DAR AL-ETIMAN AL SAUDI COMPANY (FORMERLY DAR AL-ETIMAN AL SAUDI FOR INSTALLMENT SALES COMPANY LIMITED)
(A SAUDI CLOSED JOINT STOCK COMPANY)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED
SEPTEMBER 30, 2015

DAR AL-ETIMAN AL SAUDI COMPANY (FORMERLY DAR AL-ETIMAN AL SAUDI FOR INSTALLMENT SALES COMPANY LIMITED)
(A SAUDI CLOSED JOINT STOCK COMPANY)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THRE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2015

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INDEPENDENT AUDITORS' LIMITED REVIEW REPORT

December 20, 2015

To the shareholders of Dar Al-Etiman Al Saudi Company
(Formerly Dar Al-Etiman Al Saudi For Installment Sales Company Limited)
(A Saudi Closed Joint Stock Company)
Jeddah, Saudi Arabia

Scope of review

We have reviewed the accompanying condensed interim statement of financial position of Dar Al-Etiman Al Saudi Company (Formerly Dar Al-Etiman Al Saudi For Installment Sales Company Limited) (the "Company") as at September 30, 2015 and the related condensed interim statements of income, comprehensive income for the three-month and nine-month periods then ended and the related interim statements of changes in shareholders' equity and cash flows for the nine-month period then ended and related notes from 1 to 17 which form an integral part of these condensed interim financial statements. These condensed interim financial statements are the responsibility of the management and have been prepared by them and submitted to us together with all the information and explanations which we required.

We conducted our limited review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). A limited review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. The scope of such limited review is substantially less than an audit conducted in accordance with the auditing standards generally accepted in the Kingdom of Saudi Arabia, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Review conclusion

Based on our limited review, we are not aware of any material modifications that should be made to the accompanying interim condensed financial statements for them to be in conformity with International Accounting Standard 34, 'Interim financial reporting' as issued by International Accounting Standard Board (IASB).

Emphasis of matter

We draw attention to Note 1 to the condensed interim financial statements which states that the Company was converted to a closed Saudi joint stock company from a limited liability company and the Ministry of Commerce and Industry approved such conversion effective March 31, 2015. In accordance with the Company's Articles of Association which were amended as a consequence of conversion to a Saudi closed joint stock company, the first fiscal period of the Company after the conversion is from the date of the Ministerial Resolution for conversion to a Saudi closed joint stock company (March 31, 2015). The accompanying condensed interim financial statements have been prepared based on the fact that the closed Saudi joint stock company is an extension and continuation to the limited liability company. We further draw attention to Note 2 to the condensed interim financial statements which states that comparative interim statements of income and other comprehensive income for the three-month and nine-month periods ended September 30, 2014 and the statement of changes in shareholders' equity and cash flows for the nine-month period ended September 30, 2014 have not been audited or reviewed and is presented for comparative disclosure purpose only.

PricewaterhouseCoopers

By:
Mufaddal A. Ali
License Number 447

برايس وترهاوس كوبرز
محاسبون قانونيون
ترخيص رقم ٢٥
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CERTIFIED PUBLIC ACCOUNTANTS
LICENSE NO. 25

DAR AL-ETIMAN AL SAUDI COMPANY (FORMERLY DAR AL-ETIMAN AL SAUDI FOR INSTALLMENT SALES COMPANY LIMITED)
(A SAUDI CLOSED JOINT STOCK COMPANY)

CONDENSED INTERIM STATEMENTS OF FINALCIAL POSITION
AS OF SEPTEMBER 30 2015
(Expressed in Saudi Riyals)

