

**BIDAYA HOME FINANCE COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**Condensed Interim Financial Statements**  
**(Unaudited)**  
**For the three-month period ended**  
**31 March 2017**



**KPMG Al Fozan & Partners**  
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**INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM  
FINANCIAL STATEMENTS**

To: **The Shareholders**  
**Bidaya Home Finance Company**  
**A Saudi Closed Joint Stock Company**  
**Riyadh, Kingdom of Saudi Arabia**

**Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Bidaya Home Finance Company as at 31 March 2017, the condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended, and notes to the condensed interim financial statements. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard 34, 'Interim Financial Reporting' ("IAS 34") and Saudi Arabian Monetary Authority's ("SAMA") guidance on accounting for zakat and tax. Our responsibility is to express a conclusion on these 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.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as at 31 March 2017 are not prepared, in all material respects, in accordance with IAS 34 and SAMA's guidance on accounting for zakat and tax.

For KPMG Al Fozan & Partners  
Certified Public Accountants

Khalil Ibrahim Al Sedais  
License No. 371



Riyadh on: 20 Sha'ban 1438H  
Corresponding to: 16 May 2017

**BIDAYA HOME FINANCE COMPANY**  
**(A Saudi Closed Joint Stock Company)**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
*(Saudi Arabian Riyals in '000)*

		<b>31 March</b>	31 December
		<b>2017</b>	2016
	<i>Notes</i>	<b>(Unaudited)</b>	<b>(Audited)</b>
<b><u>ASSETS</u></b>			
Cash and bank balances	5	16,493	227,014
Available-for-sale investments	6	313,480	78,096
Held to maturity investments	7	--	203,547
Ijara receivables, net	8	518,080	351,150
Deposits, prepayments and other receivables		4,697	4,418
Intangible assets, net		3,712	2,333
Property and equipment, net		7,193	7,429
<b>Total assets</b>		<b>863,655</b>	<b>873,987</b>
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>			
Accrued expenses and other current liabilities	9	16,809	20,261
Accrued Zakat	10	13,068	12,168
Provision for employees' end of service benefits		822	654
<b>Total liabilities</b>		<b>30,699</b>	<b>33,083</b>
Share capital	11	900,000	900,000
Fair value reserve on available-for-sale investments	6	5,000	2,916
Accumulated losses		(72,044)	(62,012)
<b>Shareholders' equity</b>		<b>832,956</b>	<b>840,904</b>
<b>Total liabilities and shareholders' equity</b>		<b>863,655</b>	<b>873,987</b>

The accompanying notes from 1 to 21 form an integral part of these condensed interim financial statements.

**BIDAYA HOME FINANCE COMPANY**  
(A Saudi Closed Joint Stock Company)  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS**  
**AND OTHER COMPREHENSIVE INCOME**  
*(Saudi Arabian Riyals in '000)*

		For the three- month period ended 31 March 2016 (Unaudited) <u>Restated</u>	For the period from 31 March 2015 to 31 March 2016 (Unaudited) <u>Restated</u>
	<i>Notes</i>	<b>For the three- month period ended 31 March 2017 (Unaudited)</b>	
<b>REVENUE</b>			
Ijara income		6,659	46
Fee income		203	--
<b>Total revenue</b>		<u>6,862</u>	<u>46</u>
<b>OPERATING EXPENSES</b>			
General and administrative expenses	12	8,333	5,614
Selling and marketing expenses	13	4,162	1,701
Depreciation		333	280
Amortization		168	--
Provision for Ijara receivables losses		3,445	287
<b>Total operating expenses for the period</b>		<u>16,441</u>	<u>7,882</u>
<b>Operating loss for the period</b>		<b>(9,579)</b>	<b>(7,836)</b>
Special commission income		447	4,103
Realized gain on sale of available-for-sale investment		--	108
Pre-operating expenses		--	(23,208)
<b>Net loss for the period</b>		<u>(9,132)</u>	<u>(37,700)</u>
<b><u>OTHER COMPREHENSIVE INCOME</u></b>			
<i>Items that are or may be reclassified to profit or loss</i>			
Net changes in fair value of available-for-sale investments		2,084	609
<b>Total comprehensive loss for the period</b>		<u>(7,048)</u>	<u>(36,800)</u>
<b>Loss per share</b>	15	<u>(0.10)</u>	<u>(0.04)</u>

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**BIDAYA HOME FINANCE COMPANY**  
(A Saudi Closed Joint Stock Company)  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
(Saudi Arabian Riyals in '000)

