

**YANAL FINANCE COMPANY  
(A SAUDI CLOSED JOINT STOCK COMPANY)**

**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)  
AND INDEPENDENT AUDITOR'S REVIEW REPORT  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30  
JUNE 2024**

**YANAL FINANCE COMPANY  
(A Saudi Closed Joint Stock Company)  
INTERIM CONDENSED FINANCIAL STATEMENTS - UNAUDITED  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2024**

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## *Report on review of interim condensed financial statements*

To the Shareholders of YANAL Finance Company  
(A Saudi Closed Joint Stock Company)

### **Introduction**

We have reviewed the accompanying interim condensed statement of financial position of YANAL Finance Company (A Saudi Closed Joint Stock Company) (the "Company") as of 30 June 2024 and the related interim condensed statements of income and comprehensive income for the three-month and six-month periods then ended, and the related interim condensed statements of changes in shareholders' equity and cash flows for the six-month period then ended, and other explanatory notes. 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) as 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 Engagements 2410, "Review of interim financial information performed by the independent auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

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

### **PricewaterhouseCoopers**

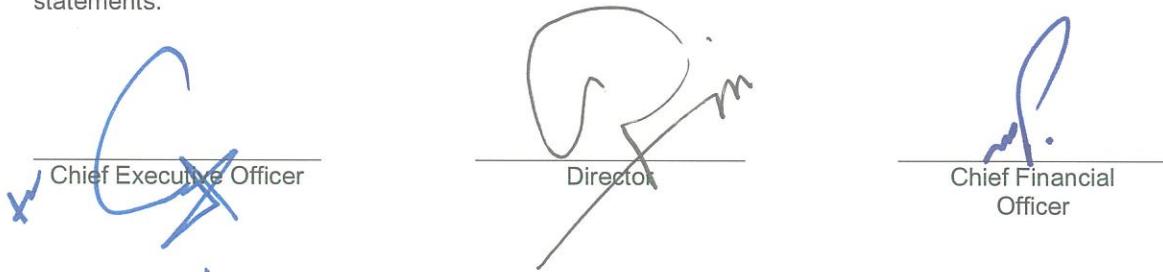
  
Bader I. Benmohareb  
License Number 471

July 24, 2024

**YANAL FINANCE COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
(All amounts are in Saudi Riyals unless stated otherwise)

	Note	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
<b>Assets</b>			
Cash and cash equivalents	7	6,580,521	46,355,961
Advances, prepayments, and other receivables	6	38,126,518	37,353,570
Net investment in finance leases	4	886,895,082	843,732,060
Net investment in murabaha finance	5	697,667,785	617,100,352
Positive fair value of derivative		132,686	73,453
Equity investment designated at fair value through other comprehensive income ("FVOCI")		892,850	892,850
Intangible assets		640,774	794,633
Property, equipment and right of use assets		9,226,879	9,506,558
<b>Total assets</b>		<b>1,640,163,095</b>	<b>1,555,809,437</b>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Short-term loan and bank overdraft	7	7,119,547	56,279,859
Accounts payable		97,525,219	48,402,922
Accrued expenses and other liabilities	9	32,958,600	31,093,649
Zakal and Income tax	11	7,652,720	10,232,268
Long-term loans, lease liability and grants	8	537,383,011	441,411,683
Employees' end of service benefits (EOSB)		24,203,637	21,640,861
<b>Total Liabilities</b>		<b>706,842,734</b>	<b>609,061,242</b>
<b>Equity</b>			
Share capital		550,000,000	550,000,000
Statutory reserve		106,397,004	106,397,004
Retained earnings		276,790,671	290,277,738
Cash flow hedge		132,686	73,453
<b>Total equity</b>		<b>933,320,361</b>	<b>946,748,195</b>
<b>Total liabilities and equity</b>		<b>1,640,163,095</b>	<b>1,555,809,437</b>

The accompanying notes (1) through (17) form an integral part of these interim condensed financial statements.



