

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

**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

YANAL FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
Interim condensed financial statements - Unaudited
For the six-month period ended 30 June 2023

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Report on review of interim condensed financial statements

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

Introduction

We have reviewed the accompanying interim condensed statement of financial position of YANAL Finance Company (A Saudi Closed Joint Stock Company) (the "Company") as of 30 June 2023 and the related interim condensed statements of income and comprehensive income for the three-month and six-month periods then ended, and the interim statement of changes in shareholders' equity and cash flows for the six-month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34) as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.


Scope of review

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

Conclusion

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

PricewaterhouseCoopers



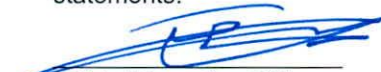
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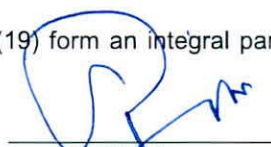
25 July 2023

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

	Note	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
Assets			
Non-current assets:			
Property and equipment and right of use assets		9,702,210	1,192,306
Intangible assets		826,896	971,157
Equity investment designated at fair value through other comprehensive income ("FVOCI")		892,850	892,850
Net investment in finance leases	5	411,190,670	429,243,612
Net investment in murabaha finance	6	347,885,298	296,864,750
Positive fair value of derivative	10	107,669	-
		<u>770,605,593</u>	<u>729,164,675</u>
Current assets:			
Current maturity of net investment in finance leases	5	470,284,769	459,562,536
Current maturity of net investment in murabaha finance	6	225,254,865	194,896,484
Advances, prepayments and other receivables	7	63,270,112	56,163,861
Cash and cash equivalents	8	31,318,284	33,450,475
		<u>790,128,030</u>	<u>744,073,356</u>
Total assets		<u>1,560,733,623</u>	<u>1,473,238,031</u>
Equity and liabilities			
Equity:			
Share capital		550,000,000	550,000,000
Statutory reserve		99,218,345	99,218,345
Retained earnings		261,654,543	279,810,345
Cash flow hedge		107,669	(293,687)
Total equity		<u>910,980,557</u>	<u>928,735,003</u>
Liabilities			
Non-current liabilities:			
Long-term loans, lease liability and grants	9	152,594,543	39,848,967
Employees' end of service benefits (EOSB)		21,272,261	19,829,366
Negative fair value of derivative	10	-	293,687
		<u>173,866,804</u>	<u>59,972,020</u>
Current liabilities:			
Bank overdraft		373,150	-
Short-term loan	11	56,430,031	56,417,437
Current maturity of long-term loans, lease liability and grants	9	297,243,455	271,833,038
Accounts payable		85,073,824	115,212,148
Zakat and income tax	14	7,639,291	12,107,859
Accrued expenses and other liabilities	12	29,126,511	28,960,526
		<u>475,886,262</u>	<u>484,531,008</u>
Total liabilities		<u>649,753,066</u>	<u>544,503,028</u>
Total equity and liabilities		<u>1,560,733,623</u>	<u>1,473,238,031</u>

The accompanying notes (1) through (19) form an integral part of these interim condensed financial statements.


