

IJARAH FINANCE COMPANY
(A Single Person Saudi Closed Joint Stock Company)
INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED
30 SEPTEMBER 2021
WITH INDEPENDENT AUDITOR'S REVIEW REPORT

IJARAH FINANCE COMPANY
(A Single Person Saudi Closed Joint Stock Company)
INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021

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

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

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of Ijarah Finance Company (the "Company") as at 30 September 2021 and the related interim statement of comprehensive income / (loss) for the three-month and nine-month periods then ended, the interim statements of changes in equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes (the "interim condensed financial statements"). Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", that is endorsed in the Kingdom of Saudi Arabia. A review of interim condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

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

For Al-Bassam & Co.



Ahmed A. Mohandis
Certified Public Accountant
Registration No. 477



21 Rabi Al-Awal 1443H
27 October, 2021
Riyadh, Kingdom of Saudi Arabia

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

	Notes	30 September 2021 (Unaudited)	31 December 2020 (Audited)
ASSETS			
Cash and cash equivalents		59,913,930	42,828,100
Prepayments and other receivables		65,379,649	58,243,460
Due from a related party	5	-	23,716
Profit strips receivables		19,101,284	34,717,645
Net investment in Ijarah financing	6	283,418,724	236,891,993
Net Investment In Murabaha financing	7	2,422,744	-
Net servicing asset for factorized receivables		17,620,939	17,738,523
Margin deposits – restricted	8	60,062,740	56,715,873
Investment carried at Fair Value through Other Comprehensive Income “FVOCI”		892,850	892,850
Property and equipment		3,101,875	3,784,142
Intangible assets		6,859,386	4,406,679
Right-of-use assets		3,480,459	4,357,688
TOTAL ASSETS		522,254,580	460,600,669
EQUITY AND LIABILITIES			
EQUITY			
Share capital	9	200,000,000	200,000,000
Statutory reserve		1,772,337	1,772,337
Accumulated losses		(9,085,337)	(14,753,171)
TOTAL EQUITY		192,687,000	187,019,166
LIABILITIES			
Due to related parties	5	41,509,953	41,374,021
Other payables and accruals		177,304,981	100,862,828
Lease liabilities		2,986,234	3,910,206
Net servicing liability for factorized receivable		32,566,254	34,386,436
Provision for zakat	10	641,641	360,697
Borrowings	11	72,301,842	90,741,234
Employees' post-employment benefits		2,256,675	1,946,081
TOTAL LIABILITIES		329,567,580	273,581,503
TOTAL EQUITY AND LIABILITIES		522,254,580	460,600,669

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements

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

	Notes	<i>For the three-month period ended</i>		<i>For the nine-month period ended</i>	
		30 September 2021	30 September 2020	30 September 2021	30 September 2020
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
INCOME FROM IJARAH FINANCING, NET		14,260,854	15,252,079	40,307,067	37,383,792
OPERATING EXPENSES					
Finance cost		(1,725,065)	(407,434)	(3,125,705)	(1,984,134)
General and administrative expenses		(9,903,089)	(12,429,562)	(29,849,124)	(34,498,169)
Selling and marketing expenses		(905,287)	(1,203,072)	(2,601,246)	(3,616,465)
Impairment	6.3, 7.1	(116,445)	(4,642,680)	(3,068,757)	(5,516,335)
OPERATING INCOME/(LOSS)		1,610,968	(3,430,669)	1,662,235	(8,231,311)
Other income, net		1,519,028	3,904,736	4,647,240	6,074,756
NET OPERATING INCOME/(LOSS) BEFORE ZAKAT		3,129,996	474,067	6,309,475	(2,156,555)
Zakat	10	(318,304)	-	(641,641)	(268,626)
NET INCOME/(LOSS) FOR THE PERIOD		2,811,692	474,067	5,667,834	(2,425,181)
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		2,811,692	474,067	5,667,834	(2,425,181)

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements

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

30 September 2020

	Share capital	Statutory reserve	Accumulated Losses	Total equity
Balance as at 1 January 2020 (Audited)	100,000,000	1,686,892	(15,522,180)	86,164,712
Additional contribution	100,000,000	-	-	100,000,000
Comprehensive loss for the period	-	-	(2,425,181)	(2,425,181)
Balance as at 30 September 2020 (Unaudited)	200,000,000	1,686,892	(17,947,361)	183,739,531

30 September 2021

Balance as at 1 January 2021 (Audited)	200,000,000	1,772,337	(14,753,171)	187,019,166
Comprehensive income for the period	-	-	5,667,834	5,667,834
Balance as at 30 September 2021 (Unaudited)	200,000,000	1,772,337	(9,085,337)	192,687,000

