

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

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
(UNAUDITED)

For the three-month period ended March 31, 2023

with

**INDEPENDENT AUDITOR'S REPORT**

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

**CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
For the three-month period ended March 31, 2023

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## KPMG Professional Services

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

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

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

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

To the Shareholders of Dar Al Etiman Al Saudi Company

## Introduction

We have reviewed the accompanying March 31, 2023 condensed interim financial statements of Dar Al Etiman Al Saudi Company ("the Company") which comprises:

- the condensed statement of financial position as at March 31, 2023;
- the condensed statements of profit or loss and other comprehensive income for the three-month period ended March 31, 2023;
- the condensed statement of changes in equity for the three-month period ended March 31, 2023;
- the condensed statement of cash flows for the three-month period ended March 31, 2023; and
- the notes to the condensed interim financial statements.

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

## Scope of review

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

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying March 31, 2023 condensed interim financial statements of Dar Al Etiman Al Saudi Company are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services

Nasser Ahmed Al Shutary  
License No. 454



Jeddah, 4 May 2023  
Corresponding to 14 Shawwal 1444H

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© 2023 كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأس مالها (40,000,000) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي للفرز ومراجعه ومحاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة الجزيرة المحدودة بضمان. جميع الحقوق محفوظة.

Commercial Registration of the headquarters in Riyadh is 1010425494.

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

**CONDENSED STATEMENT OF FINANCIAL POSITION**

As at March 31, 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)


	Notes	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
<b>Assets</b>			
Cash and cash equivalents	4	17,746,359	8,098,364
Net investment in finance leases	5	181,771,323	175,280,522
Islamic financing receivables	6	104,997	--
Prepayments and other receivables	7	40,414,054	42,061,454
Zakat refundable	12	5,923,959	6,090,670
Financial asset at fair value through other comprehensive income		892,850	892,850
Property and equipment		467,394	513,495
<b>Total assets</b>		<b>247,320,936</b>	<b>232,937,355</b>
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' equity</b>			
Share capital	8	100,000,000	100,000,000
Statutory reserve	9	5,482,361	5,482,361
Retained earnings		12,410,463	11,768,738
Actuarial gain on employees' defined benefit obligations		205,839	205,839
<b>Total shareholders' equity</b>		<b>118,098,663</b>	<b>117,456,938</b>
<b>Liabilities</b>			
Trade and other payables	10	110,959,211	96,176,716
Accrued and other liabilities	11	8,914,242	8,627,785
Net servicing liability under agency agreement	18	6,515,822	7,894,140
Employee benefit obligations		2,832,998	2,781,776
<b>Total liabilities</b>		<b>129,222,273</b>	<b>115,480,417</b>
<b>Total shareholders' equity and liabilities</b>		<b>247,320,936</b>	<b>232,937,355</b>



Chief Financial Officer



Chief Executive Officer



Chairman of Board of Directors

The accompanying notes 1 to 20 form an integral part of these condensed interim financial statements.

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

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

For the three-month period ended March 31, 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)


	Notes	For the three-month period ended	
		March 31, 2023	March 31, 2022
<b>Income</b>			
Income from finance leases		6,376,286	3,595,543
Other income	14	<u>2,526,306</u>	<u>2,757,583</u>
<b>Total income</b>		<u>8,902,592</u>	<u>6,353,126</u>
<b>Expenses</b>			
General and administrative expenses	15	(4,083,049)	(4,346,175)
Allowance for expected credit losses on investment in finance leases	5	(1,193,106)	(1,200,000)
Allowance for expected credit losses on Islamic financing receivables	6	(6,894)	--
Other operating costs	16	<u>(2,811,107)</u>	<u>(1,778,572)</u>
<b>Total expenses</b>		<u>(8,094,156)</u>	<u>(7,324,747)</u>
<b>Profit / (loss) before Zakat</b>		808,436	(971,621)
Zakat	12	<u>(166,711)</u>	<u>(37,469)</u>
<b>Profit / (loss) for the period</b>		641,725	(1,009,090)
Other comprehensive income		--	--
<b>Total comprehensive income / (loss) for the period</b>		<u>641,725</u>	<u>(1,009,090)</u>



Chief Financial Officer



Chief Executive Officer



Chairman of Board of Directors

The accompanying notes 1 to 20 form an integral part of these condensed interim financial statements.

