

**BIDAYA FINANCE COMPANY (FORMERLY KNOWN AS BIDAYA
HOME FINANCE COMPANY)
(A SAUDI CLOSED JOINT STOCK COMPANY)**

**INTERIM CONDENSED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT (UNAUDITED)**

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

INDEPENDENT AUDITORS' REVIEW REPORT ON THE **INTERIM CONDENSED FINANCIAL STATEMENTS**

To: The shareholders of Bidaya Finance Company
(formerly known as Bidaya Home Finance Company)
(A Saudi Closed Joint Stock Company)

Introduction

We have reviewed the accompanying interim statement of financial position of Bidaya Finance Company (formerly known as Bidaya Home Finance Company) ("the Company") as of June 30, 2023, and the related interim statement of profit or loss and other comprehensive income for the three month and six month periods then ended and the related interim statements of changes in shareholders' equity and cash flows for the six month period then ended, and other explanatory notes (collectively referred to as "the interim condensed financial statements"). Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with the International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed 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" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing as endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Deloitte and Touche & Co.

Chartered Accountants

P.O. Box 213
Riyadh 11411
Kingdom of Saudi Arabia



Mohammed Abdulrazzaq Morya
License No. 494
Muharram 9, 1445H
July 27, 2023

BIDAYA FINANCE COMPANY
(FORMERLY KNOWN AS BIDAYA HOME FINANCE COMPANY)
(A SAUDI CLOSED JOINT STOCK COMPANY)
INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023
 (Expressed in '000 Saudi Riyals)

	30 June 2023	31 December 2022
Notes	(Unaudited)	(Audited)
ASSETS		
Cash and cash equivalents	59,145	48,403
Investments held at fair value through other comprehensive income ("FVOCI")	893	893
Ijara receivables, net	4 2,844,837	2,582,044
Murabaha receivables, net	5 10,252	-
Deposits, prepayments and other receivables, net	6 121,054	119,901
Right-of-use asset, net	3,871	4,692
Intangible assets, net	6,769	6,805
Property and equipment, net	3,286	3,853
Total assets	3,050,107	2,766,591
LIABILITIES AND SHAREHOLDERS' EQUITY		
Financing facilities – secured	7 1,705,468	1,250,659
Sukuk	8 301,170	451,901
Lease liabilities	3,328	4,172
Accrued expenses and other liabilities	9 141,125	138,090
Zakat payable	10 1,475	625
Provision for employees' end of service benefits	5,341	4,554
Total liabilities	2,157,907	1,850,001
Share capital	11 900,000	900,000
Statutory reserve	8,124	8,124
(Accumulated losses) / Retained earnings	(15,924)	8,466
Total shareholders' equity	892,200	916,590
Total liabilities and shareholders' equity	3,050,107	2,766,591

The accompanying notes from 1 to 18 form an integral part of these interim condensed financial statements.



Chief Executive Officer




Chief Financial Officer

BIDAYA FINANCE COMPANY
(FORMERLY KNOWN AS BIDAYA HOME FINANCE COMPANY)
(A SAUDI CLOSED JOINT STOCK COMPANY)
INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Unaudited)
FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED 30 JUNE 2023
 (Expressed in '000 Saudi Riyals)

