تمويل الأولى
TAMWEEL ALOULA

Interim Condensed Financial Statements And Independent Auditor's Review Report

For The Three-Month And Nine-Month Periods
31 December 2024 (Audited)

Tamweel Al Oula Company

(A Single Shareholder Saudi
Closed Joint Stock Company)

TAMWEEL Al OULA COMPANY
(A SAUDI JOINT STOCK COMPANY)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
At 31 December 2024

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF TAMWEEL AL OULA COMPANY
(A SAUDI JOINT STOCK COMPANY)

Opinion

We have audited the financial statements of Tamweel Al Oula Company (the "Company"), which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in shareholders equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia that is relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the applicable provisions of the Regulations for Companies and Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF TAMWEEL AL OULA COMPANY
(A SAUDI JOINT STOCK COMPANY) (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF TAMWEEL AL OULA COMPANY
(A SAUDI JOINT STOCK COMPANY) (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

for Ernst & Young Professional Services

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سجل تجاري ٢٠٥١٠٥٨٧٩٢
CR.2051058792
شركة ارنست ويونغ للخدمات المهنية
(مهنية ذات مسؤولية محدودة)
Ernst & Young Professional Services
(Professional LLC)

Marwan S. AlAfaliq
Certified Public Accountant
License No. (422)

Al Khobar: 13 Ramadan 1446H
13 March 2025

TAMWEEL Al OULA COMPANY
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF FINANCIAL POSITION
As at 31 December 2024

	Note	*2024* SR	*2023* SR
ASSETS			
Bank balances and cash	20	**192,805,894**	26,304,771
Prepayments and other receivables	19	**57,689,986**	70,715,782
Net investment in islamic finance receivables	13	**2,548,012,265**	3,084,217,038
Equity investment at fair value through other comprehensive income "OCI"	18	**892,850**	892,850
Property and equipment	17	**4,415,388**	4,659,748
Right-of-use assets	15	**8,377,571**	4,597,329
Intangible assets	16	**2,836,235**	2,436,893
TOTAL ASSETS		**2,815,030,189**	3,193,824,411
LIABILITIES AND SHAREHOLDERS' EQUITY			
SHAREHOLDERS' EQUITY			
Share capital	21	**500,000,000**	500,000,000
General reserve		**50,100,769**	32,018,542
Retained earnings		**208,422,557**	149,070,910
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		**758,523,326**	681,089,452
Tier 1 sukuk	22	**470,000,000**	-
TOTAL EQUITY		**1,228,523,326**	681,089,452
LIABILITIES			
Provision for zakat	31	**20,850,961**	14,680,591
Accrued expenses and other liabilities	30	**35,012,547**	46,645,060
Trade payables	28	**114,285,880**	184,494,416
Islamic bank financing	24	**1,381,584,591**	2,188,689,750
Lease liabilities	26	**6,709,589**	3,462,114
Government grant	25	**15,344,761**	62,908,644
Amounts due to related parties	29	**1,774,739**	3,233,312
Employees' defined benefits liabilities	27	**10,943,795**	8,621,072
TOTAL LIABILITIES		**1,586,506,863**	2,512,734,959
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**2,815,030,189**	3,193,824,411

The attached notes 1 to 37 form part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Note	*2024* *SR*	*2023* *SR*
Revenue from main operations	7	**348,252,320**	283,719,077
Finance cost	8	**(51,704,851)**	(24,801,322)
GROSS REVENUE FROM MAIN OPERATIONS		**296,547,469**	258,917,755
Revenue from other activities	9	**42,428,624**	41,130,883
NET REVENUE FROM OPERATIONS		**338,976,093**	300,048,638
EXPENSES			
Depreciation and amortisation	10	**(6,521,634)**	(6,109,154)
Selling and advertising	12	**(68,925,192)**	(68,650,330)
General and administration	11	**(34,854,573)**	(34,880,068)
Charge for expected credit losses on islamic finance receivables	13	**(27,001,468)**	(48,027,467)
PROFIT BEFORE ZAKAT		**201,673,226**	142,381,619
Zakat	31	**(20,850,961)**	(14,680,591)
PROFIT FOR THE YEAR		**180,822,265**	127,701,028
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:			
Re-measurement loss on employees' defined benefits liabilities	27	**(173,920)**	(779,628)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**180,648,345**	126,921,400
Earnings per share			
Basic and diluted earnings per share	23	**1.73**	1.28
Weighted average number of shares		**100,000,000**	100,000,000

The attached notes 1 to 37 form part of these financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2024

	Share capital SR	*General reserve SR*	*Retained earnings SR*	*Total equity attributable to shareholders of the company SR*	*Tier 1 Sukuk SR*	*Total equity SR*
As at 1 January 2023	500,000,000	19,248,439	94,919,613	614,168,052	-	614,168,052
Profit for the year	-	-	127,701,028	127,701,028	-	127,701,028
Other comprehensive loss for the year	-	-	(779,628)	(779,628)	-	(779,628)
Total comprehensive income for the year	-	-	126,921,400	126,921,400	-	126,921,400
Transfer to statutory reserve	-	12,770,103	(12,770,103)	-	-	-
Dividends	-	-	(60,000,000)	(60,000,000)	-	(60,000,000)
As at 31 December 2023	500,000,000	32,018,542	149,070,910	681,089,452	-	681,089,452
As at 1 January 2024	500,000,000	32,018,542	149,070,910	681,089,452	-	681,089,452
Profit for the year	-	-	180,822,265	180,822,265	-	180,822,265
Other comprehensive loss for the year	-	-	(173,920)	(173,920)	-	(173,920)
Total comprehensive income for the year	-	-	180,648,345	180,648,345	-	180,648,345
Movement during the year	-	18,082,227	(18,082,227)	-	-	-
Dividends	-	-	(95,000,000)	(95,000,000)	-	(95,000,000)
Issuance of Tier 1 Sukuk	-	-	-	-	470,000,000	470,000,000
Tier 1 Sukuk related cost	-	-	(8,214,471)	(8,214,471)	-	(8,214,471)
As at 31 December 2024	**500,000,000**	**50,100,769**	**208,422,557**	**758,523,326**	**470,000,000**	**1,228,523,326**

The attached notes 1 to 37 form part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Note	*2024* *SR*	*2023* *SR*
OPERATING ACTIVITIES			
Profit before zakat		**201,673,226**	142,381,619
Adjustments to reconcile profit before zakat for the year to net cash flows:			
Depreciation of property and equipment	17	**1,742,243**	1,523,096
Depreciation of right-of-use assets	15	**3,298,947**	3,640,642
Amortisation of intangible assets	16	**1,480,444**	945,416
Finance costs and bank charges		**98,730,464**	100,413,434
Employees' defined benefits liabilities, charged	27	**2,060,504**	1,586,364
Finance costs on benefit obligation for the period	27	**485,293**	323,421
Charge of expected credit loss on islamic finance receivables	13	**27,001,468**	48,027,467
Finance costs on lease liabilities	26	**52,977**	184,397
Grant income realised		**(47,563,883)**	(75,796,510)
Gain/Loss on sale of property and equipment		**36,899**	47,592
		288,998,582	223,276,938
Changes in operating assets and liabilities:			
Change in restricted funds		**305,918**	-
Net investment in Islamic finance receivables		**509,203,305**	(918,610,204)
Prepayments and other receivables		**13,025,796**	126,299,425
Amounts due to related parties		**(1,458,573)**	(493,014)
Trade payables		**(70,208,536)**	49,007,245
Accrued expenses and other liabilities		**(11,632,513)**	3,537,498
Cash from / (used in) operations		**728,233,979**	(516,982,112)
Employees' defined benefits liabilities, paid		**(396,994)**	(1,082,386)
Zakat paid		**(14,680,591)**	(9,280,400)
Finance costs and bank charges paid		**(51,166,581)**	(19,494,643)
Net cash from / (used in) operating activities		**661,989,813**	(546,839,541)
INVESTING ACTIVITIES			
Purchase of property and equipment	17	**(1,544,530)**	(1,608,360)
Additions of intangible assets	16	**(1,879,786)**	(1,481,720)
Proceeds from disposal of property and equipment		**9,748**	-
Net cash used in investing activities		**(3,414,568)**	(3,090,080)

STATEMENT OF CASH FLOWS (Continued)
For the year ended 31 December 2024

	Note	2024 SR	2023 SR
FINANCING ACTIVITIES			
Dividends paid		**(95,000,000)**	(60,000,000)
Tier 1 Sukuk related cost		**(8,214,471)**	-
Issuance of tier 1 sukuk		**470,000,000**	-
Payment of lease liabilities		**(3,884,691)**	(4,313,586)
Proceeds from islamic bank financing		**413,850,131**	1,876,532,682
Repayment of islamic bank financing		**(1,268,519,173)**	(1,257,611,080)
Net cash (used in)/ from financing activities		**(491,768,204)**	554,608,016
NET INCREASE IN CASH AND CASH EQUIVALENTS		**166,807,041**	4,678,395
Cash and cash equivalents at the beginning of the year		**22,474,836**	17,796,441
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**20**	**189,281,877**	22,474,836

1 CORPORATE INFORMATION

Tamweel Al Oula Company ("the Company"), is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration number 2050055043 dated 15 Ramadan 1436H (corresponding to 2 July 2015).

The Company is engaged in providing financial leasing in addition to financing production assets and offering consumer finance in accordance with the license number 39/ASH/201512 dated 21 Safar 1437H (corresponding to 3 December 2015) issued by Saudi Central Bank ("SAMA").

The Company's registered office is located at PO 34232, Dammam, Kingdom of Saudi Arabia. The Company operates through the following branches:

Commercial Registration Name	*Number*	*Location*	*Date*
Tamweel Al Oula - Branch	2051065442	Al Khobar	17/04/1439H
Tamweel Al Oula - Branch	2252101795	Al Hasa	02/06/1439H
Tamweel Al Oula - Branch	1010691639	Riyadh	19/07/1442H
Tamweel Al Oula - Branch	4030416684	Jeddah	14/10/1442H
Tamweel Al Oula - Branch	5855360923	Khamis Mushait	13/11/1443H

The financial statements of the Company as of 31 December 2024 were authorised for issuance on 12 Ramadan 1446H (corresponding to 12 March 2025).

2 BASIS OF PREPARATION

These financial statements of the Company have been prepared in accordance with IFRS Accounting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as “IFRS as endorsed in KSA").

