

AL TAYSEER ARABIAN COMPANY
(CLOSED JOINT STOCK COMPANY)

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

**FOR THE THREE-MONTH AND NINE-MONTH PERIODS
ENDED 30 SEPTEMBER 2022
WITH INDEPENDENT AUDITOR'S REVIEW REPORT**

AL TAYSEER ARABIAN COMPANY
(CLOSED JOINT STOCK COMPANY)
INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS
ENDED 30 SEPTEMBER 2022
WITH INDEPENDENT AUDITOR'S REVIEW REPORT

INDEX	PAGE
Independent auditor's review report on the interim condensed financial statements	1
Interim condensed statement of financial position	2
Interim condensed statement of profit or loss and other comprehensive income	3
Interim condensed statement of changes in shareholders' equity	4
Interim condensed statement of cash flows	5
Notes to the interim condensed financial statements	6-15

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS**TO THE SHAREHOLDERS OF AL TAYSEER ARABIAN COMPANY**

(1/1)

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 September 2022 and the related interim condensed statements of profit or loss and other comprehensive income for the three-month and nine-month periods then ended and the interim condensed statement of changes in shareholders' equity and cash flows for the nine-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.

SCOOP OF REVIEW:

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', 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.

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.

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-month and nine-month periods ended 30 September 2021 were audited and 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 21 Rabi ul Awal 1443H (corresponding to 27 October 2021) respectively.

For Al-Bassam & Co.

Ahmed Abdul Majeed Mohandis
Certified Public Accountant

License No. 477

Khobar: October 27, 2022

Corresponding to: Rabi' II 2, 1444H

RIYADH

Tel. +966 11 206 5333 | P.O Box 69658
Fax +966 11 206 5444 | Riyadh 11557

JEDDAH

Tel. +966 12 652 5333 | P.O Box 15651
Fax +966 12 652 2894 | Jeddah 21454

AL KHOBAR

Tel. +966 13 893 3378 | P.O Box 4636
Fax +966 13 893 3349 | Al Khobar 11557

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

		30 September 2022 SR (Unaudited)	31 December 2021 SR (Audited)
	Note		
ASSETS			
Non-current assets			
Property and equipment		6,635,738	6,474,658
Right-of-use assets		5,465,137	5,392,808
Intangible assets		3,709,138	4,291,310
Long term deposit		-	18,750,449
Net Investment in finance lease	5	519,981,924	375,460,885
Net Investment in murabaha finance	5	298,377,148	148,272,323
Investment		892,850	21,307,640
Total non-current assets		835,061,935	579,950,073
Current assets			
Current maturity of net investment in finance lease	5	299,856,321	353,626,059
Current maturity of net investment in murabaha finance	5	142,084,085	79,179,322
Prepayments and other receivables	6	34,878,661	23,749,774
Cash and cash equivalents	7	41,212,838	39,260,553
Assets repossessed held for sale	8	3,933,691	162,561
Total current assets		521,965,596	495,978,269
Total assets		1,357,027,531	1,075,928,342
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	13	300,000,000	300,000,000
Statutory reserve		11,705,676	11,705,676
Retained earnings		47,076,447	22,554,212
Total shareholders' equity		358,782,123	334,259,888
LIABILITIES			
Non-current liabilities			
Long-term borrowings	10	394,036,784	182,413,394
Lease liabilities	12	2,166,770	3,363,889
Employees' end of service benefits		5,106,027	4,952,735
Total non-current liabilities		401,309,581	190,730,018
Current liabilities			
Accounts payable		101,367,175	100,928,458
Accrued expenses and other liabilities	11	41,612,191	19,341,024
Due to related parties	9	192,487,353	164,630,828
Current maturity of lease liabilities	12	2,663,894	1,916,006
Provision for zakat		5,007,020	14,166,601
Short-term borrowing		-	24,899,151
Current maturity of long-term borrowings	10	253,798,194	225,056,368
Total current liabilities		596,935,827	550,938,436
Total liabilities		998,245,408	741,668,454
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,357,027,531	1,075,928,342

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. Shakhoor
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 NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2022

