

**GULF LIFTING FINANCIAL LEASING COMPANY**  
(CLOSED JOINT STOCK COMPANY)

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**WITH**  
**INDEPENDENT AUDITOR'S REVIEW REPORT**  
**FOR THE THREE MONTHS PERIOD ENDED**  
**31 MARCH 2023**

**GULF LIFTING FINANCIAL LEASING COMPANY**  
**(CLOSED JOINT STOCK COMPANY)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**

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## KPMG Professional Services

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Kingdom of Saudi Arabia  
Commercial Registration No 2051062328

## كي بي إم جي للاستشارات المهنية

الطابق ١٦، برج البرغش  
٦١٨٩ طريق الأمير تركي، الكورنيش  
ص.ب ٤٨٠٣  
الخبر ٣٤٤١٢ - ٣١٤٦  
المملكة العربية السعودية  
سجل تجاري رقم ٢٠٥١٠٦٢٣٢٨

Headquarters in Riyadh

المركز الرئيسي في الرياض

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

To the Shareholders of Gulf Lifting Financial Leasing Company

## Introduction

We have reviewed the accompanying 31 March 2023 condensed interim financial statements of Gulf Lifting Financial Leasing Company ("the Company"), which comprises:

- the condensed statement of financial position as at 31 March 2023;
- the condensed statements of profit or loss and other comprehensive income for the three-months period ended 31 March 2023;
- the condensed statement of changes in shareholders' equity for the three-months period ended 31 March 2023;
- the condensed statement of cash flows for the three-months period ended 31 March 2023; and
- the notes to the condensed interim financial statements.

Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

## Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2023 condensed interim financial statements of Gulf Lifting Financial Leasing Company are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in Kingdom of Saudi Arabia

## KPMG Professional Services



**Abdulaziz Abdullah Alnaim**

License No: 394

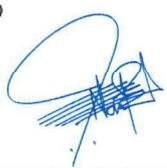
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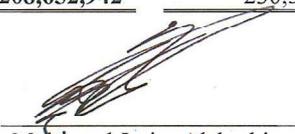
Corresponding to: 18 April 2023G

**GULF LIFTING FINANCIAL LEASING COMPANY**  
**(CLOSED JOINT STOCK COMPANY)**  
**CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2023**  
(Expressed in Saudi Riyals)

	Notes	31 March 2023 (Unaudited)	31 December 2022 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Net investment in finance leases	3	73,007,326	63,681,962
Investment		892,850	892,850
Intangible assets	4	316,406	337,500
Property and equipment		517,965	538,884
<b>Total non-current assets</b>		<b>74,734,547</b>	<b>65,451,196</b>
<b>Current assets</b>			
Current portion of net investment in finance leases	3	63,451,067	56,303,484
Prepayments and other current assets	5	5,391,643	2,656,531
Cash and cash equivalents	6	65,075,685	106,111,321
<b>Total current assets</b>		<b>133,918,395</b>	<b>165,071,336</b>
<b>TOTAL ASSETS</b>		<b>208,652,942</b>	<b>230,522,532</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	8	165,800,000	165,800,000
Statutory reserve		31,228	31,228
Retained earnings		766,975	222,454
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>166,598,203</b>	<b>166,053,682</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Employees' end of service benefits		305,771	252,479
<b>Total non-current liabilities</b>		<b>305,771</b>	<b>252,479</b>
<b>Current liabilities</b>			
Trade payables		3,903,896	3,892,442
Accrued expenses and other liabilities		1,063,075	1,652,072
Provision for Zakat	9	3,178,632	3,006,171
Deposits from Saudi Central Bank (SAMA)	12.1	33,026,348	40,487,357
Advance from customers		577,017	139,351
Due to a related party	7	-	15,038,978
<b>Total current liabilities</b>		<b>41,748,968</b>	<b>64,216,371</b>
<b>TOTAL LIABILITIES</b>		<b>42,054,739</b>	<b>64,468,850</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>208,652,942</b>	<b>230,522,532</b>

  
Dr. Faisal Khalid Kanoo  
Chairman

  
Nair Bayan Alsulami  
Chief Executive Officer

  
Mohamed Jasim Alebrahim  
Chief Financial Officer

The accompanying notes from 1 to 15 appearing on pages 5 to 12 form an integral part of these condensed interim financial statements.

