

**GULF LIFTING FINANCIAL LEASING COMPANY**  
**(CLOSED JOINT STOCK COMPANY)**

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**WITH**  
**INDEPENDENT AUDITOR'S REVIEW REPORT**  
**FOR THE THREE AND SIX MONTHS PERIOD**  
**ENDED**  
**30 JUNE 2022**

**GULF LIFTING FINANCIAL LEASING COMPANY**  
**(CLOSED JOINT STOCK COMPANY)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS PERIOD ENDED 30 JUNE 2022**

---

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



## KPMG Professional Services

16<sup>th</sup> Floor, Al Barghash Tower  
6189 Prince Turkey Road, Al Kurnais  
P.O. Box 4803  
Al Khobar, 34412 - 3146  
Kingdom of Saudi Arabia  
Commercial Registration No 2051062328

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

الطابق ١٦، برج البرعش  
٦١٨٩ طريق الأمير تركي، الكورنيش  
ص.ب ٤٨٠٣  
الخير ٣١٤٦ - ٣٤٤١٢  
المملكة العربية السعودية  
سجل تجاري رقم ٢٠٥١٠٦٢٣٢٨

المركز الرئيسي في الرياض

# Independent auditor's report on review of condensed interim financial statements

To the Shareholders of Gulf Lifting Financial Leasing Company

## Introduction

We have reviewed the accompanying 30 June 2022 condensed interim financial statements of Gulf Lifting Financial Leasing Company ("the Company"), which comprise:

- the condensed statement of financial position as at 30 June 2022;
- the condensed statements of profit or loss and other comprehensive income for the three-month and six-month period ended 30 June 2022;
- the condensed statement of changes in shareholders' equity for the six-month period ended 30 June 2022;
- the condensed statement of cash flows for the six-months period ended 30 June 2022; and
- the notes to the condensed interim financial statements.

Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' as endorsed in Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

## Scope of review

We conducted our review in accordance with the 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 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 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.

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of (25,000,000) SAR. (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مهنية مناهضة منقطعة، مسجلة في المملكة العربية السعودية، رأس مالها (٢٥,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل. المسماة سابقاً "شركة كي بي إم جي للفرزان وشركاء محاسبين ومراجعين قانونيين". وهي تعتبر عور شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والناتجة لـ كي بي إم جي العالمية المحدودة، شركة الجليزية محدودة بضمان. جميع الحقوق محفوظة.

Commercial Registration of the headquarters in Riyadh is 1010425494.



# Independent auditor's report on review of condensed interim financial statements

To the Shareholders of Gulf Lifting Financial Leasing Company (Continued)

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2022 condensed interim financial statements of Gulf Lifting Financial Leasing Company are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as endorsed in Kingdom of Saudi Arabia.

For KPMG Professional Services

**Abdulaziz Abdullah Alnaim**  
License No: 394




Al Khobar, 3 Muharram 1444H  
Corresponding to: 1 August 2022G


**GULF LIFTING FINANCIAL LEASING COMPANY**  
**(CLOSED JOINT STOCK COMPANY)**  
**CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2022**  
**(Expressed in Saudi Riyals)**

	Notes	30 June 2022 (Unaudited)	31 December 2021 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Net investment in finance leases	3	51,771,498	62,367,112
Investment		892,850	892,850
Intangible assets	4	337,500	337,500
Property and equipment		356,020	309,276
<b>Total non-current assets</b>		<b>53,357,868</b>	<b>63,906,738</b>
<b>Current assets</b>			
Current portion of net investment in finance leases	3	54,883,620	49,370,168
Prepayments and other current receivables	5	3,381,265	3,039,088
Cash and cash equivalents	6	114,190,339	100,516,853
<b>Total current assets</b>		<b>172,455,224</b>	<b>152,926,109</b>
<b>TOTAL ASSETS</b>		<b>225,813,092</b>	<b>216,832,847</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	8	165,800,000	165,800,000
Accumulated losses		(949,913)	(58,630)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>164,850,087</b>	<b>165,741,370</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Employees' end of service benefits		175,090	107,385
Deposits from Saudi Central Bank (SAMA)	12.1	32,051,871	23,761,416
<b>Total non-current liabilities</b>		<b>32,226,961</b>	<b>23,868,801</b>
<b>Current liabilities</b>			
Trade payables		240,174	25,285
Accrued expenses and other current liabilities		942,140	957,858
Provision for Zakat	9	1,051,125	1,176,429
Due to a related party	7	-	34,270
Deposits from Saudi Central Bank (SAMA)	12.1	26,373,862	24,421,409
Advance from customers		128,743	607,425
<b>Total current liabilities</b>		<b>28,736,044</b>	<b>27,222,676</b>
<b>TOTAL LIABILITIES</b>		<b>60,963,005</b>	<b>51,091,477</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>225,813,092</b>	<b>216,832,847</b>

These financial statements appearing on pages 1 to 15 were approved by the Board of Directors on 3 Muharram 1444H corresponding to 1 August 2022G and have been signed on their behalf by:

  
Dr. Faisal Khalid Kanoo  
Director

  
Nair Alsulami  
Chief Executive Officer

  
Yaser Mudhafar  
Chief Financial Officer

The accompanying notes from 1 to 15 appearing on pages 6 to 15 form an integral part of these condensed interim financial statements.

