

QUARA FINANCE COMPANY
(A Saudi Joint Stock Company)

**Condensed Interim Financial Statements (Unaudited)
And Independent Auditor's Review Report
For the three-month and six-month
periods ended 30 June 2025**

QUARA FINANCE COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the three-month and six-month periods ended 30 June 2025

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KPMG Professional Services Company

Roshn Front, Airport Road

P.O. Box 92876

Riyadh 11663

Kingdom of Saudi Arabia

Commercial Registration No 1010425494

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

وأجهاة روشن، طريق المطار

صندوق بريد ٩٢٨٧٦

الرياض ١١٦٦٣

المملكة العربية السعودية

سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

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

To the Shareholders of Quara Finance Company

Introduction

We have reviewed the accompanying condensed interim financial statements of **Quara Finance Company** ("the Company"), which comprises:

- the condensed interim statement of financial position as at 30 June 2025;
- the condensed interim statement of comprehensive income for the three-month and six-month periods ended 30 June 2025;
- the condensed interim statement of changes in shareholders' equity for the six-month period ended 30 June 2025;
- the condensed interim statement of cash flows for the six-month period ended 30 June 2025; 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 this 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 statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as at and for the period ended 30 June 2025 of the Company are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

Independent auditor's report on review of condensed interim financial statements (continued)

To the Shareholders of Quara Finance Company (continued)

Other Matter

The condensed interim financial statements of the Company for the three-month and six-month periods ended 30 June 2024, were reviewed by another auditor who expressed an unmodified conclusion on those condensed interim financial statements on 17 October 2024. The condensed interim financial statements of the Company for the three-month period ended 31 March 2025 were reviewed by another auditor who expressed an unmodified conclusion on those condensed interim financial statements on 27 April 2025. Furthermore, the financial statements of the Company as at and for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those financial statements on 04 March 2025.

KPMG Professional Services Company



Hani Hamzah A. Bedairi
License No: 460

Al Riyadh, 02 Safar 1447H
Corresponding to 27 July 2025



QUARA FINANCE COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 June 2025

(All amounts in Saudi Riyals unless otherwise stated)

		30 June 2025	31 December 2024
	<i>Notes</i>	(Unaudited)	(Audited)
<u>ASSETS</u>			
Cash and cash equivalents		96,264,988	64,818,672
Murabaha receivable, net	5	827,251,881	744,529,037
Prepayments and other receivables		67,017,011	52,434,674
Intangibles		13,379,479	11,167,110
Property and equipment		3,202,175	4,314,589
Total assets		1,007,115,534	877,264,082
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
Liabilities			
Loan from a related party	6	135,035,173	81,186,517
Term loans	7	367,356,198	291,128,315
Accrued and other liabilities		30,914,376	32,672,432
Provision for zakat	8	2,536,806	11,272,233
Employees' termination benefits	9	1,957,200	1,753,200
Total liabilities		537,799,753	418,012,697
Shareholders' equity			
Share capital	10	300,000,000	300,000,000
Statutory reserve		12,542,513	12,542,513
Equity contribution on related party loan		34,345,344	34,345,344
Retained earnings		122,427,924	112,363,528
Net shareholders' equity		469,315,781	459,251,385
Total liabilities and shareholders' equity		1,007,115,534	877,264,082

The attached notes 1 to 15 form part of these condensed interim financial statements.



Abdullah Alshilash
Chairman



Faisal Al Alshaikh
Chief Executive Officer



Amrisha Shah
Chief Financial Officer


QUARA FINANCE COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
For the three-month and six-month periods ended 30 June 2025
(All amounts in Saudi Riyals unless otherwise stated)

		For the three-month period ended June 30		For the six-month period ended June 30,	
	Note	2025	2024	2025	2024
Murabaha income		73,905,861	51,369,116	144,446,197	100,520,710
Financial charges		(8,623,089)	(3,645,590)	(15,782,021)	(5,846,375)
		65,282,772	47,723,526	128,664,176	94,674,335
Other income, net		586,565	1,254,587	1,090,546	2,152,700
Other general and administrative expenses		(32,690,289)	(16,451,475)	(65,302,627)	(37,668,879)
Provision for expected credit losses	5.7	(22,751,327)	(9,580,768)	(34,680,938)	(13,142,428)
Salaries and other benefits		(8,545,632)	(9,177,380)	(17,499,478)	(17,356,108)
Interest income on deposits		-	423,960	-	423,960
Net Income for the period before zakat		1,882,089	14,192,450	12,271,679	29,083,580
Zakat charge for the period	8	(378,977)	(1,517,371)	(2,207,283)	(3,836,200)
Net income for the period after zakat		1,503,112	12,675,079	10,064,396	25,247,380
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		1,503,112	12,675,079	10,064,396	25,247,380
Basic and diluted earnings per share (Saudi Riyal)		0.05	0.42	0.34	0.84
Weighted average number of shares		30,000,000	30,000,000	30,000,000	30,000,000

The attached notes 1 to 15 form part of these condensed interim financial statements.


