

**AL TAYSEER ARABIAN COMPANY**  
**(A Saudi Closed Joint Stock Company)**

**CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)**  
**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2019**  
**AND REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION**

**AL TAYSEER ARABIAN COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)**  
**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2019**

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## *Report on review of interim financial information*

To the shareholders of Al Tayseer Arabian Company:  
(A Saudi Closed Joint Stock Company)

### **Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Al Tayseer Arabian Company as of September 30, 2019 and the related condensed statement of comprehensive income for the three-month and nine-month periods then ended, and the condensed statements of changes in shareholders' equity and cash flows for the nine-month period ended September 30, 2019 and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

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

### **PricewaterhouseCoopers**

Ali H. Al Basri  
License Number 409

November 28, 2019

**AL TAYSEER ARABIAN COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**Condensed interim statement of comprehensive income**  
(All amounts in Saudi Riyals unless otherwise stated)

Note	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2019 (Unaudited)	2018 (Unaudited) Restated	2019 (Unaudited)	2018 (Unaudited) Restated
Income from finance leases, net	17,508,658	17,398,648	55,174,875	54,728,788
<b>Expenses</b>				
Provision for (reversal of) impairment, net	4.2 (4,572,467)	(10,919,382)	(5,293,826)	3,151,559
Insurance and other cost of financed vehicles	(6,138,164)	(7,296,009)	(19,549,822)	(22,937,333)
General and administrative	(6,407,640)	(6,544,217)	(15,915,080)	(16,649,573)
Selling and marketing	(2,740,543)	(4,781,823)	(10,057,768)	(14,180,699)
<b>Operating (loss) profit</b>	<b>(2,350,156)</b>	<b>(12,142,783)</b>	<b>4,358,379</b>	<b>4,112,742</b>
<b>Other (expenses) income</b>				
Finance costs	(3,539,025)	(3,797,934)	(10,185,212)	(10,570,052)
Finance income	64,729	-	64,729	-
Finance costs - net	(3,474,296)	(3,797,934)	(10,120,483)	(10,570,052)
Other income	1,093,173	322,929	3,050,624	1,748,162
<b>Loss before zakat</b>	<b>(4,731,279)</b>	<b>(15,617,788)</b>	<b>(2,711,480)</b>	<b>(4,709,148)</b>
Zakat expense, as restated	8, 9 (66,976)	(3,470,710)	(272,379)	(10,412,130)
<b>Loss for the period</b>	<b>(4,798,255)</b>	<b>(19,088,498)</b>	<b>(2,983,859)</b>	<b>(15,121,278)</b>
<b>Other comprehensive income</b>	-	-	-	-
<b>Total comprehensive loss for the period</b>	<b>(4,798,255)</b>	<b>(19,088,498)</b>	<b>(2,983,859)</b>	<b>(15,121,278)</b>

The accompanying notes from 1 to 11 form an integral part of this condensed interim financial information.

**AL TAYSEER ARABIAN COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**Condensed interim statement of financial position**  
**(All amounts in Saudi Riyals unless otherwise stated)**

	Note	As at September 30, 2019 (Unaudited)	As at December 31, 2018 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Right-of-use assets		5,977,495	-
Property and equipment		6,869,265	6,677,886
Intangible assets		5,251,944	5,723,830
Long-term deposit	7	18,750,449	18,750,449
Net investment in finance leases - non-current portion	4	277,332,994	271,362,597
		<u>314,182,147</u>	<u>302,514,762</u>
<b>Current assets</b>			
Prepayments and other receivables	6	27,014,433	31,242,937
Net investment in finance leases - current portion	4	298,119,141	302,200,414
Cash and cash equivalents	3	40,184,066	7,001,527
		<u>365,317,640</u>	<u>340,444,878</u>
<b>Total assets</b>		<u>679,499,787</u>	<u>642,959,640</u>
<b>Liabilities and shareholders' equity</b>			
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term borrowings	7	35,096,237	56,505,943
Lease liabilities		4,587,881	-
Employee termination benefits		5,214,951	6,537,409
Due to related parties - non-current portion	5	-	30,000,000
		<u>44,899,069</u>	<u>93,043,352</u>
<b>Current liabilities</b>			
Current maturity of long-term borrowings	7	53,128,456	46,875,000
Due to related parties - current portion	5	222,120,143	135,241,424
Accounts payable		16,289,799	23,248,302
Accrued and other liabilities		13,774,462	13,616,413
Lease liabilities		1,064,189	-
Zakat payable	8	51,433,019	51,160,640
		<u>357,810,068</u>	<u>270,141,779</u>
<b>Total liabilities</b>		<u>402,709,137</u>	<u>363,185,131</u>
<b>Shareholders' equity</b>			
Share capital		400,000,000	400,000,000
Statutory reserve		6,293,980	6,293,980
Accumulated deficit		(129,503,330)	(126,519,471)
<b>Total shareholders' equity</b>		<u>276,790,650</u>	<u>279,774,509</u>
<b>Total liabilities and shareholders' equity</b>		<u>679,499,787</u>	<u>642,959,640</u>

