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

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REPORT
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2021

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INDEPENDENT AUDITOR'S REVIEW REPORT

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

INTRODUCTION

We have reviewed the accompanying interim condensed statement of financial position of Al-Yusr Leasing and Financing Company (the "Company"), a Saudi Closed Joint Stock Company as of 30 September 2021 and the related interim condensed statement of profit or loss and other comprehensive income for the three and nine months periods then ended, and the interim condensed statements of changes in shareholders' equity and cash flows for the nine months period then ended and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

SCOPE OF REVIEW

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

BASIS FOR QUALIFIED CONCLUSION

1. The Company entered in prior years into series of sales transactions with banks for the net investments in Islamic financings portfolios for which the Company become a service agent. These portfolios were de-recognized from the Company's books where the de-recognition criteria per IFRS 9, Financial Instruments ("IFRS 9") have not been met. The outstanding balance of net investments in Islamic financings that were de-recognized previously amounted to approximately SR 609 million at 30 September 2021.

2. The Company has restructured certain net investments in Islamic financings including in situations where borrowers were in default and effectively has entered into new contracts with those borrowers. Some of the contracts have been renewed at finance income rates that were below the market rates. Nevertheless, the Company has not assessed and reflected in the interim condensed financial statements the accounting impact of those modified contracts as required by IFRS 9. In addition, we have not been in a position to perform sufficient analytical procedures over income from net investments in Islamic financings, the balance of which for the nine months period ended 30 September 2021 was reported as SR 149 million. Consequently, we were unable to determine whether any adjustments to that amount were necessary.

QUALIFIED REVIEW CONCLUSION

Based on our review, except for the effects of the matters described in the basis for qualified conclusion paragraph mentioned above, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

OTHER MATTER

The financial statements of the Company for the year ended 31 December 2020 were audited by another auditor, who expressed an unmodified opinion on those financial statements on 19 Rajab 1442H (corresponding to 3 March 2021). Also, the interim condensed financial statements of the Company for the period ended 30 September 2020 were reviewed by the same auditor, who issued an unmodified conclusion on those interim condensed financial statements on 9 Jumada al-Ula 1442H (corresponding to 24 December 2020).

For Dr. Mohamed Al-Amri & Co.

Gihad Al-Amri
Certified Public Accountant
Registration No. 362

Riyadh on: 24 Rabi' al Awwal 1443(H)
Corresponding to: 30 October 2021(G)

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

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	30 September 2021 (Unaudited)	31 December 2020 Audited *(Restated)*	1 January 2020 Audited *(Restated)*
ASSETS				
Cash at bank	*4*	**22,079,985**	105,105,843	36,613,543
Prepayments and other receivables	*5*	**804,762,967**	852,180,436	228,291,435
Due from related parties	*6*	**102,051,170**	95,373,891	2,759,156
Net investments in Islamic financings	*7*	**1,549,657,746**	1,581,851,299	2,545,466,117
Margin deposits – restricted	*8*	**49,771,333**	133,102,147	163,870,328
Investment carried at FVOCI		**892,875**	892,875	892,875
Property and equipment		**6,582,543**	6,056,297	10,054,780
Intangible assets		**4,254,586**	1,955,843	3,449,446
Right-of-use assets		**5,949,212**	7,689,889	13,123,066
Total assets		**2,546,002,417**	2,784,208,520	3,004,520,746
LIABILITIES AND SHAREHOLDERS' EQUITY				
LIABILITIES				
Trade payables		**20,691,673**	24,655,069	96,959,030
Accrued expenses and other liabilities	*10*	**160,843,241**	276,240,571	110,325,545
Lease liabilities		**5,652,397**	4,898,582	8,874,853
Due to related party	*6*	**320,665**	320,665	141,437,643
Net servicing liability for securitized receivables		**46,274,106**	65,231,776	121,823,384
Provision for zakat	*11*	**21,668,817**	31,922,585	29,828,363
Borrowings	*12*	**1,153,810,147**	1,271,946,152	1,319,652,376
Employees' post-employment benefits		**16,224,933**	17,754,000	21,414,000
Total liabilities		**1,425,485,979**	1,692,969,400	1,850,315,194
SHAREHOLDERS' EQUITY				
Share capital	*9*	**500,000,000**	500,000,000	500,000,000
Statutory reserve		**98,512,706**	98,512,706	98,512,706
Retained earnings		**516,721,354**	487,444,036	554,497,882
Remeasurement gain on employees' post-employment benefits		**5,282,378**	5,282,378	1,194,964
Total shareholders' equity		**1,120,516,438**	1,091,239,120	1,154,205,552
Total liabilities and shareholders' equity		**2,546,002,417**	2,784,208,520	3,004,520,746

