

**RAYA FINANCING COMPANY**  
(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK  
COMPANY)

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**WITH**  
**INDEPENDENT AUDITOR'S REVIEW REPORT**  
**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED**  
**30 SEPTEMBER 2024**

**RAYA FINANCING COMPANY**  
**(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2024**

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## KPMG Professional Services

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Al Khobar, 34412 - 3146  
Kingdom of Saudi Arabia  
Commercial Registration No 2051062328

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

الطابق ١٦، برج البرغاش  
٦١٨٩ طريق الأمير تركي، الكورنيش  
ص.ب. ٤٨٠٣  
الخبير ٣٤٤١٢ - ٣١٤٦  
المملكة العربية السعودية  
سجل تجاري رقم ٢٠٥١٠٦٢٣٢٨

المركز الرئيسي في الرياض

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

To the Shareholder of Raya Financing Company

## Introduction

We have reviewed the accompanying 30 September 2024 condensed interim financial statements of Raya Financing Company ("the Company"), which comprises:

- the condensed statement of financial position as at 30 September 2024;
- the condensed statements of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2024;
- the condensed statement of changes in shareholder's equity for the nine-month period ended 30 September 2024;
- the condensed statement of cash flows for the nine-month period ended 30 September 2024; and
- the notes to the condensed interim financial statements.

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

## Scope of review

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

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR70,000,000 and a non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. Commercial Registration of the headquarters in Riyadh is 1010425494.

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس مالها (٧٠,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. رقم السجل التجاري للمركز الرئيسي في الرياض هو ١٠١٠٤٢٥٤٩٤.



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

To the Shareholder of Raya Financing Company (Continued)

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2024 condensed interim financial statements of Raya Financing Company are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

## KPMG Professional Services

**Mohammed Najeeb Alkhelaiwi**  
License No: 481



Al Khobar, 24 Rabi II 1446H  
Corresponding to: 27 October 2024G

**RAYA FINANCING COMPANY**  
(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)  
**CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2024**  
(Expressed in Saudi Riyals)

	Notes	30 September 2024 (Unaudited)	31 December 2023 (Audited)
<b>ASSETS</b>			
Cash and cash equivalents	3	30,212,597	3,807,756
Prepayments and other receivables	4	22,303,170	17,686,147
Net investment in finance leases	5	1,471,922,683	771,555,739
Net investment in Murabaha finance	6	117,086,217	115,891,323
Right of use assets		6,391,091	6,685,562
Property and equipment		5,973,708	2,774,237
Intangible assets		790,474	1,305,253
Financial assets at fair value through other comprehensive income		892,850	892,850
<b>TOTAL ASSETS</b>		<b>1,655,572,790</b>	<b>920,598,867</b>
<b>SHAREHOLDER'S EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDER'S EQUITY</b>			
Share capital	1	330,000,000	230,000,000
Accumulated losses		(6,163,938)	(18,301,467)
<b>TOTAL SHAREHOLDER'S EQUITY</b>		<b>323,836,062</b>	<b>211,698,533</b>
<b>LIABILITIES</b>			
Accounts payable	8	232,866,933	187,936,119
Accrued expenses and other current liabilities	9	55,869,657	46,255,477
Provision for Zakat	10	2,416,492	1,795,500
Borrowings	11	1,029,757,289	462,427,043
Lease liabilities		6,883,653	7,010,597
Employees' end of service benefits		3,942,704	3,475,598
<b>TOTAL LIABILITIES</b>		<b>1,331,736,728</b>	<b>708,900,334</b>
<b>TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES</b>		<b>1,655,572,790</b>	<b>920,598,867</b>

These financial statements appearing on pages 1 to 17 were approved by the Board of Directors on 24 Rabi II 1446H corresponding to 27 October 2024G and have been signed on their behalf by:

 <hr style="width: 80%; margin: 0 auto;"/> <p>Abdullah Ali Almajdouie Chairman</p>	 <hr style="width: 80%; margin: 0 auto;"/> <p>Adel Saleh Alhowar Chief Executive Officer</p>	 <hr style="width: 80%; margin: 0 auto;"/> <p>Mohammed Maghrabi Chief Financial Officer</p>
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The accompanying notes from 1 to 19 appearing on pages 5 to 17 form an integral part of these condensed interim financial statements.

**RAYA FINANCING COMPANY**

(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)

**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2024**

(Expressed in Saudi Riyals)

	<b>For the three- month period ended 30 September 2024 (Unaudited)</b>	For the three- month period ended 30 September 2023 (Unaudited)	<b>For the nine- month period ended 30 September 2024 (Unaudited)</b>	For the nine- month period ended 30 September 2023 (Unaudited)
<b>INCOME</b>				
Finance lease income (Note 12)	<b>53,653,958</b>	26,929,088	<b>133,737,460</b>	67,826,425
Commission income	<b>19,730,203</b>	5,397,286	<b>42,646,701</b>	10,745,358
Gain on interest free loans from SAMA	-	-	-	1,744,039
<b>Total income</b>	<b>73,384,161</b>	32,326,374	<b>176,384,161</b>	80,315,822
<b>EXPENSES</b>				
Provision for Expected Credit Losses ("ECL") on financial assets (Note 5 & 6)	<b>(14,862,529)</b>	(2,329,995)	<b>(24,870,048)</b>	(7,349,545)
Insurance and other cost of financed vehicles	<b>(19,535,031)</b>	(10,459,703)	<b>(48,834,526)</b>	(22,222,335)
Salaries and employee related expenses	<b>(11,663,939)</b>	(6,801,054)	<b>(31,859,140)</b>	(20,403,079)
Depreciation and amortization	<b>(833,746)</b>	(857,275)	<b>(2,299,812)</b>	(2,206,245)
Finance cost	<b>(18,100,475)</b>	(6,225,796)	<b>(41,433,766)</b>	(13,920,274)
Other expenses (Note 13)	<b>(3,760,518)</b>	(3,180,242)	<b>(12,728,690)</b>	(8,640,301)
<b>Total expenses</b>	<b>(68,756,238)</b>	(29,854,065)	<b>(162,025,982)</b>	(74,741,779)
<b>Profit before Zakat</b>	<b>4,627,923</b>	2,472,309	<b>14,358,179</b>	5,574,043
Zakat expense (Note 10)	<b>(1,217,389)</b>	252,237	<b>(2,220,650)</b>	(458,962)
<b>Profit for the period</b>	<b>3,410,534</b>	2,724,546	<b>12,137,529</b>	5,115,081
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified to profit or loss:</i>				
Re-measurement gain on defined benefit plans	-	-	-	-
<b>Other comprehensive income for the period</b>	<b>-</b>	-	<b>-</b>	-
<b>Total comprehensive income for the period</b>	<b>3,410,534</b>	2,724,546	<b>12,137,529</b>	5,115,081