Chief Executive Officer

Director

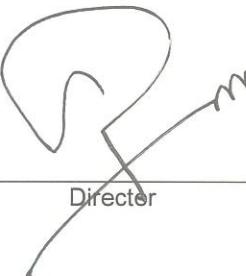
Chief Financial Officer

**YANAL FINANCE COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**INTERIM CONDENSED STATEMENT OF INCOME – UNAUDITED**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE**  
 (All amounts are in Saudi Riyals unless stated otherwise)

Note	For the three months ended 30 June		For the six months ended 30 June	
	2024	2023 (Restated – Note 15)	2024	2023 (Restated – Note 15)
Finance income	10	46,836,037	39,395,242	94,744,601
Special commission expense	8.3	(8,648,189)	(6,780,087)	(17,136,961)
<b>Net finance income</b>		<b>38,187,848</b>	<b>32,615,155</b>	<b>77,607,640</b>
<b>Other income</b>		<b>2,684,780</b>	<b>896,367</b>	<b>3,201,925</b>
<b>OPERATING EXPENSES</b>				
Expected credit losses ("ECL") (charge) / reversal on financial assets	4.2, 5.2	(1,463,037)	4,533,637	2,846,380
Salaries and employee related expenses		(13,515,489)	(12,348,347)	(26,770,276)
Other general and administrative expenses		(2,201,595)	(3,381,928)	(4,780,947)
Depreciation and amortization		(612,475)	(525,165)	(1,219,224)
<b>Total operating expenses</b>		<b>(17,792,596)</b>	<b>(11,721,803)</b>	<b>(29,924,067)</b>
<b>Income for the period before zakat and income tax</b>		<b>23,080,032</b>	<b>21,789,719</b>	<b>50,885,498</b>
Zakat expense	11	(2,427,929)	(2,568,476)	(5,467,136)
Income tax expense	11	(1,521,644)	(1,494,203)	(2,959,270)
<b>Total zakat and income tax expense</b>		<b>(3,949,573)</b>	<b>(4,062,679)</b>	<b>(8,426,406)</b>
<b>Income for the period after zakat and income tax</b>		<b>19,130,459</b>	<b>17,727,040</b>	<b>42,459,092</b>
<b>Earnings per share - basic and diluted</b>	12	<b>0.35</b>	<b>0.32</b>	<b>0.77</b>
				0.67

The accompanying notes (1) through (17) form an integral part of these interim condensed financial statements.

  
 Chief Executive Officer

  
 Director

  
 Chief Financial Officer

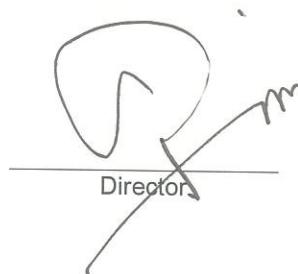
**YANAL FINANCE COMPANY**  
 (A Saudi Closed Joint Stock Company)  
**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME – UNAUDITED**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE**  
 (All amounts are in Saudi Riyals unless stated otherwise)

	For the three months ended 30 June		For the six months ended 30 June	
	2024	2023	2024	2023
<b>Income for the period after zakat and income tax</b>	<b>19,130,459</b>	17,727,040	<b>42,459,092</b>	37,015,573
<b>Other comprehensive income</b>				
<i>Items that are or maybe reclassified to statement of income in subsequent periods</i>				
Cash flow hedge – effective portion of changes in fair value	(8,838)	282,747	<b>59,233</b>	401,356
<i>Items that will not be reclassified to statement of income in subsequent periods</i>				
Actuarial gain / (loss) on EOSB	<b>219,001</b>	172,426	<b>(946,159)</b>	(171,375)
<b>Total comprehensive income for the period</b>	<b>19,340,622</b>	18,182,213	<b>41,572,166</b>	37,245,554

The accompanying notes (1) through (17) form an integral part of these interim condensed financial statements.



Chief Executive Officer



Director



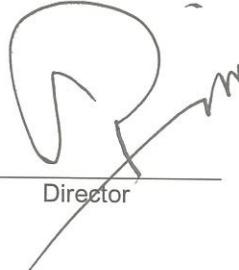
Chief Financial Officer

**YANAL FINANCE COMPANY**  
 (A Saudi Closed Joint Stock Company)  
**INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024**  
 (All amounts are in Saudi Riyals unless stated otherwise)

	Share capital	Statutory reserve	Retained earnings	Cash flow hedge	Total equity
<b>Balance as at 31 December 2022 (Audited)</b>	550,000,000	99,218,345	279,810,345	(293,687)	928,735,003
<b>Total comprehensive income:</b>					
Income for the period after zakat and income tax	-	-	37,015,573	-	37,015,573
Other comprehensive (loss) / income	-	-	(171,375)	401,356	229,981
Dividends paid (Note 16)	-	-	36,844,198	401,356	37,245,554
<b>Balance as at 30 June 2023 (Unaudited)</b>	550,000,000	99,218,345	261,654,543	107,669	910,980,557
<b>Balance as at 31 December 2023 (Audited)</b>	550,000,000	106,397,004	290,277,738	73,453	946,748,195
<b>Total comprehensive income:</b>					
Income for the period after zakat and income tax	-	-	42,459,092	-	42,459,092
Other comprehensive (loss) / income	-	-	(946,159)	59,233	(886,926)
Dividends paid (Note 16)	-	-	41,512,933	59,233	41,572,166
<b>Balance as at 30 June 2024 (Unaudited)</b>	550,000,000	106,397,004	276,790,671	132,686	933,320,361

The accompanying notes (1) through (17) form an integral part of these interim condensed financial statements.

