

GULF FINANCE COMPANY– (Under Liquidation)
(A Joint Stock Company)

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR’S REVIEW REPORT ON
THE FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

GULF FINANCE COMPANY (Under Liquidation)
(A Joint Stock Company)
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REVIEW REPORT ON THE FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

<u>Table of Contents</u>	<u>Page</u>
Independent Auditor's Review Report on the Financial Statements	1
Statement of Net Assets	2
Statement of Changes in Net Assets	3
Notes to the Financial Statements	4-11

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF GULF FINANCE COMPANY
A JOINT STOCK COMPANY

(1 /1)

INTRODUCTION

We have reviewed the accompanying statement of net assets of Gulf Finance Company (the "Company") as at 31 March 2025 and the related statement of changes in net assets for the three-month period then ended, and a summary of material accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these financial statements in accordance with the standard "Financial Reporting on the Basis of Liquidation: Principles and Requirements for Recognition, Measurement, Presentation and Disclosure" endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). Our responsibility is to express a conclusion on these financial statements based on our review.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements are not prepared, in all material respects, in accordance with the standard "Financial Reporting on the Basis of Liquidation: Principles and Requirements for Recognition, Measurement, Presentation and Disclosure" endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the SOCPA.

For PKF Albassam
Chartered Accountants



Sulaiman Bin Dhafir Al Hussain
Certified Public Accountant
License No. 645
Riyadh, Kingdom of Saudi Arabia
15 Rabi Al Awwal 1447H
Corresponding to: 7 September 2025



GULF FINANCE COMPANY (Under Liquidation)
(A Joint Stock Company)
STATEMENT OF NET ASSETS
AS AT 31 MARCH 2025
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	31 March 2025 (Unaudited)	31 December 2024 (Audited)
ASSETS			
Cash and bank balances	5	5,292,943	16,037,609
Net investment in Islamic financing	6	16,442,011	18,106,018
Restricted cash deposit	10.2	-	2,267,000
TOTAL ASSETS		21,734,954	36,410,627
LIABILITIES			
Other payables and accruals		2,238,710	3,234,429
Due to related parties	8	666,098	666,098
Provision for zakat	9	165,563	42,091
Financial facilities	10	-	12,962,955
Employees' post-employment benefits		893,791	862,072
TOTAL LIABILITIES		3,964,162	17,767,645
NET ASSETS (EQUITY)		17,770,792	18,642,982

The accompanying notes 1 to 19 form an integral part of these financial statements.

GULF FINANCE COMPANY (Under Liquidation)
(A Joint Stock Company)
STATEMENT OF CHANGES IN NET ASSETS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025
(All amounts in Saudi Riyals unless otherwise stated)

		For the three-month period ended	
	Notes	31 March 2025	31 March 2024
		(Unaudited)	(Unaudited)
Income from Islamic financing, net		107,175	526,707
General and administrative expenses		(1,042,300)	(994,660)
Finance cost	13	(109,618)	(270,297)
Impairment on Islamic financing	6	-	(142,025)
Other income		296,025	839
Zakat	9	(123,472)	(1,323)
Net decrease in net assets of liquidation		(872,190)	(880,759)
Net assets of liquidation as at 1 January		18,642,982	22,505,076
Net assets of liquidation as at 31 March		17,770,792	21,624,317

The accompanying notes 1 to 19 form an integral part of these financial statements.

GULF FINANCE COMPANY (Under Liquidation)
(A Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025
(All amounts in Saudi Riyals unless otherwise stated)

1. LEGAL STATUS AND OPERATIONS

Gulf Finance Company ("the Company") is a Joint Stock Company formed under the laws of the Kingdom of Saudi Arabia and registered under the commercial registration under No. 1010369744 and unified No. 7013624916 on 28 Dhul Qa'adah 1433H (corresponding to 14 October 2012).