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements

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

	Notes	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net operating income / (loss) before zakat		6,309,475	(2,156,555)
Adjustments for:			
Depreciation of right of use assets		877,229	871,308
Depreciation of property and equipment		770,995	1,066,329
Amortization of intangible assets		1,027,131	1,010,020
Reversal of provision against expected defaults in respect of factorized receivables		(124,747)	(84,632)
Reversal of provision in respect of fair value of margin deposits		(3,222,120)	(120,506)
Reversal of provision on profit-only strips receivable		(1,122,730)	(761,682)
Interest expense on lease liability		158,528	194,057
Impairment, net	6.3, 7.1	3,068,757	5,516,335
Finance cost on borrowings		3,391,116	1,790,077
Employees' post-employment benefits		385,418	825,554
		11,519,052	8,150,305
Changes in operating assets			
Prepayments and other receivables		(7,136,189)	(10,225,257)
Due from related party		23,716	-
Profit strips receivables		16,739,091	20,209,460
Net investment in Ijarah financing		(49,479,043)	(73,688,326)
Net investment in Murabaha financing		(2,539,189)	-
Net servicing asset for factorized receivables		117,584	(8,116,642)
Margin deposits – restricted		-	(4,605,143)
		(42,274,030)	(76,425,908)
Changes in operating liabilities			
Other payables and accruals		76,081,456	40,695,648
Due to related parties		135,932	(263,318)
Net servicing liability for factorized receivables		(1,820,182)	9,797,326
Cash generated from / (used in) operations		43,642,228	(18,045,947)
Employees' post-employment benefits paid		(74,824)	(289,756)
Net cash generated from / (used in) operating activities		43,567,404	(18,335,703)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(88,728)	(811,664)
Purchase of intangible assets		(3,479,838)	(1,566,882)
Net cash used in investing activities		(3,568,566)	(2,378,546)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		73,238,778	82,238,778
Repayment of borrowing		(90,238,778)	(61,501,140)
Finance cost paid		(4,830,508)	(835,973)
Lease liabilities paid		(1,082,500)	(1,082,500)
Net cash (used in) / generated from financing activities		(22,913,008)	18,819,165
Net change in cash and cash equivalents		17,085,830	(1,895,084)
Cash and cash equivalents at beginning of the period		42,828,100	23,170,133
Cash and cash equivalents at end of the period		59,913,930	21,275,049
*Supplemental non-cash information			
Transfer from due to related party to additional contribution		-	100,000,000

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements

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

1. LEGAL STATUS AND OPERATIONS

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

The objective of the Company is to engage in Sharia Compliant Financial Services.

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

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

The Company has the following branches:

S. No	Branch	CR Date	C.R. No.
1	Riyadh	15/07/1433	7001727754
2	Riyadh	27/04/1436	7014176437
3	Dammam	08/07/1438	7003769010
4	Jeddah	23/04/1439	7003790479
5	Madinah	11/03/1440	7005226571
6	Riyadh	11/01/1441	7015861540
7	Tabuk	30/06/1441	7015861557
8	Burayda	15/07/1433	7016920113

2. BASIS OF PREPARATION

2.1. STATEMENT OF COMPLIANCE

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

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

These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2020.

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

2.2. BASIS OF MEASUREMENT

These interim condensed financial statements are prepared under the historical cost method except for the investments carried at fair value and employees’ post-employment benefits liability which is measured at present value of future obligations using the projected unit credit method.

IJARAH FINANCE COMPANY
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2.3. FUNCTIONAL AND PRESENTATION CURRENCY

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES, AND ASSUMPTIONS

The preparation of financial statements in conformity with the IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the SOCPA which require management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2020, except for the investment in Murabaha financing as mentioned in note 4.3 and the adoption of new standards effective as of 1 January 2021. The Company has not early adopted any standard, interpretation or amendment that has been issued but not yet effective.

4.1 New standards, interpretations and amendments adopted by the Company

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial statements of the Company.

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

IJARAH FINANCE COMPANY
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(All amounts in Saudi Riyals unless otherwise stated)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 Accounting standards issued but not yet effective

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

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

4.3 Murabaha financing

Murabaha is an agreement whereby the Company sells to a customer an asset, which the Company has purchased and acquired based on a promise received from the customer to buy. The selling price comprises the cost plus an agreed profit margin. Gross amounts due under the Murabaha sale contracts include the total of future sale price payments on the Murabaha agreement (Murabaha sale contract receivable). The difference between the Murabaha sale contracts receivable and the cost of the asset sold, is recorded as unearned Murabaha profit and for presentation purposes, is deducted from the gross amounts due under the Murabaha sale contracts receivable.