  
 Chief Executive Officer

  
 Director

  
 Chief Financial Officer

**YANAL FINANCE COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**INTERIM CONDENSED STATEMENT OF CASH FLOWS - UNAUDITED**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE**  
 (All amounts are in Saudi Riyals unless stated otherwise)

	Note	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income for the period before zakat and income tax		50,885,498	44,249,215
<b>Adjustments for non-cash items:</b>			
Depreciation of property and equipment		1,065,365	599,523
Amortization of intangible assets		153,859	144,261
Government grant movement, net		-	6,100,328
Special commission expense		17,136,961	12,818,165
ECL reversal on financial assets	4.2,5.2	(2,846,380)	(5,179,257)
Gain on disposal of property, equipment and intangible assets		(1,304)	-
Employees' EOSB expense, net		1,685,053	1,597,056
		<b>68,079,052</b>	60,329,291
<b>Changes in operating assets and liabilities:</b>			
Net investment in finance leases		(36,677,162)	13,392,670
Net investment in murabaha finance		(84,206,913)	(81,824,593)
Advances, prepayments and other receivables		(3,418,454)	(10,768,989)
EOSB paid		(68,436)	(325,536)
Accounts payable		49,122,297	(30,138,324)
Accrued expenses and other liabilities		1,833,576	(5,948,714)
Zakat and Income tax paid		(11,005,954)	(10,977,616)
<b>Net cash used in operating activities</b>		<b>(16,341,994)</b>	(66,261,811)
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>			
Additions to property, equipment and intangible assets		(785,686)	(3,508,859)
Proceeds from sale of property, equipment and intangible assets		1,304	-
<b>Net cash used in investing activity</b>		<b>(784,382)</b>	(3,508,859)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from loans		285,000,000	195,125,000
Proceeds from profit-free SAMA deposit		-	31,317,948
Repayments of loans		(236,754,166)	(67,655,263)
Repayments of profit-free SAMA deposit		(8,503,881)	(33,165,778)
Payment against lease liability		(594,000)	(560,000)
Special commission and other bank charges paid		(16,549,406)	(5,429,420)
Dividends paid, net of zakat recovered		(52,367,158)	(52,367,158)
<b>Net cash (used in) / generated from financing activities</b>		<b>(29,768,611)</b>	67,265,329
Net decrease in cash and cash equivalents		(46,894,987)	(2,505,341)
Cash and cash equivalents at the beginning of the period		<b>46,355,961</b>	33,450,475
<b>Cash and cash equivalents at the end of the period</b>	7	<b>(539,026)</b>	30,945,134
<b>Supplement non-cash information</b>			
Addition to right of use asset and lease liability		-	5,600,568

The accompanying notes (1) through (17) form an integral part of these interim condensed financial statements.

  
 Chief Executive Officer

  
 Director  
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 Chief Financial Officer

**YANAL FINANCE COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024 (Unaudited)**  
(All amounts are in Saudi Riyals unless stated otherwise)

**1. GENERAL INFORMATION**

YANAL Finance Company (the "Company") is a Saudi closed joint stock company established under the Regulations for Companies in the Kingdom of Saudi Arabia. The Company operates under Commercial Registration number 1010163957 issued in Riyadh on 21 Shawal 1421H (corresponding to 16 January 2001), non-industrial license number 99 dated 27 Safar 1421H (corresponding to 31 May 2000) issued by the Ministry of Commerce and a finance company license number 7/A Sh/201403 dated 27 Rabi-al-Thani 1435H (corresponding to 27 February 2014) issued by the Saudi Central Bank ("SAMA"), through its five branches (2023: five branches) in the Kingdom of Saudi Arabia.

