

GULF LIFTING FINANCIAL LEASING COMPANY
(CLOSED JOINT STOCK COMPANY)

CONDENSED INTERIM FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE MONTHS PERIOD ENDED
31 MARCH 2021

GULF LIFTING FINANCIAL LEASING COMPANY
(CLOSED JOINT STOCK COMPANY)
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021

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كي بي إم جي للاستشارات المهنية

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طريق الملك سعود، الصفا
ص.ب 4803
الخبير 31952
المملكة العربية السعودية
المركز الرئيسي الرياض

Commercial Registration No 205106232

سجل تجاري رقم 2051062328

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 31 March 2021 condensed interim financial statements of Gulf Lifting Financial Leasing Company ("the Company"), which comprises:

- the condensed statement of financial position as at 31 March 2021;
- the condensed statements of profit or loss and other comprehensive income for the three-months period ended 31 March 2021;
- the condensed statement of changes in shareholders' equity for the three-months period ended 31 March 2021;
- the condensed statement of cash flows for the three-months period ended 31 March 2021; 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 SAR 15,000,000. Previously known as KPMG Al Fozan & Partners Certified Public Accountants. A member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited.

كي بي إم جي للاستشارات المهنية، شركة مهنية مساهمة مقفلة مسجلة في المملكة العربية السعودية رأسمالها (15000000) ريال سعودي مدفوع بالكامل، وقد تم تغيير اسم الشركة من الاسم السابق "شركة كي بي إم جي للقرآن وشركاء محاسبين ومراجعون قانونيون" إلى الاسم الحالي بتاريخ 2021/03/21م. وهي شركة عضو غير شريك في شبكة شركات كي بي إم جي المستقلة التابعة لـ كي بي إم جي العالمية، شركة مسجلة في بريطانيا

Commercial Registration of the headquarter 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 31 March 2021 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.

KPMG Professional Services

Abdulaziz Abdullah Alnaim

License No: 394

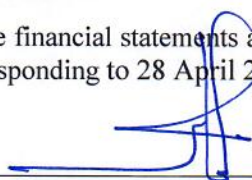


Al Khobar, 16 Ramadan 1442H
Corresponding to: 28 April 2021G

GULF LIFTING FINANCIAL LEASING COMPANY
(CLOSED JOINT STOCK COMPANY)
CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021
(Expressed in Saudi Riyals)

	Notes	31 March 2021 (Unaudited)	31 December 2020 (Audited)
ASSETS			
Non-current assets			
Net investment in finance leases	3	56,339,931	58,210,176
Investment		892,850	892,850
Intangible assets	4	662,252	687,962
Property and equipment		314,292	343,882
Total non-current assets		58,209,325	60,134,870
Current assets			
Current portion of net investment in finance leases	3	46,105,207	32,979,873
Prepayments and other receivables	5	4,397,605	3,006,903
Cash and cash equivalents	6	107,376,954	122,684,153
Total current assets		157,879,766	158,670,929
TOTAL ASSETS		216,089,091	218,805,799
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	8	100,000,000	100,000,000
Additional equity contribution		90,644,283	90,644,283
Accumulated losses		(19,483,378)	(19,269,466)
TOTAL SHAREHOLDERS' EQUITY		171,160,905	171,374,817
LIABILITIES			
Non-current liabilities			
Employees' end of service benefits		223,741	229,065
Deposits from Saudi Central Bank (SAMA)	12.1	17,244,347	23,072,102
Total non-current liabilities		17,468,088	23,301,167
Current liabilities			
Trade payables		1,084,838	84,404
Accrued expenses and other liabilities		526,016	502,858
Provision for Zakat	9	1,132,728	1,132,728
Due to related parties	7	203,135	197,078
Deposits from Saudi Central Bank (SAMA)	12.1	22,965,965	19,589,379
Advance from customers		1,547,416	2,623,368
Total current liabilities		27,460,098	24,129,815
TOTAL LIABILITIES		44,928,186	47,430,982
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		216,089,091	218,805,799