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

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2021
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	For the three months period ended 30 September		For the nine months' period ended 30 September	
		2021	**2020** *(Restated)*	**2021**	**2020** *(Restated)*
INCOME, NET					
Income from net investments in Islamic financings, net		**48,652,387**	53,250,268	**149,009,814**	197,675,877
Income from portfolio sold to banks		**7,231,014**	6,469,124	**19,993,029**	26,705,038
Finance income / (loss) on portfolio sold to Parent Company		**2,611,680**	(38,595,969)	**9,347,108**	(38,595,969)
Insurance cost		**(15,432,699)**	(25,767,862)	**(46,196,971)**	(74,202,315)
Income / (loss) on rescheduling of net investments of Islamic financings		**-**	(21,875,105)	**484,542**	(21,875,104)
Other income, net		**14,341,646**	6,482,889	**39,863,144**	23,163,677
		57,404,028	(20,036,655)	**172,500,666**	112,871,204
EXPENSES					
Salaries and employee related expenses		**(19,139,809)**	(18,863,230)	**(61,222,128)**	(61,518,693)
Other employee related cost		**(5,625,045)**	(4,763,557)	**(19,390,295)**	(17,368,415)
Impairment on net investments in Islamic financings, net	*7.3*	**(11,918,285)**	72,226,121	**2,310,254**	(78,182,586)
Collections of receivables written-off		**(187,744)**	(1,385,478)	**6,947,692**	120,777
Derecognition losses on portfolio sold to Parent Company		**-**	-	**(508,018)**	-
Other expenses		**(16,757,650)**	(20,083,026)	**(40,222,758)**	(36,179,735)
Finance cost		**(13,944,517)**	(25,083,080)	**(41,741,158)**	(69,703,685)
Depreciation and amortization		**(2,367,737)**	(2,992,736)	**(7,301,372)**	(9,236,716)
Reversal of impairment of margin deposits		**9,274,899**	11,776,295	**13,992,138**	9,510,194
Finance income on margin deposits	*8.2*	**873,192**	2,186,955	**5,953,852**	8,097,592
Modification loss on net investments in Islamic financings, net	*14*	**5,625,772**	(1,556,913)	**(5,646,479)**	(3,472,689)
Modification gain on restructuring of borrowings and grant income, net	*14*	**(9,554,162)**	829,163	**(4,118,486)**	3,617,053
Total expenses		**(63,721,086)**	12,290,514	**(150,946,758)**	(254,316,903)
Profit / (loss) before zakat		**(6,317,058)**	(7,746,141)	**21,553,908**	(141,445,699)
Zakat (charge) / reversal for the period	*11*	**-**	(2,544,068)	**7,723,410**	(9,704,715)
Profit / (loss) for the period		**(6,317,058)**	(10,290,209)	**29,277,318**	(151,150,414)
Other comprehensive income for the period		**-**	-	**-**	-
Total comprehensive income / (loss) for the period		**(6,317,058)**	(10,290,209)	**29,277,318**	(151,150,414)

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

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

INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021
(All amounts are in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Retained earnings	Remeasure-ment gain on employees' post-employment benefits	Total
For the nine-month period ended 30 September 2020 (unaudited)					
Balance as at 1 January 2020 before adjustment	500,000,000	98,512,706	542,734,751	1,194,964	1,142,442,421
Impact of prior years' restatement (refer Note 15)	-	-	11,763,131	-	11,763,131
Balance as at 1 January 2020 (restated)	500,000,000	98,512,706	554,497,882	1,194,964	1,154,205,552
Loss for the period	-	-	(151,150,414)	-	(151,150,414)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive loss for the period	-	-	(151,150,414)	-	(151,150,414)
Balance as at 30 September 2020 (restated)	500,000,000	98,512,706	403,347,468	1,194,964	1,003,055,138
For the nine-month period ended 30 September 2021 (unaudited)					
Balance as at 1 January 2021 before adjustment	**500,000,000**	**98,512,706**	**462,347,806**	**5,282,378**	**1,066,142,890**
Impact of prior years' restatement (refer Note 15)	**-**	**-**	**25,096,230**	**-**	**25,096,230**
Balance as at 1 January 2021 (restated)	**500,000,000**	**98,512,706**	**487,444,036**	**5,282,378**	**1,091,239,120**
Profit for the period	**-**	**-**	**29,277,318**	**-**	**29,277,318**
Other comprehensive income for the period	**-**	**-**	**-**	**-**	**-**
Total comprehensive income for the period	**-**	**-**	**29,277,318**	**-**	**29,277,318**
Balance as at 30 September 2021	**500,000,000**	**98,512,706**	**516,721,354**	**5,282,378**	**1,120,516,438**