The Company's head office is located in Riyadh at the following address:

YANAL Finance Company  
3612, Prince Fawaz Bin Abdul Aziz, Ar Rabwah Dist.  
Riyadh 12813 – 7997  
Kingdom of Saudi Arabia

The Company has the following branches:

<b>Branch commercial registration number</b>	<b>Date</b>	<b>Location</b>
2050046083	9 Jamada Awal, 1425H	Dammam
4030150057	9 Jamada Awal, 1425H	Jeddah
2055013067	9 Rabi-Al-Awwal, 1432H	Jubail
5855036378	9 Rabi-Al-Awwal, 1432H	Khamis Mushait
4031090240	26 Rabi-Al-Thanni, 1436H	Makkah Al-Mukaramah

The results, assets and liabilities of the branches are included in these interim condensed financial statements.

The objective of the Company is to provide lease financing for movable and immovable assets and murabaha financing to all economic sectors in the Kingdom of Saudi Arabia.

These interim condensed financial statements have been reviewed, not audited.

**2. BASIS OF PREPARATION**

- 2.1** These interim condensed financial statements of the Company as at and for the six-month period ended 30 June 2024 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** These interim condensed financial statements do not include all information and disclosure required in the annual audited financial statements and should be read in conjunction with the annual audited financial statements for the year ended 31 December 2023.

**YANAL FINANCE COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024 (Unaudited)**  
(All amounts are in Saudi Riyals unless stated otherwise)

**2. BASIS OF PREPARATION (continued)**

**2.3** The International Accounting Standard Board (IASB) has issued following accounting standards, amendments, which were effective from periods on or after January 1, 2024. The management has assessed that the amendments have no significant impact on the Company's interim condensed financial statements.

- Amendment to IFRS 16 – Leases on sale and leaseback – These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
- Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements – These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.
- Amendment to IAS 1 – Non-current liabilities with covenants – These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

The listing of standards and interpretations issued which the Company reasonably expects to be applicable at a future date are as follows. The Company intends to adopt these standards when they become effective, where applicable.

<b>Standard / Interpretation</b>	<b>Description</b>	<b>Effective from periods beginning on or after</b>
Amendment to IAS 21 – Lack of exchangeability	IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.	1 January 2025
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	Effective date deferred indefinitely
IFRS 18 - Presentation and Disclosure in Financial Statements	IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.  IFRS 18 will apply for reporting periods beginning on or after 1 January 2027 and also applies to comparative information. The changes in presentation and disclosure required by IFRS 18 might require system and process changes for many entities, so entities should focus now to be ready for adoption.	1 January 2027
IFRS 19 - Reducing subsidiaries' disclosures	IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability and its parent produces consolidated financial statements under IFRS Accounting Standards.	1 January 2027

**YANAL FINANCE COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024** (Unaudited)  
 (All amounts are in Saudi Riyals unless stated otherwise)

**2. BASIS OF PREPARATION** (continued)

**2.4** The accounting and risk management policies used in the preparation of these interim condensed financial statements are consistent with those followed in the preparation of the Company's financial statements for the year ended 31 December 2023.

**3. USE OF JUDGEMENTS AND ESTIMATES**

The preparation of interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The interim results may not represent a proper indication of the annual results of operations. In preparing these interim condensed financial statements, the significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the statutory financial statements as at and for the year ended 31 December 2023.

**4. NET INVESTMENT IN FINANCE LEASES**

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

	Note	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Finance lease receivables		<b>1,124,936,556</b>	1,088,086,859
Unearned finance lease income		<b>(155,832,364)</b>	(153,530,392)
Net investment in finance leases		<b>969,104,192</b>	934,556,467
Modification loss		<b>(70,700,694)</b>	(70,700,694)
Income on modified finance leases	10	<b>69,172,882</b>	67,637,819
		<b>(1,527,812)</b>	(3,062,875)
Net investment in finance leases after modification loss		<b>967,576,380</b>	931,493,592
ECL on investment in finance leases	4.2	<b>(80,681,298)</b>	(87,761,532)
		<b>886,895,082</b>	843,732,060
Current maturity		<b>(496,765,119)</b>	(444,629,917)
		<b>390,129,963</b>	399,102,143

**4.2** The movement in the ECL on net investment in finance lease was as follows:

	Note	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Balance as at 1 January		<b>87,761,532</b>	116,325,429
ECL reversed for the period / year		<b>(6,485,860)</b>	(12,003,768)
Bad debt written-off		<b>(594,374)</b>	(16,560,129)
Balance at the end of the period / year	4.2.1	<b>80,681,298</b>	87,761,532

**YANAL FINANCE COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024** (Unaudited)  
 (All amounts are in Saudi Riyals unless stated otherwise)

