

**DAR AL TAMLEEK COMPANY**  
(A Saudi Closed Joint Stock Company)

**UNAUDITED CONDENSED INTERIM  
FINANCIAL STATEMENTS**

For the three-month period ended March 31, 2022  
together with the Independent Auditors' Review Report



## KPMG Professional Services

Zahran Business Center  
Prince Sultan Street  
P.O. Box 55078  
Jeddah 21534  
Kingdom of Saudi Arabia  
Commercial Registration No 4030290792

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

مركز زهران للأعمال  
شارع الأمير سلطان  
ص.ب 55078  
جده 21534  
المملكة العربية السعودية  
سجل تجاري رقم 4030290792  
المركز الرئيسي في الرياض

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

To the Shareholders of Dar Al Tamleek Company

## Introduction

We have reviewed the accompanying condensed interim financial statements of **Dar Al Tamleek Company ("the Company")**, which comprises:

- the condensed statement of financial position as at March 31, 2022;
- the condensed statements of profit or loss and other comprehensive income for the three-month period ended March 31, 2022;
- the condensed statement of changes in shareholders' equity for the three-month period ended March 31, 2022;
- the condensed statement of cash flows for the three-month period ended March 31, 2022; and
- the notes to the condensed interim financial statements.

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

## Scope of review

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

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying March 31, 2022 condensed interim financial statements of **Dar Al Tamleek Company ("the Company")** are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services

Nasser Ahmed Al Shutairi  
License No. 454



Jeddah, April 28, 2022  
Corresponding to Ramadan 27, 1443H

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كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس ماله (25,000,000) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبين ومراجعين قانونيين". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة

Commercial Registration of the headquarters in Riyadh is 1010425494.

**DAR AL TAMLEEK COMPANY**  
(A Saudi Closed Joint Stock Company)

**CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**

As at March 31, 2022

Expressed in Saudi Arabian Riyals

	<u>Notes</u>	<b>March 31, 2022 (Unaudited)</b>	December 31, 2021 (Audited)
<b><u>ASSETS</u></b>			
Cash and cash equivalents	4	<b>166,179,017</b>	135,030,982
Accounts receivable and other assets		<b>30,855,033</b>	46,860,559
Properties for sale under finance leases		<b>10,190,998</b>	13,531,747
Net investment in finance leases	5	<b>163,777,060</b>	155,448,219
Servicing rights under agency arrangements	6	<b>495,301,480</b>	497,738,213
Investments at FVOCI		<b>892,850</b>	892,850
Right of use assets		<b>8,895,750</b>	9,554,998
Property and equipment		<b>3,211,789</b>	1,392,749
Intangible assets		<b>536,339</b>	--
<b>TOTAL ASSETS</b>		<b><u>879,840,316</u></b>	<u>860,450,317</u>
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>			
<b><u>LIABILITIES</u></b>			
Accounts payable and accruals	7	<b>182,594,057</b>	234,562,586
Loans and borrowings		<b>70,236,506</b>	25,061,475
Employees' end of service benefits		<b>13,341,537</b>	13,046,038
Payable for properties for sale under finance leases		<b>10,315,739</b>	11,378,744
Lease Liability		<b>9,251,678</b>	10,008,980
<b>Total liabilities</b>		<b><u>285,739,517</u></b>	<u>294,057,823</u>
<b><u>SHAREHOLDERS' EQUITY</u></b>			
Share capital	8	<b>358,750,000</b>	358,750,000
Statutory reserve	8	<b>61,996,638</b>	61,996,638
Retained earnings		<b>173,354,161</b>	145,645,856
<b>Total shareholders' equity</b>		<b><u>594,100,799</u></b>	<u>566,392,494</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b><u>879,840,316</u></b>	<u>860,450,317</u>

The accompanying notes 1 through 15 form an integral part of these condensed interim financial statements.

