

AL YUSR LEASING AND FINANCING COMPANY
(A Saudi Closed Joint Stock Company)

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED
SEPTEMBER 30, 2022 (UNAUDITED) AND
INDEPENDENT AUDITOR'S REVIEW REPORT**

AL YUSR LEASING AND FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
Condensed Interim Financial Statements
For the nine-month period ended September 30, 2022

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Independent auditor's review report on the condensed interim financial statements (Unaudited)

To the Shareholders of Al Yusr Leasing and Financing Company
(A Saudi Closed Joint Stock Company)

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Al Yusr Leasing and Financing Company (A Saudi Closed Joint Stock Company) (the "Company") as of 30 September 2022 and the related condensed interim statement of profit or loss and other comprehensive income for the three-month and nine-month periods then ended, and the related condensed interim statements of changes in shareholders' equity and cash flows for the nine-month period then ended and other explanatory notes (the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial 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, 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.

Emphasis of matter – restatement of comparative figures

We draw attention to Note 16 to the condensed interim financial statements which sets out the details of the restatement of comparative figures following a re-evaluation of the accounting treatment of certain transactions and balances recorded in the condensed interim financial statements in the prior period. The impact of the misstatements for the three-month and nine-month period ended 30 September 2021 comparative numbers have been reflected in these condensed interim financial statements.

Our conclusion is not modified in respect of this matter.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

Other matter

The condensed interim financial statements of the Company for the period ended 30 September 2021 were audited by another firm of auditors whose report, dated 30 October 2021, expressed a qualified conclusion on those statements. The qualifications were in respect of the derecognition of certain Islamic financing portfolios where the de-recognition criteria as per IFRS 9 "Financial Instruments" had not been met and non-recognition of impact of modified contracts that were rescheduled at finance income rates that were below market rates and the inability to perform sufficient analytical procedures over net investment income in Islamic financing for the nine-month period ended 30 September 2021.

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27 October 2022



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AL YUSR LEASING AND FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
(All amounts in Saudi Riyals unless otherwise stated)

		As at September 30, 2022	As at December 31, 2021
	Notes	Unaudited	Audited
ASSETS			
Cash and balances with banks	5	50,509,322	14,846,580
Prepayments, advances, and other receivables		81,450,238	62,807,152
Repossessed assets held for sale		2,727,804	30,098,836
Due from related parties	7	519,037,030	556,138,324
Margin deposits – restricted	6	15,118,559	92,893,882
Investment in Islamic financings, net	8	1,656,437,815	1,710,571,093
Investment in equity instruments carried at fair value through other comprehensive income ("FVOCI")		892,875	892,875
Intangible assets		10,418,238	9,239,339
Right-of-use assets		21,928,676	25,086,813
Investment properties		8,851,500	8,851,500
Property and equipment		6,308,714	6,996,639
Total assets		2,373,680,771	2,518,423,033
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Borrowings payable on demand	10	428,819,401	647,903,436
Trade payables		32,282,173	36,421,191
Accruals, provisions, and other liabilities		59,896,894	80,360,368
Due to related parties	7	11,525,756	21,966,162
Zakat payable	9	31,777,053	44,872,051
Lease liabilities		23,034,506	26,101,890
Borrowings	10	956,951,155	838,980,883
Employees' post-employment benefits		15,682,873	16,489,000
Total liabilities		1,559,969,811	1,713,094,981
Shareholders' equity			
Share capital		500,000,000	500,000,000
Statutory reserve		121,363,922	121,363,922
Retained earnings		189,173,965	180,791,057
End of service benefits reserve		3,173,073	3,173,073
Total shareholders' equity		813,710,960	805,328,052
Total liabilities and shareholders' equity		2,373,680,771	2,518,423,033

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

AL-YUSR LEASING AND FINANCING COMPANY**(A Saudi Closed Joint Stock Company)****CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)**

(All amounts in Saudi Riyals unless otherwise stated)

	Notes	For the three-month period ended September 30,		For the nine-month period ended September 30,	
		2022	2021	2022	2021
			Restated*		Restated*
Revenue					
Income from investment in					
Islamic financing, net	11	63,957,004	70,749,431	183,460,983	201,966,705
Other income, net	12	5,721,453	2,628,368	18,649,384	12,873,601
Total revenue		69,678,457	73,377,799	202,110,367	214,840,306
Operating expenses					
Salaries, wages, and other					
employee related costs		(31,096,003)	(24,764,853)	(76,684,792)	(80,612,422)
Depreciation and amortisation		(2,379,912)	(2,367,737)	(7,143,853)	(7,301,372)
Other operating expenses	13	(18,889,698)	(24,303,236)	(58,600,785)	(67,762,424)
(Impairment) / reversal of					
impairment on financial assets					
and recoveries against written					
off financial assets, net	8.6	(4,023,141)	4,756,824	1,749,196	64,703,675
Total operating expenses		(56,388,754)	(46,679,002)	(140,680,234)	(90,972,543)
Operating profit		13,289,703	26,698,797	61,430,133	123,867,763
Finance costs		(18,390,125)	(19,372,829)	(50,869,122)	(65,501,331)
Profit before zakat		(5,100,422)	7,325,968	10,561,011	58,366,432
Zakat reversal / (expense)	9	708,883	(1,574,651)	(2,178,103)	(12,101,236)
Net (loss) / profit for the period		(4,391,539)	5,751,317	8,382,908	46,265,196
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		(4,391,539)	5,751,317	8,382,908	46,265,196

*See note 16 for details regarding the restatement as a result of correction of errors.

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

AL YUSR LEASING AND FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Share capital	Statutory reserve	Retained earnings	End of service benefits reserve	Total shareholders' equity
Balance as at December 31, 2020 (Audited before restatement)		500,000,000	98,512,706	462,347,806	5,282,378	1,066,142,890
Correction of errors (net of zakat)		-	15,819,044	(344,926,155)	-	(329,107,111)
Balance as at January 1, 2021 (Audited and restated)		500,000,000	114,331,750	117,421,651	5,282,378	737,035,779
Total comprehensive income for the period (Unaudited and restated)		-	-	46,265,196	-	46,265,196
Balance as at September 30, 2021 (Unaudited and restated)		500,000,000	114,331,750	163,686,847	5,282,378	783,300,975
Balance as at December 31, 2021 (Audited)		500,000,000	121,363,922	180,791,057	3,173,073	805,328,052
Total comprehensive income for the period (Unaudited)		-	-	8,382,908	-	8,382,908
Balance as at September 30, 2022 (Unaudited)		500,000,000	121,363,922	189,173,965	3,173,073	813,710,960

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

AL YUSR LEASING AND FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	For the nine-month period ended September 30,	
		2022	2021 Restated*
Cash flows from operating activities			
Profit before zakat		10,561,011	58,366,432
Adjustments to reconcile profit before zakat to net cash flows generated from operating activities:			
Depreciation and amortization		7,143,853	7,301,372
Reversal of impairment on financial assets, net	8.4	(1,749,196)	(64,703,675)
Finance income against fair value of margin deposits	12	(1,653,527)	(596,219)
Finance costs		50,869,122	65,501,331
Modification gain on receivable against portfolio sold to the Parent Company	11	(7,118,643)	(9,347,108)
Provision for employees' post-employment benefits		2,877,789	2,278,500
		<u>60,930,409</u>	<u>58,800,633</u>
Change in operating assets and liabilities			
Prepayments, advances, and other receivables		(18,643,086)	(19,069,968)
Repossessed assets held for sale		27,371,032	(6,502,465)
Due from related parties		44,219,937	50,505,061
Margin deposits – restricted		79,428,850	40,113,473
Investment in Islamic financings, net		55,882,474	335,438,172
Trade payables		(4,139,018)	(4,583,858)
Accruals, provisions, and other liabilities		(20,463,474)	(21,428,760)
Due to related parties		(10,440,406)	(83,161,581)
Cash generated from operating activities before Employees' post-employment benefits and zakat paid		214,146,718	350,110,699
Employees' post-employment benefits paid		(3,683,916)	(437,520)
Zakat paid	9	(15,273,101)	(2,530,358)
Net cash generated from operating activities		195,189,701	347,142,821
Cash flows from investing activities			
Purchase of property and equipment		(1,517,180)	(2,730,190)
Purchase of intangible assets		(2,959,510)	(3,196,535)
Net cash used in investing activities		(4,476,690)	(5,926,725)
Cash flows from financing activities			
Proceeds from borrowings		480,144,443	466,402,733
Repayment of borrowings		(622,145,343)	(850,687,261)
Repayment of lease liabilities		(3,067,384)	(1,705,138)
Finance costs paid		(41,876,465)	(65,501,331)
Net cash used in financing activities		(186,944,749)	(451,490,997)
Net increase / (decrease) in cash and cash equivalents		3,768,262	(110,274,901)
Cash and cash equivalents at beginning of the period		(34,704,686)	121,006,026
Cash and cash equivalents at end of the period	5	(30,936,424)	10,731,125

*See note 16 for details regarding the restatement as a result of correction of errors.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022
 (All amounts in Saudi Riyals unless otherwise stated)

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 commercial registration ("CR") number 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 Central Bank ("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 condensed interim financial statements were authorized for issue by the Company's Board of Directors on October 27, 2022.