**GULF LIFTING FINANCIAL LEASING COMPANY**  
**(CLOSED JOINT STOCK COMPANY)**  
**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE THREE AND SIX MONTHS PERIOD ENDED 30 JUNE 2022**  
(Expressed in Saudi Riyals)

	<b>For the three months period ended 30 June 2022 (Unaudited)</b>	<b>For the three months period ended 30 June 2021 (Unaudited)</b>	<b>For the six months period ended 30 June 2022 (Unaudited)</b>	<b>For the six months period ended 30 June 2021 (Unaudited)</b>
<b>INCOME</b>				
<b>Income from operations</b>				
Finance lease income	<b>3,302,686</b>	3,041,067	<b>6,601,736</b>	5,853,652
<b>Income from other activities</b>				
Other income	<b>497,071</b>	190,166	<b>699,664</b>	290,884
<b>Total income</b>	<b>3,799,757</b>	3,231,233	<b>7,301,400</b>	6,144,536
<b>EXPENSES</b>				
Loss on account of participation to SAMA deferred payment program (note 12.2)	<b>(92,742)</b>	(2,088,159)	<b>(1,705,594)</b>	(2,508,161)
Salaries and other employee related expenses	<b>(2,242,865)</b>	(1,184,422)	<b>(3,920,490)</b>	(2,476,886)
Legal and professional charges	<b>(454,409)</b>	(309,625)	<b>(977,294)</b>	(588,836)
Rent and related expenses	<b>(130,950)</b>	(136,398)	<b>(238,925)</b>	(268,230)
Depreciation	<b>(33,721)</b>	(25,436)	<b>(65,265)</b>	(60,055)
Amortization (note 4)	-	(25,710)	-	(51,420)
Other general and administrative expenses (note 13)	<b>(221,744)</b>	(208,101)	<b>(462,858)</b>	(580,880)
Insurance expense	<b>(141,244)</b>	(149,841)	<b>(311,691)</b>	(320,439)
Impairment of advance to suppliers (note 5)	<b>(360,000)</b>	-	<b>(360,000)</b>	-
<b>Total expenses</b>	<b>(3,677,675)</b>	(4,127,692)	<b>(8,042,117)</b>	(6,854,907)
<b>Profit / (loss) before Zakat</b>	<b>122,082</b>	(896,459)	<b>(740,717)</b>	(710,371)
Zakat expense (note 9)	<b>(54,558)</b>	-	<b>(150,566)</b>	-
<b>Profit / (loss) for the period</b>	<b>67,524</b>	(896,459)	<b>(891,283)</b>	(710,371)
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified to profit or loss:</i>				
Re-measurement gain on defined benefit plans	-	-	-	-
<b>Other comprehensive income for the period</b>	-	-	-	-
<b>Total comprehensive income / loss) for the period</b>	<b>67,524</b>	(896,459)	<b>(891,283)</b>	(710,371)
<b>Loss per share – basic and diluted</b>	<b>0.004</b>	(0.090)	<b>(0.054)</b>	(0.071)

The accompanying notes from 1 to 15 appearing on pages 6 to 15 form an integral part of these condensed interim financial statements.

**GULF LIFTING FINANCIAL LEASING COMPANY**  
**(CLOSED JOINT STOCK COMPANY)**  
**CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022**  
(Expressed in Saudi Riyals)

	<b>Share capital</b>	<b>Additional equity contribution</b>	<b>Accumulated losses</b>	<b>Total</b>
Balance at 1 January 2021	100,000,000	90,644,283	(19,269,466)	171,374,817
Penalty paid to SAMA relating to the year 2020 (note 13.1)	-	-	(400,000)	(400,000)
Loss for the period	-	-	(710,371)	(710,371)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(710,371)	(710,371)
Balance at 30 June 2021	100,000,000	90,644,283	(20,379,837)	170,264,446
<b>Balance at 1 January 2022</b>	<b>165,800,000</b>	<b>-</b>	<b>(58,630)</b>	<b>165,741,370</b>
<b>Loss for the period</b>	<b>-</b>	<b>-</b>	<b>(891,283)</b>	<b>(891,283)</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>(891,283)</b>	<b>(891,283)</b>
<b>Balance at 30 June 2022</b>	<b>165,800,000</b>	<b>-</b>	<b>(949,913)</b>	<b>164,850,087</b>

The accompanying notes from 1 to 15 appearing on pages 6 to 15 form an integral part of these condensed interim financial statements.

