



الأخصائيون في حلول التمويل السكني
Specialists in Home Financing Solutions

تقرير مجلس الإدارة لعام 2015م

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يسر مجلس إدارة شركة دار التمليك أن يقدم لكم التقرير السنوي الخامس للشركة مع القوائم المالية المراجعة للشركة عن السنة المنتهية في 31 ديسمبر 2015م.

1.0 مقدمة

شركة دار التمليك شركة مساهمة سعودية مقفلة تم تأسيسها بموجب القرار الوزاري رقم 155 و تاريخ 5 جمادى الأولى 1429 هـ (الموافق 11 مايو 2008 م). الشركة مملوكة بالكامل لمساهمين سعوديين.

كما تم الترخيص من قبل مؤسسة النقد العربي السعودي لمزاولة نشاط التمويل العقاري في 2014/01/01 م.

و تمارس نشاط شراء و بيع و إنشاء و تملك العقارات و الأراضي و استثمارها بالبيع نقدا و بالتقسيط و التأجير لمصلحة الشركة فيما عدا مدينتي مكة المكرمة و المدينة المنورة، بالإضافة الى إدارة برامج التمويل للغير مثل برنامج مساكن الخاص بالمؤسسة العامة للتقاعد.

2.0 قطاعات العمل

تعتبر دار التمليك الشركة الرائدة في مجال التمويل العقاري وذلك من خلال توفير منتجات تمويل عقاري متعددة لتلائم احتياجات كافة شرائح السوق و أيضا عبر عقد إتفاقيات شراكة مع أبرز مؤسسات القطاع الحكومي و الخاص. تقدم شركة دار التمليك حلول تمويل عقارية متعددة تحت صيغتي المرابحة و الإجارة.

3.0 الإستراتيجية

أكملت الشركة في عام 2015م عامها المالي السابع. و قد حققت الشركة ربح بقدر 34.08 مليون ريال سعودي على الرغم من التحديات و التغييرات الهيكلية لسوق التمويل العقاري في المملكة، و أبرزها كان المنافسة القوية من قبل قطاع البنوك و حركة الركود التي شهدها السوق العقاري نتيجة متطلبات الدفعة المقدمة ضمن أنظمة التمويل العقاري التي طبقت بنهاية العام 2014م. تركز إستراتيجية الشركة على توفير حلول تمويل عقاري منافسة و في نفس الوقت الحرص على أن تكون المحافظ الإستثمارية ذات جودة عالية من الناحية الإئتمانية، مما يعود بنتائج مرضية لمساهمي الشركة و يحافظ على مكانة الشركة في السوق.

4.0 إدارة المخاطر

تلتزم إدارة و موظفي دار التمليك بممارسة عملية تمويل عادلة و متحفظة. تتمحور سياستنا حول جعل منتجات التمويل العقاري للمسكن متوفرة لجميع المتقدمين بالطلبات الذين استوفوا الشروط بطريقة عادلة و ملائمة - ضمن حدود الممارسات المصرفية الآمنة و السليمة. نحن نفعل ذلك فقط عند تمويل العقود التي تتوافق شروطها مع مؤهلات كل عميل و عندما يكون لديه القدرة على سداد الإلتزامات المالية. و تبذل دار التمليك العناية الفائقة قبل الشروع في تمويل شراء منزل في محاولة التأكد من قدرة المستفيد المالية على تملك المنزل بنهاية فترة التمويل.

خلال مراحل نمو شركتنا منذ عام 2008، التزمت دار التمليك بالفلسفة القائلة بأن إدارة المخاطر أساسية من أجل بناء القيمة و الحفاظ عليها. نحن لا نسعى فقط إلى تحقيق العوائد الربحية، بل نحن نركز على عائدات بأقل قدر ممكن من المخاطر، و يظهر هذا في أداء المحافظ الإستثمارية. ففي نهاية عام 2015م، كانت نسبة التعثر لمحفظة الشركة 0.30% و هي أقل بكثير من نسبة التعثر في المملكة و التي تقدر بـ 1.21% (كما في 31 ديسمبر 2015م). فيما يلي ملخص للمخاطر الرئيسية:

(1) مخاطر تغير تكلفة التمويل

مخاطر تغير تكلفة التمويل هي المخاطر التي تمثلها تذبذب تكلفة التمويل على القيمة العادلة أو التدفقات المالية المستقبلية بسبب تقلبات تكلفة التمويل في السوق. كانت الشركة كما في 31 ديسمبر 2015م معرضة لمخاطر تكلفة التمويل على موجوداتها و مطلوباتها بما في ذلك صافي الاستثمارات في عقود الإيجار التمويلي و الاقتراض قصير الأجل. تعمل الشركة على الحد من مخاطر تغير تكلفة التمويل عن طريق مراقبة التقلبات في السوق وتخفيف التعرض لهذه المخاطر الى الحدود الدنيا.

(2) مخاطر السيولة

مخاطر السيولة هي مخاطر مواجهة منشأة ما صعوبة في الحصول على الأموال لمقابلة ارتباطاتها المتصلة بالأدوات المالية. تتم مراقبة احتياجات الشركة من السيولة بصفة منتظمة و تعمل الشركة على الحد من مخاطر السيولة عن طريق التأكد من توفر مصدر تمويل مناسب لمقابلة أي التزامات حال نشوئها.

تتكون المطلوبات المالية للشركة بصفة أساسية من ذمم دائنة و المستحق عن عقارات للشراء بموجب عقود إيجار و دفعات مقدمة و ذمم دائنة أخرى. من المتوقع سداد جزء كبير من هذه المطلوبات المالية خلال 12 شهر من تاريخ قائمة المركز المالي و تتوقع الشركة أن يكون لديها أموال سائلة كافية للقيام بذلك.

(3) مخاطر العملات

مخاطر العملة هي مخاطر تذبذب قيمة أداة مالية بسبب تقلبات صرف أسعار صرف العملات الأجنبية. الشركة معرضة لتذبذب أسعار صرف العملات الأجنبية خلال دورة أعمالها العادية. لم تقم الشركة بأي معاملات هامة بعملات خلاف الريال السعودي و الدولار الأمريكي خلال السنة. و نظرا لأن سعر صرف الريال السعودي ثابت مقابل الدولار الأمريكي فإن الشركة غير معرضة لأي مخاطر عملات هامة.

(4) مخاطر الائتمان

مخاطر الائتمان هي مخاطر إخفاق طرف في أداة مالية في سداد التزام ما و التسبب في تكبد الطرف الآخر خسارة مالية. تعمل الشركة على الحد من مخاطر الائتمان التي تتعرض لها فيما يتعلق بعملاء الإيجار عن طريق وضع حدود ائتمان لكل عميل على حدة و مراقبة الذمم المدينة القائمة. إضافة الى ذلك تحتفظ الشركة بملكية الموجودات المؤجرة كضمان حتى يتم سداد المبالغ كاملة من قبل العملاء.

فيما يتعلق بمخاطر الائتمان الناشئة عن الموجودات المالية الأخرى للشركة بما في ذلك الأرصدة لدى البنوك و النقد و الذمم المدينة و قروض الموظفين و إيرادات الوكالة المستحقة القبض فإن تعرض الشركة لمخاطر الائتمان ينشأ عن تعثر الجهات التي يتم التعامل معها، علما بأن أقصى تعرض يعادل القيمة الدفترية لهذه الأدوات.

(5) مخاطر أسعار السوق

الشركة معرضة لمخاطر أسعار السوق على استثماراتها في الأوراق المالية التجارية الناشئة عن عدم التأكد من القيم المستقبلية للأوراق المالية التجارية. تعمل الشركة على إدارة مخاطر أسعار السوق عن طريق وضع حدود لكل استثمار على حده و الاستثمارات ككل.

5.0 لمحة عن الجوانب المالية

سجلت الشركة صافي دخل قدره 34.08 مليون ريال سعودي للعام 2015م. و قد بلغ إجمالي الإيرادات (بالإضافة الى الإيرادات الأخرى) للسنة المنتهية في 31 ديسمبر 2015م مبلغاً و قدره 113.38 مليون ريال سعودي.

كما حققت الشركة نمو بنحو 10.1% في الإيرادات في عام 2015م مقارنة مع السنة الماضية.