In July 2024, the Shareholder of the Company resolved to file an initial public offering application with the Capital Market Authority (“CMA”) of the Kingdom of Saudi Arabia to list the Company’s shares on Tadawul in the Kingdom of Saudi Arabia. Accordingly, these financial statements have been prepared for inclusion in the Company’s initial public offering application to be filed with the Capital Market Authority of the Kingdom of Saudi Arabia in order to list the Company’s shares on Tadawul, in the Kingdom of Saudi Arabia. The Company has received the initial no objection letter from SAMA to continue with IPO on 8 Rabi Al-Awwal 1446H (corresponding to 11 September 2024).

Basis of measurement
The financial statements have been prepared on a historical cost basis using the accrual basis of accounting, except where otherwise disclosed in the accounting policies. The statement of financial position is stated in order of liquidity.

Going concern
The Company’s management has made an assessment of the Company’s ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt on the Company’s ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

Presentation and functional currency
The presentation and functional currency of the Company is Saudi Riyal.

3 MATERIAL ACCOUNTING POLICIES

The material accounting policy information adopted by the Company in preparing these financial statements are applied consistently, which are as follows:

Fair value measurement

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 fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between the 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.

For the purpose of fair value disclosures, the Company determines classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Revenue recognition

Ijara ("Islamic lease receivable")

The Company is generating revenue from Ijara contracts. Gross investment in Ijara represents the gross lease payments receivable by the Company, and the net investment represents the present value of these lease payments discounted at profit rate implicit in the lease. The difference between the gross investment and the net investment is recognised as unearned finance income. Finance lease income is recognised over the period of the lease on a systematic basis, which results in a constant periodic rate of return on the net investment outstanding.

Tawarruq revenue

The amortized cost of a financial asset is the amount at which the financial asset is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective commission rate method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

3 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)
However, for financial assets that have become credit-impaired subsequent to initial recognition, commission income is calculated by applying the effective commission rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of commission income reverts to the gross basis. For financial assets that were credit-impaired on initial recognition, commission income is calculated by applying the credit-adjusted effective commission rate to the amortized cost of the asset. The calculation of commission income does not revert to a gross basis, even if the credit risk of the asset improves.

Insurance reimbursed/(paid), net
As part of the periodic installments due from customers, the Company charges customers for insurance cover on the vehicles under Ijarah contracts. Insurance charges represent cost of insurance (premium). Consequently, premiums are paid to the Insurers for the insurance cover for the assets under lease. Insurance income less any directly attributable expenses is recognized over the insured period of leased vehicles.

Service fees
Service fees charged in respect of processing and other services are recognized as income over the period of financing agreements.

Other income
Other income is recognized when earned.

General and administrative expenses
General and administrative expenses include direct and indirect costs not specifically part of the operating activities of the Company.

Finance costs
Finance costs are expensed in the period to which they relate. Finance costs consist of profit and other costs that the Company incurs in connection with the borrowing of funds and amortisation of financial charges and lease liabilities.

Zakat
The Company is subject to Zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA") applicable on financing companies. Zakat expense is charged to the profit or loss. The charge for the period is calculated based on estimated zakat charge for the whole year.

The zakat base computed in accordance with the formula specified in the zakat Regulations is also subject to thresholds for minimum and maximum liability.

Zakat is provided in accordance with the regulations of ZATCA in the Kingdom of Saudi Arabia and on accruals basis. The provision is charged to profit or loss.

Value added tax (VAT)
Assets and expenses are recognised net of amount of VAT, except when VAT incurred on a purchase of assets or services is not recoverable from ZATCA, in which case, VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of other receivables or payables in the statement of financial position.

3 MATERIAL ACCOUNTING POLICIES (continued)

Foreign currencies
Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss and other comprehensive income.

Islamic finance receivables
Company transfers substantially all the risks and rewards incidental to the ownership of an asset to the lessee such transfers are classified as Islamic financing receivables. Islamic financing receivables are recorded at the lower of the fair value of the financing asset and the present value of the minimum payments.

The Company offers its customers certain non-commission based products, which are approved by its Shariah Board, as follows:

Ijara
Ijara is a an agreement whereby the Company, acting as a lessor, purchases or constructs an asset for lease according to the customer request (lessee), based on his promise to lease the asset for an agreed rent and specific period that could end by transferring the ownership of the leased asset to the lessee. The difference between the gross receivables and the present value of the receivables is recognised as unearned finance income. Finance income from Ijara contract is recognised over the term of the Ijara using the net investment method, which reflects a constant periodic rate of return.

Murabaha
Murabaha is an agreement whereby the Company sells to a customer an asset which the Company has purchased and acquired based on a promise received from the customer to buy. The selling price comprises the cost plus an agreed profit margin.

Gross amounts due under the Murabaha sale contracts include the total of future sale payments on the Murabaha agreement (Murabaha sale contract receivable). The difference between the Murabaha sale contracts receivable and the cost of the sold asset, is recorded as unearned Murabaha profit and for presentation purposes, is deducted from the gross amounts due under the Murabaha sale contracts receivable.

Tawarruq
Tawarruq is a form of Murabaha transactions where the Company purchases a commodity and sells it to the customer. The customer sells the underlying commodity at spot and uses the proceeds for his financing requirements. The customer has the option to appoint whom he see's to sell the commodity, inluding the Company, according to a form approved by the Sharia'a committee. Then the agent deposits the proceeds in the customer's account.

Musharaka
Musharaka is an agreement between the Comapny and a bank to contribute to a certain investment enterprise or the ownership of a certain property ending up with the acquisition by the bank of the full ownership. The profit or loss is shared as per the terms of the agreement.

Bank balances and cash
Bank balances and cash on hand in the statement of financial position comprise cash at banks and cash on hand, which are subject to insignificant risk of change in value. Restricted cash refers to cash that is not available for general use due to legal, contractual, or other restrictions.

3 MATERIAL ACCOUNTING POLICIES (continued)

Lease

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

a) Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use).

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives

Lease liability

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the average borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term and low value assets' leases

Short-term leases are leases with a lease term of 12 months or less. Low-value assets are items that do not meet the Company's capitalization threshold and are considered to be insignificant for the statement of financial position for the Company as a whole. Payments for short-term leases and leases of low-value assets are recognised on a straight-line basis in the statement of profit or loss.

Leases in which substantially all the risks and benefits of ownership of the asset are not transferred to the Company are classified as operating leases. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

b) Company as a lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

3 MATERIAL ACCOUNTING POLICIES (continued)

Lease (continued)

b) Company as a lessor (continued)

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract.

The Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

Contracts based on Musharakah, which in substance represents a syndicated finance lease arrangement, is recorded as net investment in finance lease and is stated at cost, representing the balance of the Company's share in the Musharakah

Intangible assets

Intangible assets includes software; intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets. 'Intangible assets are amortised over a period of 1 - 5 years.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

3 MATERIAL ACCOUNTING POLICIES (continued)

Property and equipment (continued)
Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

	Years
Leasehold improvements	5
Office furniture and fixtures	4
Computers	4

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised. The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Financial instruments – initial recognition and subsequent measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, at amortised cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVIS).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

(i) Financial assets at amortised cost (debt instruments)
(ii) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
(iii) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
(iv) Financial assets at fair value through profit or loss

3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

Subsequent measurement (continued)

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Company's financial assets at amortised cost includes net investment in Islamic finance receivables.

Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss. The Company does not have debt instruments carried at fair vlaue through OCI.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 "*Financial Instruments: Presentation* " and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. 'The Company elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. The Company does not have any assets carried at fair value through profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

  (a) the Company has transferred substantially all the risks and rewards of the asset, or

  (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

Derecognition (continued)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial instruments

The Company recognises loss allowances for Expected Crdit Losses ("ECL") on the following financial instruments that are not measured at fait value through profit or loss:

- Investment in islamic finance receivables;

No impairment loss is recognized on FVOCI equity investments.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- Finaning investment securities that are determined to have low credit risk at the reporting date; and
- Other financial instruments on which credit risk has not increased significantly since their initial recognition

The Company considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade.

12-month ECL are the portion of ECL that result from default events on a financial asset that are possible within the 12 months after the reporting date. Financial assets for which 12-month ECL are recognized are referred to as 'Stage1' financial assets. Financial assets allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit-impaired.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial assets or the maximum contractual period of exposure. Financial assets for which lifetime ECL are recognized but that are not credit-impaired are referred to as 'Stage 2 financial assets'. Financial assets allocated to stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are nor credit-impaired.

Financial assets for which the lifetime ECL are recognized and that are credit-impaired are referred to as 'Stage 3 financial assets'.

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of Default ("PD")
- Loss Given Default ("LGD")
- Exposure At Default ("EAD")

3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments – initial recognition and subsequent measurement (continued)
i) Financial assets (continued)
Impairment of financial instruments (continued)
Measurement of ECL
To evaluate a range of possible outcomes, the Company formulates various scenarios. For each scenario, the Company derives an ECL and applies a probability weighted approach to determine the impairment allowance in accordance with the applicable accounting standards requirements.

The above parameters are generally derived from internally developed statistical models and historical data which are adjusted for forward looking information.

Restructured financial assets
If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the customer, then an assessment is made of whether the financial asset should be derecognized and ECL is measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired Islamic financing receivables
At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired (Stage 3 financial assets). A financial asset is 'credit-impaired' when one or more events that have detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a financing facility or advance by the Company on terms that the Company would not consider
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

A contract that has been renegotiated due to deterioration in the customer's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a receivable that is overdue for 90 days or more is considered credit-impaired (in default).

Presentation of allowance for ECL in the statement of financial position
Allowance for ECL of financial assets measured at amortised cost are presented in the statement of financial position as a deduction from the gross carrying amount of the assets.

3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments – initial recognition and subsequent measurement (continued)
i) Financial assets (continued)
Impairment of financial instruments (continued)
Measurement of ECL (continued)
Write-off
Financing facilities are written off (either partially or in full) when there is no realistic prospect of recovery. Based won historical experience, this is assessed to be when facilities are 1,080 days past due. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount.

Collateral valuation
To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as real estate properties, Kafalah guarantees and personal guarantees.

Collateral, unless repossessed, is not recorded on the Company's statements of financial position. However, the fair value of the real estate collateral affects the calculation of ECL. It is generally assessed, at a minimum, at inception and re-assessed on a yearly basis.