The Company has the following active branches and the results thereof are included in these condensed interim financial statements:

Branch name	CR. No.	Date of issuance or cancellation of CR	Status of Branch as at,	
			September 30, 2022	December 31, 2021
Riyadh-Damman Road	1010404025	9 Rabi' al-Thani 1435H	Inactive	Active
Riyadh-Exit 5	1010404022	9 Rabi' al-Thani 1435H	Active	Active
Riyadh-Exit 10	1010404068	9 Rabi' al-Thani 1435H	Active	Active
Hafr Al Baten	2511020230	12 Thul-Qi'dah 1434H	Active	Active
Hail	3350037814	25 Safar 1434H	Active	Active
Sekaka	3400017706	13 Rabi' al-Thani 1435H	Active	Active
Tabouk	3550033063	5 Rabi' al-Thani 1435H	Active	Active
Dammam	2050098038	11 Rabi' al-Thani 1435H	Active	Active
Al Ihsaa	2252034974	12 Jumada al-Ula 1428H	Active	Active
Jeddah -- Rowdah	4030170831	22 Jumada al-Akhirah 1428H	Active	Active
Makkah	4031060371	01 Thul-Qi'dah 1431H	Active	Active
Madinah Monawarah-Aziziah	4650055494	02 Jumada al-Ula 1433H	Active	Active
Khamis Mshait	5855044025	24 Jumada al-Akhirah 1433H	Active	Active
Jazan	5900027559	17 Rabi' al-Thani 1435H	Active	Active
Riyadh	1010442499	14 Jumada al-Ula 1437H	Active	Active
Buraidah/Qaseem	1131051618	13 Rabi' al-Thani 1435H	Active	Active
Riyadh Shifa	1010404018	14 Rabi' al-Thani 1435H	Active	Active

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(All amounts in Saudi Riyals unless otherwise stated)

2 Basis of preparation

2.1 Statement of compliance

These condensed interim financial statements of the Company as at and for the three-month and nine-month periods ended September 30, 2022 have been prepared in accordance with International Accounting Standard "Interim Financial Reporting" ("IAS-34") as endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IAS-34 as endorsed in KSA").

The condensed interim statement of financial position is stated in order of liquidity.

These condensed interim financial statements do not include all the notes, information and disclosures of the type normally required and included in the annual audited financial statements. Accordingly, these condensed interim financial statements are to be read in conjunction with the annual audited financial statements for the year ended December 31, 2021 and any public announcements made by the Company during the interim reporting period.

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

2.2 Basis of measurement

These condensed interim financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities, investment properties and investment in equity instruments carried at fair value through other comprehensive income – measured at fair value or revalued amount;
- Assets held for sale – measured at the lower of carrying amount and fair value less costs to sell; and
- End of service benefits - measured using projected unit credit method under IAS-19.

2.3 Functional and presentation currency

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

2.4 Going concern

Due to restatements of prior year figures as mentioned in note 16 to these condensed interim financial statements, the Company has breached minimum net worth covenants with certain banks against financial facilities as at September 30, 2022 and as at December 31, 2021, as mentioned in note 10.1. This led to the reclassification of the non-current portion of these borrowings as well as other borrowings (due to cross default clauses) totaling SR 429 million at September 30, 2022 (December 31, 2021: SR 648 million) from non-current liabilities (borrowings) to borrowings payable on demand as per the requirements of IAS 1 Presentation of Financial Statements. The management of the Company is currently re-negotiating the covenants with these banks which is still in progress.

The management has undertaken various measures and specific actions to improve the collection cycle. Starting Q1 2022, management has undertaken aggressive actions on impaired receivables including repossession of vehicles and starting Q3 2022, management has undertaken aggressive legal actions on the liquidation of real estate collaterals related to the impaired receivables. In addition, management has established a centralised collection center with dedicated team focused on Stage 3 customers, duly serviced by an automated collection system. In addition, there is ongoing concentrated effort to enhance the credit quality of the portfolio.

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2 Basis of preparation (continued)

2.4 Going concern (continued)

With regards to the funding capacity, the management continues to improve the cash flows and diversify its funding sources to ensure sufficient liquidity is available to support its future plans. The Company entered into new agreements with banks and capital funds during the period and is in final stage of signing new agreements with banks for future financing. Furthermore, the management is in the final stages of reaching an agreement with banks to amend the financial covenants, which will address the cross-default matter mentioned above.

Based on the above analysis, the Company's management is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Therefore, the condensed interim financial statements continue to be prepared on a going concern basis.

3 Consistent application of accounting policies

The accounting policies and methods used in the preparation of these condensed interim financial statements are consistent with those used in the preparation of the annual audited financial statements for the year ended December 31, 2021 and corresponding interim reporting period except for the new accounting policies introduced as adoption of the following amendments to IFRS explained below which became applicable for annual reporting periods commencing on or after January 01, 2022. The management has assessed that the below amendments have no significant impact on the Company's condensed interim financial statements.

New standards, interpretations and amendments adopted by the Company

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after January 1, 2022:

Title	Key requirements	Effective date *
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.	January 1, 2022
Reference to the Conceptual Framework – Amendments to IFRS 3.	Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.	January 1, 2022
Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37	The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.	January 1, 2022

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3 Consistent application of accounting policies (continued)

New standards, interpretations and amendments adopted by the Company (continued)

Title	Key requirements	Effective date *
Annual Improvements to IFRS Standards 2018-2020	<p>The following improvements were finalised in May 2020:</p> <ul style="list-style-type: none"> • IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities. • IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives. • IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption. • IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis. 	January 1, 2022

These amended standards became applicable for the current reporting period. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

*** Applicable to reporting periods commencing on or after the given date.**

IBOR Transition (Interest Rate Benchmark Reforms)

A fundamental review and reform of major interest rate benchmarks is being undertaken globally. The International Accounting Standards Board ("IASB") is engaged in a two-phase process of amending its guidance to assist in a smoother transition away from IBOR.

Phase (1) - The first phase of amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures focused on hedge accounting issues. The final amendments, issued in September 2019, amended specific hedge accounting requirements to provide relief from the potential effects of the uncertainty caused by IBOR reform. The amendments are effective from January 1, 2020 and are mandatory for all hedge relationships directly affected by IBOR reform.

Phase (2) - The second phase relates to the replacement of benchmark rates with alternative risk-free rates. Currently, there is uncertainty as to the timing and the methods of transition for phase 2. As a result of these uncertainties, IBOR continues to be used as a reference rate in financial markets and is used in the valuation of instruments with maturities that exceed the expected end date for IBOR.

The LIBOR administrator, Intercontinental Exchange (ICE) Benchmark Administration, is consulting on ceasing publication of all sterling LIBOR settings at the end of 2021, leaving just one year for firms to remove their remaining reliance on these benchmarks.

On March 5, 2021, the Financial Conduct Authority (FCA), the UK regulator, announced that all LIBOR settings for all currencies will either cease or no longer be representative immediately after the following dates:

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3 Consistent application of accounting policies (continued)

New standards, interpretations and amendments adopted by the Company (continued)

IBOR Transition (Interest Rate Benchmark Reforms (continued))

- December 31, 2021, for Sterling, Euro, Swiss Franc and Japanese Yen LIBOR settings in all tenors, and US Dollar LIBOR 1-week and 2-month settings; and
- June 30, 2023, for US Dollar Overnight, 1-month, 3-month, 6-month and 12-month settings.

The Company does not carry any financial instruments using IBORs as a reference rates and do not expect any impact on the Company's condensed interim financial statements from the IBOR reforms.

New standards, interpretations and amendments issued but not yet effective

The following standards and interpretations had been issued but were not mandatory for annual reporting periods commencing on or after January 1, 2022.

Title	Key requirements	Effective date *
IFRS 17 Insurance Contracts	<p>IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are remeasured in each reporting period. Contracts are measured using the building blocks of:</p> <ul style="list-style-type: none"> • discounted probability-weighted cash flows • an explicit risk adjustment, and • a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period. <p>The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.</p> <p>An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.</p> <p>There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model.</p> <p>The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.</p> <p>Targeted amendments made in July 2020 aimed to ease the implementation of the standard by reducing implementation costs and making it easier for entities to explain the results from applying IFRS 17 to investors and others. The amendments also deferred the application date of IFRS 17 to 1 January 2023.</p> <p>Further amendments made in December 2021 added a transition option that permits an entity to apply an optional classification overlay in the comparative period(s) presented on initial application of IFRS 17. The classification overlay applies to all financial assets, including those held in respect of activities not</p>	January 1, 2023 (deferred from January 1, 2021) *

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3 Consistent application of accounting policies (continued)

New standards, interpretations and amendments issued but not yet effective (continued)

Title	Key requirements	Effective date *
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	<p>connected to contracts within the scope of IFRS 17. It allows those assets to be classified in the comparative period(s) in a way that aligns with how the entity expects those assets to be classified on initial application of IFRS 9. The classification can be applied on an instrument-by-instrument basis.</p> <p>The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g., the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.</p> <p>** Since issuing these amendments, the IASB issued an exposure draft proposing further changes and the deferral of the amendments until at least 1 January 2024.</p>	January 1, 2023 (deferred from January 1, 2021) **
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	<p>The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.</p> <p>To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.</p>	January 1, 2023
Definition of Accounting Estimates – Amendments to IAS 8	<p>The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.</p>	January 1, 2023

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3 Consistent application of accounting policies (continued)

New standards, interpretations and amendments issued but not yet effective (continued)

Title	Key requirements	Effective date *
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	<p>The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.</p> <p>The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:</p> <ul style="list-style-type: none"> • right-of-use assets and lease liabilities, and • decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets. <p>The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.</p> <p>IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.</p>	January 1, 2023
Sale or contribution of assets between an investor and its associate or joint venture - Amendments to IFRS 10 and IAS 2	<p>The IASB has made limited scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures. They confirm that the accounting treatment depends on whether the nonmonetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively.</p> <p>*** In December 2015, the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.</p>	n/a ***

*** Applicable to reporting periods commencing on or after the given date.**

These amended standards became applicable from the reporting periods commencing on or after January 1, 2023. The Company's management has not opted for earlier adoption of any of the above-mentioned standards, interpretations and amendments issued but not yet effective. Based on the management's best estimates and judgement, the Company did not foresee any significant changes in its accounting policies or significant retrospective adjustments as a result of adopting these amendments or new standards.

