

**AMLAK INTERNATIONAL FOR REAL ESTATE
FINANCE COMPANY**
(A Saudi Joint Stock Company)
CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the three-month and six-month periods ended
30 June 2022
together with the
Independent Auditor's Review Report



Report on review of condensed interim financial statements

To the Shareholders of Amlak International for Real Estate Finance Company:
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Amlak International for Real Estate Finance Company (A Saudi Joint Stock Company) (the "Company") as at June 30, 2022 and the related condensed interim statement of income and comprehensive income for the three-month and six-month periods then ended, and the related condensed interim statements of changes in equity and cash flows for the six-month period then ended, and other explanatory notes (the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim 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 condensed interim 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 statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing 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 statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers


Khalid A. Mahdhar
License Number 368

August 2, 2022



AMLAK INTERNATIONAL FOR REAL ESTATE FINANCE COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
As at 30 June 2022
(SR '000)

		30 June 2022 <u>(Unaudited)</u>	31 December 2021 <u>(Audited)</u>
	Notes		
<u>ASSETS</u>			
Cash and cash equivalents	20	7,860	8,818
Investments		9,878	9,878
Positive fair value of derivatives		13,239	—
Murabaha receivables, net	5	231,241	143,573
Ijara receivables, net	6	2,976,130	3,181,997
Ijara mawsofa fi athemmah receivables, net	7	85,020	83,129
Prepayments and other assets		45,739	93,838
Property, equipment and right of use assets, net		43,666	46,238
Total assets		3,412,773	3,567,471
<u>LIABILITIES AND EQUITY</u>			
Accounts payable and other accruals	8	83,618	73,614
Negative fair value of derivatives		—	4,253
Zakat and income tax payable	9	18,241	25,272
Borrowings	10	1,710,713	2,039,876
SAMA deposit, net		396,266	217,592
Employees' end of service benefits		16,748	15,843
Total liabilities		2,225,586	2,376,450
<u>EQUITY</u>			
Share capital	11	906,000	906,000
Statutory reserve		89,081	89,081
Cash flow hedge reserve		13,239	(4,253)
Retained earnings		178,867	200,193
Total equity		1,187,187	1,191,021
Total liabilities and equity		3,412,773	3,567,471


Murad Alsadiq
Chief Finance Officer


Abdullah Al Sudairy
MD & CEO


Abdullah Al Howaish
Chairman

The attached notes 1 to 23 form part of these condensed interim financial statements.

AMLAK INTERNATIONAL FOR REAL ESTATE FINANCE COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF INCOME (UNAUDITED)
For the three-month and six-month periods ended 30 June 2022
(SR '000)

		For the three-month period ended 30 June		For the six-month period ended 30 June	
	Notes	2022	2021	2022	2021
INCOME					
Income from Murabaha contracts		4,634	3,084	9,123	5,890
Income from Ijara contracts		59,279	59,903	117,701	118,630
Income from Ijara mawsofa fi athemmah contracts		1,912	1,990	3,891	3,930
(Loss) /gain on sale of Ijara receivables portfolio		(2,468)	(477)	(3,329)	3,575
Fees and commission income		6,465	6,109	9,834	10,550
Total income from Murabaha, Ijara and Ijara Mawsofa Fi Athemmah		69,822	70,609	137,220	142,575
EXPENSES					
Finance and other related costs, net		(17,865)	(15,526)	(31,977)	(30,816)
Fee expense		(821)	(709)	(1,630)	(1,446)
Net income from Murabaha, Ijara and Ijara Mawsofa Fi Athemmah		51,136	54,374	103,613	110,313
Other operating income					
Other income		3,646	968	3,434	972
		54,782	55,342	107,047	111,285
OPERATING EXPENSES					
Depreciation		(2,338)	(2,081)	(4,668)	(4,133)
General and administrative expenses	14	(24,364)	(20,360)	(45,144)	(41,659)
Selling and marketing expenses	15	(4,014)	(3,670)	(6,832)	(7,138)
Impairment allowance reversal for expected credit losses, net		7,875	1,763	12,588	2,037
Net income for the period before zakat and income tax		31,941	30,994	62,991	60,392
Zakat and income tax expense	9	(3,381)	(2,776)	(7,307)	(6,975)
Net income for the period		28,560	28,218	55,684	53,417
Basic and diluted earnings per share (SR)	13	0.32	0.31	0.61	0.59