On 15 December 2013, in accordance with article 6 of the implementing regulations of the law of supervision of finance companies, the Company submitted its application to the Saudi Central Bank (SAMA) to obtain its license as a financing company. On 3 Jumada al-Akhirah 1435H (corresponding to 3 April 2014), the Company obtained the preliminary approval on the license from SAMA. On 16 Safar 1436H (corresponding to 8 December 2014) the Company obtained the license from SAMA to engage in the finance lease activities. The principal activities of the Company include financial lease, financing production assets to Small and Medium Enterprises (SMEs).

The Company has agreed to a business winding-up plan with SAMA, and it expects to wind up the business in a period of 1.5 years. The liquidator might be appointed at the end of the agreed wind-up period.

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

Gulf Finance Company
Building number 6209, Prince Mohammad Ibn Saad Ibn Abdulaziz Rd,
Secondary number 2827, Al Aqeeq Dist.
P.O. Box 13515
Riyadh
Kingdom of Saudi Arabia

The Company's activities as per the commercial registration of the Company include:

(a) Wholesale and retail trade in cars and vehicles, trucks, tankers and heavy equipment, electrical and electronic devices and its spare parts in cash and installment; and

(b) Purchase of land for the construction of buildings and the investment of these buildings by selling or leasing them for the benefit of the Company provided that the real estate shall be outside the boundaries of Makkah and Madinah.

The Company has the following branches:

S. No	Branch	C.R. No.	Date
1	Riyadh	7013624916	26 Jumada Al-Awwal 1434H
2	Jeddah*	7001738363	28 Dhul Qada 1433H
3	Dammam**	2050091775	12 Rajab 1434H

*The Company has transferred its head office from Jeddah to Riyadh and now Jeddah is only active branch of the Company.

**The commercial registration of the branch has expired. As of 31 March 2025, the branch is not operational.

2. BASIS OF PREPARATION

2.1. STATEMENT OF COMPLIANCE

On November 01, 2022, the board of directors passed a resolution to recommend the Shareholders' General Assembly to liquidate the Company, and the same has been communicated to SAMA. Accordingly, the financial statements of the Company have been prepared on the basis of liquidation in accordance with the standard "Financial Reporting on the Basis of Liquidation: Principles and Requirements for Recognition, Measurement, Presentation and Disclosure" issued in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"), which requires the preparation of a statement of net assets of liquidation and a statement of changes in net assets of liquidation and the accompanying notes thereto.

The Company's financial year begins on 1 January and ends on 31 December. Contrary to the standards applicable to entities operating on a going concern basis, the "Financial Reporting on the Basis of Liquidation: Principles and Requirements for Recognition, Measurement, Presentation and Disclosure" standard requires estimates for future income and costs, and for the amounts expected to be realized from the realization of assets and settlement of liabilities to the date of the end of the liquidation in accordance with the assumptions regulated by the standard, and that may affect the amounts presented in the financial statements and the accompanying notes thereto. The final amounts realized may differ from such estimates

Assets and liabilities in the statement of net assets are presented in the order of liquidity.

2.2. BASIS OF MEASUREMENT

These financial statements are prepared under the liquidation basis with all the assets and liabilities are measured at estimated realizable values.

2.3. FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements have been presented in Saudi Riyals (SR), which is the Company's functional and presentation currency. All financial information presented in SR has been rounded to the nearest SR, unless otherwise mentioned.

3. LIQUIDATION BASIS OF ACCOUNTING

As a result of the approved liquidation decision, the Company's liquidation has been considered inevitable; therefore, the liquidation basis of accounting has been applied for the entire financial period, during which the liquidation decision was taken, and the subsequent years/ periods according to the requirements of the standard "Financial Reporting on the Basis of Liquidation: Principles and Requirements for Recognition, Measurement, Presentation and Disclosure". The liquidation basis is as follows:

- i. Measure the Company's assets at the amount of cash or compensation expected to be collected upon disposal of such assets.
- ii. Measure the liabilities at the contractual amount due to settle such liabilities.
- iii. Recognize other assets that were not recognized in accordance with the financial reporting framework applicable to the entity when it was a going concern when an estimated value can be determined reliably, and it is expected to be sold in liquidation or settlement of liabilities thereto.
- iv. Recognize the entitlement of the expected costs to dispose of assets or other items expected to be sold in the liquidation and present them in the statement of net assets of the liquidation deducted from the related assets thereto or present the total of such costs separately from the assets when they can be estimated reliably and whenever the assumptions of this estimate are realizable.
- v. Recognize the costs and items of income expected to be incurred or earned (for example, salary costs or income from previous existing orders that the entity expects to complete during liquidation) until the end of the liquidation, when they can be estimated reliably, and the assumptions of that estimate are realizable.

GULF FINANCE COMPANY (Under Liquidation)
(A Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025
(All amounts in Saudi Riyals unless otherwise stated)

4. MOVEMENT IN NET ASSETS UNDER LIQUIDATION DURING THE PERIOD

	As at 1 January 2025 (Audited)	Collections	Payments	Expenses directly paid	Other profit and loss movement (Note 4.1)	As at 31 March 2025 (Unaudited)
ASSETS						
Cash and cash equivalents	16,037,609	4,038,182	(14,969,255)	(109,618)	296,025	5,292,943
Net investment in Islamic financing	18,106,018	(1,771,182)	-	-	107,175	16,442,011
Restricted cash deposit	2,267,000	(2,267,000)	-	-	-	-
TOTAL ASSETS	36,410,627	-	(14,969,255)	(109,618)	403,200	21,734,954
LIABILITIES						
Other payables and accruals	3,234,429	-	(2,006,300)	-	1,010,581	2,238,710
Due to related parties	666,098	-	-	-	-	666,098
Provision for zakat	42,091	-	-	-	123,472	165,563
Financial facilities	12,962,955	-	(12,962,955)	(109,618)	109,618	-
Employees' post-employment benefits	862,072	-	-	-	31,719	893,791
TOTAL LIABILITIES	17,767,645	-	(14,969,255)	(109,618)	1,275,390	3,964,162
NET ASSETS UNDER LIQUIDATION	18,642,982	-	-	-	(872,190)	17,770,792

4.1. Other profit and loss movement

	For the three- month period ended 31 March 2025 (Unaudited)
Income from Islamic financing, net	107,175
General and administrative expenses	(1,010,581)
Zakat provided during the period	(123,472)
Employees' post-employment benefits charge for the period	(31,719)
Finance cost	(109,618)
Other income	296,025
	(872,190)

GULF FINANCE COMPANY (Under Liquidation)
(A Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025
(All amounts in Saudi Riyals unless otherwise stated)

5. CASH AND BANK BALANCES

		31 March 2025	31 December 2024
	Note	(Unaudited)	(Audited)
Cash in hand		3,000	3,000
Cash at banks	5.1	5,289,943	16,034,609
		5,292,943	16,037,609

5.1. The Company does not earn profit on current accounts with banks.

6. NET INVESTMENT IN ISLAMIC FINANCING

	31 March 2025	31 December 2024
	(Unaudited)	(Audited)
<u>Secured</u>		
Ijara	16,442,011	17,718,393
Murabaha	-	387,625
	16,442,011	18,106,018

The aging of net investment in Islamic financing contracts net-off unearned origination fee is as under:

	31 March 2025	31 December 2024
	(Unaudited)	(Audited)
Neither past nor due	545,549	963,280
Past due 1-30 days	-	-
Past due 31-90 days	-	412,413
Past due 91-180 days	2,600,443	6,640,434
Past due 181-365 days	3,553,128	190,018
Past due over 1 year	44,249,493	44,406,475
Net Investment in Islamic financing before adjustment of recoverability	50,948,613	52,612,620
Less: Adjustment of recoverability	(34,506,602)	(34,506,602)
Expected realizable value	16,442,011	18,106,018
Total portfolio coverage ratio	67.73%	65.46%
Non-performing loan ratio	98.93%	97.39%

Collateral held as security and other credit enhancements

The credit risks on gross amounts due in relation to the investment in Islamic financing is mitigated by holding collaterals which are Kafalah and real-estate. Further, the carrying amount of investment in Islamic financing amounts against which collateral has been obtained amounts to SR 50.94 million (31 December 2024: SR 54.42 million) and the fair value of collateral amounting to SR 64.51 million as at 31 March 2025 (31 December 2024: SR 74.83 million). The Company is not permitted to sell or repledge the collateral in the absence of default by the lessee. There have not been any significant changes in the quality of the collateral.