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

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	2021	2020
			(Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before zakat		**21,553,908**	(141,445,699)
Adjustments:			
Amortization of right of use assets		**4,199,636**	4,585,281
Depreciation of property and equipment		**2,203,945**	3,288,515
Amortization of intangibles		**897,792**	1,362,920
(Reversal of)/ impairment on net investments in Islamic financings, net		**(9,257,946)**	78,061,809
(Reversal of)/ impairment on margin deposits		**(13,992,138)**	(9,510,194)
Modification loss on net investments in Islamic financings, net	*14*	**3,086,744**	3,472,689
Modification gain on restructuring of borrowings and grant income, net	*14*	**4,118,486**	(3,617,053)
Other income		**-**	(8,242,599)
Derecognition losses on portfolio sold to Parent Company		**508,018**	-
Finance income on margin deposits		**(5,953,852)**	(8,097,592)
Finance cost		**41,741,158**	69,703,685
Finance income on portfolio sold to Parent Company, net		**(9,347,108)**	-
Provision for employees' post-employment benefits		**2,278,500**	3,486,441
		42,037,143	(6,951,797)
Changes in operating assets and liabilities:			
Prepayments and other receivables		**56,256,554**	(72,434,455)
Due from related parties		**(6,677,279)**	(496,369,020)
Net investments in Islamic financings		**38,364,755**	851,912,674
Margin deposits – restricted		**103,276,805**	34,343,041
Trade payables		**(3,963,393)**	(59,919,187)
Accrued expenses and other liabilities		**(115,397,330)**	63,155,360
Due to a related party		**-**	(32,133,295)
Net servicing liability for securitized receivables		**(18,957,666)**	(35,615,508)
Employees' post-employment benefits paid		**(3,807,567)**	(2,953,528)
Zakat paid		**(2,530,358)**	(3,327,260)
Net cash from operating activities		**88,601,664**	239,707,025
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment		**(2,730,190)**	(491,718)
Additions of intangible assets		**(3,196,535)**	(138,567)
Net cash used in investing activities		**(5,926,725)**	(630,285)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		**(136,350,882)**	5,985,907
Rentals paid		**(1,705,138)**	(4,390,000)
Finance cost paid		**(45,503,129)**	(55,583,592)
Net cash used in financing activities		**(183,559,149)**	(53,987,685)
Net (decrease) / increase in cash and cash equivalents		**(100,884,210)**	185,089,055
Cash and cash equivalents at beginning of the period	*4*	**99,104,138**	36,613,543
Cash and cash equivalents at end of the period	*4*	**(1,780,072)**	221,702,598

(All amounts are in Saudi Riyals unless otherwise stated)

1- General information

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

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

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

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

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

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

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

2- Basis of preparation

2.1 The interim condensed financial statements have been prepared in accordance with International Accounting Standard "Interim Financial Reporting"- ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organisation for Chartered and Professional Accountants ("SOCPA").

Assets and liabilities in the interim condensed statement of financial position are presented in the order of their liquidity

2.2 These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual audited financial statements for the year ended 31 December 2020. The interim results may not be an indicator of the annual results of the Company.

Basis of preparation (continued)

2.3 The accounting and risk management policies adopted in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual audited financial statements for the year ended 31 December 2020.

2.4 **Functional and presentation currency**

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

3- Adoption of new standards and amendments to existing accounting standards

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

3.1 **NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE IN CURRENT YEAR**

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2021, but do not have an impact on the interim condensed financial statements of the Company.

3.2 New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early.

The most significant of these are as follows:

Standards	Title	Effective date
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous	1 January 2022
IAS 16	Property, Plant and Equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	1 January 2022
IFRS 1	Annual Improvements to IFRS Standards 2018-2020	1 January 2022
IFRS 4	Insurance Contracts-Amendments regarding the expiry date of the deferral approach	1 January 2023
IAS1	Presentation of Financial Statements - Amendments regarding the classification of liabilities	1 January 2023
IFRS 9	Amendments regarding the interaction of IFRS 4 and IFRS 9	1 January 2023
IFRS 17	Insurance Contracts - Amendments to address concerns and implementation challenges that were identified after IFRS 17	1 January 2023

Use of judgments and estimates

The preparation of interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these interim condensed financial statements, the significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the statutory financial statements as at and for the year ended 31 December 2020.