**GULF LIFTING FINANCIAL LEASING COMPANY**  
**(CLOSED JOINT STOCK COMPANY)**  
**CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022**  
(Expressed in Saudi Riyals)

		<b>For the six months period ended 30 June 2022 (Unaudited)</b>	<b>For the six months period ended 30 June 2021 (Unaudited)</b>
	<b>Notes</b>		
<b>Cash flows from operating activities</b>			
Loss before Zakat		(740,717)	(710,371)
<i>Adjustments for:</i>			
- Depreciation		65,265	60,055
- Impairment of advance to suppliers	5	360,000	-
- Loss on account modification of lease contracts payment terms	12.2	1,551,597	1,992,640
- Unwinding of initial gain accounted on interest free SAMA deposits, net	12.2	153,997	515,521
- Write-off of property and equipment		-	10,475
- Employees' end of service benefits		76,705	52,691
- Amortization	4		51,420
<i>Changes in:</i>			
- Net investment in finance lease		3,530,565	(25,213,445)
- Prepayments and other current receivables		(702,177)	(10,119,223)
- Due to related parties		(34,270)	6,687,790
- Trade payables		214,889	(74,242)
- Advance from customers		(478,682)	(695,931)
- Accrued expenses and other current liabilities		(15,718)	(112,793)
<b>Cash generated from / (used in) operating activities</b>		<b>3,981,454</b>	<b>(27,555,413)</b>
Penalty paid to SAMA	13.1	-	(400,000)
Employees' end of service benefits paid		(9,000)	(69,791)
Zakat paid	9	(275,870)	(232,168)
<b>Net cash from / (used in) operating activities</b>		<b>3,696,584</b>	<b>(28,257,372)</b>
<b>Cash flows from investing activities</b>			
Acquisition of property and equipment		(112,009)	(20,600)
Acquisition of intangible assets	4	-	(309,375)
<b>Net cash used in investing activities</b>		<b>(112,009)</b>	<b>(329,975)</b>
<b>Cash flows from financing activities</b>			
Deposits received from SAMA	12.1	16,236,275	10,407,782
Repayment of deposits to SAMA	12.1	(6,147,364)	(9,443,279)
<b>Net cash from investing activities</b>		<b>10,088,911</b>	<b>964,503</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>13,673,486</b>	<b>(27,622,844)</b>
Cash and cash equivalents at beginning of the period		100,516,853	122,684,153
<b>Cash and cash equivalent at end of the period</b>	6	<b>114,190,339</b>	<b>95,061,309</b>



**GULF LIFTING FINANCIAL LEASING COMPANY**  
**(CLOSED JOINT STOCK COMPANY)**  
**CONDENSED STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022**  
(Expressed in Saudi Riyals)

---

	<b>Note</b>	<b>For the six months period ended 30 June 2022 (Unaudited)</b>	<b>For the six months period ended 30 June 2021 (Unaudited)</b>
<b>SUPPLIMENTARY INFORMATION</b>			
<b>Non-cash transactions:</b>			
Unwinding of initial gain accounted on interest free SAMA deposits, net	12.2	<u>153,997</u>	<u>515,521</u>
Loss on account modification of lease contracts payment terms	12.2	<u>1,551,597</u>	<u>1,992,640</u>
Impairment of advance to suppliers	5	<u>360,000</u>	<u>-</u>

The accompanying notes from 1 to 15 appearing on pages 6 to 15 form an integral part of these condensed interim financial statement

**GULF LIFTING FINANCIAL LEASING COMPANY**  
(CLOSED JOINT STOCK COMPANY)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022**  
(Expressed in Saudi Riyals)

---

**1. CORPORATE INFORMATION**

Gulf Lifting Financial Leasing Company (“the Company”) previously known as “Gulf Lifting Rental Company” is a Saudi Closed Joint Stock Company established under the Regulations for Companies in the Kingdom of Saudi Arabia. The Company is registered in Dammam under commercial registration number 2050030896 dated 19 Shaban, 1416H corresponding to 10 January 1996G and operating under company license number 47/A Sh/201708 dated 14 Dhul Qa’dah 1438H corresponding to 6 August 2017G issued by Saudi Central Bank (“SAMA”).

The Company is engaged in the finance leasing business. The Company is effectively a wholly owned subsidiary of Yusuf Bin Ahmed Kanoo Company Limited.

