

**IJARAH FINANCE COMPANY**  
**(A Single Person Saudi Closed Joint Stock Company)**  
**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE SIX-MONTH PERIOD ENDED**  
**30 JUNE 2021**  
**WITH INDEPENDENT AUDITOR'S REVIEW REPORT**

**IJARAH FINANCE COMPANY**  
**(A Single Person Saudi Closed Joint Stock Company)**  
**INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**

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

TO THE SHAREHOLDER OF IJARAH FINANCE COMPANY  
(A SINGLE PERSON SAUDI CLOSED JOINT STOCK COMPANY)

### INTRODUCTION

We have reviewed the accompanying interim statement of financial position of Ijarah Finance Company (the "Company") as at 30 June 2021 and the related interim statement of comprehensive income / (loss) for the three-month and six-month periods then ended, the interim statements of changes in equity and cash flows for the six-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 A. Mohandis**  
Certified Public Accountant  
Registration No. 477



24 Dhu'l-Hijjah, 1442H  
03 August, 2021  
Riyadh, Kingdom of Saudi Arabia

**IJARAH FINANCE COMPANY**  
**(A Single Person Saudi Closed Joint Stock Company)**  
**INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021**  
**(All amounts in Saudi Riyals unless otherwise stated)**

	Notes	30 June 2021 (Unaudited)	31 December 2020 (Audited)
<b>ASSETS</b>			
Cash and cash equivalents		74,573,654	42,828,100
Prepayments and other receivables		66,741,977	58,243,460
Due from a related party	5	-	23,716
Profit strips receivables		22,568,258	34,717,645
Net investment in Ijarah financing	6	265,210,856	236,891,993
Net servicing asset for factorized receivables		17,559,320	17,738,523
Margin deposits – restricted	7	58,868,916	56,715,873
Investment carried at Fair Value through Other Comprehensive Income “FVOCI”		892,850	892,850
Property and equipment		3,301,598	3,784,142
Intangible assets		3,713,346	4,406,679
Right-of-use assets		3,772,869	4,357,688
<b>TOTAL ASSETS</b>		<b>517,203,644</b>	<b>460,600,669</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	8	200,000,000	200,000,000
Statutory reserve		1,772,337	1,772,337
Accumulated losses		(11,897,029)	(14,753,171)
<b>TOTAL EQUITY</b>		<b>189,875,308</b>	<b>187,019,166</b>
<b>LIABILITIES</b>			
Due to related parties	5	41,721,738	41,374,021
Other payables and accruals		154,677,238	100,862,828
Lease liabilities		3,142,401	3,910,206
Net servicing liability for factorized receivable		33,279,053	34,386,436
Provision for zakat	9	323,337	360,697
Borrowings	10	92,029,678	90,741,234
Employees' post-employment benefits		2,154,891	1,946,081
<b>TOTAL LIABILITIES</b>		<b>327,328,336</b>	<b>273,581,503</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>517,203,644</b>	<b>460,600,669</b>

The accompanying notes 1 to 13 form an integral part of these interim condensed financial statements

**IJARAH FINANCE COMPANY**  
**(A Single Person Saudi Closed Joint Stock Company)**  
**INTERIM STATEMENT OF COMPREHENSIVE INCOME /(LOSS)**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED 30 JUNE 2021**  
**(All amounts in Saudi Riyals unless otherwise stated)**