	Note	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)	January 1, 2014 (Audited)
ASSETS				
Non-current assets				
Property and equipment		**1,913,540**	2,393,499	3,194,652
Net investment in finance lease – non-current	4	**104,993,478**	55,027,135	18,084,649
		106,907,018	57,420,634	21,279,301
Current assets				
Net investment in finance lease – current	4	**33,602,722**	35,111,025	61,231,155
Prepayments and other receivables	5	**88,945,686**	57,438,095	57,489,638
Cash and cash equivalent	6	**26,830,735**	22,490,438	34,767,905
		149,379,143	115,039,558	153,488,698
TOTAL ASSETS		**256,286,161**	172,460,192	174,767,999
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital	7	**100,000,000**	100,000,000	100,000,000
Statutory reserve	8	**4,350,135**	4,350,135	3,974,017
Retained eamings		**18,243,371**	28,918,475	25,533,415
Total shareholders' equity		**122,593,506**	133,268,610	129,507,432
Non-current liabilities				
Post-employment benefits	9	**2,336,977**	2,290,453	1,787,739
Current liabilities				
Accounts payable	13	**119,280,532**	28,539,739	37,145,863
Accrued and other liabilities	10	**5,499,844**	4,663,637	2,573,307
Provision for zakat	11	**6,575,302**	3,697,753	3,753,658
		131,355,678	36,901,129	43,472,828
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**256,286,161**	172,460,192	174,767,999

These financial statements have been approved by the management on December 20, 2015 and signed on their behalf by:

Chief Executive Officer

Omar Salameh
Chief Financial Officer

The notes on pages 8 to 21 form an integral part of these condensed interim financial statements.

DAR AL-ETIMAN AL SAUDI COMPANY (FORMERLY DAR AL-ETIMAN AL SAUDI FOR INSTALLMENT SALES COMPANY LIMITED)
(A SAUDI CLOSED JOINT STOCK COMPANY)

CONDENSED INTERIM STATEMENT OF INCOME
(Expressed in Saudi Riyals)

	Note	**Three-month period ended September 30, 2015 (Unaudited)**	Three-month period ended September 30, 2014 (Unaudited and Unreviewed)	**Nine-month period ended September 30, 2015 (Unaudited)**	Nine-month period ended September 30, 2014 (Unaudited and Unreviewed)
Lease income		**3,790,240**	10,744,443	**10,420,880**	55,325,521
Fee and other income		**2,233,959**	1,828,582	**5,913,051**	6,499,449
Total income		**6,024,199**	12,573,025	**16,333,931**	61,824,970
Other operating costs		**(64,998)**	(5,268,112)	**(5,152,504)**	(32,112,527)
General and administrative expenses	14	**(5,997,935)**	(6,639,629)	**(18,727,322)**	(19,902,663)
Impairment of finance lease receivable	4	**(1,586,821)**	(750,000)	**(4,760,464)**	(2,250,000)
Other income		**982,523**	1,084,162	**4,508,804**	4,396,490
Operating (loss) / profit before zakat		**(643,032)**	999,446	**(7,797,555)**	11,956,270
Zakat	11	**(959,183)**	(750,000)	**(2,877,549)**	(2,250,000)
(Loss) / profit for the period		**(1,602,215)**	249,446	**(10,675,104)**	9,706,270

These financial statements have been approved by the management on December 20, 2015 and signed on their behalf by:

Chief Executive Officer

Omar Salameh
Chief Financial Officer

The notes on pages 8 to 21 form an integral part of these condensed interim financial statements.

DAR AL-ETIMAN AL SAUDI COMPANY (FORMERLY DAR AL-ETIMAN AL SAUDI FOR INSTALLMENT SALES COMPANY LIMITED)
(A SAUDI CLOSED JOINT STOCK COMPANY)

CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME
(Expressed in Saudi Riyals)

	Three-month period ended September 30, 2015 (Unaudited)	Three-month period ended September 30, 2014 (Unaudited and Unreviewed)	**Nine-month period ended September 30, 2015 (Unaudited)**	Nine-month period ended September 30, 2014 (Unaudited and Unreviewed)
(Loss) / profit for the period	**(1,602,215)**	**249,446**	**(10,675,104)**	**9,706,270**
Other comprehensive (loss)/income	-	-	-	-
Total comprehensive (loss) / profit for the period	**(1,602,215)**	**249,446**	**(10,675,104)**	**9,706,270**

These financial statements have been approved by the management on December 20, 2015 and signed on their behalf by:

Chief Executive Officer

Omar Salameh
Chief Financial Officer

The notes on pages 8 to 21 form an integral part of these condensed interim financial statements.