		For the three- month period ended 30 September 2022 SR (Unaudited)	For the three- month period ended 30 September 2021 SR (Unaudited)	For the nine- month period ended 30 September 2022 SR (Unaudited)	For the nine- month period ended 30 September 2021 SR (Unaudited)
	Note				
Income					
Finance lease and murabaha finance income, net	14	48,761,761	30,978,761	122,323,177	79,324,302
Expenses					
Insurance and other cost		(6,586,399)	(5,567,581)	(18,426,990)	(15,736,538)
Salaries and employee related expenses		(11,375,900)	(6,575,527)	(24,054,584)	(18,322,874)
Provision for expected credit losses		(4,222,239)	(4,308,281)	(23,564,456)	(10,845,632)
Finance cost	15	(8,751,808)	(3,403,299)	(19,809,160)	(9,682,340)
Depreciation and amortization		(1,357,297)	(1,037,181)	(4,001,513)	(2,994,561)
Commissions and sales promotion		(1,044,915)	(681,753)	(2,174,842)	(1,787,206)
Other general and administrative expenses		(11,404,965)	(4,262,359)	(23,416,372)	(10,208,675)
Operating profit		4,018,238	5,142,780	6,875,260	9,746,476
Other income					
Other income, net		5,651,032	6,673,856	13,597,295	22,372,036
Profit before zakat		9,669,270	11,816,636	20,472,555	32,118,512
Zakat reversal		1,277,476	800,024	4,049,680	5,706,752
Profit for the period		10,946,746	12,616,660	24,522,235	37,825,264
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		10,946,746	12,616,660	24,522,235	37,825,264
Earnings per share (basic and diluted)	16	0.36	0.42	0.82	1.26

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

<hr/>	<hr/>	<hr/>
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 CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 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	-	-	37,825,264	37,825,264
Reduction in share capital	(100,000,000)	-	100,000,000	-
Balance as at 30 September 2021 – (Unaudited)	<u>300,000,000</u>	<u>6,293,980</u>	<u>11,755,259</u>	<u>318,049,239</u>
Balance as at 31 December 2021 – (Audited)	300,000,000	11,705,676	22,554,212	334,259,888
Profit for the period	-	-	24,522,235	24,522,235
Balance as at 30 September 2022 – (Unaudited)	<u>300,000,000</u>	<u>11,705,676</u>	<u>47,076,447</u>	<u>358,782,123</u>

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. Shakoor
Financial and Planning Manager

AL TAYSEER ARABIAN COMPANY
(CLOSED JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

	For the nine-month period ended 30 September 2022 SR (Unaudited)	For the nine-month period ended 30 September 2021 SR (Unaudited)
OPERATING ACTIVITIES		
Profit before zakat	20,472,555	32,118,512
Adjustments for:		
Amortization of government grant	(5,693,459)	(1,421,289)
Loss on modification of financing contracts	-	5,490,731
Provision for expected credit losses	23,564,456	10,845,632
Provision for non-lease receivables from customers	679,385	-
Depreciation and amortization	4,001,513	2,994,561
Finance cost	19,809,160	9,682,340
Gain on investment, net	-	(281,999)
Provision for Employees' end of service benefits	757,610	1,386,148
	63,591,220	60,814,636
Changes in operating assets and liabilities:		
Net investment in finance lease	(327,325,345)	(224,291,294)
Prepayments and other receivables	(11,808,272)	(12,403,136)
Assets repossessed held for sale	(3,771,130)	(2,376,262)
Due to related parties	27,856,525	56,899,189
Account payables	438,717	68,890,471
Accrued expenses and other liabilities	15,670,065	9,745,829
Cash flow used in operating activities	(235,348,220)	(42,720,567)
Finance costs paid	(11,475,805)	(4,965,654)
Employees' end of service benefits paid	(604,318)	(954,469)
Zakat paid	(5,109,901)	(1,612,290)
Net cash used in operating activities	(252,538,244)	(50,252,980)
INVESTING ACTIVITIES		
Purchase of property and equipment	(1,425,995)	(1,902,283)
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	-
Net cash generated from investing activities	37,739,244	8,088,129
FINANCING ACTIVITIES		
Proceeds from borrowings	421,890,501	95,140,153
Repayments of borrowings	(202,324,530)	(107,964,941)
Repayment of lease liabilities	(2,814,686)	(1,330,470)
Net cash generated from / (used in) financing activities	216,751,285	(14,155,258)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,952,285	(56,320,109)
Cash and cash equivalents at the beginning of the period	39,260,553	75,311,368
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	41,212,838	18,991,259
Non-cash transactions (note 17)		

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. Shakoor
Financial and Planning Manager

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

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 (unified number 7012309998) 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 ultimately owned and controlled by Al Jomaih Holding Company ("AJHC", the "Holding Company").