**GULF LIFTING FINANCIAL LEASING COMPANY**  
(CLOSED JOINT STOCK COMPANY)  
**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**  
(Expressed in Saudi Riyals)

	For the three months period ended 31 March 2023 (Unaudited)	For the three months period ended 31 March 2022 (Unaudited)
<b>INCOME</b>		
<b>Income from operations</b>		
Finance lease income	4,183,929	3,299,050
<b>Income from other activities</b>		
Other income	1,004,001	202,593
<b>Total income</b>	<b>5,187,930</b>	<b>3,501,643</b>
<b>EXPENSES</b>		
Loss on account of participation to SAMA deferred payment program (note 12.2)	(406,225)	(1,612,852)
Salaries and other employee related expenses	(2,874,655)	(1,679,686)
Legal and professional charges	(361,103)	(522,885)
Rent and related expenses	(124,510)	(107,975)
Provision for expected credit loss	(119,332)	-
Depreciation	(49,948)	(31,544)
Amortization (note 4)	(21,094)	-
Other general and administrative expenses (note 13)	(324,226)	(239,053)
Insurance expense	(189,855)	(170,447)
<b>Total expenses</b>	<b>(4,470,948)</b>	<b>(4,364,442)</b>
<b>Profit / (loss) before Zakat</b>	<b>716,982</b>	<b>(862,799)</b>
Zakat expense (note 9)	(172,461)	(96,008)
<b>Profit / (loss) for the period</b>	<b>544,521</b>	<b>(958,807)</b>
<b>Other comprehensive income</b>		
<i>Items that will not be reclassified to profit or loss:</i>		
Re-measurement gain on defined benefit plans	-	-
<b>Other comprehensive income for the period</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income / (loss) for the period</b>	<b>544,521</b>	<b>(958,807)</b>
<b>Earnings / (loss) per share – basic and diluted</b>	<b>0.03</b>	<b>(0.06)</b>

The accompanying notes from 1 to 15 appearing on pages 5 to 12 form an integral part of these condensed interim financial statements.

**GULF LIFTING FINANCIAL LEASING COMPANY**  
**(CLOSED JOINT STOCK COMPANY)**  
**CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**  
(Expressed in Saudi Riyals)

	Share capital	Statutory reserve	Retained earnings / accumulated losses	Total
Balance at 1 January 2022	165,800,000	-	(58,630)	165,741,370
Loss for the period	-	-	(958,807)	(958,807)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(958,807)	(958,807)
Balance at 31 March 2022	165,800,000	-	(1,017,437)	164,782,563
<b>Balance at 1 January 2023</b>	<b>165,800,000</b>	<b>31,228</b>	<b>222,454</b>	<b>166,053,682</b>
<b>Income for the period</b>	<b>-</b>	<b>-</b>	<b>544,521</b>	<b>544,521</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>544,521</b>	<b>544,521</b>
<b>Balance at 31 March 2023</b>	<b>165,800,000</b>	<b>31,228</b>	<b>766,975</b>	<b>166,598,203</b>

The accompanying notes from 1 to 15 appearing on pages 5 to 12 form an integral part of these condensed interim financial statements.

