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ALAMTHAL FINANCING AND LEASING COMPANY LTD.
(LIMITED LIABILITY COMPANY)

FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2014
TO NOVEMBER 29, 2014 (SEE NOTE 1) AND
INDEPENDENT AUDITORS' REPORT

ALAMTHAL FINANCING AND LEASING COMPANY LTD.
(A LIMITED LIABILITY COMPANY)

FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2014 TO NOVEMBER 29, 2014 (See Note 1)

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INDEPENDENT AUDITORS' REPORT

July 7, 2015

To the Shareholders of Al-Amthal Leasing and Financing Company Limited:
(A Limited Liability Company)

Scope of audit

We have audited the accompanying balance sheet of Al-Amthal Leasing and Financing Company Limited (the "Company") as of November 29, 2014 and the related statements of income, cash flows and changes in shareholders' equity for the period from January 1, 2014 to November 29, 2014 and the notes from (1) to (19) 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 used 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 November 29, 2014 and the results of its operations and its cash flows for the period from January 1, 2014 to November 29, 2014 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 article of association with respect to the preparation and presentation of financial statements.

Emphasis matters

- We draw attention to Note 1 in the financial statements which explains that in accordance with the requirements of the Saudi Arabian Monetary Agency, the Company was converted from a limited liability company to a closed joint stock company effective Safar 8, 1436 (corresponding to November 30, 2014). Accordingly these financial statements have been prepared for the period from January 1, 2014 to November 29, 2014; and
- We draw attention to Note 1 to the financial statement which indicates that as of November 29, 2014 the Company's accumulated deficit of SR 12.9 million exceeded 50% of its share capital of SR 20 million. Accordingly, in accordance with Article 180 of the Regulation for Companies the shareholders of the Company increased the share capital to SR 200 million. The legal formalities for the proposed increase in share capital were formalized on Rabi'Awal 24, 1436 (corresponding to January 15, 2015).

PricewaterhouseCoopers

By: ____________________
Omar M. Al Sagga
License Number 369

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ALAMTHAL FINANCING AND LEASING COMPANY LTD.
(A LIMITED LIABILITY COMPANY)

BALANCE SHEET
(All amounts in Saudi Riyals unless otherwise stated)

	Note	As at November 29, 2014	As at December 31, 2013
ASSETS			
Cash and cash equivalent	4	**58,271,707**	37,882,410
Receivable from finance lease contracts, net	5	**251,987,001**	252,407,814
Vehicles held for sale, net		**-**	1,764,503
Due from a related party	6	**1,021,975**	1,007,630
Advances to suppliers		**15,698,324**	354,905
Prepaid expenses and other assets	7	**11,880,998**	8,404,597
Property and equipment, net	8	**3,301,592**	4,874,873
TOTAL ASSETS		**342,161,597**	306,696,732
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Accounts payable		**209,000**	10,045,472
Accrued expenses and other liabilities	9	**6,100,174**	3,286,911
Provision for zakat and income tax	10	**20,826,692**	13,939,576
Borrowings	11	**14,300,000**	35,856,378
Loan from shareholders	12	**104,000,000**	104,000,000
Employee termination benefits	13	**5,916,945**	5,252,237
Total liabilities		**151,352,811**	172,380,574
Shareholders' equity			
Share capital	1	**20,000,000**	20,000,000
Proposed increase in share capital	1	**180,000,000**	100,000,000
Statutory reserve	14	**3,739,910**	3,739,910
Subordinated loan from the shareholders	15	**-**	10,000,000
(Accumulated deficit) / retained earnings		**(12,931,124)**	576,248
Total shareholders' equity		**190,808,786**	134,316,158
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**342,161,597**	306,696,732
COMMITMENTS	18		

The accompanying notes on pages 6 to 20 form an integral part of these financial statements.