(1) تفاصيل البيانات المالية

فيما يلي تفاصيل البيانات المالية للشركة خلال السنوات الخمس الماضية:

ريال سعودي بالمليون	2015م	2014م	2013م	2012م	2011م
صافي الاستثمار في التأجير التمويلي	571.84	557.98	434.28	462.85	406.29
إجمالي الأصول	1,171.73	917.73	929.80	943.42	701.26
إجمالي القروض قصيرة و طويلة الأجل	364.77	125.56	90.52	65.53	0
حقوق المساهمين	585.23	576.15	573.84	550.78	505.64
إجمالي الإيرادات	110.12	100.00	121.25	113.17	131.73
إيرادات أخرى	3.26	1.76	1.77	3.03	1.27
مصاريف البيع و التسويق	31.51	25.91	30.19	30.93	25.74
صافي الدخل	34.08	30.31	48.06	45.15	56.62
الربح لكل سهم - بالريال السعودي	0.34	0.30	0.48	0.45	0.57
متوسط العائد على الملكية (%)	5.87%	5.27%	8.55%	8.55%	11.53%
متوسط العائد على الأصول (%)	3.26%	3.28%	5.13%	5.49%	8.73%

(2) إدارة المحافظ للغير

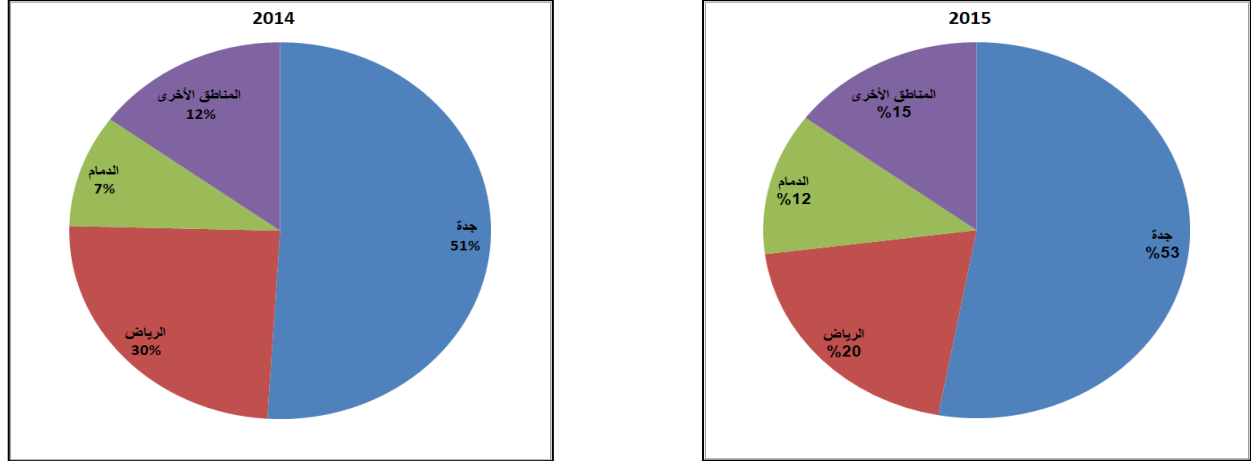
تقوم الشركة ببيع و إدارة المحافظ للغير. كما في 31 ديسمبر 2015م، تدير الشركة برنامج مساكن لصالح المؤسسة العامة للتقاعد. تقوم الشركة أيضا ببيع المحافظ لبعض من البنوك السعودية.

فيما يلي تفاصيل معاملات بيع و إدارة المحافظ بين عامي 2015م و 2014م:

ريال سعودي	2015م	2014م	2013م	2012م
قيمة العقود المبرمة لبرنامج مساكن في السنة	106,954,854	104,511,241	451,372,863	627,231,933
إجمالي القيمة الحالية لعقود برنامج مساكن منذ التأسيس	3,182,222,949	3,274,635,637	3,170,124,396	2,718,444,331
قيمة المحافظ المباعه للبنوك في السنة	350,661,354	199,883,626	311,611,740	100,884,107
إجمالي القيمة الحالية للمحافظ المباعه للبنوك منذ التأسيس	1,705,070,119	1,500,489,372	1,359,292,451	1,051,240,066

6.0 التركيز الجغرافي

تعمل الشركة في المملكة العربية السعودية فقط. يوضح الجدول أدناه توزيع المحفظة الإستثمارية التي تحتفظ بها الشركة في مختلف مناطق المملكة بنهاية العام 2015م:



7.0 معايير التقارير المالية و مراجعة الحسابات

تعد دار التمليك قوائمها المالية المدققة وفقا للمعايير المحاسبية المتعارف عليها في المملكة العربية السعودية و هي المعايير الدولية لإعداد التقارير المالية.

و يوجد لدى الشركة حاليا إدارة مراجعة داخلية مرتبطة بشكل مباشر بلجنة المراجعة التي تتبع بدورها إلى مجلس الإدارة. و تحدد هذه اللجنة الوظائف الملائمة و خطة العمل لإدارة المراجعة الداخلية. و تعقد اللجنة إجتماعات دورية لمناقشة نتائج المراجعة الداخلية المقررة للسنة، كما تناقش الأمور التي تؤثر في القوائم المالية والرقابة الداخلية. تقدم لجنة المراجعة مرئياتها لمجلس الإدارة في الأمور التي تقع ضمن مسؤولياتها، و يقرر المجلس ما يراه مناسباً بخصوص هذه التوصيات حرصاً منه على الحفاظ على سلامة نظام الرقابة الداخلية.

8.0 القروض

فيما يلي تفاصيل القروض الخاصة بدار التمليك:

ريال سعودي	2015م ديسمبر 31	2014م ديسمبر 31
الرصيد الافتتاحي للقروض	125,556,810	90,520,889
قروض مستلمة	919,000,000	970,035,921
قروض مسددة	(679,791,570)	(935,000,000)
الرصيد الختامي للقروض	364,765,240	125,556,810

9.0 سياسة توزيع الأرباح

(1) الهدف

يتمثل الهدف الرئيسي لسياسة توزيع الأرباح في تقديم عوائد للمساهمين بما يتوافق مع توقعاتهم الإستثمارية مع الأخذ بعين الاعتبار متطلبات رأس المال و النمو لدى الشركة بالإضافة الى متطلبات السيولة و المخصصات المتنوعة. تدفع توزيعات الأرباح نقدا للمساهمين.

(2) مبادئ توجيهية

يعمل المجلس و الإدارة وفقا للمبادئ التالية لتوزيع الأرباح:

(2.1) أهمية توزيع الأرباح

لبناء القيمة للمساهمين على المدى الطويل، و تعزيز ثقة السوق بمستقبل الشركة، فإنه يجب تقييم مبلغ الأرباح الموزعة و تكرارها بناء على قدرة الشركة على الاستمرار في دفع مستويات متساوية أو متزايدة من الأرباح على المدى المنظور.

(2.2) نمو الشركة

يجب الا يؤدي مبلغ و تكرار و نوع الأرباح الموزعة إلى التأثير سلبيا على قدرة الشركة على تحقيق خططها الاستراتيجية للنمو.

10.0 توزيع الأرباح النقدية

بعد الحصول على موافقة مؤسسة النقد العربي سوف يقترح مجلس الإدارة توزيع أرباح عن السنة 2015م تبلغ 25 مليون ريال سعودي، ما يعادل نسبته 5% من قيمة رأس المال المدفوع.

11.0 المساهمين

انتقل كامل الأسهم المملوكة من قبل السيد/ ابراهيم عبدالعزيز الطوق و عددها 4,670,330 الى شركة الطوق القابضة في العام المنقضي.

المساهم	عدد الأسهم المملوكة	نسبة الملكية
المؤسسة العامة للتقاعد	14,340,660	14.3%
الشركة المتقدمة للاستثمار العقاري المحدودة	12,455,769	12.5%
المؤسسة العامة للتأمينات الإجتماعية	10,000,000	10.0%
الشركة العقارية السعودية	9,340,660	9.3%
شركة عمران محمد عمران و شركاه المحدودة	9,340,655	9.3%
شركة النهلة للتجارة و المقاولات المحدودة	6,225,550	6.2%
شركة تمار التطوير المحدودة	5,604,396	5.6%
شركة كنان الدولية للتطوير العقاري	4,670,330	4.7%
شركة الطوق القابضة	4,670,330	4.7%
شركة بن القابضة المحدودة	4,670,330	4.7%
شركة مجموعة صافولا	4,670,330	4.7%
شركة اليسر للاستثمار	4,670,330	4.7%
شركة المقاولات و الخدمات الفنية و التجارية (تسرى)	4,670,330	4.7%
شركة مجموعة الفضل المحدودة	2,335,165	2.3%
شركة نسما القابضة المحدودة	2,335,165	2.3%
	100,000,000	

12.0 التعاملات مع أطراف ذات علاقة

استمراراً لتنفيذ العقود التي أبرمت مع أطراف ذات علاقة ، فإنه خلال هذه السنة تم ما يلي:

1. صافي العقود والمعاملات بين الشركة والمؤسسة العامة للتقاعد بإجمالي مبلغ 274.671.851 ريال لإدارة ووكالة برنامج مساكن ولمدة خمس سنوات قابلة للتجديد بدأت من عام 2010م والتي يمثلها عضو مجلس الادارة الاستاذ/ تركي حمد الروبوع ، باعتبارها معاملات مع أطراف ذات علاقة والترخيص بها للعام القادم.
2. العقود والمعاملات بين الشركة وشركة ديار المشرق للتطوير العقاري (مشروع مشارف) التابعة لشركة كنان الدولية للتطوير العقاري والخاص بشراء وحدات سكنية على الخارطة مدتها 24 شهر تنتهي بتسليم الوحدات السكنية بإجمالي مبلغ 12.986.560 ريال والتي يرأس مجلس ادارتها عضو مجلس الادارة الاستاذ/ محمد عبد القادر الفضل ، باعتبارها معاملات مع أطراف ذات علاقة والترخيص بها للعام القادم.
3. الاتعاب الاستشارية الفنية بمبلغ 3.650.476 ريال ، وكذلك الاتعاب التحفيزية لنفس العام البالغة 1.420.042 ريال للمستشار الفني للشركة ((شركة جايدنس ادفايزري ليمتد)) بموجب اتفاقية الخدمات والاستشارات الفنية ومدتها ثمان سنوات بدأت منذ تأسيس الشركة والتي يمثلها عضو مجلس الادارة الدكتور/ محمد لطفي حمور، باعتبارها معاملات مع أطراف ذات علاقة.

