

TAAJEER FINANCE LEASE COMPANY
(A Saudi Closed Joint Stock Company)
**INTERIM CONDENSED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT**
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED
30 JUNE 2024**

TAAJEER FINANCE LEASE COMPANY

(A Saudi Closed Joint Stock Company)

INTERIM CONDENSED FINANCIAL STATEMENTS

AND INDEPENDENT AUDITOR'S REVIEW REPORT

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2024

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the shareholders

Taajeer Finance Lease Company

(A Saudi Closed Joint Stock Company)

Jeddah, Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Taajeer Finance Lease Company (a Saudi Closed Joint Stock Company) (the "Company") as at 30 June 2024, the related interim condensed statement of profit or loss and other comprehensive income for the three-month and six-month periods then ended, the interim condensed statements of changes in shareholders' equity and cash flows for the six-month period then ended and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with IAS 34 "Interim Financial Reporting" 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 condensed financial statements consists of making inquiries, primarily of the 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 (ISAs) 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.

Baker Tilly MKM & Co.

Certified Public Accountants

**Bader Hatim Al Tamimi**

License No. 489

Jeddah on 22 Muharram 1446H

Corresponding to 28 July 2024



TAAJEER FINANCE LEASE COMPANY

(A Saudi Closed Joint Stock Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**AS AT 30 JUNE 2024**

	Note	<i>As At</i>		
		<i>30 June</i>	<i>31 December</i>	<i>30 June</i>
		<i>2024</i>	<i>2023</i>	<i>2023</i>
		<i>SR</i>	<i>SR</i>	<i>SR</i>
ASSETS				
Cash and cash equivalents		65,656,415	241,629,091	244,196,451
Prepayments and other receivables		10,759,128	4,205,843	20,922,681
Financing, net	5	1,072,192,056	1,079,344,608	933,504,825
Net deferred consideration receivable	5	41,694,785	66,256,472	63,360,661
Net servicing asset	5	-	441,761	-
Advance to a supplier	11	184,187,001	-	-
Due from related parties	11	14,697,479	9,890,922	19,372,293
Motor vehicles inventory		6,082,143	5,626,466	3,125,243
Equity investments at FVTOCI		892,850	892,850	892,850
Profit rate swap contract asset	8	4,906,529	6,655,089	11,355,660
Property and equipment		3,878,070	4,598,699	4,307,440
Right-of-use assets		1,201,119	1,321,487	-
Intangible assets		2,623,320	2,660,205	1,467,232
TOTAL ASSETS		1,408,770,895	1,423,523,493	1,302,505,336
LIABILITIES AND SHAREHOLDERS' EQUITY				
LIABILITIES				
Trade payables and other accruals	6	136,346,155	156,011,978	170,411,368
Due to related parties	11	-	16,592,642	19,728
Lease liabilities		1,092,890	1,188,645	-
Zakat payable	7	14,573,491	11,455,783	3,408,183
Net servicing liability	5	288,829	-	1,989,205
Bank overdraft		-	-	1,498,855
Loans	8	654,130,784	639,890,942	556,299,915
Employee termination benefits		5,812,843	4,998,597	4,496,116
TOTAL LIABILITIES		812,244,992	830,138,587	738,123,370
SHAREHOLDERS' EQUITY				
Share capital	9	500,000,000	500,000,000	500,000,000
Proposed capital	9	-	-	-
Statutory reserve		21,144,701	21,144,701	14,715,637
Retained earnings		70,474,673	65,585,116	38,310,669
Profit rate hedge reserve		4,906,529	6,655,089	11,355,660
TOTAL SHAREHOLDERS' EQUITY		596,525,903	593,384,906	564,381,966
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,408,770,895	1,423,523,493	1,302,505,336

The attached notes form an integral part of these interim condensed financial statements

TAAJEER FINANCE LEASE COMPANY

(A Saudi Closed Joint Stock Company)