DAR AL-ETIMAN AL SAUDI COMPANY (FORMERLY DAR AL-ETIMAN AL SAUDI FOR INSTALLMENT SALES COMPANY LIMITED)
(A SAUDI CLOSED JOINT STOCK COMPANY)

CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Saudi Riyals)

	Note	Share Capital	Statutory reserve	Retained earnings	Total
January 1, 2014 (audited)		100,000,000	3,974,017	25,533,415	129,507,432
Total comprehensive income for the period		-	-	9,706,270	9,706,270
September 30, 2014 (unaudited and unreviewed)		100,000,000	3,974,017	35,239,685	139,213,702
January 1, 2015 (audited)	1	**100,000,000**	**4,350,135**	**28,918,475**	**133,268,610**
Total comprehensive loss for the period		-	-	**(10,675,104)**	**(10,675,104)**
September 30, 2015 (unaudited)		**100,000,000**	**4,350,135**	**18,243,371**	**122,593,506**

These financial statements have been approved by the management on December 20, 2015 and signed on their behalf by:

Chief Executive Officer

Omar Salameh
Chief Financial Officer

The notes on pages 8 to 21 form an integral part of these condensed interim financial statements.

DAR AL-ETIMAN AL SAUDI COMPANY (FORMERLY DAR AL-ETIMAN AL SAUDI FOR INSTALLMENT SALES COMPANY LIMITED)
(A SAUDI CLOSED JOINT STOCK COMPANY)

CONDENSED INTERIM STATEMENT OF CASH FLOWS
(Expressed in Saudi Riyals)

	Note	**Nine-month period ended**	
		September 30, 2015 (unaudited)	September 30, 2014 (Unaudited and unreviewed)
CASH FLOW OPERATING ACTIVITIES			
(Loss) / profit before zakat		**(7,797,555)**	11,956,270
Adjustments for:			
Depreciation on property and equipment		**512,560**	713,168
Allowance for impairment against finance lease receivable	4	**4,760,464**	2,250,000
Provision for post-employment benefits		**503,153**	430,096
Changes in working capital:			
Net investment in finance lease		**(53,218,504)**	5,455,022
Prepayments and other receivables		**(31,507,591)**	23,229,090
Accounts payable		**90,740,793**	(65,416,541)
Accrued and other liabilities		**836,207**	573,232
Cash used in operations		**4,829,527**	(20,809,663)
Post-employment benefits paid	9	**(456,629)**	(105,409)
Zakat paid		**-**	(250,868)
Net cash generated from / (used in) operating activities		**4,372,898**	(21,165,940)
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property and equipment		**(32,601)**	(136,717)
Net cash used in investing activities		**(32,601)**	(136,717)
Net decrease in cash and cash equivalents		**4,340,297**	(21,302,657)
Cash and cash equivalents at the beginning of the period		**22,490,438**	34,767,905
Cash and cash equivalents at the end of the period	6	**26,830,735**	13,465,248

These financial statements have been approved by the management on December 20, 2015 and signed on their behalf by:

Chief Executive Officer

Omar Salameh
Chief Financial Officer

The notes on pages 8 to 21 form an integral part of these condensed interim financial statements.

1. GENERAL INFORMATION

Dar Al-Etiman Al Saudi Company (Formerly Dar Al-Etiman Al Saudi For Installment Sales Company Limited) (the "Company") is principally engaged in providing lease financing for motor vehicles within the Kingdom of Saudi Arabia. The Company's head office is located at Prince Sultan Street, P.O. Box 55274, Jeddah 21534, Saudi Arabia.

The Company is incorporated as a Saudi Closed Joint Stock Company ("SCJSC") pursuant to Ministerial Resolution No. 486/Q dated Jumad-ul-Thani 11, 1436 (corresponding to March 31, 2015). Prior to its conversion to a Saudi closed joint stock company, the Company was operating as a Limited Liability Company ("LLC") registered in the Kingdom of Saudi Arabia under Commercial Registration number 4030165101 issued in Jeddah on Dhul-Qada 5, 1427H (corresponding to December 5, 2006).

In accordance with requirements of Article 6 of the Implementing Regulation of the Law of Supervision of Finance Companies, the Company submitted its application to Saudi Arabian Monetary Agency (SAMA) to obtain a license to practice the finance lease activities in the Kingdom of Saudi Arabia. The Company has obtained a license No. 33/AM/201505 from SAMA to conduct such lease activities on Rajab 16, 1436 (corresponding to May 5, 2015).

The accompanying financial statements include the accounts of the Company's head office and all its branches.