**DAR AL TAMLEEK COMPANY**  
(A Saudi Closed Joint Stock Company)

**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)**

For the three-month period ended March 31, 2022

Expressed in Saudi Arabian Riyals

	<u>Notes</u>	<b>For the three-month period ended 31 March 2022</b>	<b>For the three-month period ended 31 March 2021</b>
<b>Income</b>			
Income from finance leases		<b>4,070,406</b>	6,512,409
Income from agency arrangements		<b>40,405,806</b>	54,634,179
Gain from sale of Portfolio		<b>274,827</b>	--
<b>Total Income</b>		<b>44,751,039</b>	61,146,588
Amortization of servicing rights under agency arrangements	6	<b>(17,716,889)</b>	(15,444,971)
<b>Gross Profit</b>		<b>27,034,150</b>	45,701,617
<b>Operating expenses</b>			
Selling and marketing expenses		<b>(13,916,005)</b>	(14,059,015)
General and administrative expenses		<b>(7,611,785)</b>	(8,438,713)
Allowance for expected credit losses	5.3	<b>1,026,191</b>	(121,388)
<b>Net operating income</b>		<b>6,532,551</b>	23,082,501
Reversal of accruals no longer required	9	<b>24,738,287</b>	--
Financial charges		<b>(408,163)</b>	(280,736)
Other income		<b>35,418</b>	53,147
<b>Profit for the period before Zakat</b>		<b>30,898,093</b>	22,854,912
Zakat charge	9	<b>(3,189,788)</b>	(2,356,524)
<b>Net profit for the period</b>		<b>27,708,305</b>	20,498,388
<b>Other comprehensive income for the period</b>		--	--
<b>Total comprehensive income for the period</b>		<b>27,708,305</b>	20,498,388
<b>Basic and diluted earnings per share</b> (expressed in SR per share)	10	<b>0.77</b>	0.57

The accompanying notes 1 through 15 form an integral part of these condensed interim financial statements.

**DAR AL TAMLEEK COMPANY**  
(A Saudi Closed Joint Stock Company)

**CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)**

For the three-month period ended March 31, 2022

Expressed in Saudi Arabian Riyals

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Retained earnings</u>	<u>Total</u>
Balance as at January 1, 2022	358,750,000	61,996,638	145,645,856	566,392,494
Net profit and other comprehensive income for the period	<u>          --</u>	<u>          --</u>	<u>27,708,305</u>	<u>27,708,305</u>
<b>Balance as at March 31, 2022</b>	<b><u>358,750,000</u></b>	<b><u>61,996,638</u></b>	<b><u>173,354,161</u></b>	<b><u>594,100,799</u></b>
Balance as at January 1, 2021	358,750,000	55,227,268	153,121,519	567,098,787
Net profit and other comprehensive income for the period	<u>          --</u>	<u>          --</u>	<u>20,498,388</u>	<u>20,498,388</u>
Balance as at March 31, 2021	<u>358,750,000</u>	<u>55,227,268</u>	<u>173,619,907</u>	<u>587,597,175</u>

The accompanying notes 1 through 15 form an integral part of these condensed interim financial statements.

**DAR AL TAMLEEK COMPANY**  
(A Saudi Closed Joint Stock Company)

**CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)**

For the three-month period ended March 31, 2022

Expressed in Saudi Arabian Riyals

	Notes	For the three-month period ended 31 March 2022	For the three-month period ended 31 March 2021
<b>Operating activities:</b>			
Profit for the period before Zakat		30,898,093	22,854,912
<i>Adjustments for:</i>			
Depreciation of property and equipment		240,694	318,693
Amortization of intangible assets		38,292	--
Depreciation of right-of-use assets		659,248	462,208
Amortization of servicing rights under agency arrangements	6	17,716,889	15,444,971
Allowance for expected credit loss		(1,026,191)	121,388
Servicing rights under agency arrangements		(15,280,156)	(30,198,127)
Reversal of accruals no longer required	9	24,738,287	--
Finance charges		408,163	280,736
Employees' benefits charge for the period		375,000	521,220
Share based payments charge for the period		--	1,500,000
		<u>58,768,319</u>	<u>11,306,001</u>
<b>Changes in operating assets and liabilities</b>			
Accounts receivable and other assets		16,158,526	10,701,081
Properties for sale under finance leases		3,340,749	4,634,535
Net investment in finance leases		(27,207,946)	(3,626,111)
Accounts payable and other liabilities		(80,049,603)	(81,073,149)
Payable for properties for sale under finance leases		(1,063,005)	(4,634,535)
<b>Cash flow used in operations</b>		<u>(30,052,960)</u>	<u>(62,692,178)</u>
Employees' benefits paid		(79,501)	(132,899)
Financial charges paid		(233,132)	(209,547)
<b>Net cash used in operating activities</b>		<u>(30,365,593)</u>	<u>(63,034,624)</u>
<b>Investing activities:</b>			
Purchase of intangible assets		(574,631)	--
Purchase of property and equipment		(2,059,734)	(275,775)
<b>Net cash used in invested activities</b>		<u>(2,634,365)</u>	<u>(275,775)</u>
<b>Financing activities:</b>			
Repayments of bank borrowings		(25,000,000)	(30,355,742)
Proceeds from short-term borrowing		70,000,000	--
Proceeds from disposal of net investment in finance lease		19,905,295	--
Payment of lease liabilities		(757,302)	(755,609)
<b>Net cash generated from / (used in) financing activities</b>		<u>64,147,993</u>	<u>(31,111,351)</u>
<b>Increase / (decrease) in cash and cash equivalents</b>		<u>31,148,035</u>	<u>(94,421,750)</u>
Cash and cash equivalents at beginning of the period	4	<u>135,030,982</u>	<u>161,026,489</u>
<b>Cash and cash equivalents at end of the period</b>	4	<u>166,179,017</u>	<u>66,604,739</u>

