

**AL TAYSEER ARABIAN COMPANY**  
(CLOSED JOINT STOCK COMPANY)

**INTERIM CONDENSED FINANCIAL STATEMENTS (UN – AUDITED)**

**FOR THE THREE MONTH AND SIX MONTH PERIODS  
ENDED 30 JUNE 2022  
WITH INDEPENDENT AUDITOR’S REVIEW REPORT**

**AL TAYSEER ARABIAN COMPANY**  
**(CLOSED JOINT STOCK COMPANY)**  
**INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTH AND SIX MONTH PERIODS**  
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## INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF AL TAYSEER ARABIAN COMPANY  
(A SAUDI CLOSED JOINT-STOCK COMPANY)

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### INTRODUCTION

We have reviewed the accompanying interim condensed statement of financial position of Al Tayseer Arabian Company (Closed Joint Stock Company) (the "Company") as of 30 June 2022 and the related interim condensed statements of profit or loss and other comprehensive income for the three-month and six-month periods then ended and the interim condensed statement of changes in shareholders' equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes ("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

Except as explained in the following paragraph, 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', that is endorsed in the Kingdom of Saudi Arabia. A review of the 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..

### BASIS FOR QUALIFIED CONCLUSION

The Company's management was unable to furnish underlying supporting calculations with reference to the accuracy and completeness of deferred losses amortization on Kafala contracts and unearned revenue amounting to SR 20.04 million as of June 30, 2022 due to system limitations. Hence, we were unable to complete our review of deferred losses on Kafala contracts and its corresponding impact on net investment in murabaha finance, revenue earned related to these contracts and other general and administrative expenses, included in the interim condensed financial information. Had we been able to complete our review of deferred losses on Kafala contracts and on unearned revenue related to these contracts, matters might have come to our attention indicating that adjustments might be necessary to the interim condensed financial statements..

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

**TO THE SHAREHOLDERS OF AL TAYSEER ARABIAN COMPANY  
(A SAUDI CLOSED JOINT-STOCK COMPANY)**

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**QUALIFIED CONCLUSION**

Except for the adjustments to the interim condensed financial statements that we might have become aware of it had not been for the situation described above, 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..

**OTHER MATTER**

The financial statements of the Company for the year ended 31 December 2021 and the interim condensed financial statements of the Company for the three and six month periods ended 30 June 2021 were reviewed by other auditor who expressed a Qualified opinion / conclusion on the retrospective application of change in accounting policy for determination of Expected Credit Losses in respect of lease receivables from simplified to general approach on those financial statements/interim condensed financial statements on 03 Shaban 1443H (corresponding to 06 March 2022) and 25 Dhul Hijjah 1442H (corresponding to 4 August 2021) respectively.

For Al-Bassam & Co.



Ahmed A. Mohandis  
Certified Public Accountant  
License No. 477  
Dammam: 05 Muharram 1444H  
Corresponding to: 03 August 2022

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**AL TAYSEER ARABIAN COMPANY**  
**(CLOSED JOINT STOCK COMPANY)**  
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2022**

		30 June 2022 SR (Un-audited)	31 December 2021 SR (Audited)
	Note		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment		6,883,822	6,474,658
Right-of-use assets		6,183,280	5,392,808
Intangible assets		3,905,466	4,291,310
Long term deposit		-	18,750,449
Net Investment in finance lease	5	472,804,441	375,460,885
Net Investment in murabaha finance Investment	5	225,370,883	148,272,323
		892,850	21,307,640
<b>Total non-current assets</b>		<b>716,040,742</b>	<b>579,950,073</b>
<b>Current assets</b>			
Current maturity of net investment in finance lease	5	297,180,669	353,626,059
Current maturity of net investment in murabaha finance	5	110,767,762	79,179,322
Prepayments and other current assets	6	35,045,677	23,912,335
Cash and cash equivalents	7	102,315,872	39,260,553
<b>Total current assets</b>		<b>545,309,980</b>	<b>495,978,269</b>
<b>Total assets</b>		<b>1,261,350,722</b>	<b>1,075,928,342</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital	12	300,000,000	300,000,000
Statutory reserve		11,705,676	11,705,676
Retained earnings		36,129,701	22,554,212
<b>Total shareholders' equity</b>		<b>347,835,377</b>	<b>334,259,888</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term borrowings	9	339,119,242	182,413,394
Lease liabilities	11	3,275,224	3,363,889
Employee's end of service benefits		5,046,417	4,952,735
<b>Total non-current liabilities</b>		<b>347,440,883</b>	<b>190,730,018</b>
<b>Current liabilities</b>			
Accounts payable		68,610,407	100,928,458
Accrued expenses and other liabilities	10	25,256,555	19,341,024
Due to related parties	8	182,813,057	164,630,828
Current maturity of lease liabilities	11	2,886,550	1,916,006
Provision for zakat		10,116,921	14,166,601
Short-term borrowing		24,681,580	24,899,151
Current maturity of long-term borrowings	9	251,709,392	225,056,368
<b>Total current liabilities</b>		<b>566,074,462</b>	<b>550,938,436</b>
<b>Total liabilities</b>		<b>913,515,345</b>	<b>741,668,454</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>1,261,350,722</b>	<b>1,075,928,342</b>

