

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

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

**QUARA FINANCE COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**Condensed interim financial statements** (unaudited)  
**For the Six-month period ended June 30, 2023**

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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 (the "Company") as at 30 June 2023 and the related condensed interim statement of comprehensive income for the three-month and six-month periods then ended, and the related condensed interim statements of changes in shareholders' equity and cash flows for the six-month period then ended, and other explanatory notes (the "condensed interim financial statements").

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

### **Conclusion**

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

### **PricewaterhouseCoopers**

Khalid A. Mahdhar  
License Number 368


26 July 2023


**QUARA FINANCE COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**Condensed Interim Statement of Financial Position**  
(All amounts in Saudi Riyals unless otherwise stated)

		June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
<b>Assets</b>	<b>Note</b>		
Cash and cash equivalents		118,099,358	181,441,739
Murabaha receivable, net	5	725,357,594	710,295,126
Due from a related party	6	-	2,732,147
Prepayments and other receivables		31,645,585	23,328,155
Reposessed assets held for sale	7	1,642,785	1,642,785
Property and equipment		12,772,529	10,768,426
<b>Total assets</b>		<b>889,517,851</b>	<b>930,208,378</b>
<b>Liabilities and shareholders' equity</b>			
<b>Liabilities</b>			
Sukuk	8	-	4,090,909
Loan from a related party	9	95,684,782	93,397,500
Long-term loans	10	387,152,109	461,132,355
Accrued and other liabilities		28,010,993	18,588,002
Provision for zakat	11	10,642,724	13,192,887
Employees' termination benefits	12	1,395,100	1,071,100
<b>Total liabilities</b>		<b>522,885,708</b>	<b>591,472,753</b>
<b>Shareholders' equity</b>			
Share capital		300,000,000	300,000,000
Statutory reserve		7,163,842	7,163,842
Equity contribution on related party loan		10,862,676	10,862,676
Retained earnings		48,605,625	20,709,107
<b>Total shareholders' equity</b>		<b>366,632,143</b>	<b>338,735,625</b>
<b>Total liabilities and shareholders' equity</b>		<b>889,517,851</b>	<b>930,208,378</b>

The attached notes 1 to 17 form part of these condensed interim 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)**  
**Condensed Interim Statement of Comprehensive Income**  
(All amounts in Saudi Riyals unless otherwise stated)

Note	For the Three-month period ended June 30		For the Six-month period ended June 30,	
	2023	2022	2023	2022
Murabaha income	47,647,580	40,293,965	96,283,362	82,927,682
Management fee income	956,412	367,310	1,767,414	806,581
Modification gain on restructuring of financings and borrowings net of grant income	-	1,868,975	-	678,596
Financial charges	(2,208,479)	(2,199,672)	(4,978,240)	(5,081,242)
	46,395,513	40,330,578	93,072,536	79,331,617
Other income	4,517,686	6,849,410	9,124,016	11,354,651
Other general and administrative expenses	(15,689,634)	(9,778,413)	(30,211,992)	(21,799,303)
Provision for murabaha losses	(5,471,086)	976,112	(15,416,699)	(11,428,706)
Salaries and other benefits	(11,239,813)	(15,704,955)	(23,804,696)	(25,443,058)
Interest income on deposits	973,301	661,084	2,202,202	661,084
<b>Net Income for the period before zakat</b>	<b>19,485,967</b>	<b>23,333,816</b>	<b>34,965,367</b>	<b>32,676,285</b>
Zakat charge for the period	(3,924,816)	(5,490,398)	(7,068,849)	(7,416,952)
<b>Net income for the period after zakat</b>	<b>15,561,151</b>	<b>17,843,418</b>	<b>27,896,518</b>	<b>25,259,333</b>
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>15,561,151</b>	<b>17,843,418</b>	<b>27,896,518</b>	<b>25,259,333</b>
<b>Earnings per share</b>				
Basic and diluted earnings per share (Saudi Riyal)	0.52	0.59	0.93	0.84
Weighted average number of shares	30,000,000	30,000,000	30,000,000	30,000,000

The attached notes 1 to 17 form part of these condensed interim 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)**  
**Condensed Interim Statement of Changes in Shareholders' Equity**  
(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	(Accumulated losses) / Retained earnings	Equity contribution on related party loan	Total
<b>January 1, 2022 (Audited)</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	-	-	25,259,333	-	25,259,333
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	25,259,333	-	25,259,333
<b>June 30, 2022 (Unaudited)</b>	300,000,000	2,080,046	214,272	10,862,676	313,156,994
<b>January 1, 2023 (Audited)</b>	300,000,000	7,163,842	20,709,107	10,862,676	338,735,625
<b>Comprehensive income</b>					
Net income for the period	-	-	27,896,518	-	27,896,518
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive Income for the period</b>	-	-	27,896,518	-	27,896,518
<b>June 30, 2023 (Unaudited)</b>	300,000,000	7,163,842	48,605,625	10,862,676	366,632,143