The accompanying notes 1 through 15 form an integral part of these condensed interim financial statements.

**DAR AL TAMLEEK COMPANY**  
(A Saudi Closed Joint Stock Company)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

For the three-month period ended March 31, 2022

Expressed in Saudi Arabian Riyals

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**1. ORGANIZATION AND PRINCIPAL ACTIVITIES**

Dar Al Tamleek Company (“the Company”) is a Saudi Closed Joint Stock Company, incorporated under the Ministerial Resolution No. 155 dated Jumada Awal 5, 1429H (corresponding to May 11, 2008). The Company is registered in the Kingdom of Saudi Arabia under Commercial Registration No. 4030180844 dated Rajab 9, 1429H (corresponding to July 12, 2008) and fully owned by Saudi shareholders.

Pursuant to the promulgation of Real Estate Finance Law (“Real Estate Finance Law”) in the Kingdom of Saudi Arabia, the Company applied for, and received license from the Saudi Central Bank (“SAMA”) to operate as a leasing entity under the Real Estate Finance Law on Safar 28, 1435H, corresponding to December 31, 2013.

The Company is authorized to operate in the Kingdom of Saudi Arabia on the purchase, sale and ownership of land and real estate and real estate units for the purpose of financing, except in the cities of Makkah and Al Medina. The company is also working on the management of real estate financing programs to others.

The Company’s core operating activities comprise of the following:

- a) Originating real estate financing.
- b) Arranging real estate financing on behalf of third parties under a Program Management arrangement
- c) Sale of originated portfolio of real estate financing to third parties.
- d) Serving real estate financing on behalf of third parties.

The Company operates through its following registered branches:

<u>Branch</u>	<u>Commercial Registration No.</u>
Riyadh	1010278650
Jeddah	4030263817
Al Khobar	2050075914
Al Madina	7021558387
Buraida	7021558361
Dammam	7006418037
Hafr Albatin	7021558353
Hail	7021558429
Jeddah	7013597815
Makkah	7021558379
Tabuk	7021558403
Taif	7021558390
Abha	7021558411

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

Burj Al-Makhmal, Al-Roudah Street,  
P. O. Box 55026, Jeddah 21534,  
Kingdom of Saudi Arabia.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

For the three-month period ended March 31, 2022

Expressed in Saudi Arabian Riyals

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**2. BASIS OF PREPARATION**

**(a) Statement of compliance**

These condensed interim financial statements are prepared in accordance with IAS 34 - Interim Financial Reporting 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 Company prepares its financial statements to comply with SAMA regulations applicable to Real Estate Finance Entities, the Regulation for Companies in the Kingdom of Saudi Arabia and the Company’s By-laws. These condensed interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the Company’s annual financial statements for the year ended December 31, 2021.

The financial statements of the Company as at and for the three-month period ended March 31, 2022, were prepared in compliance with the IAS 34 and the International Financial Reporting Standards (“IFRS”) respectively, as modified by SAMA for the accounting of zakat and income tax, the requirements of SAMA regulations applicable to Real Estate Finance Entities, the Regulation for Companies in the Kingdom of Saudi Arabia and the Company’s By-laws.

On July 17, 2019, SAMA instructed finance companies in the Kingdom of Saudi Arabia to account for zakat and income taxes in the statement of profit or loss and other comprehensive income. This aligns with the IFRS and its interpretations as issued by the International Accounting Standards Board (“IASB”) as endorsed in the Kingdom of Saudi Arabia and with other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) (collectively referred to as “IFRS as endorsed in KSA”).