Chief Executive Officer


Director

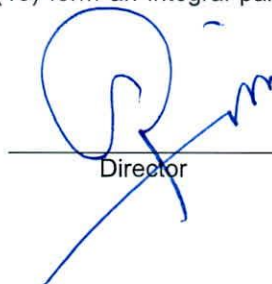

Chief Financial Officer

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

	Note	For the three months ended 30 June		For the six months ended 30 June	
		2023	2022	2023	2022
REVENUE	13	40,291,609	35,108,668	83,794,014	69,754,634
EXPENSES					
Special commission expense	9.2	(6,780,087)	(6,206,886)	(12,818,165)	(12,745,388)
Expected credit losses ("ECL") reversal on financial assets	5.2, 6.2	4,533,637	7,944,673	5,179,257	10,798,274
Modification loss	5.3, 6.5	-	-	-	(3,723,458)
Government grant income	9.1	-	-	-	2,779,968
Salaries and employee related expenses		(12,348,347)	(10,889,486)	(24,859,053)	(21,270,753)
Other general and administrative expenses		(3,381,928)	(2,811,493)	(6,303,054)	(5,559,844)
Depreciation and amortization		(525,165)	(87,996)	(743,784)	(172,864)
Total expenses		(18,501,890)	(12,051,188)	(39,544,799)	(29,894,065)
Income for the period before zakat and income tax		21,789,719	23,057,480	44,249,215	39,860,569
Zakat expense	14	(2,568,476)	(2,963,676)	(5,003,966)	(5,389,207)
Income tax expense	14	(1,494,203)	(702,228)	(2,229,676)	(1,349,299)
Total zakat and income tax expense		(4,062,679)	(3,665,904)	(7,233,642)	(6,738,506)
Income for the period after zakat and income tax		17,727,040	19,391,576	37,015,573	33,122,063
Earnings per share - basic and diluted	15	0.32	0.35	0.67	0.60

The accompanying notes (1) through (19) form an integral part of these interim condensed financial statements.


Chief Executive Officer


Director


Chief Financial Officer

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

	For the three months ended 30 June		For the six months ended 30 June	
	2023	2022	2023	2022
Income for the period after zakat and income tax	17,727,040	19,391,576	37,015,573	33,122,063
Other comprehensive income				
<i>Items that are or maybe reclassified to statement of income in subsequent periods</i>				
Cash flow hedge – effective portion of changes in fair value	282,747	-	401,356	-
<i>Items that will not be reclassified to statement of income in subsequent periods</i>				
Actuarial gain / (loss) on EOSB	172,426	403,704	(171,375)	(248,087)
Total comprehensive income for the period	18,182,213	19,795,280	37,245,554	32,873,976

The accompanying notes (1) through (19) form an integral part of these interim condensed financial statements.



Chief Executive Officer



Director



Chief Financial
Officer


YANAL FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023
(All amounts are in Saudi Riyals unless stated otherwise)

	Share capital	Statutory reserve	Retained earnings	Cash flow hedge	Total equity
Balance as at 31 December 2021 (Audited)	550,000,000	92,008,014	255,324,835	-	897,332,849
Total comprehensive income:					
Income for the period after zakat and income tax	-	-	33,122,063	-	33,122,063
Other comprehensive loss	-	-	(248,087)	-	(248,087)
	-	-	32,873,976	-	32,873,976
Dividends paid (Note 18)	-	-	(41,250,000)	-	(41,250,000)
Balance as at 30 June 2022 (Unaudited)	550,000,000	92,008,014	246,948,811	-	888,956,825
Balance as at 31 December 2022 (Audited)	550,000,000	99,218,345	279,810,345	(293,687)	928,735,003
Total comprehensive income:					
Income for the period after zakat and income tax	-	-	37,015,573	-	37,015,573
Other comprehensive (loss) / income	-	-	(171,375)	401,356	229,981
	-	-	36,844,198	401,356	37,245,554
Dividends paid (Note 18)	-	-	(55,000,000)	-	(55,000,000)
Balance as at 30 June 2023 (Unaudited)	550,000,000	99,218,345	261,654,543	107,669	910,980,557

The accompanying notes (1) through (19) form an integral part of these interim condensed financial statements.