Non-financial collateral, such as real estate, is valued by third party valuers appointed by the Company.

ii) Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, islamic bank financing, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of islamic bank financing and payables, net of directly attributable transaction costs. 'The Company’s financial liabilities include trade payables, amounts due to related parties, lease liabilities and islamic bank financing.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

(i) Financial liabilities at fair value through profit or loss
(ii) Islamic bank financing

Out of above, only the category (ii) is applicable for the Company, which is described hereunder:

Islamic bank financing
This is the category most relevant to the Company. After initial recognition, interest-bearing islamic bank financing are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. 'This category generally applies to interest-bearing islamic bank financing.

When the Company obtains government financed facility at below market interest rate, the financed facility's amortised cost is calculated using an effective interest rate based on market rates. The subsidy is recognised as government grant.

3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

ii) Financial liabilities (continued)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-zakat discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

General reserve

In accordance with the Company's bylaws, 10% of the profit for the year is required to be transferred to the general reserve each year. The shareholders' may resolve to discontinue such transfer when the reserve equals 30% of the capital.

Tier 1 Sukuk

The Company classifies as part of equity the Tier 1 Sukuk issued with no fixed redemption/maturity dates (Perpetual Sukuk) and not obliging the Company for payment of profit upon the occurrence of a non-payment event or non-payment election by the Company subject to certain terms and conditions and essentially mean that the remedies available to sukukholders are limited in number and scope and very difficult to exercise.

The related initial costs and distributions thereon are recognised directly in the statement of changes in equity under retained earnings.

3 MATERIAL ACCOUNTING POLICIES (continued)

Employees' benefits

(i) Short term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves and air fare that are expected to be settled wholly within twelve months after the end of the year in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting year and are measured at amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in statement of financial position.

(ii) Employees' terminal benefits

The Company has end of service benefits which is qualifies as defined benefits plan. The net pension liability or liability recognised in the statement of financial position in respect of defined benefit post-employment plans is the present value of the projected defined benefits obligation (DBO) less fair value of plan assets, if any.

DBO is re-measured on a periodic basis by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used. The net interest cost is calculated by applying the discount rate to the net balance of the DBO and the fair value of plan assets. This cost is included in employee benefit expense in the statement of income.

Re-measurement gains and losses arising from changes in actuarial assumptions are recognised in the period in which they occur in OCI. Changes in the present value of the DBO resulting from plan amendments or curtailments are recognised immediately in the statement of income as past service costs.

In KSA, for the liability for employees' end of service benefits, the actuarial valuation process takes into consideration the provisions of the Saudi Arabian Labor and Workmen Law as well as the Company policy.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where management of the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current Pre-tax (Zakat) rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Accounting for government grants and disclosure of government assistance

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When financing facilities or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant and is recognised in the statement of profit or loss on a systematic basis over the period in which the entity recognises as expense the related costs which the grants is intended to compensate.

Cash dividends

The Company's recognises a liability to pay dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws of Saudi Arabia, a distribution is authorised when it is approved by the shareholders. a corresponding amount is recognised directly in equity.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements in conformity with IFRS as endorsed in KSA, requires the use of certain critical accounting judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets, liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Such judgements, estimates, and assumptions are continually evaluated and are based on historical experience and other factors, including obtaining professional advices and expectations of future events that are believed to be reasonable under the circumstances.

The Company has made various accounting estimates in these financial statements based on forecasts of economic conditions which reflect expectations and assumptions as at 31 December 2024 about future events that the Company believe are reasonable in the circumstances. There is a considerable degree of judgement involved in preparing these estimates. The underlying assumptions are also subject to uncertainties which are often outside the control of the Company. Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these financial statements.

The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses.

Estimates, assumptions and judgements

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty, and critical judgments in applying accounting policies (that have the most significant effect on the amount recognised in the financial statements) include:

Credit losses of islamic finance receivables

Impairment of Ijara and Tawarruq financing receivable requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's Expected Credit Loss (ECL) calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies.

Elements of the ECL models that are considered accounting judgements and estimates include:

- The Company's model for determination of defaults, which assigns loss rate (LR) to the individual pool of receivables and assessing the exposure at default (EAD).
- The Company's criteria for assessing the credit losses for islamic finance receivables to be measured on a Lifetime Expected Credit Loss (LTECL) basis and the qualitative assessment.
- The segmentation of islamic finance receivables when their ECL is assessed on a collective basis.
- Development of ECL models, including the various formulas and the appropriate inputs.
- Determination of associations between macroeconomic scenarios and economic inputs, such as government spending, and the effect on LR.
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates, assumptions and judgements (continued)

Credit losses of islamic finance receivables (continued)

The current events and the prevailing economic condition require the Company to revise certain inputs and assumptions used for the determination of expected credit losses ("ECL"). These would primarily revolve around either adjusting macroeconomic factors used by the Company in estimation of expected credit losses or revisions to the scenario probabilities currently being used by the Company in ECL estimation.

As with any forecasts, the projections and likelihoods of occurrence are underpinned by significant judgement and uncertainty and therefore, the actual outcomes may be different to those projected. The impact of such uncertain economic environment is judgmental and the Company will continue to reassess its position and the related impact on a

Determination of discount rate for below-market financed facility:

Discount rate represents the current market assessment of the risks specific to the Company, taking into consideration time value of money. The Company determines the discount rate for below-market financing facilities with reference to similar financing facilities obtained from non-government agencies.

Valuation of employees' defined benefits liabilities

Employees' defined benefits liabilities represent obligations that will be settled in the future and require assumptions to project obligations, if any. The accounting requires management to make further assumptions regarding variables such as discount rates, rate of compensation increases, mortality rates and employment turnover. Periodically, management of the Company consults with external actuaries regarding these assumptions. Changes in key assumptions can have a significant impact on the projected benefit obligations and/or periodic employee' defined benefit costs incurred.

Provisions

By their nature, provisions are dependent upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows. Provisions for uncertain liabilities involve management's best estimate of whether cash outflows are probable.

Judgement of equity vs liability for Tier 1 Sukuk

The determination of equity classification of Tier 1 Sukuk requires significant judgement as certain clauses of the Offering Circular require interpretation. The Company classifies as part of equity the Tier 1 Sukuk issued with no fixed redemption/maturity dates(Perpetual Sukuk) and not obliging the Company for payment of profit upon the occurrence of a non-payment event or non-payment election by the Bank subject to certain terms and conditions and essentially mean that the remedies available to sukuk holders are limited in number and scope and very difficult to exercise. The related initial costs and distributions thereon are recognized directly in the statement of changes in equity under retained earnings.

Derecognition of financial assets

The determination of the dercongition of financial assets requires significant judgement as the Company requires to assess whether the rights to receive cash flows from the asset have expired; or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement. The Company assess the clauses of the agreements it enters into to assess if it gives rise to any of the two condition required by IFRS 9 "Financial instruments". When not all the risk and rewards not been transferred, the Comapny assesses whether it exposed to the variability of the net present cashflows before and after the derecognition.

5 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

5 NEW AND AMENDED STANDARDS AND INTERPRETATIONS (continued)

Standards, interpretations, amendments	***Description***	***Effective date***
Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback	The amendments in IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.	1 January 2024
Amendments to IAS 1 - Classification of Liabilities as Current or Non-current	The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify: - What is meant by a right to defer settlement. - That a right to defer must exist at the end of the reporting period. - That classification is unaffected by the likelihood that an entity will exercise its deferral right. - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification, In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.	1 January 2024
Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.	1 January 2024

6 OPERATING SEGMENTS

During 2024, the Company has been organised into two operating segments based on products and services, as follows:

A) Retail: These represents financing products granted to individuals' customers.

B) Corporate: These represents finance products granted to corporate custoemrs includuing Small and Medium-Sized Entities ("SMEs").

The Company objective is to provide financing for Retail and Corporate customers. All assets, liabilities and operations as reflected in the interim condensed statement of financial position and interim condensed statement of profit or loss and other comprehensive income belongs to the Retail and Corporate segments. For management purposes, the Company is organised into the following primary business sgements.

6 OPERATING SEGMENTS (continued)

An analysis for operating segments total assets and liabilities are, as follows:

As of 31 December 2024

	Retail SR	***Corporate SR***	***Total SR***
Total assets	**985,260,566**	**1,829,769,623**	**2,815,030,189**
Total liabilities	**555,277,402**	**1,031,229,461**	**1,586,506,863**

As of 31 December 2023

	Retail SR	*Corporate SR*	*Total SR*
Total assets	990,085,567	2,203,738,844	3,193,824,411
Total liabilities	778,947,837	1,733,787,122	2,512,734,959

An analysis for operating segments of profit or loss are, as follows:

Year ended 31 December 2024

	Retail SR	***Corporate SR***	***Total SR***
Revenue from main operations	**152,902,447**	**195,349,873**	**348,252,320**
Revenue from other activities	**12,830,241**	**29,598,383**	**42,428,624**
Expenses	**(87,483,374)**	**(74,522,876)**	**(162,006,250)**
Allowance for excepted credit losses	**(43,278,491)**	**16,277,023**	**(27,001,468)**
Zakat	**(3,615,628)**	**(17,235,333)**	**(20,850,961)**
Segment profit	**31,355,195**	**149,467,070**	**180,822,265**

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Year ended 31 December 2023

	Retail SR	*Corporate SR*	*Total SR*
Revenue from main operations	115,811,777	167,907,300	283,719,077
Revenue from other activities	29,582,241	11,548,642	41,130,883
Expenses	(63,217,820)	(72,002,682)	(135,220,502)
Allowance for excepted credit losses	(15,780,028)	(32,247,439)	(48,027,467)
Zakat	(3,585,131)	(11,095,460)	(14,680,591)
Segment profit	62,811,039	64,110,361	126,921,400

7 REVENUE FROM MAIN OPERATIONS

	2024	*2023*
	SR	*SR*
Tawarruq revenue	**227,798,381**	153,397,662
Ijarah revenue	**120,453,939**	130,321,415
	348,252,320	283,719,077

Below is an analysis of the revneue of the Company sgement wise:

Tawarruq revenue

	2024	*2023*
	SR	*SR*
Corporate customers	**115,572,352**	91,879,499
Retail customers	**112,226,029**	61,518,163
	227,798,381	153,397,662

Ijarah revenue

	2024	*2023*
	SR	*SR*
Corporate customers	**79,777,521**	76,027,800
Retail customers	**40,676,418**	54,293,615
	120,453,939	130,321,415

Customer wise revenue recognition

	2024	*2023*
	SR	*SR*
External customers	**326,662,537**	245,466,979
Related parties	**21,589,783**	38,252,098
	348,252,320	283,719,077

All of the Company's revenue is generated in the Kingdom of Saudi Arabia. The Company recognises the revenue in accordance with IFRS 9 "Financial Instruments" requirements.