The accompanying notes from 1 to 19 appearing on pages 5 to 17 form an integral part of these condensed interim financial statements.

**RAYA FINANCING COMPANY**  
(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)  
**CONDENSED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024**  
(Expressed in Saudi Riyals)

	Share capital	Accumulated losses	Total
<b>Balance at 1 January 2024 (Audited)</b>	<b>230,000,000</b>	<b>(18,301,467)</b>	<b>211,698,533</b>
<b>Increase in share capital (Un-audited)</b>	<b>100,000,000</b>	<b>-</b>	<b>100,000,000</b>
<b>Profit for the period (Un-audited)</b>	<b>-</b>	<b>12,137,529</b>	<b>12,137,529</b>
<b>Other comprehensive income (Un-audited)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period (Un-audited)</b>	<b>-</b>	<b>12,137,529</b>	<b>12,137,529</b>
<b>Balance at 30 September 2024 (Un-audited)</b>	<b>330,000,000</b>	<b>(6,163,938)</b>	<b>323,836,062</b>
Balance at 1 January 2023 (Audited)	230,000,000	(25,314,687)	204,685,313
Loss for the period (Un-audited)	-	5,115,081	5,115,081
Other comprehensive income (Un-audited)	-	-	-
Total comprehensive income for the period (Un-audited)	-	5,115,081	5,115,081
Balance at 30 September 2023 (Un-audited)	230,000,000	(20,199,606)	209,800,394

The accompanying notes from 1 to 19 appearing on pages 5 to 17 form an integral part of these condensed interim financial statements.

**RAYA FINANCING COMPANY**  
(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)  
**CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024**  
(Expressed in Saudi Riyals)

	<b>Notes</b>	<b>For the nine-month period ended 30 September 2024 (Unaudited)</b>	<b>For the nine-month period ended 30 September 2023 (Unaudited)</b>
<b>Cash flows from operating activities</b>			
Profit before Zakat		14,358,179	5,574,043
<i>Adjustments for:</i>			
- Provision for expected credit loss	5 & 6	24,870,048	7,349,545
- Depreciation		1,785,033	1,133,125
- Amortization		514,779	1,073,120
- Finance cost		41,433,766	13,920,274
- Employees' end of service benefits		467,106	609,361
<i>Changes in working capital:</i>			
- Net investment in finance lease		(726,431,886)	(256,893,994)
- Prepayments and other receivables		(4,617,023)	(1,303,684)
- Accounts payable		44,930,814	63,771,607
- Accrued expenses and other current liabilities		8,720,178	(4,704,672)
<b>Cash used in operating activities</b>		<b>(593,969,006)</b>	<b>(169,471,275)</b>
Zakat paid	10	(1,599,658)	(461,244)
<b>Net cash used in operating activities</b>		<b>(595,568,664)</b>	<b>(169,932,519)</b>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment		(3,870,699)	(747,213)
<b>Net cash used in investing activities</b>		<b>(3,870,699)</b>	<b>(747,213)</b>
<b>Cash flows from financing activities</b>			
Proceeds from long-term borrowings	11	682,500,000	265,478,612
Repayment of long-term borrowings	11	(121,076,705)	(83,682,875)
Interest paid on long-term borrowings	11	(34,315,297)	(10,972,711)
Increase in share capital		100,000,000	-
Finance lease liabilities paid		(1,263,794)	(1,078,315)
<b>Net cash from financing activities</b>		<b>625,844,204</b>	<b>169,744,711</b>
<b>Net change in cash and cash equivalents</b>		<b>26,404,841</b>	<b>(935,021)</b>
Cash and cash equivalents at beginning of the period		3,807,756	16,404,400
<b>Cash and cash equivalent at end of the period</b>	3	<b>30,212,597</b>	<b>15,469,379</b>
<b>SUPPLEMENTARY INFORMATION</b>			
<b>Non-cash transactions:</b>			
Right of use assets recorded against lease liabilities		819,334	3,466,306

The accompanying notes from 1 to 19 appearing on pages 5 to 17 form an integral part of these condensed interim financial statements.



**RAYA FINANCING COMPANY**  
(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024**  
(Expressed in Saudi Riyals)

**1. CORPORATE INFORMATION**

Raya Financing Company (the “Company”) is a Saudi closed joint stock company, registered in the Kingdom of Saudi Arabia under the Commercial Registration (“CR”) number 2050104609 issued in Dammam on 8 Rabi II 1436H (28 January 2015) and operating under the Saudi Central Bank (SAMA) approval number 351000153064 dated 25 Dhul Hijjah 1435H (19 October 2014). The Company has obtained the license from SAMA to conduct finance leasing activities on 14 Jumada II 1437H (23 March 2016). Further, the Company received no objection certificate from SAMA to conduct Murabaha finance business in the Kingdom of Saudi Arabia during 2019. The registered address of the Company is P.O. Box 336, Dammam 31411, Kingdom of Saudi Arabia.