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4 Critical accounting judgments, estimates and assumptions

The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. The actual results may differ from these estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Such judgements, estimates, and assumptions are continually evaluated and are based on historical experience and other factors, including obtaining professional advice and expectations of future events that are believed to be reasonable under the circumstances. The interim results may not represent a fully accurate indication of the annual results of operations. In preparing these condensed interim financial statements, the significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the statutory financial statements as at and for the year ended December 31, 2021.

However, management has proactively assessed the potential impact of the coronavirus (COVID-19) pandemic for any further regulatory and government restrictions which could impact the Company's business or that could cause negative impact on its financial performance. Management has concluded that the critical accounting judgements, estimates and assumptions remain appropriate under the current circumstances and there are no changes to the significant judgements and estimates disclosed in the financial statements for the year ended December 31, 2021. The only significant area where management has assessed the significant impact of changes in the estimates, assumptions or exercised judgement is provision for financial assets.

5 Cash and balances with banks

	As at September 30, 2022	As at December 31, 2021
	Unaudited	Audited
Cash and balances with banks	50,509,322	14,846,580

The Company does not earn profits on current accounts with banks in accordance with Sharia rules and principles.

Cash and cash equivalents - For the purpose of condensed interim statement of cash flows:

	As at September 30, 2022	As at September 30, 2021
	Unaudited	Unaudited
Cash and balances with banks	50,509,322	38,541,765
Less: bank overdrafts (note 10)	(81,445,746)	(27,810,640)
	(30,936,424)	10,731,125

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6 Margin deposits – restricted

	Notes	As at September 30, 2022	As at December 31, 2021
		Unaudited	Audited
Margin deposits with banks	6.1	15,546,525	94,975,375
Less: Effect of discounting	6.2	(427,966)	(2,081,493)
		15,118,559	92,893,882

6.1 This amount represents the margin deposits placed by the Company according to certain securitisation and agency agreements entered into with banks as borrowings amounting SR 7,067,911 as at September 30, 2022 (2021: SR 84,843,234). These margin deposits also include cash margin amounted to SR 8,050,648 as at September 30, 2022 (2021: SR 8,050,648) with a bank against a letter of guarantee provided to Zakat, Tax and Customs Authority against a disputed VAT assessment related to prior periods.

6.2 The movement in the effect of discounting in respect of present value of margin deposits is as follow:

	As at September 30, 2022	As at December 31, 2021
	Unaudited	Audited
Opening balance	2,081,493	2,876,453
Income during the period / year (note 12)	(1,653,527)	(794,960)
	427,966	2,081,493

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7 Related parties' balances and transactions

7.1 Related parties' balances

In the ordinary course of the Company's activities, the Company enters into business transactions with related parties. The following balances are outstanding as at the respective periods ended September 30, 2022 and December 31, 2021:

Nature of relationship	As at September 30, 2022	As at December 31, 2021
	Unaudited	Audited
7.1.1 Due from related parties		
- Abdullatif Alissa Group Holding Company	416,518,704	453,619,998
- Abdullatif Alissa Automotive Company	99,671,727	99,671,727
- Best Trading Company	629,747	629,747
- National Automotive Trading Company	264,651	264,651
- Alissa Universal Motor Company	181,198	181,198
- General Automotive Company (GACO)	1,771,003	1,771,003
	<u>519,037,030</u>	<u>556,138,324</u>
7.1.2 Due to related parties		
- Abdullatif Alissa Group Holding Company	11,205,091	21,645,497
- Aqar and Memar Real Estate Company	320,665	320,665
	<u>11,525,756</u>	<u>21,966,162</u>
7.1.3 Key management personnel (KMP)**		
(No. of KMP during the nine-month period ended September 30, 2022: 14 December 31, 2021: 12)		
Prepayments and other receivables	Advance to key management personnel	142,777
Accruals, provisions, and other liabilities	Accrued Directors' meeting attendance fee	1,107,641

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7 Related parties' balances and transactions (continued)

7.2 Related parties' transactions made during the period

Name of related party	Nature of relationship	Nature of transaction	For the nine-month period ended September 30,	
			2022	2021
			Unaudited	Unaudited
Abdullatif Alissa Group Holding Company	Parent Company	Collections against the portfolio sold to the Parent Company	45,000,000	60,000,000
		Loan obtained and repaid	15,5000,000	-
		Finance cost paid	1,000,000	-
		Finance income on sold portfolio	7,118,643	9,347,108
Key management personnel*	-	Salaries and other benefits	8,952,837	5,281,256
		Directors' meeting attendance fee	1,682,364	3,015,927

* Key management personnel of the Company include all members of the board of directors, managing director and senior management. Short-term employee benefits of the Company's key management personnel include salaries, allowances, cash and non-cash benefits, bonuses, and contributions to General Organization for Social Insurance.

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8 Investment in Islamic financings, net

	Note	As at September 30, 2022	As at December 31, 2021
		Unaudited	Audited
Gross investment in Islamic financings	8.1	2,438,990,798	2,579,930,537
Unearned Islamic financing income		(424,383,813)	(404,971,974)
Unearned origination fee		(2,239,612)	(3,580,821)
		2,012,367,373	2,171,377,742
Less: Provision for ECL allowance	8.1	(355,929,558)	(460,806,649)
		1,656,437,815	1,710,571,093

8.1 Portfolio provision analysis for gross investment in Islamic financing:

September 30, 2022 – Unaudited	Gross investment in Islamic financing	Expected credit loss	Expected credit loss rates
Not yet due	995,867,873	21,524,881	2%
1-90 days	682,251,898	45,433,795	7%
91-180 days	69,294,236	22,236,235	32%
181-365 days	78,935,277	39,993,879	51%
Above 365 days	612,641,514	226,740,768	37%
	2,438,990,798	355,929,558	15%

December 31, 2021 – Audited	Gross investment in Islamic financing	Expected credit loss	Expected credit loss rates
Not yet due	1,030,278,275	29,409,078	3%
1-90 days	663,479,815	105,896,100	16%
91-180 days	50,237,470	13,331,053	27%
181-365 days	96,655,529	39,054,231	40%
Above 365 days	739,279,448	273,116,187	37%
	2,579,930,537	460,806,649	18%

8.2 Stage wise breakup of investment in Islamic financing receivables is as follows:

	As at September 30, 2022	As at December 31, 2021
	Unaudited	Audited
Performing (stage 1)	1,130,509,970	1,060,080,754
Under-performing (stage 2)	151,140,652	269,632,324
Non-Performing (stage 3)	730,716,751	841,664,664
	2,012,367,373	2,171,377,742

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8 Investment in Islamic financings, net (continued)

8.3 The movement in Investment in Islamic financing receivables is as follows:

September 30, 2022	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Total
As at January 1, 2022	1,060,080,754	269,632,324	841,664,664	2,171,377,742
Transfers from performing	(133,513,005)	96,250,347	37,262,658	-
Transfers from under-performing	101,621,828	(175,271,562)	73,649,734	-
Transfer from non-performing	19,225,357	7,643,499	(26,868,856)	-
Financial assets settled	(202,701,784)	(46,081,168)	(81,709,886)	(330,492,838)
Financial assets originated	458,172,416	36,330,613	8,911,324	503,414,353
Changes in PDs/LGDs/EADs	(172,375,596)	(37,363,401)	(2,238,762)	(211,977,759)
Financial assets - written off	-	-	(119,954,125)	(119,954,125)
As at September 30, 2022 – Unaudited	1,130,509,970	151,140,652	730,716,751	2,012,367,373

December 31, 2021	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Total
As at January 1, 2021	1,032,868,387	250,319,725	1,272,536,334	2,555,724,446
Transfers from performing	(93,374,443)	64,978,341	28,396,102	-
Transfers from under-performing	74,037,239	(100,731,260)	26,694,021	-
Transfer from non-performing	68,081,931	76,223,145	(144,305,076)	-
Financial assets settled	(300,243,215)	(82,531,486)	(303,129,631)	(685,904,332)
Financial assets originated	512,837,666	99,599,762	16,088,175	628,525,603
Changes in PDs/LGDs/EADs	(234,126,811)	(38,225,903)	(54,615,261)	(326,967,975)
As at December 31, 2021	1,060,080,754	269,632,324	841,664,664	2,171,377,742

