

**QUARA FINANCE COMPANY  
(A Saudi Closed Joint Stock Company)**

**UNAUDITED INTERIM CONDENSED FINANCIAL  
STATEMENTS FOR THE NINE MONTHS PERIOD ENDED  
SEPTEMBER 30, 2022 AND INDEPENDENT AUDITOR'S  
REVIEW REPORT**

**QUARA FINANCE COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**Condensed interim financial statements (unaudited)**  
**For the nine-month period ended September 30, 2022**

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## Report on review of condensed interim financial statements

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

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of Quara Finance Company (A Saudi Closed Joint Stock Company) (the "Company") as at September 30, 2022 and the related condensed interim statement of comprehensive income for the three-month and nine-month periods then ended, and the related interim statements of changes in shareholders' equity and cash flows for the nine-month period then ended, and other explanatory notes.

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.

Khalid A. Mahdhar  
License Number 368

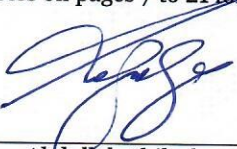



October 27, 2022


**QUARA FINANCE COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**Interim statement of financial position**  
 (All amounts in Saudi Riyals unless otherwise stated)

	Note	September 30,2022 (Unaudited)	December 31,2021 (Audited) Restated
<b>Assets</b>			
Cash and cash equivalents		214,862,791	196,549,402
Murabaha receivable, net	5	733,725,870	871,433,046
Due from related party	6	3,038,709	4,866,444
Prepayments and other receivables		19,679,403	16,338,742
Repossessed assets held for sale	7	1,642,785	2,545,800
Property and equipment		11,678,146	10,456,418
<b>Total assets</b>		<b>984,627,704</b>	<b>1,102,189,852</b>
<b>Liabilities and shareholders' equity</b>			
<b>Liabilities</b>			
Sukuk	8	8,181,819	20,454,546
Loan from a related party	9	92,274,476	168,307,266
Long term loans	10	518,383,070	593,169,254
Accrued and other liabilities		26,738,894	18,238,990
Provision for zakat	11	11,181,037	12,635,265
Employees' termination benefits	12	1,954,870	1,486,870
<b>Total liabilities</b>		<b>658,714,166</b>	<b>814,292,191</b>
<b>Shareholders' equity</b>			
Share capital		300,000,000	300,000,000
Statutory reserve		2,080,046	2,080,046
Equity contribution on related party loan	9	10,862,676	10,862,676
Accumulated profit / (losses)		12,970,816	(25,045,061)
<b>Net shareholders' equity</b>		<b>325,913,538</b>	<b>287,897,661</b>
<b>Total liabilities and shareholders' equity</b>		<b>984,627,704</b>	<b>1,102,189,852</b>

The notes on pages 7 to 21 form an integral part of these interim condensed financial statements.

  
 Abdullah Shilash  
 Chairman

  
 Faisal Al Alshaikh  
 Chief Executive Officer

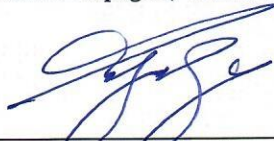
  
 Amrisha Shah  
 Chief Financial Officer





**QUARA FINANCE COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**Interim statement of comprehensive income (Unaudited)**  
 (All amounts in Saudi Riyals unless otherwise stated)

	Note	For the three-month period ended September 30,		For the nine-month period ended September 30,	
		2022	2021	2022	2021
Murabaha income		<b>41,526,152</b>	43,806,390	<b>124,453,834</b>	126,118,636
Management fee income		<b>384,265</b>	644,528	<b>1,190,846</b>	2,439,288
Modification gain on restructuring of financings and borrowings net of grant income	13	-	505,392	<b>678,596</b>	(3,141,653)
Financial charges		<b>(6,211,074)</b>	(3,718,213)	<b>(11,292,316)</b>	(14,628,937)
		<b>35,699,343</b>	41,238,097	<b>115,030,960</b>	110,787,334
Other income, net		<b>6,275,019</b>	2,303,072	<b>18,290,754</b>	3,055,574
Other general and administrative		<b>(13,900,421)</b>	(10,806,003)	<b>(35,699,721)</b>	(32,551,891)
Provision for murabaha losses	5	<b>(4,116,636)</b>	(21,538,803)	<b>(15,545,342)</b>	(47,091,760)
Salaries and other benefits		<b>(11,060,158)</b>	(9,229,617)	<b>(36,503,216)</b>	(29,923,422)
<b>Net Income for the period before zakat</b>		<b>12,897,147</b>	1,966,746	<b>45,573,435</b>	4,275,835
Zakat charge for the period		<b>(140,606)</b>	430,862	<b>(7,557,558)</b>	(637,275)
<b>Net income for the period after zakat</b>		<b>12,756,541</b>	2,397,608	<b>38,015,877</b>	3,638,560
<b>Other comprehensive income</b>		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>12,756,541</b>	2,397,608	<b>38,015,877</b>	3,638,560
<b>Earnings per share</b>					
Basic and diluted earnings per share (Saudi Riyal)		<b>0.42</b>	0.08	<b>1.27</b>	0.12
Weighted average number of shares		<b>30,000,000</b>	30,000,000	<b>30,000,000</b>	30,000,000

The notes on pages 7 to 21 form an integral part of these interim condensed financial statements.