These interim condensed financial statements were approved by the Board of Directors and have been signed on

Ibrahim Al-Jomaih  
Chairman

Zaid Abdullah Al-Yaesh  
Chief Executive Officer

Moayed A. Shakhooor  
Financial and Planning Manager



**AL TAYSEER ARABIAN COMPANY**  
**(CLOSED JOINT STOCK COMPANY)**  
**INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND**  
**OTHER COMPREHENSIVE INCOME**  
**FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2022**

		For the three- month period ended 30 June 2022 SR (Un-audited)	For the three- month period ended 30 June 2021 SR (Un-audited)	For the six- month period ended 30 June 2022 SR (Un-audited)	For the six- month period ended 30 June 2021 SR (Un-audited)
	Note				
<b>Income</b>					
Finance lease and murabaha finance income, net	13	36,834,025	27,039,786	73,561,416	48,345,541
<b>Expenses</b>					
Insurance and other cost		(6,397,902)	(5,133,375)	(11,840,591)	(10,168,957)
Salaries and employee related expenses		(7,067,007)	(6,238,244)	(12,678,684)	(11,747,347)
Provision for expected credit losses		(12,259,057)	(2,581,536)	(19,342,217)	(6,537,351)
Financial charges	14	(6,591,124)	(3,262,595)	(11,057,352)	(6,279,041)
Depreciation and amortization		(1,538,427)	(883,893)	(2,644,216)	(1,957,380)
Commissions and sales promotion		(690,245)	(481,912)	(1,129,927)	(1,105,453)
Other general and administrative expenses		(9,374,426)	(4,633,926)	(12,011,407)	(5,946,316)
<b>Operating (loss) / profit</b>		(7,084,163)	3,824,305	2,857,022	4,603,696
<b>Other income</b>					
Other income, net		2,831,348	9,151,137	7,946,263	15,698,180
<b>(Loss) / profit before zakat</b>		(4,252,815)	12,975,442	10,803,285	20,301,876
Zakat reversal / (expense)		3,351,629	(1,715,569)	2,772,204	4,906,727
<b>(Loss) / profit for the period</b>		(901,186)	11,259,873	13,575,489	25,208,603
Other comprehensive income for the year		-	-	-	-
<b>Total comprehensive income for the year</b>		(901,186)	11,259,873	13,575,489	25,208,603
<b>(Loss) / earnings per share (basic and diluted)</b>	15	(0.03)	0.38	0.45	0.84

These interim condensed financial statements were approved by the Board of Directors and have been signed on

Ibrahim Al Jomaih  
Chairman

Zaid Abdullah Al-Yaesh  
Chief Executive Officer

Moayed A. Shakhour  
Financial and Planning Manager

**AL TAYSEER ARABIAN COMPANY**  
**(CLOSED JOINT STOCK COMPANY)**  
**INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022**

	Share capital SR	Statutory reserve SR	Retained earnings /accumulated losses SR	Total SR
Balance as at 31 December 2020 – (audited)	400,000,000	6,293,980	(126,070,005)	280,223,975
Profit for the period	-	-	25,208,603	25,208,603
Reduction in share capital	(100,000,000)	-	100,000,000	-
Balance as at 30 June 2021 – (un-audited)	300,000,000	6,293,980	(861,402)	305,432,578
Balance as at 31 December 2021 – (audited)	300,000,000	11,705,676	22,554,212	334,259,888
Profit for the period	-	-	13,575,489	13,575,489
Balance as at 30 June 2022 – (un-audited)	300,000,000	11,705,676	36,129,701	347,835,377

