

**UNITED COMPANY FOR FINANCIAL SERVICES
(A SAUDI CLOSED JOINT STOCK COMPANY)**

**CONDENSED INTERIM FINANCIAL
INFORMATION (UNAUDITED)
FOR THE THREE-MONTH AND SIX-MONTH
PERIODS ENDED 30 JUNE 2022
AND REPORT ON REVIEW OF CONDENSED INTERIM
FINANCIAL INFORMATION**

UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Condensed interim financial information (Unaudited)
For the three-month and six-month periods ended 30 June 2022

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Report on review of Condensed Interim Financial Information

To the shareholders of United Company for Financial Services
(A Saudi Closed Joint Stock Company)

Introduction

We have reviewed the accompanying condensed interim statement of financial position of United Company for Financial Services as of 30 June 2022 and the related condensed statement of profit or loss and other comprehensive income for the three-month and six-month periods then ended and the condensed interim statements of changes in equity and cash flows for the six-month period ended 30 June 2022 and other explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review

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

Conclusion

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

PricewaterhouseCoopers

Ali A. Alotaibi
License number 379

31 July 2022



UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Condensed interim statement of financial position
(All amounts in Saudi Riyals unless otherwise stated)

	Note	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Assets			
Cash and cash equivalents	3	20,870,497	34,278,848
Prepayments and other receivables	4	9,437,666	14,847,526
Investment in Islamic financing contracts	5	1,328,932,181	1,186,060,140
Property and equipment		4,876,305	5,464,958
Intangible assets		16,573,037	16,933,534
Total assets		1,380,689,686	1,257,585,006
Equity and liabilities			
Equity			
Share capital	10	350,000,000	350,000,000
Statutory reserve		23,020,104	13,132,432
Retained earnings		207,180,938	118,191,890
Actuarial reserve		(582,709)	(582,709)
Net equity		579,618,333	480,741,613
Liabilities			
Trade and other payables	6	76,112,260	80,305,069
Zakat payable	7	10,912,888	15,423,663
Borrowings	8	708,812,098	675,743,904
Employee benefit obligations		5,234,107	5,370,757
Total liabilities		801,071,353	776,843,393
Total equity and liabilities		1,380,689,686	1,257,585,006

The accompanying notes are an integral part of this condensed interim financial information.

UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Condensed interim statement of profit or loss and other comprehensive income
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2022	2021	2022	2021
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Income from Islamic financing activities	11	96,756,738	71,695,635	191,360,507	133,072,628
Finance costs	8	(4,761,858)	(3,432,975)	(8,444,565)	(6,782,531)
Net income from Islamic financing activities		91,994,880	68,262,660	182,915,942	126,290,097
General and administrative expenses	12	(13,160,058)	(10,601,366)	(23,222,539)	(20,286,192)
Selling and marketing expenses	13	(22,725,488)	(20,477,809)	(42,167,679)	(40,268,730)
Net impairment losses on financial assets	3.5	(7,235,839)	(8,322,592)	(10,860,630)	(14,223,923)
Other income - net		1,257,262	402,109	2,453,728	761,492
Profit before zakat		50,130,757	29,263,002	109,118,822	52,272,744
Zakat expense	7	(5,013,295)	(3,871,639)	(10,242,102)	(6,628,064)
Profit for the period		45,117,462	25,391,363	98,876,720	45,644,680
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		45,117,462	25,391,363	98,876,720	45,644,680
Earnings per share					
Basic and diluted	14	1.29	0.73	2.83	1.30

The accompanying notes are an integral part of this condensed interim financial information.