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

	Note	<i>For the Three-month period ended 30 June</i>		<i>For the Six-month period ended 30 June</i>	
		<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
		<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Finance income		34,384,941	14,465,297	66,380,890	46,461,246
Finance costs		(12,438,102)	(6,268,957)	(24,457,363)	(18,288,218)
Net finance income		21,946,839	8,196,340	41,923,527	28,173,028
Net gain on securitization of receivables	5	-	15,443,144	-	15,443,144
Net change in deferred consideration receivables	5	4,139,600	3,670,609	5,858,313	5,389,322
Net change in net servicing asset/liability	5	2,018,494	5,063,636	4,104,075	7,149,217
Other operating income, net	10	10,912,949	9,005,303	27,665,565	25,757,919
Selling and marketing expenses		(3,486,889)	(5,208,162)	(8,610,832)	(10,332,105)
General and administrative expenses		(8,949,768)	(7,477,156)	(20,091,942)	(18,619,330)
Impairment charge on financing	5	(452,311)	(8,641,535)	(5,608,628)	(13,797,852)
Other operating expenses		(1,804,377)	(2,751,840)	(3,696,126)	(4,643,589)
Operating profit		24,324,537	17,300,339	41,543,952	34,519,754
Zakat	7	(2,546,239)	(2,665,465)	(4,154,395)	(4,273,621)
Profit for the period		21,778,298	14,634,874	37,389,557	30,246,133
Other Comprehensive Income (OCI) <i>Items that may be reclassified to profit or loss</i>					
Change in fair value of profit rate swap	8	(1,229,045)	(1,457,448)	(1,748,560)	(1,976,963)
Other comprehensive loss for the period		(1,229,045)	(1,457,448)	(1,748,560)	(1,976,963)
Total comprehensive income for the period		20,549,253	13,177,426	35,640,997	28,269,170
Earnings per share:					
Basic and diluted earnings per share	14	0.44	0.29	0.75	0.60
Weighted average number of Shares outstanding	14	50,000,000	50,000,000	50,000,000	50,000,000

The attached notes form an integral part of these interim condensed financial statements

TAAJEER FINANCE LEASE COMPANY

(A Saudi Closed Joint Stock Company)

**INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

	<i>Note</i>	<i>Share capital SR</i>	<i>Proposed capital SR</i>	<i>Statutory reserve SR</i>	<i>Retained earnings SR</i>	<i>Profit rate hedge reserve SR</i>	<i>Total SR</i>
For the six-month period ended 30 June 2024:							
Balance as at 1 January 2024		500,000,000	-	21,144,701	65,585,116	6,655,089	593,384,906
Profit for the period		-	-	-	37,389,557	-	37,389,557
Other comprehensive loss		-	-	-	-	(1,748,560)	(1,748,560)
Total comprehensive income for the period		-	-	-	37,389,557	(1,748,560)	35,640,997
Dividends declared during the period	15	-	-	-	(32,500,000)	-	(32,500,000)
As at 30 June 2024		500,000,000	-	21,144,701	70,474,673	4,906,529	596,525,903
For the six-month period ended 30 June 2023:							
Balance as at 1 January 2023		200,000,000	300,000,000	14,715,637	8,064,536	13,332,623	536,112,796
Profit for the period		-	-	-	30,246,133	-	30,246,133
Other comprehensive loss		-	-	-	-	(1,976,963)	(1,976,963)
Total comprehensive income for the period		-	-	-	30,246,133	(1,976,963)	28,269,170
Capital increase	9	300,000,000	(300,000,000)	-	-	-	-
As at 30 June 2023		500,000,000	-	14,715,637	38,310,669	11,355,660	564,381,966

The attached notes form an integral part of these interim condensed financial statements

TAAJEER FINANCE LEASE COMPANY

(A Saudi Closed Joint Stock Company)

**INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024**

	Note	<i>For the six-month period ended 30 June</i>	
		2024 SR	2023 SR
OPERATING ACTIVITIES			
Profit for the period		37,389,557	30,246,133
Adjustments for non-cash items:			
Zakat expense	7	4,154,395	4,273,621
Impairment charge on financing	5	5,608,628	13,797,852
Finance costs		24,457,363	18,288,218
Depreciation and amortization		1,556,599	1,584,298
Employee termination benefits incurred		945,111	1,049,825
Net gain on securitization of receivables	5	-	(15,443,144)
Net change in deferred consideration receivables		(5,858,313)	(5,389,322)
Net change in net servicing asset		(4,104,075)	(7,149,217)
		64,149,265	41,258,264
Changes in working capital:			
Prepayments and other receivables		(6,553,285)	(4,924,475)
Financing, net		36,798,589	31,551,294
Advance to a supplier		(184,187,001)	-
Due from related parties		(4,806,557)	1,587,437
Motor vehicles inventory		(455,677)	(1,801,895)
Trade payables and other accruals		(51,941,603)	(22,835,031)
Due to related parties		(16,592,642)	(1,297,229)
Cash (used in) / generated from operations		(163,588,911)	43,538,365
Zakat Paid		(1,036,687)	(9,847,511)
Finance cost paid		(24,681,583)	(20,634,329)
Employee termination benefits paid		(130,865)	(236,361)
Net cash flows (used in) / generated from operating activities		(189,438,046)	12,820,164
INVESTING ACTIVITIES			
Purchase of property and equipment		(669,472)	(872,625)
Purchase of Intangible assets		(105,000)	
Net cash flows used in investing activities		(774,472)	(872,625)
FINANCING ACTIVITIES			
Net change in bank overdraft		-	1,498,855
Proceeds from loans		167,154,628	115,000,000
Repayments of loans		(152,914,786)	(155,946,680)
Net cash flows generated from / (used in) financing activities		14,239,842	(39,447,825)
Net change in cash and cash equivalents		(175,972,676)	(27,500,286)
Cash and cash equivalents at the beginning of the period		241,629,091	271,696,737
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		65,656,415	244,196,451
NON-CASH TRANSACTIONS			
Change in fair value of profit rate swap	8	1,748,560	1,976,963
Dividends declared but not paid	15	32,500,000	-

The attached notes form an integral part of these interim condensed financial statements

TAAJEER FINANCE LEASE COMPANY

(A Saudi Closed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024

1 ORGANISATION AND ACTIVITIES

Taajeer Finance Lease Company (the "Company") is a Saudi Closed Joint Stock Company, registered in the Kingdom of Saudi Arabia under Commercial Registration number 4030289565 issued on 17 Sha'ban 1437H (corresponding to 24 May 2016).

The Company's head office is based in Jeddah. The principal activity of the Company is to engage in the following business activities in the Kingdom of Saudi Arabia:

- a) Small and Medium Enterprises (SME) Financing
- b) Finance Leasing
- c) Consumer Finance Murabaha
- d) Tawarroq Financing

On 29 Safar 1438H (corresponding to 29 November 2016), the Company received a license from the Saudi Central Bank (SAMA) to undertake both finance leasing and small and medium enterprises (SME) financing in the Kingdom of Saudi Arabia under license number 46/AU/201611.

On 13 Jumada I 1441H (corresponding to 8 January 2020), the Company obtained the approval from SAMA to add consumer financing murabaha as a new product for individuals.

On 3 Muharram 1444H (corresponding to 1 August 2022), the Company obtained the approval from SAMA to add Tawarroq as a new product.

The Company is a subsidiary of Al Ahdaf Al Mumaizah Company Limited (the "Parent Company"). The ultimate parent of the Company is Taajeer Group ("Ultimate Parent"). Saudi shareholders own the Company, the Parent and the Ultimate Parent of the Company.

As at 30 June 2024, the Company operates through 6 branches (31 December 2023: 6 branches). The accompanying interim condensed financial statements include the assets, liabilities and results of the Company and these branches as listed below:

CR number	Location
1010468134	Riyadh
4030293321	Jeddah
2252067592	Al Mubarraz
2050111740	Dammam
4031098948	Makkah
5850070587	Abha

2 BASIS OF PREPARATION

The interim condensed financial statements of the Company for the six-month period ended 30 June 2024 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34) as endorsed in the Kingdom of Saudi Arabia.

The interim condensed financial statements have been prepared on the historical cost convention using the accrual basis of accounting, except for financial instruments measured at fair value. The interim condensed financial statements are presented in Saudi Riyals which is also the functional currency of the Company and all values are rounded to the nearest Saudi Riyal (SR), except when otherwise indicated.

These interim condensed financial statements do not include all the information required for the annual financial statements.

The interim condensed financial statements may not be considered indicative of the expected results for the full year.

TAAJEER FINANCE LEASE COMPANY

(A Saudi Closed Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024****3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the Company's interim condensed financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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

4 CHANGES IN MATERIAL ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of the interim condensed financial statements for the period ended 30 June 2024 are consistent with those followed in the preparation of the Company's financial statements for the year ended 31 December 2023.

Some standards and amendments to the IFRS came into effect for annual periods on 1 January 2024. These standards and amendments did not result in any impact on the Company's interim condensed financial statements.