	Note	<i>For the three-month period ended</i>		<i>For the six-month period ended</i>	
		<b>30 June 2021</b> <b>(Unaudited)</b>	<b>30 June 2020</b> <b>(Unaudited)</b>	<b>30 June 2021</b> <b>(Unaudited)</b>	<b>30 June 2020</b> <b>(Unaudited)</b>
<b>INCOME FROM IJARAH FINANCING, NET</b>		<b>14,666,581</b>	8,792,684	<b>26,046,213</b>	22,131,713
<b>OPERATING EXPENSES</b>					
Finance cost		(711,727)	(427,265)	(1,400,640)	(1,576,700)
General and administrative expenses		(10,018,063)	(9,723,781)	(19,946,035)	(22,068,607)
Selling and marketing expenses		(855,544)	(2,167,748)	(1,695,959)	(2,413,393)
Impairment on Ijarah financing	6.3	(2,847,487)	-	(2,952,312)	(873,655)
<b>OPERATING INCOME/(LOSS)</b>		<b>233,760</b>	(3,526,110)	<b>51,267</b>	(4,800,642)
Other income, net		<b>1,543,747</b>	958,501	<b>3,128,212</b>	2,170,020
<b>NET OPERATING INCOME/(LOSS) BEFORE ZAKAT</b>		<b>1,777,507</b>	(2,567,609)	<b>3,179,479</b>	(2,630,622)
Zakat	9	(253,101)	(212,382)	(323,337)	(268,626)
<b>NET INCOME/(LOSS) FOR THE PERIOD</b>		<b>1,524,406</b>	(2,779,991)	<b>2,856,142</b>	(2,899,248)
OTHER COMPREHENSIVE INCOME		-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>		<b>1,524,406</b>	(2,779,991)	<b>2,856,142</b>	(2,899,248)

The accompanying notes 1 to 13 form an integral part of these interim condensed financial statements

**IJARAH FINANCE COMPANY**  
**(A Single Person Saudi Closed Joint Stock Company)**  
**INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**  
**(All amounts in Saudi Riyals unless otherwise stated)**

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**30 June 2020**

	<b>Share capital</b>	<b>Statutory reserve</b>	<b>Accumulated Losses</b>	<b>Total equity</b>
<b>Balance as at 1 January 2020 (Audited)</b>	100,000,000	1,686,892	(15,522,180)	86,164,712
Additional contribution	100,000,000	-	-	100,000,000
Comprehensive loss for the period	-	-	(2,899,248)	(2,899,248)
<b>Balance as at 30 June 2020 (Unaudited)</b>	<b>200,000,000</b>	<b>1,686,892</b>	<b>(18,421,428)</b>	<b>183,265,464</b>

**30 June 2021**

<b>Balance as at 1 January 2021 (Audited)</b>	<b>200,000,000</b>	<b>1,772,337</b>	<b>(14,753,171)</b>	<b>187,019,166</b>
Comprehensive income for the period	-	-	<b>2,856,142</b>	<b>2,856,142</b>
<b>Balance as at 30 June 2021 (Unaudited)</b>	<b>200,000,000</b>	<b>1,772,337</b>	<b>(11,897,029)</b>	<b>189,875,308</b>

The accompanying notes 1 to 13 form an integral part of these interim condensed financial statements

**IJARAH FINANCE COMPANY**  
**(A Single Person Saudi Closed Joint Stock Company)**  
**INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**  
**(All amounts in Saudi Riyals unless otherwise stated)**

	Notes	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Net operating income / (loss) before zakat</b>		<b>3,179,479</b>	<b>(2,630,622)</b>
<b>Adjustments for:</b>			
Depreciation of right of use assets		584,819	578,900
Depreciation of property and equipment		534,013	728,492
Amortization of intangibles		693,333	627,899
(Reversal) / Provision against expected defaults in respect of factorized receivables		(124,747)	321,861
(Reversal) / Provision in respect of fair value of margin deposits		(2,028,296)	532,492
(Reversal) / Provision on profit-only strips receivable		(1,122,731)	2,896,755
Interest expense on lease liability		112,195	135,102
Impairment on Ijarah financing, net	6.3	2,952,312	873,655
Finance cost on borrowings		1,288,445	1,441,598
Employees' post-employment benefits		250,940	500,062
		<b>6,319,762</b>	<b>6,006,194</b>
<b>Changes in operating assets</b>			
Prepayments and other receivables		(8,498,517)	(1,037,356)
Due from related party		23,716	-
Profit strips receivables		13,272,118	14,048,891
Net investment in Ijarah financing		(31,271,175)	(50,769,290)
Net servicing asset for factorized receivables		179,203	(5,472,562)
Margin deposits – restricted		-	(9,056,052)
		<b>(26,294,655)</b>	<b>(52,286,369)</b>
<b>Changes in operating liabilities</b>			
Other payables and accruals		53,453,713	(2,180,665)
Due to related parties		347,717	973,168
Net servicing liability for factorized receivables		(1,107,383)	8,929,812
<b>Cash generated from / (used in) operations</b>		<b>32,719,154</b>	<b>(38,557,860)</b>
Employees' post-employment benefits paid		(42,131)	(232,059)
<b>Net cash generated from / (used in) operating activities</b>		<b>32,677,023</b>	<b>(38,789,919)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(51,469)	(1,536,706)
Purchase of intangible assets		-	(789,194)
<b>Net cash used in investing activities</b>		<b>(51,469)</b>	<b>(2,325,900)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		-	73,238,778
Repayment of borrowing		-	(51,932,419)
Finance cost paid		-	(808,136)
Lease liabilities paid		(880,000)	(922,500)
<b>Net cash (used in) / generated from financing activities</b>		<b>(880,000)</b>	<b>19,575,723</b>
<b>Net change in cash and cash equivalents</b>		<b>31,745,554</b>	<b>(21,540,096)</b>
Cash and cash equivalents at beginning of the period		42,828,100	23,170,133
<b>Cash and cash equivalents at end of the period</b>		<b>74,573,654</b>	<b>1,630,037</b>
<b>*Supplemental non-cash information</b>			
Transfer from due to related party to additional contribution		-	100,000,000