The attached notes 1 to 17 form part of these condensed interim 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)**  
**Condensed Interim Statement of Cash Flows (Unaudited)**  
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the Six-month period ended June 30	
		2023 (Unaudited)	2022 (Unaudited)
<b>Cash flows from operating activities</b>			
Net income for the period before zakat		34,965,367	32,676,285
<u>Adjustments for non-cash items</u>			
Depreciation		2,104,698	1,678,206
Financial charges		4,978,240	5,081,242
Modification loss on restructuring of financings and borrowings net of grant income		-	(678,596)
Accrued income on deposit		(2,202,202)	(661,084)
Provision for murabaha losses	5	15,416,699	11,428,706
Provision for employees' termination benefits	12	428,975	437,412
Other income		(1,179,038)	-
<u>Changes in working capital</u>			
Murabaha receivable		(30,479,167)	176,406,924
Due from related parties		2,732,147	1,204,577
Prepayments and other receivables		(8,317,430)	(884,996)
Accrued and other liabilities		9,422,991	3,417,874
Employee termination benefits paid	12	(104,975)	(125,412)
Zakat paid	11	(9,619,012)	(9,011,785)
Finance charges received on short-term deposit		2,949,437	-
Financial charges paid		(1,781,212)	(15,389,810)
<b>Net cash generated from operating activities</b>		<b>19,315,518</b>	<b>205,579,543</b>
<b>Cash flow from investing activity</b>			
Purchase of property and equipment		(4,108,801)	(4,959,637)
<b>Net cash utilized in investing activity</b>		<b>(4,108,801)</b>	<b>(4,959,637)</b>
<b>Cash flows from financing activities</b>			
Loan proceeds from long-term loans		93,750,000	109,426,802
Long-term loan payments		(168,208,189)	(220,002,964)
Sukuk repayment		(4,090,909)	(8,181,818)
<b>Net cash utilized in financing activities</b>		<b>(78,549,098)</b>	<b>(118,757,980)</b>
<b>Net change in cash and cash equivalents</b>		<b>(63,342,381)</b>	<b>81,861,926</b>
Cash and cash equivalents at beginning of period		181,441,739	196,549,402
<b>Cash and cash equivalents at end of period</b>		<b>118,099,358</b>	<b>278,411,328</b>

The attached notes 1 to 17 form part of these condensed interim 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)**  
**Notes to the Condensed Interim Financial Statements (Unaudited)**  
**For the Six-Month Period Ended June 30, 2023**  
(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 condensed interim financial statements were authorized for issue by the Board of Directors on 24 July 2023.

These condensed interim 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 three-month and six-month periods ended June 30, 2023 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 condensed 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, 2022. 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, 2022.

**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 2023, 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 1 January 2023. The management has assessed that the amendments have no significant impact on the Company's condensed interim financial statements.

- Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8;
- Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction;
- Amendments to IAS 1, Presentation of financial statements', on classification of liabilities; and
- IFRS 17 – Insurance contracts, Pursuant to the regulations in the Kingdom of Saudi Arabia, the Company is required to write-off exposures for deceased customers and accordingly there is an insurance risk under the Islamic financing contracts. Upon adoption of IFRS 17 effective from 1 January 2023, the Company has made a policy choice to continue to account for such exposures under IFRS 9 'Financial Instruments' instead of IFRS 17. Accordingly, based on management's assessment, there was no impact upon adoption of IFRS 17.



**QUARA FINANCE COMPANY**  
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**Notes to the Condensed Interim Financial Statements (Unaudited)**  
**For the Six-Month Period Ended June 30, 2023**  
(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, 2022.

**5 Murabaha receivable, net**

	<b>June 30, 2023</b>		
	<b>Retail</b>	<b>SME financing</b>	<b>Total</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Murabaha receivable	630,580,773	301,785,664	932,366,437
Less: Unearned revenue	(166,127,380)	(17,259,251)	(183,386,631)
Less: Modification loss on restructuring of financings	-	(2,846,036)	(2,846,036)
Gross carrying value of Murabaha receivable	464,453,393	281,680,377	746,133,770
Less: Provision for Murabaha losses	(13,411,232)	(7,364,944)	(20,776,176)
	<b>451,042,161</b>	<b>274,315,433</b>	<b>725,357,594</b>
Current portion of Murabaha receivable	275,069,489	193,759,812	468,829,301
Non-current portion of Murabaha receivable	189,383,946	87,920,523	277,304,469
	<b>464,453,393</b>	<b>281,680,377</b>	<b>746,133,770</b>
Less: Provision for Murabaha losses	(13,411,232)	(7,364,944)	(20,776,176)
	<b>451,042,161</b>	<b>274,315,433</b>	<b>725,357,594</b>
	<b>December 31, 2022</b>		
	<b>Retail</b>	<b>SME financing</b>	<b>Total</b>
	<b>(Audited)</b>	<b>(Audited)</b>	<b>(Audited)</b>
Murabaha receivable	601,165,207	310,986,475	912,151,682
Less: Unearned revenue	(159,347,473)	(20,522,068)	(179,869,541)
Less: Modification loss on restructuring of financings	-	(6,769,569)	(6,769,569)
Gross carrying value of Murabaha receivable	441,817,734	283,694,838	725,512,572
Less: Provision for Murabaha losses	(11,136,014)	(4,081,432)	(15,217,446)
	<b>430,681,720</b>	<b>279,613,406</b>	<b>710,295,126</b>
Current portion of Murabaha receivable	252,227,862	196,128,079	448,355,941
Non-current portion of Murabaha receivable	189,589,872	87,566,759	277,156,631
	<b>441,817,734</b>	<b>283,694,838</b>	<b>725,512,572</b>
Less: Provision for Murabaha losses	(11,136,014)	(4,081,432)	(15,217,446)
	<b>430,681,720</b>	<b>279,613,406</b>	<b>710,295,126</b>

