

**DAR AL-ETIMAN AL SAUDI FOR INSTALLMENT  
SALES COMPANY LIMITED  
(A Limited Liability Company)**

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
AND INDEPENDENT AUDITORS' REPORT

**DAR AL-ETIMAN AL SAUDI FOR INSTALLMENT SALES COMPANY LIMITED**  
**(A Limited Liability Company)**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

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## INDEPENDENT AUDITORS' REPORT

June 28, 2015

To the Shareholders of Dar Al-Etiman Al Saudi for Installment Sales Company Limited:  
(A Limited Liability Company)

### Scope of audit

We have audited the accompanying balance sheet of Dar Al-Etiman Al Saudi for Installment Sales Company Limited (the "Company") as of December 31, 2014 and the related statements of income, cash flows, and changes in shareholders' equity for the year then ended, and the notes from 1 to 16 which form an integral part of the financial statements. These financial statements, which were prepared by the Company in accordance with Article 175 of the Regulations for Companies and presented to us with all information and explanations which we required, are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.


We conducted our audit in accordance with auditing standards generally accepted in Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

### Unqualified opinion

In our opinion, such financial statements taken as a whole:

- Present fairly, in all material respects, the financial position of the Company as of December 31, 2014 and the results of its operations and its cash flows for the year then ended in conformity with accounting standards generally accepted in Saudi Arabia appropriate to the circumstances of the Company; and
- Comply, in all material respects, with the requirements of the Regulations for Companies and the Company's Articles of Association with respect to the preparation and presentation of financial statements.

### **PricewaterhouseCoopers**

By:   
Yaseen A. Abu Alkheer  
License Number 375



**DAR AL-ETIMAN AL SAUDI FOR INSTALLMENT SALES COMPANY LIMITED**  
**(A Limited Liability Company)**

**Balance sheet**

(All amounts in Saudi Riyals unless otherwise stated)

	Note	As at December 31,	
		2014	2013
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	22,490,438	34,767,905
Receivables from capital lease contracts - net	5, 9	75,606,176	103,726,575
Prepayments and other receivables	6	16,942,944	14,994,218
		<b>115,039,558</b>	<b>153,488,698</b>
<b>Non-current assets</b>			
Receivables from capital lease contracts - non current	5	55,027,135	18,084,649
Property and equipment	7	2,393,499	3,194,652
		<b>57,420,634</b>	<b>21,279,301</b>
<b>Total assets</b>		<b>172,460,192</b>	<b>174,767,999</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable	8,9	28,539,739	37,145,863
Accrued and other liabilities		4,663,637	2,573,307
Zakat payable	10	3,697,753	3,753,658
		<b>36,901,129</b>	<b>43,472,828</b>
<b>Non-current liabilities</b>			
Employee termination benefits	11	2,290,453	1,787,739
<b>Total liabilities</b>		<b>39,191,582</b>	<b>45,260,567</b>
<b>Shareholders' equity</b>			
Share capital	12	100,000,000	100,000,000
Statutory reserve	13	4,350,135	3,974,017
Retained earnings		28,918,475	25,533,415
<b>Total shareholders' equity</b>		<b>133,268,610</b>	<b>129,507,432</b>
<b>Total liabilities and shareholders' equity</b>		<b>172,460,192</b>	<b>174,767,999</b>

The notes on pages from 7 to 16 form an integral part of these financial statements.

**DAR AL-ETIMAN AL SAUDI FOR INSTALLMENT SALES COMPANY LIMITED**  
**(A Limited Liability Company)**

**Income statement**

(All amounts in Saudi Riyals unless otherwise stated)

	<b>Note</b>	<b>Year ended December 31,</b>	
		<b>2014</b>	<b>2013</b>
Lease income – net	5,14	<b>31,514,367</b>	115,996,035
<b>Expenses</b>			
General and administrative	9,15	<b>(22,817,608)</b>	(24,626,282)
Write-off of receivables from capital lease contracts	5	-	(71,123,875)
Depreciation	7	<b>(937,870)</b>	(1,173,944)
Income before zakat		<b>7,758,889</b>	19,071,934
Zakat	10	<b>(3,997,711)</b>	(4,000,000)
<b>Net income for the year</b>		<b>3,761,178</b>	15,071,934

The notes on pages from 7 to 16 form an integral part of these financial statements.