ALAMTHAL FINANCING AND LEASING COMPANY LTD.
(A LIMITED LIABILITY COMPANY)

INCOME STATEMENT
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	For the period from January 1, 2014 to November 29, 2014	For the year ended December 31, 2013
Finance lease revenue		**31,466,029**	30,958,776
Finance charges	6, 11	**(3,538,643)**	(2,528,996)
Net income from finance lease contracts		**27,927,386**	28,429,780
Gain on insurance cost recovered from customers, net		**459,642**	263,727
Fee and commission income		**1,153,327**	707,378
Total operating income		**29,540,355**	29,400,885
Impairment of finance lease receivable, net	5	**(14,328,902)**	(980,100)
General and administrative expenses	16	**(23,426,774)**	(23,053,682)
Net operating (loss) income		**(8,215,321)**	5,367,103
Other income	17	**1,595,065**	1,540,513
(Loss) income before zakat		**(6,620,256)**	6,907,616
Zakat charge for the period / year	10	(6,887,116)	-
NET (LOSS) INCOME FOR THE PERIOD / YEAR		(13,507,372)	6,907,616

The accompanying notes on pages 6 to 20 form an integral part of these financial statements.

ALAMTHAL FINANCING AND LEASING COMPANY LTD.
(LIMITED LIABILITY COMPANY)

CASH FLOW STATEMENT
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the period from January 1, 2014 to November 29, 2014	For the year ended December 31, 2013
OPERATING ACTIVITIES			
Net (loss) income for the period / year		**(13,507,372)**	6,907,616
Adjustments for:			
Depreciation and amortization	8	**2,027,841**	2,488,241
Provision for lease contracts impairment, net		**14,328,902**	980,100
Provision for employee termination benefits	13	**963,455**	906,715
Provision for zakat	10	**6,887,116**	-
Changes in operating assets and liabilities:			
Receivable from finance lease contracts, net		**(13,908,089)**	(91,170,134)
Vehicles held for sale		**1,764,503**	(1,573,003)
Advances to suppliers		**(15,343,419)**	3,956,277
Due from a related party		**(14,345)**	(304,647)
Prepaid expenses and other assets		**(3,476,401)**	138,708
Accounts payable		**(9,836,472)**	9,309,047
Accrued expenses and other liabilities		**2,813,263**	(403,661)
Employee termination benefits paid	13	**(298,747)**	(361,747)
Zakat and income tax paid		**-**	(6,740)
Net cash used in operating activities		**(27,599,765)**	(69,133,228)
INVESTING ACTIVITY			
Purchase of property and equipment	8	**(454,560)**	(610,713)
Net cash used in investing activity		**(454,560)**	(610,713)
FINANCING ACTIVITIES			
Proceeds from bank loans		**-**	10,000,000
Repayments of bank loans	11	**(21,556,378)**	(23,961,969)
Repayment of subordinated loan from a shareholder		**(10,000,000)**	-
Proceeds from subordinated loan from a shareholder		**-**	10,000,000
Contribution for proposed increase in share capital	1,15	**80,000,000**	80,000,000
Net cash generated from financing activities		**48,443,622**	76,038,031
Net change in cash and cash equivalent		**20,389,297**	6,294,090
Cash and cash equivalent at the beginning of the period / year		**37,882,410**	31,588,320
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD / YEAR		**58,271,707**	37,882,410
Supplemental non cash information:			
Work in progress capitalized during the period / year	8	**360,405**	-
Subordinated loan from shareholders transferred to proposed increase in share capital	1,15	**-**	20,000,000
Accrued zakat and income tax charged to shareholders' equity	10	**-**	4,834,329

The accompanying notes on pages 6 to 20 form an integral part of these financial statements.

ALAMTHAL FINANCING AND LEASING COMPANY LTD.
(LIMITED LIABILITY COMPANY)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(All amounts in Saudi Riyals unless otherwise stated)

	Note	Share capital	Proposed increase in share capital	Statutory reserve	Subordinated loan from the shareholders	(Accumulated deficit) / retained earnings	Total
Balance at January 1, 2013		20,000,000	-	3,049,148	20,000,000	(806,277)	**42,242,871**
Proposed increase in share capital	15	-	80,000,000	-		-	**80,000,000**
Transferred from subordinated loan from shareholders to proposed increase in share capital	15	-	20,000,000	-	(20,000,000)	-	-
Proceeds from subordinated loan from a shareholder	15	-	-	-	10,000,000	-	**10,000,000**
Net income for the year		-	-	-	-	6,907,616	**6,907,616**
Transfer to statutory reserve	14	-	-	690,762	-	(690,762)	-
Zakat and income tax	10	-	-	-	-	(4,834,329)	**(4,834,329)**
Balance at December 31, 2013		**20,000,000**	**100,000,000**	**3,739,910**	**10,000,000**	**576,248**	**134,316,158**
Proposed increase in share capital	1	-	80,000,000	-	-	-	**80,000,000**
Repayment of subordinated loan from a shareholder	15	-	-	-	(10,000,000)	-	**(10,000,000)**
Net loss for the period		-	-	-	-	(13,507,372)	**(13,507,372)**
Balance at November 29, 2014		**20,000,000**	**180,000,000**	**3,739,910**	**-**	**(12,931,124)**	**190,808,786**

The accompanying notes on pages 6 to 20 form an integral part of these financial statements.