The accompanying notes from 1 to 11 form an integral part of this condensed interim financial information.

**AL TAYSEER ARABIAN COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**Condensed interim statement of changes in shareholders' equity**  
(All amounts in Saudi Riyals unless otherwise stated)

	Note	Share capital	Statutory reserve	Accumulated deficit	Total
<b>December 31, 2018 - audited</b>		400,000,000	6,293,980	(126,519,471)	<b>279,774,509</b>
Loss for the period		-	-	(2,983,859)	<b>(2,983,859)</b>
Other comprehensive income		-	-	-	-
Total comprehensive loss for the period		-	-	(2,983,859)	<b>(2,983,859)</b>
<b>September 30, 2019 - unaudited</b>		<b>400,000,000</b>	<b>6,293,980</b>	<b>(129,503,330)</b>	<b>276,790,650</b>
<b>December 31, 2017 - audited</b>		400,000,000	6,293,980	(64,545,126)	341,748,854
Adjustment on adoption of IFRS 9		-	-	(37,668,846)	(37,668,846)
Balance at January 1, 2018		400,000,000	6,293,980	(102,213,972)	304,080,008
Loss for the period, as restated	9	-	-	(15,121,278)	(15,121,278)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the period, as restated	9	-	-	(15,121,278)	(15,121,278)
<b>September 30, 2018 - unaudited</b>		<b>400,000,000</b>	<b>6,293,980</b>	<b>(117,335,250)</b>	<b>288,958,730</b>

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**AL TAYSEER ARABIAN COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**Condensed interim statement of cash flows**  
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the nine-month period ended September 30,	
		2019 (Unaudited)	2018 (Unaudited)
<b>Cash flows from operating activities</b>			
Loss before zakat		(2,711,480)	(4,709,148)
<u>Adjustments for:</u>			
Allowance for expected credit losses ("ECL") on lease and other receivables	4.2	5,293,826	(3,151,559)
Depreciation and amortization		2,043,096	1,029,037
Finance costs - net		10,120,483	10,570,052
Provision for employee termination benefits		679,720	-
<u>Changes in working capital</u>			
(Increase) decrease in net investment in finance leases		(7,182,950)	106,855,096
Decrease in prepayments and other receivables		3,901,004	5,014,228
Decrease in accounts payable		(6,958,503)	(1,692,220)
Increase in accrued and other liabilities		158,049	807,640
Increase (decrease) in due to related parties		86,878,719	(38,630,652)
Finance costs paid		(9,980,936)	(10,570,052)
Finance income on short-term murabaha deposits		64,729	-
Employee termination benefits paid		(2,002,178)	(1,081,578)
Net cash inflow from operating activities		<u>80,303,579</u>	<u>64,440,844</u>
<b>Cash flows from investing activity</b>			
Payments for purchase of property and equipment		<u>(1,045,290)</u>	<u>(1,321,876)</u>
<b>Cash flows from financing activities</b>			
Due to a related party		(30,000,000)	(30,000,000)
Repayment of long-term borrowings		(35,156,250)	(35,156,250)
Proceeds from long-term borrowings		20,000,000	-
Lease liabilities repaid		(919,500)	-
Net cash outflow from financing activities		<u>(46,075,750)</u>	<u>(65,156,250)</u>
<b>Net change in cash and cash equivalents</b>		<b>33,182,539</b>	<b>(2,037,282)</b>
Cash and cash equivalents at beginning of the period	3	<u>7,001,527</u>	<u>6,398,210</u>
<b>Cash and cash equivalents at end of the period</b>	3	<u><b>40,184,066</b></u>	<u><b>4,360,928</b></u>
<b>Non-cash operating, investing and financing activities:</b>			
Right-of-use assets recorded against lease liabilities		<u>6,694,794</u>	-
Prepaid lease rentals adjusted against lease liabilities		<u>327,500</u>	-