**(b) Basis of measurement**

The condensed interim financial statements have been prepared under the historical cost convention, except for investments at fair value through other comprehensive income (“FVOCI”) and employees’ end of service benefits

**(c) Functional and presentation currency**

These condensed interim financial statements are presented in Saudi Arabian Riyals (“SR”) which is the Company’s functional currency.

**(d) Critical accounting judgements, estimates and assumptions**

The preparation of condensed interim financial statements 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.



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

For the three-month period ended March 31, 2022

Expressed in Saudi Arabian Riyals

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

**(d) Critical accounting judgements, estimates and assumptions (continued)**

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected by the revision. The key areas requiring significant management judgments and estimates are consistent with those disclosed in note 2d to annual financial statements for the year ended December 31, 2021.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies used in the preparation of these condensed interim financial statements are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2021.

New IFRS pronouncements, effective 1 January 2022 (refer note 14) did not have any effect on the condensed interim financial statements.

At the date of authorization of these condensed interim financial statements, various Standards and Interpretations (including amendments thereto) were in issue but not yet effective. The management anticipates that adoption of these Standards and Interpretations in future periods will have no material impact on these condensed interim financial statements (refer note 14).

**4. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents, comprise of the following:

	<b>March 31, <u>2022</u> (Unaudited)</b>	December 31, <u>2021</u> (Audited)
Cash in hand	<b>52,644</b>	8,359
Cash at bank (Note 4.1)	<b><u>166,126,373</u></b>	<u>135,022,623</u>
	<b><u>166,179,017</u></b>	<u>135,030,982</u>

- 4.1 Cash at bank include an amount of SR 28.02 million (December 31, 2021: SR 11.16 million) representing cheques issued for the transfer of legal title of properties under finance leases (due to local applicable legal requirements) and shall be adjusted upon completion of such transfer.

**DAR AL TAMLEEK COMPANY**  
(A Saudi Closed Joint Stock Company)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

For the three-month period ended March 31, 2022

Expressed in Saudi Arabian Riyals

**5. NET INVESTMENT IN FINANCE LEASES**

5.1 Net investment in finance leases comprises of the following:

	<u>Current portion</u>	<u>Non-current portion</u>	<u>March 31, 2022</u>
<i><u>As at March 31, 2022 (Unaudited)</u></i>			
Gross investment in finance leases	<b>25,122,044</b>	<b>262,230,422</b>	<b>287,352,466</b>
Less: Unearned finance income	<u>(12,564,484)</u>	<u>(93,569,251)</u>	<u>(106,133,735)</u>
	<b><u>12,557,560</u></b>	<b><u>168,661,171</u></b>	<b>181,218,731</b>
Allowance for expected credit loss			<u>(17,441,671)</u>
<b>Net investment in finance leases</b>			<b><u>163,777,060</u></b>
<i><u>As at December 31, 2021 (Audited)</u></i>			
Gross investment in finance leases	23,622,908	259,339,264	282,962,172
Less: Unearned finance income	<u>(12,398,794)</u>	<u>(96,647,297)</u>	<u>(109,046,091)</u>
	<b><u>11,224,114</u></b>	<b><u>162,691,967</u></b>	173,916,081
Allowance for expected credit loss			<u>(18,467,862)</u>
Net investment in finance leases			<b><u>155,448,219</u></b>

5.2 Maturity analysis of the gross and net investment in finance lease based on the contractual maturity is as follows:

**5.2.1 Gross investment in finance lease**

	<b><u>March 31, 2022</u></b> <b>(Unaudited)</b>	December 31, <u>2021</u> (Audited)
Less than 1 year	<b>25,122,044</b>	23,622,908
1 to 5 years	<b>116,794,967</b>	110,587,654
Over 5 years	<b><u>145,435,455</u></b>	<u>148,751,610</u>
	<b><u>287,352,466</u></b>	<u>282,962,172</u>

**DAR AL TAMLEEK COMPANY**  
(A Saudi Closed Joint Stock Company)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

For the three-month period ended March 31, 2022

Expressed in Saudi Arabian Riyals

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

**5.2.2 Unearned finance income**

	<b>March 31, <u>2022</u> (Unaudited)</b>	December 31, <u>2021</u> (Audited)
Less than 1 year	12,564,484	12,398,794
1 to 5 years	48,952,602	49,280,904
Over 5 years	44,616,649	47,366,393
	<u>106,133,735</u>	<u>109,046,091</u>

