

AL JABR FINANCING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY) - DAMMAM
INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023
WITH INDEPENDENT AUDITOR'S REVIEW REPORT

AL JABR FINANCING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY) – DAMMAM
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FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023
WITH INDEPENDENT AUDITOR'S REVIEW REPORT

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**INDEPENDENT AUDITOR'S REPORT ON REVIEW
OF THE INTERIM CONDENSED FINANCIAL STATEMENTS**

**TO THE SHAREHOLDERS OF AL JABR FINANCING COMPANY
A SAUDI CLOSED JOINT STOCK COMPANY
DAMMAM – KINGDOM OF SAUDI ARABIA**

Introduction:

We have reviewed the interim condensed statement of financial position of "Al Jabr Financing Company (A Saudi Closed Joint Stock Company) – (the company), as of March 31, 2023, the interim condensed statement of profit or loss and other comprehensive income for the three-month period ended at March, 31, 2023, the interim condensed statement of changes in shareholders equity and the interim condensed statement of cash flows for three months then ended, and summary of significant accounting policies and other explanatory notes which form an integral part of these interim condensed financial statements.

Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with IAS 34 "Interim Financial Reporting. Our responsibility is to express a conclusion on these interim condensed financial statements based on our limited review.

Scope of limited review:

We conducted our review in accordance with the International Standard on Review Engagements No. 2410 "Review of Interim Financial Statements Information performed by the Independent Auditor of the Entity" that is endorsed in the Kingdom of Saudi Arabia. A review of interim condensed financial statement consists of making inquiries, primarily from people responsible for financial and accounting matters, and applying analytical and other limited review procedures. A limited 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 limited review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements attached do not present fairly, in all material respects, in accordance with IAS 34 "That is endorsed in the Kingdom of Saudi Arabia.

Other matter:

The company's interim condensed financial statements for the three-month period ended on March 31, 2022, were reviewed by another auditor, who expressed an unqualified conclusion on those interim condensed financial statements dated on Ramadan 26, 1443H (corresponding to April 27, 2022).

Al-Khobar: Shawwal 14, 1444H
May 04, 2023



FOR EL SAYED EL AYOUTY & CO.



Abdullah Ahmad Balamash
Certified Public Accountant
License No. (345)

AL JABR FINANCING COMPANY

A SAUDI CLOSED JOINT STOCK COMPANY - DAMMAM

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED) AS OF MARCH 31, 2023

(All amounts in Saudi Riyals)

	Note	31-03-2023 (Un-audited)	31-12-2022 (Audited)
ASSETS			
Cash and cash equivalents		29,376,732	78,765,656
Net investment in Islamic financing contracts	5	956,092,452	933,593,472
Due from related parties	8.1	3,555,926	3,117,212
Prepayment and other receivables – (Net)	7	36,068,463	38,734,804
Right-of-use assets – (Net)		4,293,958	4,781,851
Investment in equity instruments carried at FVOCI		892,850	892,850
Property and equipment – (Net)		9,172,336	8,668,376
TOTAL ASSETS		1,039,452,717	1,068,554,221
LIABILITIES AND EQUITY			
LIABILITIES			
Borrowings	9	392,320,431	429,804,526
Due to related parties	8.2	30,052,079	40,133,557
Accounts payable and other liabilities	10	74,961,579	69,981,615
Lease liabilities	11	3,834,323	3,788,089
Zakat provision	12	10,657,189	8,725,009
Employees' defined benefit obligations		4,726,692	4,495,565
TOTAL LIABILITIES		516,552,293	556,928,361
EQUITY			
Share capital	13	345,000,000	345,000,000
Statutory reserve		23,377,372	23,377,372
Retained earnings		153,776,389	142,501,825
Actuarial gain reserve on employees' defined benefit obligations		746,663	746,663
TOTAL EQUITY		522,900,424	511,625,860
TOTAL LIABILITIES AND EQUITY		1,039,452,717	1,068,554,221

