

AL-YUSR LEASING AND FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
INTERIM CONDENSED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

AL-YUSR LEASING AND FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

<u>Table of Contents</u>	<u>Page</u>
Independent Auditor's Review Report on the Interim Condensed Financial Statements	1
Interim Statement of Financial Position	2
Interim Statement of Comprehensive (Loss) / Income	3
Interim Statement of Changes in Equity	4
Interim Statement of Cash Flows	5
Notes to the Interim Condensed Financial Statements	6-16

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF AL-YUSR LEASING AND FINANCING COMPANY (A SAUDI CLOSED JOINT STOCK COMPANY)

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of Al-Yusr Leasing and Financing Company (the "Company") as at 31 March 2020 and the related interim statement of comprehensive (loss) / income for the three-month period then ended, and the interim statement of changes in equity and interim statement cash of flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes (the "interim condensed financial statements"). 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.

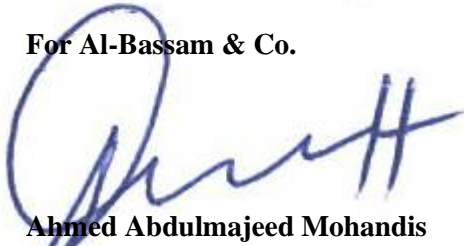
SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", that is 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 that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

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

For Al-Bassam & Co.



Ahmed Abdulmajeed Mohandis
Certified Public Accountant
License No. 477



23 Dhul Hijjah 1441H
13 August 2020G
Riyadh, Kingdom of Saudi Arabia

AL-YUSR LEASING AND FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020
(All amounts in Saudi Riyals unless otherwise stated)

	Note	31 March 2020 (Unaudited)	31 December 2019 (Audited)
ASSETS			
Cash and cash equivalents		65,492,024	36,613,543
Prepayments and other receivables		246,160,101	205,052,685
Due from related parties	5	7,726,411	2,759,156
Net investment in Islamic financings	6	2,356,170,140	2,537,044,903
Margin deposits – restricted	7	173,609,218	163,870,328
Investment carried at FVOCI		892,875	892,875
Property and equipment		9,268,155	10,054,780
Intangible assets		3,031,283	3,449,446
Right-of-use assets		11,495,604	13,123,066
TOTAL ASSETS		2,873,845,811	2,972,860,782
EQUITY AND LIABILITIES			
EQUITY			
Share capital	8	500,000,000	500,000,000
Statutory reserve		98,512,706	98,512,706
Retained earnings		486,499,249	542,734,751
Actuarial gain on employees' post-employment benefits		1,194,964	1,194,964
TOTAL EQUITY		1,086,206,919	1,142,442,421
LIABILITIES			
Trade payables		77,092,725	96,959,030
Other payables and accruals		84,768,515	90,428,712
Lease Liabilities		8,487,693	8,874,853
Due to related parties	5	137,471,695	141,437,643
Net servicing liability for securitized receivables		108,641,501	121,823,384
Provision for zakat	9	29,997,532	29,828,363
Financial facilities	10	1,319,680,793	1,319,652,376
Employees' post-employment benefits		21,498,438	21,414,000
TOTAL LIABILITIES		1,787,638,892	1,830,418,361
TOTAL EQUITY AND LIABILITIES		2,873,845,811	2,972,860,782

The accompanying notes 1 to 15 form part of these interim condensed financial statements

AL-YUSR LEASING AND FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
INTERIM STATEMENT OF COMPREHENSIVE (LOSS) / INCOME
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020
(All amounts in Saudi Riyals unless otherwise stated)