4- Cash and cash equivalents

	30 September 2021 (Unaudited)	**31 December 2020 (Audited)**
Cash at bank – current accounts	**22,079,985**	105,105,843
Less: bank overdrafts (Note 12)	**(23,860,057)**	(6,001,705)
Cash and cash equivalents	**(1,780,072)**	99,104,138

(All amounts are in Saudi Riyals unless otherwise stated)

5- Prepayments and other receivables

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Receivables from Parent Company against sold portfolio (Note 5.1)	**454,469,924**	502,305,155
Advance payments to banks against sold portfolio	**275,860,402**	300,214,625
Advance to suppliers – unsecured	**10,176,907**	2,294,061
Claims receivable	**10,106,586**	9,043,255
Advances to staff	**812,733**	903,712
Prepaid rent	**590,934**	399,963
Other prepayments	**52,745,481**	37,019,665
	804,762,967	852,180,436

5.1 During the year 2020, the Company has sold net investments in Islamic financings to Abdullatif Alissa Group Holding Company “Parent Company” with no recourse amounting to net of SR 536 million (gross lease portfolio sold amounting to SR 902.8 million less allowance of impairment against the sold portfolio by SR 366.8 million). As per the agreement, the Parent Company is required to settle SR 536 million over ten instalments over a period of four years starting from 31 March 2021. During the period, the Company has offset two instalments of SR 60 million against payable balance and repaid SR 10 million to Parent Company over collections made by the Company from net investments in Islamic financings portfolio sold. The Company has recognized a finance income on portfolio sold to Parent Company by SR.9.347 million for the nine months period ended 30 September 2021 (31 December 2020: loss on present value by SR 33.69 million).

6- Significant related parties’ balances and transactions

In the ordinary course of its activities, the Company transacts business with its related parties. Related parties include its Parent Company and their affiliated companies, the Board of Directors, and key management personnel. Key management personnel are those persons, including non-executive directors, having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The transactions with related parties are carried out on mutually agreed terms approved by the management of the Company.

	Nature of transaction	For three months ended 30 September 2021	For three months ended 30 September 2020	For the nine months end 30 September 2021	For the nine months end 30 September 2020
Abdullatif Alissa Group Holding Company (parent company)	Finance income on sold portfolio	**2,611,680**	-	**9,347,108**	**-**
	IT cost allocation	**-**	-	**-**	357,195
	Settlement of zakat guarantee	**-**	-	**-**	(6,502,186)
	Finance cost charged	**-**	5,426	**-**	42,289
	Other settlements	**-**	158,370	**-**	(431,188)
	Sale of net investments in Islamic financings	**-**	902,823,297	**-**	902,823,297
	Discount on sale of net investments in Islamic financings	**-**	(366,823,297)	**-**	(366,823,297)
	Deferment of future receipts	**-**	(38,595,969)	**-**	(38,595,969)
Associated companies:					
Abdullatif Alissa Auto Company	Financings	**265,604**	(18,023)	**4,975,555**	(371,560)
	Expense incurred on behalf of Company	**-**	(560,965)	**-**	(1,650,998)
Best Trading Company	Expenses paid on behalf of associate	**-**	55,284	**-**	40,030
National Automotive Trading Company	Expenses paid on behalf of associate	**-**	3,350	**-**	9,866
Alissa Universal Motor Company	Finance cost charged	**-**	493	**-**	552
	Payments made to affiliate adjustment of receivable	**-**	(62,436)	**-**	(143,795)
Aqar and Memar Real Estate Company	Finance cost charged	**-**	4,048	**-**	11,939
General Automotive Company	Finance cost charged	**-**	1,035,604		3,408,125
	Payments made to affiliate	**-**	(30,933,895)	**-**	(35,260,684)
General Automotive Company - Parts	Expenses paid on behalf of associate		123,942		74,631
Key management personnel	Salaries and other benefits	**1,057,775**	-	**4,136,783**	5,431,546
	Directors’ meeting fee	**-**	**-**	**-**	3,006,627

(All amounts are in Saudi Riyals unless otherwise stated)

	Nature of relationship	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Due from related parties			
Abdullatif Alissa Automotive Company	Associate	**99,622,083**	94,380,924
Best Trading Company	Associate	**629,747**	629,747
National Automotive Trading Company	Associate	**264,651**	264,651
Alissa Universal Motor Company	Associate	**98,569**	98,569
Abdullatif Alissa Group Holding Company	Parent company	**1,436,120**	-
		102,051,170	95,373,891
Due to related party			
Aqar and Memar Real Estate Company	Associate	**320,665**	320,665
		320,665	320,665
Key management personnel	Directors' meeting fee	**-**	845,675

