

**GULF LIFTING FINANCIAL LEASING COMPANY**  
**(CLOSED JOINT STOCK COMPANY)**

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**WITH**  
**INDEPENDENT AUDITORS' REVIEW REPORT**  
**FOR THE THREE MONTH PERIOD ENDED**  
**31 MARCH 2019**

**GULF LIFTING FINANCIAL LEASING COMPANY**  
**(CLOSED JOINT STOCK COMPANY)**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2019**  
(Expressed in Saudi Riyals)

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# Independent auditor's report on review of condensed interim financial statements

To the Shareholders of Gulf Lifting Financial Leasing Company

## Introduction

We have reviewed the accompanying 31 March 2019 condensed interim financial statements of Gulf Lifting Financial Leasing Company ("the Company"), which comprises:

- the condensed statement of financial position as at 31 March 2019;
- the condensed income statement for the three-month period ended 31 March 2019;
- the condensed statements of profit or loss and other comprehensive income for the three-month period ended 31 March 2019;
- the condensed statement of changes in shareholders' equity for the three-month period ended 31 March 2019;
- the condensed statement of cash flows for the three-month period ended 31 March 2019; and
- the notes to the condensed interim financial statements.

Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' as modified by the Saudi Arabian Monetary Authority ("SAMA") for the accounting of zakat and income tax. Our responsibility is to express a conclusion on this condensed interim financial statements based on our review.

## Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information 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 that are 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.



# Independent auditor's report on review of condensed interim financial statements

To the Shareholders of Gulf Lifting Financial Leasing Company (Continued)

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2019 condensed interim financial statements Gulf Lifting Financial Leasing Company are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as modified by SAMA for the accounting of zakat and income tax.

For KPMG Al Fozan & Partners  
Certified Public Accountants



Tareq Abdulrahman Al Sunaid

License No: 419  
Al Khobar, 20 Shaaban 1440H  
Corresponding to: 25 April 2019G

**GULF LIFTING FINANCIAL LEASING COMPANY**  
**(CLOSED JOINT STOCK COMPANY)**  
**CONDENSED STATEMENT OF FINANCIAL POSITION**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2019**  
(Expressed in Saudi Riyals)

	Note	31 March 2019 (Unaudited)	31 December 2018 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Net investment in finance leases	3	46,491,497	34,367,824
Investment		892,850	892,850
Intangible asset		-	91,817
Property and equipment		372,600	412,347
<b>Total non-current assets</b>		<b>47,756,947</b>	<b>35,764,838</b>
<b>Current assets</b>			
Cash and cash equivalents	4	113,840,263	131,237,316
Current maturity of net investment in finance leases	3	24,882,999	19,351,956
Prepayments and other receivables		1,353,411	927,595
Advance to supplier		41,914	-
Due from a related party	5	428,384	-
<b>Total current assets</b>		<b>140,546,971</b>	<b>151,516,867</b>
<b>TOTAL ASSETS</b>		<b>188,303,918</b>	<b>187,281,705</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	6	100,000,000	100,000,000
Additional equity contribution		90,644,283	90,644,283
Accumulated losses		(4,031,006)	(7,890,119)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>186,613,277</b>	<b>182,754,164</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Employee benefits		145,838	119,049
<b>Total non-current liabilities</b>		<b>145,838</b>	<b>119,049</b>
<b>Current liabilities</b>			
Trade payable		102,489	143,477
Accrued expenses and other liabilities		667,832	733,596
Provision for Zakat		503,883	3,325,529
Due to related parties	5	59,595	110,776
Advance from customers		211,004	95,114
<b>Total current liabilities</b>		<b>1,544,803</b>	<b>4,408,492</b>
<b>TOTAL LIABILITIES</b>		<b>1,690,641</b>	<b>4,527,541</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>188,303,918</b>	<b>187,281,705</b>

These financial statements appearing on pages 1 to 13 were approved by the Board of Directors on 20 Shaaban 1440H corresponding to 25 April 2019G and have been signed on its behalf by:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Finance Manager

The accompanying notes from 1 to 10 form an integral part of these condensed interim financial statements.