  
 Abdullah Shilash  
 Chairman

  
 Faisal Al Alshaikh  
 Chief Executive Officer

  
 Amr Shah  
 Chief Financial Officer



**QUARA FINANCE COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**Interim statement of changes in shareholders' equity**  
**(All amounts in Saudi Riyals unless otherwise stated)**

	Note	Share capital	Statutory reserve	Accumulated losses	Equity contribution on related party loan	Total
<b>January 1, 2021 (Audited)</b>		300,000,000	2,080,046	(56,840,308)	-	245,239,738
<b>Comprehensive income</b>						
Net income for the period		-	-	3,638,560	-	3,638,560
Other comprehensive income		-	-	-	-	-
<b>Total comprehensive income for the period</b>		-	-	3,638,560	-	3,638,560
<b>September 30, 2021 (Unaudited)</b>		300,000,000	2,080,046	(53,201,748)	-	248,878,298
<b>January 1, 2022 (Audited), as previously reported</b>		300,000,000	2,080,046	(25,045,061)	-	277,034,985
Reclassification of benefit on interest free related party loans	9	-	-	-	10,862,676	10,862,676
<b>January 1, 2022 (as restated)</b>		300,000,000	2,080,046	(25,045,061)	10,862,676	287,897,661
<b>Comprehensive income</b>						
Net income for the period		-	-	38,015,877	-	38,015,877
Other comprehensive income		-	-	-	-	-
<b>Total comprehensive Income for the period</b>		-	-	38,015,877	-	38,015,877
<b>September 30, 2022 (Unaudited)</b>		300,000,000	2,080,046	12,970,816	10,862,676	325,913,538

The notes on pages 7 to 21 form an integral part of these interim condensed financial statements.



Abdullah Shilash  
Chairman



Faisal Al Alshaikh  
Chief Executive Officer



Amrish Shah  
Chief Financial Officer




**QUARA FINANCE COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**Interim statement of cash flows (unaudited)**  
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the nine-month period ended September 30,	
		2022 (Unaudited)	2021 (Unaudited)
<b>Cash flows from operating activities</b>			
Net income for the period before zakat		45,573,435	4,275,835
<u>Adjustments for non-cash items</u>			
Depreciation		2,717,548	2,315,442
Financial charges		11,292,316	14,628,937
Accrued income on short-term deposit		(2,345,123)	-
Modification loss on restructuring of financings and borrowings net of grant income		(678,596)	3,141,653
Provision for murabaha losses	5	15,545,342	47,091,760
Loss on sale of repossessed assets		193,503	-
Provision for employees' termination benefits	11	624,328	1,274,486
<u>Changes in working capital</u>			
Murabaha receivable		145,098,409	(157,143,279)
Due from related parties		1,827,735	559,121
Prepayments and other receivables		(3,340,661)	(5,180,059)
Accrued and other liabilities		8,499,904	8,857,462
Employee termination benefits paid	11	(156,328)	(1,016,216)
Zakat paid		(9,011,785)	(780,719)
Financial charges paid		(24,052,898)	(23,007,283)
Net cash generated from / (utilized in) operating activities		191,787,129	(104,982,860)
<b>Cash flow from investing activities</b>			
Purchase of property and equipment		(4,959,637)	(4,179,993)
Proceeds from sale of repossessed assets		709,512	-
Net cash (utilized in)/generated from investing activities		(4,250,125)	(4,179,993)
<b>Cash flows from financing activities</b>			
Loan proceeds from long term loans		144,426,802	-
Long term loan payments		(226,377,690)	(24,522,727)
Proceeds from related party loan		-	100,000,000
Payment of related party loan		(75,000,000)	-
Sukuk repayment		(12,272,727)	(142,503,933)
Loan proceeds from SAMA		-	153,382,431
Net cash (utilized in) / generated from financing activities		(169,223,615)	(86,355,771)
<b>Net change in cash and cash equivalents</b>		18,313,389	(22,807,082)
Cash and cash equivalents at beginning of period		196,549,402	118,354,573
<b>Cash and cash equivalents at end of period</b>		214,862,791	95,547,491

  
Abdullah Shifash  
Chairman

  
Faisal Al Alshaikh  
Chief Executive Officer

  
Amrisha Shah  
Chief Financial Officer

**QUARA FINANCE COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**Notes to the interim condensed financial statements** (unaudited)  
**For the nine-month period ended September 30, 2022**  
(All amounts in Saudi Riyals unless otherwise stated)

**1 General information**

Quara Finance Company (the "Company") is a closed joint stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 1010262141 issued in Riyadh on Safar 9, 1430H (corresponding to February 4, 2009).

As per the Saudi Arabian Monetary Authority ("SAMA") license number 45/HA/201605 dated 2 Sha'ban 1437H (corresponding to May 9, 2016), the Company is authorized to provide lease finance, consumer finance and small and medium enterprise finance in the Kingdom of Saudi Arabia.

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

Quara Finance Company  
P.O. Box 271188, Riyadh 11352  
Kingdom of Saudi Arabia

The accompanying interim condensed financial statements were authorized for issue by the management on October 27, 2022.

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

**2 Summary of significant accounting policies**

**2.1 Basis of preparation**

The condensed interim financial statements of the Company as at and for the period ended September 30, 2022 have been prepared in accordance with International Accounting Standard "Interim Financial Reporting"- ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organisation for Chartered and Professional Accountants ("SOCPA").

The interim statement of financial position is stated broadly in order of liquidity.

These condensed interim financial statements do not include all the information and disclosure required in the annual financial statements and should be read in conjunction with the annual financial statements for the year ended December 31, 2021. The interim results may not be an indicator of the annual results of the Company.

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

**3 Impact of changes in accounting policies due to adoption of new standards**

***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. Several amendments apply for the first time in 2022, but do not have a material impact on the condensed interim financial statements of the Company.

***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.

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

- Amendments to IAS 37 - Onerous Contracts – Cost of Fulfilling a Contract;
- Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use;
- Amendments to IFRS 3 - Reference to the Conceptual Framework; and
- Amendments to IAS 1 Classification of liabilities as current or non-current.



**QUARA FINANCE COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**Notes to the interim condensed financial statements (unaudited)**  
**For the nine-month period ended September 30, 2022**  
(All amounts in Saudi Riyals unless otherwise stated)

**4 Significant accounting judgments, estimates and assumptions**

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 expense. Actual results may differ from these estimates. In preparing these condensed interim 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 December 31, 2021.