5 FINANCING, NET

	30 June 2024	<i>31 December 2023</i>	<i>30 June 2023</i>
	SR	<i>SR</i>	<i>SR</i>
Gross financing	1,468,721,029	1,473,746,905	1,322,580,447
Less: unearned finance income	(362,064,924)	(358,557,987)	(349,525,499)
	1,106,656,105	1,115,188,918	973,054,948
Less: allowance for expected credit losses	(34,464,049)	(35,844,310)	(39,550,123)
Financing, net	1,072,192,056	1,079,344,608	933,504,825

5.1 Movement in allowance for expected credit losses

	For the six- month period ended 30 June 2024	<i>For the year ended 31 December 2023</i>	<i>For the six-month period ended 30 June 2023</i>
	SR	<i>SR</i>	<i>SR</i>
At the beginning of the period / year	35,844,310	42,643,441	42,643,441
Write offs	(6,988,889)	(16,746,427)	(8,394,010)
Allowance related to derecognized receivables	-	(8,497,160)	(8,497,160)
Impairment during the period / year	5,608,628	18,444,456	13,797,852
	34,464,049	35,844,310	39,550,123

TAAJEER FINANCE LEASE COMPANY

(A Saudi Closed Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024**

5 FINANCING, NET (CONTINUED)

5.2 Ageing of gross financing receivables

	30 June 2024	<i>31 December 2023</i>	<i>30 June 2023</i>
	SR	<i>SR</i>	<i>SR</i>
Not due	1,432,443,620	1,427,982,189	1,289,335,995
1 - 3 months over due	15,862,187	23,745,366	7,497,954
4 - 6 months over due	6,756,117	6,883,020	5,935,562
7 - 12 months over due	3,671,803	6,828,427	11,622,739
Over 12 months over due	9,987,302	8,307,903	8,188,197
	<u>1,468,721,029</u>	<u>1,473,746,905</u>	<u>1,322,580,447</u>

5.3 Portfolio analysis

The Company finances the sale of assets to its customers through Ijarah, Murabaha and Tawarroq. Under Ijarah, the legal ownership of the financed asset is retained by the Company, under Murabaha legal ownership is transferred to the customer and under Tawarroq the process occurred among a tri-party agreement. The net financing portfolio of the Company as of 30 June 2024, 31 December 2023 and 30 June 2023 is as follows:

	30 June 2024			
	Gross financing	Unearned finance income	Allowance for expected credit loss	Financing, net
	SR	SR	SR	SR
Ijarah	1,420,360,756	(347,158,497)	(31,700,920)	1,041,501,339
Murabaha	11,943,065	(2,442,597)	(1,075,116)	8,425,352
Tawarroq	36,417,208	(12,463,830)	(1,688,013)	22,265,365
	<u>1,468,721,029</u>	<u>(362,064,924)</u>	<u>(34,464,049)</u>	<u>1,072,192,056</u>
	31 December 2023			
	Gross financing	Unearned finance income	Allowance for expected credit loss	Financing, net
	SR	SR	SR	SR
Ijarah	1,435,245,139	(349,539,400)	(33,224,651)	1,052,481,088
Murabaha	12,119,865	(1,246,672)	(1,401,372)	9,471,821
Tawarroq	26,381,901	(7,771,915)	(1,218,287)	17,391,699
	<u>1,473,746,905</u>	<u>(358,557,987)</u>	<u>(35,844,310)</u>	<u>1,079,344,608</u>
	30 June 2023			
	Gross financing	Unearned finance income	Allowance for expected credit loss	Financing, net
	SR	SR	SR	SR
Ijarah	1,298,563,691	(346,849,156)	(31,464,851)	920,249,684
Murabaha	24,016,756	(2,676,343)	(8,085,272)	13,255,141
	<u>1,322,580,447</u>	<u>(349,525,499)</u>	<u>(39,550,123)</u>	<u>933,504,825</u>

TAAJEER FINANCE LEASE COMPANY

(A Saudi Closed Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024****5 FINANCING, NET (CONTINUED)****5.4 Maturity analysis of financing is as follows:**

	30 June 2024			
	Within 1 year	Non-current		Total
	SR	1 to 3 years	Over 3 year	SR
	SR	SR	SR	SR
Gross financing	501,890,343	727,997,438	238,833,248	1,468,721,029
Less: unearned finance income	(149,395,154)	(185,310,923)	(27,358,847)	(362,064,924)
Financing, net	352,495,189	542,686,515	211,474,401	1,106,656,105

