

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

**INTERIM CONDENSED FINANCIAL STATEMENTS AND REPORT ON  
REVIEW OF INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE AND NINE MONTH PERIOD ENDED 30  
SEPTEMBER 2019**

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

**INTERIM CONDENSED FINANCIAL STATEMENTS AND REPORT ON REVIEW OF INTERIM  
FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019**

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**REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS**

The Shareholders  
Al Jabr Financing Company  
(A Saudi Closed Joint Stock Company)  
Dammam  
Kingdom of Saudi Arabia

**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 of 30 September 2019 and the related interim statements of profit or loss and other comprehensive income for the three and nine months period ended 30 September 2019, and the interim statements of changes in shareholders' equity and cash flows for the nine months period then ended and a summary of significant accounting policies and other explanatory notes ('interim condensed financial statements'). Management is responsible for the preparation and fair presentation of this interim condensed financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

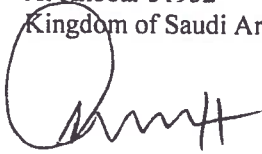
**Scope of Review:**

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' as endorsed in the Kingdom of Saudi Arabia. A review of interim 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 as endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion:**

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

**Al-Bassam & Co.**  
P.O. Box 4636  
Al Khobar 31952  
Kingdom of Saudi Arabia



**Ahmed Abdul Majeed Mohandis**  
Certified Public Accountant  
License No. 477



28 October 2019  
29 Safar 1441

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

|  |      | <b>30 September</b> | 31 December |
|--|------|---------------------|-------------|
|  |      | <b>2019</b>         | 2018        |
|  |      | <b>SR</b>           | SR          |
|  | Note | <b>(Un-audited)</b> | (Audited)   |
| <b>ASSETS</b>  |      |                     |             |
| Cash and cash equivalents  |      | <b>20,368,532</b>   | 30,459,822  |
| Investment in financing contracts, net                             | 5    | <b>895,428,120</b>  | 870,554,044 |
| Assets repossessed held for sale                                   |      | <b>1,296,599</b>    | 2,012,796   |
| Prepayment and other receivables                                   | 7    | <b>32,874,120</b>   | 7,005,374   |
| Right-of-use assets  | 4.2  | <b>1,773,661</b>    | -           |
| Investment in equity instruments carried at fair value through OCI |      | <b>892,850</b>      | 892,850     |
| Property and equipment, net  |      | <b>4,914,843</b>    | 5,721,734   |
| <b>TOTAL ASSETS</b>  |      | <b>957,548,725</b>  | 916,646,620 |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>                        |      |                     |             |
| Borrowings   | 9    | <b>255,107,977</b>  | 302,090,185 |
| Accounts payable and other liabilities                             | 10   | <b>280,648,400</b>  | 220,056,042 |
| Lease liability  | 4.2  | <b>1,621,088</b>    | -           |
| Zakat provision  |      | <b>2,180,988</b>    | 2,386,925   |
| End-of-service indemnities   |      | <b>1,875,757</b>    | 1,875,757   |
| <b>TOTAL LIABILITIES</b>   |      | <b>541,434,210</b>  | 526,408,909 |
| <b>SHAREHOLDERS' EQUITY</b>  |      |                     |             |
| Share capital  | 11   | <b>345,000,000</b>  | 345,000,000 |
| Statutory reserve  | 12   | <b>8,647,299</b>    | 8,647,299   |
| Retained earnings  |      | <b>61,682,971</b>   | 35,806,167  |
| Actuarial gain reserve on end-of-service indemnities               |      | <b>784,245</b>      | 784,245     |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                                  |      | <b>416,114,515</b>  | 390,237,711 |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>                  |      | <b>957,548,725</b>  | 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 NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019**