**4. NET INVESTMENT IN FINANCE LEASES** (continued)

**4.2.1** Portfolio ECL analysis for investment in finance leases is as follows:

	<b>Net investment in finance lease</b>	<b>ECL</b>	<b>Expected loss rates</b>
<b>30 June 2024 (Unaudited)</b>			
<b>Days past due category</b>			
Not yet due	669,462,682	1,941,430	0.00%-0.03%
1-90 days*	220,150,257	497,793	0.04%-1.18%
91-180 days*	15,020	353	1.19%-14.14%
181-365 days	2,432,447	1,197,936	14.15%-51.57%
366 days – 730 days	-	-	51.58%-100%
Above 730 days and specific accounts**	77,043,786	77,043,786	100%
	<b>969,104,192</b>	<b>80,681,298</b>	
<b>31 December 2023 (Audited)</b>			
<b>Days past due category</b>			
Not yet due	656,263,466	329,975	0.00%-0.03%
1-90 days*	193,654,803	7,257,381	0.04%-1.30%
91-180 days*	1,655,068	299,693	1.31%-10.44%
181-365 days	4,731,087	1,622,440	10.45%-40.63%
366 days – 730 days	-	-	40.64%-100%
Above 730 days and specific accounts**	78,252,043	78,252,043	100%
	<b>934,556,467</b>	<b>87,761,532</b>	

\* Net investment in finance lease of SR 16.3 million (2023: SR 28.3 million) under overdue category of 1-90 days and 91-180 days are secured by real estate collateral, while the balance is secured by title to vehicle, machinery and equipment.

\*\* Includes fully provided specific accounts reclassified from 'Not yet due' to '366 days – 730 days' overdue category with net investment in finance lease amounting to SR 62 million (2023: SR 73 million).

**YANAL FINANCE COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024 (Unaudited)**  
 (All amounts are in Saudi Riyals unless stated otherwise)

**5. NET INVESTMENT IN MURABAHA FINANCE**

**5.1** Reconciliation between murabaha finance receivables and net investment in murabaha finance is as follows:

	Note	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Murabaha finance receivables		<b>824,045,206</b>	720,499,034
Unearned murabaha finance income		<b>(119,575,923)</b>	(99,986,770)
Net investment in murabaha finance		<b>704,469,283</b>	620,512,264
Modification loss		<b>(11,580,516)</b>	(11,580,516)
Income on modified murabaha finance	10	<b>11,075,912</b>	10,826,018
		<b>(504,604)</b>	(754,498)
Net investment in murabaha finance after modification loss		<b>703,964,679</b>	619,757,766
ECL on investment in murabaha finance	5.2, 5.4	<b>(6,296,894)</b>	(2,657,414)
		<b>697,667,785</b>	617,100,352
Current maturity		<b>(276,572,603)</b>	(242,493,943)
		<b>421,095,182</b>	374,606,409

**5.2** The movement in the ECL on Murabaha finance receivables was as follows:

	Note	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Balance as at 1 January		<b>2,657,414</b>	150,646
ECL charge for the period / year		<b>3,639,480</b>	2,506,768
Balance at the end of the period / year	5.2.1	<b>6,296,894</b>	2,657,414

**5.2.1** Stage wise analysis of murabaha finance receivables and ECL is as follow:

	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Total
<b>30 June 2024 (Unaudited)</b>				
Net investment in murabaha finance	<b>639,615,616</b>	<b>58,739,676</b>	<b>6,113,991</b>	<b>704,469,283</b>
ECL	<b>(2,020,657)</b>	<b>(130,916)</b>	<b>(4,145,321)</b>	<b>(6,296,894)</b>
Net receivables	<b>637,594,959</b>	<b>58,608,760</b>	<b>1,968,670</b>	<b>698,172,389</b>
<b>31 December 2023 (Audited)</b>				
	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Total
Net investment in murabaha finance	577,924,053	28,333,615	14,254,596	620,512,264
ECL	(96,164)	(98,650)	(2,462,600)	(2,657,414)
Net receivables	577,827,889	28,234,965	11,791,996	617,854,850

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**5. NET INVESTMENT IN MURABAHA FINANCE** (continued)