GULF FINANCE COMPANY (Under Liquidation)
(A Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025
(All amounts in Saudi Riyals unless otherwise stated)

7. SHARE CAPITAL

The Company's subscribed and paid-up share capital of SR. 100,000,000 is divided into 10,000,000 equity shares of SR. 10 each, fully subscribed and paid, and distributed among shareholders as follows:

	31 March 2025 (Unaudited)		31 December 2024 (Audited)
	Holding %	No. of Shares	Amount
Shareholders			Amount
Shuaa Capital PSC, UAE	92%	9,200,000	92,000,000
Gulf Finance Company PJSC, UAE	5%	500,000	5,000,000
Shuaa 1 for Commercial Brokerage LLC, UAE	1%	100,000	1,000,000
Shuaa 2 for Commercial Brokerage LLC, UAE	1%	100,000	1,000,000
Shuaa 3 for Commercial Brokerage LLC, UAE	1%	100,000	1,000,000
	100%	10,000,000	100,000,000

8. RELATED PARTY TRANSACTIONS AND BALANCES

Transactions during the period

Names of Related Parties	Nature of Relationship	Nature of transactions	For the three-month period ended	
			31 March 2025 (Unaudited)	31 March 2024 (Unaudited)
Gulf Finance Company PJSC - UAE	Shareholder	Allocation of IT software and related costs	-	(67,452)
Shuaa Capital PSC, UAE	Shareholder	Collection on behalf of Shuaa Capital PSC, UAE	-	(100)
Key Management Personnel	Executives	Salaries and other short-term employee benefits	349,050	328,050
		Employees' post-employment benefits	27,530	26,091
	Directors	Board remuneration	12,500	12,500

Balances as at period-end

		Note	31 March 2025 (Unaudited)	31 December 2024 (Audited)
Due from shareholder				
Shuaa Capital PSC, UAE	Loan to shareholder	8.1	8,143,123	8,143,123
	Allocation of software and related costs, and collection on behalf of the Company		(558,176)	(558,176)
			7,584,947	7,584,947
	Provision for recoverability		(7,584,947)	(7,584,947)
			-	-
Due to a related party				
Gulf Finance Company PJSC, UAE	Allocation of software and related costs		666,098	666,098
			666,098	666,098

- 8.1.** This represents an unsecured short-term intercompany loan without any asset-backed financing to the Parent Company under an agreement made on 7 February 2019. The loan bears interest of 9.5% per annum and was repayable in 90 days. However, upon the expiry of the term, it was rescheduled by the Company on the request of the Parent Company dated 5 August 2019 for another 180 days and was repayable on 4 November 2019. As at 31 March 2025, the loan had been overdue for more than 1,950 days. However, full provision for recoverability has been recorded.

GULF FINANCE COMPANY (Under Liquidation)
(A Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025
(All amounts in Saudi Riyals unless otherwise stated)

8. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Net investments in Islamic financing

The Company had entered into certain Islamic financing agreements with the related parties. These related parties are special-purpose vehicles of Shuaa Capital KSA.

During the year ended 31 December 2024, the Board of Directors approved a write-off of gross investment in Islamic financing receivable from related parties amounting to SR 26.71 million with an existing provision of SR 26.71 million. These amounts are subject to enforcement activities.