**GULF LIFTING FINANCIAL LEASING COMPANY**  
**(CLOSED JOINT STOCK COMPANY)**  
**CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**  
(Expressed in Saudi Riyals)

	<b>Notes</b>	<b>For the three months period ended 31 March 2023 (Unaudited)</b>	<b>For the three months period ended 31 March 2022 (Unaudited)</b>
<b>Cash flows from operating activities</b>			
Profit / (loss) before Zakat		716,982	(862,799)
<i>Adjustments for:</i>			
- Depreciation		49,948	31,544
- Loss on account modification of lease contracts payment terms	12.1		1,551,597
- Unwinding of initial gain accounted on interest free SAMA deposits, net	12.1	406,225	61,255
- Provision for expected credit loss		119,332	-
- Employees' end of service benefits		65,382	58,773
- Amortization	4	21,094	-
<i>Changes in:</i>			
- Net investment in finance lease		(16,592,279)	1,622,295
- Prepayments and other current receivables		(2,735,112)	(456,367)
- Due to a related party		(15,038,978)	(34,270)
- Trade payables		11,454	64,172
- Advance from customers		437,666	(490,484)
- Accrued expenses and other current liabilities		(588,997)	175,029
<b>Cash (used in) / generated from operating activities</b>		<b>(33,127,283)</b>	<b>1,720,745</b>
Employees' end of service benefits paid		(12,090)	(4,000)
<b>Net cash (used in) / generated from operating activities</b>		<b>(33,139,373)</b>	<b>1,716,745</b>
<b>Cash flows from investing activities</b>			
Acquisition of property and equipment		(29,029)	(99,301)
<b>Net cash used in investing activities</b>		<b>(29,029)</b>	<b>(99,301)</b>
<b>Cash flows from financing activities</b>			
Deposits received from SAMA	12.1	-	8,142,038
Repayment of deposits to SAMA	12.1	(7,867,234)	-
<b>Net cash (used in) / from investing activities</b>		<b>(7,867,234)</b>	<b>8,142,038</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(41,035,636)</b>	<b>9,759,482</b>
Cash and cash equivalents at beginning of the period		106,111,321	100,516,853
<b>Cash and cash equivalent at end of the period</b>	6	<b>65,075,685</b>	<b>110,276,335</b>

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**GULF LIFTING FINANCIAL LEASING COMPANY**  
(CLOSED JOINT STOCK COMPANY)  
**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**  
(Expressed in Saudi Riyals)

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**1. CORPORATE INFORMATION**

Gulf Lifting Financial Leasing Company (“the Company”) previously known as “Gulf Lifting Rental Company” is a Saudi Closed Joint Stock Company established under the Regulations for Companies in the Kingdom of Saudi Arabia. The Company is registered in Dammam under commercial registration number 2050030896 dated 19 Shaban, 1416H corresponding to 10 January 1996G and operating under company license number 47/A Sh/201708 dated 14 Dhul Qa’dah 1438H corresponding to 6 August 2017G issued by Saudi Central Bank (“SAMA”).

The Company is engaged in the finance leasing business. The Company is effectively a wholly owned subsidiary of Yusuf Bin Ahmed Kanoo Company Limited.

In 2013, a new Finance Lease Law was enacted in the Kingdom of Saudi Arabia, whereby, only licensed companies are allowed to conduct finance lease business in the Kingdom of Saudi Arabia. Accordingly, the shareholders of the Company (i) filed application with relevant authorities to secure license to conduct finance lease business; (ii) increased the capital of the Company from SR 40 million to SR 100 million as required by the law; and (iii) resolved to transfer all the business activities and related assets and liabilities at carrying amount of operating lease business to a shareholder effective from 1 January 2013. During 2016, the Company received initial approval of the acceptance of application from the Saudi Central Bank (formerly Saudi Arabian Monetary Authority) (SAMA).

During 2016, the shareholders of the Company resolved to change the name of the Company from Gulf Lifting Rental Company to Gulf Lifting Financial Leasing Company. Further, the Company was converted from Limited Liability Company into a Closed Joint Stock Company in accordance with Ministerial Resolution number 287/Q dated 27 Dhul Qa’dah 1437H, corresponding to 30 August 2016. The legal formalities associated with the change in name and legal status of the Company were completed during 2016.