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8 Investment in Islamic financings, net (continued)

8.4 The movement in allowance for ECL for Islamic financing receivables is as follows:

September 30, 2022	Performing (Stage 1)	Under- performing (Stage 2)	Non-performing (Stage 3)	Total
As at January 1, 2022	47,728,499	86,592,920	326,485,231	460,806,649
Transfer from performing	(10,744,468)	6,829,059	3,915,409	-
Transfer from under- performing	24,882,941	(66,487,974)	41,605,033	-
Transfer from non-performing	8,569,335	3,269,116	(11,838,451)	-
Financial assets - settled	(5,158,418)	(9,985,166)	(32,224,133)	(47,367,717)
Financial assets - written off	-	-	(119,954,124)	(119,745,627)
Financial assets originated	15,009,918	9,871,966	3,617,047	28,498,931
Changes in PDs/LGDs/EADs	(42,269,616)	(2,133,197)	41,247,942	(3,154,871)
ECL Overlays	-	-	41,515,743	41,515,743
ECL on income	-	-	(4,415,054)	(4,415,054)
	(9,710,308)	(58,636,196)	(36,530,588)	(104,877,091)
As at September 30, 2022 - Unaudited	38,018,191	27,956,724	289,954,643	355,929,558

December 31, 2021	Performing (Stage 1)	Under- performing (Stage 2)	Non-performing (Stage 3)	Total
As at January 01, 2021	69,171,028	51,983,010	434,504,826	555,658,864
Transfer from performing	(7,277,592)	5,019,180	2,258,412	-
Transfer from under- performing	14,454,001	(19,291,243)	4,837,242	-
Transfer from non-performing	20,775,417	16,416,427	(37,191,844)	-
Financial assets - settled	(2,1904,440)	(1,4671,216)	(99,275,312)	(135,850,968)
Financial assets originated	26,889,052	49,839,996	7,499,413	84,228,461
Changes in PDs/LGDs/EADs	(54,378,967)	(2,703,234)	(4,472,021)	(61,554,222)
ECL Overlays	-	-	11,931,011	11,931,011
ECL on income	-	-	6,393,503	6,393,503
	(21,442,529)	34,609,910	(108,019,595)	(94,852,215)
As at December 31, 2021 - Audited	47,728,499	86,592,920	326,485,231	460,806,649

8.5 Write-off

The Company writes off the financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. However, financial assets that are written off are still subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

On 28 September 2022, the Board of Directors has approved the writing off investment in Islamic financing amounting to SR 119.9 million.

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8 Investment in Islamic financings, net (continued)

8.6 (Impairment) / reversal of impairment on financial assets and recoveries against written off financial assets, net

	For the nine-month period ended September 30, 2022	For the nine-month period ended September 30, 2021 (Restated*)
Reversal of ECL allowance - investment in Islamic financing	30,691,520	57,755,983
Management overlays	(41,515,743)	-
Recoveries against written off financial assets	12,573,419	6,947,692
Net reversal	1,749,196	64,703,675

*The amounts disclosed are after the restatement for correction of errors disclosed in note 16.

8.7 Assignment of Islamic financing receivables

The Company assigned Islamic financing receivables amounting to SR 1,264.5 million as of September 30, 2022 (December 31, 2021: SR 1,863 million) to local commercial banks for obtaining Islamic bank financing. These Islamic financing receivables have not been derecognised from the statement of financial position as the Company retains substantially all the risks and rewards, primarily credit risk. The Company is liable to the repayments of its assigned receivables to local commercial banks in case of customers' default. The amount received on assignment of Islamic financing receivables has been recognised as Islamic bank financing in the statement of financial position.

Pursuant to the terms of the transfer agreement, the Company is not allowed to repledge those receivables, and the financial institution has recourse only to the receivables in the event the Company defaults its obligation. The carrying value of these receivables and their liabilities ("the related liabilities") approximate their fair value.

9 Zakat payable

	As at September 30, 2022	As at December 31, 2021
	Unaudited	Audited
Balance at the beginning of the period / year	44,872,051	37,682,556
Charge for the period / year	2,178,103	25,811,393
Reversal of prior year	-	(9,441,195)
Provision for zakat during the period / year	2,178,103	16,370,198
Payment made during the period / year	(15,273,101)	(9,180,703)
Balance at the end of the period / year	31,777,053	44,872,051

9.1 Status of zakat assessments

The Zakat, Tax and Customs Authority ("ZATCA") has finalised the assessments for the years till 2013, and there are no outstanding zakat dues. In 2018, the Company received zakat assessments from ZATCA for the years 2014 to 2017 where ZATCA raised demand of SR 170.45 million as compared to zakat paid for those years.

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9 Zakat payable (continued)

9.1 Status of zakat assessments (continued)

The Company objected to those assessments and filed an appeal letter in due time. Early 2019, the Company has entered into a settlement agreement with ZATCA whereby ZATCA has reduced the assessed zakat liability for 2013 until 2017 (as mentioned above) to SR 41,564,652. This amount, as per settlement agreement, is agreed to be paid in installments with 1st installment, being 20% of the above agreed amount due within 5 days of the settlement agreement while rest of the amount is payable in 5 equals annually installments falling due from December 1, 2019 until December 1, 2023.

Until the period ended September 30, 2022, the Company has made total agreed payments of SR 28,263,964 (2021: SR 28,263,964) against the above-mentioned liability.

The Company has filed the Zakat return with ZATCA for the year ended December 31, 2021 on May 8, 2022 and the Company has received zakat certificate until April 30, 2023.

10 Borrowings

		As at September 30, 2022	As at December 31, 2021
	Note	Unaudited	Audited
Bank borrowings		1,299,650,116	1,439,122,024
Bank overdrafts		81,445,746	49,551,266
Accrued finance costs		11,902,443	2,909,786
Present value gain on profit free borrowings		(7,227,749)	(4,698,757)
		<u>1,385,770,556</u>	<u>1,486,884,319</u>
Borrowings payable on demand	10.1	<u>428,819,401</u>	<u>647,903,436</u>
Borrowings:			
Current portion		469,985,277	539,136,030
Non-current portion		<u>486,965,878</u>	<u>299,844,853</u>
Total borrowings		<u>956,951,155</u>	<u>838,980,883</u>

The Company has long-term financing facilities with banks, investment funds, and SAMA loans to primarily finance Islamic finance receivables, original facilities amounting SR 4,270 million as of September 30, 2022 (December 31, 2021: SR 3,615 million) of which SR 1,381 million was outstanding as of September 30, 2022 (December 31, 2021: SR 1,487 million). The majority of these financing facilities are repayable in three to four years in monthly, quarterly, or six-monthly installments.

10.1 Breach of covenants

The facility agreements include covenants which, among other things, require the Company to maintain certain financial ratios. The Company breached the covenants during the current period with two banks (Dec 31, 2021: three banks) which led to the reclassification of the non-current portion of the loan from non-current liabilities to payable on demand. The details of the borrowings with these banks are as follow:

Banks	As at September 30, 2022	As at December 31, 2021
	Unaudited	Audited
Gulf International Bank	-	5,874,215
National Bank of Kuwait	155,729,167	89,062,500
Saudi Kuwaiti Finance House	<u>93,500,000</u>	<u>253,650,000</u>
	<u>249,229,167</u>	<u>348,586,715</u>

Borrowings payable on demand also include an amount of SAR 179.5 million as of September 30, 2022 (December 31, 2021: SAR 299.3 million) relating to borrowings with cross default clauses (Refer to Note 2.4).

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11	Income from investment in Islamic financing, net	For the nine-month period ended	For the nine-month period ended
		September 30, 2022	September 30, 2021
		Unaudited	(Restated*) Unaudited
	Income from Murabaha	31,554,218	39,743,085
	Income from Ijara	55,487,850	102,532,704
	Income from Tawarruq	89,300,272	50,343,808
	Modification gain on receivable against portfolio sold to the Parent Company	7,118,643	9,347,108
		<u>183,460,983</u>	<u>201,966,705</u>

*The amounts disclosed are after the restatement for correction of errors disclosed in note 16.

12	Other income	For the nine-month period ended	For the nine-month period ended
		September 30, 2022	September 30, 2021
		Unaudited	(Restated*) Unaudited
	Income from legal charges, net	6,913,279	3,008,699
	Commission on transfer of vehicles ownership	2,359,044	4,390,304
	Income from margin deposits (note 6.2)	1,653,527	596,219
	Administration fee on additional services to customers, net	282,531	527,276
	Others **	6,638,784	3,220,276
	Additional other insurance cost, net of collections	802,219	1,130,827
		<u>18,649,384</u>	<u>12,873,601</u>

* The amounts disclosed are after the restatement for correction of errors disclosed in note 16.