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MD & CEO


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AMLAK INTERNATIONAL FOR REAL ESTATE FINANCE COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
For the three-month and six-month periods ended 30 June 2022
(SR '000)

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Net income for the period	28,560	28,218	55,684	53,417
Other comprehensive income				
<i>Items that may be reclassified to statement of income in subsequent periods:</i>				
Net movement in cash flow hedges	5,392	1,933	17,492	2,825
Total comprehensive income	<u>33,952</u>	<u>30,151</u>	<u>73,176</u>	<u>56,242</u>



Murad Alsadiq
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Abdullah Al Sudairy
MD & CEO

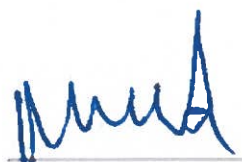


for Abdullah Al Howaish
Chairman

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AMLAK INTERNATIONAL FOR REAL ESTATE FINANCE COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the six-month period ended 30 June 2022
(SR '000)

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Cash flow hedge reserve</u>	<u>Retained earnings</u>	<u>Total</u>
<u>For the period ended 30 June 2022</u>					
Balance at 1 January 2022	906,000	89,081	(4,253)	200,193	1,191,021
Net income for the period	--	--	--	55,684	55,684
Other comprehensive income	--	--	17,492	--	17,492
Dividends (note 12)	--	--	--	(77,010)	(77,010)
Balance at 30 June 2022	906,000	89,081	13,239	178,867	1,187,187
<u>For the period ended 30 June 2021</u>					
Balance at 1 January 2021	906,000	78,306	(11,255)	175,376	1,148,427
Net income for the period	--	--	--	53,417	53,417
Other comprehensive income	--	--	2,825	--	2,825
Dividends (note 12)	--	--	--	(72,482)	(72,482)
Balance at 30 June 2021	906,000	78,306	(8,430)	156,311	1,132,187



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Abdullah Al Sudairy
MD & CEO



Abdullah Al Howaish
Chairman

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AMLAQ INTERNATIONAL FOR REAL ESTATE FINANCE COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
For the three-month and six-month periods ended 30 June 2022
(SR '000)