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

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

For the three-month period ended March 31, 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

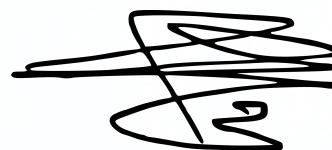
	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Retained earnings</u>	<u>Actuarial gain on employees' defined benefit obligations</u>	<u>Total</u>
Balance as at January 1, 2022	100,000,000	5,224,857	9,451,201	332,642	115,008,700
Loss for the period	--	--	(1,009,090)	--	(1,009,090)
Other comprehensive income	--	--	--	--	--
Total comprehensive loss for the period	--	--	(1,009,090)	--	(1,009,090)
Balance as at March 31, 2022	<u>100,000,000</u>	<u>5,224,857</u>	<u>8,442,111</u>	<u>332,642</u>	<u>113,999,610</u>
Balance as at January 1, 2023	100,000,000	5,482,361	11,768,738	205,839	117,456,938
Profit for the period	--	--	641,725	--	641,725
Other comprehensive income	--	--	--	--	--
Total comprehensive income for the period	--	--	641,725	--	641,725
<b>Balance as at March 31, 2023</b>	<b><u>100,000,000</u></b>	<b><u>5,482,361</u></b>	<b><u>12,410,463</u></b>	<b><u>205,839</u></b>	<b><u>118,098,663</u></b>



Chief Financial Officer



Chief Executive Officer



Chairman of Board of Directors

The accompanying notes 1 to 20 form an integral part of these condensed interim financial statements.


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

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


For the three-month period ended March 31, 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	<u>Notes</u>	<u>March 31,</u> <u>2023</u>	<u>March 31,</u> <u>2022</u>
<b>Cash flows from operating activities</b>			
Profit / (loss) before Zakat		808,436	(971,621)
<i>Adjustments for non-cash items:</i>			
Depreciation on property and equipment		53,400	27,805
Allowance for expected credit losses on investment in finance leases	5	1,193,106	1,200,000
Allowance for expected credit losses on Islamic financing receivables	6	6,894	--
Provision for employees' defined benefit obligations		108,892	132,003
		<u>2,170,728</u>	<u>388,187</u>
<i>Changes in operating assets and liabilities</i>			
Prepayments and other receivables		1,647,400	2,453,650
Trade and other payables		14,782,495	5,295,807
Accrued and other liabilities		286,457	9,087
Net servicing liability under agency agreement		<u>(1,378,318)</u>	<u>(2,386,095)</u>
<b>Net cash generated from operations</b>		<u>17,508,762</u>	<u>5,760,636</u>
Employee benefit obligations paid		<u>(57,670)</u>	<u>(55,693)</u>
<b>Net cash generated from operating activities</b>		<u>17,451,092</u>	<u>5,704,943</u>
<b>Cash flow from investing activities</b>			
Net investment in finance leases		(7,690,800)	(16,811,554)
Islamic financing receivables		(104,997)	--
Additions to property and equipment		(7,300)	(126,434)
<b>Net cash used in investing activities</b>		<u>(7,803,097)</u>	<u>(16,937,988)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>9,647,995</b>	<b>(11,233,045)</b>
Cash and cash equivalents at beginning of the period		<u>8,098,364</u>	<u>95,233,510</u>
<b>Cash and cash equivalents at end of the period</b>	4	<u>17,746,359</u>	<u>84,000,465</u>

  
Chief Financial Officer

  
Chief Executive Officer

  
Chairman of Board of Directors

The accompanying notes 1 to 20 form an integral part of these condensed interim financial statements.