	<i>Notes</i>	For the three-month period ended 30 June 2023	For the three-month period ended 30 June 2022	For the six-month period ended 30 June 2023	For the six-month period ended 30 June 2022
REVENUE					
Ijara income		45,782	40,328	89,839	79,585
Murabaha income		270	-	270	-
Fee income		2,741	2,257	6,235	3,716
Servicing income		2,921	2,729	5,791	5,624
Gain on sale of portfolio		2,569	1,745	2,569	1,745
Total revenue		54,283	47,059	104,704	90,670
OPERATING EXPENSES					
General and administrative expenses	12	(19,904)	(19,055)	(37,753)	(36,170)
Selling and marketing expenses	13	(10,088)	(5,664)	(15,805)	(9,642)
Depreciation		(756)	(824)	(1,583)	(1,665)
Amortization		(642)	(539)	(1,282)	(1,041)
Finance charges		(35,510)	(15,164)	(63,223)	(28,636)
Total operating expenses		(66,900)	(41,246)	(119,646)	(77,154)
Net operating (loss) / income for the period		(12,617)	5,813	(14,942)	13,516
Charge for expected credit losses		(2,440)	(825)	(8,729)	(3,036)
Other income		67	-	131	-
(Loss) / profit before Zakat for the period		(14,990)	4,988	(23,540)	10,480
Zakat charge for the period	10	(150)	(950)	(850)	(2,250)
(Loss) / profit for the period		(15,140)	4,038	(24,390)	8,230
Other comprehensive income		-	-	-	-
Total comprehensive (loss) / income for the period		(15,140)	4,038	(24,390)	8,230
Earnings per share basic and diluted (in SAR)	15	(0.17)	0.04	(0.27)	0.09

The accompanying notes from 1 to 18 form an integral part of these interim condensed financial statements.


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 Chief Financial Officer

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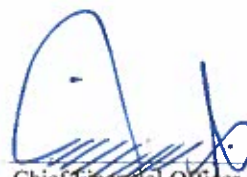
BIDAYA FINANCE COMPANY
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(A SAUDI CLOSED JOINT STOCK COMPANY)
INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Unaudited)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023
(Expressed in '000 Saudi Riyals)

	Share capital	Statutory reserve	(Accumulated losses) / Retained earnings	Total
Balance as at 1 January 2023	900,000	8,124	8,466	916,590
Loss for the period	-	-	(24,390)	(24,390)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(24,390)	(24,390)
Balance as at 30 June 2023	900,000	8,124	(15,924)	892,200
Balance as at 1 January 2022	900.000	6.586	(5.372)	901.214
Profit for the period	-	-	8.230	8.230
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	8.230	8.230
Transfer to statutory reserve	-	823	(823)	-
Balance as at 30 June 2022	900.000	7.409	2.035	909.444

The accompanying notes from 1 to 18 form an integral part of these interim condensed financial statements.



Chief Executive Officer



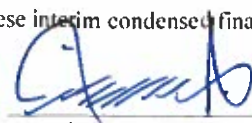
Chief Financial Officer

BIDAYA FINANCE COMPANY
(FORMERLY KNOWN AS BIDAYA HOME FINANCE COMPANY)
(A SAUDI CLOSED JOINT STOCK COMPANY)
INTERIM STATEMENT OF CASH FLOWS (Unaudited)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023
(Expressed in '000 Saudi Riyals)

	For the six-month period ended 30 June 2023	For the six-month period ended 30 June 2022
Cash flows from operating activities:		
(Loss) / profit before Zakat for the period	(23,540)	10,480
<i>Non-cash adjustments to reconcile (loss) / profit for the period before Zakat to net cash used in operating activities:</i>		
Depreciation	1,583	1,665
Amortization	1,282	1,041
Finance charges	63,223	28,636
Provision for employees' end of service benefits	1,064	705
Charge for expected credit losses	8,729	3,036
Other income	(131)	-
Gain on sale of portfolio	(2,569)	(1,745)
	49,641	43,818
<i>(Increase) / decrease in operating assets</i>		
Ijara receivables	(398,760)	(250,279)
Murabaha receivables	(10,252)	
Deposits, prepayments and other receivables	(5,653)	2,328
<i>Increase in operating liabilities</i>		
Accrued expenses and other liabilities	3,035	22,099
	(361,989)	(182,034)
Employees' end of service benefits paid	(277)	(885)
Finance charges paid	(57,095)	(20,719)
Profit received on Murabaha deposits	131	-
Zakat paid	-	(3,473)
Net cash used in operating activities	(419,230)	(207,111)
Cash flows from investing activities		
Purchase of property and equipment	(195)	(329)
Purchase of intangible assets	(1,246)	(1,473)
Net cash used in investing activities	(1,441)	(1,802)
Cash flows from financing activities		
Repayment of lease liabilities	(844)	(907)
Proceeds from sale of Ijara receivables portfolio	134,307	350,645
Proceeds from financing facilities – secured	1,324,270	609,000
Repayment of financing facilities - secured	(876,320)	(414,150)
Repayment of sukuk	(150,000)	-
Net cash generated from financing activities	431,413	544,588
Net increase in cash and cash equivalents	10,742	335,675
Cash and cash equivalents at beginning of the period	48,403	50,084
Cash and cash equivalents at end of the period	59,145	385,759

The accompanying notes from 1 to 18 form an integral part of these interim condensed financial statements.