The Company is owned by Al Majdouie Motors Company Limited (the “Parent Company”), a limited liability company registered in the Kingdom of Saudi Arabia. The Parent Company is effectively owned by Ali Ibrahim Saleh Al Majdouie Company (the ‘Ultimate Parent Company’), which is ultimately controlled by Sheikh Ali Ibrahim Saleh Al Majdouie. As at 30 September 2024 the issued, subscribed and paid-up capital of the Company comprised 33 million shares (31 December 2023: 23 million shares) of Saudi Riyals 10 each held as follows;

<u>Party Name</u>	<u>Country of Incorporation</u>	<u>Percentage of ownership</u>	<u>30 September 2024</u>	<u>Percentage of ownership</u>	<u>31 December 2023</u>
Al Majdouie Motors Company Limited	Saudi Arabia	100%	330,000,000	100%	230,000,000

During the period ended 30 September 2024, the shareholder resolved to increase the Company’s share capital from 23 million shares to 33 million shares of Saudi Riyals 10 each.

These financial statements include the operations of the Company and its following branches:

<u>Location</u>	<u>Commercial registration number</u>
Jeddah	4030296155
Riyadh	1010610746
Dammam	2050104609

**2. BASIS OF PREPARATION, MATERIAL ACCOUNTING POLICIES AND ESTIMATES**

**2.1 Statement of compliance**

These condensed interim financial statements (“Interim Financial Statements”) have been prepared in accordance with IAS 34 “Interim Financial Reporting” that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (“SOCPA”), and should be read in conjunction with the Company’s last annual financial statements as at and for the year ended 31 December 2023 (“Last Annual Financial Statements”). These condensed interim financial statements do not include all of the information required for a complete set of IFRS financial statements; however, changes in accounting policies and selected explanatory notes (if any) are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the last annual financial statements.

**2.2 Historical cost convention**

These condensed interim financial statements have been prepared on a historical cost basis, using going concern assumption, except for investment which is measured at fair value and employees’ end of service benefits which is measured at projected unit credit method.

**2.3 Basis of presentation**

The Company’s statement of financial position is not presented using a current / non-current classification. However, the following balances would generally be classified as current: cash and cash equivalents, prepayment and other current receivables, accounts payables, accrued expenses and other current liabilities and provision for Zakat. The following balances would generally be classified as non-current: property and equipment, intangible assets and employees’ end of service benefits. The balances which are of mixed in nature, i.e. include both current and non-current portions, include net investment in finance leases, net investment in Murabaha finance, lease liabilities and borrowings.

**RAYA FINANCING COMPANY**  
(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024**  
(Expressed in Saudi Riyals)

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**2. BASIS OF PREPARATION, MATERIAL ACCOUNTING POLICIES AND ESTIMATES (Continued)**

**2.4 Functional and presentation currency**

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These condensed interim financial statements are presented in Saudi Riyals (SR) which is the Company's functional and presentation currency. All financial information presented in Saudi Riyals has been rounded to the nearest Riyal, unless otherwise stated.

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

In preparing these condensed interim financial statements, the significant judgments made by the management in applying the Company's material accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2023.

**2.6 New Standards, pronouncements and interpretations:**

**a) New and revised standards with no material effect on the condensed financial statements.**

There are certain new standards or amendments to existing standards which are effective from 1 January 2024; however, they do not have an impact or are applicable with respect to the Company's condensed interim financial statements for the nine-month period ended 30 September 2024. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The new and revised standards with no material effect on the condensed financial statements are as follows:

- Classification of liabilities as current or non-current (Amendments to IAS 1)
- Lease liabilities in a Sale and Leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

**b) New and revised standards issued but not yet effective.**

Certain new accounting standards, amendments to standards and interpretations have been published by the International Accounting Standards Board ("IASB") that are not mandatory for 30 September 2024 reporting period and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting periods. 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:

- Lack of exchangeability – Amendments to IAS 21, effective for annual periods beginning on or after 1 January 2025;
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28), effective date yet to be determined.
- IFRS 18 'Presentation and Disclosure in Financial Statements', effective for annual periods beginning on or after 1 January 2027.
- IFRS 19 'Subsidiaries without Public Accountability: Disclosures' effective for annual periods beginning on or after 1 January 2027.
- Amendments to the Classification and Measurement of Financial Instruments, Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instrument: Disclosure', effective for annual periods beginning on or after 1 January 2026.

**2.7 Material Accounting policies**

The material accounting policies used in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2023.

**RAYA FINANCING COMPANY**  
(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024**  
(Expressed in Saudi Riyals)

**3. CASH AND CASH EQUIVALENTS**

	<b>30 September 2024</b>	31 December 2023
	<b>(Un-audited)</b>	(Audited)
Cash in hand	<b>131,824</b>	36,787
Cash at bank	<b>30,080,773</b>	3,770,969
	<b>30,212,597</b>	3,807,756

**4. PREPAYMENTS AND OTHER RECEIVABLES**

	<b>30 September 2024</b>	31 December 2023
	<b>(Un-audited)</b>	(Audited)
Prepaid expenses	<b>10,800,935</b>	13,643,648
Advances to suppliers	<b>2,995,622</b>	659,026
Insurance claims	<b>7,459,573</b>	2,799,547
Repossessed assets held for resale	<b>376,023</b>	359,449
Others	<b>671,017</b>	224,477
	<b>22,303,170</b>	17,686,147