13.0 مجلس الإدارة

طراً تغيير في عضوية مجلس الإدارة خلال السنة المنقضية حيث تعين السيد/هاني الجهني كعضو في المجلس ليمثل المؤسسة العامة للتأمينات الإجتماعية بدلاً من السيد/علاء الفدى.

الإسم	حالة العضوية	المساهم الممثل
السيد/ عبدالرحمن المفضي	غير تنفيذي	الشركة العقارية السعودية
السيد/ محمد الفضل	غير تنفيذي	شركة مجموعة الفضل المحدودة
السيد/عبدالرحمن العمران	غير تنفيذي	شركة عمران محمد عمران و شركاه المحدودة
السيدة/ مها الغنيم	غير تنفيذي	الشركة المتقدمة للاستثمار العقاري المحدودة
الدكتور/ محمد حمور	غير تنفيذي	شركة المقاولات و الخدمات الفنية و التجارية (تسرى)
السيد/ حسن الجابري	غير تنفيذي	شركة تمار التطوير المحدودة
السيد/ طاهر الدباغ	غير تنفيذي	لا ينطبق
السيد/ عبدالمحسن الطوق	غير تنفيذي	شركة الطوق القابضة
السيد/ هاني الجهني	غير تنفيذي	المؤسسة العامة للتأمينات الإجتماعية
السيد/ صالح بن لادن	غير تنفيذي	شركة بن القابضة المحدودة
السيد/ تركي الرويتع	غير تنفيذي	المؤسسة العامة للتقاعد

(1) حضور أعضاء مجلس الإدارة للإجتماعات

الإسم	عدد الجلسات التي حضرها العضو	2015م أبريل 16	2015م يونيو 18	2015م أكتوبر 14	2014م ديسمبر 13
السيد/ عبدالرحمن المفضي	3	✓	*	✓	✓
السيد/ محمد الفضل	3	✓	✓	✓	*
السيد/عبدالرحمن العمران	3	✓	*	✓	✓
السيدة/ مها الغنيم	2	✓	*	*	✓
الدكتور/ محمد حمور	4	✓	✓	✓	✓
السيد/ حسن الجابري	4	✓	✓	✓	✓
السيد/ طاهر الدباغ	4	✓	✓	✓	✓
السيد/ عبدالمحسن الطوق	4	✓	✓	✓	✓
السيد/ هاني الجهني	4	✓	✓	✓	✓
السيد/ صالح بن لادن	2	✓	*	✓	*
السيد/ تركي الرويتع	4	✓	✓	✓	✓

(2) لجان المجلس

هناك أربعة لجان منبثقة عن المجلس و هي: اللجنة التنفيذية، لجنة المراجعة، لجنة الموارد البشرية، و لجنة إدارة المخاطر و الإنتمان.

(2.1) اللجنة التنفيذية

تم تعيين اللجنة التنفيذية و تحديد مسؤولياتها من قبل مجلس الإدارة. من ضمن مسؤوليات اللجنة المساهمة في تطوير إستراتيجية و خطة عمل الشركة، كما تساهم في تقييم أداء و نشاطات الشركة. تتكون اللجنة التنفيذية من ثلاثة أعضاء كما هو مبين فيما يلي:

اللجنة التنفيذية
السيد/ محمد الفضل
السيد/ حسن الجابري
الدكتور/ محمد حمور

(2.2) لجنة المراجعة

تم تعيين لجنة المراجعة و تحديد مسؤولياتها من قبل مجلس الإدارة. من ضمن مسؤوليات اللجنة إعداد و تحسين عملية المراجعة الداخلية و الإلتزام، بالإضافة إلى مراجعة التقارير المالية. تتكون لجنة المراجعة من أربعة أعضاء كما هو مبين فيما يلي:

لجنة المراجعة
السيد/ عبدالرحمن العمران
السيد/ طاهر الديباغ
السيد/ هاني الجهني*
السيد/ خالد السهلي*

*تم التعيين في 2015م

(2.3) لجنة الموارد البشرية

تم تعيين لجنة الموارد البشرية و تحديد مسؤولياتها من قبل مجلس الإدارة. من ضمن مسؤوليات اللجنة المساهمة في إيجاد الأشخاص ذو الكفاءات اللازمة لعضوية مجلس الإدارة و لجان مجلس الإدارة متى لزم، بالإضافة إلى تحديد التعويضات المناسبة لأعضاء المجلس و الإدارة. تتكون لجنة الموارد البشرية من أربعة أعضاء كما هو مبين فيما يلي:

لجنة الموارد البشرية
السيد/ محمد الفضل
السيد/ حسن الجابري
الدكتور/ محمد حمور
السيد/ تركي الرويتغ

(2.4) لجنة إدارة المخاطر و الإئتمان

تم تعيين لجنة إدارة المخاطر و الإئتمان و تحديد مسؤولياتها من قبل مجلس الإدارة. من ضمن مسؤوليات اللجنة المساهمة في إدارة مختلف أنواع المخاطر و تحديد حدود التعرض، بالإضافة إلى مراجعة المنتجات الجديدة و أي أمور أخرى تتعلق بالمخاطر و الإئتمان. تتكون لجنة إدارة المخاطر و الإئتمان من ثلاثة أعضاء كما هو مبين فيما يلي:

لجنة إدارة المخاطر و الإئتمان
السيد/ محمد الفضل
السيد/ حسن الجابري
الدكتور/ محمد حمور
السيد/ هاني الجهني*

*تم التعيين في 2015م

14.0 تعويضات أعضاء مجلس الإدارة

يبين الجدول التالي تفاصيل التعويضات المدفوعة إلى أعضاء مجلس الإدارة لعام 2015م:

التفاصيل	أعضاء المجلس التنفيذيين	أعضاء المجلس غير التنفيذيين
المكافآت السنوية	لا يوجد	1,500,000
بدلات الإنتداب	لا يوجد	222,000
بدلات السفر	لا يوجد	64,400

15.0 المراجعون الخارجيون

تم تعيين السادة/ كي بي إم جي الفوزان و السدحان كمراجعين خارجيين للشركة أثناء الاجتماع السنوي للجمعية العامة الذي عقد في 1436/08/13هـ (الموافق 2015/05/31م) عن السنة المنتهية في 31 ديسمبر 2015م. و ذلك مقابل أتعاب تبلغ 125.000 ريال سعودي عن المراجعة السنوية، و مبلغ 30.000 ريال سعودي مقابل فحص القوائم المالية لكل ربع سنة.

16.0 الزكاة و التأمينات الإجتماعية

يقدر مخصص الزكاة عن عام 2015م بمبلغ 971.560 ريال سعودي (2014م: 746.872 ريال سعودي).

يوضح الجدول التالي المبالغ الرئيسية المقدرة للجهات الحكومية خلال العام:

الجهات الحكومية	2015م	2014م
مصلحة الزكاة و ضريبة الدخل	971,560	746,872*
المؤسسة العامة للتأمينات الإجتماعية	2,865,754	2,573,761

* تم التعديل على مبلغ الزكاة لعام 2014م من قبل المراجع الخارجي لينخفض بواقع 144,066 ريال سعودي عن المبلغ المعلن عنه في 2014م

17.0 خاتمة

على الرغم من التحديات والصعوبات وتغيير اتجاه السوق، نجحت "دار التمليك" في المحافظة على نهج الجودة و الإنتاجية في التمويل وتحقيق عائد مجز للمساهمين، وأضحت في موقع يسمح لها الاستجابة لمتطلبات السوق في العام 2016 بما يتلاءم مع أهدافها.

تواصل دار التمليك التركيز على هدف أساسي واحد وهو زيادة نسبة ملكية المواطنين لمساكنهم، فقد ساهمت الشركة في مساعدة أكثر من 6,000 عائلة في تملك منزل منذ أن تأسست. إن سعينا الحثيث للتميز قد رفع من مستوى دار التمليك لتصبح أكبر شركة للتمويل العقاري في المملكة العربية السعودية.

لقد تبنت دار التمليك الرؤية والرسالة التي من شأنها ان توجه استراتيجيات الشركة في تقديم خدمات تمويل المسكن للمواطنين في المملكة العربية السعودية .