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BIDAYA FINANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Unaudited)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023
(Expressed in '000 Saudi Riyals)

1. GENERAL INFORMATION

Bidaya Finance Company (formerly known as Bidaya Home Finance Company) (the "Company") is a Saudi closed joint stock company established under the Regulations for Companies in the Kingdom of Saudi Arabia. The Company operates under Commercial Registration number 1010432564 issued in Riyadh on 25 Jumada II 1436H (corresponding to 14 April 2015). The Company was granted a full license by the Saudi Central Bank ("SAMA") to operate as a mortgage finance company vide license number 41/ش ع /201512 dated 3 Rabi I 1437H (corresponding to 14 December 2015).

On 13 March 2023, the extraordinary general assembly have resolved to change the Company's name from "Bidaya Home Finance Company" to "Bidaya Finance Company". The regulatory procedures to update the Commercial Registration and By-laws were completed during the six-month period ended 30 June 2023.

The objectives of the Company are to provide financing to consumers, SMEs, and Corporations for the purpose of Real Estate finance and finance against the security of their own properties.

The registered office of the Company with its postal address is as follows:

Bidaya Finance Company
20th Floor of Al Ebdaa Tower
King Fahad Road
P.O. Box 93898
Riyadh 11683
Kingdom of Saudi Arabia

2. BASIS OF PREPARATION

2.1 *Statement of compliance*

The interim condensed financial statements of the Company as at and for the six-month period ended 30 June 2023 have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting as endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements issued by the Saudi Organisation for Chartered and Professional Accountants ("SOCPA").

These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at and for the year ended 31 December 2022.

The results for the interim period of six-month period ended 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year ended 31 December 2023.

2.2 *Basis of measurement*

These interim condensed financial statements have been prepared under the historical cost convention, except for equity investments which are measured at fair value through other comprehensive income (FVOCI).

2.3 *Functional and presentation currency*

These interim condensed financial statements have been presented in Saudi Arabian Riyals (SAR), as it is the functional currency of the Company. Except as indicated, the financial information presented in SAR has been rounded-off to the nearest thousand.

2.4 *New standards, interpretations and amendments adopted by the Company*

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2023, but do not have an impact on the interim condensed financial statements of the Company.

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FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023
(Expressed in '000 Saudi Riyals)

2. BASIS OF PREPARATION (CONTINUED)

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

- Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8: The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction: These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
- IFRS 17, 'Insurance contracts', as amended in December 2022: This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

Accounting standards issued but not yet effective

- Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities: These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period.

Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

Note that the IASB has issued a new exposure draft proposing changes to the above standard. Effective date is deferred until accounting periods starting not earlier than 1 January 2024.

- Amendments to IFRS 10 and IAS 28: Sale or contribution of Assets between an Investor and its Associate or Joint Ventures. Available for optional adoption/effective date deferred indefinitely.
- Amendment to IFRS 16, Lease Liability in a Sale and Leaseback: Lease Liability in a Sale and Leaseback amends IFRS 16 by adding subsequent measurement requirements for sale and leaseback transactions. Effective date is 1 January 2024.
- Amendments to IAS 1, Non-current Liabilities with Covenants: Non-current Liabilities with Covenants amends IAS 1 Presentation of Financial Statements. The amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The amendments also respond to stakeholders' concerns about the classification of such a liability as current or non-current. Effective date is 1 January 2024.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, estimates and assumptions used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2022 as disclosed in note 2 above.