**DAR AL-ETIMAN AL SAUDI FOR INSTALLMENT SALES COMPANY LIMITED**  
**(A Limited Liability Company)**  
**Cash flow statement**  
(All amounts in Saudi Riyals unless otherwise stated)

	Note	Year ended December 31,	
		2014	2013
<b>Cash flow from operating activities</b>			
Net income for the year		<b>3,761,178</b>	15,071,934
<u>Adjustments for non-cash items</u>			
Depreciation	7	<b>937,870</b>	1,173,944
Provision for doubtful receivable from capital lease contracts	5	<b>3,000,000</b>	3,600,000
Write-off of receivables from capital lease contracts		-	71,123,875
Employee termination benefits	11	<b>735,328</b>	452,315
Provision for zakat	10	<b>3,997,711</b>	4,000,000
<u>Changes in working capital</u>			
Receivables from capital lease contracts	5	<b>(11,822,087)</b>	(6,864,109)
Prepayments and other receivables		<b>(1,948,726)</b>	(4,119,040)
Accounts payable		<b>(8,606,124)</b>	(49,771,714)
Accrued and other liabilities		<b>2,090,330</b>	(657,029)
Zakat paid		<b>(4,053,616)</b>	(3,291,066)
Employee termination benefits paid		<b>(232,614)</b>	(116,683)
Net cash (utilized in) / generated from operating activities		<b>(12,140,750)</b>	30,602,427
<b>Cash flow from investing activities</b>			
Additions of property and equipment	7	<b>(136,717)</b>	(572,757)
Proceeds from disposal of property and equipment	7	-	21,900
Net cash utilized in investing activities		<b>(136,717)</b>	(550,857)
<b>Net change in cash and cash equivalents</b>		<b>(12,277,467)</b>	30,051,570
Cash and cash equivalents at beginning of year		<b>34,767,905</b>	4,716,335
<b>Cash and cash equivalents at end of year</b>		<b>22,490,438</b>	34,767,905
<b>Supplemental schedule of non-cash information</b>			
Write-off of provision for doubtful capital lease receivables	5	<b>(188,164)</b>	(160,461)

The notes on pages from 7 to 16 form an integral part of these financial statements.

**DAR AL-ETIMAN AL SAUDI FOR INSTALLMENT SALES COMPANY LIMITED**  
**(A Limited Liability Company)**  
**Statement of changes in shareholders' equity**  
(All amounts in Saudi Riyals unless otherwise stated)

		<b>Modern Ajwad for Commercial Investment Co. Ltd</b>	<b>Tawad Commercial Investment Co. Ltd.</b>	<b>Total</b>
	<b>Note</b>			
<b>Share capital</b>				
<b>December 31, 2013 and 2014</b>	<b>12</b>	<b>60,000,000</b>	<b>40,000,000</b>	<b>100,000,000</b>
<b>Statutory reserve</b>				
January 1, 2013	13	1,480,094	986,730	2,466,824
Transfer from retained earnings		904,316	602,877	1,507,193
December 31, 2013		2,384,410	1,589,607	3,974,017
Transfer from retained earnings		225,671	150,447	376,118
<b>December 31, 2014</b>		<b>2,610,081</b>	<b>1,740,054</b>	<b>4,350,135</b>
<b>Retained earnings</b>				
January 1, 2013		7,181,204	4,787,470	11,968,674
Net income for the year		9,043,160	6,028,774	15,071,934
Transfer to statutory reserve		(904,316)	(602,877)	(1,507,193)
December 31, 2013		15,320,048	10,213,367	25,533,415
Net income for the year		2,256,707	1,504,471	3,761,178
Transfer to statutory reserve		(225,671)	(150,447)	(376,118)
<b>December 31, 2014</b>		<b>17,351,084</b>	<b>11,567,391</b>	<b>28,918,475</b>
<b>Total shareholders' equity at</b>				
<b>December 31, 2014</b>		<b>79,961,165</b>	<b>53,307,445</b>	<b>133,268,610</b>
<b>Total shareholders' equity at</b>				
<b>December 31, 2013</b>		<b>77,704,458</b>	<b>51,802,974</b>	<b>129,507,432</b>

The notes on pages from 7 to 16 form an integral part of these financial statements.