The accompanying notes from 1 to 18 form an integral part of these interim condensed financial statements (Un-audited)

AL JABR FINANCING COMPANY

A SAUDI CLOSED JOINT STOCK COMPANY - DAMMAM

**INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(UNAUDITED) FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023**

(All amounts in Saudi Riyals)

	Note	For the three month period ended	
		31-03-2023 (Un-audited)	31-03-2022 (Un-audited)
Revenue	14	29,215,099	26,280,101
Insurance cost		(2,901,074)	(2,272,241)
Finance cost	15	(6,258,899)	(1,976,542)
Gross income		20,055,126	22,031,318
General and administrative expenses		(10,987,083)	(9,224,958)
Selling and marketing expenses		(463,174)	(637,344)
Allowance for expected credit losses	5.3	(1,133,180)	(7,685,743)
Government grant	9	759,612	732,768
Other income – (Net)		4,975,443	2,175,665
Profit for the period before zakat		13,206,744	7,391,706
Zakat expenses	12	(1,932,180)	(1,481,163)
NET PROFIT FOR THE PERIOD		11,274,564	5,910,543
Other Comprehensive Income		---	---
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		11,274,564	5,910,543
Earnings per share (basic and diluted)	16	0.33	0.17

The accompanying notes from 1 to 18 form an integral part of these interim condensed financial statements (Un-audited)

AL JABR FINANCING COMPANY

A SAUDI CLOSED JOINT STOCK COMPANY - DAMMAM

INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED) FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

(All amounts in Saudi Riyals)

	Share capital	Statutory reserve	Retained earnings	Actuarial gain reserve on employees' defined benefit obligations	Total equity
Three-month period ended 31-03-2022					
Balance as at 01-01-2022 – (audited)	345,000,000	19,178,072	104,708,120	543,813	469,430,005
Net profit for the period	---	---	5,910,543	---	5,910,543
Balance as at 31-03-2022 (un-audited)	345,000,000	19,178,072	110,618,663	543,813	475,340,548
Three-month period ended 31-03-2023					
Balance as at 01-01-2023 – (audited)	345,000,000	23,377,372	142,501,825	746,663	511,625,860
Net profit for the period	---	---	11,274,564	---	11,274,564
Balance as at 31-03-2023 (un-audited)	345,000,000	23,377,372	153,776,389	746,663	522,900,424

AL JABR FINANCING COMPANY

A SAUDI CLOSED JOINT STOCK COMPANY - DAMMAM

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED) FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2023

(All amounts in Saudi Riyals)

	For the three month period ended 31-03-2023 (Un-audited)	For the three month period ended 31-03-2022 (Un-audited)
OPERATING ACTIVITIES		
Net profit before zakat for the period	13,206,744	7,391,706
Adjustments for:		
Depreciation	354,223	351,820
Provision for employees' defined benefit obligations	332,634	272,523
Allowance for expected credit losses	1,133,180	7,685,743
Finance cost	6,258,899	1,679,633
Provision for insurance claim receivable	---	296,909
Amortization of right of use assets	487,893	180,609
Modification gains	---	---
Government grant	(759,612)	(732,768)
Agency income	(165,905)	(308,798)
	20,848,056	16,817,377
Changes in operating assets and liabilities:		
Investment in Islamic financing contracts	(23,632,160)	(3,936,974)
Prepayment and other receivables	2,832,245	(6,057,559)
Assets repossessed held for sale	---	35,773
Due from related parties	(438,714)	(639,987)
Accounts payable and other liabilities	4,979,964	245,036
Due to related parties	(10,081,478)	(27,480,467)
Finance charges paid	(6,212,665)	(1,939,298)
Employees' defined benefit obligations paid	(101,507)	(6,838)
Net cash (used in) operating activities	(11,806,259)	(22,962,937)
INVESTING ACTIVITIES		
Payments to acquire property and equipment	(858,183)	(67,109)
Net cash (used in) investing activities	(858,183)	(67,109)
FINANCING ACTIVITIES		
Borrowings, Net	(36,724,482)	27,686,751
Net cash (used in) / generated from financing activities	(36,724,482)	27,686,751
Net change in cash and cash equivalents	(49,388,924)	4,656,705
Cash and cash equivalents at the beginning of the period	78,765,656	31,633,673
Cash and cash equivalents at the end of the period	29,376,732	36,290,378