In view of the change in legal status, the shareholders also resolved to (i) convert statutory reserve and retained earnings to additional equity contribution at 30 August 2016 amounting to SR 90.65 million and (ii) transfer the assets, liabilities and activities of the Company to Closed Joint Stock Company.

The Company has received license from SAMA for practice of finance lease business in Kingdom of Saudi Arabia on 14 Dhul Qa’dah 1438H corresponding 6 August 2017G. The Company’s license has been renewed by SAMA for further 5 years period with expiry date of 12 Dhul Qa’dah 1448H, corresponding to 19 April 2027.

During 2021, the Company has increased its share capital from SR 100 million to SR 165.8 million.

**2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES**

**2.1 Statement of compliance**

These condensed interim financial statements (“Interim Financial Statements”) have been prepared in accordance with IAS 34 “Interim Financial Reporting” that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (“SOCPA”), and should be read in conjunction with the Company’s last annual financial statements as at and for the year ended 31 December 2022 (“Last Annual Financial Statements”). They do not include all of the information required for a complete set of IFRS financial statements. However, changes in accounting policies and selected explanatory notes (if any) are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the last annual financial statements.

**2.2 Basis of preparation**

These condensed interim financial statements have been prepared on a historical cost basis, using going concern assumption, except for investment which is measured at fair value and employees’ end of service benefits which is measured at projected unit credit method.

**2.3 Functional and presentation currency**

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These condensed interim financial statements are presented in Saudi Riyals (SR) which is the Company’s functional and presentation currency. All financial information presented in Saudi Riyals has been rounded to the nearest Riyal, unless otherwise stated.

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(CLOSED JOINT STOCK COMPANY)  
**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**  
(Expressed in Saudi Riyals)

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**2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Continued)**

**2.4 Significant accounting judgments, estimates and assumptions**

In preparing these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2022.

**2.5 Standards, new pronouncements and interpretations:**

**a) New and revised standards with no material effect on the condensed financial statements.**

The following new or revised standards adopted during the period which did not have significant impact on the condensed interim financial statements.:

- IFRS 17 insurance contracts (Amendments to IFRS 17);
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimate (Amendments to IAS 8);
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes;
- Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendments to IFRS 17)

The application of the revised IFRSs did not have any material impact on the amounts reported for current and prior periods.

**b) New and revised standards issued but not yet effective.**

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's condensed interim financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The Company's management decided not to choose the early adoption of the following new and amended standards and interpretations issued which will become effective for the periods commencing on or after 1 January 2024:

- Classification of liabilities as current or non-current (Amendments to IAS 1), effective for annual periods beginning on or after 1 January 2024.
- Lease liabilities in a Sale and Leaseback (Amendments to IFRS 16), effective for annual periods beginning on or after 1 January 2024.
- Non-current Liabilities with Covenants (Amendments to IAS 1), effective for annual periods beginning on or after 1 January 2024.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) with effective annual period beginning on or after 1 January 2024.

The above-mentioned standards are not expected to have a significant impact on the Company's interim financial statements.

**2.6 Accounting policies**

The accounting policies used in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2022.

A number of other new standards and interpretations as mentioned in note 2.5 (a) are effective from 1 January 2023 but they do not have a material effect on the Company's financial statements.

**GULF LIFTING FINANCIAL LEASING COMPANY**  
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**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**  
**(Expressed in Saudi Riyals)**

**3. NET INVESTMENT IN FINANCE LEASES**

	<b>31 March 2023</b> <b>(Unaudited)</b>	31 December 2022 <b>(Audited)</b>
Gross investment in finance lease	<b>163,217,291</b>	144,044,207
Less: Unearned lease finance income	<b>(24,437,865)</b>	(21,857,060)
<b>Net investment in finance leases</b>	<b>138,779,426</b>	122,187,147
Impairment of finance lease receivable	<b>(2,321,033)</b>	(2,201,701)
	<b>136,458,393</b>	119,985,446
Current maturity	<b>(63,451,067)</b>	(56,303,484)
Non-Current maturity	<b>73,007,326</b>	63,681,962