	Notes	For the six-month period ended 30 June <u>2022</u>	2021
Cash flows from operating activities:			
Net income for the period before zakat and income tax		62,991	60,392
<i>Non-cash adjustment to reconcile net income before zakat and income tax for the period to net cash from operating activities</i>			
Depreciation		4,668	4,133
Finance cost		31,713	31,313
Employees' end of service benefits		1,266	1,459
Impairment allowance reversal for expected credit losses, net		(12,588)	(2,037)
Modification loss on Murabaha and Ijara receivables, net		(1,345)	398
Modification gain on borrowings, net		-	888
Loss / (gain) on SAMA deposit, net		264	(1,386)
Disposal of property and equipment		205	-
Loss / (gain) on sale of Ijara receivables portfolio		3,329	(43)
Other (income) / loss		196	(393)
		<u>90,699</u>	<u>94,724</u>
<i>(Increase)/ decrease in operating assets</i>			
Murabaha receivables		(88,435)	(6,556)
Ijara receivables		217,140	75,640
Ijara mawsofa fi athemmah receivables		(1,792)	(3,847)
Prepayments and other assets		48,099	27,929
<i>Increase / (decrease) in operating liabilities</i>			
Accounts payable and other accruals		12,672	(20,522)
		<u>278,383</u>	<u>167,368</u>
Finance cost paid		(31,182)	(28,281)
Employees' end of service benefits paid		(361)	(1,265)
Zakat and income tax paid	9	(14,877)	(16,917)
Net cash generated from operating activities		<u>231,963</u>	<u>120,905</u>
Cash flows from investing activities			
Purchase of property and equipment		(2,301)	(1,748)
Net cash used in investing activities		<u>(2,301)</u>	<u>(1,748)</u>
Cash flows from financing activities			
Repayment against borrowings		(858,975)	(604,284)
Proceeds from borrowings		530,000	530,000
Dividend paid	12	(77,010)	(72,482)
SAMA deposit received		264,390	95,889
SAMA deposit repaid		(85,980)	(45,734)
Payment of lease liabilities		(3,045)	(3,265)
Net cash used in financing activities		<u>(230,620)</u>	<u>(99,876)</u>
Net change in cash and cash equivalents		<u>(958)</u>	<u>19,281</u>
Cash and cash equivalents at beginning of the period		8,818	25,051
Cash and cash equivalents at end of the period	20	<u>7,860</u>	<u>44,332</u>
Non-cash supplemental information:			
Net changes in fair value of cash flow hedge		17,492	2,825

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Chief Finance Officer

Abdullah Al Sudairy
MD & CEO

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Chairman

The attached notes 1 to 23 form part of these condensed interim financial statements

AMLAK INTERNATIONAL FOR REAL ESTATE FINANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the three-month and six month periods ended 30 June 2022
(SR '000)

1. THE COMPANY AND THE NATURE OF OPERATIONS

Amlak International for Real Estate Finance Company ("Amlak" or the "Company") is a Saudi Joint Stock Company established and registered in the Kingdom of Saudi Arabia under commercial registration number 1010234356 in Riyadh dated 25 Jumada Awwal 1428H (corresponding to 11 June 2007).

As per the revised commercial registration certificate of the Company dated 11 Ramadan 1435H (corresponding to 8 July 2014), the objective of the Company is to provide real estate finance as per Saudi Central Bank ("SAMA") license dated 21 Safar 1435H (corresponding to 24 December 2013).

The registered office of the Company is located at Thumamah Road, Riyadh, Kingdom of Saudi Arabia. A Corporate Office was established in Jeddah by the Company during the year 2019. The Company has following branches in the Kingdom of Saudi Arabia:

<u>Branch Commercial Registration Number</u>	<u>Date of issuance</u>	<u>Location</u>
2050057816	30/12/1428	Khobar
4030171680	24/07/1428	Jeddah

The Company has a wholly owned entity, Amlak International For Real Estate Development Company (the "Subsidiary"), which has a share capital of SR 500,000. The objective of the Subsidiary is to hold titles of real estate properties financed by the Company. The Company has not consolidated the Subsidiary as assets and liabilities of the Subsidiary are not considered material.

2. BASIS OF PREPARATION

2.1 *Statement of compliance*

The condensed interim financial statements of the Company as at and for the period ended 30 June 2022 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 Organisation for Chartered and Professional Accountants ("SOCPA").

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended 31 December 2021.

The Company does not present current and non-current assets and liabilities separately in the statement of financial position. Instead, assets and liabilities are presented in order of their liquidity.

2.2 *Basis of measurement*

These condensed interim financial statements have been prepared on a going concern basis under the historical cost convention except for the measurement of investments and derivatives, which are carried at fair value. Further, employees' end of service benefits are measured at present value of future obligations using the Projected Unit Credit Method.

2.3 *Functional and presentation currency*

These condensed interim financial statements are presented in Saudi Arabian Riyals (SR), as it is the functional currency of the Company. All financial information presented has been rounded-off to the SR in thousand unless otherwise stated.