وفي الختام نود انتهاء هذه المناسبة لتقديم الشكر والتقدير لكافة مساهمي الشركة والمؤسسات الحكومية لما تلقاه الشركة من تعاون ومساندة مؤكدين على عزم مجلس الإدارة الإعداد لإنطلاقة مستقبلية نحو تحقيق أهداف الشركة وقيادتها الى مراكز متميزة، والله الموفق.

DAR AL TAMLEEK COMPANY
(A Saudi Closed Joint Stock Company)

FINANCIAL STATEMENTS
For the year ended December 31, 2015
with
INDEPENDENT AUDITORS' REPORT



KPMG Al Fozan & Partners
Certified Public Accountants
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License No. 46/11/323 issued 11/3/1992

INDEPENDENT AUDITOR'S REPORT

The Shareholders
Dar Al Tamleek
(A Saudi Closed Joint Stock Company)
Jeddah, Saudi Arabia

We have audited the accompanying financial statements of Dar Al Tamleek Company - A Saudi Closed Joint Stock Company (the "Company") which comprise the statement of financial position as at December 31, 2015 and the related statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended and the attached notes 1 through 31 which form an integral part of these financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with Article 123 of the Regulations for Companies and the Company's By-Laws and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Management has provided us with all the information and explanations that we require relating to our audit of these financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in the Kingdom of Saudi Arabia. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Opinion

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

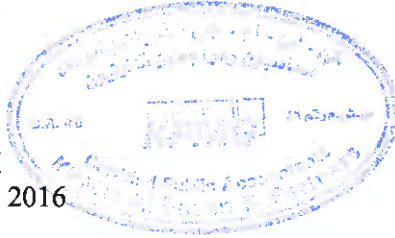
- i) present fairly, in all material respects, the financial position of the Company as at December 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards; and
- ii) comply with the requirements of the Regulations for Companies and the Company's By-Laws with respect to the preparation and presentation of the financial statements.

Emphasis of a matter

We draw attention to the fact that these financial statements are prepared in accordance with International Financial Reporting Standards and not in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia as issued by the Saudi Organization for Certified Public Accountants.

For KPMG Al Fozan & Partners:

Ebrahim Oboud Baeshen
Licence No. 382



Jumada Al Thani 13, 1437H
Corresponding to March 22, 2016

DAR AL TAMLEEK COMPANY
(A Saudi Closed Joint Stock Company)

STATEMENT OF FINANCIAL POSITION

As at December 31, 2015

Expressed in Saudi Arabian Riyals

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>			
Cash and cash equivalents	4	40,039,311	62,631,385
Accounts receivable and other current assets	5	260,050,419	21,011,574
Properties for sale under finance leases	6	102,940,679	86,261,098
Net investment in finance leases	7.1	571,837,924	557,977,035
Servicing rights under agency arrangements	8.2	196,456,283	189,234,650
Property and equipment	9	404,210	609,658
Total assets		<u>1,171,728,826</u>	<u>917,725,400</u>
<u>SHAREHOLDERS' EQUITY AND LIABILITIES</u>			
<u>SHAREHOLDERS' EQUITY</u>			
Share capital	10	500,000,000	500,000,000
Statutory reserve	11	21,322,692	17,914,687
Retained earnings		63,904,219	58,232,176
Total shareholders' equity		<u>585,226,911</u>	<u>576,146,863</u>
<u>LIABILITIES</u>			
Accounts payable and accrued liabilities	12	151,705,067	156,412,570
Short-term borrowing	14	364,765,240	125,556,810
Employees' end of service benefits	15	5,199,497	3,994,568
Share-based payments	16	1,757,352	4,557,348
Payable for properties for sale under finance leases	17	63,074,759	51,057,241
Total liabilities		<u>586,501,915</u>	<u>341,578,537</u>
Total liabilities and shareholders' equity		<u>1,171,728,826</u>	<u>917,725,400</u>

The accompanying notes 1 through 31 form an integral part of these financial statements.

DAR AL TAMLEEK COMPANY
(A Saudi Closed Joint Stock Company)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPEREHENSIVE INCOME

For the year ended December 31, 2015

Expressed in Saudi Arabian Riyals

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
Income:			
Income from finance leases		41,067,520	43,578,159
Income from agency arrangements	18	69,053,844	56,418,536
<i>Total income</i>		110,121,364	99,996,695
Operating expenses:			
Selling and marketing expenses	19	(31,505,592)	(25,908,982)
General and administrative expenses	20	(16,524,938)	(15,980,755)
Technical advisory fee	21	(5,070,518)	(4,714,058)
Amortization of servicing rights under agency arrangements	8.2	(21,155,959)	(19,733,483)
<i>Total operating expenses:</i>		(74,257,007)	(66,337,278)
Net operating income		35,864,357	33,659,417
Financial charges		(4,073,568)	(4,364,514)
Other income	22	3,260,819	1,761,472
Net profit for the year before Zakat		35,051,608	31,056,375
Zakat charge for the year	24(a)	(971,560)	(746,872)
Net profit for the year		34,080,048	30,309,503
Other comprehensive income for the year		--	--
Total comprehensive income for the year		34,080,048	30,309,503
Basic and diluted earnings per share (expressed in SR per share)	23	0.341	0.303

The accompanying notes 1 through 31 form an integral part of these financial statements.

DAR AL TAMLEEK COMPANY
(A Saudi Closed Joint Stock Company)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended December 31, 2015

Expressed in Saudi Arabian Riyals

	<u>Notes</u>	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Retained earnings</u>	<u>Total</u>
<u>2015</u>					
Balance as at January 1, 2015		500,000,000	17,914,687	58,232,176	576,146,863
Total comprehensive income for the year		--	--	34,080,048	34,080,048
Transfer to statutory reserve	11	--	3,408,005	(3,408,005)	--
Dividends	25	--	--	(25,000,000)	(25,000,000)
Balance as at December 31, 2015		<u>500,000,000</u>	<u>21,322,692</u>	<u>63,904,219</u>	<u>585,226,911</u>
<u>2014</u>					
Balance at January 1, 2014		500,000,000	14,883,737	58,953,623	573,837,360
Total comprehensive income for the year		--	--	30,309,503	30,309,503
Transfer to statutory reserve	11	--	3,030,950	(3,030,950)	--
Dividends	25	--	--	(28,000,000)	(28,000,000)
Balance as at December 31, 2014		<u>500,000,000</u>	<u>17,914,687</u>	<u>58,232,176</u>	<u>576,146,863</u>

The accompanying notes 1 through 31 form an integral part of these financial statements..

DAR AL TAMLEEK COMPANY
(A Saudi Closed Joint Stock Company)

STATEMENT OF CASH FLOWS

For the year ended December 31, 2015

Expressed in Saudi Arabian Riyals

	<u>Note</u>	<u>2015</u>	<u>2014</u>
Operating activities			
Net profit for the year before Zakat		35,051,608	31,056,375
<i>Adjustments for:</i>			
Depreciation	9	319,247	1,452,799
Amortization of servicing rights under agency arrangements	8.2	21,155,959	19,733,483
Gain on sale of property and equipment		--	(2,200)
Finance charges		4,073,568	4,364,514
Employees' end of service benefits charge for the year	15	1,289,490	980,373
Share-based payments charge for the year	16	500,004	650,000
		62,389,876	58,235,344
<u>Changes in operating assets and liabilities</u>			
Net investment in finance leases and accounts receivable		(648,618,261)	(302,259,290)
Accounts payable and accrued liabilities		(5,679,063)	(44,157,699)
Payable for properties for sale under finance leases		12,017,518	(2,611,600)
Cash used in operations		(579,889,930)	(290,793,245)
Employees' end of service benefits paid	15	(84,561)	(56,897)
Share-based payments made	16	(3,300,000)	(3,600,000)
Financial charges paid		(3,865,138)	(4,328,593)
Zakat paid	24(c)	--	(1,368,775)
Net cash used in operating activities		(587,139,629)	(300,147,510)
Investing activities			
Purchase of property and equipment		(113,799)	(463,675)
Proceeds from sale of property and equipment		--	2,200
Net cash used in investing activities		(113,799)	(461,475)
Financing activities			
Proceeds from disposal of net investment in finance lease		350,661,354	199,883,626
Proceeds from short-term borrowing		919,000,000	970,000,000
Repayment of short-term borrowing		(680,000,000)	(935,000,000)
Dividends paid	25	(25,000,000)	(28,000,000)
Net cash provided by financing activities		564,661,354	206,883,626
Decrease in cash and cash equivalents		(22,592,074)	(93,725,359)
Cash and cash equivalents at beginning of the year		62,631,385	156,356,744
Cash and cash equivalents at end of the year	4	40,039,311	62,631,385

The accompanying notes 1 through 31 form an integral part of these financial statements.