Chief Executive Officer


Director

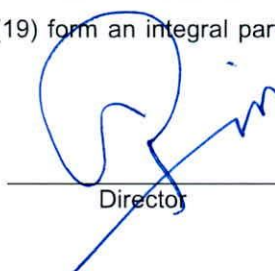

Chief Financial Officer

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

	Note	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income for the period before zakat and income tax		44,249,215	39,860,569
Adjustments for non-cash items:			
Depreciation of property and equipment		599,523	132,470
Amortization of intangible assets		144,261	40,394
Government grant movement, net		6,100,328	9,422,670
Special commission expense		12,818,165	12,745,388
ECL reversal on financial assets	5.2,6.2	(5,179,257)	(10,798,274)
Employees' EOSB expense, net		1,597,056	1,454,065
		60,329,291	52,857,282
Changes in operating assets and liabilities:			
Net investment in finance leases		13,392,670	45,274,940
Net investment in murabaha finance		(81,824,593)	(48,554,848)
Advances, prepayments and other receivables		(10,768,989)	(6,621,451)
EOSB paid		(325,536)	(355,992)
Accounts payable		(30,138,324)	45,594,370
Accrued expenses and other liabilities		(5,948,714)	(10,856,133)
Zakat and Income tax paid	14	(10,977,616)	(12,571,550)
Net cash (used in) / generated from operating activities		(66,261,811)	64,766,618
CASH FLOWS FROM INVESTING ACTIVITY			
Additions to property, equipment and intangible assets		(3,508,859)	(271,690)
Net cash used in investing activity		(3,508,859)	(271,690)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans		195,125,000	-
Proceeds from profit-free SAMA deposit	9.1	31,317,948	64,074,967
Repayments of loans		(67,655,263)	(26,143,251)
Repayments of profit-free SAMA deposit		(33,165,778)	(58,084,213)
Payment against lease liability	4	(560,000)	-
Special commission and other bank charges paid		(5,429,420)	(223,351)
Dividends paid, net of zakat recovered		(52,367,158)	(38,617,158)
Net cash generated from / (used in) financing activities		67,265,329	(58,993,006)
Net (decrease) / increase in cash and cash equivalents		(2,505,341)	5,501,922
Cash and cash equivalents at the beginning of the period		33,450,475	75,811,144
Cash and cash equivalents at the end of the period	8	30,945,134	81,313,066
Supplement non-cash information			
Addition to right of use asset and lease liability	4	5,600,568	-

The accompanying notes (1) through (19) form an integral part of these interim condensed financial statements.


Chief Executive Officer


Director


Chief Financial Officer

YANAL FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023 (Unaudited)
(All amounts are in Saudi Riyals unless stated otherwise)

1. GENERAL INFORMATION

YANAL Finance Company (the "Company") is a Saudi Closed Joint Stock Company established under the Regulations for Companies in the Kingdom of Saudi Arabia. The Company operates under Commercial Registration number 1010163957 issued in Riyadh on 21 Shawal 1421H (corresponding to 16 January 2001), non-industrial license number 99 dated 27 Safar 1421H (corresponding to 31 May 2000) issued by the Ministry of Commerce and a finance company license number 7/A Sh/201403 dated 27 Rabi-al-Thani 1435H (corresponding to 27 February 2014) issued by the Saudi Central Bank ("SAMA"), through its five branches (2022: five branches) in the Kingdom of Saudi Arabia.

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

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

The Company has the following branches:

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

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

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

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

2. BASIS OF PREPARATION

- 2.1** The interim condensed financial statements of the Company as at and for the six-month period ended 30 June 2023 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).
- 2.2** The interim condensed financial statements do not include all information and disclosure required in the annual audited financial statements and should be read in conjunction with the annual audited financial statements for the year ended 31 December 2022.

YANAL FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023 (Unaudited)
(All amounts are in Saudi Riyals unless stated otherwise)

2. BASIS OF PREPARATION (continued)

2.3 The International Accounting Standard Board (IASB) has issued following accounting standards, amendments, which were effective from periods on or after January 1, 2023. The management has assessed that the amendments have no significant impact on the Company's interim condensed financial statements.

- IFRS 17, 'Insurance contracts' This standard replaces IFRS 4, which permits a wide variety of practices in accounting for insurance contracts;
- 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;
- Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction - requires companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences;

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

Standard / Interpretation	Description	Effective from periods beginning on or after
Amendments to IFRS 16	Leases on sale and leaseback	1 January 2024
Amendments to IAS 1	Non-current liabilities with covenants	1 January 2024

2.4 The accounting and risk management policies used in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's financial statements for the year ended 31 December 2022.

3. USE OF JUDGEMENTS AND ESTIMATES

The preparation of interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The interim results may not represent a proper indication of the annual results of operations. In preparing these interim condensed financial statements, the significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the statutory financial statements as at and for the year ended 31 December 2022.