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

(a) *Accounting standards issued but not yet effective*

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The Company is assessing the impact of these standards and expects that the impact will not be material.

AMLAK INTERNATIONAL FOR REAL ESTATE FINANCE COMPANY
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For the three-month and six month periods ended 30 June 2022
(SR '000)

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS (Continued)

(b) New standards, interpretations and amendments adopted by the Company

The International Accounting Standard Board (IASB) has issued following accounting standards, amendments, which were effective from periods on or after January 1, 2022. The management has assessed that the amendments have no significant impact on the Company's condensed interim financial statements.

- Amendments to IAS 37 - Onerous Contracts – Cost of Fulfilling a Contract;
- Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions Extension of the practical expedient
- Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use;
- Amendments to IFRS 3 - Reference to the Conceptual Framework; and

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5. MURABAHA RECEIVABLES, NET

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Gross Murabaha receivables	231,793	144,423
Less: Impairment allowance for credit losses	(552)	(850)
Murabaha receivables, net	<u>231,241</u>	<u>143,573</u>

- 5.1 The maturity profile of Murabaha receivables as at 30 June 2022 and 31 December 2021 is as follows:

	30 June 2022 (Unaudited)			
	Not later than <u>one year</u>	Later than one year but not later than <u>five years</u>	Later than <u>five years</u>	Total
Gross Murabaha receivables	39,276	159,769	32,749	231,793
Less: Impairment allowance for credit losses				(552)
Murabaha receivables, net				<u>231,241</u>

	31 December 2021 (Audited)			
	Not later than <u>one year</u>	Later than one year but not later than <u>five years</u>	Later than <u>five years</u>	Total
Gross Murabaha receivables	39,774	101,987	2,662	144,423
Less: Impairment allowance for credit losses				(850)
Murabaha receivables, net				<u>143,573</u>

AMLAQ INTERNATIONAL FOR REAL ESTATE FINANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the three-month and six month periods ended 30 June 2022
(SR '000)

6. IJARA RECEIVABLES, NET

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Gross Ijara receivables	4,024,691	4,294,125
Less: Unearned income	<u>(973,589)</u>	<u>(1,023,899)</u>
	3,051,102	3,270,226
Less: Impairment allowance for expected credit losses	<u>(74,972)</u>	<u>(88,229)</u>
Ijara receivables, net	<u>2,976,130</u>	<u>3,181,997</u>

6.1 The maturity profile of Ijara receivables as at 30 June 2022 and 31 December 2021 is as follows:

30 June 2022 (Unaudited)				
	Not later than one year	Later than one year but not later than five years	Later than five years	Total
Ijara receivables	908,535	2,002,114	1,114,042	4,024,691
Less: Unearned income	<u>(207,264)</u>	<u>(483,608)</u>	<u>(282,717)</u>	<u>(973,589)</u>
	701,271	1,518,506	831,325	3,051,102
Less: Impairment allowance for credit losses				<u>(74,972)</u>
Ijara receivables, net				<u>2,976,130</u>

31 December 2021 (Audited)				
	Not later than one year	Later than one year but not later than five years	Later than five years	Total
Ijara receivables	946,945	2,169,878	1,177,302	4,294,125
Less: Unearned income	<u>(224,632)</u>	<u>(524,616)</u>	<u>(274,651)</u>	<u>(1,023,899)</u>
	722,313	1,645,262	902,651	3,270,226
Less: Impairment allowance for credit losses				<u>(88,229)</u>
Ijara receivables, net				<u>3,181,997</u>

7. IJARA MAWSOFA FI ATHEMMAH RECEIVABLES, NET

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Gross Ijara mawsofa fi athemmah receivables	134,085	130,253
Less: Unearned income	<u>(49,038)</u>	<u>(46,998)</u>
	85,047	83,255
Less: Impairment allowance for credit losses	<u>(27)</u>	<u>(126)</u>
Ijara mawsofa fi athemmah receivables, net	<u>85,020</u>	<u>83,129</u>