DAR AL TAMLEEK COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015
Expressed in Saudi Arabian Riyals

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Dar Al Tamleek Company (the “Company”) is a Saudi Closed Joint Stock Company, incorporated under the Ministerial Resolution No. 155 dated Jumada Awal 5, 1429H (corresponding to May 11, 2008). The Company is registered in the Kingdom of Saudi Arabia under Commercial Registration No. 4030180844 dated Rajab 9, 1429H (corresponding to July 12, 2008) and fully owned by Saudi shareholders.

Pursuant to the promulgation of Real Estate Finance Law (“Real Estate Finance Law”) in the Kingdom of Saudi Arabia, the Company applied for, and received license from the Saudi Arabian Monetary Agency (“SAMA”) to operate as a leasing entity under the Real Estate Finance Law on Safar 28, 1435H, corresponding to December 31, 2013.

The Company is authorized to operate in the Kingdom of Saudi Arabia on the purchase, sale and ownership of land and real estate and real estate units for the purpose of financing, except in the cities of Makkah and Al Medina. The company also is working on the management of real state financing programs to others.

The Company’s core operating activities comprise of the following:

- a) Originating real estate finance leases.
- b) Arranging real estate finance leases on behalf of third parties.
- c) Sale of originated portfolio of real estate leases to third parties.
- d) Serving real estate finance leases on behalf of third parties.

The Company operates through its following registered branches:

<u>Branch</u>	<u>Commercial Registration No.</u>
Riyadh	1010278650
Jeddah	4030194954
Jeddah	4030263817
Al Khobar	20500759 14

The Company's head office is located at the following address:

Burj Al-Makhmal,
Al-Roudah Street,
P. O. Box 55026, Jeddah 21534,
Kingdom of Saudi Arabia.

2. BASIS OF ACCOUNTING

(a) Statement of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) and the requirements of the Regulations for Companies, Real Estate Finance Lease Law and its implementing regulations and the Company's By-Laws in so far as they relate to the preparation and presentation of the financial statements.

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2. BASIS OF PREPARATION (continued)

(b) Accounting convention

The financial statements have been prepared under the historical cost convention, except for cash-settled share-based payments, which are measured at fair value.

(c) Functional and presentation currency

These financial statements are presented in Saudi Arabian Riyals (“SR”) which is the Company’s functional currency.

(d) Use of judgments and estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected by the revision. The key areas requiring significant management judgments and estimates are as follows:

(i) Servicing rights under agency arrangements

An intangible asset is recognised for servicing rights under agency arrangements (acquired by the Company pursuant to sale of originated leases to third parties or as consideration for financing arrangements services) at the present value of net future cash flows under the agency arrangements (noted 3b). The net present value computation encompasses among others, estimates in respect of discount rate, default rate and early settlement rate (note 8.3).

(ii) Allowance for doubtful finance lease receivables

An allowance for doubtful finance lease receivables is recognised when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the finance lease arrangement. Significant financial difficulties of the lessee and default or delinquency in payments are considered, among other factors, as indicators of impairment.

(iii) Share-based payments

The Company grants share value appreciation rights to key employees that entitle them to a cash payment after a stipulated period of service. The amount of cash payment is determined based on the increase in share price of the Company between grant date and the time of exercise using discounted cash flow method which encompasses assumptions such as growth rate, equity risk premium, alpha and beta factors.

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2. BASIS OF PREPARATION (continued)

(d) Use of judgments and estimates (continued)

(iv) Accrued Zakat

The Company exercises judgment in the determination of significant components of Zakat base including the deductibility or non-deductibility of various elements. In exercising such judgment, the Company considers all pertinent literature including the prevailing Zakat law in the Kingdom of Saudi Arabia, circulars/clarifications issued by the Department of Zakat and Income Tax, ministerial resolutions and any 'Sharia' rulings relating to the operations of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements unless otherwise indicated.

(a) Cash and cash equivalents

Cash and cash equivalents include cash in hand, cash at banks and other short term highly liquid investments with original maturities of three months or less, which are available to the Company without any restrictions. Temporary cheques issued for title transfer of acquired properties are classified as cash in transit and included in cash and cash equivalents.

(b) Financial assets

The Company initially recognises receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in the statement of profit or loss. Any interest in the transferred financial assets (that qualify for derecognition) that is created or retained by the Company is recognised as a separate asset or liability.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Financial assets (continued)

In certain transactions, the Company retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing. Finance leases originated by the Company and subsequently disposed-off to third parties are derecognised when the rights to receive the contractual cash flows and substantially all of the risks and rewards of ownership of the financial asset are transferred. An intangible asset is recognised and classified as servicing rights under agency agreements in respect of any obligation to service the transferred lease whereby the servicing fee adequately covers the related costs. These assets are accounted for in accordance with the accounting policy set out in note 3(g). The resulting gain or loss on the transaction is recognized in the statement of profit and loss and other comprehensive income under income from agency arrangements.

(c) Financial liabilities

Financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. Financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

Provisions are recognised when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and can be measured reliably.

Bank borrowings

Bank borrowings are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these are measured at amortised cost using the effective interest method.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial liabilities (continued)

Share-based payments

Share-based payments are recognised initially at fair value. The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense with a corresponding increase in the liability, over the period that the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognised as employee benefit expenses in statement of profit or loss and other comprehensive income.

(d) Leases

Agreements with third parties are classified as leases when the arrangement is dependent on the use of a specific asset or assets, and, the arrangement conveys a right to use that asset. The assessment of whether an arrangement contains a lease is made at the inception of the arrangement, being the earlier of the date of the arrangement and the date of commitment by the parties to the principal terms of the arrangement, on the basis of all of the facts and circumstances. A reassessment of whether the arrangement contains a lease after the inception of the arrangement is made only if there is a change in the contractual terms, unless the change only renews or extends the arrangement, or, there is a change in the determination of whether fulfilment is dependent on a specified asset, or, there is a substantial change to the asset.

The Company applies the criteria as stipulated under International Accounting Standard No. 17 for the determination of the classification of a lease as an operating lease or finance lease. This encompasses, among other things, the assessment of various critical factors such as, but not limited to, the lease tenure, comparison of present value of minimum lease payments and fair value of the leased asset at the inception of the lease and, rewards and risks assumed by the parties to the arrangement.

Accounting for operating leases

Payments made under operating leases are charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty, net of anticipated rental income (if any), is recognized as an expense in the period in which termination takes place.

Accounting for finance leases

Net investment in finance lease represents the gross investment in finance lease discounted at the interest rate implicit in the lease. Gross investment in finance lease represents the total payments receivable by the Company under the lease. The difference between the gross and net investment is recognised as unearned finance income

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Property and equipment

Property and equipment is stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the item of property and equipment.

The cost less estimated residual value of property and equipment is depreciated on a straight line basis over their corresponding estimated useful lives. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Depreciation is recognised in statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Leased assets are depreciated over the shorter of the lease term and their estimated useful lives unless it is reasonably certain that the Company will obtain ownership of the assets by the end of the lease term. Land is not depreciated. Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

The estimated useful lives of property and equipment are as follow:

Computers and Networks	3 years
Furniture, fixtures and office equipment	3 years
Leasehold improvements	Lease period or 4 years, whichever is shorter

The carrying values of property and equipment are reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and value in use.

The cost of replacing a part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.. Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognised in profit or loss under other income.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Inventories

Inventories are measured at the lower of cost and net realisable values. The cost of inventories includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Properties for sale under finance leases are held as inventories and subsequently derecognized when the corresponding lease is executed.

(g) Intangible asset

Intangible assets acquired by the Company and having finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated intangible assets, is recognised in profit or loss as incurred. Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

(h) Impairment and uncollectibility of financial assets

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the statement of profit or loss and other comprehensive income. Impairment is determined as the difference between carrying amount and the present value of future cash flows discounted at the pre default effective interest rate.

Assets that are assessed not to be impaired individually are assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include an increase in the number of delayed payments in the portfolio beyond the average credit period as well as observable changes in national or local economic conditions that correlate with default on the financial assets.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Fair values

Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out. If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price

(j) Employees' end of service benefits

Employees' end of service benefits are calculated at the current value of the vested benefits to which the employee is entitled in accordance with Saudi Arabian labour regulations and are accrued and charged to statement of profit or loss and other comprehensive income.

(k) Foreign currencies

Transactions in foreign currencies are translated into the functional currency at the spot exchange rates prevailing at transaction dates. Monetary assets and liabilities at the reporting date (other than monetary items that form part of the net investment in a foreign operation), denominated in foreign currencies, are retranslated into the functional currency at the exchange rates prevailing at the reporting date. Foreign exchange gains or losses on translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income. Non-monetary assets measured at fair value in a foreign currency are translated using the exchange rates prevailing at the date when the respective fair value was determined.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Revenue

Revenue represents the gross inflow of economic benefits arising in the course of the ordinary activities of the Company when those inflows result in increases in equity, other than increases relating to contributions from equity participants. Revenue is recorded at the fair value of the consideration received or receivable.

Income from originated finance lease contracts

Income from originated finance lease contracts represents finance lease income and related contractual fee income.