	Note	31 March 2020 (Unaudited)	31 March 2019 (Unaudited) (Restated)
INCOME FROM ISLAMIC FINANCING, NET		55,642,901	69,695,217
OPERATING (EXPENSES) / INCOME			
Finance cost		(22,738,647)	(21,737,824)
Impairment on Islamic financing, net	11, 3	(52,650,589)	(50,972)
Provision against expected default in respect of margin deposit	7	(1,031,828)	(10,900)
Reversal of provision in respect of fair value of margin deposits	7	2,964,522	-
Selling and marketing expenses		(905,836)	(1,054,708)
General and administrative expenses		(42,843,972)	(36,404,615)
Loss on disposal of repossessed asset		-	(9,688,623)
Other income		5,497,116	9,038,098
(LOSS) / INCOME BEFORE ZAKAT		(56,066,333)	9,785,673
Zakat charge for the year		(169,169)	(978,567)
NET (LOSS) / INCOME FOR THE YEAR		(56,235,502)	8,807,106
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD		(56,235,502)	8,807,106

The accompanying notes 1 to 15 form part of these interim condensed financial statements

AL-YUSR LEASING AND FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020
(All amounts in Saudi Riyals unless otherwise stated)

31 March 2019

	Note	Share capital	Statutory reserve	Retained Earnings	Actuarial loss on post-employment benefits	Total equity
Balance as at 1 January 2019 – Audited		500,000,000	97,221,911	531,117,598	(7,442,205)	1,120,897,304
Comprehensive income for the period – restated	13	-	-	8,807,106	-	8,807,106
Balance as at 31 March 2019 (Unaudited) – restated		<u>500,000,000</u>	<u>97,221,911</u>	<u>539,924,704</u>	<u>(7,442,205)</u>	<u>1,129,704,410</u>

31 March 2020

	Share capital	Statutory reserve	Retained Earnings	Actuarial gain on post-employment benefits	Total equity
Balance as at 1 January 2020 (Audited)	500,000,000	98,512,706	542,734,751	1,194,964	1,142,442,421
Comprehensive loss for the period	-	-	(56,235,502)	-	(56,235,502)
Balance as at 31 March 2020 (Unaudited)	<u>500,000,000</u>	<u>98,512,706</u>	<u>486,499,249</u>	<u>1,194,964</u>	<u>1,086,206,919</u>

The accompanying notes 1 to 15 form part of these interim condensed financial statements

AL-YUSR LEASING AND FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020
(All amounts in Saudi Riyals unless otherwise stated)

	31 March 2020	31 March 2019
Note	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before zakat	(56,066,333)	9,785,673
Adjustments for:		
Depreciation of right of use assets	1,627,462	1,690,593
Depreciation of property and equipment	1,069,952	846,647
Amortization of intangibles	493,880	439,605
Impairment on Islamic financing	6.1 53,887,423	2,500,000
Provision for expected defaults in respect of margin deposits	7.1 1,031,828	10,900
(Reversal) / Provision in respect of fair value of margin deposits	7.2 (2,964,522)	-
Finance cost	22,738,647	21,737,824
Provision for employees' post-employment benefits	857,225	1,006,870
	<u>22,675,562</u>	<u>38,018,112</u>
(Increase) / decrease in operating assets		
Prepayments and other receivables	(41,107,416)	(148,026,323)
Due from related parties	(4,967,255)	(106,211)
Net investment in Islamic financing	126,987,340	(73,136,493)
Margin deposit – restricted	(7,806,196)	9,645,002
(Decrease)/increase in operating liabilities		
Trade payables	(19,866,305)	163,703,086
Other payables and accruals	(5,660,197)	17,552,974
Due to a related party	(3,965,948)	49,677,718
Net servicing liability for securitized receivables	(13,181,883)	(15,092,520)
Zakat paid	-	(8,312,930)
Employees' post-employment benefits paid	(772,787)	(861,289)
Net cash generated from operating activities	<u>52,334,915</u>	<u>33,061,126</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(283,327)	(87,315)
Purchase of intangible assets	(75,717)	-
Net cash used in investing activities	<u>(359,044)</u>	<u>(87,315)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from financial facilities	310,122,090	499,195,611
Repayment of financial facilities	(312,539,722)	(635,278,489)
Finance cost paid	(20,160,758)	(21,514,691)
Lease liabilities paid	(519,000)	(560,000)
Net cash used in financing activities	<u>(23,097,390)</u>	<u>(158,157,569)</u>
Net decrease in cash and cash equivalents	<u>28,878,481</u>	<u>(125,183,758)</u>
Cash and cash equivalents at beginning of the period	36,613,543	188,293,063
Cash and cash equivalents at end of the period	<u>65,492,024</u>	<u>63,109,305</u>