AMLAK INTERNATIONAL FOR REAL ESTATE FINANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the three-month and six month periods ended 30 June 2022
(SR '000)

7. IJARA MAWSOFA FI ATHEMMAH RECEIVABLES, NET (CONTINUED)

7.1 The maturity profile of Ijara mawsofa fi athemmah receivables as at 30 June 2021 and 31 December 2020 is as follows:

	30 June 2022 (Unaudited)			Total
	Not later than one year	Later than one year but not later than five years	Later than five years	
Ijara mawsofa fi athemmah receivables	10,239	35,499	88,347	134,085
Less: Unearned income	(5,067)	(17,304)	(26,667)	(49,038)
	<u>5,172</u>	<u>18,195</u>	<u>61,680</u>	<u>85,047</u>
Less: Impairment allowance for credit losses				(27)
Ijara mawsofa fi athemmah receivables, net				<u>85,020</u>

	31 December 2021 (Audited)			Total
	Not later than one year	Later than one year but not later than five years	Later than five years	
Ijara mawsofa fi athemmah receivables	9,594	34,485	86,174	130,253
Less: Unearned income	(4,851)	(16,472)	(25,675)	(46,998)
	<u>4,743</u>	<u>18,013</u>	<u>60,499</u>	<u>83,255</u>
Less: Impairment allowance for credit losses				(126)
Ijara mawsofa fi athemmah receivables, net				<u>83,129</u>

8. ACCOUNTS PAYABLE AND OTHER ACCRUALS

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Financing to customers (note 8.1)	23,162	20,505
Lease liabilities	19,439	22,107
Accrued expenses	11,779	9,725
Salaries and employee related expenses	9,505	16,054
Amount received from customers (note 8.2)	1,497	2,659
Payable to the Ministry of Housing	380	380
Others (notes 8.3)	17,856	2,184
	<u>83,618</u>	<u>73,614</u>

8.1 Financing to customers arise when the financing arrangement has been agreed with the customer and accordingly financing has been recorded, but the amount is not disbursed due to administrative time required for the transfer of legal title of property. It also includes advance installments received from customers.

8.2 This majorly represents down payment received from the customers, which is not paid to the seller of the property as at the reporting date.

8.3 This includes amount pertaining to late payment charges accrued from customers equal to SR 3.2 million (2021: SR 1.8 million). In accordance with the Shari'a advisor, late payment charges collected are recognized as other liabilities in the statement of financial position and are to be paid out as charity. Further, this includes payable to Saudi Real Estate Refinance Company amounting to SR 9 million in relation to payable under servicing agreement.

AMLAQ INTERNATIONAL FOR REAL ESTATE FINANCE COMPANY
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the three-month and six month periods ended 30 June 2022
(SR '000)

9. ZAKAT AND INCOME TAX

a) The movement in zakat and income tax is as follow:

	For the six-month period ended 30 June 2022 (Unaudited)		
	<u>Zakat</u>	<u>Income tax</u>	<u>Total</u>
Balance at the beginning of the period	25,272	--	25,272
Charge for the period	7,307	--	7,307
Charge for prior period	196	--	196
Unwinding of discount	343	--	343
Payments made during the period	(14,877)	--	(14,877)
Balance as at end of the period (note 9.1)	<u>18,241</u>	<u>--</u>	<u>18,241</u>
	For the six-month period ended 30 June 2021 (Unaudited)		
	<u>Zakat</u>	<u>Income tax</u>	<u>Total</u>
Balance at the beginning of the period	31,847	--	31,847
Charge for the period	6,975	--	6,975
Unwinding of discount	343	--	343
Payments made during the period	(16,917)	--	(16,917)
Balance as at end of the period	<u>22,248</u>	<u>--</u>	<u>22,248</u>
	For the year ended 31 December 2021 (Audited)		
	<u>Zakat</u>	<u>Income tax</u>	<u>Total</u>
Balance at the beginning of the year	31,847	--	31,847
Charge / reversal for the year	15,054	--	15,054
Unwinding of discount	686	--	686
Payments made during the year	(22,315)	--	(22,315)
Balance as at end of the year (note 9.1)	<u>25,272</u>	<u>--</u>	<u>25,272</u>