Finance lease income represents the systematic allocation of unearned finance income over the period of lease resulting in a constant periodic rate of return.

Contractual fee income primarily represents fee in respect of property valuation and customer credit assessment, net of direct expenses, and is recognised as revenue when these services are provided.

Income from agency arrangements

Income from agency arrangements represents income on recognition of servicing rights under agency arrangements together with servicing fee under such agency arrangements.

Servicing fee, representing compensation for the provision of services under the agency arrangements, is recognised in the statement of profit and loss and other comprehensive income as and when the corresponding services are provided.

(m) Fee income and expenses

These represent fees earned or expenses incurred with respect to activities ancillary to operations such as admin fee, technical advisory fee etc. Fees income and expense are recognized on an accrual basis as the related service is provided or received .

(n) Expenses

Selling and marketing expenses principally consist of salaries of sales, marketing and staff of the Company. All operating expenses, other than selling and marketing expenses, and technical advisory fee are considered as general and administrative expenses and classified as such in the statement of profit or loss and other comprehensive income.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) **Offsetting**

Financial assets and financial liabilities are offset and reported net in the statement of financial position when there is a current legally enforceable right to set off the recognized amounts and when the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously. Income and expenses are not offset in the statement of profit or loss and other comprehensive income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Company.

(p) **Zakat**

The Company is subject to Zakat in accordance with the regulations of Department of Zakat and Income Tax of Saudi Arabia (“DZIT”). Additional Zakat liability, if any, related to prior years’ assessments by DZIT are accounted for in the period in which the final assessments are finalized.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at December 31, comprise the following:

	<u>2015</u>	<u>2014</u>
Cash in hand	75,723	86,078
Cash in transit	17,287,500	2,005,317
Cash at bank	<u>22,676,088</u>	<u>60,539,990</u>
	<u>40,039,311</u>	<u>62,631,385</u>

5. ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

Accounts receivable and other current assets at December 31 comprise of the following:

	<u>2015</u>	<u>2014</u>
Finance lease related receivables (note 5.1)	251,502,997	16,789,567
Agency related receivables (note 5.2)	5,286,888	1,466,137
Advances, prepayments and other current assets	<u>3,260,534</u>	<u>2,755,870</u>
	<u>260,050,419</u>	<u>21,011,574</u>

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5. ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS (continued)

5.1 As at the reporting date, finance lease related receivables include:

- a) SR 243 million (2014: nil) on account of sale of finance leases to third parties. The amount has been collected in full subsequent to the year end.
- b) SR 5.2 million (2014:SR 12.9 million) on account of early settlement by finance lease customers.

5.2 Agency related receivables include an amount of SR 4 million (2014: SR nil) for receivable due from a related party (note 13.1)

6. PROPERTIES FOR SALE UNDER FINANCE LEASES

The movement in properties for sale under finance leases during the year ended December 31, is as follows:

	<u>2015</u>	<u>2014</u>
Balance as at January 1,	86,261,098	101,361,712
Properties acquired during the year	703,360,566	515,575,004
Properties sold under finance leases during the year	<u>(686,680,985)</u>	<u>(530,675,618)</u>
Balance as at December 31,	<u>102,940,679</u>	<u>86,261,098</u>

7. NET INVESTMENT IN FINANCE LEASES

7.1 At December 31, net investment in finance leases comprise of the following :

	<u>Current portion</u>	<u>Non-current portion</u>	<u>December 31, 2015</u>
<u>As at December 31, 2015</u>			
Gross investment in finance lease	71,412,843	811,314,018	882,726,861
Less: Unearned finance income	<u>(34,855,919)</u>	<u>(276,033,018)</u>	<u>(310,888,937)</u>
Net investment in finance lease	<u>36,556,924</u>	<u>535,281,000</u>	<u>571,837,924</u>
	<u>Current portion</u>	<u>Non-current portion</u>	<u>December 31, 2014</u>
<u>As at December 31, 2014</u>			
Gross investment in finance lease	75,394,942	788,635,693	864,030,635
Less: Unearned finance income	<u>(35,649,423)</u>	<u>(270,404,177)</u>	<u>(306,053,600)</u>
Net investment in finance lease	<u>39,745,519</u>	<u>518,231,516</u>	<u>557,977,035</u>

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7. NET INVESTMENT IN FINANCE LEASES (continued)

7.2 Maturity analysis of the gross investment in finance lease is as follows:

	December 31, 2015	December 31, 2014
Less than 1 year	71,412,843	75,394,942
1 to 5 years	320,548,339	346,174,657
Over 5 years	490,765,679	442,461,036
	<u>882,726,861</u>	<u>864,030,635</u>

7.2 At December 31, 2015 receivables for net investment in finance leases include an amount of SR 0.2 million (2014: SR 1.4 million) comprising principle amount for leases which have instalments that are overdue for more than 90 days including SR 0.03 million (2014: SR 0.03 million) of overdue instalments. At the reporting date, allowance for doubtful finance lease receivables amounted to SR 0.3 million (2014: SR 0.4 million).

7.4 The Company monitors the concentration of its gross investment in finance leases by reviewing their classification under the following categories:

	Geographical Area				Total
	<u>Jeddah</u>	<u>Riyadh</u>	<u>Dammam</u>	Other regions within Saudi Arabia	
2015	<u>466,872,172</u>	<u>177,254,695</u>	<u>107,810,287</u>	<u>130,789,707</u>	<u>882,726,861</u>
2014	<u>440,392,199</u>	<u>211,035,178</u>	<u>83,459,448</u>	<u>129,143,810</u>	<u>864,030,635</u>

	Property Type				Total
	<u>Villas</u>	Apartment <u>buildings</u>	<u>Apartments</u>	<u>Land</u>	
2015	<u>530,241,124</u>	<u>122,181,859</u>	<u>96,773,700</u>	<u>133,530,178</u>	<u>882,726,861</u>
2014	<u>624,191,788</u>	<u>31,785,879</u>	<u>137,001,201</u>	<u>71,051,767</u>	<u>864,030,635</u>

	Customer Type				Total
	<u>Government employed</u>	<u>Privately employed</u>	<u>Self employed</u>	<u>Retired</u>	
2015	<u>309,104,997</u>	<u>326,593,532</u>	<u>135,693,369</u>	<u>111,334,963</u>	<u>882,726,861</u>
2014	<u>425,379,923</u>	<u>274,619,852</u>	<u>87,559,293</u>	<u>76,471,567</u>	<u>864,030,635</u>

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8. SERVICING RIGHTS UNDER AGENCY ARRANGMENTS

8.1 The Company enters into arrangements for servicing finance leases on behalf of third parties. Such finance leases represent instruments initially originated by the Company and subsequently disposed off, as well as those marketed and arranged by the Company on behalf of third parties. In respect of all such leases, the Company acts in the sole capacity of servicing agent represented by activities such as credit assessment and due diligence, lease property assessment and subsequent collection of lease rentals on behalf of the principals. No credit risk is assumed by the Company at the inception and throughout the tenure of the related finance leases.

8.2 Movement in servicing rights under agency arrangements during the year ended December 31, is analyzed as follows:

	<u>2015</u>	<u>2014</u>
Net book value as at January 1,	189,234,650	188,003,754
Additions during the year (note 18)	28,377,592	20,964,379
Amortization for the year	(21,155,959)	(19,733,483)
Net book value at December 31,	<u>196,456,283</u>	<u>189,234,650</u>

8.3 Assumptions and their sensitivity involved in the calculation of servicing rights under agency arrangements are as follows:

Discount rates

Discount rate represents the current market assessment of the risks specific to the Company, taking into consideration the expectation of investor's return and the individual risks of the underlying assets. Such discount rates range from 5.5% to 7% (2014: 5.5% to 7%). As at reporting date a 10 bps change in the discount rates would have resulted in a ± 917,901 (2014: ± 935,130) change in the carrying value of the servicing rights.

Servicing costs

The management assesses the cost of servicing including staff and other direct costs, to arrive at a base rate per contract. This base rate is adjusted for costs incidental to delinquencies, defaults and subsequent recovery process. The management has assumed the nominal inflation rate of 4% (2014: 4%) based on publically available market data. The annual change in servicing cost represents changes to cost estimates as a result of changes in factors such as inflation rate and its productivity gain which represents annual reduction in servicing costs per contract through efficiency and scale.

The estimates of discount rate and servicing costs are most sensitive to following assumptions:

- a) Default rate expectation over the lease tenure: The default rate is expected to gradually rise over the initial part of the lease due to factors such as uncertain income, and expected to decline after five years of the commencement of lease as a result of material investments in to lease properties by the lessees.

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8. SERVICING RIGHTS UNDER AGENCY ARRANGEMENTS (continued)

- b) The rate of conversion of delinquencies to default: Management belief that as a result of regional demographic factors, delinquencies depict a behavioural pattern representative of the prevailing culture other than credit deterioration. The assumptions is consistent with the thorough customer credit due diligence carried out at the inception of lease.
- c) Rate of prepayments by customer: These are expected to be minimal as a result of an initial two year lockup period and the fact that customer repayment behaviour normalizes beyond a period of five years.