**5.3 Stage-wise movement of net investment in murabaha finance:**

	<b>Performing</b>	<b>Under-performing</b>	<b>Non-performing</b>	<b>Total</b>
	(Stage 1)	(Stage 2)	(Stage 3)	
<b>30 June 2024 (Unaudited)</b>				
Balances as at 1 January	577,924,053	28,333,615	14,254,596	620,512,264
Transfer from Stage 1	(45,631,754)	45,280,948	350,806	-
Transfer from Stage 2	8,469,830	(8,469,830)	-	-
Transfer from Stage 3	4,763,229	-	(4,763,229)	-
Financial assets settled	(6,075,693)	(459,250)	(2,675,044)	(9,209,987)
New financial assets originated	88,583,444	-	-	88,583,444
Net re-measurement	11,582,507	(5,945,807)	(1,053,138)	4,583,562
	61,691,563	30,406,061	(8,140,605)	83,957,019
Balances as at 30 June	639,615,616	58,739,676	6,113,991	704,469,283
<b>31 December 2023 (Audited)</b>				
Balances as at 1 January	468,523,984	25,548,882	-	494,072,866
Transfer from Stage 1	(41,577,148)	28,200,548	13,376,600	-
Transfer from Stage 2	1,362,430	(2,240,426)	877,996	-
Financial assets settled	(27,621,958)	(18,206,343)	-	(45,828,301)
New financial assets originated	238,213,296	133,067	-	238,346,363
Net re-measurement	(60,976,551)	(5,102,113)	-	(66,078,664)
	109,400,069	2,784,733	14,254,596	126,439,398
Balances as at 31 December	577,924,053	28,333,615	14,254,596	620,512,264

**5.4 Stage-wise movement in ECL of net investment in murabaha finance is as follows:**

	<b>Performing</b>	<b>Under-performing</b>	<b>Non-performing</b>	<b>Total</b>
	(Stage 1)	(Stage 2)	(Stage 3)	
<b>30 June 2024 (Unaudited)</b>				
ECL as at 1 January	96,164	98,650	2,462,600	2,657,414
Transfer from Stage 1	(113,902)	104,793	9,109	-
Transfer from Stage 2	619	(619)	-	-
Transfer from Stage 3	1,907,380	-	(1,907,380)	-
Financial assets settled	(2,733)	(346)	(119,258)	(122,337)
New financial assets originated	4,652	-	-	4,652
Net re-measurement of ECL	128,477	(71,562)	3,700,250	3,757,165
	1,924,493	32,266	1,682,721	3,639,480
ECL as at 30 June	2,020,657	130,916	4,145,321	6,296,894

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**5. NET INVESTMENT IN MURABAHA FINANCE** (continued)

	<b>Performing</b>	<b>Under-performing</b>	<b>Non-performing</b>	<b>Total</b>
	(Stage 1)	(Stage 2)	(Stage 3)	
<b>31 December 2023</b>				
<b>(Audited)</b>				
ECL as at 1 January	78,711	71,935	-	150,646
Transfer from Stage 1	(2,515,092)	98,330	2,416,762	-
Transfer from Stage 2	1,075	(46,913)	45,838	-
Financial assets settled	(12,215)	(51,600)	-	(63,815)
New financial assets originated	23,980	324	-	24,304
Net re-measurement of ECL	2,519,705	26,574	-	2,546,279
	17,453	26,715	2,462,600	2,506,768
ECL as at 31 December	96,164	98,650	2,462,600	2,657,414

**6. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES**

	<b>Note</b>	<b>As at 30 June 2024 (Unaudited)</b>	<b>As at 31 December 2023 (Audited)</b>
Advance to suppliers		<b>18,357,210</b>	3,801,729
Deferred Value Added Tax ("VAT") & VAT refund		<b>10,654,000</b>	11,356,920
Prepaid expenses		<b>4,687,124</b>	4,093,720
Receivable from lessees, net		<b>2,260,904</b>	1,773,607
Loans and advances to staff		<b>2,092,120</b>	2,526,698
Receivable from Jeddah Municipality	6.1	-	11,036,539
Receivable from Saudi shareholders for prior period			
Zakat settlement		-	2,632,841
Other		<b>75,160</b>	131,516
		<b>38,126,518</b>	37,353,570

**6.1** This pertained to receivable against a land for which the Company holds the legal title as collateral, under a finance lease contract, with a right of disposal and settlement against the default. The land was acquired by Jeddah Municipality as a part of development project and the outstanding amount was settled during the period 30 June 2024.

**7. CASH AND CASH EQUIVALENTS**

	<b>As at 30 June 2024 (Unaudited)</b>	<b>As at 31 December 2023 (Audited)</b>
Cash at banks	<b>6,564,670</b>	46,344,325
Cash in hand	<b>15,851</b>	11,636
	<b>6,580,521</b>	46,355,961
Bank overdraft*	<b>(7,119,547)</b>	-
	<b>(539,026)</b>	46,355,961

\* Short-term loan includes bank overdraft of SR 7.1 million (2023: Nil).

