

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

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

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(A SAUDI CLOSED JOINT STOCK COMPANY)
FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Al Jabr Financing Company
(A Saudi closed Joint Stock Company)
Dammam, Kingdom of Saudi Arabia

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Al Jabr Financing Company, a Saudi Closed Joint Stock Company (the "Company"), which comprise the statement of financial position as at December 31, 2017, the statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes from 1 to 27.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as modified by Saudi Arabian Monetary Authority ("SAMA") for the accounting of zakat and income tax.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing as endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the professional code of conduct and ethics, endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance International Financial Reporting Standards (IFRS) as modified by Saudi Arabian Monetary Authority ("SAMA") for the accounting of zakat and income tax, and the applicable requirements of the Regulations for Companies and the Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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INDEPENDENT AUDITOR'S REPORT - Continued

Auditor's Responsibilities for the Audit of the Financial Statements- Continued

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exist related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosure in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management and those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Based on the information that has been made available to us, nothing has come to our attention that causes us to believe that the Company is not in compliance, in all material respects, with the applicable requirements of the Regulations for Companies in the Kingdom of Saudi Arabia and the Company's By-laws in so far as they affect the preparation and presentation of the financial statements.

PKF Al-Bassam & Co.
Allied Accountants

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AL JABR FINANCING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	31 December 2017 SR	31 December 2016 SR
ASSETS			
Current assets			
Cash and cash equivalents	4	37,646,137	19,592,694
Investment in financing contracts, net - current portion	5	181,240,909	133,199,534
Assets repossessed held for sale	6	1,780,777	419,346
Prepayment and other receivables	7	2,448,045	1,818,616
Due from a related party	8	354,000	-
Total current assets		223,469,868	155,030,190
Non-current assets			
Property and equipment, net	9	5,416,895	4,923,303
Investment- available for sale	10	892,850	-
Investment in financing contracts, net – non-current portion	5	493,686,794	331,990,989
Total non-current assets		499,996,539	336,914,292
TOTAL ASSET		723,466,407	491,944,482
LIABILITIES AND EQUITY			
Current Liabilities			
Borrowings - current portion	11	50,000,000	-
Accounts payable and other liabilities	12	129,011,111	106,016,517
Zakat provision	13	1,451,686	1,682,602
Total current liabilities		180,462,797	107,699,119
Non-current liabilities			
Borrowing - non-current portion	11	150,000,000	-
End-of-service indemnities	14	2,402,976	1,144,088
TOTAL LIABILITIES		332,865,773	108,843,207
SHAREHOLDERS' EQUITY			
Share capital	15	345,000,000	345,000,000
Statutory reserve	16	6,318,392	3,816,924
Retained earnings		39,547,566	34,284,351
Actuarial loss reserve on end-of-service indemnities	14	(265,324)	-
TOTAL SHAREHOLDERS' EQUITY		390,600,634	383,101,275
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		723,466,407	491,944,482

The accompanying notes form an integral part of these financial statement

AL JABR FINANCING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Year ended 31 December 2017 SR	Period from 12 January 2015 to 31 December 2016 (Re-stated) SR
NET REVENUE AND FINANCE INCOME			
Net sales revenue	18	10,685,363	42,806,837
Finance income	18	83,153,322	51,730,831
		93,838,685	94,537,668
Insurance cost		(26,049,861)	(14,687,948)
Finance cost	19	(782,993)	-
Gross profit		67,005,831	79,849,720
General and administration expenses	20	(22,614,323)	(23,424,685)
Selling and marketing expenses	21	(2,272,668)	(1,886,340)
Allowance for credit loss	5	(18,067,293)	(12,323,024)
Other income	22	2,258,935	3,649,587
NET PROFIT		26,310,482	45,865,258
Earnings per share (basic and diluted)	23	0.76	1.32
OTHER COMPREHENSIVE LOSS			
Items that will not be reclassified to profit and loss			
Actuarial loss reserve on end-of-service indemnities	14	(265,324)	-
Total other comprehensive loss for the year		(265,324)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		26,045,158	45,865,258

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

AL JABR FINANCING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Share Capital SR	Payments under Capital Increase SR	Statutory Reserve SR	Retained Earnings SR	Actuarial loss reserve on end-of-service indemnities SR	Total SR
Balance as at 12 January 2015	99,994	344,900,006	-	(67,969)	-	344,932,031
Payments to increase capital						
Net Profit for the period	344,900,006	(344,900,006)	-	38,169,244	-	38,169,244
Re-statement (note 26)	-	-	-	7,696,014	-	7,696,014
Total comprehensive income for the period (re-stated)				45,865,258	-	45,865,258
Zakat for the period	-	-	-	(7,696,014)	-	(7,696,014)
Net profit after zakat				38,169,244	-	38,169,244
Transfer to statutory reserve	-	-	3,816,924	(3,816,924)	-	-
Balance as at 31 December 2016	345,000,000	-	3,816,924	34,284,351	-	383,101,275
Balance as on 1 January 2017	345,000,000	-	3,816,924	34,284,351	-	383,101,275
Net Profit for the year	-	-	-	26,310,482	(265,324)	26,310,482
Other comprehensive income for the year				-	-	(265,324)
Total comprehensive income for the year				26,310,482	(265,324)	26,045,158
Zakat for the year	-	-	-	(1,295,799)	-	(1,295,799)
Net profit after zakat				25,014,683	(265,324)	24,749,359
Transfer to statutory reserve	-	-	2,501,468	(2,501,468)	-	-
Dividends distributed	-	-	-	(17,250,000)	-	(17,250,000)
Balance as at 31 December 2017	345,000,000	-	6,318,392	39,547,566	(265,324)	390,600,634

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

AL JABR FINANCING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	For the year ended 31 December, 2017 SR	Period from 12 January 2015 to 31 December 2016 (Re-stated) SR
OPERATING ACTIVITIES	26,310,482	45,865,258
Net profit		
Adjustments for:		
Depreciation	2,417,524	1,537,656
Provision for end-of-service indemnities	1,172,563	692,591
Allowance for credit loss	18,067,293	12,323,024
Changes in operating assets and liabilities:		
Investment in financing contracts, net	(227,804,473)	(477,513,547)
Prepayment and other receivables	(629,429)	(167,505)
Assets repossessed held for sale	(1,207,888)	(419,346)
Due from a related party	(354,000)	-
Accounts payable and other liabilities	22,994,594	104,737,774
Cash used in operations	(159,033,334)	(312,944,095)
Zakat paid during the year / period	(1,526,715)	(6,013,412)
End-of-service indemnities paid	(178,999)	(88,834)
Net cash used in operating activities	(160,739,048)	(319,046,341)
INVESTING ACTIVITIES		
Investment -available for sale	(892,850)	-
Purchase of property and equipment	(3,064,659)	(6,460,959)
Net cash used in investing activities	(3,957,509)	(6,460,959)
FINANCING ACTIVITIES		
Borrowings	200,000,000	-
Dividends paid during the year	(17,250,000)	-
Net cash from financing activities	182,750,000	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	18,053,443	(325,507,300)
Cash and cash equivalents at the beginning of the year / period	19,592,694	-
Transfer from Al Jabr Installment Company	-	345,099,994
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR / PERIOD	37,646,137	19,592,694
Non- cash transactions		
Actuarial loss reserve on end-of-service indemnities	265,324	-
Transfer from Property and equipment to assets repossessed held for sale	153,543	-

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