UNITED COMPANY FOR FINANCIAL SERVICES
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Condensed interim statement of changes in equity
(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Retained earnings	Actuarial reserve	Total
At 1 January 2021 (Audited)	350,000,000	254,989	2,294,905	(782,772)	351,767,122
Profit for the period	-	-	45,644,680	-	45,644,680
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	45,644,680	-	45,644,680
Transfer to statutory reserve	-	4,564,468	(4,564,468)	-	-
At 30 June 2021 (Unaudited)	350,000,000	4,819,457	43,375,117	(782,772)	397,411,802
At 1 January 2022 (Audited)	350,000,000	13,132,432	118,191,890	(582,709)	480,741,613
Profit for the period	-	-	98,876,720	-	98,876,720
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	98,876,720	-	98,876,720
Transfer to statutory reserve	-	9,887,672	(9,887,672)	-	-
At 30 June 2022 (Unaudited)	350,000,000	23,020,104	207,180,938	(582,709)	579,618,333

The accompanying notes are an integral part of this condensed interim financial information.

UNITED COMPANY FOR FINANCIAL SERVICES
(A Saudi Closed Joint Stock Company)
Condensed interim statement of cash flows
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the six-month period ended 30 June	
		2022 (Unaudited)	2021 (Unaudited)
Cash flows from operating activities			
Profit before zakat		109,118,822	52,272,744
<u>Adjustments for:</u>			
Depreciation and amortization		1,870,073	1,187,190
Finance costs		8,444,565	6,782,531
Property and equipment written off		36,426	-
Net impairment losses on financial assets	3,5	10,860,630	14,223,923
Employee benefit obligations		895,024	922,980
<u>Changes in working capital:</u>			
Increase in investment in Islamic financing contracts		(153,732,671)	(286,152,642)
Decrease (increase) in prepayments and other receivables		5,409,860	(9,400,421)
(Decrease) increase in trade and other payables		(4,192,809)	2,161,526
Cash utilized in operations		(21,290,080)	(218,002,169)
Finance costs paid		(7,459,705)	(3,763,392)
Zakat paid		(14,752,877)	(4,205,116)
Employee benefit obligations paid		(1,031,674)	(184,599)
Net cash outflow from operating activities		(44,534,336)	(226,155,276)
Cash flows from investing activities			
Payments for purchases of property and equipment		(230,003)	(1,675,426)
Payments for purchases of intangible assets		(727,346)	(2,796,087)
Net cash outflow from investing activities		(957,349)	(4,471,513)
Cash flows from financing activities			
Proceeds from long-term borrowings	8	339,000,000	330,000,000
Repayment of short-term borrowings	8	-	(120,000,000)
Repayment of long-term borrowings	8	(306,916,666)	(11,666,667)
Net cash inflow from financing activities		32,083,334	198,333,333
Net decrease in cash and cash equivalents		(13,408,351)	(32,293,456)
Cash and cash equivalents at beginning of the period		34,278,848	57,003,181
Cash and cash equivalents at end of the period	3	20,870,497	24,709,725

The accompanying notes are an integral part of this condensed interim financial information.

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Notes to the condensed interim financial information
For the three-month and six-month periods ended 30 June 2022 (Unaudited)
(All amounts in Saudi Riyals unless otherwise stated)

1 Legal status and activities

United Company for Financial Services (“the Company”) is a Saudi Closed Joint Stock Company, registered in the Kingdom of Saudi Arabia under the Commercial Registration (“CR”) number 2051224103 issued in Al-Khobar on 15 Jumada Al Awwal 1440 H (21 January 2019). The principal business activities of the Company include various types of consumer and product finance services under the license number 201905/Ash/52 obtained from Saudi Central Bank (“SAMA”), issued on 26 Shaban 1440 H (1 May 2019).

The Company’s head office is located in Al-Khobar, Kingdom of Saudi Arabia. The Company is a subsidiary of United International Holding Company (“UIHC”), a Saudi Closed Joint Stock Company, registered in the Kingdom of Saudi Arabia which is ultimately controlled by United Electronics Company (“UEC”), a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia. Also see Note 10.

During the year ended 31 December 2021, the Company obtained a license from SAMA to engage in credit card financing activities. Management expects to commence such activities during the second half of 2022.