The accompanying notes from 1 to 11 form an integral part of this condensed interim financial information.

**AL TAYSEER ARABIAN COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**Notes to the condensed interim financial information**  
**For the three-month and nine-month periods ended September 30, 2019 (Unaudited)**  
(All amounts in Saudi Riyals unless otherwise stated)

**1. General information**

Al Tayseer Arabian Company (the "Company") is principally engaged in providing various types of automotive finance services to the retail and corporate sector in Saudi Arabia. The Company is part of Al Jomaih Group (the "Group") and effectively 100% owned by Al Jomaih Automotive Company ("AAC") which is ultimately owned by Al Jomaih Holding Company ("AJHC", "the Holding Company" or "the Group").

During 2018, the Company amended its By-laws to include finance services for consumer products and small and medium sized entities ("SMEs"). The legal formalities for such changes were completed during the nine-month period ended September 30, 2019.

The Company is a closed joint stock company operating under commercial registration number 2051060381 issued in Riyadh on Jumad ul Akhira 11, 1436 H (March 31, 2015). The accompanying condensed interim financial information includes the accounts of the Company and its branch registered in Khobar under CR No. 2051055139 dated Muharram 21, 1435 H (November 25, 2013). The registered address of the Company is P.O. Box 224, King Abdullah Street, Khobar 31411, Kingdom of Saudi Arabia.

This condensed interim financial information has been reviewed, not audited.

**2. Basis of preparation**

**2.1** The condensed interim financial information of the Company as at September 30, 2019 and for the three-month and nine-month periods ended September 30, 2019 has been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia ("KSA"), and other standards and pronouncements issued by the Saudi Organisation for Certified Public Accountants ("SOCPA").

The condensed interim financial information and financial statements of the Company as at and for the period and year ended March 31, 2019 and December 31, 2018, respectively, were prepared in compliance with IAS 34 and the International Financial Reporting Standards ("IFRS") respectively, as modified by the Saudi Arabian Monetary Authority ("SAMA") for the accounting of zakat and income tax (relating to the application of IAS 12 – "Income Taxes" and IFRIC 21 – "Levies" so far as these relate to zakat and income tax).

On July 18, 2019, SAMA instructed the financing entities in KSA to account for the zakat and income taxes in the condensed interim statement of comprehensive income. This aligns with the IFRS and its interpretations as issued by the International Accounting Standards Board ("IASB") and as endorsed in KSA and with other standards and pronouncements that are issued by SOCPA (collectively referred to as "IFRS as endorsed in KSA").

Accordingly, the Company changed its accounting treatment for zakat by retrospectively adjusting the impact in line with *International Accounting Standard 8 Accounting Policies, Changes in Accounting Estimates and Errors* (as disclosed in note 2.5) and the effects of this change are disclosed in note 9 to the condensed interim financial information.

**2.2** The condensed interim financial information do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements for the year ended December 31, 2018.

**2.3** The principal accounting policies applied in the preparation of this condensed interim financial information of the Company are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of a new and amended standard and change in accounting for zakat and income tax as set out below.

**2.4 New and amended standards adopted by the Company**

The Company has adopted IFRS 16 'Leases' ("IFRS 16"), the new standard, which became applicable for the current reporting period. The impact of the adoption of such standard and the new accounting policies are disclosed in note 2.5.1 below.



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**2.5 Change in accounting policies**

**2.5.1 Transition to IFRS 16**

**a) Transition approach and impact**

The Company has adopted IFRS 16 from January 1, 2019, using the modified retrospective method, and has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in IFRS 16. The reclassifications and the adjustments arising from the new leasing rules are therefore recognized in the condensed statement of financial position on January 1, 2019.