In 2013, a new Finance Lease Law was enacted in the Kingdom of Saudi Arabia, whereby, only licensed companies are allowed to conduct finance lease business in the Kingdom of Saudi Arabia. Accordingly, the shareholders of the Company (i) filed application with relevant authorities to secure license to conduct finance lease business; (ii) increased the capital of the Company from SR 40 million to SR 100 million as required by the law; and (iii) resolved to transfer all the business activities and related assets and liabilities at carrying amount of operating lease business to a shareholder effective from 1 January 2013. During 2016, the Company received initial approval of the acceptance of application from the Saudi Central Bank (SAMA).

During 2016, the shareholders of the Company resolved to change the name of the Company from Gulf Lifting Rental Company to Gulf Lifting Financial Leasing Company. Further, the Company was converted from Limited Liability Company into a Closed Joint Stock Company in accordance with Ministerial Resolution number 287/Q dated 27 Dhul Qa’dah 1437H, corresponding to 30 August 2016. The legal formalities associated with the change in name and legal status of the Company were completed during 2016.

In view of the change in legal status, the shareholders also resolved to (i) convert statutory reserve and retained earnings to additional equity contribution at 30 August 2016 amounting to SR 90.65 million and (ii) transfer the assets, liabilities and activities of the Company to Closed Joint Stock Company.

The Company has received license from SAMA for practice of finance lease business in Kingdom of Saudi Arabia on 14 Dhul Qa’dah 1438H corresponding 6 August 2017G.

During 2021, the Company has increased its share capital from SR 100 million to SR 165.8 million (Refer note 8).

**2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES**

**2.1 Statement of compliance**

These condensed interim financial statements (“Interim Financial Statements”) have been prepared in accordance with IAS 34 “Interim Financial Reporting” that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (“SOCPA”), and should be read in conjunction with the Company’s last annual financial statements as at and for the year ended 31 December 2021 (“Last Annual Financial Statements”). They do not include all of the information required for a complete set of IFRS financial statements. However, changes in accounting policies and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the last annual financial statements.

**2.2 Basis of preparation**

These condensed interim financial statements have been prepared on a historical cost basis, using going concern assumption, except for investment which is measured at fair value and employees’ end of service benefits which is measured at projected unit credit method.

**GULF LIFTING FINANCIAL LEASING COMPANY**  
(CLOSED JOINT STOCK COMPANY)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022**  
(Expressed in Saudi Riyals)

---

**2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Continued)**

**2.3 Functional and presentation currency**

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These condensed interim financial statements are presented in Saudi Riyals (SR) which is the Company's functional and presentation currency. All financial information presented in Saudi Riyals has been rounded to the nearest Riyal, unless otherwise stated.

**2.4 Significant accounting judgments, estimates and assumptions**

In preparing these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2021.

**2.5 Standards, new pronouncements and interpretations:**

**a) New and revised standards with no material effect on the condensed financial statements.**

The following new or revised standards adopted during the period which did not have significant impact on the condensed interim financial statements.

- COVID-19-Related Rent Concessions (Amendment to IFRS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018–2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)

**b) New and revised standards issued but not yet effective.**

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's condensed interim financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The Company's management decided not to choose the early adoption of the following new and revised standards and interpretations issued which will become effective for the period commencing after 1 January 2023.

- Classification of liabilities as current or non-current (Amendments to IAS 1), effective for annual periods beginning on or after 1 January 2023.
- IFRS 17 Insurance Contracts, effective for annual periods beginning on or after 1 January 2023.
- Amendments to IFRS 17, effective for annual periods beginning on or after 1 January 2023.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2), effective for annual periods beginning on or after 1 January 2023.
- Definition of Accounting Estimate (Amendments to IAS 8), effective for annual periods beginning on or after 1 January 2023.
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12 Income Taxes), effective for annual periods beginning on or after 1 January 2023.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) with effective annual period yet to be determined.

The above-mentioned standards are not expected to have a significant impact on the Company's condensed interim financial statements.

**GULF LIFTING FINANCIAL LEASING COMPANY**  
**(CLOSED JOINT STOCK COMPANY)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022**  
(Expressed in Saudi Riyals)

**2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Continued)**

**2.6 Accounting policies**

The accounting policies used in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2021.

A number of other new standards and interpretations as mentioned in note 2.5 (a) are effective from 1 January 2022 but they do not have a material effect on the Company's financial statements.