2 Basis of preparation

The condensed interim financial information of the Company as at 30 June 2022 and for the three-month and six-month periods ended 30 June 2022 has 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 Organisation for Chartered and Professional Accountants (“SOCPA”).

The condensed interim financial information does not include all information and disclosures 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 2021.

The principal accounting policies applied in the preparation of condensed interim financial information of the Company are consistent with those of the previous financial year and corresponding interim reporting period.

2.1 Historical cost convention

The condensed interim financial information is prepared under the historical cost convention, except as explained in the relevant accounting policies in the annual financial statements for the year ended 31 December 2021.

2.2 Functional and presentation currency

This condensed interim financial information is presented in Saudi Riyals which is the Company’s functional and presentation currency.

2.3 New and amended standards

A number of amended standards became applicable for the current reporting period. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2022 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

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2 Basis of preparation (continued)

2.4 Critical accounting estimates and judgements

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgment made by management in applying the accounting policies and the key sources of estimation uncertainty pertain to computation of ECL allowance on its financial assets.

3 Cash and cash equivalents

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Cash in hand	5,000	13,050
Cash at bank	20,865,497	34,265,798
	20,870,497	34,278,848

4 Prepayments and other receivables

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Prepaid expenses	6,890,646	12,587,255
Advances to employees	653,627	742,745
Advances to suppliers	310,689	722,831
Other receivables	1,582,704	794,695
	9,437,666	14,847,526

Classification of prepayments and other receivables is presented below:

Due within 12 months	8,653,740	11,617,622
Due after 12 months	783,926	3,229,904
	9,437,666	14,847,526

Also see Note 9.2.

5 Investment in Islamic financing contracts

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Investment in Tawarruq financing contracts, net	943,165,466	832,643,696
Investment in Murabaha financing contracts, net	385,766,715	353,416,444
	1,328,932,181	1,186,060,140
Less: Due after 12 months	(781,014,873)	(748,432,280)
Due within 12 months	547,917,308	437,627,860

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5 Investment in Islamic financing contracts (continued)

Reconciliation between gross and net investment in Islamic financing contracts is as follows:

	Tawarruq finance		Murabaha finance		Total	
	30 June	31 December	30 June	31 December	30 June	31 December
	2022	2021	2022	2021	2022	2021
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Gross investment in Islamic financing contracts	1,452,714,694	1,314,158,451	521,712,237	490,019,644	1,974,426,931	1,804,178,095
Unearned finance and processing fee income	(482,942,470)	(457,581,869)	(130,196,983)	(127,172,415)	(613,139,453)	(584,754,284)
Present value of investment in Islamic financing contracts ("P.V of I.F.C.")	969,772,224	856,576,582	391,515,254	362,847,229	1,361,287,478	1,219,423,811
Allowance for ECL	(26,606,758)	(23,932,886)	(5,748,539)	(9,430,785)	(32,355,297)	(33,363,671)
Net investment in Islamic financing contracts ("Net investment in I.F.C.")	943,165,466	832,643,696	385,766,715	353,416,444	1,328,932,181	1,186,060,140
Net investment in I.F.C. - Due after 12 months	(653,160,740)	(616,068,175)	(127,854,133)	(132,364,105)	(781,014,873)	(748,432,280)
Net investment in I.F.C. - Due within 12 months	290,004,726	216,575,521	257,912,582	221,052,339	547,917,308	437,627,860

The movement in allowance for ECL on Islamic financing contracts is as follows:

	Tawarruq finance		Murabaha finance		Total	
	30 June	31 December	30 June	31 December	30 June	31 December
	2022	2021	2022	2021	2022	2021
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Opening balance	23,932,886	14,734,809	9,430,785	5,882,182	33,363,671	20,616,991
Charge for the period/year	12,816,371	19,374,646	597,406	6,920,310	13,413,777	26,294,956
Recoveries of amounts previously written-off	(1,654,319)	-	(902,161)	-	(2,556,480)	-
Net charge for the period/year	11,162,052	19,374,646	(304,755)	6,920,310	10,857,297	26,294,956
Amounts written-off	(8,488,180)	(10,176,569)	(3,377,491)	(3,371,707)	(11,865,671)	(13,548,276)
Closing balance	26,606,758	23,932,886	5,748,539	9,430,785	32,355,297	33,363,671

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5 Investment in Islamic financing contracts (continued)

Stage-wise analysis of Islamic financing contracts and the respective ECL are as follows:

30 June 2022 (Unaudited)	Tawarruq finance			Murabaha finance			Total		
	P.V of I.F.C.	Allowance for ECL	Net investment in I.F.C.	P.V of I.F.C.	Allowance for ECL	Net investment in I.F.C.	P.V of I.F.C.	Allowance for ECL	Net investment in I.F.C.
Performing (Stage 1)	911,731,730	(6,308,265)	905,423,465	366,957,969	(956,660)	366,001,309	1,278,689,699	(7,264,925)	1,271,424,774
Under- performing (Stage 2)	22,359,265	(5,370,919)	16,988,346	9,678,451	(849,647)	8,828,804	32,037,716	(6,220,566)	25,817,150
Non- performing (Stage 3)	35,681,229	(14,927,574)	20,753,655	14,878,834	(3,942,232)	10,936,602	50,560,063	(18,869,806)	31,690,257
	<u>969,772,224</u>	<u>(26,606,758)</u>	<u>943,165,466</u>	<u>391,515,254</u>	<u>(5,748,539)</u>	<u>385,766,715</u>	<u>1,361,287,478</u>	<u>(32,355,297)</u>	<u>1,328,932,181</u>
31 December 2021 (Audited)	Tawarruq finance			Murabaha finance			Total		
	P.V of I.F.C.	Allowance for ECL	Net investment in I.F.C.	P.V of I.F.C.	Allowance for ECL	Net investment in I.F.C.	P.V of I.F.C.	Allowance for ECL	Net investment in I.F.C.
Performing (Stage 1)	812,453,495	(6,019,104)	806,434,391	341,693,147	(1,719,015)	339,974,132	1,154,146,642	(7,738,119)	1,146,408,523
Under- performing (Stage 2)	9,813,848	(2,067,066)	7,746,782	5,149,276	(574,371)	4,574,905	14,963,124	(2,641,437)	12,321,687
Non- performing (Stage 3)	34,309,239	(15,846,716)	18,462,523	16,004,806	(7,137,399)	8,867,407	50,314,045	(22,984,115)	27,329,930
	<u>856,576,582</u>	<u>(23,932,886)</u>	<u>832,643,696</u>	<u>362,847,229</u>	<u>(9,430,785)</u>	<u>353,416,444</u>	<u>1,219,423,811</u>	<u>(33,363,671)</u>	<u>1,186,060,140</u>

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6 Trade and other payables

	Note	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Due to related parties	9	38,112,367	41,046,239
Trade payables		14,570,056	13,454,566
Accrued expenses		14,135,108	8,922,883
Accrued salaries and other benefits		5,405,842	8,213,313
Advances from customers		2,762,354	6,585,782
Accrued Board of Directors' fee		969,939	1,983,850
Value added tax payable		156,594	98,436
		76,112,260	80,305,069

7 Zakat payable

	For the six- month period ended 30 June 2022 (Unaudited)	For the year ended 31 December 2021 (Audited)
Opening balance	15,423,663	5,320,509
Provisions		
-For current period/year	10,912,888	15,423,663
-Adjustments related to prior years	(670,786)	(1,115,393)
	10,242,102	14,308,270
Payments	(14,752,877)	(4,205,116)
Closing balance	10,912,888	15,423,663

The Company's zakat assessment since inception are currently under review by the Zakat, Tax and Customs Authority ("ZATCA"). The company has obtained zakat certificates from ZATCA for the years through 2021.