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**8. LONG-TERM LOANS, LEASE LIABILITY AND GRANTS**

	Note	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Long-term loans	8.1	<b>506,910,417</b>	402,414,585
Commission-free deposit payable to SAMA	8.2	<b>22,569,198</b>	31,073,079
		<b>529,479,615</b>	433,487,664
Government grant on SAMA		-	(1,285,599)
Special commission expense on grant	8.3	-	1,279,297
		-	(6,302)
Accrued special commission expense		<b>3,625,533</b>	3,188,096
Total loans and deposits, net of grant		<b>533,105,148</b>	436,669,458
Less: unamortised fee		<b>(110,269)</b>	(102,805)
		<b>532,994,879</b>	436,566,653
Lease liability		<b>4,388,132</b>	4,845,030
		<b>537,383,011</b>	441,411,683
Less: current maturity		<b>(234,158,083)</b>	(177,835,019)
Non-current portion of long-term loans, lease liability and grants		<b>303,224,928</b>	263,576,664

**8.1** Long term loans are obtained from commercial banks amounting at prevailing commercial commission rates which are payable by June 2027. The Company was fully compliant with the covenants on long-term loans during the period / year ended 30 June 2024 and 31 December 2023.

**8.2** Represents the commission-free deposit received from SAMA against funding for lending program of SAMA to support SME customers. The financing tenure is thirty-six months including six-month repayments grace period. The net impact of the commission-free deposit from SAMA and commission charged on financing to SME customers with a low commission rate is not significant to the interim condensed financial statements.

**8.3** Special commission expense includes an amount of SR 6,302 (2023: SR 3,372,350) commission cost on SAMA commission-free deposit.

**9. ACCRUED EXPENSES AND OTHER LIABILITIES**

		As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Proposed lease related payables		<b>14,512,183</b>	12,761,778
Employee related payables		<b>5,126,400</b>	7,400,046
Legal and professional charges		<b>2,644,647</b>	3,088,701
Accrued expenses		<b>2,550,000</b>	3,451,644
Charity payable		<b>2,150,581</b>	1,786,336
Leased assets insurance premium payable		<b>1,154,502</b>	-
Leased assets insurance claims to be settled		<b>851,623</b>	1,050,141
Other		<b>3,968,664</b>	1,555,003
		<b>32,958,600</b>	31,093,649

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**10. FINANCE INCOME**

Finance income for the six-month period ended includes reversal of SR 1.5 million (2023: SR 5.1 million) and SR 0.25 million (2023: SR 0.83 million) against modification loss on finance leases and murabaha finance contracts, respectively.

**11 ZAKAT AND INCOME TAX**

There is no change in the status of Zakat and income tax assessment since 31 December 2023.

**12 BASIC AND DILUTED EARNINGS PER SHARE**

The basic and diluted earnings per share are calculated by dividing the profit for the period attributable to the shareholders by weighted average number of shares 55,000,000 (2023: 55,000,000) at the end of the period.

**13 COMMITMENTS**

	<b>As at 30 June 2024 (Unaudited)</b>	<b>As at 31 December 2023 (Audited)</b>
Cost of finance lease and murabaha contracts not yet executed	<b>18,303,457</b>	35,339,230
Bank guarantees issued on behalf of the Company	<b>2,000,000</b>	2,000,000

**14 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties represent major shareholders, Board members and key management personnel of the Company, and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them. Other related parties represent entities under common control and entities controlled by key management personnel of the Company. Key management personnel are those persons, including executive directors, having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

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**14 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES** (continued)

In the ordinary course of its activities, the Company transacts business with related parties, which are related to its shareholders. Significant related party transactions and balances are as follows:

	For the six-month period ended 30 June 2024 (Unaudited)	For the six-month period ended 30 June 2023 (Unaudited)
<b>Transactions:</b>		
<b>The Saudi Investment Bank – shareholder</b>		
Loan receipt	85,000,000	127,000,000
Loan repayment	54,500,000	18,916,667
Special commission expense and other bank charges paid	4,623,064	3,834,284
Rent and premises related expense	125,000	471,879
Lease participation payments	-	1,065,990
Lease participation receipts – management fee and other	-	24,889
<b>The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company, KSA- other related parties</b>		
Premium for insurance and other related payments-net	2,059,191	5,551,284
<b>Key Management Personnel</b>		
Salaries and other short-term employee benefits	6,800,614	5,733,607
End of service benefits accrued	447,951	435,439
	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
<b>Balances:</b>		
<b>The Saudi Investment Bank- shareholder</b>		
Bank current accounts	3,673,771	41,877,567
Bank overdraft	7,119,547	-
Long-term loans (including accrued commission)	160,430,219	129,753,853
Prior period zakat settlement receivable	-	1,360,169
Lease participation payable	-	2,070
Positive fair value of derivative	132,686	73,453
<b>Trade Development and Investment Company - shareholder</b>		
Prior period zakat settlement receivable	-	1,272,672
<b>The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company, KSA- other related parties</b>		
Advance / prepaid against insurance premium, net	2,203,901	2,955,392
<b>Key Management Personnel</b>		
Employees' end of service benefits	3,150,155	3,942,665
Loans to key management of the Company	257,268	525,515
Directors' meeting attendance fee payable	590,000	1,180,000