The accompanying notes 1 to 15 form part of these interim condensed financial statements

AL-YUSR LEASING AND FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020
(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 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 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-Khuraish Road	1010404065	9 Rabi' al-Thani 1435H
Hafr Al Baten	1010429749	24 Rabi' al-Awal 1436H
Hafr Al Baten	2511020230	12 Thul-Qi'dah 1434H
Oniza	1128017776	13 Rabi' al-Thani 1435H
Hail	3350037814	25 Safar 1434H
Sekaka	3400017706	13 Rabi' al-Thani 1435H
Tabouk	3550033063	5 Rabi' al-Thani 1435H
Dammam	2050098038	11 Rabi' al-Thani 1435H
Dammam	2051028846	20 Thul-Qi'dah 1424H
Al Qateef	2053022257	10 Thul-Qi'dah 1431H
Al-Jubail	2055021890	9 Rabi' al-Thani 1435H
Al Ihsaa	2252034974	12 Jumada al-Ula 1428H
Jeddah – Rowdah	4030170831	22 Jumada al-Akhirah 1428H
Jeddah – Al Jawahra	4030283344	4 Rabi' al-Thani 1436H
Makkah	4031060371	01 Thul-Qi'dah 1431H
Yanbu	4700017653	02 Jumada al-Akhirah 1435H
Madinah Monawarah-Aziziah	4650055494	02 Jumada al-Ula 1433H
Khamis Mshait	5855044025	24 Jumada al-Akhirah 1433H
Jazan	5900027559	17 Rabi' al-Thani 1435H
Riyadh	1010442499	14 Jumada al-Ula 1437H
Kharj	1011020863	5 Safar 1435H
Madinah	1131051618	13 Rabi' al-Thani 1435H

AL-YUSR LEASING AND FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020
(All amounts in Saudi Riyals unless otherwise stated)

2. BASIS OF PREPARATION

2.1. STATEMENT OF COMPLIANCE

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

The results for the three-month period ended 31 March 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s financial statements for the year ended 31 December 2019.

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

2.2. BASIS OF MEASUREMENT

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

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

2.3. FUNCTIONAL AND PRESENTATION CURRENCY

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES, AND ASSUMPTIONS

In preparing these interim condensed financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The significant judgements made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

AL-YUSR LEASING AND FINANCING COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020
(All amounts in Saudi Riyals unless otherwise stated)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES, AND ASSUMPTIONS
(CONTINUED)

IMPACT OF COVID-19 ON EXPECTED CREDIT LOSSES (“ECL”)

On 11 March 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 countrywide 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. The economic impacts of the above events, though the scale and duration of which remains uncertain, primarily include:

- Significant business interruption arising from hindrance in generating new originations travel restrictions and unavailability of personnel etc.;
- Deterioration in the creditworthiness 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 currency exchange rates, 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 Company’s business operations. The Company has adjusted the macroeconomic factors in the ECL model on the basis of the available data in March 2020 but the same will be subject to change in the quarter ended June 30, 2020. 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 its operations and financial performance. Under the current situation, the scale and duration of this outbreak and its impact on credit, market and operational risks remain uncertain and the board of directors and management of the Company is continuously evaluating the evolving situation in liaison with the regulatory authorities and the related quantification of impact cannot be ascertained at this point.

4. NEW AMENDED STANDARDS AND INTERPRETATIONS THAT ARE NOT YET EFFECTIVE:

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2020, but they do not have a material effect on the Company’s interim condensed financial statements.