(All amounts in Saudi Riyals unless otherwise stated)

1. Organization and activity

Alamthal Financing and Leasing Company Ltd. (the "Company") is a Saudi limited liability company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration No. 1010160349 dated on Rabi Al-Thani 28, 1421H (corresponding to July 30, 2000).

The Company principally undertakes, leasing, and financing of dealer equipment and vehicles under general investment authority No. 102030104467 dated on Zul Hijjah 17, 1430 H. (corresponding to December 5, 2009).

The results, assets and liabilities of the following branches are included in these financial statements of the Company:

Branch	Commercial registration number
Khobar	1010160349/2
Jeddah	1010160349/3
Madinah	1010160349/4

The Company submitted its application to the Saudi Arabian Monetary Agency ("SAMA") on Safar 2, 1435H (corresponding to December 5, 2013) to obtain a license to practice the leasing activity in the Kingdom of Saudi Arabia. The Company on Rajab 27, 1435 (corresponding to May 27, 2014) received its preliminary approval from SAMA subject to completion of certain legal formalities, including transferring its legal status to a closed joint stock company, in order to obtain the full license from SAMA.

In accordance with SAMA's requirement in connection with obtaining the full license, the Company's shareholders resolved to convert the Company from a limited liability company to a closed joint stock company effective Safar 8, 1436H (corresponding to November 30, 2014) declaration date of the Ministry of Commerce and Industry number (344/Q). Accordingly, these financial statements have been prepared from the period from January 1, 2014 to November 29, 2014. The Company's first financial period under the legal status of a closed joint stock company commences from November 30, 2014 and shall end on December 31, 2015. The Company's financial statements for the subsequent years will begin on January 1 and end at the end of December of each Georgian year.

The share capital amounting to SR 20,000,000 consists of 20,000 shares of SR 1,000 each. The Company's shareholders and their respective holdings in the share capital of the Company as at November 29, 2014 and December 31, 2013 were as follows:

Shareholders	No. of shares	Share capital
Al Bilad Establishment for Trading and Economy	10,000	10,000,000
FAL Holding Arabia Company Limited	8,000	8,000,000
Falcom Financial Services	2,000	2,000,000
	20,000	20,000,000

On February 10, 2014, the shareholders resolved to amend their previous resolution dated June 10, 2013 (Note 15), to increase the share capital of the Company to SR 200 million from SR 100 million in the same proposed proportions of their holding in the share capital of the Company as resolved on June 10, 2013.

During 2014, the amount of SR 80 million, were also contributed by the remaining shareholders, and are presented under the proposed increase in share capital as of November 29, 2014.

Subsequently, the legal formalities for the proposed increase in share capital were formalized on Rabi'Awal 24, 1436 (corresponding to January 15, 2015). The share capital of the Company after the increase in share capital is as follows:

Shareholders	Number of shares	Percentage of ownership	Share capital
Al Bilad Establishment for Trading and Economy	9,000,000	45%	90,000,000
FAL Holding Arabia Company Limited	5,000,000	25%	50,000,000
Falcom Financial Services	4,000,000	20%	40,000,000
FAL Real Estate Company	1,000,000	5%	10,000,000
Sheikh Fahed Bin Mohammad Bin Saleh Alathel	1,000,000	5%	10,000,000
	20,000,000	100%	200,000,000

As shown in the financial statements, as of November 29, 2014, 2014 the Company's accumulated deficit of SR 12.9 million exceeds 50% of its paid in share capital of SR 20 million. Accordingly, in accordance with Article 180 of the Regulation for Companies the shareholders of the Company increased the share capital to SR 200 million.

The accompanying financial statements were authorized for issue by the management on July 6, 2015.

2. Summary of significant accounting policies

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 accounting standards promulgated by Saudi Organization for Certified Public Accountants ("SOCPA").