These financial statements appearing on pages 1 to 13 were approved by the Board of Directors on 16 Ramadan 1442H corresponding to 28 April 2021G and have been signed on their behalf by:

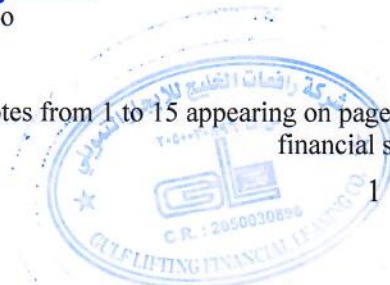


Ali Abdullah Kanoo
Director



Salah Al Majthoob
Chief Executive Officer

The accompanying notes from 1 to 15 appearing on pages 5 to 13 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 MONTHS PERIOD ENDED 31 MARCH 2021
(Expressed in Saudi Riyals)

	For the three months period ended 31 March 2021 (Unaudited)	For the three months period ended 31 March 2020 (Unaudited)
INCOME		
Income from operations		
Finance lease income	2,812,585	2,341,714
Income from other activities		
Other income	100,718	370,413
Total income	2,913,303	2,712,127
EXPENSES		
Loss on account of participation to SAMA deferred payment program (note 12.2)	(420,002)	-
Salaries and related expenses	(1,292,464)	(1,106,884)
Legal and professional charges	(279,411)	(203,783)
Rent and related expenses	(174,657)	(107,730)
Depreciation	(34,619)	(39,938)
Amortization (note 4)	(25,710)	(25,427)
Impairment of finance lease receivable	-	(3,336,942)
Other general and administrative expenses (note 13)	(329,754)	(76,877)
Insurance expense	(170,598)	(256,003)
Total expenses	(2,727,215)	(5,153,584)
Profit / (loss) before Zakat	186,088	(2,441,457)
Zakat expense (note 9)	-	(13,982)
Profit / (loss) for the period	186,088	(2,455,439)
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss:</i>		
Re-measurement gain on defined benefit plans	-	-
Other comprehensive income for the period	-	-
Total comprehensive income / (loss) for the period	186,088	(2,455,439)
Earnings / (loss) per share – basic and diluted	0.02	(0.25)

Ali Abdullah Kanoo
Director

Salah Al Majthoob
Chief Executive Officer

The accompanying notes from 1 to 15 appearing on pages 5 to 13 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 THREE MONTHS PERIOD ENDED 31 MARCH 2021
(Expressed in Saudi Riyals)

	Share capital	Additional equity contribution	Accumulated losses	Total
Balance at 1 January 2020	100,000,000	90,644,283	(2,087,491)	188,556,792
Loss for the period	-	-	(2,455,439)	(2,455,439)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(2,455,439)	(2,455,439)
Balance at 31 March 2020	100,000,000	90,644,283	(4,542,930)	186,101,353
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*	-	-	(400,000)	(400,000)
Profit for the period	-	-	186,088	186,088
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	186,088	186,088
Balance at 31 March 2021	100,000,000	90,644,283	(19,483,378)	171,160,905

*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 three months period ended 31 March 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.

The accompanying notes from 1 to 15 appearing on pages 5 to 13 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 THREE MONTHS PERIOD ENDED 31 MARCH 2021
(Expressed in Saudi Riyals)