9.1 This includes SR 10.401 million (31 Dec 2021: SR 10.057 million) payable against the settlement agreement with Zakat, Tax and Customs Authority ("ZATCA") in respect of zakat assessment years from 2013 to 2017.

b) Zakat and income tax assessment status

Zakat and income tax declarations for all the years up till 2021 have been filed with the ZATCA and acknowledgement certificates have been obtained.

During the period ended 30 June 2022, the Company received final Zakat assessments for the years ended 31 December 2019 and 31 December 2020. The assessments led to increase in Zakat liability by SR 331,798 for the year ended 31 December 2019 and reduction in Zakat liability by SR 57,842 for the year ended 31 December 2020. The Company has accepted the assessments raised by ZATCA.

10. BORROWINGS

These represent amounts borrowed from local banks and Saudi Real Estate Re-finance Company ("SRC") under Islamic borrowings approved by the Sharia Committee. These facilities carry borrowing costs at profit rates ranging from 3 month to 1 years Saudi Inter Bank Offer rates ("SIBOR") plus spread with maturity periods ranging from 1 month to 5 years and are secured by the assignment of proceeds from the Company's receivables.

AMLAQ INTERNATIONAL FOR REAL ESTATE FINANCE COMPANY
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the three-month and six month periods ended 30 June 2022
(SR '000)

11. SHARE CAPITAL

As at 30 June 2022, the Company's authorised, issued and paid-up share capital was SR 906 million (31 December 2021: SR 906 million) divided into 90.6 million shares (31 December 2021: 90.6 million shares) with a nominal value of SR 10 each.

12. DIVIDEND

During the six-month period ended 30 June 2022, the shareholders have approved, declared and paid a dividend of SR 77.01 million for the year 2021 (30 June 2021: SR 72.48).

13. EARNINGS PER SHARE

The basic and diluted earnings per share have been computed by dividing net income after zakat and income tax for the period by the weighted average numbers of share outstanding during the period.

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	(Unaudited)		(Unaudited)	
Net income for the period	28,560	28,218	55,684	53,417
Weighted average number of ordinary shares (in thousands)	90,600	90,600	90,600	90,600
Basic and diluted earnings per share (SR)	0.32	0.31	0.61	0.59

14. GENERAL AND ADMINISTRATIVE EXPENSES

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	(Unaudited)		(Unaudited)	
Salaries and employees related cost	15,040	14,760	29,552	28,171
Board fee and expenses	1,187	1,175	2,375	2,350
Information technology expenses	1,331	992	2,662	2,918
Professional fee	1,415	518	2,048	1,271
Communication	312	296	622	580
Rent and other expenses	186	368	240	500
Travelling expenses	207	188	369	310
Maintenance expenses	70	181	132	324
Others	4,616	1,882	7,144	5,235
	24,364	20,360	45,144	41,659

15. SELLING AND MARKETING EXPENSES

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	(Unaudited)		(Unaudited)	
Salaries and outsourcing costs	1,282	1,458	2,834	3,219
Insurance	2,107	1,448	2,748	2,405
Marketing expenses	625	764	1,250	1,514
	4,014	3,670	6,832	7,138

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16. RELATED PARTY TRANSACTIONS AND BALANCES

The related parties of the Company include its shareholders and their affiliated entities, the Subsidiary, members of the Board and its committees and key management personnel. In the ordinary course of its activities, the Company transacts business with its related parties on mutually agreed terms. Key management personnel represent Chief Executive Officer and his direct reports.