**5. NET INVESTMENT IN FINANCE LEASES**

	<b>30 September 2024</b>	31 December 2023
	<b>(Un-audited)</b>	(Audited)
Gross investment in finance lease	<b>2,140,741,029</b>	1,119,826,549
Less: Unearned lease finance income	<b>(614,423,634)</b>	(313,049,907)
Present Value (PV) of minimum lease payments receivable	<b>1,526,317,395</b>	806,776,642
Provision for impairment of finance lease receivables (Note 5.2)	<b>(54,394,712)</b>	(35,220,903)
Net investment in finance leases	<b>1,471,922,683</b>	771,555,739
Due after one year	<b>(1,217,716,910)</b>	(615,520,355)
Due within one year	<b>254,205,773</b>	156,035,384

**5.1** The maturity of the gross investment in finance leases as at 30 September 2024 is as follows:

	<b>Gross investment in finance leases (Un-audited)</b>	<b>Unearned lease finance income (Un-audited)</b>	<b>PV of minimum lease payments (Un-audited)</b>
Not later than one year	<b>451,452,748</b>	<b>183,204,963</b>	<b>268,247,785</b>
One to two years	<b>416,508,739</b>	<b>163,991,691</b>	<b>252,517,048</b>
Two to three years	<b>392,798,179</b>	<b>128,285,043</b>	<b>264,513,136</b>
Three to four years	<b>354,377,412</b>	<b>89,419,680</b>	<b>264,957,732</b>
Four to five years	<b>525,603,951</b>	<b>49,522,257</b>	<b>476,081,694</b>
	<b>2,140,741,029</b>	<b>614,423,634</b>	<b>1,526,317,395</b>

The maturity of the gross investment in finance leases as at 31 December 2023 is as follows:

	<b>Gross investment in finance leases (Audited)</b>	<b>Unearned lease finance income (Audited)</b>	<b>PV of minimum lease payments (Audited)</b>
Not later than one year	269,597,208	100,162,798	169,434,410
One to two years	229,071,183	85,233,051	143,838,132
Two to three years	220,884,303	62,986,502	157,897,801
Three to four years	187,591,727	42,908,619	144,683,108
Four to five years	212,682,128	21,758,937	190,923,191
	1,119,826,549	313,049,907	806,776,642

**RAYA FINANCING COMPANY**  
(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024**  
(Expressed in Saudi Riyals)

**5. NET INVESTMENT IN FINANCE LEASES (Continued)**

5.2 The movement in the impairment of finance lease receivable was as follows:

	<b>30 September 2024</b>	31 December 2023	30 September 2023
	<b>(Un-audited)</b>	(Audited)	(Un-audited)
Balance at the beginning of the period / year	<b>35,220,903</b>	27,197,422	27,197,422
Allowance for the period / year	<b>23,266,961</b>	12,652,655	6,073,693
Write-off during the period / year	<b>(4,093,152)</b>	(4,629,174)	(4,629,174)
Balance at the end of the period / year	<b>54,394,712</b>	35,220,903	28,641,941

5.3 Category wise movement in provision for impairment of lease receivables is as follows:

<b>2024 (Un-audited)</b>	<b>For the nine-month period ended 30 September 2024</b>			
	<b>Performing</b>	<b>Under performing</b>	<b>Non-performing</b>	<b>Total</b>
Opening balance as at 1 January	<b>19,602,016</b>	<b>2,891,127</b>	<b>12,727,760</b>	<b>35,220,903</b>
Individual financial assets transferred to under-performing (lifetime expected credit losses)	<b>(3,229,261)</b>	<b>5,264,974</b>	<b>(346,038)</b>	<b>1,689,675</b>
Individual financial assets transferred to non-performing (credit-impaired financial assets)	<b>(2,529,603)</b>	<b>(447,846)</b>	<b>6,793,515</b>	<b>3,816,066</b>
Individual financial assets transferred to performing (12-month expected credit losses)	<b>424,616</b>	<b>(1,658,834)</b>	<b>(1,002,307)</b>	<b>(2,236,525)</b>
New financial assets originated	<b>25,085,814</b>	-	-	<b>25,085,814</b>
Collections / recoveries	<b>(5,052,592)</b>	<b>(350,376)</b>	<b>(2,622,898)</b>	<b>(8,025,866)</b>
Changes in assumptions	<b>327,537</b>	-	<b>2,610,260</b>	<b>2,937,797</b>
Write-off	-	-	<b>(4,093,152)</b>	<b>(4,093,152)</b>
Closing balance as at 30 September	<b>34,628,527</b>	<b>5,699,045</b>	<b>14,067,140</b>	<b>54,394,712</b>

<b>2023 (Audited)</b>	<b>For the year ended 31 December 2023</b>			
	<b>Performing</b>	<b>Under-performing</b>	<b>Non-performing</b>	<b>Total</b>
Opening balance as at 1 January	9,737,124	1,915,625	15,544,673	27,197,422
Individual financial assets transferred to under performing (lifetime expected credit losses)	(1,903,185)	2,564,414	(531,293)	129,936
Individual financial assets transferred to non-performing (credit-impaired financial assets)	(1,734,863)	(417,681)	4,593,673	2,441,129
Individual financial assets transferred to performing (12-month expected credit losses)	153,933	(607,909)	(662,429)	(1,116,405)
New financial assets originated	16,707,570	-	-	16,707,570
Collections / recoveries	(3,401,926)	(566,206)	(4,557,911)	(8,526,043)
Changes in assumptions	43,363	2,884	2,970,221	3,016,468
Write-off	-	-	(4,629,174)	(4,629,174)
Closing balance as at 31 December	19,602,016	2,891,127	12,727,760	35,220,903

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**5. NET INVESTMENT IN FINANCE LEASES (Continued)**

5.4 Category wise gross lease receivables are as follows:

	<b>30 September 2024</b>	31 December 2023
	<b>(Un-audited)</b>	(Audited)
Performing	<b>2,013,044,436</b>	1,039,265,106
Under-performing	<b>79,372,485</b>	42,914,943
Non-performing	<b>48,324,108</b>	37,646,500
	<b>2,140,741,029</b>	1,119,826,549