AL-YUSR LEASING AND FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020
(All amounts in Saudi Riyals unless otherwise stated)

5. RELATED PARTY TRANSACTIONS AND BALANCES

<u>Transactions during the period</u>			<u>For the three-month period ended</u>	
<u>Name of Related Party</u>	<u>Nature of relationship</u>	<u>Nature of transaction</u>	<u>31 March 2020</u>	<u>31 March 2019</u>
		IT cost allocation	357,195	1,300,744
Abdullatif Alissa Group Holding Company	Parent Company	Settlement of zakat guarantee amount	(6,502,186)	-
		Finance cost charged*	331,522	-
		Other settlements	(625,605)	-
Abdullatif Alissa Automotive Company	Affiliate	Asset purchases from Affiliate for Islamic financing	-	3,868,738
		Payments made	(236,342)	-
		Finance cost charged*	541,399	-
Alissa Universal Motor Company	Affiliate	Asset purchases from affiliate for Islamic financing	-	4,968,381
		Payments made to affiliate	(64,552)	-
General Automotive Company	Affiliate	Asset purchases from Affiliate for Islamic financing	-	64,499,490
		Payments made to Affiliate	(3,871,447)	-
		Finance cost charged*	1,185,136	-
Aqar and Memar Real Estate Company	Affiliate	Finance Cost charged*	3,913	-
Best Trading Company	Affiliate	Expenses incurred by the Company on behalf of the Affiliate	(24,437)	-
General Automotive Company - Parts	Affiliate	Expenses incurred by the Company on behalf of the Affiliate	(24,559)	-
National Automotive Trading Company	Affiliate	Expenses incurred by the Company on behalf of the Affiliate	(3,240)	-
Key management personnel		Salaries and other short-term employee benefits	2,265,061	1,108,765
		Directors' meeting attendance fee	400,000	400,000

AL-YUSR LEASING AND FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020
(All amounts in Saudi Riyals unless otherwise stated)

5. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Balances as at 30 June 2020

Due from related parties	Nature of relationship	31 March 2020	31 December 2019
		(Unaudited)	(Audited)
Abdullatif Alissa Group Holding Company	Parent Company	4,915,019	-
General Automotive Company - Parts	Affiliate	1,944,916	1,920,357
Best Trading Company	Affiliate	606,166	581,729
National Automotive Trading Company	Affiliate	257,716	254,476
Alissa Investment Company	Affiliate	2,594	2,594
		<u>7,726,411</u>	<u>2,759,156</u>

Due to related parties

General Automotive Company	Affiliate	93,957,501	96,643,812
Abdullatif Alissa Automotive Company	Affiliate	43,198,707	42,893,650
Aqar and Memar Real Estate Company	Affiliate	312,250	308,337
Alissa Universal Motor Company	Affiliate	3,237	67,789
Abdullatif Alissa Group Holding Company	Parent Company	-	1,524,055
		<u>137,471,695</u>	<u>141,437,643</u>

Key management personnel

Advance to key management personnel of the Company	-	163,318
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Directors' meeting attendance fee payable	116,705	875,333
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5.1. *Finance cost has been charged by the group company at an average rate of 5% on the due to balances.

5.2. Net Investment in Islamic Financings

Related Parties	Nature of Relationship	Product type	Profit rate	Tenure	31 March 2020	31 December 2019
					(Unaudited)	(Audited)
Key management	Executive Staff	Ijara	4% - 5%	49 months	-	941,279
Tanya Bottled Drinking Water Ltd Co	Affiliate	Murabaha	6%	36 months	49,124	73,714
	Affiliate	Ijara	6%	22-36 months	47,153	396,615
					<u>96,277</u>	<u>1,411,608</u>

AL-YUSR LEASING AND FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020
(All amounts in Saudi Riyals unless otherwise stated)

5. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

5.2. Net Investment in Islamic Financings (Continued)

Related Parties	Nature of Relationship	Product type	Profit rate	Tenure	31 March 2020 (Unaudited)	31 December 2019 (Audited)
Key Management Employees of affiliated companies	Affiliate	Ijara	5%	49 - 60 months	47,702	56,074
		Murabaha	8%	48 months	271,882	296,101
					319,584	352,175