**5 Murabaha receivable, net**

<b>September 30, 2022</b>			
<b>Note</b>	<b>Retail</b>	<b>SME financing</b>	<b>Total</b>
	<b>(Unaudited)</b>		
Murabaha receivable	605,748,955	351,967,179	<b>957,716,134</b>
Less: Unearned revenue	(155,897,881)	(39,773,842)	<b>(195,671,723)</b>
Less: Modification loss on restructuring of financings	13 -	(9,954,678)	<b>(9,954,678)</b>
Gross carrying value of Murabaha receivable	449,851,074	302,238,659	<b>752,089,733</b>
Less: Provision for Murabaha losses	(11,866,633)	(6,497,230)	<b>(18,363,863)</b>
	<b>437,984,441</b>	<b>295,741,429</b>	<b>733,725,870</b>
Current portion of Murabaha receivable	265,072,371	214,200,829	<b>479,273,200</b>
Non-current portion of Murabaha receivable	184,778,703	88,037,830	<b>272,816,533</b>
	449,851,074	302,238,659	<b>752,089,733</b>
Less: Provision for Murabaha losses	(11,866,633)	(6,497,230)	<b>(18,363,863)</b>
	<b>437,984,442</b>	<b>295,741,428</b>	<b>733,725,870</b>
<b>December 31, 2021</b>			
<b>Note</b>	<b>Retail</b>	<b>SME financing</b>	<b>Total</b>
	<b>(Audited)</b>		
Murabaha receivable	569,399,270	572,896,316	1,142,295,586
Less: Unearned revenue	(149,324,992)	(74,000,866)	(223,325,858)
Less: Modification loss on restructuring of financings	13 -	(21,781,586)	(21,781,586)
Gross carrying value of Murabaha receivable	420,074,278	477,113,864	897,188,142
Less: Provision for Murabaha losses	(23,071,614)	(2,683,482)	(25,755,096)
	<b>397,002,664</b>	<b>474,430,382</b>	<b>871,433,046</b>
Current portion of Murabaha receivable	243,831,959	398,116,540	641,948,499
Non-current portion of Murabaha receivable	176,242,319	78,997,324	255,239,643
	420,074,278	477,113,864	897,188,142
Less: Provision for Murabaha losses	(23,071,614)	(2,683,482)	(25,755,096)
	<b>397,002,664</b>	<b>474,430,382</b>	<b>871,433,046</b>

**QUARA FINANCE COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**Notes to the interim condensed financial statements (unaudited)**  
**For the nine-month period ended September 30, 2022**  
(All amounts in Saudi Riyals unless otherwise stated)

**5 Murabaha receivable, net (continued)**

The movement in Provision for Murabaha losses of retail segment is as follows:

	<b>For the nine-month period ended September 30, 2022</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>(Unaudited)</b>			
Opening balance at beginning of the period / year	<b>3,741,576</b>	<b>3,004,184</b>	<b>16,325,854</b>	<b>23,071,614</b>
Charge for the period / year	<b>(2,646,772)</b>	<b>(2,650,897)</b>	<b>16,705,729</b>	<b>11,408,060</b>
Written off during the period / year*	-	-	<b>(22,613,039)</b>	<b>(22,613,039)</b>
Closing balance at end of the period / year	<b>1,094,804</b>	<b>353,287</b>	<b>10,418,544</b>	<b>11,866,635</b>
	<b>For the year period ended December 31, 2021</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>(Audited)</b>			
Opening balance at beginning of the period / year	995,571	4,511,266	10,169,269	15,676,106
Charge for the period / year	2,746,005	(1,507,081)	20,398,960	21,637,884
Written off during the period / year*	-	-	(14,242,376)	(14,242,376)
Closing balance at end of the period / year	<b>3,741,576</b>	<b>3,004,185</b>	<b>16,325,853</b>	<b>23,071,614</b>

The movement in Provision for Murabaha losses of SME financing segment is as follows:

	<b>For the nine-month period ended September 30, 2022</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>(Unaudited)</b>			
Opening balance at beginning of the period / year	<b>71,641</b>	<b>1,440,538</b>	<b>1,171,303</b>	<b>2,683,482</b>
Charge for the period / year	<b>546,311</b>	<b>(1,341,325)</b>	<b>4,924,006</b>	<b>4,128,994</b>
Written off during the period / year*	-	-	<b>(315,246)</b>	<b>(315,246)</b>
Closing balance at end of the period / year	<b>617,952</b>	<b>99,213</b>	<b>5,780,063</b>	<b>6,497,228</b>
	<b>For the year ended December 31, 2021</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>(Audited)</b>			
Opening balance at beginning of the period / year	339,042	264,253	1,444,411	2,047,706
Charge for the period / year	(267,401)	1,176,285	8,243,078	9,151,962
Written off during the period / year*	-	-	(8,516,186)	(8,516,186)
Closing balance at end of the period / year	<b>71,641</b>	<b>1,440,538</b>	<b>1,171,303</b>	<b>2,683,482</b>

\*The write-offs during the period are in accordance with Company's write-off policy which is in line with SAMA's rules and regulations for write-offs.