9. PROVISION FOR ZAKAT

The movement in the provision for zakat is as follows:

	For the three-month period ended 31 March 2025 (Unaudited)	For the year ended 31 December 2024 (Audited)
Balance at the beginning of the period / year	42,091	73,871
Provided during the period / year	123,472	42,091
Payment during the period / year	-	(110,750)
Prior year / (excess) tax adjusted during the period / year	-	36,879
Balance at the end of the period / year	165,563	42,091

The Zakat return for the year ended 31 December 2024 has been filed and is under review with ZATCA. The Company has obtained a certificate from the ZATCA valid until 12 Dhul-Qi'dah 1447H, corresponding to 30 April 2026.

10. FINANCIAL FACILITIES

	Note	31 March 2025 (Unaudited)	31 December 2024 (Audited)
SAMA funding for lending		-	5,000,000
Local banking institution	10.1	-	7,934,500
Social Development Bank		-	-
Finance cost payable		-	28,455
		-	12,962,955

10.1. Secured financial facilities at amortized cost

	31 March 2025 (Unaudited)	31 December 2024 (Audited)
Murabaha	-	7,934,500

10.2. The Company obtained bank financial facilities from a local bank for the purpose of financing working capital needs. These bank facilities borne finance costs at prevailing market rates and also had restricted cash deposits. The Company had collateralized certain Islamic financing receivables amounting to NIL (31 December 2024: SR 29.97 million) in order to obtain these financial facilities.

11. EMPLOYEES' POST-EMPLOYMENT BENEFITS

The employees' post-employment benefits liability is calculated as per the Saudi Labor Law. The liability includes SR 0.84 million related to key management personnel.

12. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments for the Company as at the reporting date.

GULF FINANCE COMPANY (Under Liquidation)
(A Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025
(All amounts in Saudi Riyals unless otherwise stated)

13. FINANCE COST

	For the three-month period ended	
	31 March 2025	31 March 2024
	(Unaudited)	(Unaudited)
Islamic financial facilities		
- Murabaha	109,618	270,297
	109,618	270,297

14. SOURCES AND USES OF CASH

	For the three-month period ended	
	31 March 2025	31 March 2024
	(Unaudited)	(Unaudited)
<u>Assets sold or realized in cash</u>		
Recoveries during the year	4,038,182	6,221,914
<u>Paid liabilities</u>		
General and administrative expenses	1,970,305	825,544
SAMA funding for lending	5,000,000	3,128,156
Local banking institution	7,934,500	1,133,500
Social Development Bank	-	1,136,992
Finance cost paid	138,072	275,745
	15,042,878	6,499,937

15. FUTURE ESTIMATED INCOME

The future estimated income of the Company until the end of the liquidation amounts to SR 0.12 million. The Company expects to receive the estimated income in a period of 1.5 years.

16. FUTURE ESTIMATED EXPENSES

The future estimated expense of the Company until the end of the liquidation amounts to SR 4.5 million. The Company expects the estimated expenses to be paid in a period of 1.5 years.

17. ISLAMIC FINANCING RECEIVABLES – SERVICING AND SECURITY AGENCY AGREEMENTS

In accordance with the terms of the servicing and security agency agreement, the Company has transferred certain Islamic financing receivables to the Parent Company. The Company does not retain the risk and reward associated with such receivables.

The Company continues to manage these derecognized Islamic financing receivables as a servicer and security agent in accordance with the agency agreements entered into with the Parent Company. The Company is continuing to manage these sold receivables for an agreed fee, which is netted off with the related cost of servicing these Islamic financing receivables sold to the Parent Company.

The outstanding position of such off statement of net assets, Islamic financing receivables is as follows:

	31 March 2025	31 December 2024
	(Unaudited)	(Audited)
Islamic financing receivables transferred to the parent company	21,789,636	21,789,636

18. SUBSEQUENT EVENTS

There has been no significant subsequent event since the year-end date that requires disclosures or adjustments in these financial statements.

19. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved and authorized for issue on 1 September 2025 (corresponding to 9 Rabi Al Awwal 1447H) by the Board of Directors of the Company.