**DAR AL-ETIMAN AL SAUDI FOR INSTALLMENT SALES COMPANY LIMITED**  
**(A Limited Liability Company)**

**Notes to the financial statements for the year ended December 31, 2014**

(All amounts in Saudi Riyals unless otherwise stated)

**1 General information**

Dar Al-Etiman Al Saudi for Installment Sales Company Limited (the "Company") is a limited liability company licensed in the Kingdom of Saudi Arabia under commercial registration number 4030165101 dated Dhul-Qada 5, 1427H (December 5, 2006) issued in Jeddah. The principal activity of the Company is to provide 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.

Subsequent to the year end, there was a change in the Company's shareholding and the Company was converted into a closed joint stock company effective Jamada Al-Akhira 11, 1436 (March 31, 2015) and its name has been changed to Dar Al Etiman Al Saudi (A closed joint stock company). The revised shareholding of the Company is held as follows:

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

Also see Note 12 to the financial statements for the shareholding of the Company as at December 31, 2014.

Further, in accordance with requirements of Saudi Arabian Monetary Agency (SAMA) with regards to Finance lease law, the Company has submitted a request to SAMA to obtain a license to practice the finance lease activities in the Kingdom of Saudi Arabia. The Company has been provided a provisional license from SAMA to conduct such lease activities. The regulatory procedures to obtain the final license from SAMA were in progress at the date of preparation of these financial statements.

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

These financial statements have been approved for issuance by the Company's management on June 28, 2015.

**2 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

**2.1 Basis of preparation**

The accompanying financial statements have been prepared under the historical cost convention on the accrual basis of accounting and in compliance with standards promulgated by Saudi Organization for Certified Public Accountants.

**2.2 Critical accounting estimates and judgments**

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of certain critical estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:



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**Notes to the financial statements for the year ended December 31, 2014**  
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**(a) Provision for doubtful receivable from capital lease contracts**

The Company assesses at each balance sheet date whether there is objective evidence that a lease receivable or group of lease receivables is impaired. A lease receivable or group of lease receivables is impaired and an impairment loss is incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the lease receivable or group of lease receivables that can be reliably estimated. Objective evidence that a lease receivable or group of lease receivables is impaired includes observable data that comes to the attention of the Company about the following loss events:

- Significant financial difficulty of the obligor;
- A breach of contract, such as a default in rental payment;
- The Company granting to the lessee, for economic or legal reasons relating to the lessee's financial difficulty, a concession that the lender would not otherwise consider;
- It becoming probable that the lessee will enter bankruptcy or other financial reorganization;
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of lease receivables since the initial recognition of those leases,

When a lease receivable is uncollectible, it is written off against the related provision for impairment. Such leases are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for doubtful capital lease receivable in the income statement.

**2.3 Foreign currency translations**

**(a) Reporting currency**

The financial statements of the Company are presented in Saudi Riyals which is the Company's reporting currency.

**(b) Transactions and balances**

Foreign currency transactions are translated into the local currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Such exchange adjustments were not significant for 2014 and 2013.

**2.4 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.

**2.5 Receivable from capital lease contracts and lease income**

Assets owned by the Company but subject to finance leases are included in the financial statements as "Receivable from capital lease contracts" at an amount equivalent to the net investment in the leases.

Finance 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.

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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 all risks and rewards of ownership of lease receivables to a financial institution. Accordingly, Company also immediately recognizes the future lease income and related future finance and insurance costs related to lease receivables sold upon derecognition. If the Company retains substantially all the risks and rewards of ownership of a transferred lease receivables, the Company continues to recognize the lease receivable and also recognizes a collateralized borrowing for the proceeds received.

**2.6 Property and equipment**

Property and equipment are stated at cost less accumulated depreciation. 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:

	<b>Number of years</b>
• 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.

Maintenance and normal repairs which do not materially extend the estimated useful life of an asset are charged to income statement as and when incurred. Major renewals and improvements, if any, are capitalized and the assets so replaced are retired.