**QUARA FINANCE COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**Notes to the interim condensed financial statements (unaudited)**  
**For the nine-month period ended September 30, 2022**  
(All amounts in Saudi Riyals unless otherwise stated)

**5 Murabaha receivable, net (continued)**

The analysis of movement in provision for impairment of Murabaha receivable is as follows:

	<b>For the nine-month period ended September 30, 2022</b>			
	<b>Performing (Stage 1)</b>	<b>Under- performing (Stage 2)</b>	<b>Non- performing (Stage 3)</b>	<b>Total</b>
	<b>(Unaudited)</b>			
<b>Loss allowance as at January 1, 2022</b>	<b>3,813,217</b>	<b>4,444,722</b>	<b>17,497,157</b>	<b>25,755,096</b>
Transfer from performing	(267,529)	148,673	118,856	-
Transfer from under-performing	2,177,996	(2,863,198)	685,202	-
Transfer from non-performing	1,605,862	336,541	(1,942,403)	-
Remeasurement of loss allowance*	(4,885,571)	(480,396)	27,397,468	22,031,501
Financial assets – settled	(1,413,493)	(1,133,842)	(4,629,388)	(7,176,723)
Financial assets originated	690,565	-	-	690,565
Write-off during the year	-	-	(22,928,285)	(22,928,285)
<b>Loss allowance as at September 30, 2022</b>	<b>1,721,047</b>	<b>452,500</b>	<b>16,198,607</b>	<b>18,372,154</b>

\* This includes provision for Murabaha receivables from related party. Please refer note 6

	<b>For the nine-month period ended September 30, 2021</b>			
	<b>Performing (Stage 1)</b>	<b>Under- performing (Stage 2)</b>	<b>Non- performing (Stage 3)</b>	<b>Total</b>
	<b>(Unaudited)</b>			
<b>Loss allowance as at January 1, 2021</b>	<b>1,480,421</b>	<b>4,775,520</b>	<b>11,613,679</b>	<b>17,869,620</b>
Transfer from performing	(326,302)	78,756	247,546	-
Transfer from under-performing	1,857,812	(3,398,860)	1,541,048	-
Transfer from non-performing	1,276,502	173,796	(1,450,298)	-
Remeasurement of loss allowance	(3,248,075)	3,345,719	50,601,119	50,698,763
Financial assets – settled	(176,190)	(913,002)	(3,450,140)	(4,539,332)
Financial assets originated	932,329	-	-	932,329
Write-off during the year	-	-	(8,387,915)	(8,387,915)
<b>Loss allowance as at September 30, 2021</b>	<b>1,796,497</b>	<b>4,061,929</b>	<b>50,715,039</b>	<b>56,573,465</b>

The net carrying amount of loan receivables, and thus the maximum exposure to loss, is as follows:

	<b>September 30, 2022</b>		
	<b>Retail</b>	<b>SME financing</b>	<b>Total</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Performing (Stage 1)	410,494,062	249,535,585	<b>660,029,647</b>
Underperforming (Stage 2)	21,518,300	6,909,310	<b>28,427,610</b>
Non-performing (Stage 3)	17,838,712	45,793,764	<b>63,632,476</b>
Total net loan receivables	449,851,074	302,238,659	<b>752,089,733</b>
Less: Provision for Murabaha losses	(11,866,635)	(6,497,228)	<b>(18,363,863)</b>
Loan receivables net of expected credit losses	<b>437,984,439</b>	<b>295,741,431</b>	<b>733,725,870</b>



**QUARA FINANCE COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**Notes to the interim condensed financial statements (unaudited)**  
**For the nine-month period ended September 30, 2022**  
(All amounts in Saudi Riyals unless otherwise stated)

**5 Murabaha receivable, net (continued)**

	<b>December 31, 2021</b>		
	<b>Retail</b>	<b>SME financing</b>	<b>Total</b>
	<b>(Audited)</b>	<b>(Audited)</b>	<b>(Audited)</b>
Performing	316,548,216	354,889,974	671,438,190
Underperforming	70,443,444	99,167,416	169,610,860
Non-performing	33,082,617	27,922,919	61,005,536
Total net loan receivables	420,074,277	481,980,309	902,054,586
Less: Provision for Murabaha losses	(23,071,614)	(2,683,482)	(25,755,096)
Loan receivables net of expected credit losses	397,002,663	479,296,827	876,299,490

Note- Portfolio / Murabaha receivables classification mentioned above is based on curing period criteria as per SAMA guideline however considering DPD as base below is the classification.

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Performing	677,270,610	671,438,190
Underperforming	27,351,857	169,610,860
Non-performing	47,467,266	61,005,536
Total net loan receivables	752,089,733	902,054,586
Less: Provision for Murabaha losses	(18,363,863)	(25,755,096)
Loan receivables net of expected credit losses	733,725,870	876,299,490

The movement in Murabaha receivables of retail segment is as follows:

	<b>For the nine-month period ended September 30, 2022</b>			
	<b>(Unaudited)</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Gross carrying amount as at January 1, 2022	316,548,216	70,443,444	33,082,617	420,074,277
New financial assets originated	257,958,906	-	-	257,958,906
Net other movements**	(164,013,060)	(48,925,144)	7,369,134	(205,569,070)
Write-offs (From stage 3)	-	-	(22,613,039)	(22,613,039)
Gross carrying amount as at September 30, 2022,	410,494,062	21,518,300	17,838,712	449,851,074

	<b>For the year ended December 31, 2021</b>			
	<b>(Audited)</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Gross carrying amount as at January 1, 2021	178,133,326	41,938,993	16,116,217	236,188,536
New financial assets originated	335,743,749	-	-	335,743,749
Net other movements**	(197,328,858)	28,504,450	31,208,776	(137,615,632)
Write-offs (From stage 3)	-	-	(14,242,376)	(14,242,376)
Gross carrying amount as at December 31, 2021,	316,548,217	70,443,443	33,082,617	420,074,277

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**5 Murabaha receivable, net (continued)**

The movement in Murabaha receivables of SME financing segment is as follows:

<b>For the nine-month period ended September 30, 2022</b>				
<b>(Unaudited)</b>				
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Gross carrying amount as at January 1, 2022	<b>354,889,974</b>	<b>99,167,416</b>	<b>27,922,919</b>	<b>481,980,309</b>
New financial assets originated	<b>100,450,307</b>	-	-	<b>100,450,307</b>
	<b>(205,804,696)</b>			<b>(279,876,711)</b>
Net other movements**	)	<b>(92,258,106)</b>	<b>18,186,091</b>	)
Write-offs (From stage 3)	-	-	<b>(315,246)</b>	<b>(315,246)</b>
Gross carrying amount as at September 30, 2022,	<b>249,535,585</b>	<b>6,909,310</b>	<b>45,793,764</b>	<b>302,238,659</b>

<b>For the year ended December 31, 2021</b>				
<b>(Audited)</b>				
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Gross carrying amount as at January 1, 2021	624,003,544	16,461,853	25,193,969	665,659,366
New financial assets originated	93,770,232	-	-	93,770,232
Net other movements**	(362,883,802)	82,705,563	11,245,136	(268,933,103)
Write-offs (From stage 3)	-	-	(8,516,186)	(8,516,186)
Gross carrying amount as at December 31, 2021,	<b>354,889,974</b>	<b>99,167,416</b>	<b>27,922,919</b>	<b>481,980,309</b>

\*\* Net other movements includes Murabaha receivables repaid and other measurements.