4. IJARA RECEIVABLES, NET

	<i>Notes</i>	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Gross Ijara receivables		4,593,766	4,124,764
Less: Unearned income		(1,720,539)	(1,521,335)
		2,873,227	2,603,429
Less: allowance for expected credit losses (ECL)	4.1	(28,390)	(21,385)
Ijara receivables, net		2,844,837	2,582,044

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BIDAYA FINANCE COMPANY
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(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Unaudited)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023
(Expressed in '000 Saudi Riyals)

4. IJARA RECEIVABLES, NET (CONTINUED)

4.1 The movement in the allowance for expected credit losses for the period is as follows:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Beginning balance	21,385	22,396
Charge for the period / year	7,514	3,081
Reversal during the period / year	(509)	(4,092)
	7,005	(1,011)
Closing balance	28,390	21,385

The contractual maturity of the Ijara receivables as follows:

	30 June 2023 (Unaudited)			
	Not later than one year	Later than one year and less than five years	Later than five years	Total
Ijara receivables	250,255	787,535	3,555,976	4,593,766
Unearned income	(152,106)	(434,330)	(1,134,103)	(1,720,539)
	98,149	353,205	2,421,873	2,873,227
Less: allowance for expected credit losses				(28,390)
				2,844,837

	31 December 2022 (Audited)			
	Not later than one year	Later than one year and less than five years	Later than five years	Total
Ijara receivables	207,925	663,265	3,253,574	4,124,764
Unearned income	(123,863)	(364,396)	(1,033,076)	(1,521,335)
	84,062	298,869	2,220,498	2,603,429
Less: allowance for expected credit losses				(21,385)
				2,582,044

The following table shows reconciliations from the beginning to the closing balance of gross carrying amount and allowance for expected credit losses of Ijara receivables:

Gross carrying amount

	30 June 2023 (Unaudited)			
	12-month ECL	Life time ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance as at 1 January 2023	2,309,902	186,873	106,654	2,603,429
Transfer to 12-month ECL	134,393	(110,677)	(23,716)	-
Transfer to lifetime ECL not credit impaired	(33,280)	36,898	(3,618)	-
Transfer to lifetime ECL -credit impaired	(10,892)	(25,359)	36,251	-
Financial assets derecognized during the period other than write-offs	(131,738)	-	-	(131,738)
New financial assets originated during the period	408,029	4,220	(10,713)	401,536
Balance as at 30 June 2023	2,676,414	91,955	104,858	2,873,227

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Unaudited)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023
(Expressed in '000 Saudi Riyals)

4. IJARA RECEIVABLES, NET (CONTINUED)

Gross carrying amount

	31 December 2022 (Audited)			
	12-month ECL	Life time ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance as at 1 January 2022	2,246,580	83,647	174,293	2,504,520
Transfer to 12-month ECL	57,285	(28,928)	(28,357)	-
Transfer to lifetime ECL not credit impaired	(97,608)	120,222	(22,614)	-
Transfer to lifetime ECL credit impaired	(36,402)	(13,569)	49,971	-
Financial assets derecognized during the year other than write-offs	(468,734)	(13,508)	(78,587)	(560,829)
New financial assets originated during the year	608,781	39,009	11,948	659,738
Balance as at 31 December 2022	2,309,902	186,873	106,654	2,603,429

Allowance for expected credit losses

	30 June 2023 (Unaudited)			
	12-month ECL	Life time ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at 1 January 2023	6,385	5,626	9,374	21,385
Transfer to 12-month ECL	1,318	(1,220)	(98)	-
Transfer to lifetime ECL not credit impaired	(1,287)	1,411	(124)	-
Transfer to lifetime ECL credit impaired	(538)	(1,488)	2,026	-
Net charge (reversal) for the period	6,592	(1,129)	1,542	7,005
Balance as at 30 June 2023	12,470	3,200	12,720	28,390