** Others includes miscellaneous fee income such as vehicles' valuation fees and ownership transfer fees.

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13 Other operating expenses

	For the nine-month period ended September 30, 2022	For the nine-month period ended September 30, 2021 (Restated*)
	Unaudited	Unaudited
Insurance cost	27,405,705	33,631,717
Repair and maintenance	2,060,200	4,353,166
Legal, professional and consultancy fees	3,016,796	3,415,607
Telephone and postage	5,262,138	3,629,068
Professional expenses	6,290,030	2,958,661
Nonrefundable VAT expenses	2,508,304	4,155,586
IT cost allocation	-	1,947,103
Advertising expenses	642,506	563,827
Stationery and printing	609,132	422,780
Other operating expenses**	10,805,974	12,684,909
	58,600,785	67,762,424

* The amounts disclosed are after the restatement for correction of errors disclosed in note 16.

** Other operating expenses include towing charges of the repossessed vehicles, donation, entertainment expenses and other miscellaneous expenses.

14 Contingency and commitments

Contingency

The Company has certain legal cases pending in courts against it. However, based on management's best estimate, the recorded provision of SR 3 million as at September 30, 2022 (December 31, 2021: SR 7.58 million) is sufficient to cover any future liabilities that might result for the legal cases.

The Company has cash margin amounted to SR 8.05 million as at September 30, 2022 (December 31, 2021: SR 8.05 million) with a bank against a letter of guarantee provided to Zakat, Tax and Customs Authority against a disputed VAT assessment related to prior years (Note 6).

Capital commitments

There are no significant capital commitments at the condensed interim statement of financial position date.

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15 Impact of COVID-19 on expected credit losses ("ECL") and Saudi Central Bank (SAMA) programs

15.1 Impact of COVID-19

The Coronavirus ("COVID-19") pandemic continues to disrupt global markets as many geographies are beginning to experience "fourth wave" and its different variants of infections despite having previously controlled the outbreak through aggressive precautionary measures such as imposing restrictions on travel, lockdowns, and strict social distancing rules. The Government of Kingdom of Saudi Arabia ("the Government") however has managed to successfully control the outbreak to date, owing primarily to the effective measures taken by the Government.

The Company's business operations have shown improvement in disbursements in the current period. On the other hand, the collection recovery percentages of the Company have achieved the same levels as it was the case pre-COVID-19. This is mainly due to the reason that majority of the retail customer base is Government employees. From a liquidity perspective, owing to regular collections, the Company has sufficient liquidity available and therefore the Company is not significantly exposed to liquidity risk. Based on these factors, the Company's management believes that the COVID-19 pandemic has had its impact on the profitability of the Company, only due to ECL and reduced disbursements, however, this is expected to be temporary. Therefore, if the COVID-19 pandemic situation arises with lockdown restrictions being re-imposed, this may impact the profitability of the Company in view of the reduction in loan bookings compared to the previous period and may also have an impact on the collections from higher buckets dues. The Company's management continues to monitor the situation closely and will modify its strategy based on the prevalent situation as may be required. The prevailing economic conditions do require the Company to continue to revise certain inputs and assumptions used for the determination of expected credit losses ("ECL"). These primarily involves adjusting macroeconomic factors used by the Company in the estimation of ECL and haircut percentages applied to facilities with real estate as collateral as at September 30, 2022. The Company will continue to reassess as more reliable data becomes available and accordingly determine if any adjustment in the ECL is required in subsequent reporting periods.

The Company continues to be cognisant of both the micro and macroeconomic challenges that COVID-19 has posed, and it is confident that the business model of the Company has steered clear of the difficulties and has proven its strength. On a continued basis, the management is closely monitoring its exposures at a granular level and will adjust its policy to reflect any change in the conditions.

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15 Impact of COVID-19 on expected credit losses ("ECL") and Saudi Central bank (SAMA) programs (continued)

15.2 Saudi Central Bank (SAMA) programs and initiatives launched

Private Sector Financing Support Program ("PSFSP")

In response to COVID-19, SAMA launched the Private Sector Financing Support Program ("PSFSP") in March 2020 to provide the necessary support to the Micro Small and Medium Enterprises ("MSME") as per the definition issued by SAMA via Circular No. 381000064902 dated 16 Jumada II 1438H.

As part of the deferred payments program launched by SAMA in March 2020 and with further extensions to the program till March 2022 announced subsequently, the bank deferred payments and extended maturities on lending facilities to all MSMEs as follows:

Support Programs	Type	Instalment deferred / Tenor extended (SR million)	Cost of deferral / extension (SR million)
April 2020 – September 2020	Instalments deferred	43,042,190	20,363,439
October 2020 – December 2020	Instalments deferred	21,065,631	9,168,712
January 2021 – March 2021	Instalments deferred	16,865,930	7,763,781
April 2021 – June 2021	Tenor extension	18,506,083	8,039,961
July 2021 – September 2021	Tenor extension	16,304,045	7,348,182
October 2021 – December 2021	Tenor extension	18,574,691	6,766,065
January 2022 – March 2022	Tenor extension	14,183,865	3,868,954
April 2022 – June 2022	Tenor extension	11,042,693	2,525,483
July 2022 – September 2022	Tenor extension	15,294,200	3,116,773

The accounting impact of the above changes in terms of credit were assessed and treated as per the requirements of IFRS 9 as modification in terms of arrangement.

The Company continues to believe that in the absence of other factors, participation in the deferment program on its own, is not considered a significant increase in credit risk for assessment of impairment of financial assets on its portfolio. In order to compensate the related cost that the Company is expected to incur under the SAMA program, the Company received profit free deposits from SAMA.

15.3 Monsha'at – Indirect Lending Initiative (which in substance is part of the SAMA program and initiatives launched)

In line with Government's initiatives to support MSMEs during the pandemic, Monsha'at also announced a 12-month moratorium of loan instalments due from MSMEs with no extensions. The Company has affected the payment reliefs by extending the tenure of the finance facilities from March 2020 for a period of one year, with no additional costs to the customers. The accounting impact of changes in terms of the finance lease and Murabaha contracts has been assessed and treated as per the requirements of IFRS 9 as modification in terms of arrangement.

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16 Prior period adjustments and comparative information

Management has re-evaluated the accounting treatment of certain transactions and balances recorded in the financial statements in the prior years to determine if such transactions and balances have been accounted for appropriately under International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia, where necessary, adjustments were made in accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors" as endorsed in the Kingdom of Saudi Arabia.

As a result, management restated the comparatives to correct the errors detailed below in the financial statements for the year ended 31 December 2021 as prior year restatements. For further information on the restatements and the related impact please refer to annual financial statements of the Company for the year ended December 31, 2021.

Given the above impact of the adjustments, certain of the adjustments impacted interim reporting periods which has been disclosed below:

A) Derecognition of investment in Islamic financing, net

In prior years the Company entered into factoring arrangements with certain financial institutions in respect of its finance lease receivable. The Company accounted for the factoring arrangements as a sale of receivables without recourse and as such derecognised the finance lease receivables.

During the year ended December 31, 2021, management reassessed the accounting of the factoring arrangements considering the contractual terms as set out below, obtained a legal opinion with respect to the arrangement and judged that the arrangement is not a sale/assignment of the finance lease receivables and the contractual right to the cash flows from the finance lease receivables has not expired.

In terms of the contractual terms, management noted the following:

- It was determined that the arrangements are considered passthrough arrangements and not a transfer of cash flow.
- The Company has a contractual obligation to pay the amount due as per the collection schedule agreed with the financial institutions irrespective of whether those amounts are collected from the assigned finance lease receivables.
- It was noted in the contractual terms that if the customer terminates the contract or defaults or repossesses the leased asset - the Company is required to pay the amount which the customer would have been required to pay in absence of the termination of the contract/default.
- Furthermore, in the event a customer prepays any amount which is subject to the sold receivables the Company is obligated to pay the amount which the customer would have been required to pay had the customer not prepaid the amount before the due date, the Company is exposed to prepayment risks.
- In one of the contracts, the Company has a repurchase option which is exercisable 6 months from the date of the service agreement.
- It was noted that in other contracts, the Company is required to maintain a cash reserve account with the financial institution to meet any shortfalls on payments not made by the customers.

Management considered the derecognition requirements in IFRS 9 - Financial Instruments ("IFRS 9") as endorsed in the Kingdom of Saudi Arabia by the Saudi Organisation for Chartered and Professional Accountants ('SOCPA') and judged that the arrangement does not meet the 'pass-through arrangement'. The Company is required to pay the amount due as per the collection schedule agreed with the financial institutions irrespective of whether those amounts are collected from the customers which would result in no derecognition. Further, the entity has retained substantially all the risks and rewards with respect to the finance lease receivables. As such, the Company should not have derecognised the finance lease receivables in the financial statements. The prior year comparatives have been adjusted to reinstate their finance lease receivables, reverse the related gain and recognising the financing from the financial institutions and ensure the finance lease receivables are accounted for appropriately in IFRS 9 as endorsed in the Kingdom of Saudi Arabia.

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16 Prior year adjustments and comparative information (continued)

A) Derecognition of investment in Islamic financing, net (continued)

This resulted in a increase in income from Islamic financing by SR 24.6 million for nine month period (for the three month period ended September 30, 2021: SR 19.1 million) and increase in finance cost by SAR 14.6 million for nine month period ended September 30, 2021 (for the three month period ended September 30, 2021: SR 4.05 million).