Management receives collaterals in form of real estate property and Kafalah. Management policy for valuation of real estate collaterals is in accordance with SAMA guidelines.

**6 Due from a related party**

Due from related parties represents due amounts from Company's shareholder against obtaining finance in form of Murabaha contracts. The terms of the contract was approved by the Company's Board of Directors. Due from shareholders is stated as follows:

	<b>Relationship</b>	<b>September 30, 2022</b>	<b>December 31, 2021</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
Talad Investment Company	Associate	<b>3,038,709</b>	4,866,444
		<b>3,038,709</b>	4,866,444
Gross receivable from a related party		<b>3,630,000</b>	5,808,000
Less: Unearned revenue		<b>(583,000)</b>	(941,556)
Less: Provision for Murabaha losses		<b>(8,291)</b>	-
		<b>3,038,709</b>	4,866,444
Current portion of Murabaha receivables		-	2,459,449
Non-current portion of Murabaha receivables		<b>3,047,000</b>	2,406,995
		<b>3,047,000</b>	4,866,444
Less: Provision for Murabaha losses		<b>(8,291)</b>	-
		<b>3,038,709</b>	4,866,444

The above Murabaha receivable to related party is an unsecured financing issued to the related party on normal business terms.

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**7 Repossessed assets held for sale**

This represents real estate received from a Company's customer during 2019 to settle part of his outstanding balance. The legal procedures needed to transfer the ownership of real estate to the Company has been completed during 2020. During the nine-month period ended September 30, 2022, the Company liquidated 2 assets out of 3 at a total loss of SR 193,503.

**8 Sukuk**

During the year 2018, the Company obtained SAMA approval to issue private Sukuk Certificates (Sukuk) with total amount of Saudi Riyals 500 million. The first phase of Sukuk issuance amounted to Saudi Riyals 100 million was issued in 2018. In March 2020, the Company issued the second phase of Sukuk amounting to Saudi Riyals 100 million. Further during the year 2020, the Company redeemed Sukuk amounting to Saudi Riyal 80.5 million and paid additional interest of 3 months plus SAIBOR amounting to Saudi Riyal 2.1 million on redemption.

The total tenure of the both phases of Sukuk is three years with payments (principal and profits) payable quarterly in advance. The profit distribution on the first phase and second phase Sukuk is based on three-month SIBOR plus a spread of 10% and 5.5% respectively. The Company has not defaulted on any of payments (profit / principal) due during the period and the Company has complied with terms of the covenants pertaining to the Sukuk. Further, there are no conversion options to equity relating to the Sukuk.

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Current portion	<b>8,181,819</b>	16,363,636
Non-current portion	-	4,090,910
	<b>8,181,819</b>	20,454,546

**9 Loan from a related party**

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
		<b>Restated</b>
Opening balance	<b>168,307,266</b>	79,327,397
Add: Loans obtained during the period	-	100,000,000
Add: Loan management fee accrued during the period	<b>3,467,210</b>	6,995,044
Less: Deferred income on initial recognition of interest free loans	-	(13,509,164)
Less: Principal paid during the period	<b>(75,000,000)</b>	-
Less: Management fee paid during the period	<b>(4,500,000)</b>	(4,506,011)
Carrying amount of loan from related party	<b>92,274,476</b>	168,307,266

During 2016, the Company signed an agreement with a related party to obtain a long term loan to finance the growth of its lending portfolio in order to provide a wide range of financing products to both individual and corporate clients in the Kingdom of Saudi Arabia, with products being tailored to meet a wider base of clients. During 2019, the Company obtained the loan amounting Saudi Riyals 75 million, the loan is subject to 6% annual Murabaha rate. During the three-month period ended March 31, 2022, the Company paid off principal for this loan amounting to Saudi Riyals 75 million. The loan was secured by pledging the Company's shares to the financier.



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**9 Loan from a related party (continued)**

During 2021, the Company received approval from SAMA to obtain a loan from a related party to the extent of Saudi Riyals 150 million. During the year ended December 31, 2021, the Company obtained a loan amounting to Saudi Riyals 100 million in 4 equal tranches for a period of 3 years. The loan was recognized at fair value and due to the interest free nature of the loan the resultant difference between the fair value and the cash received was deferred under "Loan from a related party" in the statement of financial position. This deferred amount was recognized as gain in the income statement over the period of the loan.

During the period ended 30 September 2022, management reassessed the above treatment and restated the difference between the fair value and the cash received which had been recognized under a loan from related party to equity in order to reflect the substance of the transaction, which is an equity contribution from a related party. The effect of this reclassification on the financial statement line items is explained below.

The restatement in the financial statements as at December 31, 2021 has no effect on the Company's financial performance and cash flows. The effect of this restatement on the financial statement line items is explained below.