The accompanying notes from 1 to 18 form an integral part of these interim condensed financial statements (Un-audited)

AL JABR FINANCING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY) - DAMMAM

Notes to the interim condensed financial statements (unaudited) for the three month period ended March 31, 2023

1. LEGAL STATUS

Al Jabr Financing Company "Al Jabr Company for Installment previously" ("the Company") is a Saudi Closed Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 2050097254 issued in Dammam on Rabi Al Awwal 1436H (corresponding to January 12, 2015).

The approval of the Saudi Central Bank – (SAMA) (Saudi Arabian Monetary Authority – previously) in its letter No. 351000150191 dated Dhul Hijjah 18, 1435H (corresponding to October 12, 2014) and the issuance of Ministerial Decision No. 394/S dated Rabi Al-Awwal 21, 1436H (corresponding to January 12, 2015) approving the conversion of Al Jabr Company for Installment from a limited liability Company to a closed joint stock Company and to amend its name to become Al Jabr Financing Company while maintaining the same commercial registration number of the Company prior to the conversion.

The company purpose is financing of production assets, financing the activity of small and medium entities, finance lease and consumer finance in the Kingdom of Saudi Arabia under the license number 42/Ash/201512 dated Rabi Al Awwal 03, 1437H (corresponding to December 14, 2015) granted by Saudi Central Bank (SAMA).

On September 20, 2022, the Extraordinary General Assembly approved the registration of the company's shares, amounting to 34,500,000 ordinary shares in the main financial market, after obtaining all approvals and statutory licenses necessary for this procedure, by offering 10,350,000 shares, which represents 30% of the company's issued shares as a public offering in the financial main market in the Kingdom of Saudi Arabia.

These interim condensed financial statements include of the activities of the following branches:

<u>Branch</u>	<u>C.R. No.</u>
Al Jabr Financing Company - Jeddah	4030443065
Al Jabr Financing Company - Riyadh	1010861762

The Company's Head Office is located at the following address:

Al Jabr Financing Company - Dammam, Kingdom of Saudi Arabia

2. BASIS OF PREPARATION

2. Statement of compliance

These interim condensed financial statements (unaudited) have been prepared in accordance with IAS 34 Interim Financial Reporting adopted in Saudi Arabia and other standards and pronouncements endorsed by SOCPA. These interim condensed financial statements (unaudited) do not include all the information and explanations required in the annual financial statements. Accordingly, these interim condensed financial statements should be read in conjunction with the Company's financial statements for the year ended 31 December 2022.

2.2 Basis of measurement

These interim condensed financial statements (unaudited) have been prepared using the accrual basis of accounting using the going concern concept and also under the historical cost basis, unless the international financial reporting standards suggest other valuation methods.

2.3 Functional and presentation currency

These interim condensed financial statements (unaudited) have been presented in Saudi Riyals (SR) which is the Company's functional and presentation currency. Figures have been rounded to the nearest Saudi Riyal, unless otherwise mentioned.

2.4 Significant accounting estimates, assumptions and judgments

The preparation of interim condensed financial statements (unaudited) requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures about assets and contingent liabilities at the date of the financial statements, the amounts of revenues and expenses declared, disclosure of contingent liabilities on the financial statements and the amounts of revenues and expenses of the declared values during the reporting period. Although these estimates and judgments are based on the best information available to management on operations and current events, actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation in these financial statements were the same as those that applied to the financial statements as at and for the year ended 31 December 2022.