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.

2.3 Foreign currency translations

(a) Reporting currency

These financial statements are presented in Saudi Riyals which is the reporting currency of the Company.

(b) Transactions and balances

Foreign currency transactions are translated into Saudi Riyals using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses, if any, resulting from the settlement of such transactions and from the translation at the year ended exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

2.4 Cash and cash equivalent

Cash and cash equivalent include cash on hand, cash at banks and time investments with original maturities of three months or less from the date of acquisition.

2.5 Receivable from finance lease contracts, net

Gross amounts due under finance leases include the total of future lease payments on finance leases. The difference between such amounts and the cost of the leased asset plus lease origination costs is recorded as unearned finance income and is deducted, for presentation purposes from the gross amounts due under finance leases. Lease finance income is recognized over the term of the lease using a method which approximates the effective commission rate method.

Lease origination costs include the initial direct costs incurred by the Company in negotiating and arranging a lease.

Specific and collective impairment for lease contracts is determined and charged to cost of operation based on management's assessment as to whether there is objective evidence that a financial asset or group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss, based on the net present value of future anticipated cash flows, is recognized for changes in its carrying amount. This assessment also includes such considerations as changes in the composition and volume of the gross amounts due under finance lease contracts, the fair value of guarantees (vehicles), historical loss experience on uncollectible leases, the relationship of the reserve to the finance lease contracts portfolio, general economic conditions and the financial condition of the customers including the collectibility of the outstanding lease finance receivables. For presentation purposes, the provision for lease losses is deducted from the gross amounts due from finance lease contracts. Amounts due under finance leases are written off only in circumstances where effectively all possible means of recovery have been exhausted

2.6 Vehicles held for sale

Vehicles held for sale represent the returned cars from customers and are stated at fair value or cost whichever is lower.

2.7 Property and equipment

Property, plant and equipment are carried at cost less accumulated depreciation except construction in progress which is carried at cost. Land is not depreciated. Depreciation is charged to the income statement, using the straight-line method, to allocate the costs of the elated assets to their residual values over the following estimated useful lives:

	Number of years
• Leasehold improvements	Shorter of 5-10 or the lease period
• Vehicles	4
• Furniture, fixtures and office equipment	5-10
• Computers and software	4-5

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

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

2.8 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 goodwill 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 goodwill are not reversible.

2.9 Borrowings

Borrowings are recognized at the proceeds received, net of transaction costs incurred, if any. Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of those assets. Other borrowing costs are charged to the income statement

2.10 Employee termination benefits

Employee termination benefits required by Saudi Labor and Workman Law are accrued by the Company and is charged to the 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 employees' final salaries and allowances and their cumulative years of service, as stated in the laws of Saudi Arabia.

2.11 Accounts payable and accruals

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

2.12 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.

2.13 Operating leases

Rental accrual expenses under operating leases are charged to income statement on a straight-line basis over the period of the related lease.

Rental income under operating leases is charged to income statement on a straight-line basis over the period of the related lease.

2.14 Zakat and income tax

In accordance with the regulations of the Zakat and Income Tax, the Company is subject to zakat attributable to the Saudi shareholder and to income taxes attributable to the foreign shareholder. Provisions for zakat and income taxes are charged to the income statement and equity accounts of the Saudi and the foreign shareholders, respectively. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined.

3. Financial instruments and risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, commission rate 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. The Company uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by senior management. Senior management identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The most important types of risk are credit risk, currency risk and fair value and comission rate risks.

Financial instruments carried on the balance sheet include cash and cash equivalents, receivable from finance lease contracts, due from a related party, short-term and long-term borrowings, 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 Riyals.

3.2 Commission rate risk

Commission rate risk is the uncertainty of future earnings resulting from fluctuations in commission rates. The risk arises when there is a mismatch in the assets and liabilities which are subject to commission rate adjustment within a specified period. The most important source of such rate risk is the Company's borrowings and leasing activities, where fluctuations in commission rates, if any, are reflected in the results of operations.

Commission rate gap is a common measure of commission rate risk. A positive gap occurs when more assets than liabilities are subject to rate changes during a prescribed period of time. A negative gap occurs when liabilities exceed assets subject to rate changes during a prescribed period of time. The Company monitors the fluctuations in commission rates and believes that the commission rate risk is not material.