Significant transactions and balances arising from transactions with related parties are as follows:

Nature of transaction	Name of related party and relationship	For the three-month period ended 30 June		For the six-month period ended 30 June	
		<u>2022</u> (Unaudited)	<u>2021</u>	<u>2022</u> (Unaudited)	<u>2021</u>
Financing income	Key management personnel	34	35	66	86
Finance cost	The Saudi Investment Bank (shareholder)	4,794	2,879	8,087	5,721
Salaries and benefits	Key management personnel	2,867	4,288	11,114	9,816
Board meeting fees and other expenses	Board members	1,187	1,175	2,375	2,350
Insurance	SABB Takaful Company	83	--	83	--

Nature of balances and names of related parties	Relationship	Balances	
		<u>30 June 2022</u> (Unaudited)	<u>31 December 2021</u> (Audited)
Bank balances:			
The Saudi Investment Bank	Shareholder	737	1,805
Prepayments and other assets:			
Alistithmar Capital	Affiliate	--	1,774
Bank borrowings:			
The Saudi Investment Bank	Shareholder	366,747	450,446
Financing and advances:			
Key management personnel	Key management personnel	672	628
Investment at FVTPL:			
SAIB Saraya Tower Real Estate Development Fund	Affiliate	8,985	8,985
Other receivables:			
Amlak International For Real Estate Development	Subsidiary	305	305
Board meeting and other expenses payable			
Board bonus and meeting expenses	Board members	2,322	3,900
Other payable:			
Amlak International For Real Estate Development*	Subsidiary	305	305

* The balance amounting to SR 0.3 million is recorded as a receivable in standalone financial statements of subsidiary.

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17. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Company.

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash and cash equivalents, investments, derivatives, Murabaha, Ijara and Ijara Mawsofa Fi Athemmah receivables and other receivables. Financial liabilities consist of borrowings, SAMA deposits, payables and derivatives.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows the carrying amount and fair values of financial assets and financial liabilities where fair value is different from carrying value or where the financial assets and liabilities are recorded at fair value, including their levels in the fair value hierarchy.

30 June 2022 (Unaudited)	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets:</u>					
Investments	9,878	--	--	9,878	9,878
Murabaha receivables, net	231,241	--	--	228,577	228,577
Ijara receivables, net	2,976,130	--	--	3,037,644	3,037,644
Ijara mawsofa fi athemmah receivables, net	85,020	--	--	85,298	85,298
Positive fair value of derivatives	13,239	--	13,239	--	13,239
<u>Financial liabilities:</u>					
Negative fair value of derivatives	--	--	--	--	--

		Fair Value			
31 December 2021 (Audited)	Carrying Value	Level 1	Level 2	Level 3	Total
<u>Financial assets:</u>					
Investments	9,878	--	--	9,878	9,878
Murabaha receivables, net	143,573	--	--	144,915	144,915
Ijara receivables, net	3,181,997	--	--	3,286,957	3,286,957
Ijara mawsofa fi athemmah receivables, net	83,129	--	--	83,386	83,386
<u>Financial liabilities:</u>					
Negative fair value of derivatives	4,253	--	4,253	--	4,253

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17. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The valuation of fixed rate Murabaha receivables, Ijara receivables and Ijara Mowsofa Fi Athemmah receivables are estimated using contractual cash flows discounted at latest yield, which is the contracted profit rate for recent transactions. Input into the discounted cash flow techniques includes recent yields and contractual cash flows.

Management assessed that the carrying amount of other financial instruments largely approximate fair value due to either short-term maturities or re-pricing of the special commission on those instruments and these financial instruments are classified as level 3.

There have been no transfers to and from any levels during the period.

18. COMMITMENTS AND CONTINGENCIES

Financing facilities approved but not utilised:

The Company has facilities approved but not utilised, indicative offers issued which are under consideration of the customers as of the reporting date which have the potential to convert into financing amounting to SR 105.8 million (31 December 2021: SR 162.2 million).