**3.1** The movement in the impairment of finance lease receivable was as follows:

	<b>31 March 2023</b> <b>(Unaudited)</b>	31 December 2022 <b>(Audited)</b>
Balance at the beginning of the period / year	<b>2,201,701</b>	3,902,201
Provision for expected credit loss	<b>119,332</b>	-
Reversal of expected credit loss	-	(1,700,500)
Balance at the end of the period / year	<b>2,321,033</b>	2,201,701

**3.2** The maturity of the gross investment in finance leases as at 31 March 2023 is as follows:

	<b>Gross investment in finance leases</b> <b>(Unaudited)</b>	<b>Unearned lease finance income</b> <b>(Unaudited)</b>	<b>Net investment in finance leases</b> <b>(Unaudited)</b>
Not later than one year	<b>76,759,067</b>	<b>13,307,999</b>	<b>63,451,068</b>
One to two years	<b>49,628,707</b>	<b>7,344,577</b>	<b>42,284,130</b>
Two to three years	<b>27,117,455</b>	<b>3,084,052</b>	<b>24,033,403</b>
Three to four years	<b>9,277,025</b>	<b>684,059</b>	<b>8,592,966</b>
Four to five years	<b>435,037</b>	<b>17,178</b>	<b>417,859</b>
	<b>163,217,291</b>	<b>24,437,865</b>	<b>138,779,426</b>

The maturity of the gross investment in finance leases as at 31 December 2022 is as follows:

	<b>Gross investment in finance leases</b> <b>(Audited)</b>	<b>Unearned lease finance income</b> <b>(Audited)</b>	<b>Net investment in finance leases</b> <b>(Audited)</b>
Not later than one year	67,798,719	11,495,235	56,303,484
One to two years	40,060,390	6,395,158	33,665,232
Two to three years	24,199,208	2,965,059	21,234,149
Three to four years	11,367,480	970,228	10,397,252
Four to five years	618,410	31,380	587,030
	144,044,207	21,857,060	122,187,147

**4. INTANGIBLE ASSETS**

Intangible assets represent licenses for computer software and asset under development for ERP software implementation expenses. There is no addition in intangible assets for the three months period ended 31 March 2023 (three months period ended 31 March 2022: Nil). Amortization charge for the three months period ended 31 March 2023 amounted to SR 21,094 (three months period ended 31 March 2022: SR Nil).

**GULF LIFTING FINANCIAL LEASING COMPANY**  
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**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**  
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**5. PREPAYMENTS AND OTHER RECEIVABLES**

	<b>31 March 2023</b> <b>(Unaudited)</b>	31 December 2022 <b>(Audited)</b>
Prepaid expenses	1,663,816	378,349
Accrued interest on short term deposits	273,367	267,110
VAT receivable	1,600,537	1,400,352
Advance to suppliers	1,758,515	-
Others	95,408	610,720
	<b>5,391,643</b>	<b>2,656,531</b>

**6. CASH AND CASH EQUIVALENTS:**

	<b>31 March 2023</b> <b>(Unaudited)</b>	31 December 2022 <b>(Audited)</b>
Bank balances	23,075,685	34,111,321
Short term deposits	42,000,000	72,000,000
	<b>65,075,685</b>	<b>106,111,321</b>

Short term bank deposits are denominated in Saudi Riyals with a local bank and are made for varying periods from 1 month to 3 month and carry interest rates ranging from 4.9% to 5.1% per annum. (31 December 2022: 0.6% to 4.55%).

**7. RELATED PARTIES TRANSACTIONS AND BALANCES**

Related parties represent shareholders, directors and key management personal of the Company, and entities controlled or significantly influenced by such parties.

Amount due from/to related parties are disclosed in the statement of financial position.