Abdullah Alshilash
Chairman


Faisal Al Alshaikh
Chief Executive Officer


Amrish Shah
Chief Financial Officer

QUARA FINANCE COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the six months period ended 30 June 2025
(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	Statutory Reserve	Retained earnings	Equity contribution on related party loan	Total
01 January 2024 (Audited)	300,000,000	12,542,513	69,117,142	10,862,676	392,522,331
Comprehensive income					
Net income for the period	-	-	-	-	-
Other comprehensive income	-	-	25,247,380	23,482,668	48,730,048
Total comprehensive Income for the period					
30 June 2024 (Unaudited)	300,000,000	12,542,513	94,364,522	34,345,344	441,252,379
01 January 2025 (Audited)	300,000,000	12,542,513	112,363,528	34,345,344	459,251,385
Comprehensive income					
Net income for the period	-	-	-	-	-
Other comprehensive income	-	-	10,064,396	-	10,064,396
Total comprehensive Income for the period					
30 June 2025 (Unaudited)	300,000,000	12,542,513	122,427,924	34,345,344	469,315,781

The attached notes 1 to 15 form part of these condensed interim financial statements.



Abdullah Alshilash
Chairman



Faisal Al Alshaikh
Chief Executive Officer



Amrish Shah
Chief Financial Officer


QUARA FINANCE COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
For the six months period ended 30 June 2025
(All amounts in Saudi Riyals unless otherwise stated)

	<u>Notes</u>	For the six month period ended 30 June	
		2025	2024
		(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period before zakat		12,271,679	29,083,580
<u>Adjustments for non-cash items</u>			
Depreciation and amortisation		1,921,614	2,243,513
Financial charges		15,782,021	5,846,375
Accrued income of deposit		-	(423,960)
Provision for expected credit losses	5.7	40,383,521	21,333,610
Provision for employees' termination benefits	9	394,808	293,180
<u>Changes in working capital</u>			
Murabaha receivable		(123,106,362)	36,899,721
Prepayments and other receivables		(15,139,166)	(112,893)
Accrued and other liabilities		(1,758,056)	(9,903,162)
Employee termination benefits paid	9	(190,808)	(23,180)
Zakat paid	8	(10,942,710)	(11,231,925)
Financial charges paid		(10,743,570)	(2,555,278)
Net cash (used in) / generated from operating activities		<u>(91,127,029)</u>	<u>71,449,581</u>
CASH FLOW FROM INVESTING ACTIVITY			
Purchase of property and equipment and intangible assets		<u>(3,021,569)</u>	<u>(3,293,409)</u>
Net cash used in investing activity		<u>(3,021,569)</u>	<u>(3,293,409)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans		238,700,000	63,000,000
Payments of term loan		(113,105,086)	(63,216,070)
Net cash generated from / (used in) financing activities		<u>125,594,914</u>	<u>(216,070)</u>
Net change in cash and cash equivalents		31,446,316	67,940,102
Cash and cash equivalents at beginning of period		<u>64,818,672</u>	<u>41,809,229</u>
Cash and cash equivalents at end of period		<u>96,264,988</u>	<u>109,749,331</u>
 Murabaha income received during the year		 <u>134,228,513</u>	 <u>91,025,963</u>

The attached notes 1 to 15 form part of these condensed interim financial statements.


Abdullah Alshilash
Chairman


Faisal Al Alshaikh
Chief Executive Officer


Amrish Shah
Chief Financial Officer

QUARA FINANCE COMPANY
(A Saudi Joint Stock Company)
**NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)**
For the six months period ended 30 June 2025
(All amounts in Saudi Riyals unless otherwise stated)

1. GENERAL INFORMATION

Quara Finance Company (the "Company") is a joint stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 1010262141 issued in Riyadh on Safar 9, 1430H (corresponding to February 4, 2009).

As per the Saudi Central Bank ("SAMA") license number 45/HA/201605 dated 2 Sha'ban 1437H (corresponding to May 9, 2016), the Company is authorized to provide lease finance, consumer finance and small and medium enterprise finance in the Kingdom of Saudi Arabia.

On March 7, 2024, the Company completed its Initial Public Offering ("IPO") and its ordinary shares (8.83% amounting to 2.65 million shares) were listed on the Nomu - Parallel Market (Saudi Arabia) accordingly the Company has been categorised as a Saudi Joint Stock Company.

The Company's registered office is located in Riyadh at the following address:

Quara Finance Company
P.O. Box 271188, Riyadh 11352
Kingdom of Saudi Arabia

The accompanying condensed interim financial statements were authorized for issue by the Board of Directors on 23 July 2025

2. MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

The condensed interim financial statements of the Company as at and for the period ended 30 June 2025 have been prepared in accordance with International Accounting Standard "Interim Financial Reporting"- ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organisation for Chartered and Professional Accountants ("SOCPA").

The condensed interim statement of financial position is stated broadly in order of liquidity.

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 31 December 2024. The interim results may not be an indicator of the annual results of the Company.

The accounting and risk management policies adopted in the preparation of these condensed interim financial statements are consistent with those used in the preparation of the annual audited financial statements for the year ended 31 December 2024.

QUARA FINANCE COMPANY
(A Saudi Joint Stock Company)
**NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)**
For the six-month period ended 30 June 2025
(All amounts in Saudi Riyals unless otherwise stated)

3. IMPACT OF CHANGES IN ACCOUNTING POLICIES DUE TO ADOPTION OF NEW STANDARDS

Standards, interpretations and amendments effective

Following standards, interpretations and amendments are effective from the current year and are adopted by the Company. The Company has assessed that these amendments have no significant impact on the Company's condensed interim financial statements.

Standard/ Interpretation	Description	Effective from periods beginning on or after
Amendment to IFRS 21 – Lack of exchangeability	The International Accounting Standard Board ("IASB") amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.	1 January 2025

Standards, interpretations and amendments not yet effective

IASB has issued the following accounting standards, interpretation and amendments, which become effective from periods starting on or after 1 January 2026. The Company did not opt for early adoption of these pronouncements and do not expect the adoption to have a significant impact on the financial statements of the Company.