5. RELATED PARTY TRANSACTIONS AND BALANCES

<u>Transactions during the period</u>			<u>For the nine-month period ended</u>	
<u>Names of Related Parties</u>	<u>Nature of Relationship</u>	<u>Nature of transactions</u>	<u>30 September 2021 (Unaudited)</u>	<u>30 September 2020 (Unaudited)</u>
Afras Trading & Contracting Company	Affiliate	Outsourcing services	4,241,720	8,766,158
EKAL Human Resource Company	Affiliate	Outsourcing services	69,402	24,800
National Leasing Company	Affiliate	Outsourcing services	4,183	7,419
Watad Holding Company	Owner	Additional contribution of Share Capital	-	100,000,000
Saudi Financial Lease Contract registry Company	Affiliate	Contract Registry	350,752	800,616
<u>Key management personnel</u>				
Salaries and other short-term employee benefits			3,626,325	3,490,913
Post-employment benefits and other long-term benefits			250,735	263,360

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

5. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Balances as at the period-end

	Note	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Due to related parties			
Watad Holding Company	5.1	28,000,000	28,000,000
Afras Trading and Contracting Company		13,075,824	13,060,419
National Leasing Company		285,429	289,612
EKAL Human Resource Company		112,384	23,990
Saudi Financial Lease Contract registry Company		36,316	-
		<u>41,509,953</u>	<u>41,374,021</u>
Due from related party			
Saudi Financial Lease Contract registry Company		-	23,716
		<u>-</u>	<u>23,716</u>

5.1. The balance bears zero finance cost and is not due for repayment during 2021.

6. NET INVESTMENT IN IJARAH FINANCING

	Note	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Net investment in Ijarah financing before provision for impairment		297,267,540	247,788,497
Less: Impairment of Ijarah financing	6.3	(13,848,816)	(10,896,504)
Net investment in Ijarah financing		<u>283,418,724</u>	<u>236,891,993</u>

6.1. In response to Covid-19, SAMA launched the Private Sector Financing Support Program (“PSFSP”) in March 2020 to provide the necessary support to the Micro Small and Medium Enterprises (“MSME”) as per the definition issued by SAMA. As part of the Deferred Payment Program (“DPP”), the Company deferred payments for 7 months to contracts that qualify as MSME with extending the tenure of the facility.

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

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

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

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

7. NET INVESTMENT IN MURABAHA FINANCING

	Note	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Net investment in Murabaha financing before provision for impairment		2,539,189	-
Less: Impairment of Murabaha financing	7.1	(116,445)	-
Net investment in Murabaha financing		<u>2,422,744</u>	<u>-</u>

7.1 The movement in the provision for impairment in Murabaha financing during the period is as follows:

	For the nine-month period ended 30 September 2021 (Unaudited)	For the year ended 31 December 2020 (Audited)
Balance at beginning of the period / year	-	-
Provided during the period / year	116,445	-
Balance at the end of the period / year	<u>116,445</u>	<u>-</u>

8. MARGIN DEPOSITS-RESTRICTED

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

	<u>30 September 2021 (Unaudited)</u>		
	<u>Current</u>	<u>Non-Current</u>	<u>Total</u>
Margin deposits with banks	13,162,235	54,475,948	67,638,183
Less: Provision against expected defaults in respect of factorized receivables	(436,271)	(1,369,369)	(1,805,640)
Less: Provision in respect of present value of margin deposits	(543,277)	(5,226,526)	(5,769,803)
As at 30 September 2021	<u>12,182,687</u>	<u>47,880,053</u>	<u>60,062,740</u>
	<u>31 December 2020 (Audited)</u>		
	<u>Current</u>	<u>Non-Current</u>	<u>Total</u>
Margin deposits with banks	10,742,299	56,895,884	67,638,183
Less: Provision against expected defaults in respect of factorized receivables	(364,469)	(1,565,918)	(1,930,387)
Less: Provision in respect of present value of margin deposits	(462,121)	(8,529,802)	(8,991,923)
As at 31 December 2020	<u>9,915,709</u>	<u>46,800,164</u>	<u>56,715,873</u>

9. SHARE CAPITAL

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

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

10. PROVISION FOR ZAKAT

The movement in the provision for zakat is as follows:

	For the nine-month period ended 30 September 2021 (Unaudited)	For the year ended 31 December 2020 (Audited)
Balance at the beginning of the period / year	360,697	446,039
Provided during the period / year		
- Current year	641,641	360,697
- Prior year	-	527,506
Adjustment during the period / year	(360,697)	(973,545)
Balance at the end of the period / year	641,641	360,697

STATUS OF ASSESSMENTS

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

11. BORROWINGS

	Note	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Short-term borrowings principle portion	11.1	72,104,671	88,348,600
Accrued interest		197,171	2,392,634
		72,301,842	90,741,234

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

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

12. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When measuring the fair value, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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(All amounts in Saudi Riyals unless otherwise stated)

12. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date

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

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

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

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

All financial assets and liabilities are measured at amortized cost except investment carried at FVOCI. The carrying amounts of all other financial assets and financial liabilities measured at amortized cost approximate to their fair values.

30 September 2021 (Unaudited)	Fair value Level			Total
	1	2	3	
FINANCIAL ASSET				
FVOCI designated				
Investment carried at FVOCI	-	-	892,850	892,850

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

The above financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined:

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

13. SUBSEQUENT EVENTS

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

14. DATE OF AUTHORIZATION FOR ISSUE

These interim condensed financial statements were authorized for issue on 26 October 2021G (corresponding to 20 Rabi ul Awal 1443H) by the Board of directors of the Company.