5.5 Category wise movement in gross lease receivables is as follows:

<b>2024 (Un-audited)</b>	<b>For the nine-month period ended 30 September 2024</b>			
	<b>Performing</b>	<b>Under-performing</b>	<b>Non-performing</b>	<b>Total</b>
Opening balance as at 1 January	<b>1,039,265,106</b>	42,914,943	37,646,500	1,119,826,549
Individual financial assets transferred to under-performing (lifetime expected credit losses)	<b>(75,289,811)</b>	76,987,973	(1,698,162)	-
Individual financial assets transferred to non-performing (credit-impaired financial assets)	<b>(37,663,629)</b>	(6,253,394)	43,917,023	-
Individual financial assets transferred to performing (12-month expected credit losses)	<b>28,342,114</b>	(23,374,551)	(4,967,563)	-
New financial assets originated	<b>1,239,582,568</b>	-	-	1,239,582,568
Write-off	<b>-</b>	-	(4,759,013)	(4,759,013)
Collections / recoveries	<b>(181,191,912)</b>	(10,902,486)	(21,814,677)	(213,909,075)
Closing balance as at 30 September	<b>2,013,044,436</b>	79,372,485	48,324,108	2,140,741,029

<b>2023 (Audited)</b>	<b>For the year ended 31 December 2023</b>			
	<b>Performing</b>	<b>Under-performing</b>	<b>Non-performing</b>	<b>Total</b>
Opening balance as at 1 January	469,817,515	28,603,337	47,342,947	545,763,799
Individual financial assets transferred to under-performing (lifetime expected credit losses)	(39,296,161)	41,899,816	(2,603,655)	-
Individual financial assets transferred to non-performing (credit-impaired financial assets)	(26,367,037)	(5,546,452)	31,913,489	-
Individual financial assets transferred to performing (12-month expected credit losses)	11,474,455	(8,180,692)	(3,293,763)	-
New financial assets originated	750,014,253	-	-	750,014,253
Write-off	-	-	(5,837,656)	(5,837,656)
Collections / recoveries	(126,377,919)	(13,861,066)	(29,874,862)	(170,113,847)
Closing balance as at 31 December	1,039,265,106	42,914,943	37,646,500	1,119,826,549

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**5. NET INVESTMENT IN FINANCE LEASES (Continued)**

5.6 Category wise gross lease receivables net of impairment provision is as follows:

	<b>30 September 2024</b> <b>(Unaudited)</b>	31 December 2023 <b>(Audited)</b>
Performing	<b>1,978,415,909</b>	1,019,663,090
Under-performing	<b>73,673,440</b>	40,023,816
Non-performing	<b>34,256,968</b>	24,918,740
	<b>2,086,346,317</b>	1,084,605,646

**6. NET INVESTMENT IN MURABAHA FINANCE**

	<b>30 September 2024</b> <b>(Un-audited)</b>	31 December 2023 <b>(Audited)</b>
Gross investment in Murabaha finance	<b>146,019,646</b>	143,449,814
Less: Unearned Murabaha finance income	<b>(18,206,953)</b>	(17,615,251)
Present Value (PV) of investment in Murabaha finance	<b>127,812,693</b>	125,834,563
Provision for impairment of Murabaha finance receivables (Note 6.2)	<b>(10,726,476)</b>	(9,943,240)
Net investment in Murabaha finance	<b>117,086,217</b>	115,891,323
Due after one year	<b>(51,767,694)</b>	(52,569,410)
Due within one year	<b>65,318,523</b>	63,321,913

6.1 The maturity of the gross investment in Murabaha finance as at 30 September 2024 is as follows:

	<b>Gross investment in</b> <b>Murabaha Finance</b> <b>(Un-audited)</b>	<b>Unearned</b> <b>Murabaha finance</b> <b>income</b> <b>(Un-audited)</b>	<b>PV of investment in</b> <b>Murabaha Finance</b> <b>(Un-audited)</b>
Not later than one year	<b>85,872,710</b>	<b>11,963,232</b>	<b>73,909,478</b>
One to two years	<b>46,127,632</b>	<b>5,094,685</b>	<b>41,032,947</b>
Two to three years	<b>12,311,544</b>	<b>997,791</b>	<b>11,313,753</b>
Three to four years	<b>1,520,974</b>	<b>141,670</b>	<b>1,379,304</b>
Four to five years	<b>186,786</b>	<b>9,575</b>	<b>177,211</b>
	<b>146,019,646</b>	<b>18,206,953</b>	<b>127,812,693</b>

The maturity of the gross investment in Murabaha finance as at 31 December 2023 is as follows:

	<b>Gross investment in</b> <b>Murabaha Finance</b> <b>(Un-audited)</b>	<b>Unearned Murabaha</b> <b>finance income</b> <b>(Un-audited)</b>	<b>PV of investment in</b> <b>Murabaha Finance</b> <b>(Un-audited)</b>
Not later than one year	81,721,818	11,507,608	70,214,210
One to two years	43,662,703	5,001,091	38,661,612
Two to three years	16,681,409	1,012,328	15,669,081
Three to four years	1,136,368	83,748	1,052,620
Four to five years	247,516	10,476	237,040
	143,449,814	17,615,251	125,834,563

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**6. NET INVESTMENT IN MURABAHA FINANCE (Continued)**

6.2 The movement in the impairment of net investment in Murabaha finance is as follows:

	<b>30 September 2024</b> <b>(Un-audited)</b>	31 December 2023 <b>(Audited)</b>	30 September 2023 <b>(Un-audited)</b>
Balance at the beginning of the period / year	<b>9,943,240</b>	9,692,661	9,692,661
Allowance for the period / year	<b>1,603,087</b>	353,309	1,275,852
Write-off during the period / year	<b>(819,851)</b>	(102,730)	(102,730)
Balance at the end of the period / year	<b>10,726,476</b>	9,943,240	10,865,783