8 FINANCE COST

	2024	*2023*
	SR	*SR*
Finance costs on islamic bank financing	**50,630,490**	23,921,250
Finance costs on employees' defined benefits liabilities (note 27)	**485,293**	323,421
Finance costs on lease liabilities (note 26)	**52,977**	184,397
Bank charges	**536,091**	372,254
	51,704,851	24,801,322

9 REVENUE FROM OTHER ACTIVITIES

	2024	*2023*
	SR	*SR*
Bad debts recovries	**27,525,587**	3,254,798
Discounts from suppliers	**6,515,973**	7,760,592
Income from term deposit	**1,400,383**	3,234,346
Others	**6,986,681**	26,881,147
	42,428,624	41,130,883

10 DEPRECIATION AND AMORTISATION

	2024	*2023*
	SR	*SR*
Depreciation of right-of-use assets (note 15)	**3,298,947**	3,640,642
Amortization of intangible assets (note 16)	**1,480,444**	945,416
Depreciation of property and equipment (note 17)	**1,742,243**	1,523,096
	6,521,634	6,109,154

11 GENERAL AND ADMINISTRATION

	2024	*2023*
	SR	*SR*
Salaries and employees' related expenses	**22,887,801**	21,702,252
IT services	**3,331,428**	3,337,843
Utilities expenses	**2,108,705**	1,735,602
Other expenses	**1,799,030**	1,390,720
Training expenses	**1,001,986**	670,767
Services charges	**905,708**	1,081,248
Travel and transportation expenses	**685,077**	588,798
Governmental licenses and fees	**646,319**	640,759
Office supplies	**529,076**	453,886
Professional and consulting fees	**419,979**	867,508
Repair and maintenance	**375,784**	280,763
Donations	**77,063**	258,715
Value added expenses	**53,617**	1,838,207
Rent	**33,000**	33,000
	34,854,573	34,880,068

12 SELLING AND ADVERTISING

	2024	*2023*
	SR	*SR*
Salaries and employees' related expenses	**44,429,261**	37,594,845
Advertising expenses	**16,291,432**	9,594,621
Applications programming and interface expenses	**5,639,967**	15,299,849
Services charges	**2,564,532**	6,161,015
	68,925,192	68,650,330

13 NET INVESTMENT IN ISLAMIC FINANCE RECEIVABLES

	2024 *SR*	*2023* *SR*
Gross investment in Islamic finance receivables	**3,296,739,072**	3,888,747,338
Less: unearned finance income	**(666,373,488)**	(684,140,707)
Investment in Islamic finance receivables (before allowance for expected credit losses on Islamic finance receivables)	**2,630,365,584**	3,204,606,631
Less: allowance for expected credit losses on Islamic finance receivables	**(82,353,319)**	(120,389,593)
Net investment in Islamic finance receivables	**2,548,012,265**	3,084,217,038
Analysed as follows:		
Net investment in Islamic finance receivables, non-current	**1,556,551,065**	1,680,729,868
Net investment in Islamic finance receivables, current	**991,461,200**	1,403,487,170
	2,548,012,265	3,084,217,038

Below are the details of the Company's net investment in Islamic finance receivables stage wise:

31 December 2024

	Stage 1 (12-month ECL) *SR*	*Stage 2 (life-time ECL but not credit impaired)* *SR*	*Stage 3 (life-time ECL credit impaired)* *SR*	*Total* *SR*
Ijarah				
Investment in Islamic finance receivables	**746,902,898**	**142,878,068**	**139,528,916**	**1,029,309,882**
Expected credit losses	**(14,887,445)**	**(1,285,506)**	**(17,476,525)**	**(33,649,476)**
	732,015,453	**141,592,562**	**122,052,391**	**995,660,406**
Tawarruq				
Investment in Islamic finance receivables	**1,417,367,781**	**87,200,944**	**96,486,977**	**1,601,055,702**
Expected credit losses	**(13,062,055)**	**(2,108,112)**	**(33,533,676)**	**(48,703,843)**
	1,404,305,726	**85,092,832**	**62,953,301**	**1,552,351,859**
	2,136,321,179	**226,685,394**	**185,005,692**	**2,548,012,265**

31 December 2023

	Stage 1 (12-month ECL) *SR*	*Stage 2 (life-time ECL but not credit impaired)* *SR*	*Stage 3 (life-time ECL credit impaired)* *SR*	*Total* *SR*
Ijarah				
Investment in Islamic finance receivables	986,607,526	207,456,729	173,195,713	1,367,259,968
Expected credit losses	(9,778,994)	(1,452,295)	(21,056,514)	(32,287,803)
	976,828,532	206,004,434	152,139,199	1,334,972,165
Tawaruq				
Investment in Islamic finance receivables	1,184,602,521	387,968,465	264,775,677	1,837,346,663
Expected credit losses	(15,838,265)	(2,750,526)	(69,512,999)	(88,101,790)
	1,168,764,256	385,217,939	195,262,678	1,749,244,873
	2,145,592,788	591,222,373	347,401,877	3,084,217,038

13 NET INVESTMENT IN ISLAMIC FINANCE RECEIVABLES (continued)

An analysis of changes in ECL allowance and gross carrying amounts by prodcut is, as follows:

Ijarah

	Net carrying amount				*Provision for expected credit losses*			
	Stage1 SR	*Stage2 SR*	*Stage3 SR*	*Total SR*	*Stage1 SR*	*Stage2 SR*	*Stage3 SR*	*Total SR*
At 1 January 2023	630,369,972	147,454,620	252,893,824	1,030,718,416	2,245,779	1,536,632	29,966,807	33,749,218
Transfers to stage 1	120,703,887	(78,302,010)	(42,401,877)	-	6,091,339	(631,877)	(5,459,462)	-
Transfers to stage 2	(91,601,196)	154,275,888	(62,674,692)	-	(321,857)	5,789,316	(5,467,459)	-
Transfers to stage 3	(53,776,955)	(22,885,142)	76,662,097	-	(250,611)	(418,793)	669,404	-
Financial assets settled during the year	(97,663,391)	(11,074,289)	(46,727,563)	(155,465,243)	(259,723)	(235,662)	(7,499,172)	(7,994,557)
Financial assets originated during the year	628,540,513	89,827,316	51,154,882	769,522,711	2,274,759	454,827	4,205,410	6,934,996
Net re-measurement of carrying amount/ loss allowance	(149,965,304)	(71,839,654)	(55,709,141)	(277,514,099)	(692)	(5,042,148)	4,642,803	(400,037)
Net carrying amount before write off	986,607,526	207,456,729	173,197,530	1,367,261,785	9,778,994	1,452,295	21,058,331	32,289,620
Written off during the year	-	-	(1,817)	(1,817)	-	-	(1,817)	(1,817)
At 31 December 2023	986,607,526	207,456,729	173,195,713	1,367,259,968	9,778,994	1,452,295	21,056,514	32,287,803
At 1 January 2024	986,607,526	207,456,729	173,195,713	1,367,259,968	9,778,994	1,452,295	21,056,514	32,287,803
Transfers to stage 1	143,300,740	(123,307,157)	(19,993,583)	-	5,143,210	(768,282)	(4,374,928)	-
Transfers to stage 2	(113,470,543)	157,959,766	(44,489,223)	-	(494,642)	3,083,755	(2,589,113)	-
Transfers to stage 3	(116,846,565)	(29,338,334)	146,184,899	-	(427,470)	(365,679)	793,149	-
Financial assets settled during the year	(109,569,782)	(37,417,065)	(50,300,551)	(197,287,398)	(1,460,556)	(196,277)	(6,138,050)	(7,794,883)
Financial assets originated during the year	251,523,585	40,236,492	7,559,583	299,319,660	1,027,991	296,733	770,841	2,095,565
Net re-measurement of carrying amount/ loss allowance	(294,642,063)	(72,712,363)	(62,709,752)	(430,064,178)	1,319,918	(2,217,039)	17,876,282	16,979,161
Net carrying amount before write off	746,902,898	142,878,068	149,447,086	1,039,228,052	14,887,445	1,285,506	27,394,695	43,567,646
Written off during the year	-	-	(9,918,170)	(9,918,170)	-	-	(9,918,170)	(9,918,170)
At 31 December 2024	**746,902,898**	**142,878,068**	**139,528,916**	**1,029,309,882**	**14,887,445**	**1,285,506**	**17,476,525**	**33,649,476**