2. BASIS OF PREPARATION

For all the periods up to and including March 31, 2015, the Company prepared its financial statements in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia. Generally accepted accounting standards in Saudi Arabia comprise accounting standards issued by the Saudi Organization for Certified Public Accountants (hereinafter referred to as "Local GAAP"). Subsequent to the Company obtaining a license from SAMA to practice the finance lease activities in the Kingdom of Saudi Arabia, the Company has adopted IFRS in accordance with requirements of the Implementing Regulation of the Law of Supervision of Finance Companies. Accordingly, the accompanying condensed interim financial statements for the period ended September 30, 2015 have been prepared in accordance with International Accounting Standards 34 -"Interim Financial Reporting" ("IAS 34") and accordingly, these condensed interim financial statements are not intended to be in conformity with the accounting principles generally accepted in the Kingdom of Saudi Arabia, i.e. in accordance with the Standard of Interim Financial Reporting issued by the SOCPA. Also, see Note 3.10.

The condensed interim financial statements are prepared under the historical cost convention using the accrual basis of accounting and going concem assumptions.

These condensed interim financial statements are expressed in Saudi Riyals (SR), which is the Company's functional and reporting currency.

These condensed interim financial statements have been reviewed, not audited, except for interim statements of income, other comprehensive income for the three-month and nine-month periods ended September 30, 2014 and the statement of changes in shareholders' equity and cash flows for the nine-month period ended September 30, 2014 which are unaudited and unreviewed and presented for comparative disclosure purpose only.

(Expressed in Saudi Riyals)

2.1 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Company's accounting policies, management has made estimates and judgments relating to provision which are significant to the financial statements. See Note 3.4 relating to provision.

2.2 New standards, amendments and interpretations effective for the period

The Company has adopted the following amendments and revisions to existing standards, which were issued by the International Accounting Standards Board (IASB):

Standard	***Description***
IAS 19	Amendments to IAS 19 Defined Benefit Plans: Employee Contributions
IFRS 2	Share based payment
IFRS 3	Business combination
IFRS 8	Operating segments
IFRS 13	Fair value measurement
IAS 16 & 38	Property, plant and equipment and intangible assets
IAS 24	Related party disclosures
IAS 40	Investment property

The adoption of the relevant new and amended standards and interpretations applicable to the Company did not have any significant impact on these condensed interim financial statements.

2.3 New standards, amendments to the published approved accounting standards and new interpretations that are not yet effective and have not been early adopted by the Company

Standards issued but not yet effective up to the date of issuance of the Company's interim condensed financial statements are listed below. The listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they become effective.

(Expressed in Saudi Riyals)

Standard	***Description***	***Effective from periods beginning on or after the following date***
IAS 1	Amendments to IAS 1 "Disclosure initiative"	1 January 2016
IFRS 9	Financial Instruments	1 January 2018
IFRS 10, IFRS 12 and IAS 28	Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment entities: applying the consolidation exception"	1 January 2016
IFRS 10 and IAS 28	Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint venture"	1 January 2016
IFRS 11	Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	1 January 2016
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IAS 16 and IAS 38	Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortisation"	1 January 2016
IAS 27	Amendment to IAS 27 "Equity Method in Separate Financial Statements"	1 January 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these condensed interim financial statements are set out below. These policies have been consistently applied to all the periods presented.

3.1 Cash and cash equivalents

Cash and cash equivalents include cash in hand and with banks and other short-term highly liquid investments, if any, with original maturities of three months or less from the purchase date, which are available to the Company without any restrictions.

3.2 Net investment in finance lease

Leases in which the Company transfers substantially all the risks and rewards incidental to the ownership of an asset to the lessees are classified as finance leases. A receivable is recognised at an amount equal to the present value of the minimum lease payments, including any guaranteed residual value which are included in the financial statements as "net investment in finance leases".

The Company derecognizes receivable from lease contracts when the contractual rights to receive the cash flow from the lease receivables expire, or it sells or transfers the lease receivable and substantially all risks and rewards of ownership of lease receivables are transferred to a financial institution. Accordingly, the Company also immediately recognizes the future lease income and related future finance and insurance costs related to lease receivables sold upon derecognition. However, the Company provides servicing for such finance lease receivables and is involved in collecting cash from customers on behalf of the financial institutions. The timing difference between the collection from customers and payment to the financial institutions is reflected under a collection account.

