

**sahb FINANCE COMPANY**  
**(A Saudi Closed Joint Stock Company)**

**INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2025  
AND INDEPENDENT AUDITOR'S REVIEW REPORT**

**sahb FINANCE COMPANY**  
**(A SAUDI CLOSED JOINT STOCK COMPANY)**

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PERIOD ENDED JUNE 30, 2025**

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الدكتور محمد العمري وشركاه

Dr. Mohamed Al-Amri & Co.

Head office: Moon Tower - 8 Floor

P.O. Box 8736, Riyadh 11492

Unified Number : 92 002 4254

Fax : +966 11 278 2883

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

**To the shareholders of  
sahb Finance Company  
(A Saudi Closed Joint Stock Company)  
Riyadh – KSA**

### **Introduction**

We have reviewed the accompanying interim condensed statement of financial position of **sahb Finance Company** (A Saudi Closed Joint Stock Company) (the “Company”) as of June 30, 2025, and the related interim condensed statement of comprehensive income for the three-month and six-month periods then ended, and the 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 presentation of these interim condensed financial statements in accordance with International Accounting Standards 34 – “Interim Financial Reporting” (IAS 34) that is 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 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 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**

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 that is endorsed in the Kingdom of Saudi Arabia.

**For Dr. Mohamed Al-Amri & Co.**

**Gihad Al-Amri**  
Certified Public Accountant  
License Number 362

Date: 02 Safar 1447 (H)  
Corresponding to: 27 July 2025 (G)



**sahb FINANCE COMPANY**  
**(A SAUDI CLOSED JOINT STOCK COMPANY)**

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITON (UNAUDITED)**

**As at JUNE 30, 2025**

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

		<b>June 30, 2025</b>	December 31, 2024
	<b>Notes</b>	<b>Unaudited</b>	Audited Restated Note 21
<b>Assets</b>			
Cash and cash equivalent	5	<b>48,757,260</b>	27,779,787
Murabaha receivables	6	<b>82,190,009</b>	171,760,682
Ijara receivables	7	<b>12,410,302</b>	41,262,656
Prepayments and other receivables	8	<b>740,242</b>	479,578
Assets held for sale	9	<b>152,288,674</b>	49,433,797
Investment properties	11	<b>101,043,120</b>	101,572,490
Property and equipment		<b>3,935,779</b>	3,929,116
Intangible Assets		<b>421,875</b>	281,250
Equity investment at FVTOCI	10	<b>892,850</b>	892,850
<b>Total assets</b>		<b>402,680,111</b>	397,392,206
<b>Liabilities and shareholders' equity</b>			
<b>Liabilities</b>			
Accounts payable, accruals and others		<b>6,297,288</b>	7,906,382
Provision for employees' end of service benefits		<b>1,373,254</b>	1,227,443
Provision for Zakat	12	<b>2,138,138</b>	3,617,323
<b>Total liabilities</b>		<b>9,808,680</b>	12,751,148
<b>Equity</b>			
Share capital	13	<b>311,392,870</b>	311,392,870
Statutory reserve		<b>32,655,477</b>	32,655,477
Consensual reserve		<b>3,000,000</b>	3,000,000
Actuarial gain on employees' defined benefit obligations		<b>554,398</b>	554,398
Retained earnings		<b>45,268,686</b>	37,038,313
<b>Total equity</b>		<b>392,871,431</b>	384,641,058
<b>Total liabilities and shareholders' equity</b>		<b>402,680,111</b>	397,392,206

The accompanying notes (1) through (24) form an integral part of these interim condensed financial statements

**sahb FINANCE COMPANY**  
**(A SAUDI CLOSED JOINT STOCK COMPANY)**

**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME**

**For the three-month and six-month periods ended JUNE 30, 2025**

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

		For the three-month period ended June 30, 2025		For the six-month period ended June 30, 2025	
		June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
	Notes	Unaudited	Unaudited	Unaudited	Unaudited
<b>Income</b>					
Income from Murabaha contracts		2,471,936	1,058,402	5,088,076	1,083,402
<b>NET INCOME FROM MURABAHA</b>		2,471,936	1,058,402	5,088,076	1,083,402
Finance income		388,331	255,334	676,810	1,353,992
		2,860,267	1,313,736	5,764,886	2,437,394
<b>Operating expenses</b>					
General and administration expenses	16	(6,484,084)	3,768,237	(13,257,309)	(2,223,222)
Reversal of provision / (Provision) for expected credit losses		671,022	(954,107)	2,643,673	8,551,677
Fair value amortization	14	772,824	845,545	1,563,346	1,710,091
Fair value gain for investment property		-	-	-	1,346,681
Other income	15	3,588,029	-	13,653,915	188,123
		(1,452,209)	3,659,675	4,603,625	9,573,350
<b>Net profit before zakat for the period</b>		1,408,058	4,973,411	10,368,511	12,010,744
Zakat	12	(290,361)	(1,181,502)	(2,138,138)	(2,487,562)
<b>Net profit for the period</b>		1,117,697	3,791,909	8,230,373	9,523,182
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified to profit or loss in subsequent periods</i>					
Re-measurement gain on employees' defined benefit liabilities		-	-	-	-
<b>Total comprehensive income for the period</b>		1,117,697	3,791,909	8,230,373	9,523,182

The accompanying notes (1) through (24) form an integral part of these interim condensed financial statements.