Standard/ interpretation	Description	Effective from periods beginning on or after
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3. Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	Effective date deferred indefinitely
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognized and derecognized and to provide an exception for certain financial liabilities settled using an electronic payment system.	1 January 2026

QUARA FINANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
For the six-month period ended 30 June 2025
(All amounts in Saudi Riyals unless otherwise stated)

3. IMPACT OF CHANGES IN ACCOUNTING POLICIES DUE TO ADOPTION OF NEW STANDARDS (CONTINUED)

Accounting standards issued but not yet effective (continued).

Standard/ interpretation	Description	Effective from periods beginning on or after
IFRS 18, Presentation and Disclosure in Financial Statements	IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations. It defines a subset of measures related to an entity's financial performance as 'management-defined performance measures' ('MPMs'). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences.	1 January 2027
IFRS 19, Subsidiaries without Public Accountability: Disclosures	IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability and its parent produces consolidated financial statements under IFRS Accounting Standards.	1 January 2027

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

In preparing these condensed interim financial statements, the significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the statutory financial statements as at and for the year ended 31 December 2024.

QUARA FINANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
For the six-month period ended 30 June 2025
(All amounts in Saudi Riyals unless otherwise stated)

5. MURABAHA RECEIVABLES, NET

	30 June 2025		
	Retail	SME	Total
		financing Unaudited	
Murabaha receivables	1,224,817,431	41,517,864	1,266,335,295
Less: Unearned revenue	(395,097,881)	(955,192)	(396,053,073)
Gross carrying value of Murabaha receivables	829,719,550	40,562,672	870,282,222
Less: Provision for expected credit losses	(41,223,268)	(1,807,073)	(43,030,341)
	<u>788,496,282</u>	<u>38,755,599</u>	<u>827,251,881</u>
Current portion of Murabaha receivables	434,293,927	39,788,058	474,081,985
Non-current portion of Murabaha receivables	395,425,623	774,614	396,200,237
	829,719,550	40,562,672	870,282,222
Less: Provision for expected credit losses	(41,223,268)	(1,807,073)	(43,030,341)
	<u>788,496,282</u>	<u>38,755,599</u>	<u>827,251,881</u>
31 December 2024			
	Retail	SME	Total
		financing Audited	
Murabaha receivables	1,062,149,963	62,163,034	1,124,312,997
Less: Unearned revenue	(342,863,578)	(1,811,813)	(344,675,391)
Gross carrying value of Murabaha receivables	719,286,385	60,351,221	779,637,606
Less: Provision for expected credit losses	(33,819,390)	(1,289,179)	(35,108,569)
	<u>685,466,995</u>	<u>59,062,042</u>	<u>744,529,037</u>
Current portion of Murabaha receivables	376,743,036	58,879,664	435,622,700
Non-Current portion of Murabaha receivables	342,543,349	1,471,557	344,014,906
	719,286,385	60,351,221	779,637,606
Less: Provision for expected credit losses	(33,819,390)	(1,289,179)	(35,108,569)
	<u>685,466,995</u>	<u>59,062,042</u>	<u>744,529,037</u>

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

	30 June 2025		
	Retail	SME financing	Total
		Unaudited	
Performing (Stage 1)	650,100,776	3,266,720	653,367,496
Underperforming (Stage 2)	78,008,855	1,081,274	79,090,129
Non-performing (Stage 3)	101,609,919	36,214,678	137,824,597
Total Murabaha receivables	829,719,550	40,562,672	870,282,222
Less: Provision for expected credit losses	(41,223,268)	(1,807,073)	(43,030,341)
Murabaha receivables, net	<u>788,496,282</u>	<u>38,755,599</u>	<u>827,251,881</u>

QUARA FINANCE COMPANY
(A Saudi Joint Stock Company)
**NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)**
For the six-month period ended 30 June 2025
(All amounts in Saudi Riyals unless otherwise stated)

5. MURABAHA RECEIVABLES, NET (CONTINUED)

- 5.1 The net carrying amount of loan receivables, and thus the maximum exposure to loss, is as follows: (continued)

	31 December 2024		
	Retail	SME financing Audited	Total
Performing (Stage 1)	591,431,978	18,165,098	609,597,076
Underperforming (Stage 2)	46,554,632	3,528,986	50,083,618
Non-performing (Stage 3)	81,299,775	38,657,137	119,956,912
Total Murabaha receivables	719,286,385	60,351,221	779,637,606
Less: Provision for expected credit losses	(33,819,390)	(1,289,179)	(35,108,569)
Murabaha receivables - net	685,466,995	59,062,042	744,529,037

- 5.2 Net Portfolio / Murabaha receivables classification mentioned above is based on curing period criteria however considering DPD as base below is the classification.

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Performing	674,058,825	619,759,253
Underperforming	62,319,457	45,524,612
Non-performing	133,903,940	114,353,741
Total Murabaha receivables	870,282,222	779,637,606
Less: Provision for expected credit losses	(43,030,341)	(35,108,569)
Murabaha receivables - net	827,251,881	744,529,037

- 5.3 Stage wise analysis of Murabaha receivables - retail segment is as follows:

	For the six-month period ended 30 June 2025			
	Stage 1	Stage 2	Stage 3	Total
	(Unaudited)			
Receivables	976,704,060	115,696,579	132,416,792	1,224,817,431
Unearned revenue	(326,603,284)	(37,687,724)	(30,806,873)	(395,097,881)
Provision for expected credit losses	(3,641,176)	(2,343,943)	(35,238,149)	(41,223,268)
Murabaha receivables - net	646,459,600	75,664,912	66,371,770	788,496,282