8.4 At December 31, 2015, outstanding finance lease receivables serviced by the Company under agency arrangements amounts to SR 4,887 million (2014: SR 4,775 million).

9. PROPERTY AND EQUIPMENT

Property and equipment at December 31, comprise the following:

	<u>Computers and networks</u>	<u>Furniture, fixtures and office equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
<u>Cost:</u>				
Balance at January 1, 2015	3,327,225	2,645,980	4,812,656	10,785,861
Additions	65,973	47,826	--	113,799
Balance at December 31, 2015	<u>3,393,198</u>	<u>2,693,806</u>	<u>4,812,656</u>	<u>10,899,660</u>
<u>Accumulated depreciation:</u>				
Balance at January 1, 2015	2,846,997	2,516,550	4,812,656	10,176,203
Charge for the year	240,796	78,451	--	319,247
Balance at December 31, 2015	<u>3,087,793</u>	<u>2,595,001</u>	<u>4,812,656</u>	<u>10,495,450</u>
<u>Net book value:</u>				
At December 31, 2015	<u>305,405</u>	<u>98,805</u>	<u>--</u>	<u>404,210</u>
At December 31, 2014	<u>480,228</u>	<u>129,430</u>	<u>--</u>	<u>609,658</u>

10. SHARE CAPITAL

The Company's authorised share capital as per its Articles of Association is SR 1,000 million divided into 100 million shares of SR 10 each (2014: 100 million shares of SR 10 each).

At the time of incorporation, the shareholders injected the first instalment amounting to 25% of the authorised share capital. Thereafter, during the year 2009, the Board of Directors called for and received the second instalment amounting to SR 250 million. Accordingly, as at the balance sheet date, the total authorised share capital stands 50% subscribed at SR 500 million (2014: SR 500 million).

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11. STATUTORY RESERVE

In accordance with Regulations for Companies in the Kingdom of Saudi Arabia, the Company has established a statutory reserve by appropriation of 10% of net profit for the year until the reserve equals 50% of the share capital. The statutory reserve is not available for distribution.

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at December 31, comprise the following:

	<u>2015</u>	<u>2014</u>
Accounts payable and other accruals:		
- Related parties (note 13.2.1)	37,344,479	54,669,797
- Third parties	64,704,651	58,950,411
Advances from customers	39,053,244	33,648,200
Employee related costs:		
- Key management personnel (note 13.2.2)	4,402,370	4,047,744
- Others	4,337,825	4,205,480
Accrued Zakat (note 24(c))	1,862,498	890,938
	<u>151,705,067</u>	<u>156,412,570</u>

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13. RELATED PARTY TRANSACTIONS AND BALANCES

Related party transactions mainly pertain to finance leases, agency services, real estate development and technical advisory, which are undertaken at mutually agreed terms and conditions and approved by the Company's management

Significant related parties transactions for the year ended December 31 and balances arising-there from are described as under:

13.1 Amount due from related parties [included in accounts receivable and other current assets (note 5.2)]

<u>Name</u>	<u>Relationship</u>	<u>Nature of transactions</u>	<u>Amount of transaction</u> <u>during the year</u>		<u>Closing balance</u>	
			<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Public Pension Agency (PPA)	Shareholder	Income from agency arrangements	19,538,946	18,925,278	3,996,935	--
					<u>3,996,935</u>	<u>--</u>

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13. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

13.2 Amount due to related parties

<u>Name</u>	<u>Relationship</u>	<u>Nature of transactions</u>	<u>Amount of transaction during the year</u>		<u>Closing balance</u>	
			<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
13.2.1 Included in accounts payable and other accruals (note 12)]						
Public Pension Agency (PPA)	Shareholder	Funds received from related party in respect of arranged finance leases	125,000,000	100,000,000		
		Amounts paid on behalf of related party in respect of arranged finance leases	122,395,651	144,028,770		
		Advances and instalments collected on behalf of related party	252,528,556	238,291,321	35,101,217	52,631,047
Guidance Financial Group	Affiliate	Technical advisory fees (note 21)	5,070,518	4,714,058	2,243,262	2,038,750
					37,344,479	54,669,797
13.2.2 Included in employee related costs and key management remuneration (note 12)]						
Key management personnel		Employee related cost	7,610,243	7,054,654		
		Board's remuneration	1,685,000	1,636,000	4,402,370	4,047,744

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13. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

<u>Name</u>	<u>Relationship</u>	<u>Nature of transactions</u>	<u>Amount of transaction during the year</u>		<u>Closing balance</u>	
			<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
13.2.3 Included in shared-based payments (note 16)]						
Key management personnel		Shared-based payments – charge	500,004	650,000	1,757,352	<u>4,557,348</u>
		Shared-based payments – paid out	(3,300,000)	(3,600,000)		
13.2.4 Included in payable for properties for sale under finance lease (note 17)]						
Diyar Al Mashariq Real Estate Development Co	Affiliate	Properties for sale acquired during the year	16,212,300	17,275,054	38,097,800	50,954,900
		Payments made against properties for sale	12,986,560	19,656,577	(24,711,232)	<u>(37,029,532)</u>
					13,386,568	<u>13,925,368</u>

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14. SHORT-TERM BORROWING

The company has availed short term borrowing from local banks against a total approved facility limit of SR 750 million carrying profit at commercial rate and secured by a charge on the on-balance sheet finance lease receivables of the Company amounting to SR 250 million (2014: SR 250 million).

15. EMPLOYEES' END OF SERVICES BENEFITS

The movement in employees' end of service benefits for the year ended December 31, is as follows

	<u>2015</u>	<u>2014</u>
Balance as at January 1,	3,994,568	3,071,092
Charge for the year	1,289,490	980,373
Payments during the year	<u>(84,561)</u>	<u>(56,897)</u>
Balance as at December 31,	<u>5,199,497</u>	<u>3,994,568</u>

16. SHARED-BASED PAYMENTS

The Company has established a Long-term Incentive Compensation Plan (the "Plan") for key management, designed to reward them for their role in the achievement of the Company's long-term objectives. The plan entails issuance of share options exercisable after completion of the vesting period of five years

The appreciation in warrant value depends on the share value of the Company, derived using the Discounted Cash Flow ("DCF") method. The intrinsic value of the rewards is the difference between the value of the shares at the settlement date and the exercise price. The exercise price is the value of the warrants at the grant date, which is SR 10. Warrant appreciation would permit employees to receive a pro-rata share in the gain resulting from increase in valuation of the Company. A liability to pay for those services is recognised over the expected vesting period. Until the liability is settled, it is remeasured at each reporting date with changes in fair value recognised in the statement of profit or loss and other comprehensive income. There were no cancellations or modifications to the share-based payment plan during the current or prior year.

Movements summary for the year ended December 31, is as follows:

	<u>2015</u>	<u>2014</u>
Net book value as at January 1,	4,557,348	7,507,348
Charge for the year (note 13.2.3)	500,004	650,000
Payments during the year (note 13.2.3)	<u>(3,300,000)</u>	<u>(3,600,000)</u>
Net book value at December 31,	<u>1,757,352</u>	<u>4,557,348</u>

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17. PAYABLE FOR PROPERTIES FOR SALE UNDER FINANCE LEASES

Payable for properties for sale under finance leases at December 31, comprise the following:

	<u>2015</u>	<u>2014</u>
Payable to related parties (note 13.2.4)	13,386,568	13,925,368
Payable to third parties	49,688,191	37,131,873
	<u>63,074,759</u>	<u>51,057,241</u>

18. INCOME FROM AGENCY ARRANGEMENTS

Income from agency arrangements for the year ended December 31 comprise the following:

	<u>2015</u>	<u>2014</u>
Servicing fee income	40,676,253	35,454,157
Income on recognition of servicing rights (note 8 - 2)	28,377,591	20,964,379
	<u>69,053,844</u>	<u>56,418,536</u>

19. SELLING AND MARKETING EXPENSES

Selling and marketing expenses for the year ended December 31 comprise the following:

	<u>2015</u>	<u>2014</u>
Employees' related cost and key management remuneration (note 13.2.2)	18,424,530	17,318,491
Sales and collection commissions	4,457,877	2,666,597
Advertising and sales promotion	5,240,046	2,640,119
Rent and utilities	2,100,815	2,077,533
Marketing and travel	455,299	738,830
Others	827,025	467,412
	<u>31,505,592</u>	<u>25,908,982</u>

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20. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the year ended December 31 comprise the following:

	<u>2015</u>	<u>2014</u>
Employees' related cost and key management personnel remuneration (note 13.2.2)	11,430,259	10,209,498
Rent and utilities	1,378,641	1,186,039
Professional fees	697,510	776,641
Depreciation	319,247	1,452,799
Others	2,699,281	2,355,778
	<u>16,524,938</u>	<u>15,980,755</u>

21. TECHNICAL ADVISORY FEE

This represents fee payable to a third party (the "technical advisor") amounting to SR 3,650,476 (2014: SR 3,451,162) in lieu of technical advisory services under a Technical and Advisory Services Agreement (the "agreement"), along with an incentive fee of SR 1,420,042 (2014: SR 1,262,896) in accordance with the terms of the agreement.