19. SEGMENT INFORMATION

The Company's objective is to provide financing for real estate leases in the Kingdom of Saudi Arabia. All assets, liabilities and operations as reflected in the condensed statements of financial position, income and comprehensive income belong to the real estate financing segment.

For management purposes, the Company is organised into the following primary business segments:

Retail

These represents finance products granted to small and medium sized businesses and individuals.

Corporate

These represents financing products granted to corporate, high net worth individuals and institutional customers.

Head office

Head office is responsible for managing the surplus liquidity of the Company through short term market placements. It also provides support services to the business functions.

The Company's total assets and liabilities as at 30 June 2022 and 31 December 2021 and its total operating income, expenses and net profit for the six-month period ended 30 June 2022 and 30 June 2021 are as follows:

	<u>Retail</u>	<u>Corporate</u>	<u>Head office</u>	<u>Total</u>
For the period ended 30 June 2022				
(Unaudited)				
Total income	37,769	101,255	--	139,024
Total expenses	29,822	46,211	--	76,033
Segment income before zakat and income tax	7,947	55,044	--	62,991
For the period ended 30 June 2021				
(Unaudited)				
Total income	41,513	100,588	--	142,101
Total expenses	25,373	56,336	--	81,709
Segment income before zakat and income tax	16,140	44,252	--	60,392

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19. SEGMENT INFORMATION (CONTINUED)

<u>As at 30 June 2022 (Unaudited)</u>	<u>Retail</u>	<u>Corporate</u>	<u>Head Office</u>	<u>Total</u>
Total assets	1,015,400	2,332,606	64,767	3,412,773
Total liabilities	626,889	1,464,763	133,934	2,225,586
<u>As at 31 December 2021 (Audited)</u>				
Total assets	1,029,331	2,483,084	55,056	3,567,471
Total liabilities	651,353	1,594,440	130,657	2,376,450

Below is the reconciliation of revenue and expenses from condensed interim financial statements to operating segment note:

	<u>For the six-month period ended 30 June</u>	
	<u>2022</u>	<u>2021</u>
	<u>(Unaudited)</u>	
<u>Income</u>		
Total income from Murabaha, Ijara and Ijara Mawsofa Fi		
Athemmah receivables	137,220	142,575
Fee expenses	(1,630)	(1,446)
Other income / (loss)	3,434	972
Total income – as per operating segment note	139,024	142,101
<u>Expenses</u>		
Finance costs	(31,977)	(30,816)
Depreciation	(4,668)	(4,133)
General and administrative expenses	(45,144)	(41,659)
Selling and marketing expenses	(6,832)	(7,138)
Impairment allowance reversal for expected credit losses, net	12,588	2,037
Total expense – as per operating segment note	(76,033)	(81,709)

20. CASH AND CASH EQUIVALENTS

	<u>30 June 2022</u>	<u>31 December 2021</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
Cash in hand	30	30
Cash at bank – current accounts	7,830	8,788
	7,860	8,818

21. IBOR TRANSITION (INTEREST RATE BENCHMARK REFORMS)

A fundamental review and reform of major interest rate benchmarks is being undertaken globally. The International Accounting Standards Board (“IASB”) has published, in two phases, amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 in order to address issues that might affect financial reporting after the reform of a profit rate benchmark, including the replacement of an existing Inter-bank Offer Rate (“IBOR”) with an alternative Risk-Free Rate (“RFR”).

As of 30 June 2022, the Company does not hold any significant instruments or other arrangements that are impacted by IBOR reforms.

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22. SUBSEQUENT EVENT

There have been no events subsequent to the reporting date that would require adjustment nor disclosure to the condensed interim financial statements as at and for the six-months period ended 30 June 2022.

23. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

The condensed interim financial statements have been approved by the Board of Directors on 4 Muharram1444H (corresponding to 2 August 2022).