**GULF LIFTING FINANCIAL LEASING COMPANY**  
(CLOSED JOINT STOCK COMPANY)  
**CONDENSED INCOME STATEMENT**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2019**  
(Expressed in Saudi Riyals)

	<b>For the three months period ended 31 March 2019 (Unaudited)</b>	<b>For the three months period ended 31 March 2018 (Unaudited)</b>
<b>INCOME</b>		
<b>Income from operations</b>		
Finance lease income	1,819,302	1,248,298
<b>Income from other activities</b>		
Income from short term bank deposits	726,760	477,173
<b>Total income</b>	<b>2,546,062</b>	<b>1,725,471</b>
<b>EXPENSES</b>		
Salaries and related expenses	(791,369)	(1,037,459)
Legal and professional charges	(154,127)	(125,756)
Rent and related expenses	(79,791)	(74,796)
Depreciation and amortization	(131,566)	(200,940)
Other general and administration expenses	(272,030)	(108,781)
Insurance expense	(79,712)	-
<b>Total expenses</b>	<b>(1,508,595)</b>	<b>(1,547,732)</b>
<b>Profit for the period</b>	<b>1,037,467</b>	<b>177,739</b>

The accompanying notes from 1 to 10 form an integral part of these condensed interim financial statements.

**GULF LIFTING FINANCIAL LEASING COMPANY**  
**(CLOSED JOINT STOCK COMPANY)**  
**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2019**  
(Expressed in Saudi Riyals)

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	<b>For the three months period ended 31 March 2019 (Unaudited)</b>	<b>For the three months period ended 31 March 2018 (Unaudited)</b>
<b>Period for the period</b>	<b>1,037,467</b>	<b>177,739</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<b>1,037,467</b>	<b>177,739</b>

The accompanying notes from 1 to 10 form an integral part of these condensed interim financial statements.

**GULF LIFTING FINANCIAL LEASING COMPANY**  
**(CLOSED JOINT STOCK COMPANY)**  
**CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2019**  
(Expressed in Saudi Riyals)

	<u>Share capital</u>	<u>Additional equity contribution</u>	<u>Accumulated losses</u>	<u>Total</u>
<b>Balance as at 1 January 2019</b>	<b>100,000,000</b>	<b>90,644,283</b>	<b>(7,890,119)</b>	<b>182,754,164</b>
<b>Total comprehensive income for the period</b>	-	-	<b>1,037,467</b>	<b>1,037,467</b>
<b>Zakat for the period (Note 7)</b>	-	-	<b>(299,730)</b>	<b>(299,730)</b>
<b>Refund of Zakat (Note 7)</b>	-	-	<b>3,121,376</b>	<b>3,121,376</b>
<b>31 March 2019 (Unaudited)</b>	<u><b>100,000,000</b></u>	<u><b>90,644,283</b></u>	<u><b>(4,031,006)</b></u>	<u><b>186,613,277</b></u>
Balance as at 1 January 2018	100,000,000	90,644,283	(5,477,645)	185,166,638
Total comprehensive income for the period	-	-	177,739	177,739
Zakat for the period (Note 7)	-	-	(1,190,843)	(1,190,843)
31 March 2018 (Unaudited)	<u>100,000,000</u>	<u>90,644,283</u>	<u>(6,490,749)</u>	<u>184,153,534</u>

The accompanying notes from 1 to 10 form an integral part of these condensed interim financial statements.



**GULF LIFTING FINANCIAL LEASING COMPANY**  
**(CLOSED JOINT STOCK COMPANY)**  
**CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2019**  
(Expressed in Saudi Riyals)

	<u>Note</u>	<u>For the three months ended 31 March 2019 (Unaudited)</u>	<u>For three months ended 31 March 2018 (Unaudited)</u>
<b>OPERATING ACTIVITIES</b>			
Profit for the period		1,037,467	177,739
<i>Adjustments for:</i>			
Depreciation		39,747	38,909
Amortization		91,817	162,031
Provision for employees' benefits		26,789	22,781
		<u>1,195,820</u>	<u>401,460</u>
<b>Changes in:</b>			
Net investment in finance lease		(17,654,716)	3,370,744
Due from a related party		(428,384)	(2,105,378)
Due to related parties		(51,181)	(38,525)
Prepayments and other receivables		(425,816)	88,856
Trade payables		(40,988)	-
Accrued expenses		(65,764)	(102,932)
Advance from customers		115,890	845,914
Advance to suppliers		(41,914)	(4,478,649)
<b>Net cash used in operating activities</b>		<u>(17,397,053)</u>	<u>(2,018,510)</u>
<b>INVESTING ACTIVITIES</b>			
Addition to property and equipment		-	(7,590)
<b>Net cash used in investing activities</b>		<u>-</u>	<u>(7,590)</u>
<b>Net decrease in cash and cash equivalents</b>		<u>(17,397,053)</u>	<u>(2,026,100)</u>
<b>Cash and cash equivalents at beginning of the period</b>		<u>131,237,316</u>	<u>143,987,147</u>
<b>Cash and cash equivalent at end of the period</b>	4	<u>113,840,263</u>	<u>141,961,047</u>

The accompanying notes from 1 to 10 form an integral part of these condensed interim financial statements.