	<u>Note</u>	For the three-month period ended 31 March 2017	For the period from 31 March 2015 to 31 March 2016
<b>Cash flows from operating activities:</b>			
Net loss for the period		(9,132)	(37,700)
<i>Non-cash adjustments to reconcile net loss for the period to net cash used in operating activities:</i>			
Depreciation		333	626
Amortization		168	--
Provision for employees' end of service benefits		168	289
Provision for Ijara receivable losses		3,445	287
Realized gain on sale of available-for-sale investment		--	(108)
		<u>(5,018)</u>	<u>(36,606)</u>
<i>Increase in operating assets</i>			
Ijara receivables		(170,375)	(28,696)
Deposits, prepayments and other receivables		(279)	(960)
<i>(Decrease) / increase in operating liabilities</i>			
Accrued expenses and other current liabilities		(3,452)	6,109
<b>Net cash used in operating activities</b>		<u>(179,124)</u>	<u>(60,153)</u>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment		(97)	(7,681)
Purchase of intangible assets		(1,547)	--
Purchase of held to maturity investments		--	(1,007,315)
Proceeds from held to maturity investments		--	780,459
Purchase of available-for-sale investments		(233,300)	(175,072)
Proceeds from disposal of available-for-sale investments		--	100,000
<b>Net cash used in investing activities</b>		<u>(234,944)</u>	<u>(309,609)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of share capital		--	900,000
<b>Net cash generated from financing activities</b>		<u>--</u>	<u>900,000</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(414,068)</b>	<b>530,238</b>
Cash and cash equivalents at beginning of the period		430,561	--
<b>Cash and cash equivalents at end of the period</b>	16	<u>16,493</u>	<u>530,238</u>

The accompanying notes from 1 to 21 form an integral part of these condensed interim financial statements.

**BIDAYA HOME FINANCE COMPANY**  
(A Saudi Closed Joint Stock Company)  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
*(Saudi Arabian Riyals in '000)*

	<u>Share capital</u>	<u>Fair value reserve on available-for-sale investments</u>	<u>Accumulated losses</u>	<u>Total</u>
Issuance of share capital	900,000	--	--	900,000
Net loss for the period <i>(note 20)</i>	--	--	(37,700)	(37,700)
Zakat <i>(note 20)</i>	--	--	(1,000)	(1,000)
Other comprehensive income	--	900	--	900
Total comprehensive loss for the period	--	900	(38,700)	(37,800)
Balance at 31 March 2016	<u>900,000</u>	<u>900</u>	<u>(38,700)</u>	<u>862,200</u>
Balance as at January 2017	<b>900,000</b>	<b>2,916</b>	<b>(62,012)</b>	<b>(840,904)</b>
Net loss for the period	--	--	(9,132)	(9,132)
Zakat charge for the period <i>(note 20)</i>	--	--	(900)	(900)
Other comprehensive income	--	2,084	--	2,084
Total comprehensive loss for the period	--	2,084	(10,032)	7,948
<b>Balance at 31 March 2017</b>	<u><b>900,000</b></u>	<u><b>5,000</b></u>	<u><b>(72,044)</b></u>	<u><b>848,852</b></u>

The accompanying notes from 1 to 21 form an integral part of these condensed interim financial statements.

**BIDAYA HOME FINANCE COMPANY**  
(A Saudi Closed Joint Stock Company)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
For the three-month period ended 31 March 2017

**1. THE COMPANY AND THE NATURE OF OPERATIONS**

Bidaya Home Finance Company (the "Company") is a Saudi closed joint stock company established under the Regulations for Companies in the Kingdom of Saudi Arabia. The Company operates under Commercial Registration No. 1010432564 issued in Riyadh on 25 Jumada II 1436H (corresponding to 14 April 2015). The Company was granted a full license by Saudi Arabian Monetary Authority ('SAMA') to operate as a mortgage finance company vide license number 41/ع ش/ع /201512 dated 3 Rabi I 1437H (corresponding to 14 December 2015).

The objectives of the Company are to provide home financing to consumers for the purchase of homes (new homes, ready homes and off plan construction homes) and providing finance to home owners against security of their homes.