	31 December 2022 (Audited)			
	12-month ECL	Life time ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at 1 January 2022	1,080	1,905	19,411	22,396
Transfer to 12-month ECL	409	(74)	(335)	-
Transfer to lifetime ECL not credit impaired	(2,902)	3,523	(621)	-
Transfer to lifetime ECL credit impaired	(2,246)	(821)	3,067	-
Net charge (reversal) for the year	10,044	1,093	(12,148)	(1,011)
Balance as at 31 December 2022	6,385	5,626	9,374	21,385

5. MURABAHA RECEIVABLES, NET

	30 June 2023 <u>(Unaudited)</u>	31 December 2022 <u>(Audited)</u>
Gross Murabaha receivables	13,235	-
Less: unearned income	(2,966)	-
	10,269	-
Less: allowance for expected credit losses (ECL)	(17)	-
Murabaha receivables, net	10,252	-

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Unaudited)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023
 (Expressed in '000 Saudi Riyals)

5. MURABAHA RECEIVABLES, NET (CONTINUED)

The contractual maturity of the Murabaha receivables as follows:

	30 June 2023 (Unaudited)		
	Not later than one year	Later than one year and less than five years	Total
Gross Murabaha receivables	808	12,427	13,235
Unearned income	(808)	(2,158)	(2,966)
	-	10,269	10,269
Less: allowance for expected credit losses			(17)
			<u>10,252</u>

6. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES, NET

	Notes	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Properties held for sale	6.1	50,249	43,147
VAT rebate and servicing fees receivable from Ministry of Housing, net	6.2	36,566	42,516
Other receivables, net	6.3	15,483	17,873
Deferred sales commission		11,768	10,133
Prepayments		6,623	5,867
Deposits		365	365
		<u>121,054</u>	<u>119,901</u>

6.1 This represents real estate acquired by the Company, in the ordinary course of business, against settlement of Ijara facilities.

6.2 This includes the receivable from Ministry of Housing (MOH) against the VAT paid by the Company on the portion of Ijarah financing originated subject to VAT relief for first home buyers. This includes provision charge for expected credit losses amounting to SAR 7.4 million (31 December 2022: SAR 5.7 million).

6.3 Other receivables are net of allowance for expected credit losses amounting to SAR 3.99 million (31 December 2022: SAR 3.99 million) against costs recoverable from Real Estate Development Fund (REDF).

7. FINANCING FACILITIES – SECURED

This represents financing amounts obtained from local commercial banks based in the Kingdom of Saudi Arabia with an accrued balance amounting to SAR 1,100.87 million (31 December 2022: SAR 687.5 million) and from Saudi Real Estate Refinance Company (“SRC”) with an accrued balance amounting to SAR 604.6 million (31 December 2022: SAR 563.15 million) under Islamic financing approved by Shari’ah Supervisory Committee.

These financings are secured by the assignment of proceeds from certain Ijara receivables and pledge of title deeds of underlying real estate assets. These financings are revolving in nature and carry markup at commercial market rates.

8. SUKUK

As at 30 June 2023, the Company has unsecured non-convertible unlisted sukuk with an outstanding principal amounting to SAR 300 million (31 December 2022: SAR 450 million) carrying a profit at agreed fixed rates, payable on a quarterly basis. Out of the total principal amount of sukuk issued of SAR 450 million, SAR 150 million has matured and been settled during the period, while the remaining SAR 300 million will mature by the end of the year.

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(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Unaudited)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023
(Expressed in '000 Saudi Riyals)

9. ACCRUED EXPENSES AND OTHER LIABILITIES

		30 June 2023 (Unaudited)	31 December 2022 (Audited)
	<i>Notes</i>		
Payable to Ministry of Housing (MOH)	9.1	73,519	80,123
Accounts payable and other liabilities		32,274	23,071
Accrued expenses		21,118	17,420
Deferred commission income		8,789	9,336
Down-payment against Ijara financing	9.2	3,444	5,140
Directors' remuneration and meeting expenses		1,981	3,000
		141,125	138,090

9.1 This represents the balance payable to MOH against the financing of the purchase of real estate properties for Ijara customers.

9.2 This pertains to down-payments received by the Company against Ijara financing not executed as at the reporting date.