6.3 Category wise movement in provision for impairment of Murabaha finance is as follows:

	<b>For the nine-month period ended 30 September 2024</b>			
	<b>2024 (Un-audited)</b>	<b>Under-</b>	<b>Non-</b>	<b>Total</b>
	<b>Performing</b>	<b>performing</b>	<b>performing</b>	
Opening balance as at 1 January	<b>4,979,130</b>	<b>703,209</b>	<b>4,260,901</b>	<b>9,943,240</b>
Individual financial assets transferred to under-performing (lifetime expected credit losses)	<b>(59,732)</b>	<b>72,976</b>	<b>-</b>	<b>13,244</b>
Individual financial assets transferred to non -performing (credit-impaired financial assets)	<b>(215,915)</b>	<b>(21,485)</b>	<b>743,896</b>	<b>506,496</b>
Individual financial assets transferred to performing (12 month expected credit losses)	<b>6,246</b>	<b>(23,618)</b>	<b>-</b>	<b>(17,372)</b>
New financial assets originated	<b>1,514,397</b>	<b>-</b>	<b>-</b>	<b>1,514,397</b>
Collections / recoveries	<b>(2,807,651)</b>	<b>(506,393)</b>	<b>(99,016)</b>	<b>(3,413,060)</b>
Changes in assumptions	<b>1,214</b>	<b>-</b>	<b>2,998,168</b>	<b>2,999,382</b>
Write-off	<b>-</b>	<b>-</b>	<b>(819,851)</b>	<b>(819,851)</b>
Closing balance as at 30 September	<b>3,417,689</b>	<b>224,689</b>	<b>7,084,098</b>	<b>10,726,476</b>

	<b>For the year ended 31 December 2023</b>			
	<b>2023 (Audited)</b>	<b>Under-</b>	<b>Non-</b>	<b>Total</b>
	<b>Performing</b>	<b>performing</b>	<b>performing</b>	
Opening balance as at 1 January	4,632,144	865,744	4,194,773	9,692,661
Individual financial assets transferred to under-performing (lifetime expected credit losses)	(672,101)	698,921	(154,807)	(127,987)
Individual financial assets transferred to non -performing (credit-impaired financial assets)	(866,468)	(97,384)	1,334,204	370,352
Individual financial assets transferred to performing (12-month expected credit losses)	101,886	(760,252)	(711,718)	(1,370,084)
New financial assets originated	4,223,434	-	-	4,223,434
Collections / recoveries	(2,439,765)	(3,820)	(302,190)	(2,745,775)
Changes in assumptions	-	-	3,369	3,369
Write-off	-	-	(102,730)	(102,730)
Closing balance as at 31 December	4,979,130	703,209	4,260,901	9,943,240

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**6. NET INVESTMENT IN MURABAHA FINANCE (Continued)**

6.4 Category wise gross investment in Murabaha finance are as follows:

	<b>30 September 2024</b> <b>(Un-audited)</b>	31 December 2023 <b>(Audited)</b>
Performing	129,328,655	126,412,626
Under-performing	5,283,523	7,572,631
Non-performing	11,407,468	9,464,557
	<b>146,019,646</b>	<b>143,449,814</b>

6.5 Category wise movement in gross Murabaha finance is as follows:

<u>2024 (Un-audited)</u>	<b>For the nine-month period ended 30 September 2024</b>			
	<b>Performing</b>	<b>Under-performing</b>	<b>Non-performing</b>	<b>Total</b>
Opening balance as at 1 January	126,412,626	7,572,631	9,464,557	143,449,814
Individual financial assets transferred to under-performing (lifetime expected credit losses)	(2,261,218)	2,261,218	-	-
Individual financial assets transferred to non performing (credit-impaired financial assets)	(9,978,054)	(165,837)	10,143,891	-
Individual financial assets transferred to performing (12-month expected credit losses)	187,664	(187,664)	-	-
New financial assets originated	59,342,233	-	-	59,342,233
Write-off	-	-	(979,455)	(979,455)
Collections / recoveries	(44,374,596)	(4,196,825)	(7,221,525)	(55,792,946)
Closing balance as at 30 September	<b>129,328,655</b>	<b>5,283,523</b>	<b>11,407,468</b>	<b>146,019,646</b>
	<b>For the year ended 31 December 2023</b>			
<u>2023 (Audited)</u>	<b>Performing</b>	<b>Under-performing</b>	<b>Non-performing</b>	<b>Total</b>
Opening balance as at 1 January	100,271,291	7,839,005	9,219,848	117,330,144
Individual financial assets transferred to under performing (lifetime expected credit losses)	(12,178,310)	12,522,325	(344,015)	-
Individual financial assets transferred to non performing (credit-impaired financial assets)	(19,634,007)	(916,153)	20,550,160	-
Individual financial assets transferred to performing (12-month expected credit losses)	8,448,789	(6,867,193)	(1,581,596)	-
New financial assets originated	100,934,490	-	-	100,934,490
Write-off	-	-	(133,922)	(133,922)
Collections / recoveries	(51,429,627)	(5,005,353)	(18,245,918)	(74,680,898)
Closing balance as at 31 December	<b>126,412,626</b>	<b>7,572,631</b>	<b>9,464,557</b>	<b>143,449,814</b>

6.6 Category wise Murabaha finance net of impairment provision is as follows:

	<b>30 September 2024</b> <b>(Un-audited)</b>	31 December 2023 <b>(Audited)</b>
Performing	125,910,966	121,433,496
Under-performing	5,058,834	6,869,422
Non-performing	4,323,370	5,203,656
	<b>135,293,170</b>	<b>133,506,574</b>



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**7. EXPECTED CREDIT LOSSES**

In accordance with the requirements of applicable accounting framework, the management of the Company revisits all inputs and assumptions used for the determination of ECL on a periodic basis. During the nine-month period ended 30 September 2024, the management of the Company has performed an exercise to update the Probability of Default (“PD”) calculation and certain inputs and assumptions used for the determination of ECL. The adjustment primarily represents updates to the PD, which are based on recovery patterns of the Company’s receivable balances under its financing portfolio, and other macroeconomic factors.