**QUARA FINANCE COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**Notes to the Condensed Interim Financial Statements (Unaudited)**  
**For the Six-Month Period Ended June 30, 2023**  
(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 six-month period ended June 30, 2023</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	598,175	1,078,432	9,459,406	11,136,013
Charge for the period	204,792	(88,293)	10,594,061	10,710,560
Written off during the period*	-	-	(8,435,341)	(8,435,341)
Closing balance at end of the period	802,967	990,139	11,618,126	13,411,232

	<b>For the year ended December 31, 2022</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 year	3,741,576	3,004,185	16,325,853	23,071,614
Charge for the year	(3,143,401)	(1,925,753)	20,817,237	15,748,083
Written off during the year*	-	-	(27,683,684)	(27,683,684)
Closing balance at end of the year	598,175	1,078,432	9,459,406	11,136,013

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

	<b>For the six-month period ended June 30, 2023</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Opening balance at beginning of the period	75,652	512,031	3,493,750	4,081,433
Charge for the period	188,152	78,056	4,447,963	4,714,171
Written off during the period*	-	-	(1,430,660)	(1,430,660)
Closing balance at end of the period	263,804	590,087	6,511,053	7,364,944

	<b>For the year ended December 31, 2022</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Opening balance at beginning of the year	71,641	1,440,538	1,171,303	2,683,482
Charge for the year	4,011	(928,507)	13,193,298	12,268,802
Written off during the year*	-	-	(10,870,851)	(10,870,851)
Closing balance at end of the year	75,652	512,031	3,493,750	4,081,433

\* The write-offs during the period/year 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**  
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**Notes to the Condensed Interim Financial Statements (Unaudited)**  
**For the Six-Month Period Ended June 30, 2023**  
(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>Retail</b>	<b>For the six-month period ended June 30, 2023 (Unaudited)</b>			
	<b>Performing (Stage 1)</b>	<b>Under- performing (Stage 2)</b>	<b>Non- performing (Stage 3)</b>	<b>Total</b>
<b>Loss allowance as at January 1, 2023</b>	<b>598,175</b>	<b>1,078,432</b>	<b>9,459,406</b>	<b>11,136,013</b>
Transfer from performing	(57,940)	52,188	5,752	-
Transfer from under-performing	210,013	(493,112)	283,099	-
Transfer from non-performing	30,829	622,428	(653,257)	-
Remeasurement of loss allowance	(773,227)	(78,050)	12,401,162	11,549,885
Financial assets – settled	(115,229)	(191,747)	(1,442,695)	(1,749,671)
Financial assets originated	910,346	-	-	910,346
Write-off during the period	-	-	(8,435,341)	(8,435,341)
<b>Loss allowance as at June 30, 2023</b>	<b>802,967</b>	<b>990,139</b>	<b>11,618,126</b>	<b>13,411,232</b>

<b>SME Financing</b>	<b>For the three-month period ended June 30, 2023 (Unaudited)</b>			
	<b>Performing (Stage 1)</b>	<b>Under- performing (Stage 2)</b>	<b>Non- performing (Stage 3)</b>	<b>Total</b>
<b>Loss allowance as at January 1, 2023</b>	<b>83,686</b>	<b>512,031</b>	<b>3,493,750</b>	<b>4,089,467</b>
Transfer from performing	(23,185)	22,371	814	-
Transfer from under-performing	88,889	(204,946)	116,057	-
Transfer from non-performing	83,675	33,119	(116,794)	-
Remeasurement of loss allowance	(6,829)	474,658	4,630,594	5,098,423
Financial assets – settled	(14,660)	(247,146)	(182,708)	(444,514)
Financial assets originated	52,228	-	-	52,228
Write-off during the period	-	-	(1,430,660)	(1,430,660)
<b>Loss allowance as at June 30, 2023</b>	<b>263,804</b>	<b>590,087</b>	<b>6,511,053</b>	<b>7,364,944</b>