	For the year ended 31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
	(Audited)			
Receivables	885,854,956	67,842,727	108,452,280	1,062,149,963
Unearned revenue	(294,422,978)	(21,288,095)	(27,152,505)	(342,863,578)
Provision for expected credit losses	(1,240,822)	(1,068,340)	(31,510,228)	(33,819,390)
Murabaha receivables - net	590,191,156	45,486,292	49,789,547	685,466,995

QUARA FINANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
For the six-month period ended 30 June 2025
(All amounts in Saudi Riyals unless otherwise stated)

5. MURABAHA RECEIVABLE, NET (CONTINUED)

5.4 Stage wise analysis of Murabaha receivables - SME segment is as follows:

	For the six month period ended 30 June 2025			
	Stage 1	Stage 2	Stage 3	Total
	(Unaudited)			
Receivables	3,360,903	1,101,202	37,055,759	41,517,864
Unearned revenue	(94,183)	(19,928)	(841,081)	(955,192)
Provision for expected credit losses	(8,436)	(5,503)	(1,793,134)	(1,807,073)
Murabaha receivables - net	<u>3,258,284</u>	<u>1,075,771</u>	<u>34,421,544</u>	<u>38,755,599</u>

	For the year ended 31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
	(Audited)			
Receivables	18,660,390	3,600,999	39,901,645	62,163,034
Unearned revenue	(495,292)	(72,013)	(1,244,508)	(1,811,813)
Provision for expected credit losses	(21,557)	(42,260)	(1,225,362)	(1,289,179)
Murabaha receivables - net	<u>18,143,541</u>	<u>3,486,726</u>	<u>37,431,775</u>	<u>59,062,042</u>

5.5 The movement in provision for Murabaha losses of retail segment is as follows:

	For the six-month period ended 30 June 2025			
	Stage 1	Stage 2	Stage 3	Total
Opening balance at beginning of the period	1,240,822	1,068,340	31,510,228	33,819,390
Charge for the period	3,551,255	925,647	34,759,259	39,236,161
Written off during the period*	-	-	(31,832,283)	(31,832,283)
Closing balance at end of the period	<u>4,792,077</u>	<u>1,993,987</u>	<u>34,437,204</u>	<u>41,223,268</u>

	For the year ended 31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
Opening balance at beginning of the year	601,190	1,567,570	14,061,743	16,230,503
Charge for the year	639,632	(499,230)	49,839,049	49,979,451
Written off during the year*	-	-	(32,390,564)	(32,390,564)
Closing balance at end of the year	<u>1,240,822</u>	<u>1,068,340</u>	<u>31,510,228</u>	<u>33,819,390</u>

5.6 The movement in provision for Murabaha losses of SME segment is as follows:

	For the six-month period ended 30 June 2025			
	Stage 1	Stage 2	Stage 3	Total
Opening balance at beginning of the period	21,557	42,260	1,225,362	1,289,179
Charge for the period	(13,121)	(36,757)	1,197,238	1,147,360
Written off during the period*	-	-	(629,466)	(629,466)
Closing balance at end of the period	<u>8,436</u>	<u>5,503</u>	<u>1,793,134</u>	<u>1,807,073</u>

QUARA FINANCE COMPANY
(A Saudi Joint Stock Company)
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5. MURABAHA RECEIVABLE, NET (CONTINUED)

5.6 The movement in provision for Murabaha losses of SME segment is as follows: (continued)

	For the year ended 31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
Opening balance at beginning of the year	27,769	575,874	3,722,101	4,325,744
Charge for the year	(6,212)	(533,614)	(2,496,739)	(3,036,565)
Written off during the year*	-	-	-	-
Closing balance at end of the year	21,557	42,260	1,225,362	1,289,179

* The write-offs during the period are in accordance with Company's write-off policy which is in line with the regulatory rules and regulations for write-offs.

5.7 Reconciliation for provision for Murabaha losses with condensed interim statement of comprehensive income:

	For the six-month period ended 30 June (unaudited)	
	2025	2024
Expected credit losses charge for the period / year	40,383,521	21,333,610
Recoveries from written off customers*	(5,702,583)	(8,191,182)
	<u>34,680,938</u>	<u>13,142,428</u>

5.8 The analysis of movement in gross carrying amount of Murabaha receivables and loss allowance for impairment of Murabaha receivables is as follows:

Retail	For the six-month period ended 30 June 2025 (Unaudited)			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2025	591,431,978	46,554,632	81,299,775	719,286,385
Transferred from Stage 1	(79,126,220)	55,396,049	23,730,171	-
Transferred from Stage 2	7,964,784	(36,356,912)	28,392,128	-
Transferred from Stage 3	1,012,716	1,122,940	(2,135,656)	-
Repayments and settlements	(237,296,088)	(9,527,903)	(72,859)	(246,896,850)
New financial assets originated	389,162,298	-	-	389,162,298
Write-offs	-	-	(31,832,283)	(31,832,283)
Gross carrying amount as at 30 June 2025	<u>673,149,468</u>	<u>57,188,806</u>	<u>99,381,276</u>	<u>829,719,550</u>

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5. MURABAHA RECEIVABLES, NET (CONTINUED)

5.8 The analysis of movement in gross carrying amount of Murabaha receivable and loss allowance for impairment of Murabaha receivable is as follows: (continued)