3.3 Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance expenditure are charged to the profit and loss account during the period in which they are incurred.

Depreciation is charged to the income statement, using the straight-line method, to allocate the costs of the related assets to their residual values over the following estimated useful lives:

	Number of years
Leasehold improvements, and Furniture and fixtures	10
Furniture and fixtures	10
Motor vehicles	4
Office equipment	3 - 10

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in income statement.

3.4 Provisions

Provisions for lease losses

The Company reviews its lease receivables on a monthly basis to assess whether specific provisions for impairment should be recorded in the income statement. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty, and actual results may differ resulting in future changes to such provisions.

The Company also makes a collective impairment provision against lease receivables which although not specifically identified as requiring a specific provision have a greater risk of default than when originally granted. This collective provision is based on any deterioration in the internal grade of the exposure since it was granted. The amount of the provision is based on the historical loss pattern for lease receivables within each grade and is adjusted to reflect current economic changes. Lease receivables are charged off, when in the opinion of management, the likelihood of any future collection is believed to be minimal.

Other provisions

Provisions are recognized when; the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are reviewed at each statement of financial position date and are adjusted to reflect the current best estimates.

3.5 Zakat and taxes

The Company is subject to zakat in accordance with the regulations of the Department of Zakat and Income Tax ("DZIT"). Provision for zakat for the Company is charged to the income statement. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined.

The Company withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

3.6 Employee termination benefits

Employees' termination benefits required by Saudi Arabian Labor and Workman Law are accrued by the Company and charged to income statement. The liability is calculated as the current value of the vested benefits to which the employee is entitled, should the employee leave at the balance sheet date. Termination payments are based on the employees' final salaries and allowances and their cumulative years of service, as defined by the conditions stated in the laws of the Kingdom of Saudi Arabia.

3.7 Lease income

Finance and insurance income from leases is recognized based on a pattern reflecting a constant periodic rate of return on the company's net investment in the finance leases.

The difference between the aggregate lease contract receivable and the cost of the leased assets plus initial direct costs is recorded as unearned lease finance income. The initial direct costs, which include amounts such as commissions and legal fees that are incremental and directly attributable to negotiating and arranging a lease, are included in the initial measurement of the finance lease receivable and reduce the amount of income recognized over the lease term. The interest rate implicit in the lease is defined in such a way that the initial direct costs are included automatically in the finance lease receivable. Lease payments relating to the year are applied against lease receivables to reduce both the principal and the unearned finance income.

Fee and commission income is recognized as income on receipt basis

3.8 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements only when the Company has a legally enforceable right to set off and the Company intends to either settle on a net basis, or to realise the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also offset and the net amount is reported in the financial statements only when permitted by the approved accounting standards.

3.9 Financial Instruments

All financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

3.9.1 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets. Management determines the classification of the financial asset at the time of initial recognition.

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in four categories:
- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- Available-for-sale financial investments

The Company has not designated any financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial investments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date which are classified as non-current assets. Loans and receivables comprise of advances, prepayments, other receivables and cash and cash equivalents. After initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment. Restructured/ rescheduled receivables are recorded at revised terms and conditions as approved by the management. Restructuring policies and practices are based on indicators or criteria which, indicate that payment will most likely continue.

3.9.2 Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss or other financial liabilities, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Company's financial liabilities include balance due to a related party.

Subsequent measurement

The measurement of financial liabilities depends on their classification as financial liabilities at fair value through profit or loss or "other financial liabilities".

The Company has not designated any financial liability as fair value through profit or loss.

Other financial liabilities

Other financial liabilities (including due to a related party and other liabilities) are subsequently measured at amortised cost using the effective interest rate method.

3.10 First time adoption of IFRS

These financial statements, for the three-month and nine-month periods ended September 30, 2015, are the Company's first financial statements prepared in accordance with IFRS. For periods up to and including the period ended March 31, 2015, the Company prepared its financial statements in accordance with Local GAAP.