These interim condensed financial statements were approved by the Board of Directors and have been signed on their behalf by:

\_\_\_\_\_  
Ibrahim Al Jomaih  
Chairman

*for* \_\_\_\_\_  
Zaid Abdullah Al-Yaesh  
Chief Executive Officer

\_\_\_\_\_  
Moayed A. Shakoor  
Financial and Planning Manager




**AL TAYSEER ARABIAN COMPANY**  
**(CLOSED JOINT STOCK COMPANY)**  
**INTERIM CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022**

	For the six-month period ended 30 June 2022 SR (Un-audited)	For the six-month period ended 30 June 2021 SR (Un-audited)
<b>OPERATING ACTIVITIES</b>		
Profit before zakat	10,803,285	20,301,876
Adjustments for:		
Gain on modification of loan	(1,479,768)	(1,269,194)
Loss on modification of lease receivable	-	3,817,511
Allowance for expected credit losses	19,342,217	6,537,351
Provision for non-lease receivables from customers	5,415,373	-
Depreciation and amortization	2,644,216	1,957,380
Finance cost	11,057,352	6,279,041
Gain on investment, net	-	(280,178)
Provision for Employee's end of service benefits	505,073	952,649
	<u>48,287,748</u>	<u>38,296,436</u>
<b>Changes in operating assets and liabilities:</b>		
Net investment in finance lease	(168,927,383)	(159,051,463)
Prepayments and other receivables	(16,548,715)	1,199,343
Due to related parties	18,182,229	22,956,043
Trade payables	(32,318,051)	52,871,056
Accrued expenses and other liabilities	7,395,299	10,662,159
<b>Cash flow used in operating activities</b>	<u>(143,928,873)</u>	<u>(33,066,426)</u>
Finance charges paid	(5,903,347)	(2,641,019)
Employee's end of service benefits paid	(411,391)	(885,348)
Zakat paid	(1,277,476)	(1,612,291)
<b>Net cash used in operating activities</b>	<u>(151,521,087)</u>	<u>(38,205,084)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(1,231,255)	(1,203,602)
Purchase of intangible assets	-	(18,200)
Investment in funds	-	(40,000,000)
Proceeds from redemption of funds	20,414,790	50,008,612
Proceeds from long term deposit	18,750,449	-
<b>Net cash generated from investing activities</b>	<u>37,933,984</u>	<u>8,786,810</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from borrowings	301,983,041	35,681,919
Repayments of borrowings	(123,898,021)	(40,274,151)
Repayment of lease liabilities	(1,442,598)	(600,500)
<b>Net cash generated from / (used in) financing activities</b>	<u>176,642,422</u>	<u>(5,192,732)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>63,055,319</u>	<u>(34,611,006)</u>
Cash and cash equivalents at the beginning of the period	39,260,553	75,311,368
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>102,315,872</u>	<u>40,700,362</u>

Non-cash transactions (note 16)

These interim condensed financial statements were approved by the Board of Directors and have been signed on their behalf by:

Ibrahim Al Jomaih  
Chairman

 Zaid Abdullah Al-Yaesh  
Chief Executive Officer

Moayed A. Shakhour  
Financial and Planning Manager



**AL TAYSEER ARABIAN COMPANY**  
**(CLOSED JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2022**

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**1. LEGAL STATUS**

Al Tayseer Arabian Company ("the Company") is a Saudi Closed Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 2051060381 issued in Riyadh on 11 Jumad ul Thani 1436 H (31 March 2015).

The principal activity of the Company is providing various types of automotive finance services to the retail and corporate sector in the Kingdom of Saudi Arabia under the license number 37/Ash/201508 dated 15 Dhu al-Qidah 1437 H (corresponding to 18/08/2016) granted by Saudi Central Bank (SAMA). The Company is part of Al Jomaih Group (the "Group") and effectively 100% owned by Al Jomaih Automotive Company ("AAC") which is ultimately owned and controlled by Al Jomaih Holding Company ("AJHC", the "Holding Company").