Retail	For the six-month period ended 30 June 2025 (Unaudited)			
	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Total
Loss allowance as at				
January 1, 2025	1,240,822	1,068,340	31,510,228	33,819,390
Transfer from performing	(381,996)	247,501	134,495	-
Transfer from under-performing	96,713	(897,412)	800,699	-
Transfer from non-performing	459,319	440,289	(899,608)	-
Remeasurement of loss allowance	667,180	1,210,312	35,947,390	37,824,882
Financial assets – settled	(208,176)	(75,043)	(1,223,718)	(1,506,937)
Financial assets originated	2,918,215	-	-	2,918,215
Write-off during the year	-	-	(31,832,283)	(31,832,283)
Loss allowance as at 30 June 2025	4,792,077	1,993,987	34,437,203	41,223,267

SME financing	For the six-month period ended 30 June 2025 (Unaudited)			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at				
January 1, 2025	18,165,098	3,528,986	38,657,137	60,351,221
Transferred from Stage 1	(767,079)	767,079	-	-
Transferred from Stage 2	-	(949,571)	949,571	-
Transferred from Stage 3	-	129,737	(129,737)	-
Repayments and settlements	(14,131,299)	(2,394,957)	(2,632,827)	(19,159,083)
New financial assets originated	-	-	-	-
Write-offs	-	-	(629,466)	(629,466)
Gross carrying amount as at 30 June 2025	3,266,720	1,081,274	36,214,678	40,562,672

SME Financing	For the six-month period ended 30 June 2025 (Unaudited)			
	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Total
Loss allowance as at				
January 1, 2025	21,557	42,260	1,225,362	1,289,179
Transfer from performing	(21)	21	-	-
Transfer from under-performing	-	(16,530)	16,530	-
Transfer from non-performing	-	4,982	(4,982)	-
Remeasurement of loss allowance	5,070	(18,012)	585,177	572,235
Financial assets – settled	(18,171)	(7,218)	(28,951)	(54,340)
Financial assets originated	-	-	-	-
Write-off during the year	-	-	-	-
Loss allowance as at 30 June 2025	8,435	5,503	1,793,136	1,807,074

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5. MURABAHA RECEIVABLES, NET (CONTINUED)

5.8 The analysis of movement in gross carrying amount of Murabaha receivable and loss allowance for impairment of Murabaha receivable is as follows: (continued)

Retail	For the year ended 31 December 2024 (Audited)			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2024	417,932,861	72,314,291	26,654,264	516,901,416
Transferred from Stage 1	(44,931,703)	14,195,793	30,735,910	-
Transferred from Stage 2	21,708,238	(45,423,996)	23,715,758	-
Transferred from Stage 3	1,329,498	417,329	(1,746,827)	-
Repayments and settlements	(481,201,291)	5,051,215	34,331,234	(441,818,842)
New financial assets originated	676,594,375	-	-	676,594,375
Write-offs	-	-	(32,390,564)	(32,390,564)
Gross carrying amount as 31 December 2024	591,431,978	46,554,632	81,299,775	719,286,385

Retail	For the year ended 31 December 2024 (Audited)			
	Performing (Stage 1)	Under- Performing (Stage 2)	Non- Performing (Stage 3)	Total
Loss allowance as At January 1, 2024	601,190	1,567,570	14,061,743	16,230,503
Transfer from performing	(45,502)	16,119	29,383	-
Transfer from under-performing	450,136	(883,331)	433,195	-
Transfer from non-performing	727,267	204,318	(931,585)	-
Remeasurement of loss allowance	(934,804)	761,173	52,117,832	51,944,201
Financial assets – settled	(326,764)	(597,509)	(1,809,776)	(2,734,049)
Financial assets originated	769,299	-	-	769,299
Write-off during the year	-	-	(32,390,564)	(32,390,564)
Loss allowance as at 31 December 2024	1,240,822	1,068,340	31,510,228	33,819,390

SME financing	For the year ended 31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at January 1, 2024	99,925,611	38,416,200	42,288,473	180,630,284
Transferred from Stage 1	(7,642,570)	5,669,294	1,973,276	-
Transferred from Stage 2	6,723,578	(27,427,854)	20,704,276	-
Transferred from Stage 3	1,170,214	-	(1,170,214)	-
Repayments and settlements	(82,011,735)	(13,128,654)	(25,138,674)	(120,279,063)
New financial assets originated	-	-	-	-
Write-offs	-	-	-	-
Gross carrying amount as 31 December 2024	18,165,098	3,528,986	38,657,137	60,351,221

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5. MURABAHA RECEIVABLES, NET (CONTINUED)

- 5.8 The analysis of movement in gross carrying amount of Murabaha receivable and loss allowance for impairment of Murabaha receivable is as follows: (continued)

	For the year ended 31 December 2024 (Audited)			Total
	Performing (Stage 1)	Under- Performing (Stage 2)	Non- Performing (Stage 3)	
SME financing				
Loss allowance as at				
January 1, 2024	27,769	575,874	3,722,101	4,325,744
Transfer from performing	(1,010)	790	220	-
Transfer from under-performing	38,319	(311,031)	272,712	-
Transfer from non-performing	46,809	-	(46,809)	-
Remeasurement of loss allowance	(70,400)	(35,684)	(2,297,794)	(2,403,878)
Financial assets – settled	(19,930)	(187,689)	(425,068)	(632,687)
Financial assets originated	-	-	-	-
Write-off during the year	-	-	-	-
Loss allowance as at				
31 December 2024	21,557	42,260	1,225,362	1,289,179

Management receives collaterals in form of real estate property and Kafalah.