**sahb FINANCE COMPANY**  
**(A SAUDI CLOSED JOINT STOCK COMPANY)**

**INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

**For the six-month period ended JUNE 30, 2025**

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

	Share capital	Statutory reserve	Consensual reserve	Retained earnings	Actuarial gain on employees' defined benefit obligations	Total
Balance at January 1, 2025 (Audited)	311,392,870	32,655,477	3,000,000	37,038,313	554,398	384,641,058
Net profit for the period	-	-	-	8,230,373	-	8,230,373
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	8,230,373	-	8,230,373
Balance as at June 30, 2025 (Unaudited)	311,392,870	32,655,477	3,000,000	45,268,686	554,398	392,871,431
Balance at January 1, 2024 (Audited)	311,392,870	31,416,509	3,000,000	25,887,600	498,172	372,195,151
Net profit for the period	-	-	-	9,523,182	-	9,523,182
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	9,523,182	-	9,523,182
Balance as at June 30, 2024 (Unaudited)	311,392,870	31,416,509	3,000,000	35,410,782	498,172	381,718,333

The accompanying notes (1) through (24) form an integral part of these interim condensed financial statements.

**sahb FINANCE COMPANY**  
**(A SAUDI CLOSED JOINT STOCK COMPANY)**

**INTERIM CONDENSED STATEMENT OF CASH FLOWS**

**For the six-month period ended JUNE 30, 2025**

(All amounts in Saudi Riyals (ﷻ) unless otherwise stated)

	<b>June 30, 2025 Unaudited</b>	<b>June 30, 2024 Unaudited</b>
<b>Cash flows from operating activities</b>		
Profit before zakat	<b>10,368,511</b>	12,010,744
<i>Adjustments for non-cash items</i>		
Depreciation	<b>615,644</b>	609,091
Provision for employees' end of service benefits	<b>187,320</b>	176,577
Reversal of provision for credit losses	<b>(2,643,673)</b>	(8,551,677)
Fair value gain for investment property	-	(1,346,681)
Fair value amortization	<b>(1,563,346)</b>	(1,710,091)
	<b>6,964,456</b>	1,187,963
<i>Changes in operating assets and liabilities</i>		
Murabaha receivables	<b>19,772,442</b>	(29,048,683)
Ijara receivables	<b>2,731</b>	-
Prepayments and other receivables	<b>(260,664)</b>	15,251,445
Accounts payable, accruals and others	<b>(1,609,097)</b>	(12,853,198)
Employees' end of service benefits paid	<b>(41,509)</b>	(212,051)
Zakat payment	<b>(3,617,323)</b>	(6,979,916)
Net cash generated from / (used in) operating activities	<b>21,211,036</b>	(32,654,440)
<b>Cash flows from investing activities</b>		
Additions to property and equipment	<b>(92,938)</b>	(127,166)
Capital work in Progress	<b>(140,625)</b>	(560,361)
Addition to investment property	-	(693,123)
Net cash used in investing activities	<b>(233,563)</b>	(1,380,650)
<b>Net increase / (decrease) in cash and cash equivalent</b>	<b>20,977,473</b>	(34,035,090)
Cash and cash equivalent at beginning of the period	<b>27,779,787</b>	87,925,566
<b>Cash and cash equivalent at end of the period</b>	<b>48,757,260</b>	53,890,476
<b>Non-cash transactions</b>		
Transfer from Murabah and Ijara receivables to assets held for sale	<b>102,854,877</b>	-
Addition to investment property (note 11.1.1)	-	13,158,247

The accompanying notes (1) through (24) form an integral part of these interim condensed financial statements.

**sahb FINANCE COMPANY**  
**(A SAUDI CLOSED JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2025**

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

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**1 ORGANIZATION AND ACTIVITIES**

sahb Finance Company (the “Company”) is a Saudi closed joint stock company, registered in Riyadh, Kingdom of Saudi Arabia. The Company obtained a license number 201411/S A/23 dated 9 Muharram 1436H (corresponding to November 2, 2014) from the Saudi Central Bank (SAMA). The Company is registered under commercial registration number 1010265551 dated 9 Rabie Al Thani 1430H (corresponding to April 5, 2009). The unified number of the Company as per commercial registration certificate is 7001586903.