On adoption of IFRS 16, the Company recognized lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17 'Leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as of January 1, 2019. The equal and opposite side of the lease liability calculated, is the Right-of-Use ("RoU") asset. Therefore, there is no adjustment against opening retained earnings as at the transition date i.e. January 1, 2019. Since interest rate implicit in such leases could not be determined, the Company's weighted average incremental borrowing rate of 4.65% was applied to the lease liabilities on January 1, 2019.

The change in accounting policy resulted in recognition of RoU assets and lease liabilities amounting to Saudi Riyals 6.7 million as of January 1, 2019.

**b) Accounting policy**

Until 2018, all leases of the Company were assessed to be operating leases and payments made under such leases were charged to profit or loss on a straight-line basis over the period of the lease.

Starting January 1, 2019, the Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a RoU asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the condensed interim statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing the carrying amount to reflect the lease payments made.

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The Company remeasures the lease liability (and makes a corresponding adjustment to the related RoU asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); and
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The RoU assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 "Provisions, contingent liabilities and contingent assets". The costs are included in the related RoU asset.

RoU assets are depreciated over the shorter period of lease term or the economic useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the RoU asset reflects that the Company expects to exercise a purchase option, the related RoU asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The RoU assets are presented as a separate line in the condensed interim statement of financial position.

The Company applies IAS 36 "Impairment of Assets" to determine whether a RoU asset is impaired and accounts for any identified impairment loss.

*Extension options*

Extension options are included in the Company's lease contracts. These terms are used to maximise operational flexibility in terms of managing contracts. The Company can exercise such extension option by providing adequate notice before the termination date of such lease in accordance with the terms of the contract.

*Critical judgements in determining the lease term*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

**c) RoU assets**

The RoU assets and corresponding lease liabilities relate to office spaces for the Company across the Kingdom of Saudi Arabia.

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*Practical expedients applied*

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases;
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made under the previously applicable accounting standards.

**d) Reconciliation of operating lease commitments disclosed as at December 31, 2018 and lease liability recognized as at January 1, 2019**

	<b>Saudi Riyals</b>
Operating lease commitments disclosed as at December 31, 2018	361,077
Add: adjustments as a result of a different treatment of extension options Discounted using the lessee's incremental borrowing rate at the date of initial application	7,399,473
	(1,065,756)
Lease liabilities recognized as at January 1, 2019	6,694,794
Of which are:	
Current lease liabilities	831,002
Non-current lease liabilities	5,863,792
	6,694,794

**2.5.2 Zakat and taxes**

**a) Change in the accounting for zakat and income tax**

As mentioned in note 2.1, the basis of preparation has been changed for the three-month and nine-month periods ended September 30, 2019, based on latest instructions from SAMA dated July 18, 2019. Previously, zakat and income tax was recognized in the condensed interim statement of changes in shareholders' equity as per the SAMA circular no 381000074519 dated April 11, 2017. As per SAMA instructions dated July 18, 2019, the zakat and income tax shall be recognized in the condensed interim statement of comprehensive income. The Company has accounted for this change in the accounting for zakat and income tax retrospectively and the effects of the above change are disclosed in note 9 to the condensed interim financial information. The change has resulted in reduction of reported total comprehensive income of the Company for the three-month and nine-month periods ended September 30, 2018 by Saudi Riyals 3.5 million and Saudi Riyals 10.4 million, respectively. The change has had no impact on the condensed interim statement of cash flows for the nine-month period ended September 30, 2018.

**b) Accounting policy**

In accordance with the regulations of the General Authority of Zakat and Tax ("GAZT"), the Company is subject to zakat. Zakat expense is charged to the profit or loss. Zakat is not accounted for as income tax and as such no deferred tax is calculated relating to zakat. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined.

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**3. Cash and cash equivalents**

	<b>September 30, 2019</b>	<b>December 31, 2018</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Cash in hand	236,001	147,505
Cash at banks	14,948,065	6,854,022
Term deposits	25,000,000	-
	<b>40,184,066</b>	<b>7,001,527</b>

Term deposits, as at September 30, 2019, are murabaha deposits placed with a commercial bank, with a maturity period of three months or less from their date of placement, and yield financial income ranging from 1.95% to 2.10% per annum.