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

Retail – 30 June 2025	Gross receivables	ECL	Net receivables
0 – 30	672,147,585	(4,861,423)	667,286,162
31 – 60	34,680,268	(1,182,527)	33,497,741
61 – 90	25,704,307	(1,599,978)	24,104,329
91 – 180	15,932,915	(5,797,094)	10,135,821
181 – 270	24,357,772	(8,635,697)	15,722,075
271 – 360	31,851,834	(10,963,842)	20,887,992
361 – 450	25,044,869	(8,182,707)	16,862,162
Above 450	-	-	-
	<u>829,719,550</u>	<u>(41,223,268)</u>	<u>788,496,282</u>
Retail – 31 December 2024	Gross receivables	ECL	Net receivables
0 – 30	601,501,769	(2,238,228)	599,263,541
31 – 60	20,305,421	(619,784)	19,685,637
61 – 90	19,151,210	(719,795)	18,431,415
91 – 180	17,783,922	(6,354,073)	11,429,849
181 – 270	25,384,579	(10,441,422)	14,943,157
271 – 360	27,841,265	(10,875,703)	16,965,562
361 – 450	7,318,219	(2,570,385)	4,747,834
Above 450	-	-	-
	<u>719,286,385</u>	<u>(33,819,390)</u>	<u>685,466,995</u>

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5. MURABAHA RECEIVABLES, NET (CONTINUED)

5.9 Credit quality of Murabaha receivables based on past due days is as follows: (continued)

SME – 30 June 2025	Gross receivables	ECL	Net receivables
0 – 30	3,266,720	(8,436)	3,258,284
31 – 60	496,030	(834)	495,196
61 – 90	585,244	(4,669)	580,575
91 – 180	3,143,727	(165,748)	2,977,979
181 – 270	804,342	(40,217)	764,125
271 – 360	2,439,669	(121,869)	2,317,800
361 – 720	12,199,533	(601,028)	11,598,505
Above 720	17,627,407	(864,272)	16,763,135
	40,562,672	(1,807,073)	38,755,599

SME – 31 December 2024	Gross receivables	ECL	Net receivables
0 – 30	18,931,821	(39,158)	18,892,663
31 – 60	2,100,343	(29,652)	2,070,691
61 – 90	3,509,135	(73,701)	3,435,434
91 – 180	4,339,143	(206,078)	4,133,065
181 – 270	2,191,746	(65,357)	2,126,389
271 – 360	1,225,947	(18,386)	1,207,561
361 – 720	16,545,351	(309,438)	16,235,913
Above 720	11,507,735	(547,409)	10,960,326
	60,351,221	(1,289,179)	59,062,042

6. LOAN FROM A RELATED PARTY

	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Opening balance	81,186,517	98,027,768
Add: Loan obtained during the year*	50,000,000	-
Add: Loan management fee accrued during the period / year	3,848,656	2,966,948
Less: Equity Contribution on Interest Free Loan	-	(23,482,665)
Carrying amount of loan from related party	135,035,173	77,512,051
Current	11,018,716	-
Non – Current	124,016,457	77,512,051

*During the period, Company has obtained a loan from SHL Finance Company, with a tenure of 3 years at 10.99% per annum. SHL Finance Company is a related party with a common Shareholder (Refer note 13). The loan has been taken to fund the Company's lending operations.

7. TERM LOANS

		30 June 2025 (Unaudited)	31 December 2024 (Audited)
	<i>Notes</i>		
Term loan – Monisha'at	7.1	2,245,703	7,229,717
Term loan – SAMA	7.2	30,080,013	68,296,697
Loan from Banks	7.3	335,030,482	215,601,901
		367,356,198	291,128,315

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7. TERM LOANS (CONTINUED)

7.1 Term loan – Monsha'at

	30 June 2025 <i>Note</i> (Unaudited)	30 June 2024 (Uudited)
Opening balance	6,651,266	24,207,819
Add: Loan management fee accrued during the period /year	133,803	511,313
Less: Principal repayment during the period/year	(4,588,419)	(10,360,843)
Less: Loan management fee paid during the period/year	(133,803)	(511,313)
Closing balance	2,062,847	13,846,976
Add: Deferred income on interest free loans	7.1.1 182,856	1,154,286
	<u>2,245,703</u>	<u>15,001,262</u>
Current portion	2,245,703	12,755,549
Non-current portion	-	2,245,713
	<u>2,245,703</u>	<u>15,001,262</u>

7.1.1 Deferred income on interest free loans

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Opening balance	578,451	1,933,435
Less: Amortization of deferred income on interest free loans*	(395,595)	(1,354,984)
Closing balance	<u>182,856</u>	<u>578,451</u>

*Since 2018, the Company has received eight interest-free loans from Monsha'at Loans from Social Development Bank to finance small and medium entities in the Kingdom of Saudi Arabia amounting Saudi Riyals 245 million, each of which would be repayable in three years. These loans carry fixed special commission rate that is significantly lower than currently prevailing market rate. These loans provided to the Company carry a number of conditions, one of which is that these loans are to be used for providing loans to specific types/sectors of customers at discounted rates. The benefit being the impact of "lower than market value" loan obtained by the Company has been identified and accounted for in accordance with IFRS 9. Such benefit is being recognised in the statement of comprehensive income of the Company on a systematic basis as the expense for which such grant is intended to compensate, is recognised.