3.3 Credit risk

Credit risk is the risk that one party of a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company has established procedures to manage credit exposure including evaluation of lessees' credit worthiness, formal credit approvals, assigning credit limits, obtaining collateral such as title on leased assets, and personal guarantees. Individual lease contracts generally are for terms not exceeding sixty months.

Concentrations of credit risk arise when a number of counter-parties are engaged in similar business activities, or activities in the same geographic 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. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location.

The Company manages its credit risk exposure through attempting to diversify its leasing activities to ensure that there is no undue concentration of risks with individuals or groups of customers in specific locations or businesses.

The credit risks on gross amounts due in relation to the investment in finance leases is mitigated by the retention of title on leased assets and personal guarantees.

The Company follows a credit classification mechanism as a tool to manage the quality of credit risk of the lease portfolio. The Company grades the individual customer based on both subjectivity and payment history taking into consideration in business cases factors such as customer credit standing, financial strength, security and quality of management. The Company monitors customers' grading on a regular basis.

3.4 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 a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments.

3.5 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 compiled under the historical cost convention differences can arise between the book values and fair value estimates. Management believes that the fair values of the Company's financial assets and liabilities are not materially different from their carrying values.

(All amounts in Saudi Riyals unless otherwise stated)

4. Cash and cash equivalent

	November 29, 2014	December 31, 2013
Cash on hand	**10,000**	25,000
Cash at banks	**58,261,707**	7,857,410
Time investments with original maturity of three months or less	**-**	30,000,000
	58,271,707	37,882,410

5. Receivable from finance lease contracts, net

Receivable from finance leases, net as at November 29, 2014 and December 31, 2013 is summarized as follows:

	November 29, 2014	December 31, 2013
Gross amounts due on performing lease contracts	**322,199,148**	316,787,660
Gross amounts due on non-performing lease contracts	**15,473,579**	8,189,953
	337,672,727	324,977,613
Less:		
Unearned finance revenues	**(43,514,576)**	(46,717,001)
Unearned insurance revenue	**(15,823,940)**	(13,834,490)
Provision for lease contracts impairment	**(26,347,210)**	(12,018,308)
Receivable from finance lease contracts, net	**251,987,001**	252,407,814

The Company currently generates substantially all of its revenues from leasing motor vehicles, heavy equipment and machinery in the Kingdom of Saudi Arabia. Gross amounts due in relation to the finance lease contracts are due primarily from domestic individual and corporate customers.

Receivables amounting to SR 34.9 million are collateralized against bank facilities obtained at the beginning of the period (Note 11).

The movement in the provision for lease contracts impairment were as follows:

	November 29, 2014	December 31, 2013
Balance at January 1	**12,018,308**	12,800,938
Charge for the period / year	**14,932,555**	2,132,033
Recoveries	**(603,653)**	(1,151,933)
Balances written-off	**-**	(1,762,730)
Closing balance	**26,347,210**	12,018,308

The credit risks on gross amounts due in relation to the finance leases are mitigated by the retention of title on leased vehicles. Individual lease contracts generally are for terms not exceeding sixty months.

The maturity of gross amounts due from finance lease contracts outstanding as of November 29, 2014 and December 31, 2013 were as follows:

	November 29, 2014	December 31, 2013
Within one year	**186,385,115**	168,344,830
From one to two years	**98,163,801**	88,582,516
From two to three years	**39,185,508**	54,109,030
From three to four years	**8,256,043**	10,641,718
From four to five years	**5,682,260**	3,299,519
	337,672,727	324,977,613

(All amounts in Saudi Riyals unless otherwise stated)

Economic sector risk concentrations for amounts due under finance lease contracts, net of unearned finance revenues, and specific and portfolio provision for lease impairment are as follows:

	Performing lease contracts	Non-performing lease contracts	Provision for lease contracts impairment	Receivable from finance lease contracts, net
As at November 29, 2014:				
Consumers	28,526,926	4,697,330	(5,028,519)	**28,195,737**
Corporates	234,333,706	10,776,249	(21,318,691)	**223,791,264**
	262,860,632	15,473,579	(26,347,210)	**251,987,001**
As at December 31, 2013:				
Consumers	15,753,713	4,404,382	(3,338,194)	16,819,901
Corporates	240,482,456	3,785,571	(8,680,114)	235,587,913
	256,236,169	8,189,953	(12,018,308)	252,407,814