B) Modification gains/(losses) from restructuring certain investment in Islamic financing

In prior years, management restructured/modified a number of Islamic financing agreements with its customers by extending the repayment terms of the receivables and considering such modifications as extinguishments. Management reassessed the modifications and judged the extension of repayment terms does not result in the derecognition of the receivables in accordance with the requirement of IFRS 9. The prior period condensed interim financial statements did not reflect the modification of the terms of the Islamic financing agreement by recalculating the revised gross carrying amount of the restructured receivables and consequently no modification loss was recognised in the condensed interim income statement consistent with the requirements of IFRS 9.

Management reassessed the above treatment and consequently restated the comparative figures to recognize the loss on modification of Islamic financing agreements appropriately under IFRS 9 as endorsed in the Kingdom of Saudi Arabia. This resulted in an increase in finance income of SR 4 million for the nine month period ended September 30, 2021 (for the three month period ended September 30, 2021: modification loss of SR 4.3 million). (The modification loss of SAR 45.97 million was reflected in retained earnings on January 1, 2020 for the contracts that were entered before January 1, 2020).

C) Repossessed vehicles classified as assets held for sale

The Company repossesses vehicles from defaulting customers as part of its debt recovery strategy. The Company has a legal right to resale the assets to settle the amount defaulted by the Customer. In prior years, the Company took possession of certain vehicles from defaulting customers in settlement of overdue balances, however the Company did not account for those vehicles in the condensed interim financial statements.

Management has reassessed the accounting treatment and concluded that these repossessed vehicles meet the criteria to be recognised as assets by the Company. Furthermore, management determined the assets would meet the requirements as assets held for sale. As a result, management has restated the comparative figures by initially recognizing the repossessed vehicles at fair value, against a reduction in the corresponding receivables by the same amount, and subsequently treated such assets as held for sale.

As a result of the above restatement an additional ECL allowance on investment in Islamic financing of SAR 6.8 million for the nine month period ended September 30, 2021 was recognised (for the three month period ended September 30, 2021: SR 0.8 million)

D) Income suspension

In prior years, management erroneously recognized income from credit impaired facilities based on gross carry amount of the investment in Islamic financings. As per the requirements of IFRS 9, income from credit impaired facilities should be recognized on a net basis. As such, interest is calculated based on the amortized cost of the investment in Islamic financings (i.e. gross carrying amount less impairment). The interest recognised net of impairment should be recognised on this basis starting the next reporting period they became credit impaired.

Management has reassessed the accounting treatment related to the income suspension and restated the comparative figures to reflect the impact of income suspension which resulted in decrease in income from investment in Islamic financing for the nine month period ended September 30, 2021 by SAR 7.8 million (for the three month period ended September 30, 2021: SR 2.6 million) and increase in ECL allowance by the same amount while reversal of ECL by an amount of SAR 3 million due to full recovery of income in suspension of prior periods (for the three month period ended September 30, 2021: SR 1 million).

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16 Prior year adjustments and comparative information (continued)

E) Income recognition - incorrect interest recognition

In prior years, management applied the effective profit rate method in the calculation of the amortized cost of the investment in Islamic financing and in the allocation and recognition of income, however the income was not allocated and recognised correctly during the relevant financial reporting period. The amortized cost and allocation/recognition of income was based on the amortisation schedule agreed with customers which in most cases does not coincide with the financial reporting period.

Management has reassessed the accounting treatment related to the income recognition and restated the comparative figures to reflect the impact of incorrect interest recognition end of each reporting period which resulted in decrease in income from investments in Islamic financing for the nine month period ended September 30, 2021 by SR 1.3 million (for the three month period ended September 30, 2021: SR 0.46 million)

F) Finance cost

During the nine-month period ended September 30, 2021, as a result of arithmetical error management did not account for accruals against finance cost related to borrowing arrangements.

As a result, management restated the comparative figures which resulted in a increase in finance cost for nine month period ended September 30, 2021 by SR 5.3 million (for the three month period ended September 30, 2021: Nil).

G) SAMA Private Sector Financing Program ("PSFSP")

In March 2020, SAMA launched the Private Sector Financing Program ("PSFSP") to provide the necessary support to the Micro Small and Medium Enterprises ("MSME" or "the deferred payment program"). The deferred payment program initiative was for a period of six-month during the COVID19 pandemic from the date of launching the PSFSP with a further extension until 31 March 2022 based on certain eligibility criteria. In order to compensate for the related cost that the Company is expected to incur under the SAMA deferred payment program, the Company received profit free deposits from SAMA.

Financing entities accounted for the respective modification of the receivables as a result of the deferred payment program in the income statement as an expense and the related benefit from the profit free deposit was accounted for as a government grant.

Management reassessed the above treatment and consequently reversed the adjustment passed during Q3 2021 and restated the comparative figures to recognize finance income of SR 7 million for the nine month period ended September 30, 2021 (for the three month period ended September 30, 2021: SR 1.7 million). This adjustment involves modification loss of SR 23 million from the deferred payment program which was fully recovered in the same year as part of income recognition (for the three month period ended September 30, 2021: SR 6.7 million).

H) Monsha'at - Indirect Lending Initiative

In March 2020, Small and Medium Enterprises General Authority ("Monsha'at") also launched a deferred payment program to support the Micro Small and Medium Enterprises ("MSME") financed through Saudi Social Development Bank (SDB) loans for a period of twelve months during the COVID19 pandemic with no extension.

Management did not account for the modification losses resulting from the SDB deferment program as per the requirements of IFRS 9 as endorsed in the Kingdom of Saudi Arabia.

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16 Prior year adjustments and comparative information (continued)

H) Monsha'at - Indirect Lending Initiative (continued)

Management reassessed the above treatment and consequently restated the comparative figures to recognize finance cost of SR 2.3 million for the nine month period ended September 30, 2021 against the profit free loans (for the three month period ended September 30, 2021: SR 0.7 million). Moreover, no deferral extension under Monsha'at - Indirect Lending Initiative was provided to customers after the year ended December 31, 2020.

I) Expected Credit Losses

As part of the assessment of the accounting for the investments in Islamic financing and because of the various errors noted, management reassessed whether the calculation for expected credit losses under IFRS 9 as endorsed in the Kingdom of Saudi Arabia, was appropriate. Management involved experts in determining the appropriate expected credit losses.

As a result of the exercise it was determined that the interim financial statements for the nine month period ended September 30, 2021 needed to be restated to correct the expected credit losses. This resulted in a reversal in expected credit loss provision on financial assets by SAR 39.9 million (for the three month period ended September 30, 2021: SR 6.7 million).

J) Zakat

As a result of the impact resulting from the restatement matters, management has reassessed the Zakat amount for the period ended September 30, 2021 and consequently restated the respective comparative figures. This reassessment resulted in an increase in the Zakat expense by SR 19.8 million for the nine month period ended September 30, 2021 (for the three month period ended September 30, 2021: SR 1.6 million).

K) Other income/ (other operating expenses)

Prior years' other income included certain amounts charged back to customers in relation to leased vehicles insurance cost, fines and other legal costs paid by the Company during the lease period on behalf of those customers. These amounts should be offset against their related expenses (within other operating expenses) as they represent reimbursement of expenses incurred on leased vehicles on behalf of customers. As a result, management has netted off other income amounting to SAR 21.4 million against other operating expenses for the nine month period ended September 30, 2021 (for the three month period ended September 30, 2021: SR 8.7 million).

L) Group portfolio derecognition loss

During 2020, the Company entered into a securitization and agency agreement with the Parent Company whereby the Company transferred certain investments in finance leases to the Parent Company. The arrangement was structured as assets purchase and sale agreements without recourse and as a result the Company derecognized the finance lease receivables and recognized the difference between the carrying amount of the finance lease receivables and the consideration received in profit or loss.

During the quarter ended September 30, 2021, the management recognised modification loss of SR 0.5 million on the portfolio sold to parent company which was not in accordance with IFRS. At year ended December 31, 2021, the management reconsidered the economic substance of the above transaction and judged that the difference between the carrying amount and the consideration received should be recognized in Equity, as the Parent Company in its capacity as a shareholder, entered into the transaction to provide financial support to the Company. Accordingly, management has restated the comparative figures to reflect the impact of the transaction which resulted in an increase in profit for the year ended December 31, 2020.

As a result, management reversed the modification loss of SR 0.5 million booked erroneously during quarter ended September 30, 2021

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16 Prior year adjustments and comparative information (continued)

M) Value added tax

During prior periods management did not account for value added tax expense related to vehicles' insurance policies in the correct period as management used to account for such expense only at year end.

Management reassessed the above treatment and consequently restated the comparative figures to recognize value added tax expense of SR 4.1 million during the nine month period ended September 30, 2021 (for the three month period ended September 30, 2021: SR 1.95 million).