Transactions with related parties mainly include collections on behalf of the Company, certain expenses and services which are undertaken at mutually agreed terms and conditions. These transactions are approved by management of the following entities and Board of Directors of the Company.

**Transactions with related parties:**

<b>Relationship</b>	<b>For the three months period ended 31 March 2023 (Unaudited)</b>	<b>For the three months period ended 31 March 2022 (Unaudited)</b>
<b>Yusuf Bin Ahmed Kanoo Company Limited</b>		
Shareholder		
Expenses paid on behalf of the Company	-	1,863
Payments made to the related party	15,038,978	36,133

Key management personnel compensation comprised of the following transactions:

	<b>For the three months period ended 31 March 2023 (Unaudited)</b>	<b>For the three months period ended 31 March 2022 (Unaudited)</b>
<b><u>Transactions:</u></b>		
Compensation of key management personnel	637,875	498,000
Remuneration of board and related committees	145,000	52,770
	<b>782,875</b>	<b>550,770</b>

Employees' end of service benefits includes an amount pertaining to key management personnel

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(Expressed in Saudi Riyals)

**7. RELATED PARTIES TRANSACTIONS AND BALANCES (Continued)**

The above-mentioned significant transactions with related parties resulted in the following balances:

**Due to related parties:**

	<b>31 March 2023</b>	31 December 2022
	<b>(Unaudited)</b>	(Audited)
Yusuf Bin Ahmed Kanoo Company Limited	-	15,038,978

**8. SHARE CAPITAL**

The pattern of shareholding as of 31 March 2023 and 31 December 2022 is as follows:

	<b>Percentage of ownership</b>	<b>Number of Shares</b>	<b>Amount SR</b>
Yusuf Bin Ahmed Kanoo Company Limited	94	15,585,200	155,852,000
Ali Abdulla Kanoo	1	165,800	1,658,000
Ali Abdulaziz Kanoo	1	165,800	1,658,000
Saud Abdulaziz Kanoo	1	165,800	1,658,000
Bader Abdulaziz Kanoo	1	165,800	1,658,000
Faisal Khalid Kanoo	1	165,800	1,658,000
Ahmed Fawzi Kanoo	1	165,800	1,658,000
	<b>100</b>	<b>16,580,000</b>	<b>165,800,000</b>

**9. ZAKAT**

**a) Zakat charge for the period:**

The Company is subject to Zakat in accordance with the regulations of the General Authority for Zakat, Tax, and Customs Authority ("ZATCA"). Zakat expense is charged to the statement of profit or loss and other comprehensive income.

Zakat charge for the three months period ended 31 March comprises of the following:

	<b>31 March 2023</b>	31 March 2022
	<b>(Unaudited)</b>	(Unaudited)
Zakat charge for the period	172,461	96,008

**b) Provision for Zakat:**

Movements in provision for Zakat for three months period ended 31 March and for the year ended 31 December are as follows:

	<b>For the three months period ended 31 March 2023 (Unaudited)</b>	<b>For the three months period ended 31 March 2022 (Unaudited)</b>	<b>For the year ended 31 December 2022 (Audited)</b>
Balance at beginning of the period/year	3,006,171	1,176,429	1,176,429
Charge for the year	172,461	96,008	498,607
Prior year assessment	-	-	1,607,005
Payments during the period/year	-	-	(275,870)
Balance at end of the period/year	<b>3,178,632</b>	<b>1,272,437</b>	<b>3,006,171</b>