**GULF LIFTING FINANCIAL LEASING COMPANY**  
(CLOSED JOINT STOCK COMPANY)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2019**  
(Expressed in Saudi Riyals)

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**1. CORPORATE INFORMATION**

Gulf Lifting Financial Leasing Company (the “Company”) previously known as “Gulf Lifting Rental Company” is a Saudi closed joint stock company established under the Regulations for Companies in the Kingdom of Saudi Arabia. The Company is registered in Dammam under commercial registration number 2050030896 dated 19 Shaban, 1416H corresponding to 10 January 1996 and operating under company license number 47/A Sh/201708 dated 14 Dhul Qa’dah 1438H corresponding to 6 August 2017 issued by Saudi Arabian Monetary Agency (“SAMA”).

The Company is engaged in the finance leasing business. The Company is effectively wholly owned by Yusuf Bin Ahmed Kanoo Company Limited.

In 2013, a new Finance Lease Law was enacted in the Kingdom of Saudi Arabia, whereby, only licensed companies are allowed to conduct finance lease business in the Kingdom of Saudi Arabia. Accordingly, the shareholders of the Company (i) filed application with relevant authorities to secure license to conduct finance lease business; (ii) increased the capital of the Company from SR 40 million to SR 100 million as required by the law; and (iii) resolved to transfer all the business activities and related assets and liabilities at carrying amount of operating lease business to a shareholder effective from 1 January 2013. During 2016, the Company received initial approval of the acceptance of application from the Saudi Arabia Monetary Agency (SAMA).

During 2016, the shareholders of the Company resolved to change the name of the Company from Gulf Lifting Rental Company to Gulf Lifting Financial Leasing Company. Further, the Company was converted from limited liability company into a closed joint stock company in accordance with Ministerial Resolution number 287/Q dated 27 Dhu Al Qa’dah 1437H, corresponding to 30 August 2016. The legal formalities associated with the change in name and legal status of the Company were completed during 2016.

In view of the change in legal status, the shareholders also resolved to (i) Convert statutory reserve and retained earnings to additional equity contribution at 30 August 2016 and (ii) transfer the assets, liabilities and activities of the Company to Closed Joint Stock Company.

The Company has received license from SAMA for practice of finance lease business in Kingdom of Saudi Arabia on 14 Dhul Qahda 1438H corresponding 6 of August 2017.

**2. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND BASIS OF PREPARATION**

**2.1 Statement of compliance**

These condensed interim financial statements are prepared using IAS 34 ‘Interim Financial Reporting’ and SAMA guidance for the accounting of Zakat and Income Tax and should be read in conjunction with the Company’s last annual financial statements as at and for the year ended 31 December 2018 (“Last Annual Financial Statements”). They do not include all of the information required for a complete set of IFRS financial statements. However, changes in accounting policies and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the last financial statements.

This is the first set of condensed interim financial statements where IFRS 16 have been applied. Changes to significant accounting policies are described in Note 2.6.

**2.2 Basis of preparation**

The Company has prepared these condensed interim financial statements under the historical cost convention on the accrual basis of accounting and going concern concept.

**GULF LIFTING FINANCIAL LEASING COMPANY**  
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
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(Expressed in Saudi Riyals)

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**2. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND BASIS OF PREPARATION (Continued)**

**2.3 Functional and presentation currency**

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These condensed interim financial statements are presented in Saudi Riyals which is the Company's functional and presentation currency. All financial information presented in Saudi Arabian Riyals has been rounded to the nearest Riyal, unless otherwise mentioned.

**2.4 Use of judgements and estimates**

In preparing these Condensed Interim Financial Statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual Financial Statements, except for new significant judgments and key sources of estimation uncertainty related to the application of IFRS 16, which are described in Note 2.6.