## **DAR AL ETIMAN AL SAUDI COMPANY**

(A Saudi Closed Joint Stock Company)

### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

For the three-month period ended March 31, 2022

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

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#### **1. GENERAL INFORMATION**

Dar Al Etiman Al Saudi Company (the "Company") is principally engaged in providing lease financing for motor vehicles within the Kingdom of Saudi Arabia. The Company's head office is located at Prince Sultan Street, P.O. Box 55274, Jeddah 21534, Saudi Arabia.

The Company is registered as a Saudi Closed Joint Stock Company pursuant to Ministerial Resolution No. 486/Q dated Jumad-ul-Thani 11, 1436 (corresponding to March 31, 2015). Prior to its conversion to a Saudi Closed Joint Stock Company, the Company was operating as a Limited Liability Company registered in the Kingdom of Saudi Arabia under Commercial Registration number 4030165101 issued in Jeddah on Dhul-Qada 5, 1427H (corresponding to December 5, 2006).

The Company has obtained license No. 33/AM/201605 from Saudi Central Bank ("SAMA") to conduct finance lease activities on Rajab 16, 1436 (corresponding to May 5, 2015).

The accompanying condensed interim financial statements include the accounts of the Company's head office and all its branches.

#### **2. BASIS OF PREPARATION**

##### **2.1 Statement of compliance**

The condensed interim financial statements of the Company as at and for the period ended March 31, 2023 have been prepared:

- in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") and;
- in compliance with the Companies' Law in the Kingdom of Saudi Arabia and Company's By-laws.

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as "the Law") came into force on 26/6/1444 H (corresponding to January 19, 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to January 19, 2023). The management is in process of assessing the impact of the New Companies Law and will amend its By-Laws for any changes to align the Articles to the provisions of the Law. Consequently, the Company shall present the amended By-Laws to the shareholders in their Annual General Assembly meeting for their ratification.

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's financial statements for the year ended December 31, 2022. The results for the three-month period ended March 31, 2023 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2023.

Assets and liabilities in the condensed statement of financial position are presented in the order of liquidity.



## **DAR AL ETIMAN AL SAUDI COMPANY**

(A Saudi Closed Joint Stock Company)

### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

For the three-month period ended March 31, 2023

(All amounts in Saudi Arabian Riyals, unless otherwise stated)

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

##### **2.2 Basis of measurement**

These condensed interim financial statements have been prepared under the historical cost basis, unless stated otherwise, using the accrual basis of accounting and the going concern concept.

##### **2.3 Functional and presentation currency**

These condensed interim financial statements have been presented in Saudi Riyals (SR) which is also the Company's functional and presentation currency.

##### **2.4 Significant accounting judgements, estimates and assumptions**

The preparation of condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected by the revision. The key areas requiring significant management judgements and estimates are consistent with those disclosed in the annual financial statements for the year ended December 31, 2022.

#### **3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2022, except for the following new accounting policy.

##### **3.1 Islamic financing receivables (IFR)**

The Company initially recognizes IFRs when, and only when, the entity becomes party to the contractual provisions of the instrument. IFRs are measured initially at fair value including directly attributable transaction costs which is generally the transaction price and subsequently at their amortized cost. IFRs are offered under the following Shariah compliant mode:

###### **Tawarruq**

It is a contract whereby the Company sells a commodity or an asset to its customer on a deferred payment basis. The customer sells the same commodity or an asset to a third party at market price to raise the needed cash. The selling price charged by Company comprises the cost plus an agreed commission margin.

###### ***Standards, interpretations and amendments effective during the year***

New IFRS pronouncements, effective January 1, 2023 (refer note 20) did not have any effect on the condensed interim financial statements.

**DAR AL ETIMAN AL SAUDI COMPANY**

(A Saudi Closed Joint Stock Company)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

For the three-month period ended March 31, 2023

(All amounts in Saudi Arabian Riyals, unless otherwise stated)

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)***Standards, interpretations and amendments not yet effective*

At the date of authorization of these condensed interim financial statements, various Standards and Interpretations (including amendments thereto) were in issue but not yet effective. The management anticipates that adoption of these Standards and Interpretations in future periods will have no material impact on these condensed interim financial statements (refer note 20).