The registered office of the Company is on the 20<sup>th</sup> Floor of Ibdeh tower located on Olaya near Malik Fahad Road, Kingdom of Saudi Arabia with its postal address as follows:

Bidaya Home Finance Company  
P.O. Box 93898  
Riyadh 11683  
Kingdom of Saudi Arabia

**2. BASIS OF PREPARATION**

**2.1 *Statement of compliance***

During 2017, SAMA issued a Circular no. 381000074519 dated 11 April 2017 and subsequent amendments through certain clarifications relating to the accounting of zakat and tax. As a result of these amendments, zakat and tax are to be recognized in the statement of changes in equity.

Applying the above framework, the condensed interim financial statements of the Company as at and for the quarter ended 31 March 2017 have been prepared using the International Accounting Standard 34, 'Interim Financial Reporting' ("IAS 34") and SAMA's guidance on accounting for zakat and tax.

Until 31 December 2016, the financial statements of the Company were prepared in accordance with the International Financial Reporting Standards ("IFRS"). This change in framework resulted in a change in accounting policy for zakat and the effects of this change are disclosed in note 20 to the condensed interim financial statements.

This is the second financial reporting year of the Company. The first financial reporting period was from the date of Ministerial Resolution announcing the incorporation of the Company i.e. 11 Jumada II 1436H (corresponding to 31 March 2015) and ended on 31 December 2016. Accordingly, the period to date comparatives in these financial statements are presented for the period from 31 March 2015 to 31 March 2016.

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's audited financial statements for the period from 31 March 2015 to 31 December 2016.

**2.2 *Basis of measurement***

These condensed interim financial statements have been prepared under the historical cost convention modified to include the measurement at fair value of available-for-sale investments.

**2.3 *Functional and presentation currency***

These condensed interim financial statements have been presented in Saudi Arabian Riyals (SR), as it is the functional currency of the Company. All financial information presented has been rounded-off to the nearest SR.

**BIDAYA HOME FINANCE COMPANY**  
(A Saudi Closed Joint Stock Company)  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
*(Saudi Arabian Riyals in '000)*

**2. BASIS OF PREPARATION (CONTINUED)**

**2.4 *Order of liquidity***

Assets and liabilities in the statement of financial position are presented in the order of liquidity.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies used in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the financial statements for the period from 31 March 2015 to 31 December 2016, except for:

**a) Change in accounting policy in relation to accounting for zakat:**

Effective 1 January 2017, the Company amended its accounting policy relating to zakat and has started to recognize zakat charge to retained earnings. Previously, zakat was charged to the statement of profit or loss. The Company has accounted for this change in the accounting policy relating to zakat retrospectively and the effects of the above change are disclosed in note 20 to the condensed interim financial statements.

**b) Adoption of the following amendments to existing standards, which have has no significant impact on these condensed interim financial statements:**

- Amendments to IASs' -"Disclosure Initiative" applicable from January 1, 2017.
- Amendments to IAS 12 – "Recognition of Deferred Tax Assets for Unrealized Losses" applicable from January 1, 2017.
- Amendments to IAS 7 – "Statement of Cash Flows", which is applicable for annual periods beginning on or after January 1, 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities,, including both changes arising from cash flow and non-cash change.

**4. STANDARDS ISSUED BUT NOT YET EFFECTIVE**

The Company has not early adopted the following new standards effective for annual periods after 1 January 2017.

		<b>Effective for annual periods beginning on or after</b>
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 9	Financial Instruments	1 January 2018
IFRS 16	Leases	1 January 2019

**5. CASH AND BANK BALANCES**

	<b>31 March 2017 (Unaudited)</b>	<b>31 December 2016 (Audited)</b>
Cash in hand	10	10
Cash at bank – current accounts	16,483	227,004
	<b>16,493</b>	<b>227,014</b>



**BIDAYA HOME FINANCE COMPANY**  
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**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
*(Saudi Arabian Riyals in '000)*

**6. AVAILABLE-FOR-SALE INVESTMENTS**

	<b>Cost</b>	<b>Unrealized gain</b>	<b>Fair value</b>
<b>31 March 2017 (Unaudited):</b>			
<i>Close-ended fund:</i>			
ICD Money Market Fund	75,180	3,665	78,845
<i>Open-ended funds:</i>			
Al Rajhi SAR Commodity Fund	175,000	994	175,994
Alahli Saudi Riyal Trade fund	58,300	341	58,641
	<b>308,480</b>	<b>5,000</b>	<b>313,480</b>
<b>31 December 2016 (Audited):</b>			
<i>Close-ended fund:</i>			
ICD Money Market Fund	75,180	2,916	78,096

**7. HELD TO MATURITY INVESTMENTS**

Held to maturity investments represent term-deposits placed with banks operating within the Kingdom of Saudi Arabia and have an original maturity period of upto three months:

	<b>31 March 2017 (Unaudited)</b>	<b>31 December 2016 (Audited)</b>
Alinma Bank	--	151,251
Gulf International Bank	--	52,296
	--	203,547

These deposits carrying profit rates at Nil (31 December 2016: ranging from 3.09% to 3.95% per annum.)