<b>Retail</b>	<b>For the year ended December 31, 2022</b>			
	<b>Performing (Stage 1)</b>	<b>Under- performing (Stage 2)</b>	<b>Non- performing (Stage 3)</b>	<b>Total</b>
Loss allowance as at January 1, 2022	3,741,576	3,004,184	16,325,854	23,071,614
Transfer from performing	(490,130)	368,054	122,076	-
Transfer from under-performing	751,666	(1,217,967)	466,301	-
Transfer from non-performing	1,001,466	476,720	(1,478,186)	-
Remeasurement of loss allowance*	(3,088,920)	(307,847)	26,612,239	23,215,472
Financial assets – settled	(1,766,598)	(1,244,712)	(4,913,719)	(7,925,029)
Financial assets originated	449,115	-	-	449,115
Write-off during the year	-	-	(27,675,159)	(27,675,159)
Loss allowance as at December 31, 2022	598,175	1,078,432	9,459,406	11,136,013

<b>SME financing</b>	<b>For the year ended December 31, 2022</b>			
	<b>Performing (Stage 1)</b>	<b>Under- performing (Stage 2)</b>	<b>Non- performing (Stage 3)</b>	<b>Total</b>
Loss allowance as at January 1, 2021	71,641	1,440,538	1,171,303	2,683,482
Transfer from performing	(14,357)	10,996	3,361	-
Transfer from under-performing	300,042	(564,181)	264,139	-
Transfer from non-performing	-	58,182	(58,182)	-
Remeasurement of loss allowance*	(261,102)	(2,030)	13,117,572	12,854,440
Financial assets – settled	(24,643)	(431,474)	(125,067)	(581,184)
Financial assets originated	12,105	-	-	12,105
Write-off during the year	-	-	(10,879,376)	(10,879,376)
Loss allowance as at December 31, 2021	83,686	512,031	3,493,750	4,089,467

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

**QUARA FINANCE COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**Notes to the Condensed Interim Financial Statements (Unaudited)**  
**For the Six-Month Period Ended June 30, 2023**  
(All amounts in Saudi Riyals unless otherwise stated)

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

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

	<b>June 30, 2023</b>		
	<b>Retail</b>	<b>SME financing</b>	<b>Total</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Performing (Stage 1)	<b>385,380,888</b>	<b>183,313,429</b>	<b>568,694,317</b>
Underperforming (Stage 2)	<b>57,487,858</b>	<b>33,104,036</b>	<b>90,591,894</b>
Non-performing (Stage 3)	<b>21,584,647</b>	<b>65,262,912</b>	<b>86,847,559</b>
Total net loan receivables	<b>464,453,393</b>	<b>281,680,377</b>	<b>746,133,770</b>
Less: Provision for Murabaha losses	<b>(13,411,232)</b>	<b>(7,364,944)</b>	<b>(20,776,176)</b>
Loan receivables net of expected credit losses	<b>451,042,161</b>	<b>274,315,433</b>	<b>725,357,594</b>

	<b>December 31, 2022</b>		
	<b>Retail</b>	<b>SME financing</b>	<b>Total</b>
	<b>(Audited)</b>	<b>(Audited)</b>	<b>(Audited)</b>
Performing	360,526,598	195,443,873	555,970,471
Underperforming	62,616,756	48,197,240	110,813,996
Non-performing	18,674,380	42,793,906	61,468,286
Total net loan receivables	441,817,734	286,435,019	728,252,753
Less: Provision for Murabaha losses	(11,136,014)	(4,089,466)	(15,225,480)
Loan receivables net of expected credit losses	430,681,720	282,345,553	713,027,273

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>June 30, 2023</b>	<b>December 31, 2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Performing	<b>626,103,381</b>	576,178,197
Underperforming	<b>38,882,745</b>	112,128,715
Non-performing	<b>81,147,644</b>	37,205,660
Total net loan receivables	<b>746,133,770</b>	725,512,572
Less: Provision for Murabaha losses	<b>(20,776,176)</b>	(15,217,446)
Loan receivables net of expected credit losses	<b>725,357,594</b>	710,295,126

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

<b>Retail</b>	<b>For the six-month period ended June 30, 2023 (Unaudited)</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Gross carrying amount as at January 1, 2023</b>	<b>360,526,598</b>	<b>62,616,756</b>	<b>18,674,380</b>	<b>441,817,734</b>
Transferred from Stage 1	<b>(48,633,877)</b>	<b>44,316,581</b>	<b>4,317,296</b>	-
Transferred from Stage 2	<b>15,237,818</b>	<b>(28,024,252)</b>	<b>12,786,434</b>	-
Transferred from Stage 3	<b>1,298,457</b>	<b>1,120,532</b>	<b>(2,418,989)</b>	-
Repayments and settlements	<b>(142,725,186)</b>	<b>(22,541,759)</b>	<b>(3,339,133)</b>	<b>(168,606,078)</b>
New financial assets originated	<b>199,677,078</b>	-	-	<b>199,677,078</b>
Write-offs (From stage 3)	-	-	<b>(8,435,341)</b>	<b>(8,435,341)</b>
<b>Gross carrying amount as at June 30, 2023</b>	<b>385,380,888</b>	<b>57,487,858</b>	<b>21,584,647</b>	<b>464,453,393</b>

