

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

**INTERIM CONDENSED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT ON REVIEW**

FOR THE THREE AND SIX MONTH PERIOD ENDED 30 JUNE 2019

AL JABR FINANCING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
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REVIEW
FOR THE THREE AND SIX MONTH PERIOD ENDED 30 JUNE 2019

INDEX	PAGE
Independent auditor's report on review	1
Interim statement of financial position	2
Interim statement of profit or loss and other comprehensive income	3
Interim statement of changes in shareholders' equity	4
Interim statement of cash flows	5
Notes to interim condensed financial statements	6-20

**INDEPENDENT AUDITORS' REPORT ON REVIEW
TO THE SHAREHOLDERS OF AL JABR FINANCING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)**

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of Al Jabr Financing Company (A Saudi Closed Joint Stock Company) (the "Company") as at 30 June 2019 and the related interim statement of profit or loss and other comprehensive income for the three month and six-month period then ended, and the interim statements of changes in shareholders' equity and cash flows for the six-month period then ended, and explanatory notes which form an integral part of these interim condensed financial statements. Management is responsible for the preparation and fair presentation of these interim condensed financial statements and have been prepared by them in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34) as endorsed in Kingdom Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

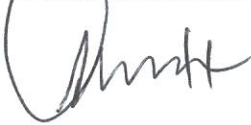
SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not presented fairly, in all material respects, in accordance with IAS 34 as endorsed in Kingdom of Saudi Arabia.

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AL JABR FINANCING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

		30 June 2019 SR (Un-audited)	31 December 2018 SR (Audited)
	Note		
ASSETS			
Cash and cash equivalents		36,938,116	30,459,822
Investment in financing contracts, net	5	810,847,484	870,554,044
Investments in financing contracts carried at fair value through OCI	5	112,549,296	-
Assets repossessed held for sale		1,701,664	2,012,796
Prepayment and other receivables	7	23,975,580	7,005,374
Right-of-use assets	4.2	1,911,827	-
Investment in equity instruments by fair value through OCI		892,850	892,850
Property and equipment, net		5,243,954	5,721,734
TOTAL ASSETS		994,060,771	916,646,620
LIABILITIES AND SHAREHOLDERS' EQUITY			
Borrowings	9	297,376,022	302,090,185
Accounts payable and other liabilities	10	273,170,992	220,056,042
Lease liability	4	2,169,574	-
Zakat provision		2,180,988	2,386,925
End-of-service indemnities		1,875,757	1,875,757
TOTAL LIABILITIES		576,773,333	526,408,909
SHAREHOLDERS' EQUITY			
Share capital	11	345,000,000	345,000,000
Statutory reserve	12	8,647,299	8,647,299
Retained earnings		56,047,807	35,806,167
Fair value reserve		6,808,087	-
Actuarial gain reserve on end-of-service indemnities		784,245	784,245
TOTAL SHAREHOLDERS' EQUITY		417,287,438	390,237,711
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		994,060,771	916,646,620

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

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

INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE AND SIX MONTH PERIOD ENDED 30 JUNE 2019

		For the three- month period ended 30 June 2019 SR (Un-audited)	For the three- month period ended 30 June 2018 SR (Un-audited) (Restated)	For the six- month period ended 30 June 2019 SR (Un-audited)	For the six- month period ended 30 June 2018 SR (Un-audited) (Restated)
Revenue	14	32,102,599	24,090,235	67,451,519	48,118,157
Insurance cost		(8,457,660)	(7,082,088)	(16,035,700)	(13,996,502)
Finance cost	15	(3,063,679)	(1,652,667)	(7,488,341)	(3,188,660)
Operating profit		20,581,260	15,355,480	43,927,478	30,932,995
General and administration expenses		(8,138,736)	(5,454,854)	(16,445,131)	(10,444,045)
Selling and marketing expenses		(845,714)	(336,100)	(2,234,005)	(1,377,271)
Allowance for credit loss	5	(6,455,571)	(3,437,629)	(12,393,466)	(10,679,100)
Government grant		-	-	1,064,902	-
Net gain on derecognition of investment in financing contracts	6	5,178,686	-	5,178,686	-
Other income, net		1,959,886	843,618	3,643,176	1,408,432
PROFIT BEFORE ZAKAT		12,279,811	6,970,515	22,741,640	9,841,011
Zakat expense		(1,500,000)	(500,000)	(2,500,000)	(800,000)
NET PROFIT		10,779,811	6,470,515	20,241,640	9,041,011
OTHER COMPREHENSIVE INCOME					
Items that may be reclassified subsequently to profit or loss:					
Movement in fair value reserve relating to investment in financing contracts carried at fair value through other comprehensive income	5.7	6,808,087	-	6,808,087	-
Total other comprehensive income for the period		6,808,087	-	6,808,087	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		17,587,898	6,470,515	27,049,727	9,041,011
Earnings per share (basic and diluted)	17	0.31	0.19	0.59	0.26