8 Borrowings

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Long-term borrowings		
Murabaha facilities	707,062,500	674,979,166
Accrued finance cost	1,749,598	764,738
	708,812,098	675,743,904

Classification of borrowings is presented below:

Due within 12 months	182,279,010	158,111,960
Due after 12 months	526,533,088	517,631,944
	708,812,098	675,743,904

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8 Borrowings (continued)

The Company has been allocated amounts under borrowings facilities available to UEC. Details of the type of borrowings facilities as allocated to and availed by the Company are as follows:

Murabaha I

Total amount allocated to the Company under such facility is Saudi Riyals 250 million. Each tranche of facility utilization is repayable in 20 quarterly installments commencing 6 months after receipt of the borrowed amount. As at 30 June 2022, the Company had an outstanding loan balance of Saudi Riyals 211.5 million against this facility (31 December 2021: Saudi Riyals 233.0 million).

Murabaha II

Total amount allocated to the Company under such facility is Saudi Riyals 50.0 million. The tenure of the borrowing facility was less than one year, and the amount was settled in February 2021.

Murabaha III

Total amount allocated to the Company under such facility is Saudi Riyals 500 million. Each tranche of facility utilization is repayable in 48 monthly installments commencing 6 months from receipt of the borrowed amount. During the period ended 30 June 2022, the Company has made early repayment of borrowings amounting to Saudi Riyals 254.2 million. As at 30 June 2022, the Company had an outstanding loan balance of Saudi Riyals 106.6 million against this facility (31 December 2021: Saudi Riyals 392.0 million).

Murabaha IV

Total amount allocated to the Company under such facility is Saudi Riyals 400.0 million. Each tranche of facility utilization is repayable in 16 quarterly installments commencing 6 months from receipt of the borrowed amount. As at 30 June 2022, the Company had an outstanding loan balance of Saudi Riyals 389.0 million against this facility (31 December 2021: Saudi Riyals 50.0 million).

Tawarruq I

Total amount allocated to the Company under such facility is Saudi Riyals 70 million. The tenure of the borrowing facility was less than one year, and the amount was settled in February 2021.

All loan facilities above are denominated in Saudi Riyals and bear financial charges based on Saudi Arabian Interbank Offered Rate ("SAIBOR") ranging between SAIBOR plus 1.1% to 1.4%. Certain credit facility agreements contain financial covenants requiring maintenance of certain financial ratios and other matters, of which the Company was in compliance with at 30 June 2022.

The maturities of the Company's borrowings are as follows:

	30 June 2022	31 December 2021
	(Unaudited)	(Audited)
Less than 6 months	90,264,706	71,638,889
Between 6 to 12 months	90,264,706	85,708,333
Between 1 and 2 years	180,529,412	171,416,667
Between 2 and 5 years	346,003,676	342,215,277
Above 5 years	-	4,000,000
	707,062,500	674,979,166

Maturity profile of borrowings, including finance cost component, is disclosed in Note 16.

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9 Related party transactions and balances

Related parties comprise the shareholders, directors, associated companies (representing entities which are directly or indirectly controlled by or under the significant influence of the Company's shareholder and Ultimate Parent Company), and key management personnel. Related parties also include business entities in which certain directors or senior management have an interest (other related parties).