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**9. ZAKAT (Continued)**

**c) Zakat assessment status:**

The Company has submitted its Zakat declarations with ZATCA for the year up to 2022. The Company has obtained its Zakat certificate for the year ended 31 December 2022, which is valid up to 30 April 2024. The ZATCA issued a Zakat assessment for the year 2016 through a letter dated 11 March 2019 (ref: 026000039227) with an additional liability of Zakat amounting to SR 1,607,005. The Company filed an objection letter against the ZATCA's assessment for the year 2016 on 6 May 2019 and received a rejection letter on 16 September 2019. Pursuant to the receipt of the rejection letter on 14 October 2019, the Company filed an appeal against the rejection to the General Secretariat of Tax Committees - Committee for Resolution of Tax Violations and Disputes and received a rejection ruling on 30 August 2020. Pursuant to the receipt of the rejection on 29 September 2020, the Company filed an appeal to the General Secretariat of Tax Committees - Appellate Committee for Tax Violations and Disputes Resolution (ACTVDR) who issued a ruling on 13 July 2021 rejecting the Company's appeal. The Company submitted a reconsideration request against the rejection to the ACTVDR on 10 August 2021. On 31 October 2022 the First Appeal Chamber has issued order against the Company. Accordingly, the management has recorded provision amounting to SR 1.6 million (2021: Nil) in these financial statements. In the current Q1, the Company has filed an appeal at General Secretariat of Zakat, Tax and Customs Committees for which the response is still awaited.

**10. FINANCIAL INSTRUMENTS**

The Company's principal financial assets include cash and cash equivalents, finance lease receivable and certain other receivables and equity investment. The Company's principal financial liabilities comprise trade payables, other payables and due to a related party. The main purpose of these financial liabilities is to finance the Company's operations.

**Fair value hierarchy**

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

All financial assets and financial liabilities are measured at amortized cost except for equity investment which is classified under FVOCI. As at reporting date, the fair values of all financial assets and financial liabilities measured at amortized cost approximates their carrying values.

**11. CONTINGENCIES AND COMMITMENTS**

The Company has no commitments and contingent liabilities as at 31 March 2023 (31 December 2022: Nil).

**12. COVID-19 IMPACT AND RESPONSE**

The global economy is recovering faster than it was expected at the beginning of the year, and the number of people vaccinated against COVID-19 is increasing. In addition, protective measures and contact restrictions are relaxed. However, uncertainties remain with the prospect of further COVID outbreaks as a result of new variants, for instance.

In response to the spread of the Covid-19 and its resulting potential disruptions to the social and economic activities in Saudi Arabia, management had proactively assessed its impacts on its operations and took a series of preventive measures, including the creation of on-going crisis management teams and processes, to ensure the health and safety of its employees, customers and the wider community as well as to ensure the continuity its services. Further, management has implemented active prevention programs and contingency plans in order to minimize the impact of risks related to COVID-19 and to safeguard the continuity of its business operations.

Based on this assessment, no significant adjustments were required in the financial statements for the quarter ended 31 March 2023.

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**12. COVID-19 IMPACT AND RESPONSE (Continued)**

The COVID-19 pandemic remains an evolving situation, which may lead to increased risks concerning value creation and asset valuation, such as potential impairment of non-current assets and lease receivables. The uncertainties in the economy may adversely impact suppliers, customers, and other business partners, which may interrupt supply chain, limit the ability to collect receivables and require other changes to operations. Management will continue to closely monitor the effects of the pandemic, including the impact on non-current assets and lease receivables during 2022 and beyond.

**SAMA programs**

In response to COVID-19 SAMA launched the *Private Sector Financing Support Program* (“PSFSP”) in March 2020 to provide the necessary support to the SME sector through empowering and facilitating the financing community. The PSFSP mainly encompasses the following programs:

- Deferred payments program;
- Funding for lending program;
- Loan guarantee program; and
- Point of sale (“POS”) and e-commerce service fee support program.

As part of the deferred payments program, the Company was required to defer payments on lease contracts to the customers that qualify as SMEs. SAMA introduced the program for an initial period of six months from 14 April 2020 and then later extended until 31 December 2021. The payment reliefs are considered as short-term liquidity support to address the borrower’s potential cash flow issues. Based on this program, the Company has effected the payment reliefs by deferring the instalments falling due within the period from 14 March 2020 to 31 December 2021. During December 2021, SAMA has further extended the program for a period up to 31 March 2022 for MSME customers who continued to financially affected with the COVID-19.