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

AL JABR FINANCING COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2019

	Share capital SR	Statutory reserve SR	Retained earnings SR	Fair value reserve SR	Actuarial (loss)/gain reserve on end-of-service indemnities SR	Total SR
Balance as at 31 December 2017-(audited)	345,000,000	6,318,392	39,547,566	-	(265,324)	390,600,634
Impact of adoption of new standard as at 1 January 2018 (note 5.3)	-	-	(7,451,567)	-	-	(7,451,567)
Restated balance as at 1 January 2018 (re-stated)	345,000,000	6,318,392	32,095,999	-	(265,324)	383,149,067
Net profit for the period (re-stated- note 4.1)	-	-	9,041,011	-	-	9,041,011
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	9,041,011	-	-	9,041,011
Balance as at 30 June 2018 –(un-audited)	345,000,000	6,318,392	41,137,010	-	(265,324)	392,190,078
Balance as at 31 December 2018-(audited)	345,000,000	8,647,299	35,806,167	-	784,245	390,237,711
Net profit for the period	-	-	20,241,640	-	-	20,241,640
Other comprehensive income for the period	-	-	-	-	-	-
Items that may be reclassified subsequently to profit and loss:						
Movement in fair value reserve relating to investment in finance contracts carried at fair value through other comprehensive income	-	-	-	6,808,087	-	6,808,087
Total comprehensive income for the period	-	-	20,241,640	6,808,087	-	27,049,727
Balance as at 30 June 2019 (Un-audited)	345,000,000	8,647,299	56,047,807	6,808,087	784,245	417,287,438

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

AL JABR FINANCING COMPANY
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INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2019

	For the six-month period ended 30 June 2019 SR (Un-audited)	For the six- month period ended June 2018 SR (Un-audited)
OPERATING ACTIVITIES		
Net profit before zakat for the period	22,741,640	9,841,011
Adjustments for:		
Depreciation	1,030,867	905,922
Provision for end of service indemnities	78,691	149,907
Allowance for credit loss	12,393,466	10,679,100
Finance charges	7,488,341	3,188,660
Right of use amortization	270,329	-
Net gain on derecognition of investment in financing contracts	(5,178,686)	-
Amortization of present value of assets / liabilities arose from purchase and agency agreement	31,062	-
Agency income	(244,328)	-
Government grant	(1,064,902)	-
Changes in operating assets and liabilities:		
Net investment in financing contracts and fair value through OCI	(53,249,429)	(31,918,464)
Prepayment and other receivables	(17,030,204)	(16,505,047)
Assets repossessed held for sale	311,130	184,766
Accounts payable and other liabilities	53,064,293	24,095,646
Cash flow from operating activities	20,642,270	621,501
Zakat paid	(2,705,937)	(1,564,761)
Finance charges paid	(7,177,000)	(2,997,026)
End-of-service indemnities paid	(78,691)	(158,091)
Net cash generated from / (used in) operating activities	10,680,642	(4,098,377)
INVESTING ACTIVITY		
Purchase of property and equipment	(553,087)	(970,933)
Net cash used in investing activity	(553,087)	(970,933)
FINANCING ACTIVITIES		
Borrowings, net	(3,649,261)	(25,000,000)
Net cash used in financing activities	(3,649,261)	(25,000,000)
NET CHANGE IN CASH AND CASH EQUIVALENTS	6,478,294	(30,069,310)
Cash and cash equivalents at the beginning of the period	30,459,822	37,646,137
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	36,938,116	7,576,827
<u>Non Cash Transactions</u>		
Effect of IFRS 16 –Right-of-use assets / lease liability	2,122,156	-
Effect of IFRS 16 –Prepayment transferred to right of use	60,000	-
Fair value reserve relating to investment in financing contracts carried at fair value through other comprehensive income	6,808,087	-
Elimination of assets arose from purchase and agency agreement	2,513,815	-
Elimination of liabilities arose from purchase and agency agreement	14,063,712	-

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