4. RIGHT OF USE ASSETS AND LEASE LIABILITY

During the period ended 30 June 2023, the Company has entered a lease contract for its leasehold office for a period of five years. The Company recognized a lease liability for the obligation to make lease payments and a right-of-use ("ROU") asset for the right to use the underlying asset for the lease term against a consideration.

The carrying amounts of the right-of-use asset and the movement during the period / year are as follows:

	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
Balance as at 1 January	-	-
Addition during the period / year	5,600,568	-
Depreciation expense for the period / year	(280,029)	-
Balance at the end of the period / year	5,320,539	-

YANAL FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023 (Unaudited)
(All amounts are in Saudi Riyals unless stated otherwise)

4. RIGHT OF USE ASSETS AND LEASE LIABILITY (continued)

The carrying amounts of the lease liability and the movement during the period / year are as follows:

	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
Balance as at 1 January	-	-
Addition during the period / year	5,600,568	-
Special commission expense	76,439	-
Payment against lease liability	(560,000)	-
Balance at the end of the period / year	5,117,007	-

5. NET INVESTMENT IN FINANCE LEASES

5.1 Reconciliation between gross and net investment in finance leases is as follows:

	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
Finance lease receivables	1,143,453,210	1,162,025,807
Unearned lease finance income	(147,036,153)	(145,191,500)
Sub-total	996,417,057	1,016,834,307
Modification loss	(70,700,694)	(70,700,694)
Income on modified finance lease	64,087,891	58,997,964
	(6,612,803)	(11,702,730)
Net investment in finance leases	989,804,254	1,005,131,577
ECL on investment in finance leases	(108,328,815)	(116,325,429)
	881,475,439	888,806,148
Current maturity	(470,284,769)	(459,562,536)
	411,190,670	429,243,612

5.2 The movement in the ECL on investment in finance lease receivables is as follows:

	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
Balance as at 1 January	116,325,429	131,906,599
ECL reversed for the period / year	(6,061,961)	(14,890,467)
Bad debt written-off	(1,934,653)	(690,703)
Balance at the end of the period / year	108,328,815	116,325,429

YANAL FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023 (Unaudited)
(All amounts are in Saudi Riyals unless stated otherwise)

5. NET INVESTMENT IN FINANCE LEASES (continued)

5.2.1 Portfolio ECL analysis for net investment in finance leases:

30 June 2023 (Unaudited)	Net investment in finance lease	ECL	Expected loss rates
Not yet due	640,194,247	4,804,950	0.00%-0.03%
1-90 days	248,559,873	862,687	0.04%-1.30%
91-180 days	1,801,280	153,627	1.31%-10.44%
181-365 days	2,231,919	216,233	10.45%-40.63%
366 days – 730 days	2,950,635	1,612,215	40.64%-100%
Above 730 days and Specific accounts*	100,679,103	100,679,103	100%
	996,417,057	108,328,815	

31 December 2022 (Audited)	Net investment in finance lease	ECL	Expected loss rates
Not yet due	656,732,386	272,562	0.00%-0.03%
1-90 days	238,408,773	4,792,740	0.04%-1.25%
91-180 days	293,336	2,099	1.26%-7.58%
181-365 days	11,215,853	1,074,069	7.59%-42.50%
366 days – 730 days	-	-	42.51%-100%
Above 730 days and specific accounts*	110,183,959	110,183,959	100%
	1,016,834,307	116,325,429	

* Includes specific accounts which are fully provided and below 730 days overdue with net investment in finance lease amounting to SAR 87.1 million (2022: SAR 94.6 million).

5.3 Modification loss was recognised in respect of deferral of cash flows under Deferred Payment Program announced by SAMA and Small and Medium Enterprises General Authority ("Monsha'at"). Against the deferral, the Company received profit-free deposits from SAMA and loan moratorium from Monsha'at. Government grant benefit was recognized in the interim condensed financial statements as a difference in the book value and present value of repayments.