The objectives of the Company are to provide financing to small and medium companies, financing production assets and providing finance leases.

The Company’s renewed the Saudi Central Bank (SAMA) license in September 3, 2023 for a period of five years, to perform financing activities in the Kingdom of Saudi Arabia.

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

sahb Finance Company  
Abi Tahir Al Dhahabi street  
Al Mutamarat, P.O. Box 64124, Riyadh 11536  
Kingdom of Saudi Arabia

The results for the six-months period ended June 30, 2025, are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2025.

**2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE**

**2.1 Statement of compliance**

These interim condensed financial statements of the Company as at and for the period June 30, 2025, have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34) that is endorsed in the Kingdom of Saudi Arabia.

The interim-condensed statement of financial position is presented in descending order of liquidity, as this presentation is more appropriate to the Company’s operations.

These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s annual financial statements for the year ended December 31, 2024.

**2.2 Basis of measurement**

These interim condensed financial statements are prepared on a going concern basis under the historical cost convention, except for investment at fair value through other comprehensive income (“FVOCI”), which is measured at fair value, and the provision for employees’ end of service benefits which are recognized at the present value of future obligations using the projected unit credit method.

**2.3 Functional and presentational currency**

These interim condensed financial statements have been presented in Saudi Riyals (ﷲ), which is also the functional and presentation currency of the Company, except as otherwise indicated.



**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2025**

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

**3 MATERIAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of interim condensed 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 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 applied to the annual financial statements as at and for the year ended December 31, 2024.

**4 MATERIAL ACCOUNTING POLICIES**

The accounting policies used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2024

**4.1 Impact of changes in accounting policies due to adoption of new standards**

There are new standards and number of amendments to standards which are effective from 1 January 2025 and have been explained in the Company's annual financial statements, but they do not have a material effect on the company's condensed interim financial statements.

**5 CASH AND CASH EQUIVQLENT**

	<b>June 30, 2025</b>	<b>December 31, 2024</b>
	<b>Unaudited</b>	<b>Audited</b>
Cash in hand	<b>30,000</b>	30,000
Cash at banks	<b>8,727,260</b>	27,749,787
Term Deposits	<b>40,000,000</b>	-
	<b>48,757,260</b>	27,779,787

**6 MURABAHA RECEIVABLES**

**6.1 Reconciliation between gross to net receivables:**

	<b>June 30, 2025</b>	<b>December 31, 2024</b>
	<b>Unaudited</b>	<b>Audited</b>
Gross Murabaha receivables	<b>184,464,678</b>	234,874,650
Less: Unearned income	<b>(9,562,210)</b>	(10,473,353)
Murabaha receivables, net	<b>174,902,468</b>	224,401,297
Transfer to assets held for sale (Notes 6.1.1 and 9)	<b>(88,002,945)</b>	(29,732,439)
	<b>86,899,523</b>	194,668,858
Less: Provision for credit losses	<b>(4,709,514)</b>	(16,152,604)
Less: Fair value losses	-	(6,755,572)
Murabaha receivables	<b>82,190,009</b>	171,760,682

**sahb FINANCE COMPANY**  
**(A SAUDI CLOSED JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2025**

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

**6 MURABAHA RECEIVABLES (CONTINUED)**

**6.1.1** During the period, the Company obtained court orders to sell collateralized real estate properties related to Murabaha receivables' balance of ﷲ 88 million (2024: ﷲ 29.7 million), and related provision for credit loss of ﷲ 8.8 million (2024: ﷲ 3 million). Refer note 9.1.

**6.2 The movement in provision for credit losses is as follows:**

	<b>June 30, 2025 Unaudited</b>	December 31, 2024 Audited Restated note 21
Opening balance	<b>16,152,604</b>	42,383,968
Reversal for the period / year	<b>(2,636,295)</b>	(20,386,852)
Written off during the period / year	-	(2,871,268)
Transfer to assets held for sale (Notes 6.1.1 and 9)	<b>(8,806,795)</b>	(2,973,244)
Ending balance	<b>4,709,514</b>	16,152,604

**7 IJARA RECEIVABLES**

	<b>June 30, 2025 Unaudited</b>	December 31, 2024 Audited Restated note 21
<b>7.1 Reconciliation between gross to net receivables:</b>		
Gross Ijara receivables	<b>50,356,219</b>	75,552,946
Less: Unearned income	-	-
	<b>50,356,219</b>	75,552,946
Transfer to assets held for sale (Notes 7.1.1 and 9)	<b>(36,566,994)</b>	(25,194,002)
	<b>13,789,225</b>	50,358,944
Less: Provision for expected credit losses	<b>(1,378,923)</b>	(5,035,895)
	<b>12,410,302</b>	45,323,049
Less: Fair value losses	-	(4,060,393)
Ijara receivables	<b>12,410,302</b>	41,262,656

**7.1.1** During the period, the Company obtained court orders to sell collateralized real estate properties related to Ijara receivables' balance of ﷲ 36.6 million (2024: ﷲ 25.2 million), and related provision for credit loss of ﷲ 3.7 million (2024: ﷲ 2.5 million). Refer note 9.2.