**2.7 Impairment of non-current assets**

Non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-current assets other than intangible assets that suffered impairment are reviewed for possible reversal of impairment at each reporting date. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the assets or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately in the income statement. Impairment losses recognized on intangible assets are not reversible.

**2.8 Accounts payable and accruals**

Liabilities are recognized for amounts to be paid for goods and services received, whether or not billed to the Company.

**2.9 Provisions**

Provisions are recognized when; the Company has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

**DAR AL-ETIMAN AL SAUDI FOR INSTALLMENT SALES COMPANY LIMITED**  
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**Notes to the financial statements for the year ended December 31, 2014**  
(All amounts in Saudi Riyals unless otherwise stated)

**2.10 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.

**2.11 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.

**2.12 Interest income**

Finance income on time deposit is recognized on a time proportion basis using the effective interest method.

**2.13 General and administrative expenses**

General and administrative expenses include expenses not specifically part of "direct costs", as required under generally accepted accounting principles. Allocation between direct costs and general and administrative expenses, when required, are made on a consistent basis.

**2.14 Operating leases**

Rental expenses under operating leases are charged to income statement over the period of the respective lease.

**2.15 Reclassifications**

For better presentation, certain amounts relating to 2013 comparative financial statements have been reclassified to conform to the 2014 presentation.

**3 Financial instruments and risk management**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value and cash flow interest rate risks and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by senior management under policies approved by the board of directors. The most important types of risk are credit risk, currency risk and fair value and cash flow interest rate risks.

Financial instruments carried on the balance sheet include cash and cash equivalents, receivables from finance lease contracts, accounts payable and accrued and other current liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial asset and liability is offset and net amounts reported in the financial statements, when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

**3.1 Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's transactions are principally in Saudi Riyal. The management believes that the currency risk is not material.

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**3.2 Fair value and cash flow interest rate risks**

Cash flow and fair value interest rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. During the normal course of business, the Company had finance lease transactions which generally have terms ranging from 2 to 5 years, and which result in finance income at rates determined at inception of such contracts. Management monitors the changes in interest rate fluctuations on a continuous basis and acts accordingly to mitigate the effects of interest rate risk.

**3.3 Price risk**

The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Company is not exposed to price risk since it does not have any investments.

**3.4 Credit risk**

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. The Company has no significant concentration of credit risks. Cash and cash equivalents are placed with national and multinational banks with sound credit ratings. Receivable from finance lease contracts are mainly due from local customers and related parties and are stated at their estimated realizable values.

**3.5 Liquidity risk**

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on regular basis that sufficient funds are available to meet any future commitments.

**3.6 Fair value**

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. As the Company's financial instruments are prepared under the historical cost method, differences can arise between the book values and the fair value estimates. The management believes that the fair values of the Company's financial assets and liabilities are not materially different from their carrying values.

**4 Cash and cash equivalents**

	<b>2014</b>	<b>2013</b>
Cash at banks	<b>20,294,676</b>	32,708,180
Cash in hand	<b>2,195,762</b>	2,059,725
	<b>22,490,438</b>	34,767,905

**DAR AL-ETIMAN AL SAUDI FOR INSTALLMENT SALES COMPANY LIMITED**  
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**Notes to the financial statements for the year ended December 31, 2014**  
(All amounts in Saudi Riyals unless otherwise stated)

**5 Receivable from capital lease contracts - net**

	<b>Note</b>	<b>2014</b>	<b>2013</b>
Gross receivable from capital lease contracts	9	<b>186,300,523</b>	146,814,197
Less: Unearned finance income on capital lease and other related credits		<b>(32,881,244)</b>	(5,028,841)
Provisions against doubtful lease receivables		<b>(22,785,968)</b>	(19,974,132)
Receivables from capital lease contracts – net		<b>130,633,311</b>	121,811,224
Less: Amounts due after one year		<b>(55,027,135)</b>	(18,084,649)
Receivables from capital lease contracts - net, current portion		<b>75,606,176</b>	103,726,575

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

In the normal course of business, the Company sells its receivable from capital lease contracts to various financial institutions and derecognizes such receivables. The Company has been assigned by the financial institutions as a collection agent for such receivables sold. During 2014, receivables from capital lease contracts totaling Saudi Riyals 277 million (2013: Saudi Riyals 520 million) were sold to various financial institutions and were derecognised from the Company's books.