	<b>As previously reported as at December 31, 2021</b>	<b>Restatement</b>	<b>As restated as at December 31, 2021</b>
<b>Liabilities</b>			
Loan from a related party	179,169,942	(10,862,676)	168,307,266
<b>Shareholders' equity</b>			
Equity contribution on related party loan	-	10,862,676	10,862,676

**10 Long term loans**

	<b>Note</b>	<b>September 30, 2022 (Unaudited)</b>	<b>December 31, 2021 (Audited)</b>
Long term loan – Monsha'at	10.1	<b>109,724,588</b>	139,064,887
Long term loan – SAMA	10.2	<b>408,658,482</b>	454,104,367
		<b>518,383,070</b>	593,169,254

**10.1 Long term loan – Monsha'at**

	<b>Note</b>	<b>September 30, 2022 (Unaudited)</b>	<b>December 31, 2021 (Audited)</b>
Opening balance		<b>130,943,104</b>	159,111,334
Add: Loans obtained during the period		<b>25,000,000</b>	20,000,000
Add: Loan management fee accrued during the period		<b>4,539,855</b>	7,566,117
Less: Principal repayment during the period		<b>(51,266,214)</b>	(48,440,447)
Less: Loan management fee paid during the period		<b>(3,993,500)</b>	(5,708,159)
Less: Deferred income on initial recognition of interest free loans		<b>(2,157,281)</b>	(1,297,725)
Less: Upfront income on loan from Monsha'at		<b>(473,930)</b>	(288,016)
Closing balance		<b>102,592,034</b>	130,943,104
Add: Deferred income on interest free loans	10.1.1	<b>7,132,554</b>	8,121,783
		<b>109,724,588</b>	139,064,887
Current portion		<b>71,323,724</b>	73,095,077
Non-current portion		<b>38,400,864</b>	65,969,810
		<b>109,724,588</b>	139,064,887

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**10 Long term loans (continued)**

**10.1.1 Deferred income on interest free loans**

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Opening balance	<b>8,121,783</b>	9,902,829
Add: Deferred income on initial recognition of interest free loan	<b>2,157,281</b>	1,297,725
Less: Amortization of deferred income on interest free loans	<b>(3,146,510)</b>	(3,078,771)
Closing balance	<b>7,132,554</b>	8,121,783

Since 2018, the Company has received eight interest free loans from Monsha'at Loans from Social Development Bank to finance small and medium entities in the Kingdom of Saudi Arabia amounting Saudi Riyals 245 million for three years. These loans carries a fixed special commission rate that is significantly lower than currently prevailing market rate. These loans provided to the Company carries a number of conditions, one of which is that these loans are to be used for providing loans to specific types/sectors of customers at discounted rates. The benefit being the impact of "lower than market value" loan obtained by the Company has been identified and accounted for in accordance with IFRS 9. Such benefit is being recognised in the statement of income and other comprehensive income of the Company on a systematic basis as the expense for which such grant is intended to compensate, is recognised.

**10.2 Long term loan – SAMA**

	<b>Note</b>	<b>September 30, 2022</b>	<b>December 31, 2021</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
Long term loan – SAMA funding for lending	10.2.1	<b>269,657,890</b>	332,206,449
Deposit received from SAMA against repayments deferment	10.2.2	<b>139,000,592</b>	121,897,918
		<b>408,658,482</b>	454,104,367

**10.2.1 Loan from SAMA - funding for lending**

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Opening balance	<b>332,206,449</b>	357,333,333
Add: Loans obtained during the period	<b>76,133,618</b>	100,784,943
Less: Principal repayment during the period	<b>(138,682,177)</b>	(125,911,827)
Closing balance	<b>269,657,890</b>	332,206,449
Current portion	<b>197,100,750</b>	183,313,978
Non-current portion	<b>72,557,140</b>	148,892,471
	<b>269,657,890</b>	332,206,449

During the year 2020 the Company has entered into SAMA's funding for lending program, whereby Kafala (SME financing guarantee program) has guaranteed 95% of the financing amount to the SME customers. During the period ended June 30, 2022 the Company received additional financing amounting to Saudi Riyals 41.13 million. The financing tenure is thirty-six months. Including six-month repayments grace period. As on September 30, 2022 161 customers under funding for lending program are under stage 1, 9 customers under stage 2 and 32 customers under stage 3. The net impact of the interest free funding from SAMA and interest charged on financing to SME customers with a low interest rate is not significant to the interim statement of income and other comprehensive income.

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**10 Long term loans (continued)**

**10.2.2 Deposit received from SAMA against repayments deferment**

	Note	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Opening balance		121,897,918	84,125,613
Add: Loans obtained during the period		43,293,184	62,597,488
Add: Unwinding of modification grant income		5,643,069	5,024,183
Less: Principal repayment during the period		(27,935,798)	(20,834,958)
Less: Loan management fee paid during the period		-	(2,031,461)
Less: Grant income recognized on subsidized funding	14	(3,897,781)	(3,352,319)
Less: Modification gain on restructuring of borrowings		-	(3,630,628)
Closing Balance		139,000,592	121,897,918
Current portion		79,872,094	84,878,320
Non-current portion		59,128,498	37,019,598
		139,000,592	121,897,918

During the period ended September 30, 2022 the company has received 43.29 million under the deferment program and SAR 3.8 million has been booked as upfront income for receiving such grant.

**11 Provision for zakat**

**11.1** The movement in the zakat provision is as follows:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Opening balance as at January 1, 2022 and 2021	12,635,265	1,510,243
Charge during the period/ year	7,557,558	11,905,741
Provision reversal during the period / year	-	-
	20,192,823	11,905,741
Payments made during the period / year	(9,011,786)	(780,719)
Closing balance as at	11,181,037	12,635,265

**11.2 Status of assessments**

The Company has filed its Zakat returns with Zakat, Tax and Customs Authority (ZATCA) for the years until 2021. During 2021, the Company received an assessment for assessment year 2015 with additional Zakat liability amounting to Saudi Riyal 2,204,775. The Company filed an objection with ZATCA against the assessment which was rejected by ZATCA dated January 31, 2022. Therefore, on June 12, 2022, the Company filed an appeal with General Secretariat of Tax Committees (GSTC) Level 1 to contest the ruling of ZATCA. The GSTC had pronounced a ruling judgement in the favour of the defendant (i.e. ZATCA). Based on the above and in accordance with the GSTC Rules and Regulations the Company has filed an appeal with GSTC Level 2 on September 20, 2022 and is currently waiting for the outcome. The Company believes that the outcome will be favorable, however, the Company has already provided the amount in the financial statements.