**sahb FINANCE COMPANY**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2025**

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

**7. IJARA RECEIVABLES(CONTINUED)**

<b>7.2 Movement in provision for expected credit losses is as follows:</b>	<b>June 30, 2025 Unaudited</b>	<b>December 31, 2024 Audited Restated note 21</b>
Opening balance	<b>5,035,895</b>	8,716,714
(Reversal) / charge for the period / year	<b>(273)</b>	653,827
Written off during the period / year	-	(1,815,246)
Transfer to assets held for sale (Notes 7.1.1 and 9)	<b>(3,656,699)</b>	(2,519,400)
Ending balance	<b>1,378,923</b>	5,035,895

**8. PREPAYMENTS AND OTHER RECEIVABLES**

	<b>Notes</b>	<b>June 30, 2025 Unaudited</b>	<b>December 31, 2024 Audited</b>
Receivable from sale of an investment property	8.1	<b>38,385,684</b>	38,385,684
Provision for expected credit losses		<b>(38,385,684)</b>	(38,385,684)
Net receivable from sale of investment property		-	-
Receivable from former employee for transfer of title deeds	8.2	<b>51,500,012</b>	51,500,012
Provision for expected credit losses		<b>(51,500,012)</b>	(51,500,012)
Net receivable from former employee		-	-
Prepaid expenses (non-financial asset)		<b>740,242</b>	462,723
Other receivables		<b>1,017,724</b>	1,034,579
Provision for expected credit losses		<b>(1,017,724)</b>	(1,017,724)
		-	16,855
		<b>740,242</b>	479,578

8.1 The receivable from sale of investment property has been fully provided for in prior years, based on management assessment of its recoverability.

8.2 This represents the amount transferred to the former employee to comply with the requirements in relation to transfer of properties in the name of the Company which were previously registered in his name. The amount is still outstanding till the approval of these interim condensed financial statements; therefore, a full provision was recognised for this non-performing receivable. (Refer to note 19.4)

**sahb FINANCE COMPANY**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2025**

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

**9. ASSET HELD FOR SALE**

In the ordinary course of business, the Company obtains real estates as collateral against the Murabaha and Ijara receivables. Such real estates are considered as assets held for sale when acquired as a result of court orders against Murabaha and Ijara receivables. Its initially stated at the lower of net realisable value of due Murabaha and Ijara receivables and the current fair value of the related real estate, less any costs to sell (if material). No depreciation is charged on such real estate.

	<b>June 30, 2025</b>	December 31, 2024
	<b>Unaudited</b>	Audited
		Restated note 21
Transfer from Murabaha receivables (note 9.1)	<b>100,177,281</b>	26,759,195
Transfer from Ijara receivables (note 9.2)	<b>52,111,393</b>	22,674,602
	<b>152,288,674</b>	49,433,797

**9.1 Reconciliation of Murabaha receivables:**

	<b>June 30, 2025</b>	December 31, 2024
	<b>Unaudited</b>	Audited
		Restated note 21
Gross Murabaha receivables	<b>117,729,331</b>	29,732,439
Less: Provision for credit losses	<b>(11,772,933)</b>	(2,973,244)
Less: Fair value losses	<b>(5,779,117)</b>	-
Murabaha receivables	<b>100,177,281</b>	26,759,195

The Murabaha receivables include an amount of ﷲ 26.1 million, secured by properties registered under the name of Company.

**9.2 Reconciliation of Ijara receivables:**

	<b>June 30, 2025</b>	December 31, 2024
	<b>Unaudited</b>	Audited
		Restated note 21
Gross Ijara receivables	<b>61,760,994</b>	25,194,002
Less: Provision for credit losses	<b>(6,176,100)</b>	(2,519,400)
Less: Fair value losses	<b>(3,473,501)</b>	-
Ijara receivables	<b>52,111,393</b>	22,674,602

The Ijara receivables include an amount of ﷲ 17.3 million, secured by properties registered under the name of Company.

**sahb FINANCE COMPANY**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2025**

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

**10. EQUITY INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

On 14 December 2017, the Company made an investment amounting to ﷲ 892,850 for 89,285 shares at ﷲ 10 each which represents 2.326% (It was 2.38% at the time of investment) shareholding in Saudi Company for Registration of Financial Leasing Contracts ("Registration Company"), registered in the Kingdom of Saudi Arabia. The Registration Company has been formed for registration of contracts relating to financial leases, amendments, registration and transfer of title deeds of the assets under the finance leases. The investment is not held for trading and the Company has decided to irrevocably classify it as equity investment at FVOCI. Moreover, as at June 30, 2025 and December 31, 2024, the investment was classified under level 3 of fair value hierarchy.