The carrying value of above held to maturity investments include accrued special commission income amounting to SR Nil (31 December 2016: SR 1.547 million). During the period ended 31 March 2017, special commission income on held to maturity investments amounting to SR 0.447 million (three-month period ended 31 March 2016: SR 4.103 million and period from 31 March 2015 to 31 March 2016: SR 9.424 million) has been recognised in the statement of profit or loss.

**BIDAYA HOME FINANCE COMPANY**  
(A Saudi Closed Joint Stock Company)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
*(Saudi Arabian Riyals in '000)*  
For the three-month period ended 31 March 2017

**8. IJARA RECEIVABLES, NET**

	<b>31 March 2017 (Unaudited)</b>	<b>31 December 2016 (Audited)</b>
Gross Ijara receivables	874,003	590,645
Less: Unearned income	<u>(348,033)</u>	<u>(235,050)</u>
	525,970	355,595
Less: Provision for Ijara receivables losses	<u>(7,890)</u>	<u>(4,445)</u>
<b>Ijara receivables, net</b>	<b><u>518,080</u></b>	<b><u>351,150</u></b>

**8.1** The credit quality of Ijara receivables is as follows

	<b>31 March 2017 (Unaudited)</b>	<b>31 December 2016 (Audited)</b>
Neither past due nor impaired	426,122	181,814
Past due but not impaired	81,973	173,781
Impaired	<u>17,875</u>	<u>--</u>
	<b><u>525,970</u></b>	<b><u>355,595</u></b>

The fair value of collateral of impaired Ijara receivables held by the Company based on the appraisal at the time of origination is SR 21.37 million.

As at 31 March 2017, the ageing of past due but not impaired installments and the related balances of Ijara receivables are as follows:

	<b>Ijara receivables (Unaudited)</b>	<b>Past due instalments (Unaudited)</b>
01 – 30 days	60,723	287
31 – 60 days	14,184	292
61 –90 days	7,066	135
<b>Total</b>	<b><u>81,973</u></b>	<b><u>714</u></b>

As at 31 December 2016, the ageing of past due but not impaired installments and the related balances of Ijara receivables are as follows:

	<b>Ijara receivables (Audited)</b>	<b>Past due instalments (Audited)</b>
01 – 30 days	108,645	807
31 – 60 days	50,680	740
61 –90 days	14,456	478
<b>Total</b>	<b><u>173,781</u></b>	<b><u>2,025</u></b>

**BIDAYA HOME FINANCE COMPANY**  
(A Saudi Closed Joint Stock Company)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
(Saudi Arabian Riyals in '000)  
For the three-month period ended 31 March 2017

**8. IJARA RECEIVABLES, NET (CONTINUED)**

8.2 The maturity of Ijara receivables is as follows:

	31 March 2017 (Unaudited)			Total
	Not later than one year	Later than one year but not later than five years	Later than five years	
Ijara receivables	24,745	147,660	701,598	874,003
Unearned income	(14,747)	(95,499)	(237,787)	(348,033)
	9,998	52,161	463,811	525,970
Provision for Ijara receivable losses				(7,890)
				<u>518,080</u>
	31 December 2016 (Audited)			Total
	Not later than one year	Later than one year but not later than five years	Later than five years	
Ijara receivables	35,079	103,308	452,258	590,645
Unearned income	(20,506)	(56,253)	(158,291)	(235,050)
	14,573	47,055	293,967	355,595
Provision for Ijara receivable losses				(4,445)
				<u>351,150</u>

The Company's implicit rate of return on Ijara receivables ranges between approximately 4.84% per annum and 10.58% per annum (31 December 2016: 4.484% to 10.58% per annum). Term of Ijara receivables ranges from five to thirty years.