10. ZAKAT

During the six-month period ended 30 June 2023, the Company has made a Zakat provision of SAR 0.85 million (30 June 2022: SAR 2.25 million). The provision of Zakat and income tax is estimated based on the respective interim financial position of the Company as at 30 June 2023 and the results of its operations for the six months then ended. There were no significant changes in the Company's Zakat assessments to those discussed in the Company's annual financial statements for the year ended 31 December 2022.

11. SHARE CAPITAL

As at 30 June 2023, the authorized, issued and fully paid-up share capital of the Company was SAR 900 million (31 December 2022: SAR 900 million) divided into 90 million shares (31 December 2022: 90 million shares) with a nominal value of SAR 10 each, as follows:

Name of shareholders	30 June 2023			31 December 2022		
	Number of shares '000	Holding %	Amount SAR'000	Number of shares '000	Holding %	Amount SAR'000
Public Investment Fund	20,000	22.2	200,000	20,000	22.2	200,000
Rashed & his Partner's for Development (RECO)	15,300	17.0	153,000	15,300	17.0	153,000
Islamic Corporation for the Development of the Private Sector	10,000	11.1	100,000	10,000	11.1	100,000
Manafea International	10,000	11.1	100,000	10,000	11.1	100,000
The Arab Investment Company	10,000	11.1	100,000	10,000	11.1	100,000
Al Othaim Holding	10,000	11.1	100,000	10,000	11.1	100,000
Wasl Investment Company	2,473	2.8	24,730	2,473	2.8	24,730
Ladun Investment	2,458	2.8	24,580	2,458	2.8	24,580
El Khereji Investments Company	2,000	2.2	20,000	2,000	2.2	20,000
Mohammad Bin AbdulAziz Al Rahji & Sons	2,000	2.2	20,000	2,000	2.2	20,000
Shumou Investment Company	1,748	1.9	17,480	1,748	1.9	17,480
Jawahir Investment Company	1,500	1.7	15,000	1,500	1.7	15,000
Omair Abdulaziz AlOmair	1,321	1.5	13,210	1,321	1.5	13,210
AbdulAziz Abdullah Al Kharji	1,200	1.3	12,000	1,200	1.3	12,000
	90,000	100	900,000	90,000	100	900,000

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(A SAUDI CLOSED JOINT STOCK COMPANY)
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(Expressed in '000 Saudi Riyals)

12. GENERAL AND ADMINISTRATIVE EXPENSES

	For the six-month period ended 30 June 2023	For the six-month period ended 30 June 2022
	(Unaudited)	(Unaudited)
Salaries and employee related expenses	23,615	21,865
Repairs and maintenance and other expenses	6,909	7,635
IT expenses	2,244	2,682
Professional fees	2,706	2,440
Directors' remuneration and meeting expenses	1,693	1,100
Rent and premises related expenses	586	448
	37,753	36,170

13. SELLING AND MARKETING EXPENSES

	For the six-month period ended 30 June 2023	For the six-month period ended 30 June 2022
	(Unaudited)	(Unaudited)
Financed property evaluation and Takaful insurance	11,063	4,268
Salaries and employee related expenses	3,732	3,931
Advertising and marketing expenses	1,010	1,443
	15,805	9,642

14. RELATED PARTY TRANSACTIONS AND BALANCES

The related parties of the Company include the shareholders and their affiliated entities and certain key management personnel. In the ordinary course of its activities, the Company transacts business with its related parties on mutually agreed terms. Key management personnel includes the Chief Executive Officer ("CEO") and the personnel directly reporting to the CEO.