**11. INVESTMENT PROPERTIES**

**11.1 Cost and accumulated depreciation movement during the period is as follows:**

<b>2025</b>	<b>Lands</b>	<b>Buildings</b>	<b>Total</b>
<b>Cost:</b>			
<b>As at January 1, 2025</b>	<b>140,034,226</b>	<b>26,687,756</b>	<b>166,721,982</b>
<b>At June 30, 2025</b>	<b>140,034,226</b>	<b>26,687,756</b>	<b>166,721,982</b>

**Accumulated Depreciation/impairment:**

<b>As at January 1, 2025</b>	<b>59,545,077</b>	<b>5,604,415</b>	<b>65,149,492</b>
Depreciation charge for the period	-	<b>529,370</b>	<b>529,370</b>
<b>At June 30, 2025</b>	<b>59,545,077</b>	<b>6,133,785</b>	<b>65,678,862</b>

**Net book value:**

<b>At June 30, 2025 (Unaudited)</b>	<b>80,489,149</b>	<b>20,553,971</b>	<b>101,043,120</b>
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<b>2024</b>	<b>Land</b>	<b>Building</b>	<b>Total</b>
<b>As at January 1, 2024</b>	<b>124,471,675</b>	<b>26,687,756</b>	<b>151,159,431</b>
<b>Additions (11.1.1)</b>	<b>15,562,551</b>	<b>-</b>	<b>15,562,551</b>
<b>At December 31, 2024</b>	<b>140,034,226</b>	<b>26,687,756</b>	<b>166,721,982</b>

**Accumulated Depreciation/impairment:**

<b>As at January 1</b>	<b>58,894,716</b>	<b>4,536,912</b>	<b>63,431,628</b>
Depreciation charge for the year	-	<b>1,067,503</b>	<b>1,067,503</b>
Impairment loss	<b>650,361</b>	<b>-</b>	<b>650,361</b>
<b>At December 31, 2024</b>	<b>59,545,077</b>	<b>5,604,415</b>	<b>65,149,492</b>

**Net book value:**

<b>At December 31, 2024 (Audited)</b>	<b>80,489,149</b>	<b>21,083,341</b>	<b>101,572,490</b>
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**sahb FINANCE COMPANY**  
**(A SAUDI CLOSED JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2025**

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

**11. INVESTMENT PROPERTIES (CONTINUED)**

**11.1.1** The addition during the FY 2024 represents the fair value of an investment property acquired by the company as a result of a debt settlement agreement with a customer. The customer's receivable balance settled in respect of such agreement amounted to 13.16 million ﷲ; in addition, the company incurred 1.057 million ﷲ of real estate transaction tax to transfer the title deed to the company's name. The legal formalities to transfer the title deed has been completed during the FY 2024. The said investment property was held as a collateral for such customer's receivable balance and underwent a fair value evaluation by an independent and qualified evaluator at December 31, 2023 of 15.2 million ﷲ. Accordingly, the company recognised a fair value gain for investment property of 1.3 million ﷲ follows:

	<b>June 30, 2025 Unaudited</b>	December 31, 2024 Audited
<b>Investment property (Additions)</b>		
Customer's account receivable balance	-	13,158,247
Fair value gain on investment	-	1,346,681
	-	14,504,928
Additional cost (Tax on property)	-	1,057,623
<b>Total additions</b>	-	15,562,551

	<b>June 30, 2025 Unaudited</b>	December 31, 2024 Audited
<b>11.2 Reconciliation between gross to net investment property:</b>		
Cost of investment properties	<b>166,721,982</b>	166,721,982
Less: accumulated depreciation	<b>(6,133,785)</b>	(5,604,415)
Less: impairment provision	<b>(59,545,077)</b>	(59,545,077)
<b>Investment properties, net value</b>	<b>101,043,120</b>	101,572,490

Investment properties consist of freehold lands and buildings located in Saudi Arabia. Below are the details of the cost of investment properties and fair values as at the reporting date:

<b>June 30, 2025</b>	<b>Type of property</b>		<b>Accumulated depreciation/ impairment (Unaudited)</b>	<b>Net book value (Unaudited)</b>	<b>Fair value (Unaudited)</b>
<b>Location</b>	<b>Land (Unaudited)</b>	<b>Building (Unaudited)</b>			
<b>Riyadh (note 11.3)</b>	<b>57,410,668</b>	-	<b>(57,410,668)</b>	-	<b>745,742,958</b>
<b>Al Khobar</b>	<b>7,707,600</b>	-	-	<b>7,707,600</b>	<b>12,160,000</b>
<b>Yanbu</b>	<b>36,039,413</b>	-	-	<b>36,039,413</b>	<b>65,297,023</b>
<b>Al Khobar</b>	<b>4,362,240</b>	<b>22,367,940</b>	<b>(5,738,983)</b>	<b>20,991,197</b>	<b>21,434,880</b>
<b>Al Khobar</b>	<b>2,370,548</b>	<b>4,319,816</b>	<b>(1,045,163)</b>	<b>5,645,201</b>	<b>7,212,966</b>
<b>Al Khobar</b>	<b>6,356,658</b>	-	-	<b>6,356,658</b>	<b>6,356,658</b>
<b>Jizan</b>	<b>10,589,048</b>	-	<b>(1,484,048)</b>	<b>9,105,000</b>	<b>25,294,152</b>
<b>Makkah</b>	<b>15,198,051</b>	-	-	<b>15,198,051</b>	<b>15,658,598</b>
	<b>140,034,226</b>	<b>26,687,756</b>	<b>(65,678,862)</b>	<b>101,043,120</b>	<b>899,157,235</b>

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2025**

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

**11. INVESTMENT PROPERTIES (CONTINUED)**

December 31, 2024	Type of property		Accumulated depreciation/ impairment (Audited)	Net book value (Audited)	Fair value (Audited)
Location	Land (Audited)	Building (Audited)			
Riyadh (note 11.3)	57,410,668	-	(57,410,668)	-	745,742,958
Al Khobar	7,707,600	-	-	7,707,600	12,160,000
Yanbu	36,039,413	-	-	36,039,413	65,297,023
Al Khobar	4,362,240	22,367,940	(5,295,300)	21,434,880	21,434,880
Al Khobar	2,370,548	4,319,816	(959,476)	5,730,888	7,212,966
Al Khobar	6,356,658	-	-	6,356,658	6,356,658
Jizan	10,589,048	-	(1,484,048)	9,105,000	25,294,152
Makkah	15,198,051	-	-	15,198,051	15,658,598
	<u>140,034,226</u>	<u>26,687,756</u>	<u>(65,149,492)</u>	<u>101,572,490</u>	<u>899,157,235</u>

**11.3** This investment property was registered under the name of a holding senior management position, ("the former employee") and a full impairment loss has been recognized for this property.

**11.4** The Company engaged an external, independent and qualified evaluator to determine the fair value of its investment properties at the end of the financial year ended at December 31, 2024. The evaluator engaged by the Company specialises in the valuation of transferable and non-transferable assets, including commercial valuation, industrial, real estate, intellectual property, trade names, and equipment. The evaluator used 'market approach' for the valuation of properties as at December 31, 2024. The valuations have been performed by Maayear Valuation Company (license number 1210000154).

**12. PROVISION FOR ZAKAT**

**12.1 Movement in zakat provision during the period / year was as follows:**

	<b>June 30, 2025</b>	December 31, 2024
	<b>Unaudited</b>	Audited
As at January 1	<b>3,617,323</b>	5,493,314
Charge for the period / year	<b>2,138,138</b>	5,103,924
Zakat payments during the period/ year	<b>(3,617,323)</b>	(6,979,916)
Net zakat payable	<b>2,138,138</b>	3,617,322

**12.2 Status of assessment**

The Company has filed Zakat returns with the Zakat, Tax and Customs Authority ("ZATCA") for all years up to and including the year ended December 31, 2024.

Zakat and tax assessments have been finalized up to the year ended December 31, 2021.

The Company received the final zakat certificates for the years up to December 31, 2024, valid till April 30, 2026.

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2025**

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

**13. SHARE CAPITAL**

The shareholding position as at June 30, 2025 and December 31, 2024 is as follows:

	Percentage of shares	Number of shares	Share Capital
Al Rayan Bank– Qatar	48.76%	15,182,133	151,821,330
Saudi Higher Education Fund	20.22%	6,297,055	62,970,550
Mohammed Al Rumaizan & Sons Investment	10%	3,113,929	31,139,290
Saleh Bin AbdulAziz Bin Rashed Al Rumaizan	10%	3,113,929	31,139,290
Ahmed Bin Rashid Abdullah Al-Ameer	4.5%	1,401,268	14,012,680
Hassan Bin Musa Yousef	4.5%	1,401,268	14,012,680
Mohammed Bin Hamad Bin Abdullah Al Hammad	2.02%	629,705	6,297,050
	100%	31,139,287	311,392,870

**14. FAIR VALUE AMORTIZATION**

Fair value amortization represents unwinding of fair valuation loss arising from rescheduling of loans.