7- Net investments in Islamic financings

	30 September 2021 (Unaudited)	31 December 2020 (Audited) Restated
Gross investments in Islamic financings	**2,074,963,115**	2,085,559,314
Unearned finance income	**(295,183,444)**	(273,672,698)
Unearned origination fee income	**(4,274,807)**	(4,964,689)
Modification loss on restructuring of financings (Note 14)	**(11,118,369)**	(8,031,625)
Present value of investments in Islamic financings	**1,764,386,495**	1,798,890,302
Allowance for impairment (Note 7.2)	**(214,728,749)**	(217,039,003)
	1,549,657,746	1,581,851,299

7.1- Stage wise analysis of net investments in Islamic financings is as follows:

	Performing (Stage 1)	Under-performing (Stage 2)	Non-performing (Stage 3)	Total
30 September 2021 (Unaudited)				
Present value of investments in Islamic financings	**1,022,156,329**	**145,358,953**	**596,871,213**	**1,764,386,495**
Allowance for impairment	**(17,696,777)**	**(27,400,615)**	**(169,631,357)**	**(214,728,749)**
Net investments in Islamic financings	**1,004,459,552**	**117,958,338**	**427,239,856**	**1,549,657,746**

	Performing (Stage 1)	Under-performing (Stage 2)	Non-performing (Stage 3)	Total
31 December 2020 (Audited)				
Present value of investments in Islamic financings	735,077,076	169,770,602	894,042,624	1,798,890,302
Allowance for impairment	(12,726,528)	(18,234,357)	(186,078,118)	(217,039,003)
Net investments in Islamic financings	722,350,548	151,536,245	707,964,506	1,581,851,299

(All amounts are in Saudi Riyals unless otherwise stated)

Net investments in Islamic financings (continued)

7.2 The movement in the allowance for impairment of net investments in Islamic financings during the period is as follows:

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Opening balance	**217,039,003**	528,185,854
Charged during the period / year	**(2,310,254)**	141,363,506
Allowance on net investments in Islamic financings portfolio sold to Parent Company	**-**	(222,016,952)
Write-off during the period / year	**-**	(230,493,405)
	214,728,749	217,039,003

7.3 Allowance for impairment - net comprises of the following:

	For three months period ended 30 September (Unaudited)		For the nine months period end 30 September (Unaudited)	
	2021	2020	2021	2020
(Charge for) / reversal of impairment	**(11,918,285)**	72,226,121	**2,310,254**	(78,182,586)

7.4 The Company in the ordinary course of its business holds collateral in respect of the net investments in Islamic financings (being the title of assets leased out) to mitigate the credit risk associated with them. These collaterals are not readily convertible into cash and are intended to be repossessed and disposed of in case the customer defaults. As at 30 September 2021, Ijara receivables include the Company's repossessed vehicle inventory for the contracts having outstanding receivables amounting to SR 27.7 million (31 December 2020: SR 63.6 million).

The title of the assets sold under finance leases agreements is held in the name of the Company. Further, all investments in finance leases are secured through personal guarantees.

7.5 The Company has entered into securitization and agency agreements with certain banks whereby the Company has sold to the banks certain investments in finance leases, with partial recourse to the extent of margin deposits with the banks under the securitization and agency agreements. The total value of the sold investments in Islamic finance receivables during the year has been netted off against amounts received from the banks under the securitization and agency agreements to buy the Islamic finance receivables from the Company. Due to the partial recourse available to the banks, the Company recognizes a liability against margin deposits maintained with the banks. The Company is appointed by the banks to service the lease receivables purchased by them, and the corresponding net servicing asset and liability are disclosed on the interim condensed statement of financial position.

8- Margin deposits – restricted

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Gross margin deposits with banks	**84,438,774**	187,715,578
Impairment in respect of margin deposits	**(29,722,189)**	(43,714,327)
Allowance in respect of present value of margin deposits (Note 8.2)	**(4,945,252)**	(10,899,104)
	49,771,333	133,102,147

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

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

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Balance at beginning of the period / year	**10,899,104**	17,891,745
Reversed during the period / year	**(5,953,852)**	(6,992,641)
	4,945,252	10,899,104

(All amounts are in Saudi Riyals unless otherwise stated)

