Salah Uddin Ayubi Street, Al Malaz
P.O. Box 25773
Riyadh 11476
Kingdom of Saudi Arabia

These interim condensed financial statements include the results, assets and liabilities of the following branches:

<u>Branch</u>	<u>CR. NO.</u>	<u>Date</u>
Riyadh-Damman Road	1010404025	9 Rabi' al-Thani 1435H
Riyadh-Exit 5	1010404022	9 Rabi' al-Thani 1435H
Riyadh-Exit 10	1010404068	9 Rabi' al-Thani 1435H
Riyadh-Exit 25	1010404018	9 Rabi' al-Thani 1435H
Riyadh-Khuraish Road	1010404065	9 Rabi' al-Thani 1435H
Hafr Al Baten	1010429749	24 Rabi' al-Awal 1436H
Hafr Al Baten	2511020230	12 Thul-Qi'dah 1434H
Oniza	1128017776	13 Rabi' al-Thani 1435H
Hail	3350037814	25 Safar 1434H
Sekaka	3400017706	13 Rabi' al-Thani 1435H
Tabouk	3550033063	5 Rabi' al-Thani 1435H
Dammam	2050098038	11 Rabi' al-Thani 1435H
Dammam	2051028846	20 Thul-Qi'dah 1424H
Al Qateef	2053022257	10 Thul-Qi'dah 1431H
Al-Jubail	2055021890	9 Rabi' al-Thani 1435H
Al Ihsaa	2252034974	12 Jumada al-Ula 1428H
Jeddah – Rowdah	4030170831	22 Jumada al-Akhirah 1428H
Jeddah – Al Jawahra	4030283344	4 Rabi' al-Thani 1436H
Makkah	4031060371	01 Thul-Qi'dah 1431H
Yanbu	4700017653	02 Jumada al-Akhirah 1435H
Madinah Monawarah-Aziziah	4650055494	02 Jumada al-Ula 1433H
Khamis Mshait	5855044025	24 Jumada al-Akhirah 1433H
Jazan	5900027559	17 Rabi' al-Thani 1435H
Riyadh	1010442499	14 Jumada al-Ula 1437H
Kharj	1011020863	5 Safar 1435H
Madinah	1131051618	13 Rabi' al-Thani 1435H

Al-Yusr Leasing and Financing Company
(A Saudi Closed Joint Stock Company)
Notes to the Interim Condensed Financial Statements (Unaudited)
For The Three Months Period Ended March 31, 2021

2- Basis of preparation

2.1-Statement of compliance

These interim condensed financial statements of the Company have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Certified Public Accountants (“SOCPA”).

The Company’s interim statement of financial position is not presented using a current/non-current classification. However, the following balances would generally be classified as non-current: property and equipment, margin deposit - restricted, net investment in Islamic financing, right of use assets, end-of-service obligations, net servicing liability for securitized receivables, long term portion of borrowings and lease liabilities. All other financial statement line items would generally be classified as current.

These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s financial statements for the year ended 31 December 2020.

The accounting policies used in the preparation of the condensed interim condensed financial statements are consistent with those followed in the preparation of the Company’s financial statements for the year ended December 31, 2020.

2.2-Basis of measurement

These interim condensed financial statements are prepared under the historical cost except for the following:

- a) Employees' post-employment benefits are recognized at the present value of future obligations using the Projected Unit Credit Method.
- b) Investments that are measured at fair value

2.3-Functional and presentation currency

These interim condensed financial statements have been presented in Saudi Riyals (SR) which is the Company's functional and presentation currency. All financial information presented in Saudi Arabian Riyals has been rounded to the nearest Saudi Riyal, unless otherwise mentioned.

3-Significant accounting judgements, estimates, and assumptions

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. 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 December 31, 2020.

4-New amended standards and interpretations that are not yet effective:

New accounting standards and amendments to existing accounting standards effective from January 1, 2021 and onwards do not have any significant effect on the Company’s interim condensed financial statements.

Al-Yusr Leasing and Financing Company
(A Saudi Closed Joint Stock Company)
Notes to the Interim Condensed Financial Statements (Unaudited)
For The Three Months Period Ended March 31, 2021

5- Prepayments and Other Receivables

	31 March 2021	31 December 2020
	(Unaudited)	(Audited)
Receivables from Sold portfolio	476,441,500	502,305,155
Advance payments to banks against sold portfolio	276,128,338	300,214,625
Advance to suppliers – unsecured	6,146,967	2,294,061
Claims receivable	5,313,857	9,043,256
Advances to staff	1,087,098	903,712
Prepaid rent	536,824	399,963
Other prepayments	44,732,506	37,019,664
	810,387,090	852,180,436

6- Related Parties Balances and Transactions

6.1-Balances as at 31 March 2021

	Nature of	31 March 2021	31 December 2020
	relationship	(Unaudited)	(Audited)
A-Due from related parties			
Abdullatif Alissa Auto Company	Affiliate	94,380,924	94,380,924
Best Trading Company	Affiliate	629,747	629,747
National Automotive Trading Company	Affiliate	264,651	264,651
Alissa Universal Motor Company	Affiliate	98,569	98,569
		95,373,891	95,373,891
B-Due to related parties			
Aqar and Memar Real Estate Company	Affiliate	320,665	320,665
		320,665	320,665
C-Key management personnel			
	Directors' meeting attendance fee payable	11,423	116,705