<b>Retail</b>	<b>For the year ended December 31, 2022 (Audited)</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
Transferred from Stage 1	(52,129,756)	30,809,809	21,319,947	-
Transferred from Stage 2	19,764,095	(24,322,378)	4,558,283	-
Transferred from Stage 3	2,127,483	1,023,441	(3,150,924)	-
Repayments and settlements	(308,848,009)	(15,337,560)	(9,460,384)	(333,645,953)
New financial assets originated	383,064,569	-	-	383,064,569
Write-offs (From stage 3)	-	-	(27,675,159)	(27,675,159)
Gross carrying amount as December 31, 2022	360,526,598	62,616,756	18,674,380	441,817,734

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

The movement in Murabaha receivables of SME financing segment (including due from related party) is as follows:

<b>SME financing</b>	<b>For the six -month period ended June 30, 2023 (Unaudited)</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Gross carrying amount as at January 1, 2023</b>	<b>195,443,873</b>	<b>48,197,240</b>	<b>42,793,906</b>	<b>286,435,019</b>
Transferred from Stage 1	(35,385,733)	27,088,156	8,297,577	-
Transferred from Stage 2	6,066,385	(32,045,287)	25,978,902	-
Transferred from Stage 3	4,578,252	-	(4,578,252)	-
Repayments and settlements	(74,619,381)	(10,136,073)	(5,798,561)	(90,554,015)
New financial assets originated	87,230,033	-	-	87,230,033
Write-offs (From stage 3)	-	-	(1,430,660)	(1,430,660)
<b>Gross carrying amount as at June 30, 2023</b>	<b>183,313,429</b>	<b>33,104,036</b>	<b>65,262,912</b>	<b>281,680,377</b>
<b>SME financing</b>	<b>For the year ended December 31, 2022 (Audited)</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Gross carrying amount as at January 1, 2022	354,889,974	99,167,416	27,922,919	481,980,309
Transferred from Stage 1	(75,681,671)	55,165,689	20,515,982	-
Transferred from Stage 2	27,712,007	(44,419,908)	16,707,901	-
Transferred from Stage 3	-	734,817	(734,817)	-
Repayments and settlements	(263,099,052)	(62,450,774)	(10,738,703)	(336,288,529)
New financial assets originated	151,622,615	-	-	151,622,615
Write-offs (From stage 3)	-	-	(10,879,376)	(10,879,376)
Gross carrying amount as December 31, 2022	195,443,873	48,197,240	42,793,906	286,435,019

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.

Credit quality of Murabaha receivables based on past due days is as follows:

<b>Retail – 30 June 2023</b>	<b>Net Receivable</b>	<b>ECL</b>	<b>Total</b>
0 - 30	418,105,165	(2,067,225)	416,037,940
31 - 60	26,800,250	(768,281)	26,031,969
61 - 90	-	-	-
91 - 180	5,852,986	(3,145,965)	2,707,021
181 - 270	7,241,407	(3,884,177)	3,357,230
271 - 360	3,628,944	(2,034,390)	1,594,554
361 - 720	2,824,641	(1,511,194)	1,313,447
Above 720	-	-	-
	<b>464,453,393</b>	<b>(13,411,232)</b>	<b>451,042,161</b>
<b>Retail – 31 December 2022</b>	<b>Net Receivable</b>	<b>ECL</b>	<b>Total</b>
0 - 30	364,287,287	(1,653,250)	362,634,037
31 - 60	37,435,830	(746,807)	36,689,023
61 - 90	24,455,870	(799,799)	23,656,071
91 - 180	7,872,366	(3,906,184)	3,966,182
181 - 270	4,059,730	(2,087,339)	1,972,391
271 - 360	3,706,650	(1,942,634)	1,764,016
361 - 720	-	-	-
Above 720	-	-	-
	<b>441,817,733</b>	<b>(11,136,013)</b>	<b>430,681,720</b>

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

<b>SME – 30 June 2023</b>	<b>Net Receivable</b>	<b>ECL</b>	<b>Total</b>
0 - 30	207,998,215	(696,122)	207,302,093
31 - 60	2,494,914	(112,107)	2,382,807
61 - 90	9,587,581	(633,963)	8,953,618
91 - 180	19,425,639	(1,381,469)	18,044,170
181 - 270	19,347,431	(2,067,998)	17,279,433
271 - 360	3,676,688	(408,820)	3,267,868
361 - 720	10,394,936	(1,380,060)	9,014,876
Above 720	8,754,973	(684,406)	8,070,567
	<b>281,680,377</b>	<b>(7,364,944)</b>	<b>274,315,433</b>