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**15. RESTATEMENT OF COMPARATIVE FIGURES**

Management has re-evaluated the presentation of certain transactions in the interim condensed statement of income in the prior periods to determine if such transactions have been presented appropriately in line with the requirements of International Financial Reporting Standards ("IFRS"). Where necessary, changes in presentation were made in accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors".

**1. Interim condensed statement of income**

**(1A) Reclassification of Other income from Finance income to "Other income"**

In the prior periods, the Company presented "Other income" within the Finance income (Previously named "Revenue") on the face of the interim condensed statement of income.

International Accounting Standard 1- Presentation of Financial Statements ("IAS 1") requires the profit or loss section or the interim condensed statement of income to present revenue, presenting separately finance income calculated using the effective commission method;

During 2023, management considered the above requirements and reclassified the "Other income" from "Finance income" and as a result, restated prior year financial statements to present "Other income" as a separate financial statement line item on the face of the interim condensed statement of income.

**(1B) Change in presentation of the interim condensed statement of income**

In the prior periods, the Company presented special commission expenses within total expenses and did not present the "Net finance income" sub-total on the face of the interim condensed statement of income.

During 2023, the Company reviewed its financial statements and as a result changed the presentation of the interim condensed statement of income by reclassifying the special commission expenses from the total expenses and presenting the "Net finance income" on the face of the interim condensed statement of income.

The Company believes that the change in presentation provides reliable and more relevant information and is consistent with the nature of the Company's financing operations. In accordance with IAS 8, the change has been made retrospectively and comparatives have been restated accordingly.

**Impact on interim condensed statement of income for the six months period ended 30 June 2023:**

	<b>As previously stated</b>	<b>Restatement (1A)</b>	<b>Restatement (1B)</b>	<b>Restated</b>
Finance income (Previously called "Revenue")	<b>83,794,014</b>	<b>(1,930,881)</b>	<b>-</b>	<b>81,863,133</b>
Special commission expense	-	-	<b>(12,818,165)</b>	<b>(12,818,165)</b>
<b>Net finance income</b>				<b>69,044,968</b>
Other income	-	<b>1,930,881</b>	-	<b>1,930,881</b>
<b>Operating expenses</b>				
Special commission expense	<b>(12,818,165)</b>	-	<b>12,818,165</b>	-
<b>Total operating expenses</b>	<b>(39,544,799)</b>	-	<b>12,818,165</b>	<b>(26,726,634)</b>

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**15. RESTATEMENT OF COMPARATIVE FIGURES** (continued)

**Impact on interim condensed statement of income for the three months period ended 30 June 2023:**

	<b>As previously stated</b>	<b>Restatement (1A)</b>	<b>Restatement (1B)</b>	<b>Restated</b>
Finance income (Previously called "Revenue")	<b>40,291,609</b>	<b>(896,367)</b>	-	<b>39,395,242</b>
Special commission expense	-	-	<b>(6,780,087)</b>	<b>(6,780,087)</b>
<b>Net finance income</b>				<b>32,615,155</b>
Other income	-	<b>896,367</b>	-	<b>896,367</b>
<b>Operating expenses</b>				
Special commission expense		<b>(6,780,087)</b>	-	<b>6,780,087</b>
<b>Total operating expenses</b>	<b>(18,501,890)</b>		<b>6,780,087</b>	<b>(11,721,803)</b>

**16. DIVIDENDS**

The Board of Directors proposed an annual dividend of SR 1 per share (2022: SR 1 per share) for the year ended 31 December 2023 amounting to SR 55 million (2022: SR 55 million). The shareholders approved the distribution at the Annual General meeting held on 03 June 2024.

**17. DATE OF APPROVAL OF THESE INTERIM CONDENSED FINANCIAL STATEMENTS**

The accompanying interim condensed financial statements were approved by the Board of Directors on 22 July 2024.