7.2 Loan from SAMA - funding for lending

	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Opening balance	68,296,697	160,428,631
Less: Principal repayment during the period / year	(38,216,684)	(48,355,227)
Closing balance	<u>30,080,013</u>	<u>112,073,404</u>
Current portion	30,080,013	81,993,390
Non-current portion	-	30,080,014
	<u>30,080,013</u>	<u>112,073,404</u>

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7. TERM LOANS (CONTINUED)

7.2 Loan from SAMA - funding for lending (continued)

During the year 2020 the Company entered into SAMA's Funding for Lending Program, whereby Kafala (SME financing guarantee program) guaranteed 95% of the financing amount to the SME customers. The net impact of the interest-free funding from SAMA and interest charged on financing to SME customers with a low interest rate is not significant to the interim statement of comprehensive income.

7.3 Loan from Banks

	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Opening balance	215,601,901	40,618,919
Add: Loans obtained during the period/year	188,700,000	63,000,000
Add: Loan management fee accrued during the period / year	11,638,348	2,603,694
Less: Principal repayment during the period / year	(70,300,000)	(4,500,000)
Less: Loan management fee paid during the period / year	(10,609,767)	(2,043,965)
Closing balance	<u>335,030,482</u>	<u>99,678,648</u>
Current portion	118,020,482	21,778,648
Non-current portion	<u>217,010,000</u>	<u>77,900,000</u>
	<u>335,030,482</u>	<u>99,678,648</u>

The Company has multiple short and medium – term borrowing facilities from the local banks having ratings A1 - A2, for the purpose of funding the Company's lending operations. These facilities are repayable in quarterly installments. All the facilities carry financial charges at prevailing market borrowing costs plus SIBOR. As per the agreement with the banks, the Company has the limit for borrowing maximum SR 350 million.

8. PROVISION FOR ZAKAT

8.1 The movement in the zakat provision is as follows:

	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Opening balance	11,272,233	12,830,880
Charge during the period / year	2,207,283	3,836,200
Payments made during the period / year	(10,942,710)	(11,231,925)
Closing balance	<u>2,536,806</u>	<u>5,435,155</u>

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8. PROVISION FOR ZAKAT (CONTINUED)

8.2 Status of assessments

The Company has filed its zakat returns with the Zakat, Tax and Customs Authority (ZATCA) for the years until 2024.

During 2024, the Company settled the additional Zakat liability amounting to SAR 268,772 pertaining to assessment year 2023.

No further assessment orders have been received from the authorities.

9. EMPLOYEES' TERMINATION BENEFITS

Provision for employees' termination benefits is made in accordance with the Saudi Arabian labour law assuming the maximum payable based on current remuneration and cumulative years of service at the end of the reporting period.

The following tables summarises the components of net benefits expenses recognised in the statement of comprehensive income:

	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Opening balance	1,753,200	1,719,100
Current service cost	394,808	293,180
End of service payments during the period / year	<u>(190,808)</u>	<u>(23,180)</u>
Ending balance	<u>1,957,200</u>	<u>1,989,100</u>

10. SHARE CAPITAL

As at 30 June 2025, the Company's authorised, issued and paid-up share capital was 300 million Saudi Riyals (31 December 2024: 300 million Saudi Riyals) divided into 30 million shares (31 December 2024: 30 million shares) with a nominal value of Saudi Riyals 10 each.

11. OPERATING SEGMENTS

Operating segments are identified based on internal reports about components of the Company that are regularly reviewed by the Company's Board of Directors in its function as the Chief Operating Decision Maker to allocate resources to segments and to assess their performance. Performance is measured based on segment financing portfolio, as management believes that this indicator is the most relevant in evaluating the results of segments relative to other entities that operate within these sectors.

The Company's operations are in the Kingdom of Saudi Arabia and the Company currently provides financing to Saudi individuals from government and private sectors and to SMEs. Accordingly, the Company's operations represent the following operating segments. None of a single customer of the Company generates more than 10% of the revenue.

The Company's reportable segments are as follows:

- 1) Retail (Personal financing): These personal financing is provided to retail segment.
- 2) SME financing: These financing to provided to small and medium enterprises.

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11. OPERATING SEGMENTS (CONTINUED)

For the six-month period ended 30 June 2025 (Unaudited)	Retail	SME financing	Total
Revenue			
Murabaha Income	143,780,198	665,999	144,446,197
Finance Charges	(16,025,757)	243,736	(15,782,021)
Expenses			
Other general and administrative	(48,829,868)	(45,800)	(48,875,668)
Provision for Murabaha losses	(33,919,890)	(761,048)	(34,680,938)
Salaries and other benefits	(4,919,072)	-	(4,919,072)
Other income	1,039,133	-	1,039,133
	<u>41,124,744</u>	<u>102,887</u>	<u>41,227,631</u>
Unallocated income*	-	-	51,411
Unallocated expenses**	-	-	(29,007,365)
Net income before zakat	<u>-</u>	<u>-</u>	<u>12,271,677</u>
 For the six-month period ended 30 June 2024 (Unaudited)	 Retail	 SME financing	 Total
Revenue			
Murabaha Income	92,150,243	8,370,467	100,520,710
Finance Charges	(5,636,348)	(210,027)	(5,846,375)
Expenses			
Other general and administrative	(26,258,416)	(1,764,481)	(28,022,897)
Provision for Murabaha losses	(15,727,537)	2,585,109	(13,142,428)
Salaries and other benefits	(7,512,775)	-	(7,512,775)
Other income	1,502,605	-	1,502,605
	<u>38,517,772</u>	<u>8,981,068</u>	<u>47,498,840</u>
Unallocated income*	-	-	1,074,055
Unallocated expenses**	-	-	(19,489,315)
Net income before zakat	<u>-</u>	<u>-</u>	<u>29,083,580</u>

*Unallocated income mainly includes nationalisation rebates.