	31 December 2023			
	Within 1 year	Non-current		Total
	SR	1 to 3 years	Over 3 year	SR
	SR	SR	SR	SR
Gross financing	623,904,111	705,562,820	144,279,974	1,473,746,905
Less: unearned finance income	(141,569,460)	(200,546,425)	(16,442,102)	(358,557,987)
Financing, net	482,334,651	505,016,395	127,837,872	1,115,188,918

	30 June 2023			
	Within 1 year	Non-current		Total
	SR	1 to 3 years	Over 3 year	SR
	SR	SR	SR	SR
Gross financing	460,901,224	462,016,466	399,662,757	1,322,580,447
Less: unearned finance income	(121,804,863)	(187,835,850)	(39,884,786)	(349,525,499)
Financing, net	339,096,361	274,180,616	359,777,971	973,054,948

5.5 Securitized receivables

The Company has entered into purchase and service agreements (the 'Agreements') with local banks in respect of securitization of certain financing leases (the 'Receivables').

Under the terms of the purchase and service agreements, the Company first sells the eligible Receivables to banks and then manages them on behalf of the banks as an agent for a monthly fee as per the terms of the Agreements.

During the six-month period ended 30 June 2024, the Company sold SR Nil (30 June 2023: SR 98.8 million) of its Receivables and the total amount received from the banks in respect of such sale was SR Nil (30 June 2023: SR 90 million). Upon sale, the Company derecognises the receivables from its books and recognises the difference as either gain or loss on derecognition of receivables.

TAAJEER FINANCE LEASE COMPANY

(A Saudi Closed Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024****5 FINANCING, NET (CONTINUED)****5.5 Securitized receivables (Continued)**

The following are the significant terms of the Agreements:

- a) The agreements are supported by a "cash flow statement" which stipulates the principal amount and the monthly receivables falling due. Under the terms of the agreements, the Company, in the capacity of an agent, settles to the bank a monthly amount based on the cash flow statement. The amount of the next month's repayment is recognized as a liability and included in 'payable under purchase and agency agreement' (see note 6).
- b) A reserve is maintained, which is to be distributed at the end of the term of the agreement after deducting the actual defaults and discounts due to premature terminations. The balance in the reserve account after deducting the actual defaults and discounts shall be retained by the Company as deferred consideration on sale of receivables. Any shortfall in the reserve account is to be borne by the bank.

During the six-month period ended 30 June 2024, the Company recognized a net gain amounting to SR nil (30 June 2023: SR 15.4 million) on derecognition of receivables sold to the banks under the Agreement.

The present value of deferred consideration receivable is calculated by deducting the present value of expected defaults and discounts to be incurred over the life of the agreement from the present value of reserve amount to be received per the cash flow statement. This represents the net deferred consideration receivable by the Company under the Agreements calculated as follows:

	30 June 2024	<i>31 December 2023</i>	<i>30 June 2023</i>
	SR	<i>SR</i>	<i>SR</i>
Present value of deferred consideration receivable	53,675,427	82,304,552	80,275,894
Less: allowance for expected defaults	(11,980,642)	(16,048,080)	(16,915,233)
Net deferred consideration receivable	41,694,785	66,256,472	63,360,661

The Company's net servicing assets and related liabilities are calculated separately for each agreement by calculating the present value of servicing assets, as per the terms of the agreement and by estimating the present value of servicing liability and related provisions. The net amount is classified as a net servicing asset or a net servicing liability on the statement of interim condensed financial position. This has been presented as follows:

	30 June 2024	<i>31 December 2023</i>	<i>30 June 2023</i>
	SR	<i>SR</i>	<i>SR</i>
Present value of servicing asset	7,908,997	12,459,801	15,863,492
Less: Present value of servicing liability	(8,197,826)	(12,018,040)	(17,852,697)
Net servicing (liability) / asset	(288,829)	441,761	(1,989,205)

The present value of net deferred consideration receivable and the present value of net servicing liability is calculated by using a discount rate ranging from 4.50% to 7.58% (2023: 4.50% to 7.58%).