**4. CASH AND CASH EQUIVALENTS**

	<b>March 31, <u>2023</u> (Unaudited)</b>	December 31, <u>2022</u> (Audited)
Cash in hand	76,835	62,448
Cash at banks	17,669,524	8,035,916
	<u>17,746,359</u>	<u>8,098,364</u>

**5. NET INVESTMENT IN FINANCE LEASES**

	<b>March 31, <u>2023</u> (Unaudited)</b>	December 31, <u>2022</u> (Audited)
Gross investment in finance leases	249,214,402	238,489,392
Less: Unearned finance income and other related credits	<u>(59,782,224)</u>	<u>(56,141,380)</u>
Present value of minimum lease payments	189,432,178	182,348,012
Less: allowance for expected credit losses on finance leases	<u>(7,660,855)</u>	<u>(7,067,490)</u>
Net investment in finance leases	<u>181,771,323</u>	<u>175,280,522</u>

The Company's implicit rate of return on leases ranges between 9% and 17% per annum (2022: between 9% and 17% per annum). These are secured by promissory notes from the customer and against the leased assets.

Amounts due after one year represents minimum lease payments under finance lease contracts, which are due for payment by customers after one year from the statement of financial position date.

**DAR AL ETIMAN AL SAUDI COMPANY**

(A Saudi Closed Joint Stock Company)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

For the three-month period ended March 31, 2023

(All amounts in Saudi Arabian Riyals, unless otherwise stated)

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

Following are the scheduled maturities of the gross investment in finance leases:

Twelve months period ending March 31:

2023-2024	<b>77,470,840</b>
2024-2025	<b>56,004,003</b>
2025-2026	<b>42,916,695</b>
2026-2027	<b>45,485,110</b>
2027-2028	<b>26,624,976</b>
2028-2029	<b>712,778</b>
	<b><u>249,214,402</u></b>

5.1 The movement in allowance for expected credit losses on finance leases is as follows:

	<b>March 31, 2023 (Unaudited)</b>	December 31, 2022 (Audited)
At the beginning of the period	<b>7,067,490</b>	5,410,311
Charge for the period / year	<b>1,193,106</b>	4,800,000
Written off during the period / year	<b>(599,741)</b>	(3,142,821)
At the end of the period	<b><u>7,660,855</u></b>	<u>7,067,490</u>

5.2 Category-wise allowance for expected credit losses on finance leases is as follows:

	<b>March 31, 2023 (Unaudited)</b>	December 31, 2022 (Audited)
Performing	<b>1,633,185</b>	1,679,335
Under-performing	<b>483,727</b>	1,186,480
Non-performing	<b>5,543,943</b>	4,201,675
	<b><u>7,660,855</u></b>	<u>7,067,490</u>

**6. ISLAMIC FINANCING RECEIVABLES**

	<b>March 31, 2023 (Unaudited)</b>	December 31, 2022 (Audited)
Gross receivables - Tawarruq financing	<b>234,971</b>	--
Less: Unearned finance income	<b>(123,080)</b>	--
Present value of Islamic financing receivables	<b>111,891</b>	--
Less: allowance for expected credit losses	<b>(6,894)</b>	--
	<b><u>104,997</u></b>	<u>--</u>

**DAR AL ETIMAN AL SAUDI COMPANY**

(A Saudi Closed Joint Stock Company)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

For the three-month period ended March 31, 2023

(All amounts in Saudi Arabian Riyals, unless otherwise stated)

**6. ISLAMIC FINANCING RECEIVABLES (continued)**

Following are the scheduled maturities of the gross Islamic financing receivables:

Twelve months period ending March 31:

2023-2024	<b>46,995</b>
2024-2025	<b>46,994</b>
2025-2026	<b>46,994</b>
2026-2027	<b>46,994</b>
2027-2028	<b>46,994</b>
	<b><u>234,971</u></b>

- 6.1 The movement in allowance for expected credit losses on Islamic financing receivables is as follows:

	<b>March 31, 2023 (Unaudited)</b>	December 31, 2022 (Audited)
At the beginning of the period	--	--
Charge for the period	<b>6,894</b>	--
At the end of the period	<b><u>6,894</u></b>	<u>--</u>

- 6.2 Category-wise allowance for expected credit losses on Islamic financing receivables is as follows:

	<b>March 31, 2023 (Unaudited)</b>	December 31, 2022 (Audited)
Performing	<b>6,894</b>	--
Under-performing	--	--
Non-performing	--	--
	<b><u>6,894</u></b>	<u>--</u>

**7. PREPAYMENTS AND OTHER RECEIVABLES**

	<u>Note</u>	<b>March 31, 2023 (Unaudited)</b>	December 31, 2022 (Audited)
Restricted deposits	7.1	<b>35,656,944</b>	35,554,562
Prepaid insurance		<b>3,161,996</b>	4,884,089
Receivable from employees		<b>1,181,780</b>	1,247,997
Other prepayments and receivables		<b>413,334</b>	374,806
		<b><u>40,414,054</u></b>	<u>42,061,454</u>

## DAR AL ETIMAN AL SAUDI COMPANY

(A Saudi Closed Joint Stock Company)

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended March 31, 2023

(All amounts in Saudi Arabian Riyals, unless otherwise stated)

#### 7. PREPAYMENTS AND OTHER RECEIVABLES (continued)

- 7.1 The Company has been appointed as a servicing agent for the receivables sold to the financial institutions against securitization and agreements therefore the financial institutions require the Company to keep certain balance as restricted deposit against such services for sold receivables. These deposits will be released at the end of securitization and agency agreements and are recorded at their amortised cost. The non-current portion of these restricted deposits is amounting to Saudi Riyals 18.7 million (December 31, 2022: Saudi Riyals 18.5 million).

#### 8. SHARE CAPITAL

The share capital of the Company as of March 31, 2023 and December 31, 2022 was comprised of 100,000 shares stated at Saudi Riyals 1,000 per share owned as follows:

	Country of <u>incorporation</u>	<u>Shareholding</u>	
		<u>March 31,</u> <u>2023</u> (Unaudited)	December 31, <u>2022</u> (Audited)
Modern Ajwad for Commercial Investment Company Limited	Saudi Arabia	60%	60%
Tawad Holding Company	Saudi Arabia	40%	40%
		<u>100%</u>	<u>100%</u>

#### 9. STATUTORY RESERVE

In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia, the Company is required to transfer 10% of its net profit each year to a statutory reserve, after any accumulated deficit is absorbed, until such reserve equals 30% of its share capital. This reserve is not currently available for distribution to the shareholders.

#### 10. TRADE AND OTHER PAYABLES

	<u>Notes</u>	<u>March 31,</u> <u>2023</u> (Unaudited)	December 31, <u>2022</u> (Audited)
Third parties	10.1	21,024,745	22,470,902
Related party	13	89,934,466	73,705,814
		<u>110,959,211</u>	<u>96,176,716</u>

- 10.1 The third parties trade and other payables represents other payables and the temporary timing differences of amounts collected from customers and payable to financial institutions against securitization and agency agreement. All these amounts are payable within next twelve months.

**DAR AL ETIMAN AL SAUDI COMPANY**

(A Saudi Closed Joint Stock Company)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

For the three-month period ended March 31, 2023

(All amounts in Saudi Arabian Riyals, unless otherwise stated)

**11. ACCRUED AND OTHER LIABILITIES**

	<b>March 31, 2023 (Unaudited)</b>	December 31, 2022 (Audited)
Employee related accruals	<b>6,119,345</b>	5,970,836
Accrued board of directors' fee	<b>165,000</b>	660,000
Advances from customers	--	52,834
Other accruals	<b>2,629,897</b>	1,944,115
	<b><u>8,914,242</u></b>	<u>8,627,785</u>

**12. ZAKAT MATTERS****12.1 Movement in Zakat refundable**

The movement in the Zakat refundable is as follows:

	<b>March 31, 2023 (Unaudited)</b>	December 31, 2022 (Audited)
At the beginning of the period	<b>(6,090,670)</b>	(6,726,689)
Charge for the period / year	<b>166,711</b>	636,019
At the end of the period	<b><u>(5,923,959)</u></b>	<u>(6,090,670)</u>

- 12.2 During the year ended December 31, 2019, the Company has received a settlement notice from the ZATCA relating to the treatment of non-current portion of net investment in its finance lease for the purposes of determination of Zakat base. The notice prescribes the method to calculate the Company's Zakat liability for the year ended December 31, 2018 and stated that applying the same principles, the Company was entitled to a credit of Saudi Riyals 9.7 million for the year when the Company was provided a license from SAMA to be involved in the finance lease activities till 2017, whereas there would be a charge of Saudi Riyals 0.5 million for the year ended December 31, 2018. Management has agreed to the settlement notice and has accordingly recorded a net Zakat refundable of Saudi Riyals 9.2 million during the year ended December 31, 2018. This amount has been subsequently adjusted for Zakat charge for the years 2019 and 2022.

The Company has filed its Zakat declarations with ZATCA up to 2022.

**13. RELATED PARTY TRANSACTIONS**

The Company, in the normal course of business, enters into transactions with other entities that fall within the definition of a related party. The Company is a member of an affiliated group of companies which are directly or indirectly controlled by Abduljawad family, which are the ultimate shareholders. Related parties include the ultimate shareholders, companies owned by the shareholders and key management personnel. Transactions with related parties were carried out in the normal course of business on terms that were no more favorable than those available or which reasonably be expected to be available in similar transactions with non-related parties i.e., equivalent to those that prevail in arm's length transactions.

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**a) Related party transactions**

Significant related party transactions and balances arising therefrom are described as under:

<u>Name</u>	<u>Relationship</u>	<u>Nature of transactions</u>	<u>For the period ended March 31,</u>	
			<u>2023</u> (Unaudited)	<u>2022</u> (Unaudited)
Universal Motors Agencies	Affiliate	Purchase of motor vehicles	<b>24,800,962</b>	34,015,569
Universal Motors Agencies	Affiliate	Incentive income	<b>127,828</b>	999,563

**b) Due to a related party**

<u>Name</u>	<u>Relationship</u>	<u>Nature of transactions</u>	<u>As at</u>	<u>As at</u>
			<u>March 31,</u> <u>2023</u> (Unaudited)	<u>December 31,</u> <u>2022</u> (Audited)
Universal Motors Agencies	Affiliate	Purchase of motor vehicles	<b>89,934,466</b>	73,705,814

**c) Compensation of key management personnel**

<u>Name</u>	<u>Nature of transactions</u>	<u>For the period ended March 31,</u>	
		<u>2023</u> (Unaudited)	<u>2022</u> (Unaudited)
Key management personnel	Salaries and bonuses paid / accrued to key management personnel	<b>165,075</b>	324,901
Directors	Directors' fee	<b>165,000</b>	165,000
Key management personnel	End of service benefits accrued during the period	<b>6,784</b>	13,408

**14. OTHER INCOME**

	<u>March 31,</u> <u>2023</u> (Unaudited)	<u>March 31,</u> <u>2022</u> (Unaudited)
Recovery against previously written-off investment in finance lease	<b>2,139,656</b>	1,688,660
Incentive from a related party (note 13)	<b>127,828</b>	999,563
Others	<b>258,822</b>	69,360
	<b>2,526,306</b>	2,757,583

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**15. GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>March 31, <u>2023</u> (Unaudited)</b>	March 31, <u>2022</u> (Unaudited)
Salaries and allowances	<b>2,588,635</b>	3,025,595
Professional charges	<b>652,292</b>	579,425
Rent	<b>223,511</b>	207,917
Repair and maintenance	<b>87,621</b>	89,557
Depreciation	<b>53,400</b>	27,805
Others	<b>477,590</b>	415,876
	<b><u>4,083,049</u></b>	<u>4,346,175</u>

**16. OTHER OPERATING COST**

These costs principally represent insurance and losses related to early settlement of finance lease contracts.