6. Related party transactions and balances

The Company in the ordinary course of its business transacts with its related parties. The respective transactions and balances for the year / period ended are as following:

	Note	November 29, 2014	December 31, 2013
Proposed increase in share capital	1	**180,000,000**	100,000,000
Rental expenses *		**2,500,000**	2,500,000
Finance charges	12	**2,420,694**	738,111
Expenses paid on behalf		**45,000**	23,247
Subordinated loan from Falcom Financial Services		-	10,000,000

* Rent expenses related to Sheikh Fahad Alathel (a shareholder) against rent of Company's building.

Due from a related party as at November 29, 2014 and December 31, 2013 comprises of the following:

	November 29, 2014	December 31, 2013
FAL Motors Company Ltd.	**1,021,975**	1,007,630

Additionally, the Company also has loan amounting to SR 104 million obtained from the shareholders. The total outstanding balance as at November 29, 2014 amounted to SR 104 million (2013: SR 114 million) please refer Note 12.

(All amounts in Saudi Riyals unless otherwise stated)

7. Prepaid expenses and other assets

	November 29, 2014	December 31, 2013
Employees' receivables	**3,040,907**	3,032,961
Prepaid expenses	**2,846,834**	1,074,068
Prepaid insurance	**2,478,523**	1,081,015
Recoverable claims	**2,070,959**	1,551,390
Recoverable penalties	**933,988**	1,248,110
Deferred commission	**205,890**	68,300
Accounts receivables	**203,854**	243,647
Other	**100,043**	105,106
	11,880,998	8,404,597

(All amounts in Saudi Riyals unless otherwise stated)

8. Property and equipment, net

	Leasehold improvements	Vehicles	Furniture, fixtures and office equipment	Computers and software	Work in progress	Total
Cost						
January 1, 2014	11,859,221	53,500	6,600,471	8,096,496	360,405	26,970,093
Additions	302,854	-	239,138	272,973	-	814,965
Transfers	-	-	-	-	(360,405)	(360,405)
November 29, 2014	12,162,075	53,500	6,839,609	8,369,469	-	27,424,653
Accumulated depreciation						
January 1, 2014	8,783,718	13,380	5,967,205	7,330,917	-	22,095,220
Charge for period	1,060,711	12,256	224,593	730,281	-	2,027,841
November 29, 2014	9,844,429	25,636	6,191,798	8,061,198	-	24,123,061
Net book value						
November 29, 2014	**2,317,646**	**27,864**	**647,811**	**308,271**	-	**3,301,592**

Work in progress represented works under preparations and furniture for the Company's new branches in Riyadh and Al-Madina Al-Monawara cities.

(All amounts in Saudi Riyals unless otherwise stated)

8. Property and equipment, net (continued)

	Leasehold improvements	Vehicles	Furniture, fixtures and office equipment	Computers and software	Work in progress	Total
Cost						
January 1, 2013	11,825,021	-	6,513,489	8,020,870	-	26,359,380
Additions	34,200	53,500	86,982	75,626	360,405	610,713
December 31, 2013	11,859,221	53,500	6,600,471	8,096,496	360,405	26,970,093
Accumulated depreciation						
January 1, 2013	7,652,459	-	5,560,265	6,394,255	-	19,606,979
Charge for year	1,131,259	13,380	406,940	936,662	-	2,488,241
December 31, 2013	8,783,718	13,380	5,967,205	7,330,917	-	22,095,220
Net book value						
December 31, 2013	3,075,503	40,120	633,266	765,579	360,405	4,874,873

(All amounts in Saudi Riyals unless otherwise stated)

9. Accrued expenses and other current liabilities

	November 29, 2014	December 31, 2013
Advances from customers	**4,403,056**	56,795
Accrued salaries, wages and benefits	**1,093,891**	1,254,770
Accrued finance charges	**503,152**	770,819
Accrued bonuses	-	750,000
Accrued professional fees	-	386,500
Other	**100,075**	68,027
	6,100,174	3,286,911

10. Provision for zakat and income tax

The Company through the years to 2013 had a foreign shareholder, namely, Banque Saudi Fransi. Accordingly, the zakat and income tax through the years ended December 31, 2013 was charged to the statement of shareholders' equity.