TAAJEER FINANCE LEASE COMPANY

(A Saudi Closed Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024****6 TRADE PAYABLES AND OTHER ACCRUALS**

	30 June 2024	<i>31 December 2023</i>	<i>30 June 2023</i>
	SR	<i>SR</i>	<i>SR</i>
Payable to suppliers of vehicles	80,688,552	126,713,781	71,577,874
Payable under purchase and agency agreements (note 5)	11,996,134	16,935,066	79,690,301
Accrued expenses	9,581,979	10,087,066	9,825,753
Advance from customers	-	-	2,795,917
Other payables	1,579,490	2,276,065	6,521,523
Dividends Payable	32,500,000	-	-
	136,346,155	156,011,978	170,411,368

7 ZAKAT PAYABLE**Basis for Zakat:**

The Company is subject to the Regulations of the Zakat, Tax and Customs Authority (ZATCA) in the Kingdom of Saudi Arabia.

Zakat charged to profit or loss:

	For the six- month period ended 30 June 2024	<i>For the year ended 31 December 2023</i>	<i>For the six-month period ended 30 June 2023</i>
	SR	<i>SR</i>	<i>SR</i>
Current zakat charges	4,154,395	11,499,575	3,451,975
Charge for prior periods	-	821,646	821,646
	4,154,395	12,321,221	4,273,621

The movement in the zakat payable is as follows:

	For the six- month period ended 30 June 2024	<i>For the year ended 31 December 2023</i>	<i>For the six-month period ended 30 June 2023</i>
	SR	<i>SR</i>	<i>SR</i>
At the beginning of the period / year	11,455,783	8,982,073	8,982,073
Charge for the period / year	4,154,395	12,321,221	4,273,621
Payments	(1,036,687)	(9,847,511)	(9,847,511)
	14,573,491	11,455,783	3,408,183

Status of certificates and assessments:

The Company finalized its zakat assessments with the Zakat, Tax and Customs Authority (ZATCA), for all years from inception up to 2018. The zakat returns for the years 2019 through 2023 have been submitted and have not yet been reviewed by ZATCA. The Company has a valid zakat certificate till 30 April 2025.

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024****8 LOANS**

Loans comprise the following:

	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>
	<i>2024</i>	<i>2023</i>	<i>2023</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>
Commercial loans (see note (a) below)	612,693,086	567,336,843	426,535,809
Governmental loans (see note (b) below)	28,635,500	39,150,455	67,764,106
Loans from other financial institution (see note (c) below)	12,802,198	33,403,644	62,000,000
	654,130,784	639,890,942	556,299,915

a) Commercial loans

Commercial loans were obtained from local financial institutions to finance working capital requirements. These loans carry commercial profit rate. The loans are guaranteed with corporate guarantees and assignment of financing. Commercial loans as at 30 June 2024 are presented net of a cash compensating balance of SR 19,873,544 (31 December 2023 : SR 19,810,445 and 30 June 2023 : SR 19,747,545).

b) Governmental loans

The Company has obtained loans at below-market interest rate from governmental bodies under a scheme to support small and medium sized entities. The Company recognized the loan initially at its fair value using a discount factor of 3.25% - 7.5% and recognized an unearned government grant being the difference between the amount received and the fair value of the loan. The Company earns the government grant on its utilization of funds obtained from the governmental bodies to finance small and medium sized entities on a pro-rata basis.

c) Loans from other financial institution

The Company has obtained loans from other financial institution to finance working capital requirements (note 11). The loans are guaranteed with corporate guarantee and assignment of financing (note 5).

Profit rate swap

The Company has entered into a profit rate swap (the "Contract") with local banks to manage exposure to profit rate fluctuations. The notional amount of the Contract as at 30 June 2024 is SR 146 million (31 December 2023: SR 193 million and 30 June 2023: SR 234 million).

The Company has accounted for the Contract as an effective cash flow hedge. Accordingly, the Company recorded the change in the fair value of the Contract through other comprehensive income.

9 SHARE CAPITAL

The capital of the Company as at 30 June 2024 comprised 50,000,000 shares (31 December 2023 and 30 June 2023: 50,000,000 shares) stated at SR 10 per share. The shareholders of the Company as at 30 June 2024, 31 December 2023 and 30 June 2023 and their respective shareholding is as follows:

	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>
	<i>2024</i>	<i>2023</i>	<i>2023</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>
Al Ahdaf Al Mumaizah Company	480,000,000	480,000,000	480,000,000
Taajeer Gulf Company	5,000,000	5,000,000	5,000,000
Taajeer Global Company	5,000,000	5,000,000	5,000,000
Taajeer International Company	5,000,000	5,000,000	5,000,000
Taajeer National Company for Auto Maintenance and Integrated Service Limited	5,000,000	5,000,000	5,000,000
	500,000,000	500,000,000	500,000,000