These interim condensed financial statements include the activities of following branch:

<b>Commercial Registration</b>	<b>Branch</b>
2051055139	Branch of Al Tayseer Arabian Company – Khobar, Rakah District
1131313667	Branch of Al Tayseer Arabian Company – Buraidah, Al Basar District
1010323416	Branch of Al Tayseer Arabian Company – Riyadh, Al Mannar District

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

Al Tayseer Arabian Company  
P.O. Box 224  
King Abdullah Street, 31411  
Khobar, Kingdom of Saudi Arabia

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

These interim condensed financial statements of the Company for the three month and six month periods ended 30 June 2022 has been prepared in accordance with the requirements of International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34) that is endorsed in Saudi Arabia and other standards and pronouncement that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") and should be read in conjunction with the Company's latest annual financial statements for the year ended 31 December 2021 ("latest annual financial statements"). These interim condensed financial statements do not include all of the information required for a complete set of IFRS financial statements. However, accounting policies and selected explanatory notes are included to reflect events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the latest annual financial statements. The results for the three month and six month periods ended 30 June 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

The preparation of interim condensed financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts in interim condensed financial statements. The significant judgments 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 latest annual financial statements as at December 31, 2021.

**2.2 Basis of measurement**

These interim condensed financial statements have been prepared under the historical cost convention unless it is allowed by the IFRS to be measured on some other basis.

**2.3 Functional and presentational currency**

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

**AL TAYSEER ARABIAN COMPANY**  
**(CLOSED JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2022**

**3. IMPACT OF CHANGES IN ACCOUNTING POLICIES DUE TO ADOPTION OF NEW STANDARDS**

**3.3 New IFRSs, International Financial Reporting and Interpretation Committee interpretations (IFRIC) and amendments adopted by the Company**

The following amendments to existing standards have been adopted by the Company beginning on 1 January 2022. These amendments do not have a significant impact on the Company's interim condensed financial statements.

<b>Amendments to standard</b>	<b>Description</b>	<b>Effective for annual years beginning on or after</b>
IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January, 2022
IFRS 16, IFRS 9, IAS 41 and IFRS 1	Annual Improvements to IFRS Standards 2018–2020	1 January, 2022
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	1 January, 2022
IFRS 3	Reference to the Conceptual Framework	1 January, 2022

**3.4 New IFRSs, International Financial Reporting and Interpretation Committee interpretations (IFRIC) and amendments issued but not yet effective**

<b>Amendments to standard</b>	<b>Description</b>	<b>Effective for annual years beginning on or after</b>
IFRS 17	Insurance Contracts	1 January, 2023
IFRS 4	Amendments regarding the expiry date of the deferral approach	1 January, 2023
IAS 1	Classification of Liabilities as Current or Non-current, Amendment to defer the effective date of the January 2020 amendments, Amendments regarding the disclosure of accounting policies	1 January, 2023
Amendment to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	N/A

Management anticipates that these new interpretations and amendments will be adopted in the Company's condensed interim financial statements as and when they are applicable and adoption of these interpretations and amendments may have no material impact on the condensed interim financial statements of the Company in the year of initial application.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in these interim condensed financial statements are the same as those applied in the last annual financial statements for the year ended 31 December 2021.

**AL TAYSEER ARABIAN COMPANY**  
**(CLOSED JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)**  
**FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2022**

**5. NET INVESTMENT IN FINANCE LEASE AND MURABAHA FINANCE**

**5.1** Investment in financing contracts comprised of investment in Ijara (finance) and Murabaha contracts as mentioned below:

	<b>Ijara</b>		<b>Murabaha</b>		<b>Total</b>	
	<b>30 June</b>	31 December	<b>30 June</b>	31 December	<b>30 June</b>	31 December
	<b>2022</b>	2021	<b>2022</b>	2021	<b>2022</b>	2021
	<b>SR</b>	SR	<b>SR</b>	SR	<b>SR</b>	SR
	<b>(un-audited)</b>	(audited)	<b>(un-audited)</b>	(audited)	<b>(un-audited)</b>	(audited)
Contracts receivables, gross	<b>1,020,119,924</b>	987,517,945	<b>472,851,169</b>	303,094,467	<b>1,492,971,093</b>	1,290,612,412
Unearned income	<b>(197,523,915)</b>	(191,070,950)	<b>(94,770,741)</b>	(53,917,144)	<b>(292,294,656)</b>	(244,988,094)
	<b>822,596,009</b>	796,446,995	<b>378,080,428</b>	249,177,323	<b>1,200,676,437</b>	1,045,624,318
Allowance for credit loss	<b>(52,610,899)</b>	(67,360,051)	<b>(41,941,783)</b>	(21,725,678)	<b>(94,552,682)</b>	(89,085,729)
Contracts receivables, net	<b>769,985,110</b>	729,086,944	<b>336,138,645</b>	227,451,645	<b>1,106,123,755</b>	956,538,589
Current portion	<b>297,180,669</b>	353,626,059	<b>110,767,762</b>	79,179,322	<b>407,948,431</b>	432,805,381
Non-current portion	<b>472,804,441</b>	375,460,885	<b>225,370,883</b>	148,272,323	<b>698,175,324</b>	523,733,208
	<b>769,985,110</b>	729,086,944	<b>336,138,645</b>	227,451,645	<b>1,106,123,755</b>	956,538,589