22. OTHER INCOME

Other income for the year ended December 31, 2015 mainly represents SR 1.4 million (2014: 0.7 million) in respect of ancillary services and SR 1.7 million (2014: SR 1.1 million) on account of supplier penalties and other income collected in the ordinary course of Company's business.

23. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share for the years ended 31 December 2015 and 31 December 2014 is calculated by dividing the total comprehensive income for the year by the weighted average number of shares outstanding during the year (note 10). The calculation of diluted earnings per share is not applicable to the Company.

24. ZAKAT

a) Charge for the year

Zakat charge for the year ended December 31, comprises of the following:

	<u>2015</u>	<u>2014</u>
Current year	971,560	890,938
Adjustments for prior years	--	(144,066)
	<u>971,560</u>	<u>746,872</u>

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24. ZAKAT (continued)

b) Zakat components

Zakat charge for the year ended December 31, 2015, is based on the Zakat base, which has the following significant components:

	<u>2015</u>	<u>2014</u>
Equity, at the beginning of the year	551,146,863	545,837,360
Adjusted income (loss) for the year	38,862,382	35,637,539
Property and equipment, as adjusted	(198,067)	(1,489,585)
Other long term assets, book value	(871,234,886)	(707,319,845)
Provisions	39,008,564	38,571,709
Zakat base	(242,415,144)	(88,762,822)
Zakat @ 2.5% of higher of the zakat base and adjusted net income	971,560	890,938

c) Provision for Zakat

The movement in provision for Zakat during the year ended December 31, is as follows:

	<u>2015</u>	<u>2014</u>
Balance at January 1,	890,938	1,512,841
Zakat charge for the year	971,560	890,938
Adjustments for prior years	--	(144,066)
Payment during the year	--	(1,368,775)
Balance at December 31,	1,862,498	890,938

d) Status of assessment

The Company has filed the Zakat returns for the years ended from 2009 to 2014 (inclusive) with the Department of Zakat and Income Tax (“DZIT”), which are subject to review by the DZIT. No assessment have been finalized as at the reporting date.

The Company’s Zakat advisor has reviewed the Zakat computations, including the assessment of all key deductible and non-deductible components of Zakat base. Accordingly, the Zakat advisor and the Company believe that all Zakat exposures of the Company for the years from 2009 upto and including 2015 stand adequately provided for.

25. DIVIDENDS

On April 19, 2015, the Board of Directors proposed a dividend of SR 25 million (SR 0.25 per share), [2014: SR 28 million (SR 0.28 per share)] which was approved by the shareholders via General Assembly meeting held on May 31, 2015. And paid out in full during the year ended December 31, 2015.

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26. CONTINGENCIES AND COMMITMENTS

As at the balance sheet date, there are no material capital commitments to purchase assets or irrevocable commitments to sell assets under finance leases.

The future minimum lease payments under non-cancelable operating leases where the Company is the lessee are as follows:

	<u>2015</u>	<u>2014</u>
Less than 1 year	2,605,530	3,090,746
1 to 5 years	3,215,008	3,984,423
Total	<u>5,820,538</u>	<u>7,075,169</u>

27. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established a Risk Management and Credit Committee (the "Committee"), which is responsible for developing and monitoring the Company's risk management policies. The Committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Company has exposure to the following risks arising from its financial instruments:

- Credit risk
- Liquidity risk
- Market risk

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27. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from cash at banks, accounts receivables and net investment in finance leases.

The Company seeks to manage its credit risk with respect to lease customers by setting credit limits for individual customers and by monitoring outstanding receivables. Additionally, the Company retains the ownership of assets subject to finance leases, as a security until the receipt of full payment by the lease customers.

The Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties. These procedures are based on the Company's internal guidelines. The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

The Company manages the credit quality of its financial instruments by ensuring that adequate collaterals are available in respect of its financial assets, where required, which the management reviews on a regular basis.

As at the reporting date, the Company has no significant concentration of credit risks. Cash and cash equivalents are placed with banks with sound credit ratings. Finance lease and other accounts receivable are mainly due from local customers and related parties and are stated at their estimated realizable values.

As at the reporting date, the carrying amount of the Company's financial assets represents its maximum exposure to credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet the Company's future commitments.

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27. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity risk (continued)

The table below summarises the maturity profile of the Company's financial liabilities at the reporting date, based on contractual undiscounted repayment obligations. The contractual maturities of liabilities have been determined on the basis of the remaining period at the statement of financial position date to the contractual maturity date. Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Company expects that most counter parties will not request repayment on the earliest date the Company could be required to pay and the table does not reflect the expected cash flows indicated by the Company's history.

<u>2015</u>	<u>On demand</u>	<u>Less than one year</u>	<u>Finance cost</u>	<u>Total</u>
Accounts payable and other accrued liabilities	151,705,067	--	--	151,705,067
Short term borrowing	--	364,765,240	2,001,370	366,766,610
Employees' end of service benefit	5,199,497	--	--	5,199,497
Share based payments	--	1,757,352	--	1,757,352
Payable for properties for sale under finance leases	<u>63,074,759</u>	<u>--</u>	<u>--</u>	<u>63,074,759</u>
Total	<u>219,979,323</u>	<u>366,522,592</u>	<u>2,001,370</u>	<u>588,503,285</u>

<u>2014</u>	<u>On demand</u>	<u>Less than one year</u>	<u>Finance cost</u>	<u>Total</u>
Accounts payable and other accrued liabilities	156,412,570	--	--	156,412,570
Short term borrowing	--	125,556,810	170,938	125,727,748
Employees' end of service benefit	3,994,568	--	--	3,994,568
Share based payments	--	4,557,348	--	4,557,348
Payable for properties for sale under finance leases	<u>51,057,241</u>	<u>--</u>	<u>--</u>	<u>51,057,241</u>
Total	<u>211,464,379</u>	<u>130,114,158</u>	<u>170,938</u>	<u>341,749,475</u>

Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's total comprehensive income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the corresponding return.

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27. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Market risk (continued)

The Company uses appropriate financial instruments including the use of derivatives, where required, to manage market risk. All such transactions are carried out within the guidelines set by the Risk Management Committee. The Company's business activities expose it to the following market risks:

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 denominated principally in Saudi Riyal and United States dollar (which is pegged to Saudi Riyal). Other transactions in foreign currencies are not material. As such, as at the reporting date the Company is not exposed any significant currency risk.

Interest rate risks: are the exposures to risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. The Company's main interest bearing financial instruments comprise of net investment in finance leases, short term borrowings, which are primarily at floating rates of interest.

At the reporting date a 10% change in effective yields on interest bearing assets would have had the following impacts on total comprehensive income for the year:

	<u>2015</u>	<u>2014</u>
Net investment in finance lease	4,568,680	4,784,164
Short term borrowings	<u>(67,910)</u>	<u>(72,760)</u>
Total	<u>4,500,770</u>	<u>4,711,404</u>

28. FAIR VALUE

As the accompanying financial statements are prepared under the historical cost method, except for the cash-settled share-based payments, differences may arise between the book values and the fair value estimates. At the reporting date, management believes that the fair values of the Company's financial assets and liabilities are not materially different from their respective carrying values.

29. CAPITAL MANAGEMENT

The Board of Director's policy is to maintain a strong capital base so as to maintain investor, credit and market confidence and to sustain future development of the business of the Company. Capital consists of ordinary shares and retained earnings of the Company. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

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30. PROSPECTIVE CHANGES IN ACCOUNTING POLICIES

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company is currently assessing the implications of the below mentioned standards and amendments on the its financial statements and the related timing of adoption.

Following is a summary of the new IFRS and amendments to IFRS effective for annual periods beginning on or after 1 January 2016.

<u>Effective for annual periods beginning on or after</u>	<u>Standard, amendment or interpretation</u>	<u>Summary of requirements</u>
1 January 2019	IFRS 16	Leases
1 January 2018	IFRS 9	Financial Instruments
1 January 2018	IFRS 15	Revenue from contracts with customers
1 January 2016	Amendments of IFRS 14	Regulatory Deferral Accounts
1 January 2016	Amendments of IFRS 11	Accounting for acquisitions of interests in joint operations.
1 January 2016	Amendments to IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortization
1 January 2016	Amendments to IAS 16 and IAS 41	Agriculture: bearer plants
1 January 2016	Amendments to IAS 27	Equity Method in Separate Financial Statements
1 January 2016	Amendments to IFRSs	Annual improvements to IFRSs 2012-2014 cycle
1 January 2016	Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities : Applying the Consolidation Exception
1 January 2016	Amendments to IAS 1	Disclosure Initiative

31. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were authorized for issue by the management on Jumada Al Thani 13, 1437H, corresponding to March 22, 2016.