9- Share capital

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

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

10- Accrued expenses and other liabilities

	30 September 2021 (Unaudited)	31 December 2020 (Audited) (Restated)	01 January 2020 (Audited) (Restated)
Collection against sold portfolio payable to banks (Note 7.5)	**93,136,625**	111,041,729	58,489,783
Payable against sold portfolio to Parent Company	**-**	23,161,587	-
Insurance recoveries payable	**494,705**	13,664,107	11,975,077
Provision against staff leaves	**4,662,773**	4,748,516	8,441,948
Unclaimed deposits	**3,260,930**	3,850,043	5,799,529
Accrued salaries, wages and benefits	**2,965,217**	6,267,759	3,737,863
Director's meeting attendance fee payable	**-**	845,675	875,333
Other payables	**56,322,991**	112,661,155	21,006,012
	160,843,241	276,240,571	110,325,545

11- Provision for zakat

The movement in the provision for zakat is as follows:

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Balance at the beginning of the period / year	**31,922,585**	29,828,363
Payment made during the period / year	**(2,530,358)**	(9,977,604)
Charge for the period / year	**1,717,785**	12,071,826
Reversal of prior year	**(9,441,195)**	-
Provided during the period / year	**(7,723,410)**	12,071,826
	21,668,817	31,922,585

Status of assessments

The Zakat returns for the years ended 2014 up to 2017 have been filed and demand has been raised by the Zakat, Tax and Customs Authority ("ZATCA", formerly General Authority of Zakat and Tax "GAZT") under the assessment of SR 41.6 million for the years 2014 up to 2017. During 2019, the Company has paid SR 21.6 million to ZATCA and the remaining amount is payable in four years' equal instalments from 1 December 2020.

At the date of issuing these interim condensed financial statements, zakat returns up to 2020 have been submitted to the Zakat, Tax and Customs Authority and Company has received the final zakat certificate until 2020.

(All amounts are in Saudi Riyals unless otherwise stated)

12- Borrowings

	30 September 2021 (Unaudited)	31 December 2020 (Restated)
Short-term borrowings	**711,302,967**	418,696,984
Long-term borrowings	**348,322,945**	772,774,869
Deposit received from SAMA against repayments deferment	**68,961,017**	73,465,948
Bank overdrafts (Note 4)	**23,860,057**	6,001,705
	1,152,446,986	1,270,939,506
Finance cost payable	**6,294,867**	10,056,838
Modification gain on restructuring of borrowings and grant income	**(4,931,706)**	(9,050,192)
	1,153,810,147	1,271,946,152

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

The facility agreements include covenants which, among other things, require the Company to maintain certain financial ratios. The covenants are monitored on annual basis by the management, in case of potential breach, actions are taken by management to ensure compliance.

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

13- Fair values of financial instruments

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

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

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

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

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

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

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

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

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

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

14- **Impact of COVID-19 on expected credit losses ("ECL") and SAMA programs**

On March 11, 2020, the World Health Organization ("WHO") declared the Coronavirus ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. This outbreak has also affected the GCC region including the Kingdom of Saudi Arabia. Governments all over the world took steps to contain the spread of the virus. Saudi Arabia in particular has implemented closure of borders, released social distancing guidelines and enforced country wide lockdowns and curfews.

Oil prices have also witnessed significant volatility during the current period, owing not just to demand issues arising from COVID-19 as the world economies go into lockdown, but also supply issues driven by volume which had predated the pandemic. For the Company, whose operations are largely concentrated in an economy which is primarily based on oil, the economic impacts of the above events, though the scale and duration of which remain uncertain, primarily include:

- Significant business interruption arising from hindrance in generating new originations, travel restrictions and unavailability of personnel etc.;
- Deterioration in credit worthiness of customers in particular to those working or involved in 'highly exposed sectors' such as transportation, tourism, hospitality, entertainment, construction and retail; and
- A significant increase in economic uncertainty, evidenced by more volatile asset prices and a general decline in interest rates globally.

Collectively, these current events and the prevailing conditions require the Company to analyze the likely impact of these events on the its business operations. The Board of Directors and the management of the Company have evaluated the current situation and accordingly, have activated its business continuity planning and other risk management practices to manage the potential business disruption COVID-19 outbreak may have on the Company's operations and financial performance.

The pandemic has also required the Company to revise certain inputs and assumptions used for the determination of expected credit losses ("ECL"). These primarily revolved around adjusting macroeconomic factors such as GDP and revaluating the methods of scenario construction and the underlying weightages assigned to these scenarios to estimate the likelihood and severity of these for the ECL determination. The Company has used GDP forecast for Kingdom of Saudi Arabia from IMF's World Economic Outlook Database as of April 2020. The Company have adjusted this forecasted data based on COVID 19 impact assessment report titled "THE GREAT LOCKDOWN" published by IMF in April 2020. This report consists of adjustments IMF foresee to their published forecast of GDP, based on this report forecasted GDP for Kingdom of Saudi Arabia was decreased by 4.5% and increased by 0.7% for years of 2020 and 2021 respectively.