**5.2** Net investment in finance lease and murabaha contracts includes balances of SR 18.06 million (31 December 2021: SR 30.98 million) from related parties.

**AL TAYSEER ARABIAN COMPANY**  
(CLOSED JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)**  
**FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2022**

**5. NET INVESTMENT IN FINANCING CONTRACTS (Continued)**

**5.3** Movement in allowance for credit losses during the period / year is as follows:

	<b>30 June 2022 SR (Un-audited)</b>	<b>31 December 2021 SR (Audited)</b>
Opening balance	<b>89,085,729</b>	76,316,186
Charge for the period / year	<b>19,342,217</b>	13,000,681
Provision written off	<b>(13,875,264)</b>	(231,138)
Closing balance	<b>94,552,682</b>	89,085,729

Board of Directors has approved provision written off during the period.

**6. PREPAYMENT AND OTHER RECEIVABLES**

	<b>30 June 2022 SR (Un-audited)</b>	<b>31 December 2021 SR (Audited)</b>
	<b>Note</b>	
Deferred loss on kafalah contracts	<b>20,041,604</b>	7,224,547
Prepaid insurance	<b>3,711,883</b>	4,268,583
Insurance claim receivable	<b>2,995,212</b>	3,974,684
Advance to suppliers	<b>1,739,758</b>	147,500
Due from related parties	<b>8 635,768</b>	175,765
Non-lease receivables from customers	<b>-</b>	6,359,119
Other receivables	<b>6,108,814</b>	2,434,928
	<b>35,233,039</b>	24,585,126
Provision for impairment loss	<b>(187,362)</b>	(672,791)
	<b>35,045,677</b>	23,912,335

**7. CASH AND CASH EQUIVALENTS**

	<b>30 June 2022 SR (Un-audited)</b>	<b>31 December 2021 SR (Audited)</b>
Cash in hand	<b>6,187</b>	1,187
Bank balances	<b>82,309,685</b>	39,259,366
Interest bearing deposit	<b>20,000,000</b>	-
	<b>102,315,872</b>	39,260,553

Deposits are placed with local banks with original maturity less than three months and earn financial income at rates ranging from 1.50% to 1.80%. Bank balances are placed with counterparties with several credit ratings.

**8. RELATED PARTY BALANCES AND TRANSACTIONS**

In the normal course of business, the Company pays for the cars purchased from a related Company on a commercial basis, prices and terms of payment approved by the management. The Company transacts with the following related parties during the period:

<b>Name</b>	<b>Relationship</b>
Al Jomaih Holding Company	Holding Company
Al Jomaih Automotive Company	Shareholder
Al Jomaih Rent-A-Car	Shareholder
Al Jomaih Equipment Company Limited	Affiliate
Al Jomaih Tyres Company	Affiliate
Al Jomaih Automotive ACDelco	Affiliate



**AL TAYSEER ARABIAN COMPANY**  
(CLOSED JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)**  
**FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2022**

**8. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)**

Details of significant transactions with related parties during the period and related balances are as follows:

Related party	Nature of transactions	30 June 2022 SR (Un-audited)	30 June 2021 SR (Un-audited)
Al Jomaih Automotive Company (AAC)	Purchase of vehicles for lease	13,547,359	50,243,003
	Shared service cost	1,182,730	1,074,081
	Finance cost charged	2,390,022	1,441,986
Al Jomaih Holding Company (AJHC)	Expense recharged	23,500	101,370
Al Jomaih Rent-A-Car (AJRC)	Revenue	1,004,927	1,588,598
Key management personnel	Salaries and benefits	1,378,320	2,735,262

The Company is required to pay remuneration to the members of Board of Directors, under By-Laws, for participation in Board of Directors' meeting held during the period, all the directors have waived their right to receive the remuneration related to attending Board meetings.