**8. ACCOUNTS PAYABLE**

	<b>30 September 2024</b>	31 December 2023
	<b>(Un-audited)</b>	(Audited)
Accounts payable – third parties	<b>125,991,414</b>	87,867,602
Accounts payable – related parties (Note 14)	<b>106,875,519</b>	100,068,517
	<b>232,866,933</b>	187,936,119

**9. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

	<b>30 September 2024</b>	31 December 2023
	<b>(Un-audited)</b>	(Audited)
Accrued expenses	<b>27,740,380</b>	27,940,675
VAT payable	<b>7,267,290</b>	5,169,185
Net servicing liability under agency agreement (Note 16)	<b>2,240,416</b>	1,460,469
Advances from customers	<b>18,621,571</b>	11,685,148
	<b>55,869,657</b>	46,255,477

**10. ZAKAT**

**a) Zakat charge for the period:**

The Company is subject to Zakat in accordance with the regulations of the General Authority for Zakat, Tax, and Customs Authority (“ZATCA”). Zakat expense is charged to the statement of profit or loss and other comprehensive income. Zakat charge for nine-month period ended 30 September comprises of the following:

	<b>30 September</b>	30 September
	<b>2024</b>	2023
	<b>(Un-audited)</b>	(Un-audited)
Zakat charge for the period	<b>2,220,650</b>	458,962

**b) Provision for Zakat:**

Movements in provision for Zakat for nine-month period ended 30 September and for the year ended 31 December are as follows:

	<b>For the nine-month</b>	For the year ended	For the nine-month
	<b>period ended</b>	31 December 2023	period ended
	<b>30 September 2024</b>	(Audited)	30 September 2023
	<b>(Un-audited)</b>		(Un-audited)
Balance at beginning of the period/year	<b>1,795,500</b>	1,844,833	1,844,833
Charge for the period/year	<b>2,220,650</b>	1,599,234	458,962
Adjustment for prior year	-	(1,187,323)	-
Payments during the period/year	<b>(1,599,658)</b>	(461,244)	(461,244)
Balance at end of the period/year	<b>2,416,492</b>	1,795,500	1,842,551

**c) Zakat assessment status:**

The Company has filed its zakat declarations with the ZATCA up to 2023. ZATCA has finalized Company’s assessments up to 2018, whereas assessments for 2019, 2020, 2021, 2022 and 2023 are currently under review by ZATCA.

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**11. LONG TERM BORROWINGS**

	<b>30 September 2024</b>	31 December 2023
	<b>(Un-audited)</b>	(Audited)
Murabaha facilities	<b>1,000,264,087</b>	418,731,401
Government bank loan	<b>6,909,501</b>	19,960,549
Payable to SAMA	<b>13,962,381</b>	21,020,723
Accrued finance cost	<b>8,621,320</b>	2,714,370
	<b>1,029,757,289</b>	462,427,043
Due within one year	<b>248,373,119</b>	140,059,940
Due after one year	<b>781,384,170</b>	322,367,103
	<b>1,029,757,289</b>	462,427,043

The movement in long term borrowings is as follows:

	<b>30 September 2024</b>	31 December 2023
	<b>(Un-audited)</b>	(Audited)
Balance at the beginning of the period / year	<b>462,427,043</b>	184,809,837
Proceeds from long-term borrowings	<b>682,500,000</b>	425,478,612
Finance charges for the period / year	<b>40,222,248</b>	19,788,601
Less: repayments of principal	<b>(121,076,705)</b>	(148,305,973)
Less: repayments of finance charges	<b>(34,315,297)</b>	(17,599,995)
Discounting impact of interest free loan from SAMA	<b>-</b>	(1,744,039)
Balance at end of the period / year	<b>1,029,757,289</b>	462,427,043

**11.1** Murabaha facilities bear financial charges based on prevailing market rates which are based on Saudi Inter Bank Offer Rates; and administrative fee is charged by the Government bank under the loan agreement. Further, the loan agreements contain certain covenants.

**11.2 Murabaha facilities**

During the nine-month period ended 30 September 2024, the Company has drawn Saudi Riyals 682.5 million from its Murabaha facilities. The loans are secured against corporate guarantees from certain related parties, collateral on receivables against certain leased vehicles covering at least 125% to 150% of the outstanding borrowings. The loan agreements contain covenant regarding maintenance of leverage ratio and the Company is in compliance with this covenant at the end of reporting period. The loans bear financial charges based on prevailing market rates which are based on Saudi Inter Bank Offer Rates. The carrying values of such long-term borrowings are denominated in Saudi Riyals. The repayment of such loans as per the respective repayment schedule is up to 2029.

**11.3 Government bank loan**

During 2022, the Company entered into agreements with a government bank to provide financing facilities aggregating to Saudi Riyals 15 million to meet the working capital requirements of the Company, which were fully utilised during the year. Administrative fee is charged by government bank under the loan agreements. The covenants of the borrowing facilities restrict the Company to utilise the loan amounts for the purpose specified in the loan agreements. The carrying values of such long-term borrowings are denominated in Saudi Riyals. The repayment of such loans as per the repayment schedule is up to 2026.

**11.4 Payable to SAMA**

During 2023, the Company has received interest free loans from SAMA amounting to SR 25.5 million under the Guaranteed Financing Program to finance micro, small, and medium enterprises (MSMEs) to promote the financial stability of these businesses and boost economic growth. These loans are repayable in monthly installments over 3 years, starting September 2023.