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

Commercial Registration	Branch
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 nine-month periods ended 30 September 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 issued 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 nine-month periods ended 30 September 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 (Continued)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2022

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

3.1 New standards, amendments to standards and interpretations

Amendment

A number of new amendments to standards, enlisted below, are effective this year but they do not have a material effect on the Company's Financial Statements, except for where referenced below.

New amendments to standards issued and applied effective in year 2022

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	January 1, 2022	The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract. These amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments.
IFRS 16, IFRS 9, IAS 41 and IFRS 1	Annual Improvements to IFRS Standards 2018–2020	January 1, 2022	IFRS 16: The amendment removes the illustration of the reimbursement of leasehold improvements IFRS 9: The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender. The amendment is to be applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. IAS 41: The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. IFRS 1: The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation difference.
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	January 1, 2022	The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use. Additionally, the amendments also clarify the meaning of 'testing whether an asset is functioning properly'.
IFRS 3	Reference to the Conceptual Framework	January 1, 2022	The amendment as a whole updated IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework.

3.2 New standards, amendments and revised IFRS issued but not yet effective

The Company has not applied the following new and revised IFRSs and amendments to IFRS that have been issued but are not yet effective.

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IFRS 17	Insurance Contracts	January 1, 2023	This is comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 (along with its subsequent amendments) will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005.

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

3. IMPACT OF CHANGES IN ACCOUNTING POLICIES DUE TO ADOPTION OF NEW STANDARDS
(Continued)

3.2 New standards, amendments and revised IFRS issued but not yet effective (Continued)

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2023	The amendment has clarified what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period, that classification is unaffected by the likelihood that an entity will exercise its deferral right and that only if an embedded derivative in a convertible liability is itself an equity instrument the terms of a liability would not impact its classification.
IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	January 1, 2023	This amendment deals with assisting entities to decide which accounting policies to disclose in their financial statements
IAS 8	Amendment to definition of accounting estimate	January 1, 2023	This amendments regarding the definition of accounting estimates to help entities to distinguish between accounting policies and accounting estimates.
IAS 12	Income taxes	January 1, 2023	This amendment deals with clarification regarding accounting of deferred tax on transactions such as leases and decommissioning obligations
Amendment to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	N/A	The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary.

Management anticipates that these new standards interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these interpretations and amendments may have no material impact on the financial statements of the Company in the period 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 NINE-MONTH PERIODS ENDED 30 SEPTEMBER 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:

	Ijara		Murabaha		Total	
	30 September	31 December	30 September	31 December	30 September	31 December
	2022	2021	2022	2021	2022	2021
	SR	SR	SR	SR	SR	SR
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Contracts receivables, gross	1,094,384,494	987,517,945	602,955,824	303,094,467	1,697,340,318	1,290,612,412
Unearned income	(215,149,654)	(191,070,950)	(123,116,265)	(53,917,144)	(338,265,919)	(244,988,094)
	879,234,840	796,446,995	479,839,559	249,177,323	1,359,074,399	1,045,624,318
Allowance for credit loss	(59,396,595)	(67,360,051)	(39,378,326)	(21,725,678)	(98,774,921)	(89,085,729)
Contracts receivables, net	819,838,245	729,086,944	440,461,233	227,451,645	1,260,299,478	956,538,589
Current portion	299,856,321	353,626,059	142,084,085	79,179,322	441,940,406	432,805,381
Non-current portion	519,981,924	375,460,885	298,377,148	148,272,323	818,359,072	523,733,208
	819,838,245	729,086,944	440,461,233	227,451,645	1,260,299,478	956,538,589

5.2 Net investment in finance lease and murabaha contracts includes balances of SR 11.75 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 NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2022

5. NET INVESTMENT IN FINANCING CONTRACTS (Continued)

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

	30 September 2022 SR (Unaudited)	31 December 2021 SR (Audited)
Opening balance	89,085,729	76,316,186
Charge for the period / year	23,564,456	13,000,681
Write-off	(13,875,264)	(231,138)
Closing balance	98,774,921	89,085,729

These write-offs have been approved by the Board of Directors during the period.