6. NET INVESTMENT IN ISLAMIC FINANCINGS

	31 March 2020 (Unaudited)	31 December 2019 (Audited)
Gross investment in Islamic financings	3,357,841,278	3,531,199,909
Unearned / Deferred Islamic financing income	(402,802,758)	(448,003,142)
Unearned origination fee	(8,408,672)	(9,544,796)
Advance from customers	(8,386,431)	(8,421,214)
Net investment in Islamic financings before impairment	2,938,243,417	3,065,230,757
Less: Provision for impairment	(582,073,277)	(528,185,854)
Net investment in Islamic financings	2,356,170,140	2,537,044,903

6.1. The movement in the provision for impairment of Islamic financings during the period is as follows:

	For the three-month period ended 31 March 2020 (Unaudited)	For the year ended 31 December 2019 (Audited)
Balance at beginning of the period / year	528,185,854	303,973,609
Provided during the period / year	53,887,423	224,212,245
Balance at the end of the period / year	582,073,277	528,185,854

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020
(All amounts in Saudi Riyals unless otherwise stated)

7. MARGIN DEPOSITS - RESTRICTED

	31 March 2020 (Unaudited)	31 December 2019 (Audited)
Gross Margin deposits with banks	254,580,276	246,774,080
Less: Provision against expected defaults in respect of margin deposits	(66,043,835)	(65,012,007)
Less: Provision in respect of fair value of margin deposit	(14,927,223)	(17,891,745)
Net margin deposits	<u>173,609,218</u>	<u>163,870,328</u>

The Company has placed these funds in restricted bank accounts against 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.

7.1. The movement in expected defaults in respect of margin deposits

	For the three- month period ended 31 March 2020 (Unaudited)	For the year ended 31 December 2019 (Audited)
Balance at beginning of the period / year	65,012,007	128,198,857
Provided / (Reversed) during the period / year	1,031,828	(63,230,787)
Written off during the period / year	-	43,937
Balance at the end of the period / year	<u>66,043,835</u>	<u>65,012,007</u>

7.2. The movement in provision in respect of fair value margin deposits

	For the three- month period ended 31 March 2020 (Unaudited)	For the year ended 31 December 2019 (Audited)
Balance at beginning of the period / year	17,891,745	25,080,946
(Reversed) / Provided during the period / year	(2,964,522)	(7,189,201)
Balance at the end of the period / year	<u>14,927,223</u>	<u>17,891,745</u>

8. 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:

Shareholders	31 March 2020		31 December 2019	
	Holding %	No. of Shares	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	<u>100.00%</u>	<u>50,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>

AL-YUSR LEASING AND FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020
(All amounts in Saudi Riyals unless otherwise stated)

9. PROVISION FOR ZAKAT

The movement in the provision for zakat is as follows:

	For the three-month period ended 31 March 2020 (Unaudited)	For the year ended 31 December 2019 (Audited)
Balance at the beginning of the period / year	29,828,363	119,814,360
Provided during the period / year	169,169	3,226,987
Zakat charge reversal – prior period	-	(41,831,652)
	169,169	(38,604,665)
Payment during the period / year	-	(51,381,332)
Balance at the end of the period / year	29,997,532	29,828,363

STATUS OF ASSESSMENTS

The Zakat returns for the years ended 2014 up to 2017 have been filed and demand has been raised by the General Authority of Zakat and Tax (“GAZT”) under the assessment of SR. 41,564,652 for the years 2014 up to 2017. This amount is payable in installments over the next five years with the first amount being paid on 1 December 2019.

The Zakat return for the year 2018 has been filed and is under review by the GAZT. The Company has obtained a certificate from the GAZT valid until 18 Ramadan 1442H corresponding to 30 April 2021.