SAMA support programs and initiatives

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 SME sector through empowering and facilitating the financing community. The PSFSP mainly encompasses the following programs:

- Deferred payments program; and
- Funding for lending program.

As part of the deferred payments program, the Company is required to defer payments for six months starting from 14 March 2020 on lending facilities to those borrowers that qualify as Micro Small and Medium Enterprises (MSME) as per the definition issued by SAMA via Circular No. 381000064902 dated 16 Jumada II 1438H and classified in Bucket 1 (i.e. from 0 to 30 days overdue). In May 2020, SAMA notified to defer all payments due from Stage (2) eligible MSME customers, i.e. classified in Bucket 2 (from 31 to 60 days overdue) and/or Bucket 3 (from 61 to 90 days overdue) that are currently servicing their loans. Similarly, the Company is also required to defer payments for 12 months on lending facilities funded through Monsha'at loans to those borrowers that qualify as MSME. As a compensation, the Company has received deferment of repayments on its Monsha'at loans from the Social Development Bank for a period of 12 months starting from 1 April 2020. The payment reliefs are considered as short-term liquidity support to address the borrower's potential cash flow issues.

In order to offset the modification loss which, the Company is expected to incur in deferring the payments, SAMA communicated to the Company that the deferment of six months' period on due installments on borrowings from banks will be granted and interest free deposit will not be provided to the Company by SAMA.

(All amounts are in Saudi Riyals unless otherwise stated)

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

On 1 September 2020, as per SAMA circular No. 381000064902 dated 16 Jumada II 1438H for the financing companies subject to the supervision of the SAMA, SAMA has announced to extend the SAMA Deferred Payment Program for further 3 months effective from 14 September 2020 until 14 December 2020.

Further to the above, SAMA has extended the deferred payments program in 2020 and 2021 by allowing additional months payment deferrals for eligible MSMEs until 30 July 2021. The Company has affected these payment reliefs by extending the tenure of the applicable loans granted with no additional costs to be borne by the customer. The accounting impact of these changes in terms of the credit facilities has been assessed and are treated as per the requirements of IFRS 9 as modification in terms of the arrangement. This resulted in the Company recognizing an additional modification loss of SR 8 million by the end of the year 2020 and SR 3.2 million by the end of Q2 2021.

In order to offset the modification loss that the Company has incurred in deferring the payments, the Company received SR 41 million of profit free deposit during October 2020 from SAMA repayable in 18 equal instalments starting from 31 January 2021. As at 31 December 2020, the Company also received from SAMA SR 32.4 million repayable in 18 equal instalments starting from 31 May 2021.

The benefit of the subsidized funding rate has been accounted for in accordance with government grant accounting requirements which resulted in a day 1 gain of SR 9 million recognized during the year ended 31 December, 2020. The Company also received SR 22.2 million of profit free deposits from SAMA in support of the third and fourth extension of deferred payment program. The day 1 modification gain for supports against extension of deferred program amounts to SR 3.7 million which was accounted for in the financial statements for the year ended 31 December 2020 and in the interim condensed statement of financial statements for the nine months' period ended 30 September 2021 by SR 1 million.

The net impact on the interim condensed statement of comprehensive income of the grant income, restructuring impact of financings and borrowings is as follows:

	For three months period ended 30 September (Unaudited)		For the nine months period ended 30 September (Unaudited)	
	2021	**2020**	**2021**	**2020**
Modification loss on net investments in Islamic financings, net	**5,625,772**	(1,556,913)	**(5,646,479)**	(3,472,689)
Unwinding of modification loss on net investments in Islamic financings	**2,559,735**	-	**2,559,735**	-
	8,185,507	(1,556,913)	**(3,086,744)**	(3,472,689)
Modification gain on restructuring of borrowings and grant income, net	**(9,554,162)**	829,163	**(4,118,486)**	3,617,053
	(1,368,655)	(727,750)	**(7,205,230)**	144,364

Credit risk management

The Company has strengthened its credit risk management policies to address the fast changing and evolving risks posed by the current circumstances. These include review of concentrations at granular economic sector, region, counterparty level including consideration of impacts of government and SAMA support, collateral protection and timely review. In respect of retail portfolio these include close monitoring of mix of loan types, employer concentrations, the trends in unemployment and the projected levels, collateral, delinquencies and timing of government support.