13 NET INVESTMENT IN ISLAMIC FINANCE RECEIVABLES (continued)

Tawarruq

	Net carrying amount				*Provision for expected credit losses*			
	Stage1 SR	*Stage2 SR*	*Stage3 SR*	*Total SR*	*Stage1 SR*	*Stage2 SR*	*Stage3 SR*	*Total SR*
At 1 January 2023	637,389,484	420,965,330	201,284,686	1,259,639,500	6,269,128	3,171,824	33,533,446	42,974,398
Transfers to stage 1	60,388,739	(38,222,069)	(22,166,670)	-	2,565,439	(517,510)	(2,047,929)	-
Transfers to stage 2	(75,324,033)	81,752,024	(6,427,991)	-	(576,357)	1,716,384	(1,140,027)	-
Transfers to stage 3	(30,478,858)	(62,438,522)	92,917,380	-	(524,330)	(1,256,367)	1,780,697	-
Financial assets settled during the year	(119,425,789)	(15,722,492)	(38,079,249)	(173,227,530)	(472,000)	(494,913)	(9,156,936)	(10,123,849)
Financial assets originated during the year	941,817,597	147,517,880	98,512,311	1,187,847,788	14,066,637	1,929,802	33,373,238	49,369,677
Net re-measurement of carrying amount/ loss allowance	(229,764,619)	(145,883,686)	(56,905,118)	(432,553,423)	(5,490,252)	(1,798,694)	17,530,182	10,241,236
Provision before write off	1,184,602,521	387,968,465	269,135,349	1,841,706,335	15,838,265	2,750,526	73,872,671	92,461,462
Written off during the year	-	-	(4,359,672)	(4,359,672)	-	-	(4,359,672)	(4,359,672)
At 31 December 2023	1,184,602,521	387,968,465	264,775,677	1,837,346,663	15,838,265	2,750,526	69,512,999	88,101,790
At 1 January 2024	1,184,602,521	387,968,465	264,775,677	1,837,346,663	15,838,265	2,750,526	69,512,999	88,101,790
Transfers to stage 1	38,530,740	(29,624,589)	(8,906,151)	-	4,322,244	(540,596)	(3,781,648)	-
Transfers to stage 2	(70,318,536)	74,511,122	(4,192,586)	-	(960,042)	1,279,845	(319,803)	-
Transfers to stage 3	(40,529,462)	(27,425,393)	67,954,855	-	(625,936)	(1,125,535)	1,751,471	-
Financial assets settled during the year	(564,888,843)	(326,627,801)	(210,888,720)	(1,102,405,364)	(6,404,510)	(1,045,757)	(59,158,716)	(66,608,983)
Financial assets originated during the year	1,072,889,121	47,938,878	16,767,109	1,137,595,108	8,787,868	1,267,851	8,415,172	18,470,891
Net re-measurement of carrying amount/ loss allowance	(202,917,760)	(39,539,738)	25,948,075	(216,509,423)	(7,895,834)	(478,222)	72,085,483	63,711,427
Provision before write off	1,417,367,781	87,200,944	151,458,259	1,656,026,984	13,062,055	2,108,112	88,504,958	103,675,125
Written off during the year	-	-	(54,971,282)	(54,971,282)	-	-	(54,971,282)	(54,971,282)
At 31 December 2024	**1,417,367,781**	**87,200,944**	**96,486,977**	**1,601,055,702**	**13,062,055**	**2,108,112**	**33,533,676**	**48,703,843**

Note: The Comparative figures have been updated to conform to the current year presentation.

13 NET INVESTMENT IN ISLAMIC FINANCE RECEIVABLES (continued)

The movement in the allowance for expected credit losses on finance receivables is as follows:

	2024	*2023*
	SR	*SR*
At the beginning of the year	**120,389,593**	76,723,615
Provided during the year	**27,001,468**	48,027,467
Written off against other receivable from customers	**(148,290)**	-
Written off during the year	**(64,889,452)**	(4,361,489)
At the end of the year	**82,353,319**	120,389,593

The maturity of the gross investment in Islamic finance receivables as at 31 December 2024 and 2023 is as follows:

	Gross investment in Islamic finance receivables	*Unearned lease finance income*	*Net investment in Islamic finance receivables*
	SR	*SR*	*SR*
No later than one year	**1,402,810,581**	**328,996,062**	**1,073,814,519**
Later than one year but not later than five years	**1,893,928,491**	**337,377,426**	**1,556,551,065**
	3,296,739,072	**666,373,488**	**2,630,365,584**

	Gross investment in Islamic finance receivables	*Unearned lease finance income*	*Net investment in Islamic finance receivables*
	SR	*SR*	*SR*
No later than one year	1,867,103,308	343,226,545	1,523,876,763
Later than one year but not later than five years	2,021,644,030	340,914,162	1,680,729,868
	3,888,747,338	684,140,707	3,204,606,631

13.1 During the year, the Company has entered into a Musharakah agreement with a local Bank ("Musharakah Partner") for Ijara and Tawarruq receivables. In accordance with the terms of this agreement, the partners are participating in the underlying Ijarah and Tawarruq transactions on agreed basis allocating 20% for the Company and the remaining 80% for the other Musharakah Partner. Such receivables represent instruments initially originated by the Company and subsequently transferred to a third party. The Company assumes credit risk to the extent of its share in the agreement, a similar transactions was entered into by the Company during 2023, 2022 and 2021.

During the year, the Company has derecognised net investment in Islamic finance receivables amounting to SR 250 million which represents 80% of the Musharaka 4 agreement 312.5 million (2023: SR 288.5 million). As of the reporting date, the total outstanding balances related to the Musharkah Partner and the Company were SR 624.7 million and SR 156.2 million, respectively (31 December 2023: SR 499.1 million and SR 124.8 million, respectively). Musharkah agreements are disclosed in note 14.

13 NET INVESTMENT IN ISLAMIC FINANCE RECEIVABLES (continued)

13.2 During 2022, the Company has entered into an agreement to sell a tranche of its net investment in Islamic finance receivables amounting to SR 50 million of the gross value of the net investment in Islamic finance receivables outstanding balance to a commercial bank (the “Purchaser”) within the Kingdom of Saudi Arabia. Such receivables represent instruments initially originated by the Company and subsequently sold to a third party. The Company acts as an Agent to collect the outstanding amounts on behalf of the Purchaser and is entitled to collect a fee, this is dependent on the performance of the Company in the collection of the receivables. The Company has a restricted cash amounting to SR 3.5 million representing 10% of the outstanding amount that was collected against the sold net investment in Islamic finance receivables. As of 31 December 2024 the balance outstanding of the transaction amounted to SR 23.1 million (2023: 29.5 million).

14 MUSHARAKAH SYNDICATIONS

The Company entered into several Musharakah agreements that resulted in a derecognition of net investment in Islamic finance receivables. The Musharakah are syndications entered into with a local Bank. The Musharakah syndications are established on the basis that 80% pertains to the Musharakah Partner and 20% pertains to the Company. Below is the outstanding balance in each Musharakah syndication as of the reporting date.

31 December 2024

	Agreement date	*Musharakah Partner SR*	*Tamweel Al Oula Company SR*	*Total SR*
Musharakah syndication 1	September 20, 2021	**58,769,680**	**14,692,420**	**73,462,100**
Musharakah syndication 2	August 30, 2022	**135,076,500**	**33,769,125**	**168,845,625**
Musharakah syndication 3	July 7, 2023	**180,833,333**	**45,208,333**	**226,041,666**
Musharakah syndication 4	July 7, 2024	**250,000,000**	**62,500,000**	**312,500,000**
		624,679,513	**156,169,878**	**780,849,391**

31 December 2023

	Agreement date	*Musharakah Partner SR*	*Tamweel Al Oula Company SR*	*Total SR*
Musharakah syndication 1	September 20, 2021	88,154,520	22,038,630	110,193,150
Musharakah syndication 2	August 30, 2022	180,102,000	45,025,500	225,127,500
Musharakah syndication 3	July 7, 2023	230,833,333	57,708,333	288,541,666
		499,089,853	124,772,463	623,862,316

15 RIGHT-OF-USE ASSETS

	2024	*2023*
	SR	*SR*
Cost:		
At the beginning of the year	**15,633,902**	15,633,902
Additions	**7,079,189**	-
At the end of the year	**22,713,091**	15,633,902
Accumulated depreciation:		
At the beginning of the year	**11,036,573**	7,395,931
Charge for the year (note 10)	**3,298,947**	3,640,642
At the end of the year	**14,335,520**	11,036,573
Net carrying amounts:		
At 31 December 2024	**8,377,571**	
At 31 December 2023		4,597,329

The following had been recognised in the statement of profit or loss and other comprehensive income:

	2024	*2023*
	SR	*SR*
Depreciation expenses for right-of-use assets	**3,298,947**	3,640,642
Expenses related to short-term and low-value leases	**33,000**	33,000
Finance cost on lease liabilities	**52,977**	184,397
	3,384,924	3,858,039

Right-of-use assets constitute the offices rented by the Company for its branches and head office.

16 INTANGIBLE ASSETS

Intangible balance represents software and licenses with useful lives ranging from 1 to 5 years.

	2024	*2023*
	SR	*SR*
Cost:		
At the beginning of the year	**8,201,853**	6,720,133
Transfer from advances to suppliers	**1,745,395**	786,064
Additions	**134,391**	695,656
At the end of the year	**10,081,639**	8,201,853
Accumulated amortisation:		
At the beginning of the year	**5,764,960**	4,819,544
Charge for the year (note 10)	**1,480,444**	945,416
At the end of the year	**7,245,404**	5,764,960
Net book value :		
At 31 December 2024	**2,836,235**	
At 31 December 2023		2,436,893

17 PROPERTY AND EQUIPMENT

	Leasehold Improvements SR	*Office furniture and fixtures SR*	*Computers SR*	*Total SR*
Cost:				
At 1 January 2023	4,264,692	2,741,707	1,850,986	8,857,385
Additions	194,411	489,608	924,341	1,608,360
Disposals	-	(76,203)	(34,067)	(110,270)
At 31 December 2023	4,459,103	3,155,112	2,741,260	10,355,475
Additions	367,204	505,356	671,970	1,544,530
Disposals	(17,630)	(113,255)	(239,564)	(370,449)
At 31 December 2024	4,808,677	3,547,213	3,173,666	11,529,556
Accumulated depreciation :				
At 1 January 2023	2,359,863	1,104,804	770,642	4,235,309
Charge for the year (note 10)	465,663	408,323	649,110	1,523,096
Disposals	-	(40,991)	(21,687)	(62,678)
At 31 December 2023	2,825,526	1,472,136	1,398,065	5,695,727
Charge for the year (note 10)	522,059	497,347	722,837	1,742,243
Disposals	(4,942)	(107,526)	(211,334)	(323,802)
At 31 December 2024	3,342,643	1,861,957	1,909,568	7,114,168
Net book value:				
At 31 December 2024	**1,466,034**	**1,685,256**	**1,264,098**	**4,415,388**
At 31 December 2023	1,633,577	1,682,976	1,343,195	4,659,748

18 EQUITY INVESTMENTS HELD AT FVOCI

The Company made an investment amounting to SR 892,850 for 89,285 shares at SR 10 each share representing a 2% ownership in the share capital of, "Saudi Leasing For Contract Registration Company". The registration Company has been formed for registration of contracts relating to financial leases, amendments registration and transfer of the title deeds of the assets under finance leases. Equity investment designated at fair value is classified under level 3 of the fair value hierarchy.

19 PREPAYMENTS AND OTHER RECEIVABLES

	2024	*2023*
	SR	*SR*
Amounts due from customers	**30,655,518**	32,122,835
Prepayments	**18,317,220**	20,682,815
Insurance claims	**5,218,481**	5,599,647
Advance to suppliers (note 19.1)	**2,177,402**	11,870,190
Others	**1,321,365**	440,295
	57,689,986	70,715,782

19.1 The advanes to suppliers include advances to related parties amounted to SR 2.1 (2023: 11.8). Refer to note 29 for further details.