**5.2.3 Net investment in finance lease before allowance for expected credit losses**

	<b>March 31, <u>2022</u> (Unaudited)</b>	December 31, <u>2021</u> (Audited)
Less than 1 year	12,557,560	11,224,114
1 to 5 years	67,842,365	61,306,750
Over 5 years	100,818,806	101,385,217
	<u>181,218,731</u>	<u>173,916,081</u>

**5.3 Movement in allowance for expected credit loss for the period ended March 31, 2022 is as follows:**

	<b>For the three- month period ended 31 March <u>2022</u> (Unaudited)</b>	For the three- month period ended 31 March <u>2021</u> (Unaudited)
Balance at the beginning of the period	18,467,862	19,725,406
Net (reversal) / charge for the period	<u>(1,026,191)</u>	<u>121,388</u>
Balance at the end of the period	<u>17,441,671</u>	<u>19,846,794</u>

**DAR AL TAMLEEK COMPANY**  
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

For the three-month period ended March 31, 2022

Expressed in Saudi Arabian Riyals

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**6. SERVICING RIGHTS UNDER AGENCY ARRANGEMENTS**

Movement in the servicing rights under agency arrangements is as follows:

	<b>March 31, <u>2022</u> (Unaudited)</b>	December 31, <u>2021</u> (Audited)
Balance at the beginning of the period / year	<b>497,738,213</b>	471,415,002
Addition during the period / year	<b>15,280,156</b>	89,174,943
Amortization for the period / year	<b>(17,716,889)</b>	(62,851,732)
Balance at the end of the period / year	<b><u>495,301,480</u></b>	<u>497,738,213</u>

**7. ACCOUNTS PAYABLE AND OTHER LIABILITIES**

Accounts payable and other liabilities includes SR 34.23 million (December 31, 2021: SR 59.77 million) payable to related parties in respect of lease instalments collected on their behalf under servicing arrangement and SR 15.27 million (December 31, 2021: SR 12.08 million) in respect to Accrued zakat (see note 9).

**8. SHARE CAPITAL**

As at March 31, 2022, the Company's authorised share capital as per its By-Laws is SR 358.75 million (December 31, 2021: SR 358.75 million) divided into 35.875 million shares of SR 10 each (December 31, 2021: 35.875 million shares of SR 10 each).

In accordance with the Company's By-laws and the Saudi Arabian Regulations for Companies, the Company set aside 10% of its net income each year as statutory reserve until such reserve equals to 30% of the share capital. This reserve is currently not available for distribution to the shareholders of the Company.

**9. ZAKAT**

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

Zakat expense is charged to the condensed statement of profit or loss and other comprehensive income. Zakat is not accounted for as income tax and as such no deferred tax is calculated relating to zakat.

**DAR AL TAMLEEK COMPANY**  
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

For the three-month period ended March 31, 2022

Expressed in Saudi Arabian Riyals

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**9. ZAKAT (continued)**

The company made a provision for Zakat amounting to SAR 25 million in “Accounts payable and accruals” in previous years. Since ZATCA did not initiate any reviews and based on recent ZATCA treatments in similar cases, the Company has applied the statute of limitation. Therefore the Company obtained the Board of Directors approval on March 30, 2022 and reversed the provision for Zakat as “Reversal of accruals no longer required” in condensed statement of profit or loss and other comprehensive income on March 31, 2022.

The movement in the zakat provision for the period / year is as follows:

	<b>March 31, <u>2022</u> (Unaudited)</b>	December 31, <u>2021</u> (Audited)
Balance at the beginning of the period / year	<b>12,076,363</b>	16,386,267
Zakat charge for the period / year	<b>3,189,788</b>	7,748,821
Payment made during the period / year	<u>                  --</u>	<u>          (12,058,725)</u>
<b>Balance at the end of the period / year</b>	<b><u>15,266,151</u></b>	<b><u>12,076,363</u></b>

**10. BASIC AND DILUTED EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the net income for the period by the weighted average number of shares outstanding during the period. The calculation of diluted earnings per share is not applicable to the Company.