**2.5 Standards, new pronouncements and interpretations:**

**a) New International Financial Reporting Standards (IFRS), International Financial Reporting and Interpretations Committee's interpretations (IFRIC) and amendments thereof, adopted by the Company.**

The following new or amended standards adopted during the period which did not have significant impact on the condensed interim financial statements.

- Long term interest in Associates and Joint Venture (Amendments to IAS 28) effective for annual periods on 1 January 2019.
- Prepayment Features with Negative Compensation (Amendments to IFRS 9).
- Uncertainty over Income Tax Treatments (IFRIC 23).
- Plan Amendments, Curtailment or settlement (Amendment to IAS 19).
- Annual improvements to IFRSs 2015-2017 Cycle (Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23)

In addition to the above, IFRS 16 "Leases" is applicable from 1 January 2019. Changes to significant accounting policies are described in Note 2.6.

**b) Standards, interpretations and amendments to published standards that will be effective for the annual periods commencing after January 1, 2020 and have not been early adopted by the Company.**

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's condensed interim financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The Company's management decided not to choose the early adoption of the following new and amended standards and interpretations issued which will become effective for the period commencing after January 1, 2020.

- Amendments to References to Conceptual Framework in IFRS Standards (effective 1 January 2020).
- Definition of Business (Amendments to IFRS 3).
- Definition of Material (Amendments to IAS 1 and IAS 8).
- The IASB issued IFRS 17 in May 2017. IFRS 17 will be mandatorily effective for annual reporting periods beginning on or after 1 January 2021. Once effective, IFRS 17 replaces IFRS 4 Insurance Contracts that was issued in 2005. The overall objective of IFRS 17 is to provide a more useful and consistent accounting model for insurance contracts among entities issuing insurance contracts globally.
- Sales or Contribution of Assets between an Investor or its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28). Available for optional adoption / effective date deferred indefinitely.

**GULF LIFTING FINANCIAL LEASING COMPANY**  
**(CLOSED JOINT STOCK COMPANY)**  
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(Expressed in Saudi Riyals)

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**2. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND BASIS OF PREPARATION (Continued)**

**2.6 Accounting policies**

Except as described below, the accounting policies applied in these condensed interim financial statements are the same as those applied in the Company's financial statements as at and for the year ended 31 December 2018.

These changes in accounting policies are also expected to be reflected in the Company's financial statements as at and for the year ending 31 December 2019.

The Company has adopted IFRS 16 Leases (see A). A number of other new standards and interpretations as mentioned in note 2.5 (a) are effective from 1 January 2019 but they do not have a material effect on the Company's financial statements.

**A. IFRS 16 "Leases"**

The Company has initially adopted IFRS 16 Leases from 1 January 2019. IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Company, as a lessee, has to recognise right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Company has applied IFRS 16 using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 (if any) is recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. The details of the changes in accounting policies are disclosed below.

**A. Definition of a lease**

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 "Determining Whether an Arrangement contains a Lease". The Company now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

**I. As a lessee**

The Company leases office building. As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most leases - i.e. these leases are on-balance sheet. However, the Company has elected not to recognise right-of-use assets and lease liabilities for lease of office building as it is short term lease. The Company recognises the lease payments associated with the lease as an expense on a straight-line basis over the lease term.

**Significant accounting policies**

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation, impairment losses and adjusted for certain remeasurements of the lease liability.

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**2. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND BASIS OF PREPARATION (Continued)**

**2.6 Accounting policies (Continued)**

**A. IFRS – 16 Leases (Continued)**

**I. As a lessee (continued)**

**Significant accounting policies (continued)**

When a right-of-use asset meets the definition of investment property, it is presented in investment property. The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Company's accounting policies.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

**Transition**

Previously, the Company classified property leases as operating leases under IAS 17. This include Office building. The leases typically run for a period of 2 years. The lease include an option to renew the lease for an additional one year after the end of the non-cancellable period. At transition, for lease classified as operating leases under IAS 17, the Company applied the exemption not to recognise right-of-use assets and liabilities for lease with less than 12 months of lease term.

**II. As a lessor**

The Company leases out heavy machinery and automobile to corporate customers. The Company has classified these leases as finance lease. The accounting policies applicable to the Company as a lessor are not different from those under IAS 17.