20 CASH AND CASH EQUIVALENTS

	2024	*2023*
	SR	*SR*
Bank balances	**192,805,894**	26,304,771
Restricted Cash	**(3,524,017)**	(3,829,935)
	189,281,877	22,474,836

21 SHARE CAPITAL

During the year, the Company has split its share capital with a ratio of 1:2 shares, resulting in an increase in the Company's share capital to 100 million shares, each with a nominal value of SR 5 (2023: 50 million shares with a nominal value of SR 10). Furthermore, Al Kifah Holding Company has transferred SR 21 million shares to three new shareholders, with each receiving 7 million shares. The legal formalities for the transfer of these shares were successfully completed during the year.

	Ownership %			
Name of shareholders	***2024***	*2023*	***2024***	*2023*
			SR	*SR*
Al Kifah Holding Company	**79%**	100%	**395,000,000**	500,000,000
Brothar Investment Company	**7%**	nil	**35,000,000**	-
Modern Impact Technologies Company	**7%**	nil	**35,000,000**	-
Omran Al Mostakbal Ready Mix Company	**7%**	nil	**35,000,000**	-
			500,000,000	500,000,000

22 TIER 1 SUKUK

During 2024, the Company through a Shariah compliant arrangement announced Tier 1 Sukuk (the "Sukuk"), amounting to SAR 500 million divided multiple series. The Comapny has issued two series amounting to SR 220 million and SR 250 million on 13 October 2024 and 18 November 2024, respecitvely. The issuance was approved by the regulatory authorities and the Board of Directors of the Company.

These Sukuks are perpetual securities in respect of which there is no fixed redemption dates and represents an undivided ownership interest of the Sukuk-holders in the Sukuk assets, with each Sakk constituting an unsecured, conditional and subordinated obligation of the Company classified under equity. However, the Company shall have the exclusive right to redeem or call the Sukuk in a specific period of time, subject to the terms and conditions stipulated in the Sukuk Agreement. These securities also allow the Company to write-down (in whole or in part) any amounts due to the holders in the event of non-viability with the approval of SAMA.

The applicable profit rate is 8.5% per annum from date of issue up to 2029 and is subjected to reset every 5 years. The applicable profit on the Sukuk is payable quarterly in arrears on each periodic distribution date, except upon the occurrence of a non-payment event or non-payment election by the Company, whereby the Company may at its sole discretion (subject to certain terms and conditions) elect not to make any distributions. Such non-payment event or non-payment election are not considered to be events of default and the amounts not paid thereof shall not be cumulative or compound with any future distributions.

23 EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the profit for the year adjusted for Tier 1 Sukuk costs by the weighted average number of outstanding shares which were 100 million shares at 31 December 2024 (31 December 2023: same - refer to note 23.1). The diluted earnings per share is the same as the basic earnings per share.

23.1 As a result of the share capital split referred to in note 21, leading to an increase in the total number of outstanding shares, the Company considered that the split took effect at the beginning of the year and calculated the earnings per share ("EPS") based on the total outstanding shares at 31 December 2024. Consequently, the comparative EPS has been restated to reflect this adjustment.

24 ISLAMIC BANK FINANCING

	2024	*2023*
	SR	*SR*
Islamic bank financing		
SAMA - Kafalah program (note 24.1)	**636,076,623**	1,547,256,182
Tawaruq and murabaha financing (note 24.2)	**319,165,378**	256,636,197
Bai Ajel (note 24.2)	**269,784,722**	199,920,941
SME's Bank	**150,000,000**	150,000,000
Social development bank financing (note 24.3)	**6,557,868**	34,876,430
Net islamic bank financing	**1,381,584,591**	2,188,689,750

Analyzed as follows:	***2024***	*2023*
	SR	*SR*
Non-current portion	**551,613,175**	1,042,276,907
Current portion	**829,971,416**	1,146,412,843
	1,381,584,591	2,188,689,750

24.1 During the prior years, the Company has obtained funds from SAMA under the guarantee program ("Kafalah") amounting to SR 2.97 billion to grant financing to the Small and Medium-Sized Entities ("SMEs"), as part of the programs offered by the Government of the Kingdom of Saudi Arabia to allow the SMEs sector easy access to financing. These financing facilities obtained from SAMA are repayable in equal monthly instalment with the final instalment is due in February 2026.

The islamic bank financing are carried at fair value using internal rate of return equivalent to the prevailing market rate. The difference between carrying value and face value as of initial recognition date, is treated as government grant, which is amortised over the duration of the related financing facilities.

24.2 The Company has obtained Tawarruq, Muarabaha, and Bei Al-Ajal financing facilities from local commercial banks to finance the Company's activities. All the financed facilities are of both long-term and revolving nature. The long-term financed facilities is repayable within a 5-year period. The revolving financed facilities are payable within the next 12 months. All the facilities carry financial charges at prevailing market borrowing costs plus SIBOR. These facilities are secured by promissory notes issued by the shareholder. The Company is required to comply with certain covenants under the facility agreements which includes maintenance of certain leverage ratios. The Company had no breach of covenants during the period. The details of the financed facilities are disclosed below:

	2024	*2023*
	SR	*SR*
Tawaruq financing	**227,912,769**	146,455,292
Mrabaha financing	**91,252,609**	110,180,905
Bei Al- Ajal financing	**269,784,722**	199,920,941
	588,950,100	456,557,138

The average profit rate for the facilities are ranging from 1.75% to 2% plus SAIBOR.

24 ISLAMIC BANK FINANCING (continued)

24.3 During 2018, the Company obtained long-term financing facilities from Social Development Bank ("SDB"), a governmental agent, to finance the purchase of assets for leasing services for small and medium sized entities ("SMEs") with 3-month grace period. The Company has entered into similar agreements during 2020, 2021 and 2022 with all having 3-month grace period, except for one facility obtained during 2020 which had a 6-month grace period due to COVID-19 related extension. The financed facilities are repayable in equal monthly instalments commencing from January 2019 with the final instalment due in October 2025.

The financing agreements do not include any covenants to maintain financial ratios during the financed facility period. Social Development Bank financing are carried at present value using internal rate of return equivalent to the prevailing market rate. The difference between carrying value and face value as of initial recognition date, is treated as government grant, which is amortised over the duration of the related financed facilities.

24.3 The financed facilities received from SDB, carry special commission at rates significantly lower than the currently prevailing market rates. These financed facilities carry a number of conditions, one of which is that these facilities are to be used for providing finances to specific types/sectors of customers at discounted rates. The benefit being the impact of the “lower than market value” financed facilities obtained by the Company has been identified and accounted for as “government grant” and has initially been recorded as income and such benefit is being recognised in statement of comprehensive income of the Company.

25 GOVERNMENT GRANT

The Company recognises government grants on the below market rates financing facilities received from the Saudi Central Bank ("SAMA") to be utilised in granting finacing to the Small and Medium-Sized Entities ("SMEs"). The movement in the government grants were as follows:

	2024	*2023*
	SR	*SR*
Balance at 1 January	**62,908,644**	56,570,812
Additions during the year	**-**	82,134,342
Recognised as income during the year	**(47,563,883)**	(75,796,510)
Balance at 31 December	**15,344,761**	62,908,644

Analyzed as follows:	***2024***	*2023*
	SR	*SR*
Non-current portion	**379,353**	15,344,760
Current portion	**14,965,408**	47,563,884
	15,344,761	62,908,644

26 LEASES

Movement in lease liabilities is as follows:

	2024	*2023*
	SR	*SR*
At 1 January	**3,462,114**	7,591,303
Additions during the year	**7,079,189**	-
Finance costs for the year (note 8)	**52,977**	184,397
Payments during the year	**(3,884,691)**	(4,313,586)
At 31 December	**6,709,589**	3,462,114

Classified as:

Current	**3,936,986**	2,237,625
Non-current	**2,772,603**	1,224,489
	6,709,589	3,462,114

Maturity analysis - contractual undiscounted cash flows

	2024	*2023*
	SR	*SR*
Less than 1 year	**4,257,890**	2,122,708
Later than one year to five years	**8,416,780**	1,392,383
	12,674,670	3,515,091

27 EMPLOYEES' DEFINED BENEFITS LIABILITIES

Post employments benefits

The management has carried out an exercise to assess the present value of its employees' defined benefits liabilities at the reporting date in respect of employees' defined benefits liabilities under relevant local regulations and contractual arrangements. The following tables summaries the components of net benefit expense recognised in the statement of profit or loss and other comprehensive income and balances reported in the statement of financial position:

Present value of end of service benefits (statement of financial position)

	2024	*2023*
	SR	*SR*
Present value of employees' defined benefits liabilities	**10,943,795**	8,621,072

The following table summarizes the components of the net benefit expense recognized in the statement of profit or loss and other comprehensive income and amounts recognized in the statement of financial position.

27 EMPLOYEES' DEFINED BENEFITS LIABILITIES (continued)

Net benefit expense recognised in income statement:

	2024	*2023*
	SR	*SR*
Current service cost for the period	**2,060,504**	1,586,364
Finance cost on benefit obligation for the period	**485,293**	323,421
Actuarial (gain) / loss	**173,920**	779,628
	2,719,717	2,689,413

The movement in employees' defined benefits liabilities is as follows:

	2024	*2023*
	SR	*SR*
As at 1 January	**8,621,072**	7,014,045
Current service cost	**2,060,504**	1,586,364
Finance cost (note 8)	**485,293**	323,421
Actuarial gain	**173,920**	779,628
Payments during the year	**(396,994)**	(1,082,386)
As at 31 December	**10,943,795**	8,621,072

Actuarial loss/(gain) are due to:

	2024	*2023*
	SR	*SR*
Change in demographic assumptions	**(383)**	-
Change in financial assumptions	**(197,319)**	(147,130)
Experience adjustments	**371,622**	926,758
	173,920	298,543

The principal assumptions used in determining employee benefit obligations for the Company's plans are shown below:

	2024	*2023*
Discount rate:	**6.0%**	5.8%
Future salary increase	**5.0%**	5.0%
Rate of employee turnover	**Moderate**	Moderate

27 EMPLOYEES' DEFINED BENEFITS LIABILITIES (continued)

A quantitative sensitivity analysis for significant assumption on the employees' terminal benefits as at reporting date is as shown below:

	2024	*2023*
	SR	*SR*
Increase in discount Rate 1%	**(730,330)**	(549,355)
Decrease in discount Rate - 1%	**828,810**	624,473
Increase in salary 1%	**782,561**	622,902
Decrease in salary -1%	**(701,963)**	(558,025)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another. The following are the expected payments or contributions to the defined benefit plan in future years:

	2024	*2023*
	SR	*SR*
1	**1,471,633**	1,106,621
2	**1,324,333**	1,030,372
3	**1,173,314**	919,817
4	**1,310,816**	815,024
5	**964,714**	932,763
6-10	**3,720,896**	2,822,276
Total expected payments	**9,965,706**	7,626,873

The weighted average duration of the defined benefit obligation is 7.21 years (2023: 7.3).