Accordingly, the Company has prepared the accompanying condensed interim financial statements which comply with IFRS applicable for periods ending on or after September 30, 2015, together with the comparative period data as at and for the period ended March 31, 2015, as described in the summary of significant accounting policies. In preparing these condensed interim financial statements, the Company's opening statement of financial position was prepared as at January 1, 2014, the Company's date of transition to IFRS. This note explains the principal adjustments made by the Company in restating its Local GAAP financial statements, including the statement of financial position as at January 1, 2014 and the financial statements as at and for the period ended March 31, 2015.

3.10.1 Reconciliation of financial position, equity, comprehensive income and cash flows as previously reported under local GAAP

There are no adjustments to the elements of the financial position, equity, comprehensive income and cash flows prepared under the Local GAAP. Therefore, a reconciliation is not being presented.

(Expressed in Saudi Riyals)

3.11 Reclassifications

Following reclassifications have been made in the comparative financial statements to conform to 2015 presentation:

(a) *Condensed interim statement of financial position*

For better presentation balance amounting to SR 40.5 and 42.5 million have been reclassified from 'net investment in finance lease' to 'prepayments and other receivable' as 'collection account, as at December 31, 2014 and January 1, 2014 respectively.

4. NET INVESTMENT IN FINANCE LEASE

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)	January 1, 2014 (Audited)
Gross receivable from finance lease contracts	**219,223,392**	145,805,372	104,318,777
Less: Uneamed income on finance lease and other related credits	**(53,131,869)**	(32,881,244)	(5,028,841)
Net investment in finance lease	**166,091,523**	112,924,128	99,289,936
Provisions against net investment in finance lease (Note 4.2)	**(27,495,322)**	(22,785,968)	(19,974,132)
	138,596,201	90,138,160	79,315,804

4.1 Details of investment in finance lease

	September 30, 2015 (Unaudited)		December 31, 2014 (Audited)		January 1, 2014 (Audited)	
	Net investments In finance lease	Gross investments in finance lease	Net investments in finance lease	Gross investments in finance lease	Net investments in finance lease	Gross Investments in finance lease
Less than a year	**33,602,722**	**81,612,700**	35,111,025	72,468,408	61,231,155	83,417,194
One to five years	**104,993,478**	**137,610,692**	55,027,135	73,336,964	18,084,649	20,901,583
	138,596,200	**219, 223,392**	90,138,160	145,805,372	79,315,804	104,318,777

The Company's implicit rate of return on leases ranges between 9% and 11% per annum. These are partially secured against leased assets and security deposits.

Amounts due after one year represents minimum rental payments under finance lease contracts, which are due for payment by customers after one year from the statement of financial position date. Such amounts have been classified as Receivable from capital lease contracts - non-current in the accompanying the condensed interim statement of financial position.

(Expressed in Saudi Riyals)

Following are the scheduled maturities of the lease receivables - net due after one year as of September 30, 2015:

Years ending December 31:	September 30, 2015 (Unaudited)
2016	10,345,477
2017	30,822,106
2018	22,390,539
2019	25,298,949
2020	16,136,407
	104,993,478

4.2 The Movement in provision against net investment in finance lease is as follows:

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)	January 1, 2014 (Audited)
Opening balance	22,785,968	19,974,132	16,534,593
Charge for the period	4,760,464	3,000,000	3,600,000
Write-offs	(51,109)	(188,164)	(160,461)
Closing balance	27,495,323	22,785,968	19,974,132

5. PREPAYMENTS AND OTHER RECEIVABLES

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)	January 1, 2014 (Audited)
Collection account	72,453,542	40,495,151	42,495,420
Prepaid insurance	13,009,973	12,273,620	11,166,381
Insurance claim receivable	-	-	-
Receivable from employees	1,486,519	1,957,189	1,920,919
Prepaid rent	647,032	372,500	42,500
Prepaid general expenses	14,721	186,606	747,422
Other prepayments	1,333,899	2,153,029	1,116,996
	88,945,686	57,438,095	57,489,638

6. CASH AND CASH EQUIVALENTS

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)	January 1, 2014 (Audited)
Cash in hand	3,418,362	2,195,762	2,059,725
Cash at banks	23,412,373	20,294,676	32,708,180
	26,830,735	22,490,438	34,767,905

(Expressed in Saudi Riyals)

7. SHARE CAPITAL

The share capital of the Company as of September 30, 2015 was comprised of 100,000 shares stated at Saudi Riyals 1,000 per share.