The accompanying notes 1 to 13 form an integral part of these interim condensed financial statements

**IJARAH FINANCE COMPANY**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**  
**(All amounts in Saudi Riyals unless otherwise stated)**

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**1. LEGAL STATUS AND OPERATIONS**

Ijarah Finance Company (the “Company”) is a Single Person Saudi Closed Joint Stock Company (earlier a Saudi Closed Joint Stock Company) established under the Regulations for Companies in the Kingdom of Saudi Arabia having commercial registration number 7001727754 dated 15 Rajab 1433H (corresponding to 5 June 2012G). On 16 Thul-Qidah 1436H (corresponding to 31 August 2015G), the Company received a license from the Saudi Central Bank (“SAMA”) to conduct lease financing business in the Kingdom of Saudi Arabia. The Finance Companies Control Law was issued by the Saudi Council of Ministers through its publication No. 259 dated 12 Shabaan 1433H (corresponding to 2 July 2012) and the Royal Decree No. 51 dated 13 Shaban 1433H (corresponding to 3 July 2012) and their implementing regulations were issued by SAMA for conducting lease financing business in the Kingdom of Saudi Arabia.

The objective of the Company is to engage in finance leasing of all kinds of vehicles.

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

Ijarah Leasing and Financing Company  
Ibn Kathir Street  
P.O. Box 6337  
Riyadh 1442  
Kingdom of Saudi Arabia

The Company has the following branches:

<b>S. No</b>	<b>Branch</b>	<b>C.R. No.</b>
1	Riyadh	7001727754
2	Riyadh	7014176437
3	Dammam	7003769010
4	Jeddah	7003790479
5	Madinah	7005226571
6	Riyadh	7015861540
7	Tabuk	7015861557
8	Alhafar	7016920097
9	Burayda	7016920113

**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 that are endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The results for the six-month period ended 30 June 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

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 financial statements for the year ended 31 December 2020.

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

**2.2. BASIS OF MEASUREMENT**

These interim condensed financial statements are prepared under the historical cost method except for the investments carried at fair value.



**IJARAH FINANCE COMPANY**  
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**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**  
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**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 SR has been rounded to the nearest SR, unless otherwise mentioned.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES, AND ASSUMPTIONS**

The preparation of financial statements in conformity with the IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the SOCPA which require management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. 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 year in which the estimates are revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

The accounting judgements, estimates and assumptions used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2020.

**4. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted in the preparation of these 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 not yet effective.

**4.1 New standards, interpretations and amendments adopted by the Company**

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 consolidated financial statements of the Company.

- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16  
The amendments provide temporary relief that address the impact on financial reporting when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:
  - A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
  - Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued; and
  - Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

**IJARAH FINANCE COMPANY**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
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**(All amounts in Saudi Riyals unless otherwise stated)**

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**4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4.2 Accounting standards issued but not yet effective**

The International Accounting Standard Board (IASB) has issued following accounting standards, amendments, which were effective from periods on or after January 1, 2021. The Company has opted not to early adopt these pronouncements and they do not have a significant impact on the interim condensed consolidated financial statements of the Company.

- Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract;
- Annual Improvements to IFRS Standards 2018-2020;
- Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use;
- Amendments to IFRS 3 – Reference to the Conceptual Framework;
- IFRS 17 Insurance Contracts and its amendments;
- Amendments to IAS 1 Classification of liabilities as current or non-current; and
- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

**5. RELATED PARTY TRANSACTIONS AND BALANCES**

<u>Transactions during the period</u>			<u>For the six-month period ended</u>	
<u>Names of Related Parties</u>	<u>Nature of Relationship</u>	<u>Nature of transactions</u>	<u>30 June 2021 (Unaudited)</u>	<u>30 June 2020 (Unaudited)</u>
Afras Trading and Contracting Company	Affiliate	Outsourcing services	<b>3,676,025</b>	5,487,228
EKAL Human Resource Company	Affiliate	Outsourcing services	<b>48,530</b>	15,500
Watad Holding Company	Owner	Additional contribution of Share Capital	-	100,000,000
Saudi Financial Lease Contract registry Company	Affiliate	Contract Registry	<b>211,324</b>	432,306

**IJARAH FINANCE COMPANY**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**  
**(All amounts in Saudi Riyals unless otherwise stated)**

**5. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

	<b>For the six-month period ended</b>	
	<b>30 June 2021</b>	<b>30 June 2020</b>
<b><u>Key management personnel</u></b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Salaries and other short-term employee benefits	2,403,425	2,334,075
Post-employment benefits and other long-term benefits	131,055	1,686,654

**Balances as at the period-end**

	<b>Note</b>	<b>30 June 2021</b>	<b>31 December 2020</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Due to related parties</b>			
Watad Holding Company	5.1	28,000,000	28,000,000
Afras Trading and Contracting Company		13,390,107	13,060,419
National Leasing Company		285,429	289,612
EKAL Human Resource Company		29,358	23,990
Saudi Financial Lease Contract registry Company		16,844	-
		<b>41,721,738</b>	<b>41,374,021</b>
<b>Due from related party</b>			
Saudi Financial Lease Contract registry Company		-	23,716
		-	<b>23,716</b>

**5.1.** The shareholder of the Company is committed to provide the necessary financial support to the Company for its working capital, as and when needed. The balance bears zero finance cost and is not due for repayment during 2021.

**6. NET INVESTMENT IN IJARAH FINANCING**

	<b>Note</b>	<b>30 June 2021</b>	<b>31 December 2020</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
Net investment in Ijarah financing before provision for impairment		279,059,672	247,788,497
Less: Impairment of Ijarah financing	6.3	(13,848,816)	(10,896,504)
Net investment in Ijarah financing		<b>265,210,856</b>	<b>236,891,993</b>

**6.1.** 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. As part of the Deferred Payment Program (“DPP”), the Company deferred payments for 7 months to contracts that qualify as MSME with extending the tenure of the facility.

**6.2.** During March 2021, SAMA further extended the same for additional 3 months for qualifying MSME. The accounting impact of these changes in terms of the net investment in Ijarah Financing has been assessed and account for as per the requirements of IFRS 9 as a modification in terms of the arrangements. Modification loss has been recognized under other income in the interim statement of comprehensive income / loss.

**IJARAH FINANCE COMPANY**  
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**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**  
**(All amounts in Saudi Riyals unless otherwise stated)**

**6. NET INVESTMENT IN IJARAH FINANCING (CONTINUED)**

6.3. The movement in the provision for impairment in Ijarah financing during the period is as follows:

	<b>For the six-month period ended 30 June 2021 (Unaudited)</b>	<b>For the year ended 31 December 2020 (Audited)</b>
Balance at beginning of the period / year	10,896,504	5,380,169
Provided during the period / year	2,952,312	5,516,335
Balance at the end of the period / year	<u>13,848,816</u>	<u>10,896,504</u>

**7. MARGIN DEPOSITS-RESTRICTED**

Margin deposits with banks, net as of 30 June comprises of the followings:

	<b>30 June 2021 (Unaudited)</b>		
	<b>Current</b>	<b>Non-Current</b>	<b>Total</b>
Margin deposits with banks	13,162,235	54,475,948	67,638,183
Less: Provision against expected defaults in respect of factorized receivables	(436,271)	(1,369,369)	(1,805,640)
Less: Provision in respect of present value of margin deposits	(518,678)	(6,444,949)	(6,963,627)
As at 30 June 2021	<u>12,207,286</u>	<u>46,661,630</u>	<u>58,868,916</u>

	<b>31 December 2020 (Audited)</b>		
	<b>Current</b>	<b>Non-Current</b>	<b>Total</b>
Margin deposits with banks	10,742,299	56,895,884	67,638,183
Less: Provision against expected defaults in respect of factorized receivables	(364,469)	(1,565,918)	(1,930,387)
Less: Provision in respect of present value of margin deposits	(462,121)	(8,529,802)	(8,991,923)
As at 31 December 2020	<u>9,915,709</u>	<u>46,800,164</u>	<u>56,715,873</u>

**8. SHARE CAPITAL**

The Company's subscribed and paid-in share capital of SR 200,000,000 is divided into 20,000,000 equity shares of SR 10 each fully owned by Watad Holding Company.

**9. PROVISION FOR ZAKAT**

The movement in the provision for zakat is as follows:

	<b>For the six-month period ended 30 June 2021 (Unaudited)</b>	<b>For the year ended 31 December 2020 (Audited)</b>
Balance at the beginning of the period / year	360,697	446,039
Provided during the period / year		
- Current year	323,337	360,697
- Prior year	-	527,506
Adjustment during the period / year	(360,697)	(973,545)
Balance at the end of the period / year	<u>323,337</u>	<u>360,697</u>

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**  
**(All amounts in Saudi Riyals unless otherwise stated)**

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**9. PROVISION FOR ZAKAT (CONTINUED)**

**STATUS OF ASSESSMENTS**

The Company submitted its Zakat declaration to GAZT for the year ended 31 December 2020 and has obtained the certificate valid until 29 Ramadan 1443H corresponding to 30 April 2022G.

**10. BORROWINGS**

	Note	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Short-term borrowings principle portion	10.1	<b>88,348,600</b>	88,348,600
Accrued interest		<b>3,681,078</b>	2,392,634
		<b>92,029,678</b>	90,741,234

**10.1** The Company has a short – term borrowing facility limit amounting to SR 100 million from a local bank for the purpose of financing the working capital needs. The bank facility bears profit at market prevailing rates. As per the agreement with the bank, the Company has the limit for borrowing maximum 100,000,000 at a fixed rate of 1.75 + SAIBOR.

**10.2** During the period, in accordance with the instructions of SAMA, Banks rescheduled the repayments of the financial facilities by deferring and extending the tenure of the facilities by 6 months. The accounting impact of these changes in terms of the financial facilities has been assessed and account for as per the requirements of IFRS 9 as a modification in terms of the arrangements. Modification gain has been recognized under other income in the interim statement of comprehensive income/loss.

**11. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES**

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.

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

**IJARAH FINANCE COMPANY**  
**(A Single Person Saudi Closed Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**  
**(All amounts in Saudi Riyals unless otherwise stated)**

**11. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)**

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 June 2021 (Unaudited)	Fair value Level			Total
	1	2	3	
<b>FINANCIAL ASSET</b>				
<b>FVOCI designated</b>				
Investment carried at FVOCI	-	-	892,850	892,850
<b>31 December 2020 (Audited)</b>				
31 December 2020 (Audited)	Fair value Level			Total
	1	2	3	
<b>FINANCIAL ASSET</b>				
<b>FVOCI designated</b>				
Investment carried at FVOCI	-	-	892,850	892,850

The above financial assets and financial liabilities are 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

**12. SUBSEQUENT EVENTS**

There have been no significant subsequent events since the period-ended that would require additional disclosure or adjustment in these interim condensed financial statements.

**13. DATE OF AUTHORIZATION FOR ISSUE**

These interim condensed financial statements were authorized for issue on 02 August 2021G (corresponding to 23 Dhu'l-Hijjah 1442H) by the Board of directors of the Company.