6. NET INVESTMENT IN MURABAHA FINANCE

6.1 Reconciliation between gross and net murabaha finance is as follows:

	Note	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
Murabaha finance receivables		658,315,777	557,786,863
Unearned murabaha finance income		(83,246,911)	(63,713,997)
Sub-total		575,068,866	494,072,866
Modification loss	6.5	(11,580,516)	(11,580,516)
Income on modified murabaha finance	13	10,248,123	9,419,530
		(1,332,393)	(2,160,986)
Net investment in murabaha finance		573,736,473	491,911,880
ECL on investment in murabaha finance	6.2	(596,310)	(150,646)
		573,140,163	491,761,234
Current maturity		(225,254,865)	(194,896,484)
		347,885,298	296,864,750

YANAL FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023 (Unaudited)
(All amounts are in Saudi Riyals unless stated otherwise)

6. NET INVESTMENT IN MURABAHA FINANCE (continued)

6.2 The movement in the ECL on murabaha finance receivables was as follows:

	Note	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
Balance as at 1 January		150,646	1,132,343
ECL charge / (reversal) for the period / year		445,664	(981,697)
Balance at the end of the period / year	5.2.1	596,310	150,646

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

	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Total
30 June 2023 (Unaudited)				
Net investment in murabaha finance	521,248,010	44,907,109	8,913,747	575,068,866
ECL	(74,463)	(176,274)	(345,573)	(596,310)
Net receivables	521,173,547	44,730,835	8,568,174	574,472,556

	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Total
31 December 2022 (Audited)				
Net investment in murabaha finance	468,523,984	25,548,882	-	494,072,866
ECL	(78,711)	(71,935)	-	(150,646)
Net receivables	468,445,273	25,476,947	-	493,922,220

6.3 Stage-wise movement of net investment in murabaha finance receivables is as follows:

	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Total
30 June 2023 (Unaudited)				
Balances as at 1 January	468,523,984	25,548,882	-	494,072,866
Transfer from Stage 1	(37,615,964)	28,702,217	8,913,747	-
Transfer from Stage 2	2,371,159	(2,371,159)	-	-
Net other movements*	87,968,831	(6,972,831)	-	80,996,000
	52,724,026	19,358,227	8,913,747	80,996,000
Balances at 30 June	521,248,010	44,907,109	8,913,747	575,068,866

YANAL FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023 (Unaudited)
(All amounts are in Saudi Riyals unless stated otherwise)

6. NET INVESTMENT IN MURABAHA FINANCE (continued)

	Performing	Under-performing	Non-performing	Total
	(Stage 1)	(Stage 2)	(Stage 3)	
31 December 2022				
(Audited)				
Balances as at 1 January	415,929,592	-	1,306,437	417,236,029
Transfer from Stage 1	(25,454,735)	25,454,735	-	-
Transfer from Stage 3	-	338,668	(338,668)	-
Net other movements*	78,049,127	(244,521)	(967,769)	76,836,837
	52,594,392	25,548,882	(1,306,437)	76,836,837
Balances as at 31 December	468,523,984	25,548,882	-	494,072,866

* Net other movement includes financing originated, financing repaid and other measurements.

6.4 Stage-wise movement in ECL of murabaha finance receivables is as follows:

	Performing	Under-performing	Non-performing	Total
	(Stage 1)	(Stage 2)	(Stage 3)	
30 June 2023 (Unaudited)				
ECL as at 1 January	78,711	71,935	-	150,646
Transfer from Stage 1	(440,984)	95,411	345,573	-
Transfer from Stage 2	352	(352)	-	-
Financial assets settled	(4,346)	(478)	-	(4,824)
New financial assets originated	8,195	-	-	8,195
Net re-measurement of ECL	432,535	9,758	-	442,293
	(4,248)	104,339	345,573	445,664
ECL at 30 June	74,463	176,274	345,573	596,310