The Company is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor. However, the Company has applied IFRS 15 "Revenue from Contracts with Customers" to allocate consideration in the contract to each lease and non-lease component.

The accounting policies applicable to the Company as a lessor in the comparative period were not different from IFRS 16. Consequently, there are no material and reportable changes due to its transition to IFRS 16.

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**3. NET INVESTMENT IN FINANCE LEASES**

	<b>31 March 2019</b> <b>(Unaudited)</b>	31 December 2018 <b>(Audited)</b>
Gross investment in finance lease	<b>87,573,170</b>	67,164,350
Less: Unearned lease finance income	<b>(14,733,765)</b>	(11,979,661)
<b>Net investment in finance leases</b>	<b>72,839,405</b>	55,184,689
Provision for lease losses	<b>(1,464,909)</b>	(1,464,909)
	<b>71,374,496</b>	53,719,780
Current maturity	<b>(24,882,999)</b>	(19,351,956)
	<b>46,491,497</b>	34,367,824

**3.1** The movement in the provision for lease losses was as follows:

	<b>31 March 2019</b> <b>(Unaudited)</b>	31 December 2018 <b>(Audited)</b>
Balance at the beginning of the period / year	<b>1,464,909</b>	1,158,396
Allowance for the period / year	-	306,513
	<b>1,464,909</b>	1,464,909

**3.2** The maturity of the gross investment in finance leases as at 31 March 2019 is as follows:

	<b>Gross investment in finance leases</b>	<b>Unearned lease finance income</b>	<b>Net investment in finance leases</b>
Not later than one year	<b>32,389,297</b>	<b>(7,061,428)</b>	<b>24,882,999</b>
Later than one year but not later than five years	<b>55,183,873</b>	<b>(7,672,337)</b>	<b>47,956,406</b>
	<b>87,573,170</b>	<b>(14,733,765)</b>	<b>72,839,405</b>

The maturity of the gross investment in finance leases as at 31 December 2018 is as follows:

	<b>Gross investment in finance leases</b>	<b>Unearned lease finance income</b>	<b>Net investment in finance leases</b>
Not later than one year	25,087,737	(5,735,781)	19,351,956
Later than one year but not later than five years	42,076,613	(6,243,880)	35,832,733
	67,164,350	(11,979,661)	55,184,689

**GULF LIFTING FINANCIAL LEASING COMPANY**  
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
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**4. CASH AND CASH EQUIVALENTS:**

	<b>31 March 2019</b> <b>(Unaudited)</b>	31 December 2018 <b>(Audited)</b>
Cash in hand	8,540	9,887
Bank balances	2,782,170	1,266,970
Short term deposits	111,049,553	129,960,459
	<b>113,840,263</b>	<b>131,237,316</b>

Short term bank deposits are determined in Saudi Riyals and US Dollars with local banks and are made for varying periods from 1 month to 3 month and carry interest rates ranging from 2.35% to 2.75% per annum. (31 December 2018: 1.7% to 2.8%).

**5. RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties represent shareholders, directors and key management personal of the Company, and entity controlled or significantly influenced by such parties:

The Company is required to pay remuneration to the members of Board of Directors, under Bye-Laws, for participation in Board of Directors' meeting held during the period, all the directors have waived their right to receive the remuneration.

Prices and terms of payment with related approval by management. Amount due from/to related parties are disclosed in the statement of financial position.

**Transactions with related party:**

	<b>Relationship</b>	<b>For the three months ended 31 March 2019 (Unaudited)</b>	<b>For the three months ended 31 March 2018 (Unaudited)</b>
<b>Yusuf Bin Ahmed Kanoo Company Limited</b>	Shareholder		
Collections made on behalf of the Company		1,752,475	2,145,133
<b>Kanoo Travel</b>	Affiliate		
Purchase of tickets for staff		3,509	4,545
<b>AXA Cooperative Insurance Company</b>	Affiliate		
Insurance policy purchased for lease equipment		314,892	38,813

Key management personnel compensation comprised of the following transactions:

	<b>For the three months ended 31 March 2019 (Unaudited)</b>	<b>For the three months ended 31 March 2018 (Unaudited)</b>
<b><u>Transactions:</u></b>		
Compensation of key management executives	77,590	295,000
Audit committee remuneration	51,400	123,010