**17. FINANCIAL RISK MANAGEMENT**

The Company's activities are exposed to a variety of financial risks which mainly include market risk (including foreign exchange risk, interest rate risk and price risk) credit risk and liquidity risk. The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; and therefore, should be read in conjunction with the Company's annual financial statements as at December 31, 2022. There have been no changes in the risk management policies since the year end.

**18. FINANCE LEASE RECEIVABLES – SECURITIZATION AND AGENCY AGREEMENTS**

In accordance with the terms of certain securitization and agency agreements, the Company has sold finance lease receivables to various financial institutions.

The outstanding position of such off-statement of financial position finance lease receivables is as follows:

	<b>March 31, <u>2023</u> (Unaudited)</b>	December 31, <u>2022</u> (Audited)
Finance lease receivables sold under securitization agreements	<b><u>83,943,489</u></b>	<u>99,826,600</u>



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**18. FINANCE LEASE RECEIVABLES – SECURITIZATION AND AGENCY AGREEMENTS (continued)**

Maturity profile of finance lease receivable sold under securitized deals are as follows:

	<u>March 31, 2023 (Unaudited)</u>	
	<u>Less than one year</u>	<u>One to five year</u>
Securitization agreements	<u>45,278,299</u>	<u>38,665,190</u>
	<u>December 31, 2022 (Audited)</u>	
	<u>Less than one year</u>	<u>One to five year</u>
Securitization agreements	<u>52,421,010</u>	<u>47,405,590</u>

**Net servicing liability under agency agreements**

Under the securitization and agency agreements, the Company has been appointed by the financial institutions to service the receivables sold to financial institutions. Where the Company is appointed to service the derecognized financial assets for a fee, the Company initially recognizes either a net servicing asset or a net servicing liability for that servicing contract at its fair value.

The fair value of net servicing asset/ liability is determined based on the present value of estimated future cash flows related to contractually specified servicing fees less servicing costs. The primary determinants of the fair value of net servicing asset/ liability are discount rates, estimates of servicing costs and the fixed servicing fees. The management assesses the cost of servicing including salaries and other direct costs. The annual change in the servicing cost represents the increment to the servicing cost as a result of inflation.

Variations in one or a combination of these assumptions could materially affect the estimated values of net servicing liability.

**19. PRONOUNCEMENTS ISSUED AND NOT YET EFFECTIVE**

The following amendments to existing standards and framework have been applied by the Company in preparation of these financial statements. The adoption of the below did not result in changes to the previously reported net profit or equity of the Company.

<u>Standard / Interpretation</u>	<u>Description</u>	<u>Effective date</u>
IFRS 17	Insurance contracts (Amendments to IFRS 17)	January 1, 2023
IAS 1	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	January 1, 2023
IAS 8	Definition of Accounting Estimate (Amendments to IAS 8)	January 1, 2023
IAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12	January 1, 2023
	Income Taxes	January 1, 2023
IFRS 17	Initial Application of IFRS 17 and IFRS 9 Comparative Information (Amendments to IFRS 17)	January 1, 2023

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**19. PRONOUNCEMENTS ISSUED AND NOT YET EFFECTIVE (continued)**

The standards, interpretations and amendments issued, but not yet effective up to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these standards, where applicable, when they become effective.

<i><u>Standard / Interpretation</u></i>	<i><u>Description</u></i>	<i><u>Effective date</u></i>
IAS 1	Classification of liabilities as current or non-current (amendments to IAS 1)	January 1, 2024
IFRS 16	Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	January 1, 2024
IAS 1	Non-current Liabilities with Covenants (Amendments to IAS 1)	January 1, 2024
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

**20. DATE OF AUTHORIZATION OF ISSUE**

The accompanying condensed interim financial statements have been authorised for issue by the Board of Directors on May 4, 2023, corresponding to Shawwal 14, 1444H.