	Performing	Under-performing	Non-performing	Total
	(Stage 1)	(Stage 2)	(Stage 3)	
31 December 2022				
(Audited)				
ECL as at 1 January	565,961	-	566,382	1,132,343
Transfer from Stage 1	(71,669)	71,669	-	-
Transfer from Stage 3	-	11,497	(11,497)	-
Financial assets settled	(5,824)	-	(554,885)	(560,709)
New financial assets originated	16,040	-	-	16,040
Net re-measurement of ECL	(425,797)	(11,231)	-	(437,028)
	(487,250)	71,935	(566,382)	(981,697)
ECL at 31 December	78,711	71,935	-	150,646

6.5 Modification loss was recognised in these interim condensed financial statements. (Refer Note 5.3 for details).

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7. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

		As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
	Note		
Advance to suppliers		30,371,583	20,997,300
Receivable from Jeddah Municipality	7.1	11,036,539	11,036,539
Deferred Value Added Tax ("VAT")		8,115,878	9,389,511
Prepaid expenses		4,251,587	3,730,073
Loans and advances to staff		2,644,079	2,279,005
Receivable from Saudi shareholders for prior period Zakat settlement		2,632,841	5,265,683
Receivables from lessees		2,313,893	2,667,328
VAT refund		1,831,360	-
Other		72,352	798,422
		63,270,112	56,163,861

- 7.1** This pertains to receivable against a land for which the Company holds the legal title as collateral, under a finance lease contract, with a right of disposal and settlement against the default. The land was acquired by Jeddah municipality as a part of development project. As per municipality requirements, the Company submitted its claim and duly obtained acknowledgement as a claimant. The Company has accounted for the receivable to the extent of net receivable under the finance lease contract.

8. CASH AND CASH EQUIVALENTS

	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
Cash at banks	31,309,826	33,440,346
Cash in hand	8,458	10,129
	31,318,284	33,450,475
Bank overdraft	(373,150)	-
Cash and cash equivalents at the end of the year	30,945,134	33,450,475

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9. LONG-TERM LOANS, LEASE LIABILITY AND GRANTS

	Note	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
Long-term loans		207,667,667	80,197,931
Profit-free deposit payable to SAMA	9.1	238,813,079	240,660,910
		446,480,746	320,858,841
Government grant on SAMA and Monsha'at loan		(37,992,510)	(47,772,423)
Special commission expense on grant	9.2	34,489,426	38,027,348
		(3,503,084)	(9,745,075)
Accrued special commission expense		1,746,426	726,042
Total loans and deposits, net of grant		444,724,088	311,839,808
Less: unamortised fee		(3,097)	(157,803)
		444,720,991	311,682,005
Lease liability	4	5,117,007	-
		449,837,998	311,682,005
Less: current maturity		(297,243,455)	(271,833,038)
Non-current portion of long-term loans, lease liability and grants		152,594,543	39,848,967

9.1 During the period ended 30 June 2023, the Company has received SR 31.3 million of profit-free deposit from SAMA against funding for lending program of SAMA to support SME customers. The financing tenure is thirty-six months including six-month repayments grace period. The net impact of the profit-free deposit from SAMA and interest charged on financing to SME customers with a low interest rate is not significant to the interim condensed financial statements.

9.2 Special commission expense includes an amount of SAR 6.2 million (2022: SAR 12.5 million) commission cost on SAMA profit free deposit and deferred Monsha'at loan.

10. FAIR VALUE DERIVATIVE

As at 30 June 2023, the Company held interest rate swap ("IRS") of a notional value of SR 41.7 million (2022: SR 50 million) in order to reduce its exposure to interest rate risks against the long-term loan. Net fair value of cash flow hedge of SR 107,669 (2022: SR 293,687 negative mark to market value) represents the positive mark to market value for swaps interest rates. The cash flow hedge reserve represents the effective portion of the cash flow hedge.

11. SHORT-TERM LOAN

	Note	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
Short-term loan – principal amount and accrued financing cost	11.1	56,430,031	56,417,437
		56,430,031	56,417,437

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11. SHORT-TERM LOAN (continued)

- 11.1** This represents a short-term loan from a foreign bank carrying commission rate at the agreed commercial rate. This facility arrangement includes certain covenants, which the Company have complied with as at 30 June 2023.