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(A Saudi Closed Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024****10 OTHER OPERATING INCOME, NET**

	<i>For the six-month period ended</i>	
	<i>30 June</i>	
	<i>2024</i>	<i>2023</i>
	<i>SR</i>	<i>SR</i>
Administrative fee income	5,016,209	1,764,306
Insurance reimbursed / (paid), net	2,671,603	6,216,492
Rebate on purchase of vehicles	8,507,995	12,672,573
Recoveries of amounts previously written off	4,883,550	-
Interest income on time deposit	5,489,204	4,310,020
Other	1,097,004	794,528
	27,665,565	25,757,919

11 RELATED PARTY DISCLOSURES

The following table provides details of the material transactions that have been entered into with related parties:

Related party	Nature of transaction	<i>For the six-month period ended</i>	
		<i>30 June</i>	
		<i>2024</i>	<i>2023</i>
		<i>SR</i>	<i>SR</i>
Ultimate Parent			
Taajeer Group	Recharging IPO costs	3,828,677	3,967,449
Shareholders			
Taajeer International Company*	Purchase of Vehicles	26,251,072	45,587,326
Taajeer National Company	Vehicle maintenance	69,089	-
Sister company			
Awaed Arabia Company	Debt collection Service	55,027	-
Other			
Alawal Capital Company	Loans obtained	10,000,000	70,000,000
	Loans paid	30,601,447	1,480,319

Advance to a supplier comprise the following:

	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>
	<i>2024</i>	<i>2023</i>	<i>2023</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>
Taajeer International Company*	184,187,001	-	-

* On 11 June 2024, The Company signed a memorandum of understanding with Taajeer International Company (a Shareholder and a Sister Company) whereby the Company paid an advance of SR 200 million in return for the right to purchase vehicles with a special discount.

Due from related parties comprise the following:

	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>
	<i>2024</i>	<i>2023</i>	<i>2023</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>
Taajeer Group	13,502,970	9,890,922	3,967,449
Taajeer National Company	1,194,509	-	-
Taajeer International Company	-	-	15,404,844
	14,697,479	9,890,922	19,372,293

TAAJEER FINANCE LEASE COMPANY

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024****11 RELATED PARTY DISCLOSURES (CONTINUED)**

Due to related parties comprise the following:

	<i>30 June 2024</i>	<i>31 December 2023</i>	<i>30 June 2023</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>
Taajeer International	-	15,085,341	-
Taajeer National Company	-	1,507,301	19,728
	<u>-</u>	<u>16,592,642</u>	<u>19,728</u>

Loans from a related party comprise the following:

	<i>30 June 2024</i>	<i>31 December 2023</i>	<i>30 June 2023</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>
Al Awwal Capital (see note (a) below)	12,802,198	33,403,644	62,000,000

a) The loans from a related party is presented under loans (see note 8).

Compensation of key management personnel of the Company

	<i>For the six-month period ended 30 June</i>	
	<i>2024</i>	<i>2023</i>
	<i>SR</i>	<i>SR</i>
Short term employee benefits	4,337,274	3,446,414
Termination benefits	-	1,377,913
Total compensation of key management personnel	4,337,274	4,824,327

During the six-month period ended 30 June 2024, the Company paid SR 1,525,000 as remuneration to its directors (30 June 2023 SR 1,475,000).

12 COMMITMENTS AND CONTINGENCIES

As at 30 June 2024, the Company had no contingent liabilities and commitments (31 December 2023 and 30 June 2023 :Nil).

13 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial assets consist of cash and bank balances, financing, equity investment at FVTOCI, net deferred consideration receivable, due from related parties and other receivables. Its financial liabilities consist of due to related parties, trade payables, loans and payables under purchase and agency agreement.

The fair values of the financial instruments are not materially different from their carrying amounts except for financing.

14 EARNINGS PER SHARE

The basic and diluted earnings per share from net profit is calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

There was no dilutive component affecting the weighted average number of ordinary shares.

15 DIVIDENDS

On 9 June 2024, the General Assembly approved dividends distribution of SR 32,500,000 for the shareholders.

16 DATE OF AUTHORIZATION

These interim condensed financial statements were authorized for issue by the Company's Board of Directors on 22 Muharram 1446H corresponding to 28 July 2024.