9.1 Significant transactions with related parties in the ordinary course of business during the period were as follows:

Related party	Relationship			
United Electronics Company ("UEC")	Ultimate Parent Company			
Procco Financial Services W.L.L.	Associated Company			
Nature of transaction	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
United Electronics Company				
Purchases from UEC to be financed to consumers under Murabaha contracts	95,660,285	85,539,527	186,690,502	183,369,432
Payments to UEC	(103,386,825)	(112,036,099)	(201,422,943)	(228,130,071)
Collections made by UEC on behalf of the Company	(120,078)	(2,454,416)	(238,743)	(5,798,153)
Collections made by Company on behalf of UEC	3,745,266	13,598,167	8,896,018	32,894,370
Expenses incurred on behalf of UEC	-	(555,649)	-	(555,649)
Expenses incurred by UEC on behalf of the Company	1,958,971	1,960,574	4,011,380	3,536,906
Procco Financial Services W.L.L.				
Outsourced personnel expenses	5,314,830	1,299,536	8,846,909	4,612,249
Payments during the period	(3,632,761)	(2,415,343)	(7,102,629)	(4,623,049)

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9 Related party transactions and balances (continued)

9.2 Key management compensation

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Short-term employee benefits	2,833,501	3,142,059	4,831,925	4,771,463
Long-term employee benefits	131,399	91,242	219,451	243,169
Board of Directors' fees	414,878	463,500	929,331	1,062,000
	3,379,778	3,696,801	5,980,707	6,076,632

As at the period ended 30 June 2022, advances to employees includes outstanding loans and advances to key management personnel amounting to Saudi Riyals 0.2 million (31 December 2021: Saudi Riyals 0.3 million). Refer Note 4.

9.3 Due to related parties

	30 June 2022	31 December 2021
	(Unaudited)	(Audited)
UEC	36,441,634	38,505,520
Procco Financial Services W.L.L.	1,670,733	2,540,719
	38,112,367	41,046,239

Related party balances as at 30 June 2022 and 31 December 2021 are based on the terms agreed as per the signed agreements between the Company and the related parties and bear no financial charges.

10 Share capital

The share capital of the Company as of 30 June 2022 and 31 December 2021 comprised 35,000,000 shares stated at Saudi Riyals 10 per share, wholly owned by UIHC.

During the year ended 31 December 2021, UEC transferred its shareholding in the Company to UIHC, a wholly owned subsidiary of UEC. The legal formalities including update to underlying shareholder's register and By-laws were completed during January 2022.

11 Income from Islamic financing activities

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Income from tawarruq finance activities	61,588,951	42,250,959	122,138,236	77,463,369
Income from murabaha finance activities	36,559,210	30,942,548	72,089,813	57,767,634
Processing fee net of related expenses	(1,391,423)	(1,497,872)	(2,867,542)	(2,158,375)
	96,756,738	71,695,635	191,360,507	133,072,628

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12 General and administrative expenses

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Salaries and other benefits	8,397,858	6,875,741	14,926,805	13,406,011
Information technology support	1,684,972	1,763,625	2,464,571	3,256,936
Professional fees	795,064	587,456	1,563,000	1,232,745
Amortisation	552,215	305,695	1,087,843	575,645
Utilities, printing and stationery	484,547	42,214	823,087	107,538
Rent	262,701	169,091	481,618	326,250
Depreciation	236,255	178,436	473,243	309,691
Other	746,446	679,108	1,402,372	1,071,376
	13,160,058	10,601,366	23,222,539	20,286,192

13 Selling and marketing expenses

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Salaries and other benefits	12,327,224	11,293,786	23,537,990	22,542,565
Fee and subscription	3,896,554	3,766,810	6,950,036	6,748,683
Advertising	3,421,430	2,776,424	5,282,874	6,006,669
Collection charges	1,854,631	1,326,142	3,652,578	2,377,916
Rent	853,689	727,142	1,654,620	1,425,893
Depreciation	151,787	157,701	308,987	301,854
Other	220,173	429,804	780,594	865,150
	22,725,488	20,477,809	42,167,679	40,268,730

14 Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period. As the Company does not have any dilutive potential shares, the diluted earnings per share is the same as the basic earnings per share.