N) Other presentation errors and reclassification

Certain financial statement line items and figures have been reclassified for the purpose of better presentation, to correct presentation errors and to be consistent with the financial statements' presentation for the current year. A summary of the changes made as part of restatement adjustments above on the presentation of certain items and figures for the three-month and nine-month period ended September 30, 2021 are as follows:

Statement of profit or loss and other comprehensive income for three-month period and nine-month period ended September 30, 2021

<i>Reclassification from</i>	<i>Reclassification to</i>	<i>For three- month period ended September 30, 2021</i>	<i>For nine- month period ended September 30, 2021</i>	<i>Amount SR</i>
Insurance costs	Other operating expenses	11,432,699	33,631,717	Insurance cost was previously shown separately on face of statement of profit or loss and other comprehensive income. During year 2021, the management has moved that amount to other operating expenses.
Other operating expenses	Finance cost	1,084,144	1,370,066	Bank and commission charges were shown in other operating expenses. During quarter ended September 30, 2021, the management has moved that amount to finance cost.
Finance income on portfolio sold to parent company	Income from Islamic financing	2,611,680	9,347,108	Finance income on portfolio sold to parent company was presented as a separate financial statement line item as part of the initial loss from the transaction in 2020. In terms of adjustment of above, the loss of the transaction was accounted for in equity and as such the income should now be presented as part of Income from Islamic financing, net.

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16 Prior year adjustments and comparative information (continued)

N) Other presentation errors and reclassification (continued)

Reclassification from	Reclassification to	For three-month period ended September 30, 2021	For nine-month period ended September 30, 2021	
		<u>Amount SR</u>		
Income from portfolio banks	Income from Islamic financing, net	26,345,493	44,682,548	Income from portfolio sold to banks was presented as a separate financial statement line item as part of the initial loss from the transaction in 2020. In terms of adjustment of above, the loss of the transaction was accounted for in equity and as such the income should now be presented as part of Income from Islamic financing, net.
Finance income on margin deposit	Other income	198,740	596,219	In prior quarter, the balance was presented as a separate financial statement line item on the face of the income statement. This year it has been reclassified as part of other income as it represents profit income on margin deposits.
Other income	Income from Islamic financing	3,153,901	6,143,514	In prior quarter, the processing fee on the loans disbursement was presented in other income. This year it has been reclassified to Income from Islamic financing, net.
Other employee related cost	Salaries and employee related expenses	5,625,044	19,390,294	In prior quarter, the balance was presented as a separate financial statement line item on the face of the income statement. This year it has been reclassified to Salaries and employee related expenses

Disclosures changes

On restatement of the comparative figures, certain disclosures were enhanced in respect to the above-mentioned adjustments.

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16 Prior year adjustments and comparative information (continued)

The tables below set out the full impact by adjustment on the individual financial line items impacted:

I. Prior year adjustment to the impacted statement of profit or loss and other comprehensive income for nine-month period ended September 30, 2021

	As previously reported	Adjustment (a)	Adjustment (b)	Adjustment (c)	Adjustment (d)	Adjustment (e)	Adjustment (f)	Adjustment (g)	Adjustment (h)	Adjustment (i)	Adjustment (j)	Adjustment (k)	Adjustment (l)	Adjustment (m)	Adjustment (n)	Nine-month period ended Sep 30, 2021 - Restated
Income from Islamic financing	145,450,079	-	4,624,579	-	(7,797,365)	(1,383,750)	-	-	-	-	-	-	-	-	60,173,171	201,666,205
Income from portfolio sold to banks	19,993,029	24,689,519	-	-	-	-	-	-	-	-	-	-	-	-	(44,689,548)	-
Finance income on portfolio sold to parent company	9,347,108	-	-	-	-	-	-	-	-	-	-	-	-	-	(9,347,108)	-
Income (reversal) of Islamic financing receivables	484,542	-	(484,542)	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance cost	(46,196,971)	-	-	-	-	-	-	-	-	-	-	19,565,234	-	-	33,632,207	-
Other income	29,869,144	-	-	-	-	-	-	-	-	-	-	(21,442,248)	-	-	(8,573,094)	12,871,608
Gross profit	169,040,031	24,689,519	4,040,028	-	(7,797,365)	(1,383,750)	-	-	-	-	-	(8,876,014)	-	-	31,227,027	214,840,306
Operating expenses																
Salaries and employee related expenses	(61,222,118)	-	-	-	-	-	-	-	-	-	-	-	-	-	(19,390,294)	(80,612,412)
Other employee related cost	(19,390,294)	-	-	-	-	-	-	-	-	-	-	-	-	-	19,390,294	-
Impairment on Islamic Financing, net	11,585,153	-	-	(6,843,973)	2,068,238	-	-	-	-	50,019,515	-	-	-	-	-	57,755,083
Collection of receivables written-off	6,947,692	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,947,692
Derecognition losses on portfolio sold to Parent Company	(508,018)	-	-	-	-	-	-	-	-	-	-	-	508,018	-	-	-
Other expenses	(40,222,758)	-	-	-	-	-	-	-	-	-	-	8,877,571	-	(4,155,586)	(32,261,651)	(67,762,424)
Finance cost	(41,241,158)	(14,612,758)	-	-	-	-	(5,291,395)	(139,802)	(2,346,062)	-	-	-	-	-	(1,370,066)	(65,501,331)
Depreciation and Amortisation	(7,391,322)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,391,322)
Reversal of / (charge for) impairment of margin deposits	4,717,239	-	-	-	-	-	-	-	-	(4,217,239)	-	-	-	-	-	-
Finance income on margin deposit	5,953,852	-	-	-	-	-	-	-	-	(5,357,622)	-	-	-	-	(595,230)	-
Modification loss on Islamic financing, net	(3,086,744)	-	-	-	-	-	-	3,086,744	-	-	-	-	-	-	-	-

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16 Prior year adjustments and comparative information (continued)

I. Prior year adjustment to the impacted statement of profit or loss and other comprehensive income for nine-month period ended September 30, 2021 (continued)

	As previously reported	Adjustment (a)	Adjustment (b)	Adjustment (c)	Adjustment (d)	Adjustment (e)	Adjustment (f)	Adjustment (g)	Adjustment (h)	Adjustment (i)	Adjustment (j)	Adjustment (k)	Adjustment (l)	Adjustment (m)	Adjustment (n)	Nine-month period ended Sep 30, 2021 - Restated
Modification gain on restructuring of borrowings and grant income, net	(4,118,486)	-	-	-	-	-	-	4,118,486	-	-	-	-	-	-	-	-
Total operating expenses (including finance costs)	(14,872,022)	(14,812,758)	-	(6,843,923)	7,002,238	-	(5,291,295)	7,065,338	(2,346,060)	29,977,643	-	8,877,571	508,018	(4,155,586)	(34,227,976)	(195,472,874)
Profit before zakat	21,553,909	10,076,761	4,040,028	(6,843,923)	(4,795,127)	(1,783,750)	(5,291,295)	7,065,338	(2,346,060)	29,977,643	-	577	508,018	(4,155,586)	-	58,766,432
Zakat charge for the period	7,723,410	-	-	-	-	-	-	-	-	-	(19,824,646)	-	-	-	-	(12,101,230)
Net income / (loss) for the period	29,277,319	10,076,761	4,040,028	(6,843,923)	(4,795,127)	(1,783,750)	(5,291,295)	7,065,338	(2,346,060)	29,977,643	(19,824,646)	577	508,018	(4,155,586)	-	46,765,196

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16 Prior year adjustments and comparative information (continued)
II. Prior year adjustment to the impacted statement of profit or loss and other comprehensive income for three-month period ended September 30, 2021

	As previously reported	Adjustment (a)	Adjustment (b)	Adjustment (c)	Adjustment (d)	Adjustment (e)	Adjustment (f)	Adjustment (g)	Adjustment (h)	Adjustment (i)	Adjustment (j)	Adjustment (k)	Adjustment (l)	Adjustment (m)	Adjustment (n)	three-month period ended September 30, 2021 - Restated
Income from Islamic financing	46,112,659	-	(4,373,123)	-	(3,561,111)	(4,112,57)	-	-	-	-	-	-	-	-	(3,111,074)	70,769,411
Income from portfolio sold to banks	2,231,045	89,114,479	-	-	-	-	-	-	-	-	-	-	-	-	(86,345,432)	-
Finance income on portfolio sold to parent company	2,611,681	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,611,681)	-
Income from subleasing of Islamic financing receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance cost	(15,452,705)	-	-	-	-	-	-	-	-	-	-	-	4,331,100	-	(11,121,605)	-
Other income	14,221,542	-	-	-	-	-	-	-	-	-	-	-	(8,254,105)	-	(6,067,436)	5,954,136
Gross profit	54,844,524	89,114,479	(4,373,123)	-	(3,561,111)	(4,112,57)	-	-	-	-	-	-	(4,373,117)	-	(11,511,619)	70,769,411
Operating expenses																
Salaries and employee-related expenses	(89,131,819)	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,625,141)	(94,756,960)
Other employee-related cost	(5,625,144)	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,625,144)	-
Impairment on Islamic Financing, net	(2,642,816)	-	-	(117,172)	1,181,366	-	-	-	-	7,464,154	-	-	-	-	-	4,944,537
Collection of receivables written-off	(187,742)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(187,742)
Reversal of loss on portfolio sold to Parent Company	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenses	(16,257,611)	-	-	-	-	-	-	-	-	-	-	-	4,751,117	(1,112,161)	(11,518,655)	(24,078,709)
Finance cost	(13,944,518)	(4,135,972)	-	-	-	-	-	425,418	(71,1104)	-	-	-	-	-	(1,114,443)	(14,270,720)
Depreciation and amortization	(2,267,732)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,267,732)
Reversal of / (charge for) impairment of margin deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance income on margin deposit	871,102	-	-	-	-	-	-	-	-	(1,442,50)	-	-	-	-	(671,401)	-
Modification loss on Islamic financing, net	1,115,077	-	-	-	-	-	-	(8,125,717)	-	-	-	-	-	-	-	-