6. PREPAYMENT AND OTHER RECEIVABLES

	30 September 2022 SR (Unaudited)	31 December 2021 SR (Audited)
	Note	
Deferred loss on kafalah contracts	25,235,393	7,224,547
Prepaid insurance	2,694,631	4,268,583
Insurance claim receivable	1,716,271	3,974,684
Advance to suppliers	1,216,954	147,500
Due from related parties	9 288,216	175,765
Non-lease receivables from customers, net	-	6,359,119
Other receivables	4,692,961	2,272,367
	35,844,426	24,422,565
Provision for insurance claims	(965,765)	(672,791)
	34,878,661	23,749,774

7. CASH AND CASH EQUIVALENTS

	30 September 2022 SR (Unaudited)	31 December 2021 SR (Audited)
Cash in hand	8,368	1,187
Bank balances	41,204,470	39,259,366
	41,212,838	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. ASSETS REPOSSESSED HELD FOR SALE

During the period and before, the Company has acquired certain vehicles in satisfaction of claims in order to achieve an orderly realization of Ijara contract receivables to have a balance of SR 3.93 million at the end of period 30 September 2022 (31 December 2021: SR 0.16 million). The Company expects to dispose off these assets within one year.

9. 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:

AL TAYSEER ARABIAN COMPANY
(CLOSED JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2022

9. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

Name	Relationship
Al Jomaih Holding Company	Ultimate 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

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

Related party	Nature of transactions	30 September 2022 SR (Unaudited)	30 September 2021 SR (Unaudited)
Al Jomaih Automotive Company (AAC)	Purchase of vehicles for lease	13,394,823	52,433,062
	Shared service cost	1,770,857	1,718,650
	Finance cost charged	4,474,357	2,405,644
Al Jomaih Holding Company (AJHC)	Expense recharged	586,232	5,372,727
Al Jomaih Rent-A-Car (AJRC)	Revenue	1,245,373	2,316,965
Key management personnel	Salaries and benefits	3,878,320	3,846,768
Board of Directors	Benefits and expenses	800,000	57,000

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 September 2022 SR (Unaudited)	31 December 2021 SR (Audited)
Al Jomaih Rent-A-Car Company (AJRC) (note 5.2)	11,753,444	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)	110,856	-
	12,041,660	31,159,536

Balance due from AJRC as at 30 September 2022 amounting to SR 3.86 million and SR 7.89 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 September 2022 SR (Unaudited)	31 December 2021 SR (Audited)
Al Jomaih Automotive Company (AAC)	189,164,160	158,070,921
Al Jomaih Holding Company (AJHC)	-	3,236,714
Al Jomaih Automotive ACDelco	3,323,193	3,323,193
	192,487,353	164,630,828

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 finance cost at prevailing variable market rates.

AL TAYSEER ARABIAN COMPANY
(CLOSED JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2022

10. BORROWINGS

	30 September 2022 SR (Unaudited)	31 December 2021 SR (Audited)
Commercial bank loan	230,761,728	188,454,518
Government loan	417,073,250	219,015,244
	647,834,978	407,469,762
Less: current maturity	(253,798,194)	(225,056,368)
	394,036,784	182,413,394

Commercial bank loans:

The Company is required to maintain certain covenants under the agreements. As at 30 September 2022, it is compliant with all loan covenants, except for the current ratio for which the Company has a waiver letter from the bank.

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 loans amounting to SR 110 million which are repayable in 36 monthly installments, with three months grace period. These loans are obtained under the terms and conditions similar to previous loans.

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 tranches.

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 tranches 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 further interest free loans of SR 24.6 million, SR 68.52 million and SR 77.43 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 similar to previous loans.