Liquidity risk management

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

Operational risk management

The Company responded quickly to the crisis and established an internal group to focus on the impacts of the pandemic and its effects on the Company. Furthermore, it put in place contingency plans allowing a significant proportion of employees to work from home. Employees considered essential to the operations of the Company were permitted to visit the Company's offices on a restricted basis whilst following government guidelines at all times. The Company's substantial investment in its IT and digital infrastructure has allowed customers to use the Company's facilities at minimal inconvenience during this period of branch closure whilst employees were able to work from home with minimal impact on effectiveness. Existing processes and controls have operated as normal throughout this period.

(All amounts are in Saudi Riyals unless otherwise stated)

15- Restatement of prior periods financial statements

The Company carried out an exercise to review the accrued and other liabilities, modification loss on net investments in Islamic financings, modification gain on restructuring of borrowings and grant income, financial facilities and other income. As a result, material errors were identified that there were corrected accordingly as at 1 January 2020, 31 December 2020 and for the three and nine months periods ended 30 September 2020. Accordingly, the prior years' financial statements and the interim condensed financial statements for the three and nine months periods ended have been restated with details presented below:

Interim condensed statement of financial position	Before the restatement	Effect of restatement	As restated
	As at 1 January 2020		
Retained earnings	542,734,751	11,763,131	554,497,882
Accrued expenses and other liabilities	122,088,676	(11,763,131)	110,325,545

Interim condensed statement of financial position	Before the restatement	Effect of restatement	As restated
	As at 31 December 2020		
Retained earnings	462,347,806	25,096,230	487,444,036
Accrued expenses and other liabilities	291,402,700	(15,162,129)	276,240,571
Borrowings	1,289,911,878	(17,965,726)	1,271,946,152

Interim condensed statement of profit or loss and other comprehensive income	Before the restatement	Effect of restatement	As restated
	For the nine months period ended 30 September 2020		
Income from net investments in Islamic financings, net	150,178,600	47,497,277	197,675,877
Income from portfolio sold to banks	-	26,705,038	26,705,038
Insurance costs		(74,202,315)	(74,202,315)
Impairment on net investments in Islamic financings, net	(78,061,809)	(120,777)	(78,182,586)
Collection of receivables written-off	-	120,777	120,777
General and administrative expenses	(123,132,033)	123,132,033	-
Selling and marketing expenses	(1,171,526)	1,171,526	-
Salaries and employee related expenses	-	(61,518,693)	(61,518,693)
Other employees related cost	-	(17,368,415)	(17,368,415)
Other expenses	-	(36,179,735)	(36,179,735)
Depreciation and amortization	-	(9,236,716)	(9,236,716)
Modification loss on net investments in Islamic financings, net	(21,233,455)	17,760,766	(3,472,689)
Modification gain on restructuring of borrowings and grant income, net	42,963,241	(39,346,188)	3,617,053
Other income	22,587,689	576,068	23,163,677

(All amounts are in Saudi Riyals unless otherwise stated)

Restatement of prior periods financial statements (continued)

Interim condensed statement of profit or loss and other comprehensive income	Before the restatement	Effect of restatement	As restated
	For the three months period ended 30 September 2020		
Income from net investments in Islamic financings, net	33,951,529	19,298,738	53,250,267
Income from portfolio sold to banks	-	6,469,124	6,469,124
Insurance costs		(25,767,862)	(25,767,862)
Impairment on net investments in Islamic financings, net	70,840,642	1,385,478	72,226,120
Collection of receivables written-off	-	(1,385,478)	(1,385,478)
General and administrative expenses	(46,559,521)	46,559,521	-
Selling and marketing expenses	(143,027)	143,027	-
Salaries and employee related expenses	-	(18,863,229)	(18,863,230)
Other employees related cost	-	(4,763,557)	(4,763,557)
Other expenses	-	(20,083,026)	(20,083,026)
Depreciation and amortization	-	(2,992,736)	(2,992,736)
Modification loss on net investments in Islamic financings, net	(2,650,707)	1,093,794	(1,556,913)
Modification gain on restructuring of borrowings and grant income, net	-	829,163	829,163
Other income	6,084,308	398,560	6,482,889

In addition, certain of the comparative figures in the interim condensed statements of profit or loss and other comprehensive income and cash flows within operating activities have been reclassified to conform to current period presentation.

16- Date of approval of interim condensed financial statements

These interim condensed financial statements were approved and authorized for issue on 28 October 2021 by the Board of Directors of the Company.