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 (All amounts in Saudi Riyals unless otherwise stated)

16 Prior year adjustments and comparative information (continued)

II. Prior year adjustment to the impacted statement of profit or loss and other comprehensive income for three-month period ended September 30, 2021 (Continued)

	As previously reported	Adjustment (a)	Adjustment (b)	Adjustment (c)	Adjustment (d)	Adjustment (e)	Adjustment (f)	Adjustment (g)	Adjustment (h)	Adjustment (i)	Adjustment (j)	Adjustment (k)	Adjustment (l)	Adjustment (m)	Adjustment (n)	three-month period ended September 30, 2021 - Restated
Modification gain on restructuring of borrowings and grant income, net	(1,554,110)	-	-	-	-	-	-	1,554,110	-	-	-	-	-	-	-	-
Total operating expenses (including finance costs)	(61,161,352)	(4,055,970)	-	(817,177)	1,000,746	-	-	1,701,662	(711,854)	6,729,932	-	4,755,197	-	(1,935,051)	(11,641,433)	(66,151,830)
Profit before tax	(6,317,058)	25,058,507	(4,393,853)	(817,177)	(1,598,376)	(461,250)	-	1,701,662	(711,854)	6,729,932	-	-	-	(1,935,051)	-	7,325,068
Tax charge for the period	-	-	-	-	-	-	-	-	-	-	(1,574,520)	-	-	-	-	(1,574,520)
Net (loss)/ income for the period	(6,317,058)	25,058,507	(4,393,853)	(817,177)	(1,598,376)	(461,250)	-	1,701,662	(711,854)	6,729,932	(1,574,520)	-	-	(1,935,051)	-	5,750,548

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(All amounts in Saudi Riyals unless otherwise stated)

16 Prior year adjustments and comparative information (continued)

III. Prior year adjustment to the impacted statement of cashflows for nine-month period ended September 30, 2021

	As previously reported	Adjustment (a)	Adjustment (b)	Adjustment (c)	Adjustment (d)	Adjustment (e)	Adjustment (f)	Adjustment (g)	Adjustment (h)	Adjustment (i)	Adjustment (j)	Adjustment (k)	Adjustment (l)	Adjustment (m)	Adjustment (n)	Nine-month period ended September 30, 2021 - Restated
Cashflows from operating activities																
Income/(Loss) for the period before taxes	21,553,008	10,276,761	4,040,028	(6,843,923)	(4,795,127)	(1,383,750)	(5,291,295)	7,065,338	(2,346,062)	39,937,542	-	576	508,018	(4,155,586)	-	58,368,439
Adjustments to reconcile net income/(loss) before taxes to net cash flows provided by operating activities:																
Depreciation of right of use assets	4,199,636	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,199,636
Depreciation of property and equipment	2,203,945	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,203,945
Amortization of intangibles	897,792	-	-	-	-	-	-	-	-	-	-	-	-	-	-	897,792
(Reversal of impairment)/ Impairment of Islamic financing, net	(6,235,646)	-	-	6,843,923	(3,002,238)	-	-	-	-	(50,012,515)	-	-	-	-	9,274,899	(64,703,675)
Reversal of impairment on margin deposits	(13,992,138)	-	-	-	-	-	-	-	-	4,717,239	-	-	-	-	(9,274,899)	-
Reversal in respect of fair value of margin deposits	-	-	-	-	-	-	-	-	-	(596,219)	-	-	-	-	-	(596,219)
Modification losses Islamic financing, net	3,086,744	-	-	-	-	-	-	(3,086,744)	-	-	-	-	-	-	-	-
Modification gain on restructuring of borrowings and grant income, net	4,118,486	-	-	-	-	-	-	(4,118,486)	-	-	-	-	-	-	-	-
Group portfolio derecognition losses	508,018	-	-	-	-	-	-	-	-	-	-	-	(508,018)	-	-	-

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(All amounts in Saudi Riyals unless otherwise stated)

16 Prior year adjustments and comparative information (continued)

III. Prior year adjustment to the impacted statement of cashflows for nine-month period ended September 30, 2021 (continued)

	As previously reported	Adjustment (a)	Adjustment (b)	Adjustment (c)	Adjustment (d)	Adjustment (e)	Adjustment (f)	Adjustment (g)	Adjustment (h)	Adjustment (i)	Adjustment (j)	Adjustment (k)	Adjustment (l)	Adjustment (m)	Other movements	Nine-month period ended September 30, 2021 - Revised
(Increase) / decrease in operating assets																
Finance income on margin deposit	(5,953,852)	-	-	-	-	-	-	-	-	5,953,852	-	-	-	-	-	-
Finance cost	41,241,158	14,612,759	-	-	-	-	5,291,395	139,892	2,346,062	-	-	-	-	-	(1,370,066)	65,501,331
Finance income on portfolio sold to Parent Company, net	(9,347,108)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(9,347,108)
Provision for employees' post-employment benefits	2,278,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,278,500
	42,037,143	14,689,316	(4,040,008)	-	(7,797,365)	(1,383,750)	-	-	-	-	-	576	-	(4,155,586)	(1,370,067)	58,800,633
(Increase) / decrease in operating liabilities																
Other receivables and prepayments	56,356,554	-	-	-	-	-	-	-	-	-	-	-	-	-	75,296,532	(19,060,968)
Assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,502,465	(6,502,465)
Due from related parties	(6,677,579)	-	-	-	-	-	-	-	-	-	-	-	-	-	(57,182,340)	50,505,064
Net investment in Islamic financing	38,264,765	(24,689,316)	(4,040,008)	-	7,797,365	1,383,750	-	-	-	-	-	-	-	-	(316,621,849)	335,438,172
Margin deposit - restricted	103,276,805	-	-	-	-	-	-	-	-	-	-	-	-	-	63,163,332	40,113,473
Increase / (decrease) in operating liabilities																
Trade payables	(2,963,393)	-	-	-	-	-	-	-	-	-	-	-	-	-	690,465	(4,583,858)
Other payables and accruals	(115,397,330)	-	-	-	-	-	-	-	-	-	-	-	-	4,155,586	(89,819,984)	(31,438,760)
Due to a related party	-	-	-	-	-	-	-	-	-	-	-	-	-	-	83,161,587	(83,161,587)
Net servicing liability for securitized receivables	(18,957,666)	-	-	-	-	-	-	-	-	-	-	-	-	-	(18,957,666)	-
Net cash from operations	94,939,689	-	-	-	-	-	-	-	-	-	-	576	-	-	(255,170,534)	350,110,699
Employee post-employment benefits paid	(3,807,567)	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,370,047)	(437,520)
Net cash generated from operating activities	(2,530,358)	-	-	-	-	-	-	-	-	-	-	576	-	-	(258,540,581)	347,142,821

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16 Prior year adjustments and comparative information (continued)

III. Prior year adjustment to the impacted statement of cashflows for nine-month period ended September 30, 2021 (continued)

	As previously Reported	Adjustment (a)	Adjustment (b)	Adjustment (c)	Adjustment (d)	Adjustment (e)	Adjustment (f)	Adjustment (g)	Adjustment (h)	Adjustment (i)	Adjustment (j)	Adjustment (k)	Adjustment (l)	Adjustment (m)	Other movements	Nine-month period ended September 30, 2021 - Restated
Cash flows from investing activities																
Acquisition of property and equipment	(2,730,190)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,730,190)
Purchase of intangible assets	(3,196,535)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,196,535)
Net cash used in investing activities	(5,926,725)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,926,725)
Cash flows from financing activities																
Proceeds from financial facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	466,402,723	466,402,723
Repayment of financial facilities	(136,350,882)	-	-	-	-	-	-	-	-	-	-	-	-	-	714,336,379	(850,667,261)
Rental paid	(1,705,138)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,705,138)
Finance cost paid	(45,503,129)	-	-	-	-	-	-	-	-	-	-	-	-	-	19,008,200	(65,501,331)
Net cash used in financing activities	(183,559,849)	-	-	-	-	-	-	-	-	-	-	-	-	-	367,931,847	(431,490,997)
Net increase / (decrease) in cash and cash equivalents	(189,486,574)	-	-	-	-	-	-	-	-	-	-	-	576	-	539,566	(110,774,901)
Cash and cash equivalents at beginning of the period	99,104,138	-	-	-	-	-	-	-	-	-	-	-	-	-	31,001,888	131,006,026
Cash and cash equivalents at end of the period	(89,382,436)	-	-	-	-	-	-	-	-	-	-	-	576	-	31,393,154	20,721,125