11. ACCRUED EXPENSES AND OTHER LIABILITIES

	30 September 2022 SR (Unaudited)	31 December 2021 SR (Audited)
Accrued purchases and others	22,313,530	6,297,685
Deferred government grant	15,301,612	7,562,991
Advances from customers	2,456,891	4,410,538
Salaries and benefits	1,540,158	1,069,810
	41,612,191	19,341,024

AL TAYSEER ARABIAN COMPANY
(CLOSED JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2022

12. LEASE LIABILITIES

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

	30 September 2022 SR (Unaudited)	31 December 2021 SR (Audited)
Balance at the beginning of the period /year	5,279,895	5,480,740
Addition	2,620,330	4,195,752
Payment	(2,814,686)	(1,810,942)
Interest expense	138,700	186,387
Derecognition	(393,575)	(2,772,042)
Balance at the end of the period / year	4,830,664	5,279,895

Liabilities have been classified as follows:

	30 September 2022 SR (Unaudited)	31 December 2021 SR (Audited)
Non-current portion of lease liabilities	2,166,770	3,363,889
Current portion of lease liabilities	2,663,894	1,916,006
	4,830,664	5,279,895

13. 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.

Shareholding structure of the Company as at 30 September 2022 and 31 December 2021 are as below:

Shareholder	Shareholding percentage	
	30 September 2022	31 December 2021
Al Jomaih Automotive Company	98	96
Al Jomaih Rent-a-Car Company	2	1
Al Jomaih Energy and Water Company	-	1
Mohammed Abdul Aziz Abdullah Al Jomaih	-	1
Hamad Abdul Aziz Abdullah Al Jomaih	-	1
	100	100

14. FINANCE LEASE AND MURABAHA FINANCE INCOME, NET

	For the three- month period ended 30 September 2022 SR (Unaudited)	For the three- month period ended 30 September 2021 SR (Unaudited)	For the nine- month period ended 30 September 2022 SR (Unaudited)	For the nine- month period ended 30 September 2021 SR (Unaudited)
Finance lease contracts income (Note 9)	31,108,177	24,810,212	88,738,109	72,577,947
Murabaha contracts income (Note 9)	17,653,584	7,841,769	33,585,068	12,237,086
Loss on modification of financing contracts	-	(1,673,220)	-	(5,490,731)
	48,761,761	30,978,761	122,323,177	79,324,302

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

15. FINANCE COST

	For the three-month period ended 30 September 2022	For the three-month period ended 30 September 2021	For the nine-month period ended 30 September 2022	For the nine-month period ended 30 September 2021
	SR	SR	SR	SR
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Finance cost on long term borrowings	6,323,455	2,265,028	14,380,724	6,380,296
Finance cost charge on related party balances (Note 9)	2,084,335	854,012	4,474,357	2,405,644
Bank charges	303,042	246,331	815,379	749,681
Finance cost charge on lease liabilities	40,976	37,928	138,700	146,719
	8,751,808	3,403,299	19,809,160	9,682,340

16. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the net 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.

17. NON-CASH TRANSACTIONS

	30 September 2022	30 September 2021
	SR	SR
	(Unaudited)	(Unaudited)
Additions of lease liabilities and right-of-use assets	2,620,330	3,828,259
Derecognition of lease liabilities and right-of-use assets	(393,575)	(2,549,052)
Government grant	(12,294,561)	(966,185)

18. 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. Further, assets repossessed held for sale has now been presented as a separate condensed interim statement of financial position item for more relevant presentation.

Statement of financial position as of December 31, 2021:

	Balance as previously reported (Audited) SR	Reclassification SR	Balance as reclassified SR
Net investment in finance lease	368,823,503	(15,197,444)	353,626,059
Net investment in murabaha finance	86,340,474	(7,161,152)	79,179,322
Accrued expenses and other liabilities	(41,699,620)	22,358,596	(19,341,024)
Prepayments and other current assets	23,912,335	(162,561)	23,749,774
Assets repossessed held for sale	-	162,561	162,561

19. SUBSEQUENT EVENTS

Subsequent to the period ended, Board of Directors have recommended to increase share capital by SR 100 million. The increase will be made by capitalizing from payable balance of Al Jomaih Automotive Company (AAC) only. The increase is subject to approval of SAMA and completion of other legal formalities including approval of the shareholders.

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

AL TAYSEER ARABIAN COMPANY
(CLOSED JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2022

20. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were authorized for issue on Rabi' II 2, 1444H corresponding to October 27, 2022, by the Board of Directors of the Company.