12. ACCRUED EXPENSES AND OTHER LIABILITIES

	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
Proposed lease related payables	14,270,129	8,474,884
Employee related payables	4,337,217	7,355,038
Legal and professional charges	3,117,102	1,732,731
Charity payable	2,485,272	4,642,583
Leased assets insurance premium payable	1,466,395	2,100,061
Leased assets insurance claims to be settled	720,262	1,467,455
VAT payable	-	719,931
Other	2,730,134	2,467,843
	29,126,511	28,960,526

13. REVENUE

Finance lease income is stated net of insurance cost and it includes reversal of SAR 5.1 million (2022: SAR 11 million) and SAR 0.83 million (2022: SAR 1.8 million) against modification loss on finance leases and murabaha finances, respectively.

Revenue also includes front-end fees and income earned on short-term time deposits.

14. ZAKAT AND INCOME TAX

There is no change in the status of Zakat and income tax assessment since 31 December 2022. During the period ended 30 June 2023, the Company has paid SAR 11 million to the Zakat, Tax and Customs Authority (ZATCA).

15. BASIC AND DILUTED EARNINGS PER SHARE

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

16. COMMITMENTS

	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
Cost of finance lease and murabaha contracts not yet executed	25,007,488	33,601,060
Bank guarantees issued on behalf of the Company	2,000,000	2,000,000

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17. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

In the ordinary course of its activities, the Company transacts business with related parties, which are related to its shareholders. The Company obtains technical assistance from ORIX Corporation, Japan and OLP Financial Services Pakistan Limited at no cost under an arrangement. Significant related party transactions and balances are as follows:

	For the six-month period ended 30 June 2023 (Unaudited)	For the six-month period ended 30 June 2022 (Unaudited)
Transactions:		
The Saudi Investment Bank – <i>shareholder</i>		
Long-term loan receipt	127,000,000	-
Long-term loan repayment	18,916,667	-
Special commission expense and other bank charges paid	3,834,284	9,635
Rent and premises related expense	471,879	858,600
Profit earned on timed deposit	-	87,917
Lease participation payments*	1,065,990	1,100,772
Lease participation receipts – management fee and other *	24,889	10,660
The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company, KSA- <i>affiliate</i>		
Premium for insurance and other related payments-net	5,551,284	4,252,797
Key Management Personnel		
Salaries and other short-term employee benefits	5,733,607	6,018,528
End of service benefits accrued	435,439	577,568

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17. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (continued)

	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
Balances:		
The Saudi Investment Bank- shareholder		
Bank current accounts	11,332,005	21,619,176
Long-term loans (including accrued commission)	159,732,530	50,726,042
Prior period zakat settlement receivable	1,360,169	2,720,338
Lease participation receivable	-	18,826
Positive / (negative) fair value of derivative	107,669	(293,687)
Trade Development and Investment Company - shareholder		
Prior period zakat settlement receivable	1,272,673	2,545,345
The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company, KSA- affiliate		
Advance / prepaid against insurance premium, net	3,758,243	4,514,222
Takween Advanced Industries Company, KSA – affiliate		
Net investment in finance lease	13,308,587	16,076,509
Key Management Personnel		
Employees' end of service benefits	3,854,487	3,419,048
Loans to key management of the Company	781,614	474,474
Directors' meeting attendance fee payable	590,000	1,180,000

* The Company has certain lease transactions, in which the related party has a non-recourse participation. The Company charges a fee for administration of the portfolio. The value of such portfolio was SAR 1.03 million as at 30 June 2023 (31 December 2022: SAR 2 million).

18. DIVIDENDS

The Board of Directors proposed an annual dividend of SAR 1 per share (2021: SAR 0.75 per share) for the year ended 31 December 2022 amounting to SAR 55 million (2021: SAR 41.25 million). The shareholders approved the distribution at the Annual General meeting held on 08 May 2023.

19. DATE OF APPROVAL OF THESE INTERIM CONDENSED FINANCIAL STATEMENTS

The accompanying interim condensed financial statements were approved by the Board of Directors on 24 July 2023.