<b>SME – 31 December 2022</b>	<b>Net Receivable</b>	<b>ECL</b>	<b>Total</b>
0 - 30	214,631,091	(1,079,840)	213,551,251
31 - 60	21,253,966	(327,553)	20,926,413
61 - 90	28,983,048	(827,585)	28,155,463
91 - 180	2,141,182	(112,342)	2,028,840
181 - 270	2,348,837	(269,984)	2,078,853
271 - 360	8,314,343	(714,291)	7,600,052
361 - 720	7,615,375	(711,983)	6,903,392
Above 720	1,147,177	(45,887)	1,101,290
	<b>286,435,019</b>	<b>(4,089,465)</b>	<b>282,345,554</b>

**6 Due from a related party**

Due from a related party represents due amounts from one of the Company's related party against obtaining finance in form of Murabaha contracts. The terms of the contract were approved by the Company's Board of Directors. Due from the related party is stated as follows:

	<b>Relationship</b>	<b>June 30, 2023 (Unaudited)</b>	<b>December 31, 2022 (Audited)</b>
Talad Investment Company	Associate	-	2,732,147
		-	2,732,147

The above Murabaha receivable to related party is an unsecured financing issued to the related party on normal business terms. As at June 30, 2023, Talad Investment Company is no longer a related party of the Company, and accordingly the outstanding receivable has been transferred to Murabaha receivables.

**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. The Company is expecting to liquidate these assets by the end of 2023.

**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. During the period ended June 30, 2023 the Company has paid the Sukuk completely.

	<b>June 30, 2023 (Unaudited)</b>	<b>December 31, 2022 (Audited)</b>
Current portion	-	4,090,909
Non-current portion	-	-
	-	4,090,909

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**9 Loan from a related party**

	<b>June 30, 2023 (Unaudited)</b>	<b>December 31, 2022 (Audited)</b>
Opening balance	<b>93,397,500</b>	168,307,266
Add: Loan management fee accrued during the period / year	<b>2,287,282</b>	4,590,234
Less: Principal paid during the period / year	-	(75,000,000)
Less: Management fee paid during the period / year	-	(4,500,000)
Carrying amount of loan from related party	<b>95,684,782</b>	93,397,500

During 2021, the Company received approval from SAMA to obtain loan from related party to the extent of Saudi Riyals 150 million. During the year ended December 31, 2021 the Company obtained loan amounting to Saudi Riyals 100 million in 4 equal tranches for a period of 3 years. These loans obtained are interest free loans and are recorded at fair value.

**10 Long-term loans**

	<b>Note</b>	<b>June 30, 2023</b>	<b>December 31, 2022</b>
Long term loan – Monsha’at	10.1	<b>53,491,378</b>	89,038,059
Long term loan – SAMA	10.2	<b>333,660,731</b>	372,094,296
		<b>387,152,109</b>	461,132,355

**10.1 Long-term loan – Monsha’at**

	<b>Note</b>	<b>June 30, 2023</b>	<b>December 31, 2022</b>
Opening balance		<b>83,146,130</b>	130,943,104
Add: Loans obtained during the period		-	25,000,000
Add: Loan management fee accrued during the period		<b>1,781,212</b>	5,782,378
Less: Principal repayment during the period		<b>(33,342,150)</b>	(70,712,117)
Less: Loan management fee paid during the period		<b>(1,781,212)</b>	(5,236,024)
Less: Deferred income on initial recognition of interest free loans		-	(2,157,281)
Less: Upfront income on loan from Monsha’at		-	(473,930)
Closing balance		<b>49,803,980</b>	83,146,130
Add: Deferred income on interest free loans	10.1.1	<b>3,687,398</b>	5,891,929
		<b>53,491,378</b>	89,038,059
Current portion		<b>38,490,146</b>	62,896,835
Non-current portion		<b>15,001,232</b>	26,141,224
		<b>53,491,378</b>	89,038,059

**10.1.1 Deferred income on interest free loans**

	<b>June 30, 2023</b>	<b>December 31, 2022</b>
Opening balance	<b>5,891,929</b>	8,121,783
Add: Deferred income on initial recognition of interest free loan	-	2,157,281
Less: Amortization of deferred income on interest free loans	<b>(2,204,531)</b>	(4,387,135)
Closing balance	<b>3,687,398</b>	5,891,929

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 carry 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 condensed interim statement of comprehensive income of the Company on a systematic basis as the expense for which such loan is intended to compensate, is recognised.