	Notes	For the three months period ended 31 March 2021 (Unaudited)	For the three months period ended 31 March 2020 (Unaudited)
Cash flows from operating activities			
Profit / (loss) before Zakat		186,088	(2,441,457)
<i>Adjustments for:</i>			
- Impairment of finance lease receivable		-	3,336,942
- Depreciation		34,619	39,938
- Amortization	4	25,710	25,427
- SAMA deposits – fair value adjustments, net	12.1	420,002	-
- Write-off of property and equipment		4,771	-
- Employees' end of service benefits		30,845	31,308
		<u>702,035</u>	<u>992,158</u>
<i>Changes in:</i>			
- Net investment in finance lease		(11,255,089)	2,670,982
- Prepayments and other receivables		(1,390,702)	1,934,358
- Due to related parties		6,057	(9,991)
- Trade payables		1,000,434	(568,392)
- Advance from customers		(1,075,952)	2,479,758
- Accrued expenses and other liabilities		23,158	(19,706)
Cash generated (used in) /from operating activities		<u>(11,990,059)</u>	<u>7,479,167</u>
Penalty paid to SAMA		(400,000)	-
Employees' end of service benefits paid		(36,169)	-
Net cash (used in) / from operating activities		<u>(12,426,228)</u>	<u>7,479,167</u>
Cash flows from investing activities			
Acquisition of property and equipment		(9,800)	(59,511)
Net cash used in investing activities		<u>(9,800)</u>	<u>(59,511)</u>
Cash flows from financing activities			
Repayment of deposits to SAMA	12.1	(2,871,171)	-
		<u>(2,871,171)</u>	<u>-</u>
Net increase / (decrease) in cash and cash equivalents		<u>(15,307,199)</u>	<u>7,419,656</u>
Cash and cash equivalents at beginning of the period		122,684,153	94,273,112
Cash and cash equivalent at end of the period	6	<u>107,376,954</u>	<u>101,692,768</u>

The accompanying notes from 1 to 15 appearing on pages 5 to 13 form an integral part of these condensed interim financial statements.

GULF LIFTING FINANCIAL LEASING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021
(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 (formerly Saudi Arabian Monetary Authority) (“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 (formerly Saudi Arabian Monetary Authority) (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.

2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

2.1 Statement of compliance

The condensed interim financial statements of the Company as at and for the three months period ended 31 March 2021 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

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.

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.

GULF LIFTING FINANCIAL LEASING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021
(Expressed in Saudi Riyals)

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

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 2020.

2.5 Standards, new pronouncements and interpretations:

a) New International Financial Reporting Standards (IFRS), International Financial Reporting and Interpretations Committee's interpretations (IFRIC) and amendments thereof, adopted by the Company.

The following new or amended 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)
- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

b) Standards, interpretations and amendments to published standards that will be effective for the annual periods commencing on or after 1 January 2022 and have not been early adopted by the Company.

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 amended standards and interpretations issued which will become effective for the period commencing after 1 January 2022.

- 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)
- IFRS 17 Insurance Contracts and its amendments
- Classification of liabilities as current or non-current (Amendments to IAS 1)

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 2020.

A number of other new standards and interpretations as mentioned in note 2.5 (a) are effective from 1 January 2021 but they do not have a material effect on the Company's financial statements.

GULF LIFTING FINANCIAL LEASING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021
(Expressed in Saudi Riyals)

3. NET INVESTMENT IN FINANCE LEASES

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Gross investment in finance lease	140,904,551	130,261,165
Less: Unearned lease finance income	(21,888,573)	(22,500,276)
Net investment in finance leases	119,015,978	107,760,889
Impairment of finance lease receivable	(16,570,840)	(16,570,840)
	102,445,138	91,190,049
Current maturity	(46,105,207)	(32,979,873)
	56,339,931	58,210,176

As at 31 March 2021, net investments in finance leases includes receivable from two delinquent customers amounting to SR 15,354,339 (31 December 2020: 15,354,339). The Company initiated legal proceedings for recovering these receivables. These receivables are secured by way of promissory notes and the title deeds of underlying leased assets are also in the name of the Company. The Company has recorded a provision of SR 15,243,756 as at 31 March 2021 (31 December 2020: SR 15,243,756) in relation to these customers as the outcome of the legal proceedings remains uncertain.