Further, zakat liability for the financial year from 2009 to 2014 is settled as per applicable zakat regulations.



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**12 Employees' termination benefits**

Provision for employees' termination benefits is made in accordance with the Saudi Arabian labour law assuming the maximum payable based on current remuneration and cumulative years of service at the end of the reporting period.

The following tables summaries the components of net benefits expenses recognised in the statement of comprehensive income:

	<b>September 30, 2022 (Unaudited)</b>	<b>December 31, 2021 (Audited)</b>
Opening balance at beginning of period / year	<b>1,486,870</b>	778,600
<b>Statement of comprehensive income</b>		
Service cost attributable to the current and past periods	<b>624,328</b>	1,521,927
End of service paid during the period / year	<b>(156,328)</b>	(813,657)
<b>Ending balance at end of period / year</b>	<b>1,954,870</b>	1,486,870

**13 Share capital**

As at September 30, 2022, the authorised, issued and fully paid-up share capital of the Company was SR 300 million divided into 30 million shares (December 31, 2021: SR 300 million divided into 30 million shares) with a par value of SR 10 each.

**14 Impact of SAMA programs**

In response to COVID-19, SAMA launched the Deferred Payments Program ("DPP") 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 accounting impact of the above changes in terms of the credit facilities were assessed and has been treated as per the requirements of IFRS 9 as modification in terms of arrangement. The DPP program has ended on March 31, 2022.

Since the inception of the deferred payments program by SAMA and by the end of September 30, 2022, the Company has recognised SAR 54.3 million of related modification losses of which SAR 44.4 million have been unwound.

In order to compensate the related cost that the Company has incurred under the SAMA and other public authorities program, during the years 2021 and 2020, the Company has received multiple profit free deposits from SAMA amounting to SAR 62.5 million and SAR 92.4 million respectively with varying maturities, which qualify as government grants. Further, during the period ended September 30, 2022 Company received profit free deposits amounting to SAR 43.29 million.

Management has determined that based on the communication from SAMA, the government grant primarily relates to compensation for the modification loss incurred on the deferral of payments. The benefit of the subsidised funding rate has been accounted for on a systematic basis, in accordance with government grant accounting requirements. Management has exercised certain judgements in the recognition and measurement of this grant income. By the end of the year 2021, total income recognised in years 2020 and 2021 amounts to SAR 14.6 million that had been recognised in the statement of income. Grant income amounting to SAR 3.89 million arose on the profit free deposit amounting to SAR 43.29 million received during the period ended September 30, 2022. The Group continues to evaluate the current macroeconomic situation including the impact of the pandemic.

The Company has chosen as an accounting policy choice to present modification as a separate line item in the income statements.

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**15 Operating segments**

Operating segments are identified based on internal reports about components of the Company that are regularly reviewed by the Company's Board of Directors in its function as the Chief Operating Decision Maker to allocate resources to segments and to assess their performance. Performance is measured based on segment financing portfolio, as management believes that this indicator is the most relevant in evaluating the results of segments relative to other entities that operate within these sectors.

The Company's operations are in the Kingdom of Saudi Arabia and the Company currently provides financing to Saudi individuals from government and private sectors and to SMEs. Accordingly, the Company's operations represent the following operating segments. None of a single customer of the Company generates more than 10% of the revenue.

The Company's reportable segments are as follows:

- 1) Retail (Personal financing): These personal financing is provided to retail segment.
- 2) SME financing: These financing to provided to small and medium enterprises.

**For the nine-month  
period ended 30  
September 2022  
(Unaudited)**

	<b>Retail</b>	<b>SME financing</b>	<b>Unallocated</b>	<b>Total</b>
<b>Revenue</b>				
Murabaha Income	<b>95,570,864</b>	<b>28,882,970</b>	-	<b>124,453,834</b>
Management fee	<b>502,432</b>	<b>688,414</b>	-	<b>1,190,846</b>
Modification gain on restructuring of financings and borrowings net of grant income	-	<b>678,596</b>	-	<b>678,596</b>
Finance Charges	<b>(4,458,830)</b>	<b>(6,833,486)</b>	-	<b>(11,292,316)</b>
<b>Expenses</b>				
Other general and administrative*	<b>(1,630,301)</b>	<b>(58,032)</b>	<b>(34,011,388)</b>	<b>(35,699,721)</b>
Provision for murabaha losses	<b>(11,543,423)</b>	<b>(4,001,918)</b>	-	<b>(15,545,342)</b>
Salaries and other benefits	<b>(6,599,257)</b>	<b>(138,375)</b>	<b>(29,765,584)</b>	<b>(36,503,216)</b>
Other income	<b>12,678,748</b>	<b>212,800</b>	<b>5,399,206</b>	<b>18,290,754</b>
<b>Net income before zakat</b>	<b>85,082,845</b>	<b>18,868,356</b>	<b>(58,377,766)</b>	<b>45,573,435</b>

**For the nine-month  
period ended 30  
September 2021  
(Unaudited)**

	<b>Retail</b>	<b>SME financing</b>	<b>Unallocated</b>	<b>Total</b>
<b>Revenue</b>				
Murabaha Income	76,469,392	49,649,244	-	126,118,636
Management fee	1,103,527	1,335,761	-	2,439,288
Modification gain on restructuring of financings and borrowings net of grant income	-	(3,141,653)	-	(3,141,653)
Finance Charges	(6,888,381)	(7,740,556)	-	(14,628,937)
<b>Expenses</b>				
Other general and administrative*	(2,158,746)	(1,112,797)	(29,280,348)	(32,551,891)
Provision for murabaha losses	(38,969,496)	(8,122,264)	-	(47,091,760)
Salaries and other benefits	(4,234,864)	(1,241,086)	(24,447,472)	(29,923,422)
Other income	2,017,704	41,171	996,699	3,055,574
<b>Net income before zakat</b>	<b>27,339,136</b>	<b>29,667,820</b>	<b>(52,731,121)</b>	<b>4,275,835</b>

\* Unallocated other general and administrative expenses are common expenses which mainly include bank charges, depreciation, taxes and other common expenses which are not relevant to a particular segment.