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**10 Long-term loans (continued)**

**10.2 Long-term loan – SAMA**

	<b>Note</b>	<b>June 30, 2023</b>	<b>December 31, 2022</b>
Long term loan – SAMA funding for lending	10.2.1	<b>252,965,667</b>	265,966,055
Deposit received from SAMA against repayments deferment	10.2.2	<b>80,695,064</b>	106,128,241
		<b>333,660,731</b>	372,094,296

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

	<b>June 30, 2023</b>	<b>December 31, 2022</b>
Opening balance	<b>265,966,055</b>	332,206,449
Add: Loans obtained during the period/year	<b>93,750,000</b>	121,633,636
Less: Principal repayment during the period/year	<b>(106,750,388)</b>	(187,874,030)
Closing balance	<b>252,965,667</b>	265,966,055
Current portion	<b>140,892,263</b>	182,400,750
Non-current portion	<b>112,073,404</b>	83,565,305
	<b>252,965,667</b>	265,966,055

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 30 June 2023, the Company received additional financing amounting to Saudi Riyals 93.75 million. The financing tenure is thirty-six months. 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 condensed interim statement of income.

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

	<b>Six-month period ended June 30, 2023</b>	<b>Year ended December 31, 2022</b>
Opening balance	<b>106,128,241</b>	121,897,918
Add: Loans obtained during the period	-	43,293,184
Add: Unwinding of modification grant income	<b>2,682,474</b>	7,252,554
Less: Principal repayment during the period	<b>(28,115,651)</b>	(62,417,634)
Less: Grant income recognized on subsidized funding	-	(3,897,781)
Closing Balance	<b>80,695,064</b>	106,128,241
Current portion	<b>80,695,064</b>	106,128,241
Non-current portion	-	-
	<b>80,695,064</b>	106,128,241

**11 Provision for zakat**

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

	<b>Six-month period ended June 30, 2023 (Unaudited)</b>	<b>Year ended December 31, 2022 (Audited)</b>
Opening balance	<b>13,192,887</b>	12,635,265
Charge during the period / year	<b>7,068,849</b>	9,569,408
Payments made during the period / year	<b>(9,619,012)</b>	(9,011,786)
Closing balance	<b>10,642,724</b>	13,192,887

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**11 Provision for zakat (continued)**

**11.2 Status of assessments**

The Company has filed its zakat returns with Zakat, Tax and Custom Authority (ZATCA) for the years until 2022. During 2021, the Company received assessment for 2015 with additional zakat for Saudi Riyal 2,893,955. The Company has further filed an objection appeal with ZATCA against the assessment and believes that the outcome will be favorable.

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

**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 condensed interim statement of comprehensive income:

	<b>Six-month period ended June 30, 2023 (Unaudited)</b>	<b>Year ended December 31, 2022 (Audited)</b>
Opening balance	<b>1,071,100</b>	1,486,870
<b>Condensed interim statement of comprehensive income</b>		
Service cost attributable to the current and past periods	<b>428,975</b>	239,600
Reversal of past service cost	-	(380,883)
End of service paid during the period / year	<b>(104,975)</b>	(274,487)
<b>Ending balance</b>	<b>1,395,100</b>	1,071,100

**13 Share capital**

As at June 30, 2023, the authorised, issued and fully paid-up share capital of the Company was SR 300 million divided into 30 million shares (December 31, 2022: SR 300 million divided into 30 million shares) with a par value of SR 10 each.

**14 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 operating profit of the segment, 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 provide to small and medium enterprises.

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**14 Operating segments (continued)**

**For the six-month period ended  
30 June 2023 (Unaudited)**

	<b>Retail</b>	<b>SME financing</b>	<b>Total</b>
<b>Revenue</b>			
Murabaha income	79,063,710	17,219,652	96,283,362
Management fee	333,244	1,434,170	1,767,414
Finance charges	(2,287,282)	(2,690,958)	(4,978,240)
<b>Expenses</b>			
Other general and administrative	(21,213,788)	(1,211,195)	(22,424,983)
Provision for murabaha losses	(10,710,560)	(4,706,138)	(15,416,698)
Salaries and other benefits	(9,788,927)	(466,443)	(10,255,370)
Other income	8,684,292	263,737	8,948,029
	<b>44,080,689</b>	<b>9,842,825</b>	<b>53,923,514</b>
Unallocated income			2,378,189
Unallocated expenses*			(21,336,336)
<b>Net income before zakat</b>			<b>34,965,367</b>

**For the six-month period ended  
30 June 2022 (Unaudited)**

	<b>Retail</b>	<b>SME financing</b>	<b>Total</b>
<b>Revenue</b>			
Murabaha income	62,926,165	20,001,517	82,927,682
Management fee	333,158	473,423	806,581
Modification gain on restructuring of financings and borrowings net of grant income	-	678,596	678,596
Finance charges	(106,181)	(4,975,061)	(5,081,242)
<b>Expenses</b>			
Other general and administrative	(11,674,965)	(837,048)	(12,512,013)
Provision for murabaha losses	(9,003,059)	(2,425,647)	(11,428,706)
Salaries and other benefits	(6,674,903)	(1,497,156)	(8,172,059)
Other income	8,322,919	205,501	8,528,420
	<b>44,123,134</b>	<b>11,624,125</b>	<b>55,747,259</b>
Unallocated income			3,487,315
Unallocated expenses*			(26,558,289)
<b>Net income before zakat</b>			<b>32,676,285</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.