**4. Net investment in finance leases**

**4.1 Reconciliation between gross and net investment in finance leases is as follows:**

	<b>September 30, 2019</b>	<b>December 31, 2018</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Gross investment in finance leases	888,372,942	869,418,418
Unearned finance income	<b>(180,684,342)</b>	<b>(168,912,768)</b>
Present value of minimum lease payments receivable	707,688,600	700,505,650
Allowance for ECL	<b>(132,236,465)</b>	<b>(126,942,639)</b>
Net investment in finance leases	575,452,135	573,563,011
Investment in finance leases - non-current portion	<b>(277,332,994)</b>	<b>(271,362,597)</b>
Investment in finance leases - current portion	<b>298,119,141</b>	<b>302,200,414</b>

**4.2 The movement in allowance for ECL on lease receivables is as follows:**

	<b>For the nine- month period ended September 30, 2019</b>	<b>For the year ended December 31, 2018</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Opening balance	126,942,639	129,557,145
Charge for the period / year	5,293,826	2,629,069
Write-offs	-	<b>(5,243,575)</b>
Closing balance	<b>132,236,465</b>	<b>126,942,639</b>

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**5. Related party transactions and balances**

The Company is a member of group of companies which is directly or indirectly controlled by AJHC (collectively "related parties").

**5.1** Significant transactions with related parties included in the condensed interim financial information are summarized below:

Nature of transactions and relationship	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2019 (Unaudited)	2018 (Unaudited)	2019 (Unaudited)	2018 (Unaudited)
Purchase of vehicles for leases from AAC	24,956,177	15,439,270	105,720,071	89,039,809
Shared service costs charged by AAC	771,893	904,079	1,613,597	2,292,579
Finance costs charged by AAC	1,693,334	1,667,052	4,022,814	2,691,052
Finance costs charged by AJHC	847,998	955,447	2,486,696	3,461,657
<b>Key management personnel compensation</b>				
Salaries and other employee benefits	1,154,549	1,517,446	3,982,497	4,345,394

**5.2 Due to related parties**

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
AJHC	29,413,609	70,230,360
Less: non-current portion	-	(30,000,000)
	29,413,609	40,230,360
AAC - current portion	192,706,534	95,011,064
Total current portion	222,120,143	135,241,424

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 costs at prevailing variable market rates.

Balance due to AJHC is repayable in equal quarterly installments up to September 2020. These amounts bear finance costs at prevailing variable market rates. A receivable balance of Saudi Riyals 22.2 million has been offset from the current portion of the above balance as at September 30, 2019 (December 31, 2018: Saudi Riyals 11.9 million).

**5.3 Due from related parties**

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Al Jomaih Rent-a-Car Company	318,210	-
Al Jomaih Equipment Company Limited	252,455	148,992
Al Jomaih Automotive AC Delco	238,859	175,396
Al Jomaih Bottling Plants Limited	200,017	857,094
Al Jomaih Tyres Company	101,249	70,744
	1,110,790	1,252,226

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**6. Prepayments and other receivables**

	Note	September 30, 2019	December 31, 2018
		(Unaudited)	(Audited)
Prepaid insurance		471,470	324,535
Insurance claims receivable		22,766,281	23,811,841
Due from related parties	5	1,110,790	1,252,226
Other		4,744,542	7,932,985
		<u>29,093,083</u>	<u>33,321,587</u>
Allowance for ECL		(2,078,650)	(2,078,650)
		<u>27,014,433</u>	<u>31,242,937</u>

Movement in allowance for ECL on insurance claims and other receivables is as follows:

	For the nine- month period ended September 30, 2019	For the year ended December 31, 2018
	(Unaudited)	(Audited)
Opening balance	2,078,650	5,401,621
Write-offs	-	(3,322,971)
Closing balance	<u>2,078,650</u>	<u>2,078,650</u>

At September 30, 2019, the Company had net outstanding insurance claims receivable amounting to Saudi Riyals 14.2 million (December 31, 2018: Saudi Riyals 18.7 million) from an insurance service provider with which the Company has suspended its business activities. The balance is expected to be settled during 2020 based on the Company's negotiations with such insurance service provider.