28 TRADE PAYABLES

Trade payables are non-interesting bearing and are normally settled on 30 to 120 days terms. For explanations on the Company's liquidity risk management processes, refer to note 33).

29 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include partners and entities controlled, jointly controlled or significantly influenced by such parties (affiliates). Pricing policies and terms of payments of transactions with related parties are approved by the Company's management. Following is the list of related parties of the Company:

Names of related parties	*Nature of Relationship*
Al Kifah Holding Company	Shareholder
Brothar Investment Company	Shareholder
Modern Impact Technologies Company	Shareholder
Omran Al Mostakbal Ready Mix Company	Shareholder
Al Kifah Trading Company	Fellow subsidiary
Al Kifah for Building Material Company	Fellow subsidiary
Al Kifah Contracting Company	Fellow subsidiary
Al Motaweroon Company	Fellow subsidiary
Takamol Aloula For Facilities Management Company	Fellow subsidiary
Takamol Aloula For Facilities Management Company - Branch	Fellow subsidiary
Al Kifah Paper Products Company	Fellow subsidiary
Al Kifah Precast Company	Fellow subsidiary
Al Kifah Holding Company - Branch	Fellow subsidiary
Al Kifah Information Technology Company	Fellow subsidiary
KiCe Construction Equipment Company	Fellow subsidiary
Green Vision Paper Products Company	Fellow subsidiary
Medical Infection Control Company	Fellow subsidiary
Al Kifah Ready Mix Factory Company	Fellow subsidiary
Al Kifah Ready Mix Factory Company - Branch	Fellow subsidiary
Optimal Supply for Catering Services Company	Fellow subsidiary
Enar Renewable Energy	Fellow subsidiary
Alafouq Alareed Trading Company	Other related party
ABAN Advanced Contracting	Fellow subsidiary
Al Kifah Academy International School	Fellow subsidiary

Following are the details of the major related party transactions occurred during the year:

Related party	***Nature of transactions***	***Amounts of transactions***	
		2024	*2023*
		SR	*SR*
Shareholder			
Al Kifah Holding Company	Value added tax paid on behalf of the Company	**3,130,037**	1,669,159
	Services provided	**506,590**	2,088,368
	Dividends paid	**95,000,000**	60,000,000
Oher related parties			
Al Kifah Contracting Company	Amount collected against Islamic financing receivables	**44,775,773**	(4,176,274)
	Financing	**65,535,800**	30,000,000
	Revenue	**1,582,781**	5,813,179

29 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Related party	***Nature of transactions***	***Amounts of transactions*** ***2024*** ***SR***	*2023* *SR*
Oher related parties (continued)			
Al Kifah for Building Material	Amount collected against Islamic financing	**15,609,200**	(3,483,396)
	Financing	**63,000,000**	9,000,000
	Revenue	**1,310,581**	569,422
	Services provided	**6,539**	5,000
KiCe Construction Equipment Company	Heavy machinery and equipment sales financed by the Company	**12,160,000**	6,923,000
	Financing	**30,000,000**	-
	Amount collected against Islamic financing receivables	**46,455,759**	(14,466,666)
	Revenue	**1,274,218**	7,827,111
Al Motaweroon Company	Amount collected against Islamic financing receivables	**36,696,284**	(17,890,667)
	Financing	**50,934,000**	11,395,000
	Revenue	**1,488,647**	6,367,604
Al Kifah Holding Company - Branch	Amount collected against Islamic financing receivables	**-**	(1,366,833)
	Revenue	**-**	39,502
Takamol Aloula For Facilities Manageme	Amount collected against Islamic financing receivables	**34,972,116**	(15,459,347)
	Financing	**20,000,000**	-
	Revenue	**5,400,010**	2,077,502
	Services provided	**5,524,717**	3,978,596
Takamol Aloula For Facilities Management Company - Branch	Amount collected against Islamic financing receivables	**22,213,333**	(5,273,334)
	Revenue	**-**	1,750,022
	Financing	**-**	7,500,000
Al Kifah Precast Company	Amount collected against Islamic financing receivables	**39,484,102**	(13,158,959)
	Financing	**64,000,000**	-
	Revenue	**1,164,961**	4,009,656

29 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Related party	***Nature of transactions***	***Amounts of transactions***	
		2024	*2023*
		SR	*SR*
Oher related parties (continued)			
Al Kifah Information Technology Company	Information technology fee	**-**	383,357
Green Vision Paper Products Company	Financing	**20,000,000**	15,000,000
	Revenue	**1,360,606**	3,480,204
	Amount collected against Islamic finance receivables	**30,270,728**	(15,959,890)
Medical Infection Control Company	Financing	**15,000,000**	15,000,000
	Revenue	**436,860**	2,218,955
	Amount collected against Islamic finance receivables	**35,781,213**	(5,880,000)
Al Kifah Ready Mix Factory Company	Financing	**20,000,000**	15,000,000
	Amount collected against Islamic finance receivables	**7,886,061**	(3,540,555)
	Revenue	**582,480**	760,971
Al Kifah Ready Mix Factory Company - Branch	Financing	**20,000,000**	-
	Revenue	**582,480**	1,459,059
	Amount collected against Islamic finance receivables	**24,573,561**	(3,540,555)
Optimal Supply for Catering Services Company	Financing	**20,000,000**	25,000,000
	Revenue	**5,400,010**	1,766,813
	Amount collected against Islamic finance receivables	**52,109,333**	(5,693,333)
Enar Renewable Energy	Financing	**-**	700,000
	Revenue	**62,797**	-
	Amount collected against Islamic finance	**(759,615)**	-
Alafouq Alareed Trading Company	Financing	**-**	15,000,000
	Revenue	**943,352**	112,098
	Amount collected against Islamic finance	**(15,967,315)**	(560,000)
	Vehicles financed by the Company	**-**	758,310
Al Kifah Academy International School	Services provided	**212,725**	-
ABAN Advanced Contracting		**1,879,771**	-

29 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

The breakdown of amounts due from/to related parties are as follows:

Amounts due from related parties - (presented under net investment in Islamic finance receivables note 13):

	2024 SR	2023 SR
Al Kifah Contracting Company	**64,711,955**	32,196,009
Al Kifah Precast Company	**63,313,447**	33,768,345
Al Kifah for Building Material Company	**62,227,627**	9,306,439
Al Motaweroon Company	**61,358,238**	42,740,358
KiCe Construction Equipment Company	**29,485,084**	40,569,167
Green Vision Paper Products Company	**28,135,384**	37,810,604
Al Kifah Ready Mix Factory Company	**19,656,724**	20,939,268
Al Kifah Ready Mix Factory Company - Branch	**19,656,724**	5,939,268
Medical Infection Control Company	**14,742,543**	31,383,821
Optimal Supply for Catering Services Company	**-**	27,762,382
Al Kifah Real Estate Company - Branch	**-**	20,236,089
Alafouq Alareed Trading Company	**-**	14,552,098
Al Kifah Real Estate Company	**-**	12,858,098
Enar Renewable Energy	**-**	700,000
	363,287,726	330,761,946

Advances to related parties - (presented under prepayments and other receivables):

	2024 SR	2023 SR
Al Kifah Holding Company	**1,191,269**	1,961,330
KiCe Construction Equipment Company	**300,000**	9,837,500
Al Kifah Contracting Company	**614,773**	-
	2,106,042	11,798,830

Amounts due to related parties - (presented under liabilities):

	2024 SR	2023 SR
Al Kifah Real Estate Company	**1,473,967**	3,220,294
ABAN Advanced Contracting	**68,489**	-
Al Kifah for Building Material Company	**19,557**	13,018
Al Kifah Academy International School	**212,725**	-
	1,774,738	3,233,312

29 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Compensation and remuneration (including salaries and other benefits) for key management personnel is disclosed as follows:

	2024	*2023*
	SR	*SR*
Short-term employee benefit	**6,336,899**	5,344,848
Post-employment benefits	**822,309**	661,185
	7,159,208	6,006,033

Prices and terms of payments of the above transactions with related parties have been approved by Company's management. Financing limits provided to related parties are approved by the Board of Directors.

30 ACCRUED EXPENSES AND OTHER LIABILITIES

	2024	*2023*
	SR	*SR*
Accrued expenses	**5,758,292**	22,412,200
Accrued employees' cost	**10,980,840**	12,893,107
Amounts due to customers	**18,273,415**	11,339,753
	35,012,547	46,645,060

31 ZAKAT

The zakat base computed in accordance with the formula specified in the zakat regulations is also subject to thresholds for minimum and maximum liability.

	2024	*2023*
	SR	*SR*
Charge for the year	**20,850,961**	14,680,591

31 ZAKAT (continued)

The significant components of zakat base for the Company are as follows:

	2024 ***SR***	*2023* *SR*
Shareholders' equity	**1,228,523,326**	681,089,452
Liabilities	**500,153,177**	416,228,552
Total sources of fund	**1,728,676,503**	1,097,318,004
Total assets	**2,815,030,189**	3,193,824,411
Total assets not subject to zakat	**(1,573,073,109)**	(1,693,316,688)
Total assets subject to zakat	**1,241,957,080**	1,500,507,723
Assets subject for zakat / Total Assets	**44%**	47%
Zakat base	**762,671,047**	515,536,839

The differences between the financial and the zakatable results are mainly due to provisions which are not allowed in the calculation of zakatable results.