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**15 Operating segments (continued)**

**As at 30 September 2022**  
**(Unaudited)**

	<b>Retail</b>	<b>SME financing</b>	<b>Unallocated</b>	<b>Total</b>
Murabaha Receivables Net	<b>437,984,442</b>	<b>295,741,428</b>	-	<b>733,725,870</b>
Due from related party	-	<b>3,038,709</b>	-	<b>3,038,709</b>
Other Assets	-	-	<b>247,863,125</b>	<b>247,863,125</b>
<b>Total assets</b>	<b>437,984,442</b>	<b>298,780,137</b>	<b>247,863,125</b>	<b>984,627,704</b>
Loans	<b>100,456,295</b>	<b>518,383,070</b>	-	<b>618,839,365</b>
Other Liabilities	-	-	<b>39,874,801</b>	<b>39,874,801</b>
<b>Total Liabilities</b>	<b>100,456,295</b>	<b>518,383,070</b>	<b>39,874,801</b>	<b>658,714,166</b>

**As at 31 December 2021**  
**(Audited)**

	<b>Retail</b>	<b>SME financing</b>	<b>Unallocated</b>	<b>Total</b>
Murabaha Receivables Net	397,002,663	474,430,383	-	871,433,046
Due from related party	-	4,866,444	-	4,866,444
Other Assets	-	-	225,890,362	225,890,362
<b>Total assets</b>	<b>397,002,663</b>	<b>479,296,827</b>	<b>225,890,362</b>	<b>1,102,189,852</b>
Loans	168,307,266	613,623,800	-	613,623,800
Other Liabilities	-	-	32,361,125	32,361,125
<b>Total Liabilities</b>	<b>168,307,266</b>	<b>613,623,800</b>	<b>32,361,125</b>	<b>814,292,191</b>

**16 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 Murabaha receivables, due from related party. Financial liabilities consist of Sukuk, loan from a related party, long term loans. Fair value of all financial assets and financial liabilities that are measured at amortized cost approximate their fair value.

**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.

**QUARA FINANCE COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**Notes to the interim condensed financial statements (unaudited)**  
**For the nine-month period ended September 30, 2022**  
(All amounts in Saudi Riyals unless otherwise stated)

**16 Fair value of financial instruments (continued)**

	Carrying Value	Fair value			
		Level 1	Level 2	Level 3	Total
<b>30 September 2022</b>					
<b>(Unaudited)</b>					
<i>Financial assets as amortised cost:</i>					
Murabaha receivable	<b>752,089,733</b>	-	-	752,089,733	<b>752,089,733</b>
Due from related parties	<b>3,047,000</b>	-	-	3,047,000	<b>3,047,000</b>
<i>Financial liabilities at amortised cost:</i>					
Sukuk	<b>8,181,819</b>	-	-	8,181,819	<b>8,181,819</b>
Loan from a related party	<b>99,759,863</b>	-	-	99,759,863	<b>99,759,863</b>
Long term loan	<b>518,383,070</b>	-	-	518,383,070	<b>518,383,070</b>

	Carrying Value	Fair value			
		Level 1	Level 2	Level 3	Total
31 December 2021 (Unaudited)					
Financial assets as amortised cost:					
Murabaha receivable	897,188,142	-	-	897,188,142	897,188,142
Due from related parties	4,866,444	-	-	4,866,444	4,866,444
Financial liabilities at amortised cost:					
Sukuk	20,454,546	-	-	20,454,546	20,454,546
Loan from a related party	179,169,942	-	-	179,169,942	179,169,942
Long term loans	593,169,254	-	-	593,169,254	593,169,254

**17 Capital management**

Although global market conditions have affected market confidence and consumer spending patterns, the Company remains well placed to grow revenues. The Company has reviewed its exposure to climate related and other emerging business risks, but has not identified any risks that could impact the financial performance or position of the Company as at September 30, 2022. It has sufficient headroom to enable it to conform to covenants on its existing borrowings and sufficient working capital and undrawn financing facilities to service its operating activities.

The Company's objective when managing capital are to safeguard Company's ability to continue as a going concern in order to provide returns for the shareholders and benefits to other stakeholders and to maintain optimal capital structure to reduce the cost of capital. The Company is required to maintain an equity to net receivable (excluding expected credit losses) ratio as approved by SAMA. The Company is in compliance with the SAMA requirements in relation to equity to net receivables.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of Murabaha financing, and the advantages and security afforded by a sound capital position. In relation to the capital structure of the Company, management closely monitors the compliance with regulations and debt covenants and, as at the statement of financial position date, the Company was in compliance with the prescribe requirements. At financial position date, the management analysis of gearing ratio was as follows:

<b>Debt to equity ratio</b>	<b>September 30, 2022 (Unaudited)</b>	<b>December 31, 2021 (Audited)</b>
Debt	626,324,752	792,793,742
Shareholders' equity	325,913,538	287,897,661
Debt to Equity Ratio	1.92	2.75

**QUARA FINANCE COMPANY**  
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**17 Capital management (continued)**

<b><u>Net receivables to equity ratio</u></b>	<b>September 30, 2022 (Unaudited)</b>	<b>December 31, 2021 (Audited)</b>
Net receivables (excluding ECL)	<b>752,089,733</b>	897,188,142
Shareholders' equity	<b>325,913,538</b>	287,897,661
Net receivables to equity ratio	<b>2.3</b>	3.1