**11. FAIR VALUE**

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 in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

**DAR AL TAMLEEK COMPANY**  
(A Saudi Closed Joint Stock Company)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

For the three-month period ended March 31, 2022

Expressed in Saudi Arabian Riyals

**11. FAIR VALUE (continued)**

As the accompanying condensed interim financial statements are prepared under the historical cost method, except for the investment at fair value through other comprehensive income (“FVOCI”), Servicing rights under agency arrangements, and the employees’ end of service benefits, differences may arise between the book values and the fair value estimates. At the reporting date, management believes that the fair values of the Company’s financial assets and liabilities are not materially different from their respective carrying values.

**12. CAPITAL MANAGEMENT**

The Board of Director’s policy is to maintain a strong capital base so as to maintain investor, credit and market confidence and to sustain future development of the business of the Company. Capital consists of ordinary shares and retained earnings of the Company. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The net debt to equity ratio as at March 31, 2022 and December 31, 2021 is as follows:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>
Total liabilities	<b>285,739,517</b>	294,057,823
Less: Cash and cash equivalents	<b>(166,179,017)</b>	(135,030,982)
<b>Adjusted net debt</b>	<b>119,560,500</b>	159,026,841
Total shareholders’ equity	<b>594,100,799</b>	566,392,494
<b>Adjusted net debt to equity ratio</b>	<b>20.12</b>	28.08

**13. IMPACT OF SAMA PROGRAMS**

During 2020 and 2021, the Coronavirus (“COVID-19”) pandemic disrupted global markets as many geographies experienced issues due to identification of multiple new variants of this infections. Significant improvement have been witnessed around the world after vaccination of mass population by various countries resulting in the reduction of active cases and relaxation of COVID restrictions.

The Company continues to evaluate the current macroeconomic situation including the impact of the pandemic and resultant government and SAMA support measures to date, such as repayment holidays and other mitigating packages, have had on the financing portfolio along with conducting review of credit exposure concentrations at a more granular level with particular focus on specific economic sectors, regions, counterparties and collateral protection and taking appropriate customer credit rating actions and initiating restructuring of loans, where required.

**Private Sector Financing Support Program (“PSFSP”):**

In response to COVID-19, SAMA launched the Private Sector Financing Support Program (“PSFSP”) in March 2020 to provide the necessary support to eligible (Stage 1 and Stage 2) Micro Small and Medium Enterprises (“MSME”) as defined by SAMA via Circular No. 381000064902 dated 16 Jumada II 1438H. The payment reliefs were considered as short-term liquidity support to address borrowers’ potential cash flow shortages. The PSFSP program has ended on March 31, 2022. This program has no impact on the Company as it has no MSME customers.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

For the three-month period ended March 31, 2022

Expressed in Saudi Arabian Riyals

**14. PRONOUNCEMENTS ISSUED**

The following is a brief on the other new IFRS and amendments to IFRS, effective for annual periods beginning on or after 1 January 2022. The Company has opted not to early adopt these pronouncements and they do not have a significant impact on the financial statements of the Company.

<b>Effective for annual periods beginning on or after</b>	<b>Standard, amendment or interpretation</b>	<b>Summary of requirements</b>
1-Jan-22	A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16	<p>Amendments to IFRS 3, ‘Business combinations’ update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.</p> <p>Amendments to IAS 16, ‘Property, plant and equipment’ prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in statement of income.</p> <p>Amendments to IAS 37, ‘Provisions, contingent liabilities and contingent assets’ specify which costs a company includes when assessing whether a contract will be loss-making.</p> <p>Annual improvements make minor amendments to IFRS 1, ‘First-time Adoption of IFRS’, IFRS 9, ‘Financial instruments’, IAS 41, ‘Agriculture’ and the Illustrative Examples accompanying IFRS 16, ‘Leases’.</p>
1-Jan-24	Amendments to IAS 1, ‘Presentation of financial statements’, on classification of liabilities	These narrow-scope amendments to IAS 1, ‘Presentation of financial statements’, clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

For the three-month period ended March 31, 2022

Expressed in Saudi Arabian Riyals

**14. PRONOUNCEMENTS ISSUED (continued)**

Effective for annual periods beginning on or after	Standard, amendment or interpretation	Summary of requirements
1-Jan-23	Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
1-Jan-23	Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction	These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
1-Jan-23	IFRS 17, 'Insurance contracts', as amended in June 2020	This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

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

These condensed interim financial statements were approved and authorized for issue by the management on April 28, 2022, corresponding to Ramadan 27, 1443H.