**As at June 30, 2023 (Unaudited)**

	<b>Retail</b>	<b>SME financing</b>	<b>Total</b>
Murabaha receivables, net	451,042,161	274,315,433	725,357,594
Unallocated assets	-	-	164,160,257
<b>Total assets</b>			<b>889,517,851</b>
Loans	95,684,782	387,152,109	482,836,891
Other liabilities	-	-	40,048,817
<b>Total liabilities</b>			<b>522,885,708</b>

**As at December 31, 2022 (Audited)**

	<b>Retail</b>	<b>SME financing</b>	<b>Total</b>
Murabaha Receivables, net	430,681,720	279,613,406	710,295,126
Due from a related party	-	2,732,147	2,732,147
Unallocated assets	-	-	217,181,105
<b>Total assets</b>			<b>930,208,378</b>
Loans	199,525,741	359,095,023	558,620,764
Other liabilities	-	-	32,851,989
<b>Total liabilities</b>			<b>591,472,753</b>

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(All amounts in Saudi Riyals unless otherwise stated)

**15 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.

For assets and liabilities that are recognised in the condensed interim financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

	Carrying Value	Fair value			
		Level 1	Level 2	Level 3	Total
<b>30 June 2023 (Unaudited)</b>					
<i>Financial assets as amortised cost:</i>					
Murabaha receivable	746,133,770	-	-	750,163,283	750,163,283
Cash and cash equivalents	118,099,358	118,099,358	-	-	118,099,358
Other receivables	557,677	-	-	557,677	557,677
<i>Financial liabilities at amortised cost:</i>					
Loan from a related party	95,684,782	-	-	95,684,782	95,684,782
Long-term loan	387,152,109	-	-	387,152,109	387,152,109
	Carrying Value	Fair value			
		Level 1	Level 2	Level 3	Total
<b>31 December 2022 (Unaudited)</b>					
<i>Financial assets as amortised cost:</i>					
Murabaha receivable	725,512,572	-	-	729,430,720	729,430,720
Due from related parties	2,740,181	-	-	2,740,181	2,740,181
Cash and cash equivalents	181,441,739	181,441,739	-	-	181,441,739
Other receivables	3,394,099	-	-	3,394,099	3,394,099
<i>Financial liabilities at amortized cost:</i>					
Sukuk	4,090,909	-	-	4,090,909	4,090,909
Loan from a related party	93,397,500	-	-	93,397,500	93,397,500
Long-term loans	461,132,355	-	-	461,132,355	461,132,355

**QUARA FINANCE COMPANY**  
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**16 Related party transactions**

	<b>Six-month period ended June 30, 2023</b>	<b>Six-month period ended June 30, 2022</b>
<b><u>Transactions with related parties during the period:</u></b>		
Murabaha income (Talad Investment Company – Associate)	-	244,671
Repayment of Murabaha receivable (Talad Investment Company – Associate)	-	1,452,000
Interest expense (Atheer Al Tharwa – Associate)	-	197,260
Interest income on short-term deposit (Al Khair Capital - Associate)	<b>2,202,202</b>	661,084
	<b>June 30, 2023</b>	<b>December 31, 2022</b>
<b><u>Balances:</u></b>		
Murabaha receivable, net (Talad Investment Company – Associate)	-	2,732,147
Loan from a related party - Al Mawared Al Oula – Shareholder	<b>95,684,782</b>	93,397,500
Short-term deposit (Al Khair Capital - Associate)	<b>68,268,103</b>	120,451,322
	<b>Six-month period ended June 30, 2023</b>	<b>Six-month period ended June 30, 2022</b>
<b><u>Key Management Personnel</u></b>		
Salaries and other short-term employee benefits	<b>4,020,182</b>	4,839,917
End of service benefits – Paid	<b>40,693</b>	-
Directors’ meeting attendance fee accrued	<b>158,000</b>	121,000
Loans to key management of the Company	<b>137,823</b>	190,126

Key management personnel include Chief Executive Officer and other department heads.

**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 June 30, 2023. 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 condensed interim 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><u>Debt to equity ratio</u></b>	<b>June 30, 2023 (Unaudited)</b>	<b>December 31, 2022 (Audited)</b>
Debt	<b>482,836,891</b>	558,620,764
Shareholders’ equity	<b>366,632,142</b>	338,735,625
Debt to Equity Ratio	<b>1.32</b>	1.65
	<b>June 30, 2023 (Unaudited)</b>	<b>December 31, 2022 (Audited)</b>
<b><u>Net receivables to equity ratio</u></b>		
Net receivables (excluding ECL)	<b>746,133,769</b>	725,512,572
Shareholders’ equity	<b>366,632,142</b>	338,735,625
Net receivables to equity ratio	<b>2.0</b>	2.1