Al-Yusr Leasing and Financing Company
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Notes to the Interim Condensed Financial Statements (Unaudited)
For The Three Months Period Ended March 31, 2021
(Saudi Riyal)

6- Related Parties Balances and Transactions (continued)

6.2-Transactions during the period

<u>Name of Related Party</u>	<u>Nature of relationship</u>	<u>Nature of transaction</u>	<u>31 March 2021 (Unaudited)</u>	<u>31 December 2020 (Audited)</u>
		Sale of Islamic financing receivables	-	902,823,297
		IT cost allocation	-	357,195
Abdullatif Alissa Group Holding Company	Parent Company	Payable to Group for sold portfolio collections	9,947,941	23,161,587
		Discount on sale of Islamic financing receivables	-	(366,823,297)
		first installments for sold portfolio- offsetted against payable to Group (note 7.3)	(30,000,000)	-
		Gain/(loss) of deferment of future receipts	4,136,345	(33,694,845)
		Other settlements	-	(1,292,758)
		Expenses incurred by Affiliate on behalf of the Company	-	(588,492)

6.3-Net Investment in Islamic Financings

<u>Related Parties</u>	<u>Nature of Relationship</u>	<u>Product type</u>	<u>Profit rate</u>	<u>Tenure</u>	<u>31 March 2021 (Unaudited)</u>	<u>31 December 2020 (Audited)</u>
Key management employees of affiliated companies	Affiliate	Murabaha	8%	48 months	621,806	-
					<u>621,806</u>	<u>-</u>

Al-Yusr Leasing and Financing Company
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Notes to the Interim Condensed Financial Statements (Unaudited)
For The Three Months Period Ended March 31, 2021
(Saudi Riyal)

7- Net Investment In Islamic Financings

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Gross investment in Islamic financings	2,080,351,120	2,085,559,313
Unearned / Deferred Islamic financing income	(276,755,016)	(273,672,698)
Unearned origination fee	(4,964,689)	(4,964,689)
	1,798,631,415	1,806,921,926
Less: Provision for impairment of Islamic financing	(202,810,463)	(217,039,003)
	1,595,820,952	1,589,882,924

7.1-The movement in the provision for impairment of Islamic financing during the period is as follows:

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Opening balance	217,039,003	528,185,854
Charged during the period / year (note13)	(14,228,540)	141,363,506
Provision on sold Islamic financing receivables	-	(222,016,952)
Write-off during the period / year	-	(230,493,405)
	202,810,463	217,039,003

7.2-Portfolio provision analysis for gross investment in Islamic financing:

March 31, 2021	Gross investment in Islamic financing	Provision for impairment	Expected loss rates
Not yet due	754,232,133	899,556	0% - 0%
1-90 days	557,611,005	34,150,461	0%- 26%
91-180 days	50,688,094	8,597,087	1%-37%
181-365 days	68,076,731	13,196,296	2%-38%
Above 365 days	649,743,157	145,967,063	13%-38%
	2,080,351,120	202,810,463	
December 30, 2020	Gross investment in Islamic financing	Provision for impairment	Expected loss rates
Not yet due	710,874,466	596,543	0% - 0.10%
1-90 days	502,773,182	30,364,342	0% - 25%
91-180 days	95,370,672	16,916,426	1% - 37%
181-365 days	156,804,255	28,904,337	2% - 38%
Above 365 days	619,736,738	140,257,353	11% - 38%
	2,085,559,313	217,039,003	

7.3-During last year 2020, the Company has sold Islamic financing receivables with no recourse to Abdullatif Alissa Group Holding Company (the "Parent Company") amounting to the net of SR 536 million (gross lease sold 902.8M less provision of impairment against the sold portfolio of 366.8M). As per the agreement, the Parent Company is required to settle SR 536 million over six monthly instalments starting from March, 2021 over a period of three years. During the period ended March 31, 2021 the Company offsetted first installment of 30M SAR against payable balance to group. Nonetheless the Company has recognized a gain from the deferments of collections (installments) of SR.4.13 million (December 31,2020 loss of Sr 33.69 million).

Al-Yusr Leasing and Financing Company
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(Saudi Riyal)

8- Margin Deposits – Restricted

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Gross Margin deposits with banks	155,564,050	187,715,578
Less: impairment provision in respect of margin deposits	(38,997,088)	(43,714,327)
Less: Provision in respect of present value of margin deposit	(9,281,317)	(10,899,104)
	<u>107,285,645</u>	<u>133,102,147</u>

The Company has placed these funds in restricted bank accounts against Islamic finance receivables sold to the banks as required under certain securitization and agency agreements. This amount represents the maximum liability (against defaulted receivables, if any) of the Company according to the relevant securitization and agency agreements.