**15. OTHER INCOME**

	June 30, 2025 Unaudited	June 30, 2024 Unaudited
Recovery from written-off contracts	13,653,915	188,123
	13,653,915	188,123

15.1 This amount represents the collection of previously written off Murabaha receivables.

**16. GENERAL AND ADMINISTRATION EXPENSES**

	For the three- Months period ended		For the six- Months period ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Salaries and other employee's benefits	3,540,422	2,657,202	6,874,589	5,589,239
Board and committee's remuneration	743,250	550,000	1,486,500	1,000,000
Premises related expense	313,918	231,687	581,706	463,375
Consultancy and professional fees	167,177	314,381	734,951	763,173
Legal Fee	406,939	260,334	855,224	946,911
Depreciation	310,748	304,999	615,644	609,091
Insurance expense	183,505	170,265	314,265	316,336
Cyber Security and related charges	25,000	61,503	93,259	135,779
Unclaimable value added tax	148,354	359,184	551,975	661,478
Other expenses	644,771	506,944	1,499,196	922,576
Reversal of contingent legal expense	-	(9,184,736)	(350,000)	(9,184,736)
	6,484,084	(3,768,237)	13,257,309	2,223,222



**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2025**

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

**17. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES**

The related parties of the Company include the shareholders, their affiliated entities and certain key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

In the ordinary course of its activities, the Company transacts business with related parties on mutually agreed terms. The following are the details of major related party transactions/balances during the period:

Related party	Nature of transactions	The three-month period ended		The six-month period ended	
		June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
		Unaudited	Unaudited	Unaudited	Unaudited
Key management personnel	Compensation to key management personnel	932,739	773,307	2,489,184	2,137,315
Key management personnel	Retirement benefits expenses	98,760	83,699	204,372	164,033

All transactions with related parties are on normal commercial terms. None of the balances is secured.

The Company has fully provided for the amount receivable from former employee in respect of transfer of properties amounting to ﷲ 51.5 million (refer note 8.2).

There are certain properties in the name of the former employee. For details, please refer note 19.4

**18. 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 by the Company.

Financial instruments comprise of financial assets and financial liabilities. Financial assets consist of cash and bank balances, Murabaha and Ijara receivables, margin deposits and accounts and other receivables. Financial liabilities consist of accrued expenses and accounts and other payables. All financial liabilities are carried at amortised cost.

***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.

Management has classified all the financial assets and financial liabilities within level 2 of fair value hierarchy other than Murabaha and Ijara receivables, Equity investment at fair value through other comprehensive income which is classified within level 3. For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The fair values of the financial assets and liabilities of the Company at the reporting date are not materially different from their carrying values.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2025**

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

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**19. RISK MANAGEMENT**

The Company's activities expose it to a variety of financial risks: credit risk, market risk (including special commission rate risks, interest rate risk, price risk and currency risk), legal risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's interim condensed financial statements. Risk management is carried out by senior management. The most important risks and their management are summarized below:

**19.1 Risk management structure**

**Board of Directors**

The Board of Directors are responsible for establishing the Company's policies, including risk management framework, and to review the performance of the Company to ensure compliance with these policies.

**Credit and risk management committee**

The credit and risk management committee are appointed by the Board of Directors. The credit and risk management committee assists the Board in reviewing overall risks which the Company might face, evaluate and review operational and non-operational risks and decide on mitigating factors related therewith.

**Audit committee**

The audit committee is appointed by the Board of Directors. The audit committee assists the Board in carrying out its responsibilities with respect to assessing the quality and integrity of financial reporting, the audit thereof and the soundness of the internal controls of the Company.

**19.2 Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk on cash and bank balances, Ijara receivables, Murabaha financing receivables, employees' receivables and other receivables. The Company has established procedures to manage credit exposure including, credit approvals, credit limits, collateral and guarantee requirements. These procedures are based on the Company's internal guidelines.

Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular segment of customers.

The Company manages concentration of credit risk exposure through diversification of activities and sale of future net investment in finance lease receivables to different banks through purchase and agency agreements. However, the Company mitigates its credit risk through evaluation of credit worthiness internally and by obtaining promissory notes and by retaining the title of the asset leased out. An allowance for doubtful finance lease and Murabaha financing receivable is maintained at a level which, in the judgement of management, is adequate to provide for impairment losses on delinquent receivables.

All Ijara and Murabaha receivables are secured mainly through promissory notes and by retaining the title of the assets leased out and generate a fixed rate of commission for each contract. The title of the assets under Ijara agreements is held in the name of the Company as collateral to be repossessed, in case of default by the customer.

The carrying amount of financial assets recorded in the interim condensed financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2025**

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

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**19. RISK MANAGEMENT (CONTINUED)**

**19.3 Market Risk**

**19.3.1 Special commission rate risk**

Special commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market special commission rates. The Company is not subject to any special commission rate risk on its Murabaha and Ijara receivables and term loans as the receivables are priced by the Company at fixed rates and the term loans obtained by the Company also carry special commission at fixed rates. All other assets and liabilities of the Company are non-special commission bearing.