Movements in zakat provision

	2024 ***SR***	*2023* *SR*
At the beginning of the year	**14,680,591**	9,280,400
Provided during the year	**20,850,961**	14,680,591
Paid during the year	**(14,680,591)**	(9,280,400)
At the end of the year	**20,850,961**	14,680,591

Zakat assessments

Zakat returns for the years 2016 through 2018 have been submitted to ZATCA as part of Al Kifah Holding Company (referred to as the "Group") as part of a consolidated zakat return. The Company is not liable for any additional liability related to those years. The zakat return for the years 2019 through 2023 has been submitted, however, the assessment has not yet been raised by ZATCA. The Company has a valid zakat certificate till 30 April 2025.

Zakat has been computed based on the Company's understanding of the zakat regulations enforced in the Kingdom of Saudi Arabia. The zakat regulations in Saudi Arabia are subject to different interpretations and new zakat regulations have been issued by ZATCA for financing companies. The assessments to be raised by ZATCA could be different from the declarations filed by the Company.

32 FAIR VALUES OF FINANCIAL INSTRUMENTS

At statement of financial position date all of the financial assets and financial liabilities are measured at amortised cost, except equity instrument which is classified under FVOCI and categorised under level 3 of fair value hierarchy. Fair value of financial assets does not significantly differ from the carrying value included in the financial statements. The fair values of the non-listed equity investments have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these instruments.

33 RISK MANAGEMENT

The Company's significant financial liabilities include, islamic bank financing, government grant and trade and other payables, and are initially measured at fair value and thereafter stated at their amortized cost. Financial assets comprises of bank balances and net investment in Islamic finance receivables and equity investment at fair value through other comprehensive income are initially measured at fair value and thereafter stated at cost or amortized cost or as reduced by allowance for expected credit losses and impairment fair value through OCI, if any.

The Company is exposed to interest rate risk, liquidity risk, credit risk and currency risk. The Company's senior management is supported by a risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and commodity risk. Financial instruments affected by market risk include leasing activities, islamic bank financing.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Before entering into purchase and agency arrangements with banks, the Company is exposed to interest rate fair value risk on its financial assets to be sold. The Company monitors the market interest rate movements and negotiates the terms of the agreements with various banks and the majority of the receivables are sold to the banks. The Company has realized gains on sale of these financial assets.

The Company is also exposed to interest rate cash flow risk mainly on its short-term deposits. The average effective interest rate on short-term deposits 5.38% (31 December 2023: 4.62 %).

As of the reporting date, the Company has financing facilities from SAMA, Social Development Bank which are interest-free loans or below market rate. The Company has loans from local banks bearing interest, an assumed increase of 100 basis points in profit/ interest rates would increase the Company's expenses for the year by SR 4,127,296 (2023: SR 5,453,841). A decrease of 100 basis points in profit/interest rates would have an equal and opposite effect.

Currency and commodity risk

The Company is not exposed to either currency nor commodity risks.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk on bank balances and net investment in Islamic finance receivables. The Company has established procedures to manage credit exposure including evaluation of lessees' credit worthiness, formal credit approvals, assigning credit limits, obtaining collaterals such as down payments and personal guarantees. Individual Islamic financing contracts generally are for term not exceeding sixty-month.

Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular segment of customers.

The Company manages concentration of credit risk exposure through diversification of exposures. However, the Company mitigates its credit risk through evaluation of credit worthiness and by obtaining promissory notes and by retaining the title of the vehicle leased out. For certain types of customers, the maximum credit limits are defined. An allowance expected credit loss is maintained at a level which, in the judgment of management, is adequate to provide for impairment losses on delinquent receivables.

33 RISK MANAGEMENT (continued)

Credit risk (continued)

All investment in Islamic finance receivables are secured mainly through promissory notes and by retaining the title of the vehicle leased out and yield a fixed rate of commission for each contract. The title of the vehicles sold under finance lease agreements is held in the name of the Company as collateral to be repossessed, in case of default by the customer. The Company particiaptes in Kaflah program that intended to provide the financial sector in the Kingom of Saudi Arabia guarantees againt loasn provided to the Small and Medium-Sized Entities ("SME"). The guarantees ranges based on the SMEs sector and these guarantees may reach up to 95% of the Company's exposure. Kafalah program assess each application separately and has the right to reject an application.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Expected credit loss assessment for investment in Islamic finance receivables

The investment in Islamic finance receivables generally exposed to significant credit risk, therefore, the Company has established a number of procedures to manage credit risk exposure including evaluation of the lessees' credit worthiness, formal credit approvals, assigning credit limits obtaining collateral and personal guarantees.

The Company follows a credit classification mechanism, primarily driven by the day's delinquency as a tool to manage the quality of credit risk of investment in Islamic finance receivables. Further, the Company has categorised its investment in Islamic finance receivables into sub-categorised on the basis of similar credit risk characteristic. Exposures within each credit risk category are segmented by industrial classification and an ECL is calculated for each segment based on the delinquency status and actual credit loss experience over the past years. These rates are multiplied by scaler factors to reflect differences between economic conditions, current conditions and the Company's view of economic conditions over the expected lives of the investment in Islamic financing receivables.

Set out below is the information about the credit risk exposure on the Company’s investment in Islamic finance receivables using a provision matrix at the reporting date:

	31 December 2024				
	ECL Coverage	***Gross carrying amount***	***Net carrying amount***	***Loss allowance***	***Credit impaired***
Corporate	**1%**	**2,288,089,694**	**1,931,704,498**	**12,318,627**	No
Retail	**4%**	**715,589,724**	**462,645,193**	**19,024,491**	No
Doubtful	**10%**	**97,008,930**	**86,659,247**	**8,580,049**	No
Loss	**28%**	**196,050,724**	**149,356,646**	**42,430,152**	Yes
		3,296,739,072	**2,630,365,584**	**82,353,319**	

	31 December 2023				
	ECL Coverage	*Gross carrying amount*	*Net carrying amount*	*Loss allowance*	*Credit impaired*
Corporate	1%	2,451,401,011	2,189,873,906	16,763,885	No
Retail	2%	923,342,900	576,761,335	13,056,195	No
Doubtful	17%	198,173,507	170,614,117	28,556,065	No
Loss	23%	315,829,920	267,357,273	62,013,448	Yes
		3,888,747,338	3,204,606,631	120,389,593	

33 RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. The Company manages its liquidity risk by ensuring that the bank facilities and shareholders' support are available.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

As of 31 December 2024

	Within 1 year *SR*	*1 to 5 years* *SR*	*Total* *SR*
Trade payables	**114,285,880**	**-**	**114,285,880**
Amounts due to related parties	**1,774,739**	**-**	**1,774,739**
Islamic bank financing	**829,971,416**	**566,957,936**	**1,396,929,352**
Lease liabilities	**4,257,890**	**8,416,780**	**12,674,670**
	950,289,925	**575,374,716**	**1,525,664,641**

As of 31 December 2023

	Within 1 year *SR*	*1 to 5 years* *SR*	*Total* *SR*
Accounts payable	184,494,416	-	184,494,416
Amounts due to related parties	3,233,312	-	3,233,312
Islamic bank financing	1,146,412,843	1,042,276,907	2,188,689,750
Lease liabilities	2,122,708	1,392,383	3,515,091
	1,336,263,279	1,043,669,290	2,379,932,569

Changes in liabilities arising from financing activities:

As of 31 December 2024

	1 January 2024 *SR*	*Cash outflow* *SR*	*Cash inflow / Other* *SR*	*31 December 2024* *SR*
Lease liabilities	**3,462,114**	**(3,884,691)**	**7,132,166**	**6,709,589**
Islamic bank financing	**2,188,689,750**	**(1,230,882,725)**	**413,850,131**	**1,371,657,156**
	2,192,151,864	**(1,234,767,416)**	**420,982,297**	**1,378,366,745**

As of 31 December 2023

	1 January 2023 *SR*	*Cash outflow* *SR*	*Cash inflow / Other* *SR*	*31 December 2023* *SR*
Lease liabilities	7,591,303	(4,313,586)	184,397	3,462,114
Islamic bank financing	1,570,983,699	(1,257,611,080)	1,875,317,131	2,188,689,750
	1,578,575,002	(1,261,924,666)	1,875,501,528	2,192,151,864

33 RISK MANAGEMENT (continued)

Capital management

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide adequate return to its shareholders through the optimization of the capital structure. The Company manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders.

No changes were made in objectives, policies or processes for managing capital during the year ended 31 December 2024 (2023: same).

The Company monitors aggregate amount of financing offered by the Company on the basis of the regulatory requirements of Companies' law and SAMA. SAMA requires finance companies engaged in financing other than real estate, to not exceed aggregate financing to capital ratio of three times. As of the 31 December 2024 the Comany was in compliance with the requirement.

	2024	*2023*
	SR	*SR*
Aggregate financing to capital ratio		
(Total financing (net investment in Islamic finance receivables) divided by total equity)	**2.07 times**	4.53 times

34 COMMITMENTS AND CONTINGENCIES

As of the date of the statement of financial position, the Company did not have any outstanding commitments or contingencies.

35 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Standards, interpretations, amendments	***Description***	***Effective date***
Lack of exchangeability – Amendments to IAS 21	In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The amendments are not expected to have a material impact on the Group's financial statements.	1 January 2025

35 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

Standards, interpretations, amendments	*Description*	*Effective date*
IFRS 18 Presentation and Disclosure in Financial Statements	In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. It also requires disclosure of newly defined management defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes. In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards. The Company is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.	1 January 2027

35 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

Standards, interpretations, amendments	***Description***	***Effective date***
IFRS 19 Subsidiaries without Public Accountability: Disclosures	In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards. The Company is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.	1 January 2027

36 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current period presentation. The following table summarises the effect of prior period reclassifications on the statement of profit or loss and other comprehensive income. Such reclassifications have not impacted the previously reported profit or equity.

Statement of profit or loss and other comprehensive income for the year ended 31 December 2023:

	Previously reported SR	*Reclassification SR*	*Currently reported SR*
Revenue from main operations	308,509,599	(24,790,522)	283,719,077
Revenue from other activities	16,340,361	24,790,522	41,130,883

37 EVENTS AFTER THE REPORTING PERIOD

- Subsequent to year end, the Company has completed the private placement of Sukuk amounting to SR 500 million, the Company received the final tranche of subscriptions amounting to SR 30 million.

Other than the aforementioned matter, in the opinion of management, there have been no other events subsequent to the reporting date that would significantly affect the amounts reported in the financial statements as at 31 December 2024.