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit attributable to the shareholders of the Company	45,117,462	25,391,363	98,876,720	45,644,680
Weighted average number of ordinary shares for basic and diluted earnings per share	35,000,000	35,000,000	35,000,000	35,000,000
Basic and diluted earnings per share	1.29	0.73	2.83	1.30

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15 Fair values of financial assets and financial liabilities

As at 30 June 2022 and 31 December 2021, the fair values of the Company's financial instruments are estimated to approximate their carrying values since the financial instruments are short term in nature, carry interest rates which are based on prevailing market interest rates and are expected to be realized at their current carrying values within twelve months from the date of the condensed interim statement of financial position. The fair values of the financial liabilities due after twelve months are estimated to approximate their carrying values as these carry interest rates which are based on prevailing market interest rates.

The breakdown of these financial assets and liabilities is as follows:

	30 June 2022	31 December 2021
	(Unaudited)	(Audited)
Financial assets at amortized cost		
Cash and cash equivalents	20,870,497	34,278,848
Investment in Islamic financing contracts	1,328,932,181	1,186,060,140
Prepayments and other receivables	2,236,331	1,537,440
Total	1,352,039,009	1,221,876,428
Financial liabilities at amortized cost		
Borrowings	708,812,098	675,743,904
Trade and other payables	73,193,312	73,620,852
Total	782,005,410	749,364,756

At 30 June 2022, for the purpose of the financial instruments' disclosure, non-financial assets and non-financial liabilities amounting to Saudi Riyals 7.2 million and Saudi Riyals 2.9 million (31 December 2021: Saudi Riyals 13.3 million and Saudi Riyals 6.7 million) have been excluded from prepayments and other receivables and trade and other payables, respectively.

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16 Financial instruments and risk management

The Company's activities expose it to a variety of financial risks: credit risk, market risk and liquidity risk. The Company's overall risk management program, which is carried out by senior management under policies approved by the Board of Directors, focuses on having cost effective funding as well as managing financial risks to minimize earning volatility and provide maximum return to the shareholders. The risks faced by the Company and their respective mitigating strategies are summarized below:

16.1 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation and cause a financial loss to the Company. The maximum exposure to credit risk is equal to the carrying amount of financial assets. As at 30 June 2022, the Company has maintained an ECL allowance of Saudi Riyals 32.4 million (31 December 2021: Saudi Riyals 33.4 million), which is considered adequate to provide for any losses which may be sustained on realization of financial assets.

The management analyses credit risk into the following categories:

Investment in Islamic financing contracts

Investment in Tawarruq and Murabaha finance contracts is generally exposed to significant credit risk. Therefore, the Company has established procedures to manage credit exposure including evaluation of customers' credit worthiness, formal credit approvals and assigning credit limits to avoid undue concentration of risks. At the inception of the contract, internal credit risk ratings are allocated to each exposure. These credit risk grades are defined using a variety of qualitative and quantitative factors including income levels, employment segment, nationality etc. The Company also has an effective installment monitoring system which allows it to identify potential problem accounts. An allowance for ECL is maintained at a level which, in the judgment of management, is adequate to provide for potential losses that can be reasonably anticipated.

Cash and cash equivalents

The Company uses "low credit risk" practical expedient for the cash and cash equivalents with the assumption that the credit risk on such financial instruments has not increased significantly since initial recognition, and therefore the ECL is estimated at an amount equal to the expected credit losses for a period of 12 months.

For banks, parties generally with a rating of A3 and above are accepted. The stated rating is as per the global bank ratings by Moody's Investors Service. Management does not expect any losses from non-performance by these counterparties. At 30 June 2022 and 31 December 2021, the ECL allowance on cash at bank was immaterial.

Other financial assets carried at amortised cost

Other financial assets at amortised cost include other receivables only. These instruments are considered to be 'low credit risk' since they have a low risk of default and the issuers have a strong capacity to meet their contractual cash flow obligations in the near term. At 30 June 2022 and 31 December 2021, the ECL allowance on other financial assets was immaterial.