**3. NET INVESTMENT IN FINANCE LEASES**

	<b>30 June 2022</b> <b>(Unaudited)</b>	<b>31 December 2021</b> <b>(Audited)</b>
Gross investment in finance lease	<b>128,469,755</b>	135,853,575
Less: Unearned lease finance income	<b>(17,912,436)</b>	(20,214,094)
<b>Net investment in finance leases</b>	<b>110,557,319</b>	115,639,481
Impairment of finance lease receivable	<b>(3,902,201)</b>	(3,902,201)
	<b>106,655,118</b>	111,737,280
Current maturity	<b>(54,883,620)</b>	(49,370,168)
Non-Current maturity	<b>51,771,498</b>	62,367,112

**3.1 The movement in the impairment of finance lease receivable was as follows:**

	<b>30 June 2022</b> <b>(Unaudited)</b>	<b>31 December 2021</b> <b>(Audited)</b>
Balance at the beginning of the period / year	<b>3,902,201</b>	16,570,840
Allowance for the period / year	-	2,819,465
Write-off during the period / year	-	(15,488,104)
Balance at the end of the period / year	<b>3,902,201</b>	3,902,201

During the year end 31 December 2021, the Company written off SR 15,488,104 in respect of receivable from three delinquent customers.

**3.2 The maturity of the gross investment in finance leases as at 30 June 2022 is as follows:**

	<b>Gross investment in finance leases</b> <b>(Unaudited)</b>	<b>Unearned lease finance income</b> <b>(Unaudited)</b>	<b>Net investment in finance leases</b> <b>(Unaudited)</b>
Not later than one year	<b>65,128,013</b>	<b>10,244,393</b>	<b>54,883,620</b>
One to two years	<b>36,445,530</b>	<b>5,162,020</b>	<b>31,283,510</b>
Two to three years	<b>17,987,472</b>	<b>1,953,034</b>	<b>16,034,438</b>
Three to four years	<b>7,635,856</b>	<b>527,738</b>	<b>7,108,118</b>
Four to five years	<b>1,272,884</b>	<b>25,251</b>	<b>1,247,633</b>
	<b>128,469,755</b>	<b>17,912,436</b>	<b>110,557,319</b>

**GULF LIFTING FINANCIAL LEASING COMPANY**  
**(CLOSED JOINT STOCK COMPANY)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022**  
**(Expressed in Saudi Riyals)**

**3. NET INVESTMENT IN FINANCE LEASES (Continued)**

The maturity of the gross investment in finance leases as at 31 December 2021 is as follows:

	Gross investment in finance leases (Audited)	Unearned lease finance income (Audited)	Net investment in finance leases (Audited)
Not later than one year	60,391,939	11,021,771	49,370,168
One to two years	43,393,497	5,928,985	37,464,512
Two to three years	20,330,046	2,429,954	17,900,092
Three to four years	8,187,549	728,737	7,458,812
Four to five years	3,550,544	104,647	3,445,897
	<u>135,853,575</u>	<u>20,214,094</u>	<u>115,639,481</u>

**4. INTANGIBLE ASSETS**

Intangible assets represent licenses for computer software and asset under development for ERP software implementation expenses. There is no addition in intangible assets for the six months period ended 30 June 2022 (six months period ended 30 June 2021, the Company capitalized SR 309,375 as work in progress for ERP software implementation expenses). Amortization charge for three and six months period ended 30 June 2022 amounted to SR Nil (three and six months period ended 30 June 2021: SR 25,710 and SR 51,420 respectively).

**5. PREPAYMENTS AND OTHER RECEIVABLES**

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Prepaid expenses	761,403	304,874
Accrued interest on short term deposits	232,047	95,268
VAT receivable	1,650,880	971,249
Advance to suppliers	1,004,000	1,004,000
Others	92,935	663,697
	<u>3,741,265</u>	<u>3,039,088</u>
Impairment of advance to suppliers	<u>(360,000)</u>	<u>-</u>
	<u>3,381,265</u>	<u>3,039,088</u>

**6. CASH AND CASH EQUIVALENTS**

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Bank balances	16,190,339	14,978,692
Short term deposits	98,000,000	85,538,161
	<u>114,190,339</u>	<u>100,516,853</u>

Short term bank deposits are denominated in Saudi Riyals with a local bank and are made for varying periods from 1 month to 3 month and carry interest rates ranging from 1.70% to 2.70% per annum. (31 December 2021: 0.55% to 0.70%).

**GULF LIFTING FINANCIAL LEASING COMPANY**  
**(CLOSED JOINT STOCK COMPANY)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022**  
(Expressed in Saudi Riyals)

**7. RELATED PARTIES TRANSACTIONS AND BALANCES**

Related parties represent shareholders, directors and key management personal of the Company, and entities controlled or significantly influenced by such parties.

Amount due from/to related parties are disclosed in the statement of financial position.

Transactions with related parties mainly include collections on behalf of the Company, certain expenses and services which are undertaken at mutually agreed terms and conditions. These transactions are approved by management of the following entities and Board of Directors of the Company.