	Nationality	Shareholding
Modern Ajwad for Commercial Investment Co. Ltd.	Saudi	60.0%
Tawad Commercial Investment Co. Ltd.	Saudi	37.5%
Saudi Diesel Equipment Co. Ltd.	Saudi	1.0%
Trans Arabian Technical Services Co. Ltd.	Saudi	1.0%
Arabian Properties Co. Ltd.	Saudi	0.5%
		100%

8. STATUTORY RESERVE

In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia, the Company transfers 10% of the net income for the year to a statutory reserve until such reserve equals 50% of its share capital. The statutory reserve in the accompanying condensed interim financial statements is the statutory reserve of the Company. This reserve currently is not available for distribution to the shareholders of the Company.

9. POST-EMPLOYMENT BENEFITS

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)	January 1, 2014 (Audited)
Opening balance	**2,290,453**	1,787,739	1,452,107
Charge for the period	**503,153**	735,328	452,315
Payment made during the period	**(456,629)**	(232,614)	(116,683)
Closing balance	**2,336,977**	2,290,453	1,787,739

10. ACCRUED AND OTHER LIABILITIES

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)	January 1, 2014 (Audited)
Employee related accruals	**3,065,749**	2,345,621	1,761,505
Advances from customers	**2,100,842**	2,109,465	810,627
Other accruals	**333,253**	208,551	1,175
	5,499,844	4,663,637	2,573,307

11. PROVISION FOR ZAKAT

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)	January 1, 2014 (Audited)
Opening balance	**3,697,753**	3,753,658	3,044,724
Charge for the period	**2,877,549**	3,997,711	4,000,000
Payments	-	(4,053,616)	(3,291,066)
Closing balance	**6,575,302**	3,697,753	3,753,658

(Expressed in Saudi Riyals)

Status of final assessments

The Company has filed its zakat declarations with Department of Zakat and Income Tax (DZIT) till 2014 and has received final zakat assessments till the year 2010. The Zakat declarations for the year 2011 to 2014 are still under review of DZIT.

12. RELATED PARTY TRANSACTIONS

During the period, the Company has transactions with Universal Motors Agencies ("UMA"), an affiliate.

Significant transactions with related party in the ordinary course of business included in the financial statements are summarized below:

	Three-month period ended September 30, 2015 (Unaudited)	Three-month period ended September 30, 2014 (Unaudited and Unreviewed)	**Nine-month period ended September 30, 2015 (Unaudited)**	Nine-month period ended September 30, 2014 (Unaudited and Unreviewed)
Purchase of motor vehicles	**39,072,940**	88,882,203	**110,305,354**	245,573,323
Expenses paid	**1,249,320**	2,044,114	**4,540,979**	8,598,291
Payments and other settlements	**(11,276,704)**	(79,811,728)	**(28,264,626)**	(323,267,777)

Compensation of key management personnel

	Three-month period ended September 30, 2015 (Unaudited)	Three-month period ended September 30, 2014 (Unaudited and Unreviewed)	**Nine-month period ended September 30, 2015 (Unaudited)**	Nine-month period ended September 30, 2014 (Unaudited and Unreviewed)
Salaries and bonuses paid / accrued to key management personnel	**313,823**	431,295	**801,030**	1,115,184
End of service indemnities accrued during the period	**22,210**	30,374	**105,917**	91,123

Payable to related party

Significant period end balance arising from transactions with a related party is as follows:

	Relationship	**September 30, 2015 (Unaudited)**	**December 31, 2014 (Audited)**	**January 1, 2014 (Audited)**
Universal Motors Agencies	Affiliate	**112,159,833**	25,578,126	37,057,686

(Expressed in Saudi Riyals)

13. ACCOUNTS PAYABLE

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)	January 1, 2014 (Audited)
Due to a related party	**112,159,833**	25,578,126	37,057,686
Other	**7,120,699**	2,961,613	88,177
	119,280,532	28,539,739	37,145,863