During 2013, the Company wrote-off lease receivables amounting to Saudi Riyals 71.1 million based on a detailed exercise conducted during the year. Management identified those receivables where all efforts to collect from them where exhausted including legal proceedings or repossession of sold vehicles.

Movement in provision for doubtful lease receivables is as follows:

	<b>Note</b>	<b>2014</b>	<b>2013</b>
January 1		<b>19,974,132</b>	16,534,593
Additions	15	<b>3,000,000</b>	3,600,000
Write-offs		<b>(188,164)</b>	(160,461)
December 31		<b>22,785,968</b>	19,974,132

Following are the scheduled maturities of the lease receivables - net due after one year as of December 31, 2014:

**Years ending December 31:**

2016	<b>17,831,795</b>
2017	<b>12,685,542</b>
2018	<b>9,832,452</b>
2019	<b>14,677,346</b>
Total	<b>55,027,135</b>

**DAR AL-ETIMAN AL SAUDI FOR INSTALLMENT SALES COMPANY LIMITED**  
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**Notes to the financial statements for the year ended December 31, 2014**  
(All amounts in Saudi Riyals unless otherwise stated)

**6 Prepayments and other receivables**

	<b>2014</b>	<b>2013</b>
Prepaid insurance	<b>12,273,620</b>	11,166,381
Prepaid rent	<b>372,500</b>	42,500
Prepaid general expenses	<b>186,606</b>	747,422
Other	<b>4,110,218</b>	3,037,915
	<b>16,942,944</b>	14,994,218

**7 Property and equipment**

	<b>January 1, 2014</b>	<b>Additions</b>		<b>December 31, 2014</b>
<b>Cost</b>				
Leasehold improvements	3,724,063	79,000		<b>3,803,063</b>
Furniture and fixtures	3,497,293	44,999		<b>3,542,292</b>
Motor vehicles	553,747	-		<b>553,747</b>
Office equipment	948,948	12,718		<b>961,666</b>
	8,724,051	136,717		<b>8,860,768</b>
<b>Accumulated depreciation</b>				
Leasehold improvements	(1,557,555)	(379,770)		<b>(1,937,325)</b>
Furniture and fixtures	(2,810,786)	(419,455)		<b>(3,230,241)</b>
Motor vehicles	(249,433)	(118,295)		<b>(367,728)</b>
Office equipment	(911,625)	(20,350)		<b>(931,975)</b>
	(5,529,399)	(937,870)		<b>(6,467,269)</b>
	3,194,652			<b>2,393,499</b>
	<b>January 1, 2013</b>	<b>Additions</b>	<b>Disposals</b>	<b>December 31, 2013</b>
<b>Cost</b>				
Leasehold improvements	3,724,063	-	-	3,724,063
Furniture and fixtures	3,136,585	360,708	-	3,497,293
Motor vehicles	599,140	171,007	(216,400)	553,747
Office equipment	907,906	41,042	-	948,948
	8,367,694	572,757	(216,400)	8,724,051
<b>Accumulated depreciation</b>				
Leasehold improvements	(1,167,713)	(389,842)	-	(1,557,555)
Furniture and fixtures	(2,211,805)	(598,981)	-	(2,810,786)
Motor vehicles	(309,059)	(134,874)	194,500	(249,433)
Office equipment	(861,378)	(50,247)	-	(911,625)
	(4,549,955)	(1,173,944)	194,500	(5,529,399)
	3,817,739			3,194,652

**DAR AL-ETIMAN AL SAUDI FOR INSTALLMENT SALES COMPANY LIMITED**  
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**Notes to the financial statements for the year ended December 31, 2014**

(All amounts in Saudi Riyals unless otherwise stated)

**8 Accounts payable**

	Note	2014	2013
Payable to a related party	9	25,578,126	37,057,686
Other		2,961,613	88,177
		<u>28,539,739</u>	<u>37,145,863</u>

**9 Related party matters**

The Company is a member of Ajwad Group of companies which are directly or indirectly controlled by the Company's shareholders.