AL JABR FINANCING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY) - DAMMAM

Notes to the interim condensed financial statements (unaudited) for the three month period ended March 31, 2023

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

3.1 New IFRSs, International Financial Reporting and Interpretation Committee interpretations (IFRIC) and amendments adopted by the Company

There are no new standards issued, however, a number of amendments to the standards are effective as of January 01, 2023, and the details of this were clarified in the annual financial statement for the year ended December 31, 2022, however, they have no material impact on the interim condensed financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these interim condensed financial statements (unaudited) are the same as those applied in the last annual financial statements for the year ended December 31, 2022.

AL JABR FINANCING COMPANY

(A SAUDI CLOSED JOINT STOCK COMPANY) - DAMMAM

Notes to the interim condensed financial statements (unaudited) for the three month period ended March 31, 2023
(All amounts in Saudi Riyals)

5. NET INVESTMENT IN ISLAMIC FINANCING CONTRACTS

5.1 Investment in Islamic financing contracts comprised of investment in Ijara, Murabaha and Tawarruq contracts as mentioned below:

	Ijara		Murabaha		Tawarruq		Total	
	31-03-2023 (un-audited)	31-12-2022 (Audited)	31-03-2023 (un-audited)	31-12-2022 (Audited)	31-03-2023 (un-audited)	31-12-2022 (Audited)	31-03-2023 (un-audited)	31-12-2022 (Audited)
Contracts receivables, gross	875,171,570	874,670,114	240,486,275	249,650,151	132,575,627	99,350,311	1,248,233,472	1,223,670,576
Unearned income	(130,317,001)	(138,147,624)	(32,214,113)	(34,600,904)	(43,811,829)	(32,978,089)	(206,342,943)	(205,726,617)
Deferred insurance	(20,813,273)	(20,498,863)	---	---	---	---	(20,813,273)	(20,498,863)
	<u>724,041,296</u>	<u>716,023,627</u>	<u>208,272,162</u>	<u>215,049,247</u>	<u>88,763,798</u>	<u>66,372,222</u>	<u>1,021,077,256</u>	<u>997,445,096</u>
Allowance for expected credit losses (5.2)	(56,122,647)	(56,239,523)	(2,747,584)	(2,904,602)	(6,114,573)	(4,707,499)	(64,984,804)	(63,851,624)
Contracts receivables, net	<u>667,918,649</u>	<u>659,784,104</u>	<u>205,524,578</u>	<u>212,144,645</u>	<u>82,649,225</u>	<u>61,664,723</u>	<u>956,092,452</u>	<u>933,593,472</u>
Current portion	311,640,473	293,569,687	89,644,107	88,170,191	38,205,544	27,212,611	439,490,124	408,952,489
Non-current portion	412,400,823	422,453,940	118,628,055	126,879,056	50,558,254	39,159,611	581,587,132	588,492,607
Allowance for expected credit losses (5.2)	(56,122,647)	(56,239,523)	(2,747,584)	(2,904,602)	(6,114,573)	(4,707,499)	(64,984,804)	(63,851,624)
	<u>667,918,649</u>	<u>659,784,104</u>	<u>205,524,578</u>	<u>212,144,645</u>	<u>82,649,225</u>	<u>61,664,723</u>	<u>956,092,452</u>	<u>933,593,472</u>

5.2 Net investment in Islamic financing contracts includes balances of SR. 25.82 million (December 31, 2022: SR. 26.49 million) from related parties (note: 8) as mentioned below: -

	31-03-2023 (un-audited)	31-12-2022 (Audited)
Waad Al-Shamal Hotel Company	18,733,915	19,172,205
Karan Company	6,588,583	6,788,344
Enjaz Al-Arabiya for Contracting	367,378	377,403
Mohamed Al Jabr	102,267	108,071
Shimaa Ibrahim & Sarah Saad Company	15,200	15,200
Inas Trading Company	13,680	33,429
Sado Paper Products Company	500	4,537
	<u>25,821,523</u>	<u>26,499,189</u>

AL JABR FINANCING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY) - DAMMAM

Notes to the interim condensed financial statements (unaudited) for the three month period ended March 31, 2023