14. GENERAL AND ADMINISTRATIVE EXPENSES

	Three-month period ended September 30, 2015 (Unaudited)	Three-month period ended September 30, 2014 (Unaudited and Unreviewed)	Nine-month period ended September 30, 2015 (Unaudited)	Nine-month period ended September 30, 2014 (Unaudited and Unreviewed)
Salaries and allowances	**4,412,094**	4,813,019	**14,452,504**	14,625,110
Building rent	**418,631**	418,631	**1,255,894**	1,255,894
Repair and Maintenance	**96,414**	275,322	**368,602**	807,640
Professional charges	**237,734**	714,334	**1,004,000**	1,380,027
Depreciation	**159,279**	213,783	**512,560**	713,168
Other expenses	**673,783**	204,540	**1,133,762**	1,120,824
	5,997,935	6,639,629	**18,727,322**	19,902,663

15. SEASONALITY OF OPERATIONS

The principal activity of the Company is to provide finance lease services to customers and its activities are evenly spread during the period.

16. SEGMENT REPORTING

A segment is a distinguishable component that is engaged in providing products and services (a business segment), which is subject to risks and rewards that are different from other segments.

The Company essentially monitors its business of finance leasing as a single business segment and accordingly it is management's opinion that segment reporting would not be relevant and accordingly, these interim condensed financial statements have been prepared on the basis of a single reporting segment. The Company only operates in the Kingdom of Saudi Arabia.

17. FINANCIAL RISK MANAGEMENT

The Company's activities are exposed to a variety of financial risks which mainly include market risk, credit risk and liquidity risk. The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

17.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements.

17.2 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market profit rates or the market prices of securities due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Market risk comprises of three types of risk: currency risk, interest rate risk and price risk.

17.2.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As the Company's transactions are principally in Saudi Riyals, the Company is not exposed to currency risk.

17.2.2 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates is limited as all the Company's financial assets have fixed interest rates. Applicable interest rates for the same have been disclosed in their respective notes.

17.2.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or it's issuer, or factors affecting all similar financial instruments traded in the market. As at September 30, 2015, the Company has no investments in the listed securities.

17.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The risk is generally limited to principal amounts and accrued profit thereon, if any. The Company has established procedures to manage credit exposure including credit approvals, credit limits, collateral and guarantee requirements. The Company also manages risk through a credit department which evaluates customers' credit worthiness and obtains adequate securities where applicable.

All investing transactions are settled / paid for upon delivery. The Company's policy is to enter into financial instrument contract by following internal guidelines such as approving counterparties and approving credits.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry or geographic location. Out of the total assets of SR 256.3 million the assets which were subject to credit risk amounted to SR 254.4 million.

(Expressed in Saudi Riyals)

The maximum exposure to credit risk at the reporting date is:

Net investment in finance lease – net	**138,596,201**
Prepayments and other receivables	**88,945,686**
Cash and cash equivalents	**26,830,735**
	254,372,622

The Company monitors the credit quality of receivables through diversification of activities to avoid undue concentration of risks with individuals or groups. For such purpose, the Company has established exposure limits for single lessees and industrial sectors. The Company has an effective rental monitoring system which allows it to evaluate customers' credit worthiness and identify potential problem accounts. An allowance for potential lease, installment and other loan losses is maintained at a level which, in the judgment of management, is adequate to provide for potential losses on lease, installment and other loan portfolio that can be reasonably anticipated. The credit quality of receivables can be assessed with reference to their historical performance with no or some defaults in recent history.

The ageing of net investment in finance lease which are past due are as follows:

	September 30, 2015 (Unaudited)
Less than 90 days	**2,369,706**
91-180 days	**369,769**
181-365 days	**485,179**
More than 365 days	**28,469,103**
Total	**31,693,757**

The Company has a provision of SR 27.5 million against the past dues.

The credit quality of the Company's bank balances and investments portfolio are assessed with reference to external credit ratings which, in all cases, are above investment grade rating.

The analysis below summaries the credit rating quality of the Company's net financial assets as at September 30, 2015:

Bank	**September 30, 2015 (Unaudited)**
A+	**10,753,860**
A-	**12,651,259**
A	**7,254**
Total	**23,412,373**

17.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company will be required to pay its liabilities earlier than expected or will face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Accounts payable accrued and other liabilities aggregating SR 66.2 million have a short term maturity and are payable within three months. Post-employment benefits amounting to SR 2.5 million have no fixed maturity.

17.5 Capital risk management

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to its shareholders or increase its share capital.