10. FINANCIAL FACILITIES

	Note	31 March 2020 (Unaudited)	31 December 2019 (Audited)
Short-term financial facilities		23,542,242	66,620,500
Long-term financial facilities	10.1	1,289,641,429	1,248,980,803
Finance Cost payable		6,497,122	4,051,073
		1,319,680,793	1,319,652,376

10.1. Long-term financial facilities

	31 March 2020 (Unaudited)	31 December 2019 (Audited)
Current portion		
Long-term financial facilities	396,458,434	761,751,515
Non-current portion		
Long-term financial facilities	893,182,995	487,229,288
	1,289,641,429	1,248,980,803

AL-YUSR LEASING AND FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020
(All amounts in Saudi Riyals unless otherwise stated)

10. FINANCIAL FACILITIES (CONTINUED)

10.2. The Company holds financial facilities from a local bank for the purpose of financing working capital needs. These bank facilities bear finance costs at market prevailing rates and also have restricted cash deposits. The Company has collateralized certain Islamic financing receivables in order to obtain these financial facilities.

10.3. The facility agreements include covenants which, among other things, require the Company to maintain certain financial ratios. As of 31 March 2020, the Company was not in compliance with certain covenants of the financing agreements. However, the management believes that the financiers will not exercise their right to demand accelerated / immediate payment of the outstanding balance from the Company.

11. IMPAIRMENT ON ISLAMIC FINANCING, NET

	Note	For the three-month period ended	
		31 March 2020 (Unaudited)	31 March 2019 (Unaudited)
Impairment on Islamic financing	6.1	53,887,423	2,500,000
Write-off recoveries		(1,236,834)	(2,449,028)
		52,650,589	50,972

12. 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 (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial assets consist of cash and bank balances, investment, net investment in Islamic financing, restricted cash deposits and other receivables, its financial liabilities consist of trade payables, financial facilities, due to related party and other liabilities.

AL-YUSR LEASING AND FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020
(All amounts in Saudi Riyals unless otherwise stated)

12. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

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.

31 March 2020 (Unaudited)	Fair value Level			Total
	1	2	3	
FINANCIAL ASSET				
FVOCI designated				
Investment carried at FVOCI	-	-	892,850	892,850

31 December 2019 (Audited)	Fair value Level			Total
	1	2	3	
FINANCIAL ASSET				
FVOCI designated				
Investment carried at FVOCI	-	-	892,850	892,850

The above financial asset is measured at fair value at the end of each reporting period.

The following table gives information about how the fair values of these financial assets and financial liabilities are determined:

Financial assets / financial liabilities	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship and sensitivity of unobservable inputs to fair value
Investment carried at FVOCI	Cost	N/A	N/A

13. RECLASSIFICATION / RESTATEMENT OF PRIOR PERIOD FIGURES

Certain comparative information has been reclassified to conform to the current period presentation. As disclosed in the Company's annual financial statement for the year ended 31 December 2019, the Company changed its accounting policy to recognize zakat within the statement of comprehensive income / (loss). Previously, zakat was charged to statement of changes in equity.

Impact on the interim statement of comprehensive income / (loss)

	For the three-month period ended 31 March 2019
Profit before zakat for the period	9,785,673
Zakat	(978,567)
Adjusted profit for the period	8,807,106

AL-YUSR LEASING AND FINANCING COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020
(All amounts in Saudi Riyals unless otherwise stated)

14. SUBSEQUENT EVENTS

In response to Covid-19, Saudi Arabian Monetary Authority ("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. As part of the Deferred Payment Program ("DPP"), the Company subsequent to reporting date has deferred payments for 6 months to contracts that qualify as MSME with extending the tenure of the facility.

Additionally, in accordance with the instructions of SAMA, Banks subsequent to the reporting date have rescheduled the repayments of the financial facilities by deferring the payment of the facilities by 6-months.

There have been no other significant events since the period-end that require disclosure or adjustment in these interim condensed financial statements.

15. DATE OF AUTHORISATION FOR ISSUE

These interim condensed financial statements were approved and authorized for issue on 13 August 2020G (corresponding to 23 Dhul Hijjah 1441H) by the Board of Directors of the Company.