**9.1 Related party transactions**

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

	2014	2013
Purchase of motor vehicles from a related party	306,912,341	506,924,089
Expenses paid by a related party	12,428,894	13,457,121

**9.2 Payable to related party**

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

	Relationship	2014	2013
UMA	Affiliate	<u>25,578,126</u>	<u>37,057,686</u>

Balance with the related party do not bear any finance charges and does not have any repayment terms.

**10 Zakat matters**

**10.1 Components of zakat base**

The significant components of the zakat base, under zakat and income tax regulations, is principally comprised of shareholders' equity, provisions at the beginning of year, and adjusted net income, less deductions for the net book value of property and equipment, and certain other items.

	2014	2013
Shareholders' equity at beginning of the year	129,507,432	114,435,498
Provisions at beginning of the year	21,631,562	17,709,556
Adjusted net income for the year	11,162,935	19,071,934
Less:		
Property and equipment	(2,393,499)	(3,194,652)
Approximate zakat base	<u>159,908,430</u>	<u>148,022,336</u>

Zakat is payable at 2.5 percent of higher of the approximate zakat base and adjusted net income attributable to the Saudi shareholders.

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**10.2 Provision for zakat**

	<b>2014</b>	<b>2013</b>
January 1	<b>3,753,658</b>	3,044,724
Provision for the year	<b>3,997,711</b>	4,000,000
Payments	<b>(4,053,616)</b>	(3,291,066)
December 31	<b>3,697,753</b>	3,753,658

**10.3 Status of final assessments**

The Company has obtained the necessary zakat certificates upto April 30, 2015.

**11 Employees' termination benefits**

	<b>2014</b>	<b>2013</b>
January 1	<b>1,787,739</b>	1,452,107
Provision	<b>735,328</b>	452,315
Payments	<b>(232,614)</b>	(116,683)
December 31	<b>2,290,453</b>	1,787,739

**12 Share capital**

At December 31, 2014 and 2013, the share capital of the Company was comprised of 100,000 shares stated at Saudi Riyals 1,000 per share, owned as follows:

	<b>Nationality</b>	<b>Shareholding</b>	
		<b>2014</b>	<b>2013</b>
Modern Ajwad for Commercial Investment Co. Ltd.	<b>Saudi</b>	<b>60%</b>	60%
Tawad Commercial Investment Co. Ltd. ("Tawad")	<b>Saudi</b>	<b>40%</b>	40%
		<b>100%</b>	100%

On November 24, 2014, the shareholders approved a change in the Company's shareholding. The legal formalities relating to such change were completed subsequent to the year end. Also see note 1 with respect to change in shareholding and updated legal status of the Company subsequent to the year end.

**13 Statutory reserve**

In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia, the Company is required to allocate 10% of its net income each year to a statutory reserve, after any accumulated deficit is absorbed, until such reserve equals 50% of its share capital. This reserve is not currently available for distribution to the shareholders.

**14 Lease income – net**

	<b>2014</b>	<b>2013</b>
Finance and insurance income on capital lease contracts	<b>91,978,671</b>	163,056,142
Direct costs	<b>(60,464,304)</b>	(47,060,107)
	<b>31,514,367</b>	115,996,035



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**Notes to the financial statements for the year ended December 31, 2014**  
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**15 General and administrative expenses**

	Note	2014	2013
Salaries and allowances		19,880,570	19,615,585
Provision for doubtful debts	5	3,000,000	3,600,000
Building rent		1,674,525	1,674,525
Professional charges		1,871,058	374,281
Repair and Maintenance		766,993	1,038,385
Other		2,231,459	1,343,001
		<b>29,424,605</b>	<b>27,645,777</b>
Less: Recovery of bad debts written-off		<b>(6,606,997)</b>	<b>(3,019,495)</b>
		<b>22,817,608</b>	<b>24,626,282</b>

**16 Operating leases**

The Company has various operating leases for its head office and branches. Rental expenses for the year ended December 31, 2014 was Saudi Riyals 1.67 million (2013: Saudi Riyals 1.67 million). Future rental commitments under these operating leases are as follows:

**Years ending December 31,**

2015	1,674,525
2016	1,674,525
2017	1,674,525
2018	1,674,525
2019	1,674,525