The Company manages exposure to the effects of various risks associated with fluctuations in the prevailing levels of special market commission rates on its interim condensed financial position and interim condensed cash flows. The Company is exposed to special commission rate risk as a result of mismatches or gaps in the amounts of assets and liabilities that mature in a given period. The Company manages this risk through diversification of funding resources.

**19.3.2 Interest rate risk**

The interest rate risk is the uncertainty of future earnings resulting from fluctuations in interest rates. The risk arises when there is a mismatch in the assets and liabilities which are subject to interest rate adjustment within a specified period. The Company's management has analyzed that as at statement of financial position date, the Company's activities are not subject to interest rate risk as the interest rates are fixed at the inception of the financing facilities.

**19.3.3 Price risk**

The Price risk is the risk that the value of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Company is not materially exposed to price risk as it does not have any significant financial instrument whose prices fluctuate based on internal or external factors as mentioned above.

**19.3.4 Currency risk**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company is not subject to fluctuations in foreign exchange rates in the normal course of its business as all contracts are denominated in Saudi Riyals (ﷲ). There are some expenses incurred in foreign currencies, but these expenses are settled when incurred. Since the Company does not have any significant foreign currency denominated monetary assets and liabilities, management believes that the Company is not exposed to any significant foreign currency risk.

**19.4 Legal risk**

The title deeds of certain investment properties and collateralized real estate properties against Ijara and Murabaha contracts were registered in the name of the former employee in his capacity as a nominee to the Company.

The Company filed legal cases against the former employee to transfer the ownership of the properties (i.e., investment properties and other collateralized properties) to the Company's name and to collect the outstanding receivable amounts from former employee. (Refer note 8.2 & 11.3).

As of December 31, 2024, the latest fair value of the collateralized properties associated with Ijara and Murabaha contracts, which are held in the name of the former employee, amounts to ﷲ 39.8 million.

During the period, one of the properties previously held as collateral under the name of the former employee and valued at ﷲ 20 million based on the most recent fair value assessment, was transferred back to the company's customer. This transaction occurred in conjunction with the settlement of the related Murabaha receivable based on a signed agreement.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2025**

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

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**19. RISK MANAGEMENT (CONTINUED)**

**19.5 Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Company monitors and manages the liquidity structure of its assets and liabilities to ensure that cash flows are sufficiently balanced and that sufficient liquid funds are maintained to meet liquidity requirements.

**20. CONTINGENCIES AND COMMITMENTS**

**Contingencies**

The Company has no contingent assets or liabilities as at June 30, 2025 and December 31, 2024.

**Commitments**

The Company has no outstanding commitments as at June 30, 2025 and (December 31, 2024 Nil).

**21. PRIOR YEAR ADJUSTEMENT**

During 2025, the management identified certain Murabaha and Ijara receivables' balances that meet the definition of assets held for sale.

The following table summarizes the impact of the reclassification on the statement of financial position as at 31 December 2024:

	<b>As issued before</b>	<b>Reclassification</b>	<b>As restated</b>
Murabaha receivables	198,519,877	(26,759,195)	171,760,682
Ijara receivables	63,937,258	(22,674,602)	41,262,656
Assets held for sale	-	49,433,797	49,433,797

The impact of such adjustment as at 1 January 2024 is ﷲ 24.5 million and 18.3 million to be reclassified from Murabaha receivables and Ijara receivables to the assets held for sale; respectively.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2025**

(All amounts in Saudi Riyals (ﷲ) unless otherwise stated)

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**22. CAPITAL RISK MANAGEMENT**

The primary objectives of the Company's capital management are to safeguard its ability to continue as a going concern, maintain healthy capital ratios in order to support its business and to provide an optimal return to its shareholders.

The Company manages its capital structure and makes adjustments to it in light of the changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the number of dividends paid to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the period/year ended June 30, 2025 and December 31, 2024.

The Company monitors the aggregate amount of financing offered by the Company on the basis of the regulatory requirements of Company's law and SAMA. SAMA requires Finance Companies engaged in financing other than real estate, to maintain aggregate financing to capital ratio of three times.

	<b>June 30, 2025 Unaudited</b>	<b>December 31, 2024</b>
Aggregate financing to capital ratio (Net Ijara plus Murabaha financing receivables before provision divided by total equity)	<b>0.6 times</b>	0.66 times

**23. SUBSEQUENT EVENTS**

There have been no significant subsequent events since the period-end that require disclosure or adjustment in these financial statements.

**24. APPROVAL OF THE FINANCIAL STATEMENTS**

The interim condensed financial statements have been approved by the Board of Directors on 24 July 2025 (corresponding to 29 Muharram 1447).

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