**Transactions with related parties:**

	<b>Relationship</b>	<b>For the six months period ended 30 June 2022 (Unaudited)</b>	<b>For the six months period ended 30 June 2021 (Unaudited)</b>
<b>Yusuf Bin Ahmed Kanoo Company Limited</b>			
	Shareholder		
Expenses paid on behalf of the Company		<b>1,863</b>	28,737
Payments made to the related party		<b>36,133</b>	1,230,258
Purchase of equipment		-	7,935,000
<b>Kanoo Travel</b>	Other related party		
Purchase of travel tickets		-	5,431
Payments made to the related party		-	51,119

Key management personnel compensation comprised of the following transactions:

	<b>For the six months period ended 30 June 2022 (Unaudited)</b>	<b>For the six months period ended 30 June 2021 (Unaudited)</b>
<b><u>Transactions:</u></b>		
Compensation of key management personnel	<b>1,021,250</b>	687,166
Audit committee remuneration	<b>97,770</b>	102,000
	<b><u>1,119,020</u></b>	<b><u>789,166</u></b>

Employees' end of service benefits includes an amount pertaining to key management personnel.

The above mentioned significant transactions with related parties resulted in the following balances:

**Due to related parties:**

	<b>30 June 2022 (Unaudited)</b>	<b>31 December 2021 (Audited)</b>
Yusuf Bin Ahmed Kanoo Company Limited	-	34,270

**GULF LIFTING FINANCIAL LEASING COMPANY**  
**(CLOSED JOINT STOCK COMPANY)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022**  
(Expressed in Saudi Riyals)

**8. SHARE CAPITAL**

The pattern of shareholding as of 30 June 2022 and 31 December 2021 is as follows:

	<b>Percentage of ownership</b>	<b>Number of Shares</b>	<b>Amount SR</b>
Yusuf Bin Ahmed Kanoo Company Limited	<b>94</b>	<b>15,585,200</b>	<b>155,852,000</b>
Ali Abdulla Kanoo	<b>1</b>	<b>165,800</b>	<b>1,658,000</b>
Ali Abdulaziz Kanoo	<b>1</b>	<b>165,800</b>	<b>1,658,000</b>
Saud Abdulaziz Kanoo	<b>1</b>	<b>165,800</b>	<b>1,658,000</b>
Bader Abdulaziz Kanoo	<b>1</b>	<b>165,800</b>	<b>1,658,000</b>
Faisal Khalid Kanoo	<b>1</b>	<b>165,800</b>	<b>1,658,000</b>
Ahmed Fawzi Kanoo	<b>1</b>	<b>165,800</b>	<b>1,658,000</b>
	<b>100</b>	<b>16,580,000</b>	<b>165,800,000</b>

During the year 2021, the Company has increased its share capital from SR 100 million to SR 165.8 million. The increase of SR 65.8 million were given effect by transferring additional equity contribution amounting to SR 90.6 million and absorption of accumulated losses amounting to SR 24.8 million. The Company obtained shareholders' approval for capital increase on 29 December 2021 in its extra ordinary general meeting. During February 2022, the Company obtained updated commercial register and bye laws effecting increase in share capital.

**9. ZAKAT**

**a) Zakat charge for the period:**

The Company is subject to Zakat in accordance with the regulations of the General Authority for Zakat, Tax, and Customs Authority ("ZATCA"). Zakat expense is charged to the statement of profit or loss and other comprehensive income.

Zakat charge for six months period ended 30 June comprises of the following:

	<b>30 June 2022 (Unaudited)</b>	<b>30 June 2021 (Unaudited)</b>
Zakat charge for the period	<b>150,566</b>	<b>-</b>

**b) Provision for Zakat:**

Movements in provision for Zakat for six months period ended 30 June and for the year ended 31 December are as follows:

	<b>For the six months period ended 30 June 2022 (Unaudited)</b>	<b>For the six months period ended 30 June 2021 (Unaudited)</b>	<b>For the year ended 31 December 2021 (Audited)</b>
Balance at beginning of the period/year	<b>1,176,429</b>	1,132,728	1,132,728
Charge for the period/year	<b>150,566</b>	-	275,869
Payments during the period/year	<b>(275,870)</b>	(232,168)	(232,168)
Balance at beginning of the period/year	<b>1,051,125</b>	900,560	1,176,429

**GULF LIFTING FINANCIAL LEASING COMPANY**  
**(CLOSED JOINT STOCK COMPANY)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022**  
(Expressed in Saudi Riyals)

---

**9. ZAKAT (Continued)**

**c) Zakat assessment status:**

The Company has submitted its Zakat declarations with the General Authority for Zakat, Tax, and Customs Authority (“ZATCA”) up to the year 2021. The Company has obtained its Zakat certificate for the year ended 31 December 2021, which is valid up to 30 April 2023.