**Balance due from related parties is as follows:**

	30 June 2022 SR (Un-audited)	31 December 2021 SR (Audited)
Al Jomaih Rent-A-Car Company (AJRC) (note 5.2)	18,060,157	30,983,771
Al Jomaih Equipment Company Limited	174,310	172,715
Al Jomaih Tyres Company (AJTC)	3,050	3,050
Al Jomaih Holding Company (AJHC)	458,408	-
	<b>18,695,925</b>	<b>31,159,536</b>

Balance due from AJRC as at 30 June 2022 amounting to SR 8.77 million and SR 9.29 million has been classified under Ijara and Murabaha respectively, (31 December 2021: SR 18.2 million and SR 12.9 million, respectively).

The remaining balance due from related parties is classified under prepayments and other receivables.

**Balance due to related parties are as follows:**

	30 June 2022 SR (Un-audited)	31 December 2021 SR (Audited)
Al Jomaih Automotive Company (AAC)	179,502,259	158,070,921
Al Jomaih Holding Company (AJHC)	-	3,236,714
Al Jomaih Automotive ACDelco	3,310,798	3,323,193
	<b>182,813,057</b>	<b>164,630,828</b>

Amounts due to AAC are set off on daily basis based on the collections made by the AAC on behalf of the Company. These amounts bear financial charges at prevailing variable market rates.

**9. BORROWINGS**

	30 June 2022 SR (Un-audited)	31 December 2021 SR (Audited)
Commercial bank loan	249,350,685	188,454,518
Government loan	341,477,949	219,015,244
	<b>590,828,634</b>	<b>407,469,762</b>
Less: current maturity	<b>(251,709,392)</b>	<b>(225,056,368)</b>
	<b>339,119,242</b>	<b>182,413,394</b>

**AL TAYSEER ARABIAN COMPANY**  
(CLOSED JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)**  
**FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2022**

**9. BORROWINGS (Continued)**

**Commercial bank loans:**

The Company is required to maintain certain covenants under the agreements. As at 30 June 2022, it is compliant with all loan covenants.

During the period, the Company has entered in Murabaha Financing Agreement with a local bank amounting to SAR 100 million secured against lease receivables. The loan is repayable in 48 monthly installments. The loan is denominated in Saudi Riyals and bears mutually agreed profit rates. The loan is secured by a corporate guarantee from Al Jomiah Automotive Company (AAC) in addition to joint and several guarantees signed by shareholders of the Holding Company.

During the period, the Company has availed short term trade finance facility amounting to SR 24.68 million for working capital management from local bank at an interest rate prevailing in the market.

**Government loans:**

**Social Development Bank:**

During the period, the Company has obtained SR 75 million.

**Saudi Central Bank:**

In prior years, the Company received interest free loans of SR 83.62 million and SR 37.7 million from Saudi Central Bank (SAMA) in order to mitigate the expected financial and economic effects of the Corona Virus (COVID-19) in multiple trenches.

During the period, the Company has received additional interest free loans of SR 10.44 million and SR 6.21 million from SAMA under deferred payment program. The loans are repayable in a one-time payment in due in July 2023 and November 2023 respectively.

In prior years, the Company has participated in the loan guarantee program (Kafalah) and received an interest free loan of SR 90.35 million from (Saudi Central Bank) SAMA in multiple trenches and accounted related receivables as per the government grant accounting requirements. As per the loan guarantee program the Company has issued financing to the customers at below market rate and recorded deferred loss accordingly.

During the period, the Company received interest free loans of SR 24.6 million and SR 68.52 million from Saudi Central Bank (SAMA) under loan guarantee program (Kafalah) and accounted related interest as per the government grant accounting requirements. The loan is obtained under the terms and conditions of previous loans.

**10. ACCRUED EXPENSES AND OTHER LIABILITIES**

	<b>30 June 2022 SR (Un-audited)</b>	<b>31 December 2021 SR (Audited)</b>
Deferred government grant	12,590,187	7,562,991
Accrued purchases and others	8,395,859	6,297,685
Advances from customers	3,042,386	4,410,538
Salaries and benefits	1,228,123	1,069,810
	<b>25,256,555</b>	<b>19,341,024</b>

**11. LEASE LIABILITIES**

Movement on lease liabilities as at period / year end is as follows:

	<b>30 June 2022 SR (Un-audited)</b>	<b>31 December 2021 SR (Audited)</b>
Balance at the beginning of the period / year	5,279,895	5,480,740
Addition	2,620,330	4,195,752
Payment	(1,442,598)	(1,810,942)
Interest expense	97,724	186,387
Derecognition	(393,577)	(2,772,042)
Balance at the end of the period / year	<b>6,161,774</b>	<b>5,279,895</b>

**AL TAYSEER ARABIAN COMPANY**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)**  
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**11. LEASE LIABILITIES (Continued)**

Liabilities has been classified as follows:

	<b>30 June 2022 SR (Un-audited)</b>	<b>31 December 2021 SR (Audited)</b>
Non-current portion of lease liability	<b>3,275,224</b>	3,363,889
Current portion of lease liability	<b>2,886,550</b>	1,916,006
	<b>6,161,774</b>	<b>5,279,895</b>

**12. SHARE CAPITAL**

The Company's subscribed and paid up share capital of SR 300,000,000 (2021: SR 300,000,000) is divided into 30,000,000 (2021: 30,000,000) equity shares of SR 10 each fully subscribed and paid, and distributed among shareholders.

**13. FINANCE LEASE AND MURABAHA FINANCE INCOME, NET**

	<b>For the three- month period ended 30 June 2022 SR (Un-audited)</b>	<b>For the three- month period ended 30 June 2021 SR (Un-audited)</b>	<b>For the six- month period ended 30 June 2022 SR (Un-audited)</b>	<b>For the six- month period ended 30 June 2021 SR (Un-audited)</b>
Finance lease contracts income (Note 8)	<b>28,156,932</b>	24,455,883	<b>57,629,932</b>	47,767,735
Murabaha contracts income (Note 8)	<b>8,677,093</b>	2,275,284	<b>15,931,484</b>	4,395,317
(Loss) / gain on modification of financing contracts	-	308,619	-	(3,817,511)
	<b>36,834,025</b>	<b>27,039,786</b>	<b>73,561,416</b>	<b>48,345,541</b>

**14. FINANCIAL CHARGES**

	<b>For the three- month period ended 30 June 2022 SR (Un-audited)</b>	<b>For the three- month period ended 30 June 2021 SR (Un-audited)</b>	<b>For the six- month period ended 30 June 2022 SR (Un-audited)</b>	<b>For the six- month period ended 30 June 2021 SR (Un-audited)</b>
Finance cost on long term borrowings	<b>6,277,371</b>	2,951,315	<b>10,447,291</b>	5,666,900
Bank charges	<b>250,516</b>	257,363	<b>512,337</b>	503,350
Finance charge on lease liabilities	<b>63,237</b>	53,917	<b>97,724</b>	108,791
	<b>6,591,124</b>	<b>3,262,595</b>	<b>11,057,352</b>	<b>6,279,041</b>

**15. (LOSS) / EARNINGS PER SHARE**

Basic (loss) / earnings per share amounts are calculated by dividing the net (loss) / income for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period. There was no dilution impact on earnings per share of the Company.

**AL TAYSEER ARABIAN COMPANY**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)**  
**FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2022**

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**16. NON-CASH TRANSACTIONS**

	<b>30 June 2022 SR (Un-audited)</b>	<b>30 June 2021 SR (Un-audited)</b>
Right-of-use assets recorded against lease liabilities	<b>2,620,330</b>	146,123
Government grant	<b>(7,477,685)</b>	(1,397,985)

**17. COMPARATIVE FIGURES**

At December 31, 2021, advance from customers included in accrued and other liabilities comprise of advance collections from customers which has been adjusted with related lease receivable balance for better presentation.

**Statement of financial position as of December 31, 2021:**

	<b>Balance as previously reported (Audited) SR</b>	<b>Reclassification SR</b>	<b>Balance as reclassified SR</b>
Net investment in finance lease	<b>368,823,503</b>	<b>(15,197,444)</b>	<b>353,626,059</b>
Net investment in murabaha finance	<b>86,340,474</b>	<b>(7,161,152)</b>	<b>79,179,322</b>
Accrued expenses and other liabilities	<b>(41,699,620)</b>	<b>22,358,596</b>	<b>(19,341,024)</b>

**18. SUBSEQUENT EVENTS**

In the opinion of the management, there have been no significant subsequent events since the period end that would have a material impact on the financial position of the Group as reflected in these condensed consolidated interim financial statements.

**19. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS**

These interim condensed financial statements were authorized for issue on 05 Muharram 1443H corresponding to 03 August 2022, by the Board of Directors of the Company.