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**12. FINANCE LEASE INCOME**

	<b>30 September 2024</b> <b>(Un-audited)</b>	30 September 2023 <b>(Un-audited)</b>
Income from finance leases	<b>121,567,381</b>	55,923,533
Income from Murabaha finance	<b>12,170,079</b>	11,902,892
	<b>133,737,460</b>	<b>67,826,425</b>

**13. OTHER EXPENSES**

	<b>30 September 2024</b> <b>(Un-audited)</b>	30 September 2023 <b>(Un-audited)</b>
Professional fees	<b>3,081,476</b>	2,459,334
Software license and support	<b>3,038,217</b>	1,505,453
Advertising and marketing	<b>1,311,669</b>	777,069
Bank charges	<b>1,262,393</b>	725,442
Board of Directors fees	<b>382,500</b>	222,726
KAFALA program fee	<b>1,175,597</b>	312,674
Collection commission	<b>899,572</b>	873,683
VAT expenses	<b>776,846</b>	759,195
Outsourced labor	<b>419,023</b>	62,028
Others	<b>381,397</b>	942,697
	<b>12,728,690</b>	<b>8,640,301</b>

**14. RELATED PARTIES TRANSACTIONS AND BALANCES**

Related parties represent shareholder, directors and key management personal of the Company, and entities controlled or significantly influenced by such parties. Amount due from / to related parties are disclosed in the statement of financial position.

Transactions with related parties mainly include collections on behalf of the Company, certain expenses and services which are undertaken at mutually agreed terms and conditions. These transactions are approved by management of the following entities and Board of Directors of the Company.

**Transactions with related parties:**

<b>Nature of Transaction</b>	<b>Relationship</b>	<b>For the three-month period ended</b>		<b>For the nine-month period ended</b>	
		<b>30 September (Un-audited)</b>		<b>30 September (Un-audited)</b>	
		<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Purchases of motor vehicles	Shareholder	<b>82,088,211</b>	45,188,328	<b>168,457,097</b>	145,455,662
Commission income on lease of motor vehicles	Shareholder	<b>8,378,855</b>	3,401,716	<b>15,991,679</b>	7,293,480
Lease payments	Shareholder	<b>295,594</b>	241,705	<b>814,094</b>	587,415
<b>Key management personnel compensation</b>					
Short term employee benefits		<b>1,670,488</b>	676,799	<b>4,449,934</b>	1,630,402
Employees' end of service benefits		<b>69,120</b>	28,867	<b>222,158</b>	69,724
Board of Directors fees		<b>94,000</b>	87,500	<b>382,500</b>	222,726

**RAYA FINANCING COMPANY**  
(A SINGLE SHAREHOLDER SAUDI CLOSED JOINT STOCK COMPANY)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
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(Expressed in Saudi Riyals)

**14. RELATED PARTIES TRANSACTIONS AND BALANCES (Continued)**

The above-mentioned significant transactions with related parties resulted in the following balances:

**Due to related parties:**

	<b>30 September 2024</b> <b>(Un-audited)</b>	31 December 2023 <b>(Audited)</b>
Al Majdouie Motors Company Limited (“Motors”) – shareholder	<b>106,422,726</b>	99,416,372
Al Majdouie Holding Company Limited - intermediate parent Company	<b>317,349</b>	453,818
Arjaa Travel and Tourism Company	<b>22,660</b>	96,130
Arsal Operation and Maintenance Company	<b>112,784</b>	101,607
Al Majdouie Logistics Company Limited	-	590
	<b>106,875,519</b>	100,068,517

**15. FINANCIAL INSTRUMENTS**

The Company’s principal financial assets include cash and cash equivalents, finance lease receivable, Murabaha finance receivable and certain other receivables. The Company’s principal financial liabilities comprise accounts payable, certain other payables and due to related parties.

**Fair value hierarchy**

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

All financial assets and financial liabilities are measured at amortized cost except for equity investment which is classified under FVOCI. As at reporting date, the fair values of all financial assets and financial liabilities measured at amortized cost approximates their carrying values.

**16. FINANCE LEASE RECEIVABLE – PURCHASE AND AGENCY AGREEMENT**

During 2020, the Company sold its finance lease receivables under a purchase and agency agreement, amounting to SR 77.3 million to a financial institution and derecognized the same from its books, and recorded a net gain of SR16.6 million on the derecognition. In respect of these sold finance lease receivables, the Company acts in the capacity of a servicing agent for subsequent collection of lease instalments on behalf of financial institution.

Under the purchase and agency agreement, the Company has been appointed by a financial institution to service the receivables sold to such financial institution against a servicing fee. The Company initially recognizes either a net servicing asset or a net servicing liability for that servicing contract at its fair value. The fair value of net servicing asset / liability is determined based on the present value of estimated future cash flows related to contractually specified servicing fees less servicing costs. The primary determinants of the fair value of net servicing asset / liability are discount rates, estimates of servicing costs and the fixed servicing fees. The management assesses the cost of servicing at the end of each reporting period. Variations in one or a combination of these assumptions could affect the estimated values of a net servicing liability.

The outstanding position of sold finance lease receivables has been disclosed below.

	<b>30 September 2024</b> <b>(Unaudited)</b>	31 December 2023 <b>(Audited)</b>
Finance lease receivables sold under securitization agreements	<b>11,239,101</b>	27,738,459
Due within one year	<b>11,815,721</b>	19,943,328
Due after one year	-	10,321,843
	<b>11,815,721</b>	30,265,171

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**17. CONTINGENCIES AND COMMITMENTS**

The Company has no commitments and contingent liabilities as at 30 September 2024 (31 December 2023: Nil).

**18. EVENTS AFTER THE REPORTING DATE**

There were no significant events between the date of condensed interim financial statements and its approval which requires adjustments /disclosure in these condensed interim financial statements.

**19. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS**

These condensed interim financial statements were approved on 24 Rabi II 1446H corresponding to 27 October 2024G.