The ZATCA issued a Zakat assessment for the year 2016 through a letter dated 11 March 2019 (ref: 026000039227) with an additional liability of Zakat amounting to SR 1,607,005. The Company filed an objection letter against the ZATCA’s assessment for the year 2016 on 6 May 2019 and received a rejection letter on 16 September 2019. Pursuant to the receipt of the rejection letter on 14 October 2019, the Company filed an appeal against the rejection to the General Secretariat of Tax Committees - Committee for Resolution of Tax Violations and Disputes and received a rejection ruling on 30 August 2020. Pursuant to the receipt of the rejection on 29 September 2020, the Company filed an appeal to the General Secretariat of Tax Committees - Appellate Committee for Tax Violations and Disputes Resolution (ACTVDR) who issued a ruling on 13 July 2021 rejecting the Company’s appeal. The Company submitted a reconsideration request against the rejection to the ACTVDR on 10 August 2021. During February 2022, the request for hearing was accepted and the hearing is scheduled in September 2022. The management of the Company has assessed its position and as per their assessment it is highly likely that the case will be settled in favor of the Company.

**10. FINANCIAL INSTRUMENTS**

The Company’s principal financial assets include cash and cash equivalents, finance lease receivable and certain other receivables and equity investment. The Company’s principal financial liabilities comprise trade payables, other payables and due to a related party. The main purpose of these financial liabilities is to finance the Company’s operations.

**Fair value hierarchy**

When measuring the fair value of an asset or a liability, the Company uses observable market 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.

All financial assets and financial liabilities are measured at amortized cost except for equity investment which is classified under FVOCI. As at reporting date, the fair values of all financial assets and financial liabilities measured at amortized cost approximates their carrying values.

**11. CONTINGENCIES AND COMMITMENTS**

The Company has no commitments and contingent liabilities as at 30 June 2022 (31 December 2021: Nil).

**12. COVID-19 IMPACT AND RESPONSE**

The global economy is recovering faster than it was expected at the beginning of the year, and the number of people vaccinated against COVID-19 is increasing. In addition, protective measures and contact restrictions are relaxed. However, uncertainties remain with the prospect of further COVID outbreaks as a result of new variants.

In response to the spread of the Covid-19 and its resulting potential disruptions to the social and economic activities in Saudi Arabia, management had proactively assessed its impacts on its operations and took a series of preventive measures, including the creation of on-going crisis management teams and processes, to ensure the health and safety of its employees, customers and the wider community as well as to ensure the continuity its services. Further, management has implemented active prevention programs and contingency plans in order to minimize the impact of risks related to COVID-19 and to safeguard the continuity of its business operations.



**GULF LIFTING FINANCIAL LEASING COMPANY**  
(CLOSED JOINT STOCK COMPANY)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022**  
(Expressed in Saudi Riyals)

---

**12. COVID-19 IMPACT AND RESPONSE (Continued)**

Based on this assessment, no significant adjustments were required in the condensed financial statements for the six months period ended 30 June 2022.

The COVID-19 pandemic remains an evolving situation, which may lead to increased risks concerning value creation and asset valuation, such as potential impairment of non-current assets and lease receivables. The uncertainties in the economy may adversely impact suppliers, customers, and other business partners, which may interrupt supply chain, limit the ability to collect receivables and require other changes to operations. Management will continue to closely monitor the effects of the pandemic, including the impact on non-current assets and lease receivables during 2022 and beyond.

**SAMA programs**

In response to COVID-19, SAMA launched the *Private Sector Financing Support Program* (“PSFSP”) in March 2020 to provide the necessary support to the SME sector through empowering and facilitating the financing community. The PSFSP mainly encompasses the following programs:

- Deferred payments program;
- Funding for lending program;
- Loan guarantee program; and
- Point of sale (“POS”) and e-commerce service fee support program.

As part of the deferred payments program, the Company was required to defer payments on lease contracts to the customers that qualify as SMEs. SAMA has introduced the program for an initial period of six month from 14 April 2020 and then later extended until 31 March 2022. The payment reliefs are considered as short-term liquidity support to address the borrower’s potential cash flow issues. Based on this program, the Company has effected the payment reliefs by deferring the instalments falling due within the period from 1 January 2022 to 31 March 2022. The Company has recorded the accounting impact on account of modification of lease term as per the requirements of IFRS 9. The accounting impact upon participation to SAMA deferred payment program is explained in note 20 to the annual financial statements for the year ended 31 December 2021 effecting SAMA deferred payment program for a period up to 31 December 2021. During December 2021 SAMA announced extension of the deferred payment program for a period up to 31 March 2022, accordingly, the impact of such extension has been incorporated in these condensed interim financial statements based on the same accounting principles as applied to the annual financial statements for the year ended 31 December 2021.