**Unallocated expenses mainly include other general and administrative expenses are common expenses which mainly include bank charges, depreciation, taxes and other common expenses which are not relevant to a particular segment

As at 30 June 2025 (Unaudited)	Retail	SME financing	Total
Murabaha receivables, net	788,496,282	38,755,599	827,251,881
Unallocated assets	-	-	179,863,653
Total assets	<u>-</u>	<u>-</u>	<u>1,007,115,534</u>
Loans	470,065,655	32,325,715	502,391,370
Other unallocated liabilities	-	-	35,408,383
Total Liabilities	<u>-</u>	<u>-</u>	<u>537,799,753</u>
 As at 31 December 2024	 Retail	 SME financing	 Total
Murabaha receivables, net	685,466,995	59,062,042	744,529,037
Unallocated assets	-	-	132,735,045
Total assets	<u>-</u>	<u>-</u>	<u>877,264,082</u>
Loans	296,788,418	75,526,414	372,314,832
Unallocated liabilities	-	-	45,697,865
Total liabilities	<u>-</u>	<u>-</u>	<u>418,012,697</u>

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12. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Company.

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of Murabaha receivables, due from related party. Financial liabilities consist of loan from a related party, long term loans. Fair value of all financial assets and financial liabilities that are measured at amortized cost approximate their fair value.

Fair value hierarchy

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

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

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. For financial assets and financial liabilities which are not measured at fair value, the Company has assessed that the carrying amount approximates the fair value due to their short-term nature and frequent re-pricing. Cash and cash equivalents has been classified as level 1 while all remaining financial assets and liabilities are classified as level 3 as per the fair value hierarchy have been determined by using expected cash flows discounted at relevant current effective profit rate.

There have been no transfers between levels of the fair value hierarchy during the current and prior period.

30 June 2025 (Unaudited)	Carrying Value	Fair value			
		Level 1	Level 2	Level 3	Total
<i><u>Financial assets at amortised cost:</u></i>					
Murabaha receivable	827,251,881	-	-	889,037,313	889,037,313
Cash and cash equivalents	96,264,988	96,264,988	-	-	96,264,988
Other receivables	10,641,759	-	-	10,641,759	10,641,759
<i><u>Financial liabilities at amortised cost:</u></i>					
Loan from a related party	135,035,173	-	-	136,764,813	136,764,813
Term loan	367,356,197	-	-	367,356,197	367,356,197

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12. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

31 December 2024	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets at amortised cost:</u>					
Murabaha receivable	779,637,606	-	-	809,344,895	809,344,895
Due from related parties					
Cash and cash equivalents	64,818,672	64,818,672	-	-	64,818,672
Other receivables	10,593,459		-	10,593,459	10,593,459
<u>Financial liabilities at amortised cost:</u>					
Loan from a related party	81,186,517	-	-	83,315,831	83,315,831
Long term loan	291,128,314	-	-	291,128,314	291,128,314

13. RELATED PARTY TRANSACTIONS

	For the period ended 30 June 2025	For the period ended 30 June 2024
<u>Transactions with related parties during the year:</u>		
Professional fees and expenses for listing (Al Khair Capital) - (Common Shareholder)	-	1,286,460
Development of System (Quara AI Tech Private Limited – (Common Shareholder))	1,174,979	-
Loan from related party (SHL Finance Company – (Common Shareholder))	50,000,000	-
	As on 30 June 2025	As on 31 December 2024
<u>Balances:</u>		
Loan from a related party - Al Mawared Al Oula – Shareholder	100,000,000	100,000,000
Loan from a related party – SHL (Common Shareholder)	50,000,000	-
Quara AI Tech Private Limited – (Common Shareholder)	416,008	-
	For the period ended 30 June 2025	For the period ended 30 June 2024
Board of Directors and Key Management Personnel (KMP)		
Salaries and other short-term employee benefits to KMP	3,502,799	3,696,438
End of service benefits – Paid to KMP	57,257	-
Directors' meeting attendance fee accrued	210,000	108,000
Loans to key management of the Company	71,213	54,672

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

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14. CAPITAL MANAGEMENT

The Company's objective when managing capital are to safeguard Company's ability to continue as a going concern in order to provide returns for the shareholders and benefits to other stakeholders and to maintain optimal capital structure to reduce the cost of capital. For the purpose of the Company's capital management, capital includes share capital, and all other equity reserves attributable to the shareholders.

The Company's objective when managing capital are to safeguard Company's ability to continue as a going concern in order to provide returns for the shareholders and benefits to other stakeholders and to maintain optimal capital structure to reduce the cost of capital. The Company is in compliance with maintaining an equity to net receivable (excluding expected credit losses) ratio as per approved limits.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of Murabaha financing, and the advantages and security afforded by a sound capital position. In relation to the capital structure of the Company, management closely monitors the compliance with regulations and debt covenants. As at the statement of financial position date the Company was in compliance with the prescribe requirements. At financial position date, the management analysis of gearing ratio was as follows:

	30 June 2025 (Unaudited)	December 31, 2024 (Audited)
<u>Debt to equity ratio</u>		
Debt	502,391,370	372,314,831
Shareholders' equity	469,315,781	459,251,385
Debt to Equity Ratio	1.1	0.8
	30 June 2025 (Unaudited)	December 31, 2024 (Audited)
<u>Net receivables to equity ratio</u>		
Net receivables (excluding ECL)	870,282,221	779,637,606
Shareholders' equity	469,315,781	459,251,385
Net receivables to equity ratio	1.9	1.7

15. SUBSEQUENT EVENT

There were no events subsequent to the condensed statement of financial position date which required adjustments to or disclosure in these condensed interim financial statements.