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

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Balance at the beginning of the period / year	16,570,840	2,271,898
Provision for expected credit losses for the period	-	14,298,942
	16,570,840	16,570,840

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

	Gross investment in finance leases (Unaudited)	Unearned lease finance income (Unaudited)	Net investment in finance leases (Unaudited)
Not later than one year	57,099,239	10,994,032	46,105,207
One to two years	43,132,845	6,632,492	36,500,353
Two to three years	23,855,546	2,940,342	20,915,204
Three to four years	10,714,573	1,047,974	9,666,599
Four to five years	6,102,348	273,733	5,828,615
	140,904,551	21,888,573	119,015,978

GULF LIFTING FINANCIAL LEASING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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3. NET INVESTMENT IN FINANCE LEASES (Continued)

The maturity of the gross investment in finance leases as at 31 December 2020 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	44,064,542	11,084,669	32,979,873
One to two years	44,125,718	6,947,358	37,178,360
Two to three years	24,855,664	3,242,556	21,613,108
Three to four years	10,826,637	1,059,573	9,767,064
Four to five years	6,388,604	166,120	6,222,484
	<u>130,261,165</u>	<u>22,500,276</u>	<u>107,760,889</u>

4. INTANGIBLE ASSETS

Intangible assets represent licenses for computer software. There is no addition in intangible assets for the three months period ended 31 March 2021 (three months period ended 31 March 2020: Nil). Amortization charge for the three months period ended 31 March 2021 amounted to SR 25,710 (three months period ended 31 March 2020: SR 25,427).

5. PREPAYMENTS AND OTHER RECEIVABLES

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Prepaid expenses	970,835	539,302
Accrued interest on short term deposits	36,928	40,041
VAT receivable	1,605,121	1,113,071
Advance to suppliers	1,724,315	1,256,483
Others	60,406	58,006
	<u>4,397,605</u>	<u>3,006,903</u>

6. CASH AND CASH EQUIVALENTS:

	31 March 2020 (Unaudited)	31 December 2020 (Audited)
Cash in hand	180	180
Bank balances	3,595,033	18,962,725
Short term deposits	103,781,741	103,721,248
	<u>107,376,954</u>	<u>122,684,153</u>

Short term bank deposits are determined in Saudi Riyals and US Dollars with local banks and are made for varying periods from 1 month to 3 month and carry interest rates ranging from 0.10% to 0.55% per annum. (31 December 2020: 0.10% to 2.00%).

GULF LIFTING FINANCIAL LEASING COMPANY
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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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:

	Relationship	For the three months period ended 31 March 2021 (Unaudited)	For the three months period ended 31 March 2020 (Unaudited)
Yusuf Bin Ahmed Kanoo Company Limited	Shareholder		
Expenses paid on behalf of the Company		23,181	-
AXA Cooperative Insurance Company	Other related party		
Purchase of insurance		466	949,433
Kanoo Travel	Other related party		
Purchase of travel tickets		4,221	3,271

Key management personnel compensation comprised of the following transactions:

	For the three months period ended 31 March 2021 (Unaudited)	For the three months period ended 31 March 2020 (Unaudited)
<u>Transactions:</u>		
Compensation of key management personnel	348,940	241,548
Audit committee remuneration	51,000	52,844

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

GULF LIFTING FINANCIAL LEASING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021
(Expressed in Saudi Riyals)

7. RELATED PARTIES TRANSACTIONS AND BALANCES (Continued)

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

Due to related parties:

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Yusuf Bin Ahmed Kanoo Company Limited	150,828	148,992
AXA Cooperative Insurance Company	2,398	2,398
Kanoo Travels	49,909	45,688
	203,135	197,078

8. SHARE CAPITAL

The pattern of shareholding as of 31 March 2021 and 31 December 2020 is as follows:

	Percentage of ownership	Number of Shares	Amount SR
Yusuf Bin Ahmed Kanoo Company Limited	94	9,400,000	94,000,000
Ali Abdulla Kanoo	1	100,000	1,000,000
Ali Abdulaziz Kanoo	1	100,000	1,000,000
Saud Abdulaziz Kanoo	1	100,000	1,000,000
Bader Abdulaziz Kanoo	1	100,000	1,000,000
Faisal Khalid Kanoo	1	100,000	1,000,000
Ahmed Fawzi Kanoo	1	100,000	1,000,000
	100	10,000,000	100,000,000

9. ZAKAT

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

Significant components of Zakat base of the Company principally comprise of shareholders' equity at the beginning of the period, adjusted net income and certain other items.