As per the requirements of IFRS 9, the Company has recorded the accounting impact for lease contract modification related to deferred payment program for period up to 31 March 2021 in its 2020 annual financial statements. During March 2021, the SAMA announced extension of the deferred payment program for a period up to 30 June 2021, the program is extended until 31 December 2021 in the month of September 2021, and the program is further extended until 31 March 2022 accordingly, the impact of such extension has been incorporated in these financial statements.

In order to compensate loss on account of deferred lease payments, the Company received profit free deposit from SAMA as and when the Company participated to the program, including its extensions during 2020 to 2022. the benefit of the subsidised funding rate has been accounted for on a systematic basis, in accordance with government grant accounting requirements. The management has exercised certain judgements in the recognition and measurement of this grant income. The Company received SR 16.2 million as refundable profit free deposits from SAMA and repaid SR 25 million during 2022.

**12.1 Deposits from Saudi Central Bank (SAMA)**

	<b>31 March 2023</b> <b>(Unaudited)</b>	31 December 2022 (Audited)
Deposits received, net of refunds	<u><b>33,026,348</b></u>	<u>40,487,357</u>
Current	<b>33,026,348</b>	40,487,357
Non-current	<u>-</u>	<u>-</u>
	<u><b>33,026,348</b></u>	<u>40,487,357</u>

The carrying amount of SR 33,026,348 (31 December 2022: SR 40,487,357) includes a notional net interest expense amounting to SR 406,225 due to unwinding of initial gain accounted (31 December 2022: notional net gain amounting to SR 944,001 due to of the benefit of the subsidised funding rate).

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**12. COVID-19 IMPACT AND RESPONSE (Continued)**

**12.1 Deposits from Saudi Central Bank (SAMA) (Continued)**

Movements in deposits from Saudi Central Bank for three months period ended 31 March and for the year ended 31 December are as follows:

	<b>For the three months period ended 31 March 2023 (Unaudited)</b>	<b>For the three months period ended 31 March 2022 (Unaudited)</b>	<b>For the year ended 31 December 2022 (Audited)</b>
Balance at beginning of the period / year	40,487,357	48,182,825	48,182,825
Deposits received during the period / year	-	8,142,038	16,236,275
Repayment of deposits during the period / year	(7,867,234)	-	(25,105,031)
Gain on account of fair value adjustments	-	(473,390)	(944,001)
Unwinding of initial gain accounted	406,225	534,645	2,117,289
Balance at end of the period/year	<b>33,026,348</b>	<b>56,386,118</b>	<b>40,487,357</b>

**12.2 Loss on account of participation to SAMA deferred payment program**

	<b>For the three months period ended 31 March 2023 (Unaudited)</b>	<b>For the three months period ended 31 March 2022 (Unaudited)</b>
Loss on account modification of lease contracts payment terms	-	1,551,597
	<b>406,225</b>	<b>61,255</b>
	<b>406,225</b>	<b>1,612,852</b>

**13. OTHER GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>For the three months period ended 31 March 2023 (Unaudited)</b>	<b>For the three months period ended 31 March 2022 (Unaudited)</b>
Software maintenance and IT consultancy	80,842	59,141
Withholding taxes and non-refundable VAT	59,340	47,596
Subscription and periodicals	53,819	25,552
Communication	22,907	23,057
Government fees and penalties*	9,472	56,418
Electricity and water	5,274	6,680
Miscellaneous	92,572	20,609
	<b>324,226</b>	<b>239,053</b>

\*Government fees and penalties includes penalties paid to SAMA amounting to SR Nil (31 March 2022: SR: 50,000)

**14. EVENTS AFTER THE REPORTING DATE**

There were no significant events between the date of condensed interim financial statements and its approval which requires adjustments /disclosure in these condensed interim financial statements.

**15. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS**

These condensed interim financial statements were approved on 27 Ramadan 1444H corresponding to 18 April 2023G.