As disclosed under Note 12, effective October 13, 2013, Banque Saudi Fransi waived all its shares in the Company to Falcom Financial Services, a Saudi shareholder. Accordingly, the Company is subject to zakat only and the provision for the period ended November 29, 2014 is charged to the income statement.

Zakat base calculation:

	November 29, 2014	December 31, 2013
Shareholders' equity beginning of the period	**124,316,158**	22,242,871
Adjusted net income	**9,801,921**	8,794,431
Subordinated loans from shareholders	**114,000,000**	124,000,000
Borrowings	**14,300,000**	35,856,378
Provisions	**16,368,145**	4,354,522
Non-current assets	**(3,301,592)**	(6,524,506)
Zakat base	**275,484,632**	188,723,696
Proportional zakat base	-	181,993,350
Zakat provision – 2.5%	**6,887,116**	4,549,834

Some of these amounts above have been adjusted in arriving to zakat base and adjusted net income.

Income tax calculation:

	November 29, 2014	December 31, 2013
Adjusted net income	-	8,794,431
Proportional tax base	-	19,483
Foreign shareholders' share - 6.22%	-	19,483
Foreign shareholders' share in provisions	-	-
Foreign shareholders' share	-	19,483
Income tax provision - 20%	-	3,897
Tax on corporations	-	280,598
Total zakat and income tax provision	-	4,834,329

(All amounts in Saudi Riyals unless otherwise stated)

The provision for zakat and income tax movement is as follows:

	November 29, 2014	December 31, 2013
Balance at the beginning of the period / year	**13,939,576**	9,111,987
Charged for the period / year	**6,887,116**	4,834,329
Paid during the period / year	**-**	(6,740)
Closing balance	**20,826,692**	13,939,576

Status of zakat assessments:

The Company obtained the final assessments from the Department of Zakat and Income Tax ("DZIT") for the year 2005 and 2006 with a total amount due of SR 3,229,448. During the year 2010, the Company filed an objection for these assessments and the management is currently following up on those objections.

The main difference between DZIT's assessment and the Company's zakat and income tax returns, is primarily due to the treatment of receivables from the finance lease contracts whereby the DZIT do not allow for these deductions. This is a Saudi leasing industry issue and the leasing companies are under discussion with the DZIT along with their tax advisors over the treatment of the same.

The Company filed its zakat and income tax return for the years from 2007 till 2013 which are still under review by the zakat department. The management believes that adequate provision were provided to meet any liability that might arise against any probable settlement under the final zakat assessments.

11. Borrowings

The Company has bank facilities amounting to SR 30.3 million (2013: SR 148 million) from local banks in the form of overdraft, long-term and short-term loans to finance working capital requirements and the Company's other operations. The outstanding balance as at November 29, 2014 amounted to SR 14.3 million (2013: SR 35.8 million).

The movement in borrowings for the period / year ending November 29, 2014 and December,31, 2013, respectively, is as follows:

	November 29, 2014	December 31, 2013
Beginning of the period / year	**35,856,378**	49,818,347
Additions during the period / year	**-**	10,000,000
Repayments from loans	**(21,556,378)**	(23,961,969)
	14,300,000	35,856,378
Less the current portion	**(5,200,000)**	(22,856,378)
	9,100,000	13,000,000

Long-term and short-term borrowings are scheduled for repayment as follows:

	November 29, 2014	December 31, 2013
2014	**1,300,000**	22,856,378
2015	**5,200,000**	5,200,000
2016	**5,200,000**	5,200,000
2017	**2,600,000**	2,600,000
	14,300,000	35,856,378

The borrowings bear finance charges at prevailing rates between Saudi local banks (SIBOR) plus an annual margin, facilities are being repaid in equal monthly and quarterly payments ending on June 2017. The borrowings are partially secured against receivables from finance lease contracts amounting to SR 34.9 million and by promissory notes and personal guarantees by the shareholders of the Company.

(All amounts in Saudi Riyals unless otherwise stated)

12. Loan from shareholders

During year 2007, the shareholders granted a short-term revolving loan to the Company amounting to SR 130 million which was used to settle outstanding loans from local banks. The loan was contributed by the shareholders in respect to their ownership percentage in the Company. The original maturity date for the loan was payable on December 31, 2013. However, during 2014, the maturity was extended to January 1, 2017. Accordingly, the balance outstanding as of November 29, 2014 has been presented under non-current liabilities.