Provision for Zakat has been made at 2.5% of approximate Zakat base attributable to the Saudi shareholders of the Company.

a) Zakat charge for the period:

Zakat charge for the three months period ended 31 March comprises of the following:

	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Zakat charge for the period	-	13,982
Zakat refund	-	-
	-	13,982

GULF LIFTING FINANCIAL LEASING COMPANY
(CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021
(Expressed in Saudi Riyals)

9. ZAKAT (Continued)

b) Provision for Zakat:

Movements in provision for Zakat for three months period ended 31 March and for the year ended 31 December are as follows:

	For the three months period ended 31 March 2021 (Unaudited)	For the three months period ended 31 March 2020 (Unaudited)	For the year ended 31 December 2020 (Audited)
Balance at beginning of the period/year	1,132,728	900,560	900,560
Charge for the period/year	-	13,982	232,168
Balance at end of the period/year	1,132,728	914,542	1,132,728

c) Zakat assessment status:

The Company has submitted its Zakat declarations with the General Authority of Zakat and Tax (GAZT) up to the year 2019. The Company has obtained its Zakat certificate for the year ended 31 December 2019, which is valid up to 30 April 2021.

The GAZT issued a Zakat assessment for the year 2016 through a letter dated 11 March 2019 (ref: 026000039227) with an additional liability of Zakat amounted to SR 1,607,005 (excluding the delayed penalty of SAR 1,184,035 as at 31 December 2020). The Company filed an objection letter against the GAZT'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. 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 related parties. 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 31 March 2021 (31 December 2020: Nil).

GULF LIFTING FINANCIAL LEASING COMPANY
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12. PARTICIPATION TO SAMA PROGRAM

On 11 March 2020, the World Health Organisation (“WHO”) declared the Coronavirus (“COVID-19”) outbreak as a pandemic in recognition of its rapid spread across the globe. This outbreak has also affected the GCC region including the Kingdom of Saudi Arabia. Governments all over the world took steps to contain the spread of the virus. Saudi Arabia in particular has implemented closure of borders, released social distancing guidelines and enforced country wide lockdowns and curfews.

SAMA programs and initiatives launched

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 2021. 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 14 March 2020 to 31 March 2021. 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 18 to the annual financial statements for the year ended 31 December 2020.

In order to compensate loss on account of lease payment deferral, in the year 2020, the Company received a profit free deposit from SAMA. As explained in the note 18 to the annual financial statements for the year ended 31 December 2020, 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 has refunded SR 2,871,171 to SAMA during the three months period ended 31 March 2021.

12.1 Deposits from Saudi Central Bank (SAMA)

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Deposits received, net of refunds	40,210,312	42,661,481
	40,210,312	42,661,481
Current	22,965,965	19,589,379
Non-current	17,244,347	23,072,102
	40,210,312	42,661,481

The carrying amount of SR 40,210,312 includes a notional net gain amounting to SR 1,647,729 due to of the benefit of the subsidised funding rate.

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12. PARTICIPATION TO SAMA PROGRAM (Continued)

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

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

	For the three months period ended 31 March 2021 (Unaudited)	For the three months period ended 31 March 2020 (Unaudited)	For the year ended 31 December 2020 (Audited)
Balance at beginning of the period/year	42,661,481	-	-
Deposits received during the period/year	-	-	54,925,001
Repayment of deposits during the period/year	(2,871,171)	-	(10,195,789)
Gain on account of fair value adjustments	-	-	(3,383,100)
unwinding of initial gain accounted	420,002	-	1,315,369
Balance at end of the period/year	40,210,312	-	42,661,481

12.2 Loss on account of participation to SAMA deferred payment program

	For the three months period ended 31 March 2021 (Unaudited)	For the three months period ended 31 March 2020 (Unaudited)
Unwinding of initial gain accounted on interest free SAMA deposits	420,002	-
	420,002	-

13. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

This includes SR 62,310 (2020: SR Nil) in respect of cost incurred on account of cyber security and information technology services.

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 16 Ramadan 1442H corresponding to 28 April 2021G.