The amount of transactions recorded in favor of or paid to the Board of Directors and the executive management personnel during the period is as follows:

<u>Name of related parties</u>	<u>Nature of transactions</u>	For the six-month period ended 30 June 2023	For the six-month period ended 30 June 2022
		(Unaudited)	(Unaudited)
Key Management Personnel	Salaries and benefits	2,168	5,082
	Provision for end of service benefits	191	339
	Directors' remuneration and meeting expenses	1,693	1,100
		Balance as at 30 June 2023	Balance as at 31 December 2022
<u>Name of related parties</u>	<u>Nature of transactions</u>	(Unaudited)	(Audited)
Key Management Personnel	Provision for end of service benefits	1,318	1,127
	Directors' remuneration and meeting expenses	1,981	3,000

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15. EARNINGS PER SHARE

Earnings per share for the six-month period ended 30 June 2023 and 2022 is calculated by dividing profit for the period attributable to equity holders by the weighted average number of shares (i.e. 90 million shares) in issue during the respective period then ended.

16. COMMITMENTS AND CONTINGENCIES

The Company has facilities approved but not utilized, indicative offers issued which are under consideration of the customers and due diligence in progress as of the reporting date which have the potential to convert into financing, amounting to SAR 38.6 million (31 December 2022: SAR 69.78 million).

At the end of the period, the Company has commitments of SAR 136.3 million against forward Ijara tranches payable to the developers of the properties (31 December 2022: SAR 165.66 million). The commitments fall due in tranches as the developers of each of the properties complete pre-agreed phases of the construction. The period over which the properties are constructed, and hence the period over which the committed tranches fall due, is approximately two years.

17. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash and cash equivalents, investments held at FVOCI, Ijara receivables, and deposits and other receivables. Financial liabilities consist of financing facilities, sukuk, and other liabilities.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Company has determined 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. The fair values of the financial assets and liabilities are as follows:

	30 June 2023 (Unaudited)				
	<u>Carrying value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets measured at fair value</u>					
Investments held at FVOCI	893	-	-	893	893
31 December 2022 (Audited)					
	<u>Carrying value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets measured at fair value</u>					
Investments held at FVOCI	893	-	-	893	893

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17. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

	30 June 2023 (Unaudited)				
	Carrying value	Level 1	Level 2	Level 3	Total
<u>Financial assets not measured at fair value</u>					
Ijara receivables	2,873,227	-	-	2,328,544	2,328,544
Murabaha receivables	10,252	-	-	10,054	10,054
	<u>2,883,479</u>	<u>-</u>	<u>-</u>	<u>2,338,598</u>	<u>2,338,598</u>
31 December 2022 (Audited)					
	Carrying value	Level 1	Level 2	Level 3	Total
<u>Financial assets not measured at fair value</u>					
Ijara receivables	2,603,429	-	-	2,043,877	2,043,877
	<u>2,603,429</u>	<u>-</u>	<u>-</u>	<u>2,043,877</u>	<u>2,043,877</u>
30 June 2023 (Unaudited)					
	Carrying value	Level 1	Level 2	Level 3	Total
<u>Financial liabilities not measured at fair value</u>					
Financing facilities – secured	1,705,468	-	-	1,705,468	1,705,468
Sukuk	301,170	-	-	298,355	298,355
	<u>2,006,638</u>	<u>-</u>	<u>-</u>	<u>2,003,823</u>	<u>2,003,823</u>
31 December 2022 (Audited)					
	Carrying value	Level 1	Level 2	Level 3	Total
<u>Financial liabilities not measured at fair value</u>					
Financing facilities – secured	1,250,659	-	-	1,250,659	1,250,659
Sukuk	451,901	-	-	411,973	411,973
	<u>1,702,560</u>	<u>-</u>	<u>-</u>	<u>1,662,632</u>	<u>1,662,632</u>

The fair value of Ijara receivables is based on actual cash flows discounted by the average period end internal rate of return, and is not evidenced by a quoted price in an active market for an identical asset or based on a valuation technique that uses only data from observable markets, hence the fair value of Ijara receivables is classified under level 3. The fair value of Sukuk is based on actual cash flows discounted by the current market rate.

The carrying amounts of remaining financial assets and liabilities approximate the fair value as at 30 June 2023 and 31 December 2022.

During the six-month period ended 30 June 2023, there were no transfers in to or out of Level 3.

18. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were approved for issue by the Board of Directors' on 25 July 2023 (corresponding to 07 Muharram 1445H).