The balance outstanding as of November 29, 2014 amounted to SR 104 million (December 31, 2013: 114 million).

Based on the shareholders' resolution for amendment in the Article and Association dated October 13, 2013, one of the Company's previous shareholders, Banque Saudi Fransi waived all its shares in the Company to Falcom Financial Services, a shareholder, which resulted in rescheduling the repayment of the loan provided to the Company from Banque Saudi Fransi amounting to SR 26 million over 24 quarterly installments ending on June 30, 2017. Accordingly, the outstanding balance of the loan was transferred to borrowings (Note 11).

13. Employee termination benefits

	November 29, 2014	December 31, 2013
Beginning of the period / year	5,252,237	4,707,269
Charged for the period / year	963,455	906,715
Paid during the period / year	(298,747)	(361,747)
Closing balance	5,916,945	5,252,237

14. Statutory reserve

In accordance with Regulations for Companies in Saudi Arabia, the Company sets aside a statutory reserve, after absorption of accumulated losses, by the appropriation of 10% of net income until the reserve equals 50% of the share capital.

15. Subordinated loan from the shareholders and proposed increase in share capital

The Company as of December 31, 2012 had a subordinated loan amounting to SR 20 million from the shareholders with no finance charges.

On June 10, 2013, the shareholders of the Company, resolved to increase the share capital of the Company to SR 100 million, by transferring the above SR 20 million subordinated loan and contributed the remaining SR 80 million.

The increase in the share capital also resulted in increasing the share of Falcom Financial Services in the Company from 10% to 20% and through new shareholders entering by subscription in shares equaling to 5% of the total shares in the Company for each of Sheikh Fahed Bin Mohammad Bin Saleh Alathel and Fal Real Estate Company. The shareholding of Al-Bilad Establishment for Trading and Economy and FAL Holding Arabia was reduced by 5% and 15%, respectively.

During 2013, Falcom Financial Services also granted the Company a subordinated loan amounting to SR 10 million with no finance charges and no specified date of repayment. The amount was fully repaid during 2014.

(All amounts in Saudi Riyals unless otherwise stated)

16. General and administrative expenses

	Note	For the period from January 1, 2014 to November 29, 2014	For the year ended December 31, 2013
Salaries, wages and other benefits		13,436,037	12,853,437
Rental		3,011,124	3,099,773
Depreciation	8	2,027,841	2,488,241
Professional fees		1,499,005	1,384,400
GOSI		659,099	584,563
Bonuses		563,300	827,175
Fees and subscriptions		413,093	372,577
Utilities		314,688	209,422
Maintenance		223,740	225,000
Others		1,278,847	1,009,094
		23,426,774	23,053,682

17. Other income

	For the period from January 1, 2014 to November 29, 2014	For the year ended December 31, 2013
Rental income	1,375,000	1,500,000
Returns on short term time investment	83,053	40,513
Other	137,012	-
	1,595,065	1,540,513

Rental income represents a portion of Company's building rented to external party with an annual rent amounting to SR 1.5 million.

18. Commitments

Commitments to extend credit facilities represent the unused portion of authorizations to extend credit, principally in the form of finance leases. With respect to the credit risk on liabilities to extend facilities, the Company is potentially exposed to a loss in an amount equal to the total unused commitments. However, the likely amount of liabilities, which cannot be readily quantified, is expected to be considerably less than the total unused facilities as most liabilities upon customers maintaining specific credit standards. The total outstanding liabilities to extend credit facilities do not necessarily represent future cash flow and could expire or terminate without being funded.

As at November 29, 2014 and December 31, 2013, the Company's commitments to extend credit on lease contracts amounted to SR 20,229,549 and SR 741,800, respectively.

The commitments represent non-cancelable operating leases for the Company's office premises are as follows:

	November 29, 2014	December 31, 2013
Less than one year	3,224,408	3,324,408
More than a year and less than five years	11,684,396	4,438,816
Total	14,908,804	7,763,224

During the current year, SR 3,011,124 (2013: SR 3,099,773) was recorded as an expense in the income statement in respect of operating leases.

19. Comparative figures

Certain prior year figures for 2013 have been reclassified to conform to the current period's presentation.