|  |      | For the three-<br>month period<br>ended 30<br>September<br>2019<br>SR<br>(Un-audited) | For the three-<br>month period<br>ended 30<br>September<br>2018<br>SR<br>(Un-audited) | For the nine-<br>month period<br>ended 30<br>September 2019<br>SR<br>(Un-audited) | For the nine-<br>month period<br>ended 30<br>September 2018<br>SR<br>(Un-audited)<br>(Restated) |
|--|------|---|---|---|---|
|  | Note |   |   |   |   |
| Revenue  | 13   | <b>31,680,558</b>   | 27,084,061  | <b>99,132,077</b>   | 75,202,218  |
| Insurance cost   |      | <b>(8,481,319)</b>  | (8,669,840)   | <b>(24,517,019)</b>   | (22,666,342)  |
| Finance cost   | 14   | <b>(2,990,748)</b>  | (1,917,217)   | <b>(10,479,089)</b>   | (5,105,877)   |
| <b>Operating profit</b>  |      | <b>20,208,491</b>   | 16,497,004  | <b>64,135,969</b>   | 47,429,999  |
| General and administration expenses  |      | <b>(8,361,594)</b>  | (6,320,962)   | <b>(24,806,725)</b>   | (16,765,007)  |
| Selling and marketing expenses   |      | <b>(1,271,494)</b>  | (901,429)   | <b>(3,505,499)</b>  | (2,278,700)   |
| Allowance for credit loss  | 5    | <b>(15,630,501)</b>   | (5,067,419)   | <b>(28,023,967)</b>   | (15,746,519)  |
| Government grant   | 9.4  | -   | -   | <b>1,064,902</b>  | -   |
| Net gain on derecognition of investment<br>in financing contracts  | 6    | <b>8,541,874</b>  | -   | <b>13,720,560</b>   | -   |
| Other income, net  |      | <b>2,148,388</b>  | 1,324,865   | <b>5,791,564</b>  | 2,733,297   |
| <b>PROFIT BEFORE ZAKAT</b>   |      | <b>5,635,164</b>  | 5,532,059   | <b>28,376,804</b>   | 15,373,070  |
| Zakat expense  |      | -   | -   | <b>(2,500,000)</b>  | (800,000)   |
| <b>NET PROFIT AFTER ZAKAT</b>  |      | <b>5,635,164</b>  | 5,532,059   | <b>25,876,804</b>   | 14,573,070  |
| <b>Items that may be reclassified<br/>subsequently to profit or loss:</b>  |      |   |   |   |   |
| Movement in fair value reserve relating to<br>investment in financing contracts carried<br>at fair value through other comprehensive<br>income |      | -   | -   | <b>6,808,087</b>  | -   |
| Realized gain on derecognition of<br>investment in financing contracts   |      | <b>(6,808,087)</b>  | -   | <b>(6,808,087)</b>  | -   |
| <b>TOTAL COMPREHENSIVE (LOSS)<br/>/INCOME FOR THE PERIOD</b>   |      | <b>(1,172,923)</b>  | 5,532,059   | <b>25,876,804</b>   | 14,573,070  |
| <b>Weighted average number of<br/>outstanding shares</b>   |      | <b>34,500,000</b>   | 34,500,000  | <b>34,500,000</b>   | 34,500,000  |
| <b>Earnings per share (basic and diluted)-<br/>(restated)</b>  | 16   | <b>0.16</b>   | 0.16  | <b>0.75</b>   | 0.42  |

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 NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019**

|   | Share<br>capital<br>SR | Statutory<br>reserve<br>SR | Retained<br>earnings<br>SR | Fair value<br>reserve<br>SR | Actuarial<br>(loss)/gain<br>reserve on<br>end-of-service<br>indemnities<br>SR | Total<br>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<br>(note 5.3)   | -                      | -                          | (7,451,567)                | -                           | -   | (7,451,567)        |
| 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)   |                        |                            | 14,573,070                 | -                           | -   | 14,573,070         |
| Other comprehensive income for the period   | -                      | -                          | -                          | -                           | -   | -                  |
| Total comprehensive income for the period   | -                      | -                          | 14,573,070                 | -                           | -   | 14,573,070         |
| Balance as at 30 September 2018 –(un-audited)   | 345,000,000            | 6,318,392                  | 46,669,069                 | -                           | (265,324)   | 397,722,137        |
| Balance as at 31 December 2018-(audited)  | <b>345,000,000</b>     | <b>8,647,299</b>           | <b>35,806,167</b>          | -                           | <b>784,245</b>  | <b>390,237,711</b> |
| Net profit for the period   | -                      | -                          | 25,876,804                 | -                           | -   | 25,876,804         |
| Other comprehensive income for the period   | -                      | -                          | -                          | -                           | -   | -                  |
| <b>Items that may be reclassified subsequently to<br/>profit and loss:</b>  |                        |                            |                            |                             |   |                    |
| Movement in fair value reserve relating to<br>investment in finance contracts carried at fair value<br>through other comprehensive income | -                      | -                          | -                          | 6,808,087                   | -   | 6,808,087          |
| Realized gain on derecognition of investment in<br>financing contracts  | -                      | -                          | -                          | (6,808,087)                 | -   | (6,808,087)        |
| Total comprehensive income for the period   | -                      | -                          | 25,876,804                 | -                           | -   | 25,876,804         |
| Balance as at 30 September 2019 (Un-audited)  | <b>345,000,000</b>     | <b>8,647,299</b>           | <b>61,682,971</b>          | -                           | <b>784,245</b>  | <b>416,114,515</b> |