**GULF LIFTING FINANCIAL LEASING COMPANY**  
**(CLOSED JOINT STOCK COMPANY)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
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(Expressed in Saudi Riyals)

**5. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)**

The above mentioned significant transactions with related parties resulted in the following balances:

**Due from a related party:**

	<b>31 March 2019</b> <b>(Unaudited)</b>	<b>31 December 2018</b> <b>(Audited)</b>
Yusuf Bin Ahmed Kanoo Company Limited	<u>428,384</u>	<u>-</u>

**Due to related parties:**

	<b>31 March 2019</b> <b>(Unaudited)</b>	<b>31 December 2018</b> <b>(Audited)</b>
AXA Cooperative Insurance Company	<u>56,086</u>	<u>2,877</u>
Kanoo Travels	<u>3,509</u>	<u>-</u>
Yusuf Bin Ahmed Kanoo Company Limited	<u>-</u>	<u>107,899</u>
	<u>59,595</u>	<u>110,776</u>

**6. SHARE CAPITAL**

The pattern of shareholding as of 31 March 2019 and 31 December 2018 is as follows:

	<b>Percentage of ownership</b>	<b>Number of Shares</b>	<b>Amount SR</b>
Yusuf Bin Ahmed Kanoo Company Limited	<b>94</b>	<b>9,400,000</b>	<b>94,000,000</b>
Ali Abdulla Kanoo	<b>1</b>	<b>100,000</b>	<b>1,000,000</b>
Ali Abdulaziz Kanoo	<b>1</b>	<b>100,000</b>	<b>1,000,000</b>
Saud Abdulaziz Kanoo	<b>1</b>	<b>100,000</b>	<b>1,000,000</b>
Bader Abdulaziz Kanoo	<b>1</b>	<b>100,000</b>	<b>1,000,000</b>
Faisal Khalid Kanoo	<b>1</b>	<b>100,000</b>	<b>1,000,000</b>
Ahmed Fawzi Kanoo	<b>1</b>	<b>100,000</b>	<b>1,000,000</b>
	<u><b>100</b></u>	<u><b>10,000,000</b></u>	<u><b>100,000,000</b></u>

**7. ZAKAT**

Significant components of Zakat base of the Company principally comprise of shareholders' equity at the beginning of the period, adjusted net income and certain other items.

On 7 Rajab 1440H corresponding to 14 March 2019G, GAZT issued Zakat rules for financing activities. The rules are applicable for entities conducting financing activities for the fiscal years commenced on or after 1 January 2019. Consequently the provision for Zakat for the period ended 31 March 2019 has been calculated based on the new rules.

Provision for Zakat has been made at 2.5% of approximate Zakat base attributable to the Saudi shareholders of the Company.



**GULF LIFTING FINANCIAL LEASING COMPANY**  
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**7. ZAKAT (Continued)**

*a) Zakat assessment status*

The GAZT has issued a Zakat assessment for the year 2016 through a letter dated 11 March 2019 (ref: 026000039227) with an additional liability of Zakat amounted to SR 1,607,005. The Company has an option for filing an objection letter against the GAZT's assessment for the year 2016 till 08 May 2019. The Company has decided to file an appeal against the assessment.

*b) Zakat refund*

During the three month period ended 31 March 2019, pursuant to the issuance of Royal Decree (M/26) dated 20 Rabi Al-Awwal 1440H and the letter issued by GAZT dated 5 February 2019 (Ref: 1440/1/747) the Company is entitled to Zakat refund amounted to SR 3,121,376. As result of the acknowledgment by the management on 3 March 2019 GAZT has issued credit in favor of the Company.

**8. FINANCIAL INSTRUMENTS**

The Company's principal financial assets include cash and cash equivalents, finance lease receivable, due from a related party and certain other receivables and equity investment. The Company's principal financial liabilities comprise other payables and due to related parties. The main purpose of these financial liabilities is to finance the Company's operations.

**Fair value hierarchy**

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

All financial assets and financial liabilities are measured at amortised cost except for equity investment which is classified under FVOCI. As at balance sheet date, the fair values of all financial assets and financial liabilities measured at amortised cost approximate their carrying values.

**9. CONTINGENCIES AND COMMITMENTS**

The Company has no commitments and contingent liabilities as at 31 March 2019 (31 December 2018: Nil).

**10. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS**

These condensed interim financial statements were approved on 20 Shaaban 1440H corresponding to 25 April 2019G.