(All amounts in Saudi Riyals)

5. NET INVESTMENT IN ISLAMIC FINANCING CONTRACTS ... (Continued)

5.3 Movement in allowance for credit losses during the period / year is as follows:

	31-03-2023 (un-audited)	31-12-2022 (audited)
Opening balance	63,851,624	62,355,106
Charge for the period / year	1,133,180	1,496,518
	64,984,804	63,851,624

5.4 The Company in ordinary course of its business for Ijara and Murabha, holds collateral in respect of the financing contracts (being the title of assets leased out) in order to mitigate the credit risk associated with them. These collaterals are not readily convertible into cash and are intended to be repossessed and disposed of in case the customer defaults.

5.5 Investment in Islamic financing contracts include net non-financing receivable balance amounting to SR 4.04 million (December 31, 2022: SR 3.96 million) which related to direct charges to customers' accounts for other additional services.

6. PURCHASE AND AGENCY AGREEMENT

6.1 The maturity analysis of payable to the bank as an agent under purchase and agency agreement is as follows:

	Up to 1 year	2 – 3 years	Total
Portfolio 1	1,804,689	---	1,804,689
Portfolio 2	22,666,143	---	22,666,143
Portfolio 3	68,988,967	17,718,422	86,707,389
	93,459,799	17,718,422	111,178,221

6.2 The Company's service assets and related liabilities is calculated separately by calculating the present value of service assets, as per the terms of the agreement, and by estimating the present value of service liabilities and related provisions. The movement on both service assets and liabilities as follows:

	31-03-2023 (un-audited)	31-12-2022 (Audited)
Service assets		
Present value of service assets	1,326,199	3,329,341
Interest earned during the period / year	9,832	77,812
Collection	(363,700)	(2,080,954)
	972,331	1,326,199
Purchase and agency agreement liabilities		
Present value of purchase and service agreement liability	26,806,735	36,724,064
Movement in payable to bank	(414,292)	(762,444)
Payment	(6,111,647)	(8,429,825)
Amortization of unearned income (note: 10.1)	(165,905)	(997,245)
Interest on unwinding of liabilities	19,692	272,185
	20,134,583	26,806,735

AL JABR FINANCING COMPANY
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Notes to the interim condensed financial statements (unaudited) for the three month period ended March 31, 2023

(All amounts in Saudi Riyals)

6. PURCHASE AND AGENCY AGREEMENT... (Continued)

6.3 Servicing assets and related liabilities are classified as follows:

	31-03-2023 (un-audited)	31-12-2022 (Audited)
Service assets		
Closing balance of the present value of net service assets (note: 7)	972,331	1,326,199
Less: current portion	(874,354)	(1,134,632)
Non-current portion	97,977	191,567
Purchase and agency agreement liabilities		
Closing balance of the present value of purchase and agency agreement	20,134,583	26,806,735
Liabilities (note: 10)		
Less: current portion	(10,329,395)	(11,997,433)
Non-current portion	9,805,188	14,809,302

The present value of service assets and the present value of liabilities under purchase and agency agreement is calculated by using an average discount rate.

7. PREPAYMENT AND OTHER RECEIVABLES - NET

	31-03-2023 (un-audited)	31-12-2022 (Audited)
Insurance claim receivable, gross	5,194,023	5,211,999
Less: provision	(4,673,214)	(4,673,214)
Insurance claim receivable, net	520,809	538,785
Present value of service asset (note: 6.3)	972,331	1,326,199
Insurance cost due from customers	3,115,589	3,469,195
Advance to suppliers	16,907,486	31,668,299
Prepayments	14,266,837	1,344,137
Employees receivable	209,579	312,357
Security deposits	75,832	75,832
	36,068,463	38,734,804

8. RELATED PARTY BALANCES AND TRANSACTIONS

In the normal course of business, the Company pays for the cars purchased from a related Company on a commercial basis. The Company transacts with the following related parties during the period:

Name	Relationship
Al Jabr Holding Company	Holding Company
Al Jabr Investment Company	Affiliate
Al Jabr Trading Company	Affiliate
Al Jabr for Car Rental	Affiliate
Haier and Al Jabr Saudi Electronic Trading Company	Affiliate
Waad Al-Shamal Hotel Company	Affiliate
Karan Company	Affiliate
Enjaz Al-Arabiya for Contracting	Owned by BOD member
Inas Trading Company	Relative to BOD member
Sado Paper Products Company	Relative to BOD member
Shimaa Ibrahim & Sarah Saad Company	Owned by BOD member
Mohamed Al Jabr	BOD member

AL JABR FINANCING COMPANY

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Notes to the interim condensed financial statements (unaudited) for the three month period ended March 31, 2023

(All amounts in Saudi Riyals)

8. RELATED PARTY BALANCES AND TRANSACTIONS... (Continued)

Details of significant transactions with related parties during the period and related balances are as follows:

Related party	Nature of transactions	31-03-2023 (un-audited)	31-03-2022 (un-audited)
Al Jabr Trading Company (KIA)	Purchase of vehicles for financing, net	26,276,454	16,903,061
	Expenses paid on behalf of the Co.	666,750	---
	Collection on behalf of the Affiliate	(1,467,972)	(2,119,679)
Al Jabr Holding Company	Expenses paid on behalf of the Co.	4,653,028	1,790,532
Al Jabr Investment Company	Expenses paid on behalf of the Co.	1,230	1,086
	Collection on behalf of the affiliate	(797,254)	(656,900)
Haier and Al Jabr Saudi	Purchases	12,960	---
Al Jabr for Car Rental	Finance of cars to Company	(83,700)	(318,300)
	Repossessed assets sold	2,146,851	4,457,080
	Expenses paid on behalf of Company	181,000	64,560
Waad Al-Shamal Hotel Company	Financing	---	10,000,000
Enjaz Al-Arabiya for Contracting	Financing	---	114,210
Board of Directors	Remuneration and attendance fee	69,000	90,000
Key management personnel	Salaries and benefits	967,305	745,733

8.1 Dues from related parties are as follows:

	31-03-2023 (un-audited)	31-12-2022 (Audited)
Al Jabr for Car Rental	3,114,407	3,117,212
Al Jabr Holding Company	441,519	---
	3,555,926	3,117,212

8.2 Dues to related parties are as follows:

	31-03-2023 (un-audited)	31-12-2022 (Audited)
Al Jabr Trading Company (KIA)	29,118,518	39,996,020
Al Jabr Investment Company	933,561	137,537
	30,052,079	40,133,557

9. BORROWINGS

	31-03-2023 (un-audited)	31-12-2022 (Audited)
Current portion	245,880,748	269,950,471
Non-current portion	146,439,683	159,854,055
	392,320,431	429,804,526

9.1 In 2022, the Company has participated in Loan Guarantee Program (Kafalah) with Saudi Central Bank and received an interest free loan of SR 122 million.

During the period, the Company has refunded SR 26.2 million to Saudi Central bank.

AL JABR FINANCING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY) - DAMMAM

Notes to the interim condensed financial statements (unaudited) for the three month period ended March 31, 2023

(All amounts in Saudi Riyals)

9.2 "During the period, the Company has participated in Loan Guarantee Program (Kafalah) with Saudi Central Bank and received an interest free loan of SR 15 million. As per loan guarantee program, the Company has issued financing to customers at below market rate. The loan is repaid in 30 monthly installments, and the first installment is due after a grace period of 6 months from the date of the contract. This loan will be paid in full on February 1, 2026, which was discounted on the basis of the average interest rates prevailing in the market for loans of a similar nature. The difference with the present value is recorded as government grant amounting to SR. 1.44 million. The Government grant will be amortized over the term of loan on systematic basis.

Subsequent to period end, the Company has refunded SR 0.075 million to Saudi Central bank.

