

**Tawkelat Trading and Installment
Company**

FINANCIAL STATEMENTS

31 DECEMBER 2014

AUDITORS' REPORT TO THE PARTNERS OF TAWKELAT TRADING AND INSTALLMENT COMPANY

Scope of audit:

We have audited the accompanying balance sheet of Tawkelat Trading and Installment Company (the "Company") as at 31 December 2014 and the related statements of income, cash flows and changes in partners' equity for the year then ended. These financial statements are the responsibility of the Company's management and have been prepared by them in accordance with the provisions of Article 175 of the Regulations for Companies and submitted to us together with all the information and explanations which we required. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable degree of assurance to enable us to express an opinion on the financial statements.

Unqualified 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 31 December 2014 and the results of its operations and its cash flows for the year then ended in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia.
- ii) comply with the requirements of the Regulations for Companies and the Company's articles of association in so far as they affect the preparation and presentation of the financial statements.

for Ernst & Young



Saleh A. Al-Yahya
Certified Public Accountant
Registration No. 473



Riyadh: 25 Rajab 1436H
(14 May 2015)

Tawkelat Trading and Installment Company

BALANCE SHEET

As at 31 December 2014

	Note	2014 SR	2013 SR
ASSETS			
CURRENT ASSETS			
Cash and bank balances		8,644,396	6,239,269
Accounts and notes receivable, net	3	103,252,259	80,113,201
Prepayments and other assets	4	36,680,865	2,578,954
TOTAL CURRENT ASSETS		<u>148,577,520</u>	<u>88,931,424</u>
NON-CURRENT ASSETS			
Accounts and notes receivable, net	3	138,367,347	132,954,971
Available for sale investments	6	-	21,754,195
Property and equipment	7	594,401	-
TOTAL NON-CURRENT ASSETS		<u>138,961,748</u>	<u>154,709,166</u>
TOTAL ASSETS		<u>287,539,268</u>	<u>243,640,590</u>
LIABILITIES AND PARTNERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable and accruals	8	11,612,871	142,942,888
Current portion of long-term loan	9	46,542,000	-
TOTAL CURRENT LIABILITIES		<u>58,154,871</u>	<u>142,942,888</u>
NON-CURRENT LIABILITY			
Long-term loan	9	103,458,000	-
TOTAL NON-CURRENT LIABILITY		<u>103,458,000</u>	<u>-</u>
TOTAL LIABILITIES		<u>161,612,871</u>	<u>142,942,888</u>
PARTNERS' EQUITY			
Capital	12	100,000,000	30,000,000
Statutory reserve		2,522,870	12,898,771
Retained earnings		23,403,527	57,798,931
TOTAL PARTNERS' EQUITY		<u>125,926,397</u>	<u>100,697,702</u>
TOTAL LIABILITIES AND PARTNERS' EQUITY		<u>287,539,268</u>	<u>243,640,590</u>

The attached notes 1 to 18 form part of these financial statements.

Tawkelat Trading and Installment Company

STATEMENT OF INCOME

Year ended 31 December 2014

	Note	2014 SR	2013 SR
REVENUES			
Sales		742,330,126	629,149,388
Change in deferred income	3	(16,694,517)	(23,124,446)
NET REVENUES		725,635,609	606,024,942
Cost of sales		(686,626,587)	(540,645,498)
GROSS PROFIT		39,009,022	65,379,444
EXPENSES			
Sales commission expense		(1,024,517)	(1,094,808)
General and administration (Provision) / reversal for impairment of accounts and notes receivables	10	(8,552,985)	(4,882,349)
		(3,828,643)	1,898,906
TOTAL EXPENSES		(13,406,145)	(4,078,251)
INCOME FROM MAIN OPERATIONS		25,602,877	61,301,193
Dividend income		419,090	3,353,016
Other income	11	3,547,200	2,871,060
Financial charges		(844,435)	-
INCOME BEFORE ZAKAT		28,724,732	67,525,269
Zakat	13	(3,496,037)	(2,272,262)
NET INCOME FOR THE YEAR		25,228,695	65,253,007

The attached notes 1 to 18 form part of these financial statements.

Tawkelat Trading and Installment Company

STATEMENT OF CASH FLOWS

Year ended 31 December 2014

	Note	2014 SR	2013 SR
OPERATING ACTIVITIES			
Income before zakat		28,724,732	67,525,269
Adjustment for:			
Allowance for / (reversal of) impairment of accounts and notes Receivable	3	3,828,643	(1,898,906)
		<u>32,553,375</u>	<u>65,626,363</u>
Changes in operating assets and liabilities			
Accounts and notes receivable, net	3	(32,380,077)	(80,448,253)
Prepayments and other assets	4	(34,101,911)	(1,127,858)
Accounts payable and accruals	8	(132,593,633)	25,789,054
		<u>(166,522,246)</u>	<u>9,839,306</u>
Cash (used in) / from operating activities			
Zakat paid	13	(2,232,421)	(1,506,122)
		<u>(168,754,667)</u>	<u>8,333,184</u>
Net cash (used in) / from operating activities			
INVESTING ACTIVITIES			
Purchase of property and equipment	5	(594,401)	-
Proceeds from disposal of available for sale investment	6	21,754,195	-
		<u>21,159,794</u>	<u>-</u>
Net cash from investing activity			
FINANCING ACTIVITIES			
Proceeds from term loan	9	150,000,000	-
Increase in capital		-	9,000,000
Dividends paid	14	-	(15,000,000)
		<u>150,000,000</u>	<u>(6,000,000)</u>
Net cash from / (used in) financing activity			
INCREASE IN CASH AND BANK BALANCES		2,405,127	2,333,184
Cash and bank balances at the beginning of the year		<u>6,239,269</u>	<u>3,906,085</u>
CASH AND BANK BALANCES AT THE END OF THE YEAR		<u>8,644,396</u>	<u>6,239,269</u>
<i>Non cash transactions:</i>			
Capitalized statutory reserve		12,898,771	-
Capitalized retained earnings		57,101,229	-
		<u>70,000,000</u>	<u>-</u>

The attached notes 1 to 18 form part of these financial statements.