**7. Long-term borrowings**

	September 30, 2019	December 31, 2018
	(Unaudited)	(Audited)
Commercial bank	68,224,693	103,380,943
Social Development Bank ("SDB")	20,000,000	-
	<u>88,224,693</u>	<u>103,380,943</u>
Less: current maturity shown under current liabilities	(53,128,456)	(46,875,000)
	<u>35,096,237</u>	<u>56,505,943</u>

**7.1 Commercial bank loan**

During the year 2016, the Company entered into a Murabaha Financing Agreement (the "Agreement") with a commercial bank amounting to Saudi Riyals 187.5 million secured against lease receivables. The loan is repayable in 48 equal monthly installments. The loan is denominated in Saudi Riyals and bears finance costs based on prevailing market rates. The covenants of the borrowing facility requires the Company to maintain certain levels of financial condition, places limitations on dividends distribution, changes in shareholding structure and disposal of its assets.

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As at September 30, 2019, the Company has assigned lease receivables to the bank amounting to Saudi Riyals 85.3 million representing 125% of the outstanding loan balance as of September 30, 2019. The Company has also opened a deposit/cash margin account with the bank with an equivalent of 10% of the total loan utilized pledged in favor of the bank during the term of the loan agreement.

The loan is secured by a corporate guarantee from AAC in addition to joint and several guarantees signed by shareholders of the Holding Company.

**7.2 SDB loan**

During the nine-month period ended September 30, 2019, the Company entered into a financing agreement with SDB amounting to Saudi Riyals 20 million. The loan is repayable in 36 equal monthly installments. The loan is denominated in Saudi Riyals and bears finance costs at nominal rates. As per the terms of the Company's agreement with SDB, the Company is required to utilise such funds to provide finance services to SMEs within a defined range of finance rates.

**8. Provision for zakat**

	For the nine- month period ended September 30, 2019 (Unaudited)	For the year ended December 31, 2018 (Audited)
Opening balance	51,160,640	37,277,400
Provision for the period / year	272,379	13,883,240
Closing balance	<u>51,433,019</u>	<u>51,160,640</u>

**Status of assessments**

Until 2017, the Company's zakat declaration was filed at the consolidated level of the Group. GAZT has finalized the Group's zakat assessments for the years through 2015. For all periods starting from January 1, 2018 the Company will file a separate zakat return. The Company is currently in the process of filing its zakat return for the year 2018.

During the period ended September 30, 2019, GAZT had provided a revised formula for computation of zakat from the year 2019 and onwards for companies involved in finance lease activities. The Company has computed zakat charge for the three-month and nine-month periods ended September 30, 2019 based on such revised formula which has been recognized in the condensed interim statement of comprehensive income.

**9. Restatement due to change in accounting treatment relating to zakat**

The change in the accounting treatment for zakat (as explained in note 2.5.2) has the following impact on the line items of the condensed interim statements of comprehensive income and changes in shareholders' equity:

**For the nine-month period ended September 30, 2018:**

Financial information impacted	Account	As previously stated for nine- month period ended September 30, 2018	Effect of restatement relating to zakat	As restated for nine-month period ended September 30, 2018
Condensed interim statement of changes in shareholders' equity	Zakat charge for the period	10,412,130	(10,412,130)	-
Condensed interim statement of comprehensive income	Zakat expense	-	10,412,130	10,412,130

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**For the three-month period ended September 30, 2018:**

<b>Financial information impacted</b>	<b>Account</b>	<b>As previously stated for nine-month period ended September 30, 2018</b>	<b>Effect of restatement relating to zakat</b>	<b>As restated for three-month period ended September 30, 2018</b>
Condensed interim statement of comprehensive income	Zakat expense	-	3,470,710	3,470,710

The above change in accounting policy did not have any effect on the statement of financial position as of December 31, 2018 and the condensed interim statement of cash flows for the nine-month period ended September 30, 2018.

**10. Comparative figures**

For better presentation, certain amounts in the comparative condensed interim financial information have been reclassified to conform to 2019 presentation.

**11. Date of authorization of issue**

The accompanying condensed interim financial information was authorized for issuance by the Company's Board of Directors on November 28, 2019.