10. ACCOUNTS PAYABLE AND OTHER LIABILITIES

	31-03-2023 (un-audited)	31-12-2022 (Audited)
Liabilities under purchase agency agreement (note: 6.3)	20,134,583	26,806,735
Deferred government grants	9,787,627	11,269,205
Vehicles suppliers	1,854,622	1,253,508
Insurance claims payable	22,907,211	9,332,263
Employees' salaries and vacations	1,466,868	1,557,863
Advances from financing contracts	6,272,502	7,784,157
Accrued expenses	2,116,945	3,495,757
VAT payable	---	1,295,015
Other payable	10,421,221	7,187,112
	74,961,579	69,981,615

10.1 The following are the details of liabilities under purchase and agency agreement:

	31-03-2023 (un-audited)	31-12-2022 (Audited)
Provision for expected default under purchase agency agreement	16,330,512	16,478,981
Insurance provision	220,791	5,703,011
Servicing liability	1,504,583	1,726,151
Unearned service income (note: 6.2)	436,863	602,768
Guarantee commission	963,264	1,202,962
Payable under purchase and agency agreement	678,570	1,092,862
	20,134,583	26,806,735

11. LEASE LIABILITIES

Movement on lease liabilities during the period / year is as follows:

	31-03-2023 (un-audited)	31-12-2022 (Audited)
Balance at the beginning of the period / year	3,788,089	970,183
Addition	---	5,384,045
Less: payment	---	(2,654,426)
Add: interest expenses (note: 15)	46,234	88,287
Balance at the end of the period / year	3,834,323	3,788,089
Liabilities are classified as follows:		
Non-current portion	1,771,496	1,839,363
Current portion	2,062,827	1,948,726
	3,834,323	3,788,089

AL JABR FINANCING COMPANY
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Notes to the interim condensed financial statements (unaudited) for the three month period ended March 31, 2023

12. Zakat provision

12.1 The movement in the provision for zakat for the period/year is as follows:

	31-03-2023 (un-audited)	31-12-2022 (Audited)
Balance at the beginning of the period / year	8,725,009	5,566,216
Providing during the period / year	1,932,180	8,746,504
Payment during the period / year	---	(5,587,711)
	<u>10,657,189</u>	<u>8,725,009</u>

12.2 Zakat status

Zakat and income tax returns for the company have been filed for the year 2022 and the zakat certificate has been received. The company has received and clear final assessment until 2017. The ZATCA has not issued any assessment for years 2018 to 2021.

13. SHARE CAPITAL

The Company's subscribed and paid up share capital of SR. 345,000,000 (2021: SR. 345,000,000) is divided into 34,500,000 (2021: 34,500,000) equity shares of SR 10 each fully issued and paid and distributed among shareholders.

14. REVENUE

	For the three months	
	31-03-2023 (Un-audited)	31-03-2022 (Un-audited)
Ijarah and Tawarruq contracts income	23,680,762	22,703,723
Murabaha contracts income	4,773,068	2,935,124
Administration fees income	595,364	332,456
Agency income (note: 6)	165,905	308,798
	<u>29,215,099</u>	<u>26,280,101</u>

15. FINANCE COST

	For the three months	
	31-03-2023 (Un-audited)	31-03-2022 (Un-audited)
Finance cost on bank borrowings (note: 9)	3,990,644	906,768
Unwinding of interest on subsidized loan (note: 9)	2,212,161	768,388
Unwinding of interest on assets and liabilities under purchase agency agreement, net (note: 6)	9,860	296,909
Finance charge on lease liabilities (note: 11)	46,234	4,477
	<u>6,258,899</u>	<u>1,976,542</u>

16. EARNING PER SHARE

Basic earnings per share amounts are calculated by dividing the net income for the period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

17. SUBSEQUENT EVENTS

The management believes that there are no significant subsequent events since the date of the company's condensed financial statements for the period ending on March 31, 2023 until the date of preparing these financial statements that may have a material impact on the company's financial statements.

18. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were authorized for issue on Shawwal 14, 1444H (corresponding to May 04, 2023), by the Board of Directors of the Company.