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16 Financial instruments and risk management (continued)

16.2 Profit rate risk

Profit rate risk is the uncertainty of future earnings and expenses resulting from fluctuations in profit rates. The risk arises when there is a mismatch in the assets and liabilities which are subject to profit rate adjustment within a specified period. The most important source of such risk is the Company's financing activities and long-term borrowings. As at the statement of financial position date, the Company has profit bearing financial assets of Saudi Riyals 1,328.9 million (31 December 2021: Saudi Riyals 1,186.1 million). However, the profit rates have been agreed with the respective customers upon inception of the Islamic financing contracts. Further, the Company also has variable profit bearing financial liabilities of Saudi Riyals 708.8 million (31 December 2021: Saudi Riyals 675.7 million), and had the profit rate varied by 1% with all the other variables held constant, total comprehensive income /loss for the period would have been approximately Saudi Riyals 2.4 million (30 June 2021: Saudi Riyals 1.4 million) higher / lower, as a result of lower / higher finance cost on variable rate borrowings.

The Company's financial assets and liabilities are not significantly exposed to other elements of market risk including fair value risk, price risk and currency risk.

16.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters. In addition, the Company has access to credit facilities as made available by the Ultimate Parent Company.

Total unused credit facilities available to the Company as at 30 June 2022 were approximately Saudi Riyals 562.9 million (2021: Saudi Riyals 594.3 million).

Cash flow forecasting is performed by the management which monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits on any of its borrowing facilities allocated by the Ultimate Parent Company.

The tables on the next page analyses the Company's financial assets and financial liabilities into the relevant maturity groupings based on the remaining contractual maturity period at the reporting date. The amounts disclosed in the tables are the contractual undiscounted cash flows. Balances due within one year equal their carrying balances, as the impact of discounting is not significant.

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16 Financial instruments and risk management (continued)

16.3 Liquidity risk (continued)

30 June 2022 (Unaudited)	Nature	Up to 3 months	More than 3 months and up to one year	1 to 3 years	More than 3 years	Total
Financial assets						
Investment in Islamic financing contracts	Profit bearing	244,888,296	620,953,941	880,531,358	228,053,336	1,974,426,931
Prepayments and other receivables	Non-profit bearing	1,049,345	511,490	-	675,496	2,236,331
Cash and cash equivalents	Non-profit bearing	20,870,497	-	-	-	20,870,497
		266,808,138	621,465,431	880,531,358	228,728,832	1,997,533,759
Financial liabilities						
Borrowings	Profit bearing	50,905,938	151,736,654	383,677,278	171,202,990	757,522,860
Trade and other payables	Non-profit bearing	73,193,312	-	-	-	73,193,312
		124,099,250	151,736,654	383,677,278	171,202,990	830,716,172
Net financial assets		142,708,888	469,728,777	496,854,080	57,525,842	1,166,817,587
31 December 2021 (Audited)	Nature	Up to 3 months	More than 3 months and up to one year	1 to 3 years	More than 3 years	Total
Financial assets						
Investment in Islamic financing contracts	Profit bearing	206,951,736	537,868,765	813,088,126	246,269,468	1,804,178,095
Prepayments and other receivables	Non-profit bearing	616,141	245,803	-	675,496	1,537,440
Cash and cash equivalents	Non-profit bearing	34,278,848	-	-	-	34,278,848
		241,846,725	538,114,568	813,088,126	246,944,964	1,839,994,383
Financial liabilities						
Borrowings	Profit bearing	39,757,435	131,576,327	357,275,703	177,520,747	706,130,212
Trade and other payables	Non-profit bearing	73,620,852	-	-	-	73,620,852
		113,378,287	131,576,327	357,275,703	177,520,747	779,751,064
Net financial assets		128,468,438	406,538,241	455,812,423	69,424,217	1,060,243,319

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17 Date of authorization of issue

The accompanying condensed interim financial information was authorized for issue by the Company's Board of Directors on 31 July 2022.