In order to compensate loss on account of deferred lease payments, the Company received profit free deposit from SAMA as and when the Company participated to the program, including its extensions during 2020 to 2022. As explained in the note 20 to the annual financial statements for the year ended 31 December 2021, the benefit of the subsidised funding rate has been accounted for on a systematic basis, in accordance with government grant accounting requirements. The management has exercised certain judgements in the recognition and measurement of this grant income. The Company received SR 18.3 million as refundable deposits from SAMA and repaid SR 12.5 million during 2021. Further, the Company has received profit free deposit from SAMA amounting to SR 10.4 million and refunded SR 9.4 million during the six months period ended 30 June 2021. During six months period ended 30 June 2022, upon participation to the extended program, the Company received profit free deposit amounting to SR 16.2 million and repaid SR 6.1 million.

**GULF LIFTING FINANCIAL LEASING COMPANY**  
**(CLOSED JOINT STOCK COMPANY)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022**  
(Expressed in Saudi Riyals)

**12. COVID-19 IMPACT AND RESPONSE (Continued)**

**12.1 Deposits from Saudi Central Bank (SAMA)**

	<b>30 June 2022 (Unaudited)</b>	<b>31 December 2021 (Audited)</b>
Deposits received, net of refunds	<b>58,425,733</b>	48,182,825
Current	<b>26,373,862</b>	24,421,409
Non-current	<b>32,051,871</b>	23,761,416
	<b>58,425,733</b>	48,182,825

The carrying amount of SR 58,425,733 (31 December 2021: SR 48,182,825) includes a notional net interest expense amounting to SR 153,997 due to unwinding of initial gain accounted (31 December 2021: notional net gain amounting to SR 235,346 due to of the benefit of the subsidised funding rate).

Movements in deposits from Saudi Central Bank for six months period ended 30 June and for the year ended 31 December are as follows:

	<b>For the six months period ended 30 June 2022 (Unaudited)</b>	<b>For the six months period ended 30 June 2021 (Unaudited)</b>	<b>For the year ended 31 December 2021 (Audited)</b>
Balance at beginning of the period / year	<b>48,182,825</b>	42,661,481	42,661,481
Deposits received during the period / year	<b>16,236,275</b>	10,407,782	18,275,016
Repayment of deposits during the period / year	<b>(6,147,364)</b>	(9,443,279)	(12,518,326)
Gain on account of fair value adjustments	<b>(944,001)</b>	(338,882)	(2,016,439)
Unwinding of initial gain accounted	<b>1,097,998</b>	854,403	1,781,093
Balance at end of the period/year	<b>58,425,733</b>	44,141,505	48,182,825

**12.2 Loss on account of participation to SAMA deferred payment program**

	<b>For the six months period ended 30 June 2022 (Unaudited)</b>	<b>For the six months period ended 30 June 2021 (Unaudited)</b>
Loss on account modification of lease contracts payment terms	<b>1,551,597</b>	1,992,640
Unwinding of initial gain accounted on interest free SAMA deposits, net of gain on account of fair value adjustments	<b>153,997</b>	515,521
	<b>1,705,594</b>	2,508,161

**GULF LIFTING FINANCIAL LEASING COMPANY**  
**(CLOSED JOINT STOCK COMPANY)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022**  
 (Expressed in Saudi Riyals)

**13. OTHER GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>For the three months period ended 30 June 2022 (Unaudited)</b>	<b>For the three months period ended 30 June 2021 (Unaudited)</b>	<b>For the six months period ended 30 June 2022 (Unaudited)</b>	<b>For the six months period ended 30 June 2021 (Unaudited)</b>
Software maintenance and IT consultancy	74,473	57,990	133,614	239,008
Withholding taxes and non-refundable VAT	32,242	43,994	79,838	75,618
Electricity and water	8,382	9,039	15,062	14,144
Communication	13,095	34,850	36,152	72,570
Government fees and penalties*	7,002	33,681	63,420	62,913
Travel	9,766	14,614	11,945	32,323
Subscription and periodicals	30,240	5,500	55,792	27,458
Miscellaneous	46,544	8,433	67,035	56,846
	<b>221,744</b>	<b>208,101</b>	<b>462,858</b>	<b>580,880</b>

\*Government fees and penalties include penalties paid to SAMA amounting to SR: Nil and SR 50,000 for the three and six months period ended 30 June 2022 respectively (three and six months period ended 30 June 2021: SR Nil and SR Nil respectively).

**13.1 Penalty paid to SAMA**

In 2020, SAMA performed inspection of the Company and noted certain observations pursuant to which it imposed a penalty of SR 400,000 during the six months period ended 30 June 2021. This penalty has been charged to retained earnings as the inspection took place in 2020 and the observations were shared in the same year. The amount is not material to adjust the annual financial statements for the year ended 31 December 2020.

**14. EVENTS AFTER THE REPORTING DATE**

There were no significant events between the date of condensed interim financial statements and its approval which requires adjustments /disclosure in these condensed interim financial statements.

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

These condensed interim financial statements were approved on 3 Muharram 1444H corresponding to 1 August 2022G.