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 CASH FLOWS**  
**FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019**

|   | <b>For the nine-month period ended 30 September 2019</b> | <b>For the nine-month period ended September 2018</b> |
|---|--|---|
|   | <b>SR</b>  | <b>SR</b>   |
|   | <b>(Un-audited)</b>                                      | <b>(Un-audited)</b>                                   |
| <b>OPERATING ACTIVITIES</b>   |  |   |
| Net profit before zakat for the period  | 28,376,804   | 15,373,070  |
| Adjustments for:  |  |   |
| Depreciation on property and equipment  | 1,563,955  | 1,374,607   |
| Finance cost of lease liability   | 65,599   |   |
| Provision for end of service indemnities  | 84,451   | 149,907   |
| Allowance for credit loss   | 28,023,967   | 15,746,519  |
| Finance charges   | 10,479,089   | 5,105,877   |
| Amortization of right of use assets   | 408,495  | -   |
| Net gain on derecognition of investment in financing contracts                                | (13,720,560)   | -   |
| Government grant  | (1,064,902)  | -   |
| Agency income   | (356,522)  | -   |
| Amortization of present value of assets/ liabilities arose from Purchase and agency agreement | 80,892   | -   |
| <b>Changes in operating assets and liabilities:</b>   |  |   |
| Investment in financing contracts   | (39,177,483)   | (132,492,423)   |
| Prepayment and other receivables  | (25,928,746)   | (9,275,752)   |
| Assets repossessed held for sale  | 716,197  | 1,050,712   |
| Accounts payable and other liabilities  | 60,650,806   | 64,353,039  |
| <b>Cash flow from / (used in) operating activities</b>  | <b>50,202,042</b>  | <b>(38,614,444)</b>                                   |
| Zakat paid  | (2,705,937)  | (1,564,761)   |
| Finance charges paid  | (10,261,907)   | (4,841,954)   |
| End-of-service indemnities paid   | (84,451)   | (158,091)   |
| <b>Net cash generated from / (used in) operating activities</b>                               | <b>37,149,747</b>  | <b>(45,179,250)</b>                                   |
| <b>INVESTING ACTIVITY</b>   |  |   |
| Purchase of property and equipment  | (757,064)  | (1,568,026)   |
| <b>Net cash used in investing activity</b>  | <b>(757,064)</b>   | <b>(1,568,026)</b>                                    |
| <b>FINANCING ACTIVITIES</b>   |  |   |
| Payment under finance lease   | (566,667)  | -   |
| Borrowings, net   | (45,917,306)   | 16,500,000  |
| <b>Net cash (used in) / generated from financing activities</b>                               | <b>(46,483,973)</b>                                      | <b>16,500,000</b>                                     |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>  | <b>(10,091,290)</b>                                      | <b>(30,247,276)</b>                                   |
| Cash and cash equivalents at the beginning of the period                                      | 30,459,822   | 37,646,137  |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>                                     | <b>20,368,532</b>  | <b>7,398,861</b>                                      |
| <b>Non Cash Transactions</b>  |  |   |
| 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   | -   |
| Elimination of liabilities arose from purchase and agency agreement                           | 35,390,129   | -   |

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