8.1-The movement in expected defaults in respect of margin deposits:

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Opening balance	43,714,327	65,012,007
Reversed during the period / year	(4,717,239)	(21,297,680)
	<u>38,997,088</u>	<u>43,714,327</u>

8.2-The movement in provision in respect of present value margin deposits:

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Balance at beginning of the period / year	10,899,104	17,891,745
Reversed during the period / year	(1,617,787)	(6,992,641)
	<u>9,281,317</u>	<u>10,899,104</u>

9- Share Capital

The Company's subscribed and paid-up share capital of SR. 500,000,000 is divided into 50,000,000 equity shares of SR. 10 each fully subscribed and paid, and distributed among shareholders as follows:

	31 March 2021 (Unaudited)			31 December 2020 (Audited)
	Holding %	No. of Shares	Amount	Amount
Abdullatif Alissa Group Holding Company ("Parent Company")	99.80%	49,900,000	499,000,000	499,000,000
Gulf Development Company	0.20%	100,000	1,000,000	1,000,000
Total	%100	50,000,000	500,000,000	500,000,000

10- Accruals and Other Payables

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Collections against sold portfolio payable to bank	109,978,484	111,041,729
Insurance recoveries payable	14,210,739	13,664,107
Provision against staff leaves	5,892,752	4,748,516
Unclaimed deposits	5,817,715	3,850,043
Accrued salaries, wages and benefits	3,844,031	6,267,759
Payable against sold portfolio	3,109,528	23,161,587
Director's meeting attendance fee payable	11,423	845,675
Other payables	130,119,238	127,823,284
	<u>272,983,910</u>	<u>291,402,700</u>

Al-Yusr Leasing and Financing Company
(A Saudi Closed Joint Stock Company)
Notes to the Interim Condensed Financial Statements (Unaudited)
For The Three Months Period Ended March 31, 2021
(Saudi Riyal)

11- Provision for Zakat

The movement in the provision for zakat is as follows:

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Balance at the beginning of the period / year	31,922,585	29,828,363
Provided during the period / year	1,717,785	12,071,826
Payment during the period / year	-	(9,977,604)
	33,640,370	31,922,585

The Company has filed the Zakat return with GAZT for the year 2019. the Company has obtained a certificate from the GAZT valid until 18 Ramadan 1442H corresponding to 30 April 2021.

12- Borrowings

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Short-term borrowings	746,111,572	418,696,985
Long-term borrowings	373,772,937	846,240,817
Overdrafts	28,899,881	6,001,705
	1,148,784,390	1,270,939,507
Finance cost payable	19,900,885	18,972,372
	1,168,685,275	1,289,911,879

The Company holds borrowings from a local bank for the purpose of financing working capital needs. These bank facilities bear finance costs at market prevailing rates. The Company has collateralized certain Islamic financing receivables in order to obtain these borrowings.

The facility agreements include covenants which, among other things, require the Company to maintain certain financial ratios.

These facilities are collateralized against the guarantees of Abdullatif Alissa Group Holding Company.

13- Impairment on Islamic Financing, net

	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
(Reversal of impairment)/ Provision for impairment losses on net Investment in Islamic Financing	(14,228,540)	53,887,423
Written off financing receivables recovered / reinstated	(3,445,829)	(1,236,834)
	(17,674,368)	52,650,589

Al-Yusr Leasing and Financing Company
(A Saudi Closed Joint Stock Company)
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14- Fair Values of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When measuring the fair value, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices in active markets for the same or identical instrument that an entity can access at the measurement date;

Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3: valuation techniques for which any significant input is not based on observable market data.

The Company's financial assets consist of cash and cash equivalents, investment, margin deposits, due from related parties and other receivables, its financial liabilities consist of trade payables, borrowings, net servicing liability for securitized receivables due to related party and other liabilities.

The Company's management determines the policies and procedures for both recurring fair value measurement and non-recurring measurement.

All financial assets and liabilities are measured at amortized cost except investment carried at FVOCI. The carrying amounts of all other financial assets and financial liabilities measured at amortized cost approximate to their fair values.

	Fair value			Total
	Level 1	Level 2	Level 3	
31 March 2021 (Unaudited)				
Financial asset				
FVOCI designated				
Investment carried at FVOCI	-	-	892,875	892,875
31 December 2020 (Audited)				
Financial asset				
FVOCI designated				
Investment carried at FVOCI	-	-	892,875	892,875

Al-Yusr Leasing and Financing Company

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15- Important events

At the beginning of the year 2020, the emergence of the new Corona virus (Covid-19) was confirmed and spread across multiple geographical regions, causing disruption in economic commercial activities and in response to the spread of the Corona virus (Covid-19) and resulting in a halt in social and economic activities. The company has taken a series of preventive measures. To ensure the health and safety of its employees, customers and the wider community as well as to ensure the continuity of its operations

At this stage, the company cannot reliably estimate the future impact of the Corona Covid-19 pandemic due to the lack of certainty about the possible deadline for the end of the pandemic or the vaccination of a large part of society as it could continue to affect the world's economies, however the company monitors the situation constantly, so it is difficult to determine the impact.

16- Date of authorisation for issue

These interim condensed financial statements were approved and authorized for issue on April 27, 2021 by the Board of Directors of the Company.