**9. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

	<i>Note</i>	31 March 2017 (Unaudited)	31 December 2016 (Audited)
Accounts payables		4,554	5,486
Down payment against Ijara financing		2,155	8,183
Accrued expenses		5,633	5,174
Deferred management fee		1,684	1,036
Deferred commission income		2,428	--
Salaries and employee related benefits		355	382
		<u>16,809</u>	<u>20,261</u>

**10. ZAKAT**

The Company has estimated its Zakat base based on estimated business projections for the period ended 31 March 2017. Based on the calculation, the Company has estimated and accrued the Zakat liability amounting to SR 0.9 million for the period (three month period ended 31 March 2016: SR 1 million and period from 31 March 2015 to 31 March 2016: SR 1 million). The Company is in the process of filing its first Zakat declaration for the period from 31 March 2015 to 31 December 2016.

**BIDAYA HOME FINANCE COMPANY**  
(A Saudi Closed Joint Stock Company)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
(Saudi Arabian Riyals in '000)  
For the three-month period ended 31 March 2017

**11. SHARE CAPITAL**

As at 31 March 2017, the authorised, issued and fully paid-up share capital of the Company was SR 900 million (31 December 2016: SR 900 million) divided into 90 million shares with a nominal value of SR 10 each, which is owned by the shareholders as follows:

<u>Name of shareholders</u>	<u>Number of shares 000's</u>	<u>Holding Percentage (%)</u>	<u>Amount SR'000</u>
Public Investment Fund	20,000	22.2	200,000
Islamic Corporation for Development	18,000	20.0	180,000
Rashed Al Rashed and Sons	15,300	17.0	153,000
Mohammad Yousef Naghi Motors	10,000	11.1	100,000
Arab Investment Company	10,000	11.1	100,000
Al Othaim Holding	10,000	11.1	100,000
Al Khereji Investments	3,200	3.6	32,000
Manfea Holding Company	2,000	2.2	20,000
Jawahir Investment Company	1,500	1.70	15,000
	<u>90,000</u>	<u>100</u>	<u>900,000</u>

**12. GENERAL AND ADMINISTRATIVE EXPENSES**

	<u>For the three- month period ended 31 March 2017 (Unaudited)</u>	<u>For the three- month period ended 31 2016 (Unaudited)</u>	<u>For the period from 31 March 2015 to 31 March 2016 (Unaudited)</u>
Salaries and employee related expenses	5,066	3,292	8,725
Professional fee	658	650	4,618
Rent and premises related expenses	770	722	1,176
Directors' meeting expenses	57	571	2,608
IT expenses	660	74	1,691
Repair and maintenance and other expenses	1,122	305	1,214
	<u>8,333</u>	<u>5,614</u>	<u>20,032</u>

**13. SELLING AND MARKETING EXPENSES**

	<u>For the three-month period ended 31 March 2017 (Unaudited)</u>	<u>For the three-month period ended 31 2016 (Unaudited)</u>	<u>For the period from 31 March 2015 to 31 March 2016 (Unaudited)</u>
Advertising and marketing expenses	1,250	1,234	2,658
Salaries and employee related expenses	2,463	411	411
Financed property evaluation and takaful	449	56	56
	<u>4,162</u>	<u>1,701</u>	<u>3,125</u>

**BIDAYA HOME FINANCE COMPANY**  
(A Saudi Closed Joint Stock Company)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
*(Saudi Arabian Riyals in '000)*  
For the three-month period ended 31 March 2017

**14. RELATED PARTY TRANSACTIONS AND BALANCES**

The related parties of the Company include the shareholders and their affiliated entities and certain key management personnel. In the ordinary course of its activities, the Company transacts business with its related parties on mutually agreed terms.

The significant transactions with related parties during the period and the related balances are as follows:

<u>Name of related party</u>	<u>Nature of relationship</u>	<u>Nature of transaction</u>	<b>Amount of transactions for the three-month period ended 31 March 2017 (Unaudited)</b>	<b>Balance at 31 March 2017 (Unaudited)</b>
Islamic Corporation for Development Money Market Fund	A fund managed by shareholder	Available-for-sale investments	749	78,845

  

<u>Name of related parties</u>	<u>Nature of relationship</u>	<u>Nature of transactions</u>	<b>Amount of transactions for the period from 31 March 2015 to 31 March 2016 (Unaudited)</b>	<b>Balance at 31 December 2016 (Audited)</b>
Islamic Corporation for Development Money Market Fund	A fund managed by shareholder	Available-for-sale investments	--	78,096
Islamic Corporation for Development	Shareholder	Payment of pre-operating expenses	23,208	--
		Reimbursement of pre-operating expenses	(23,208)	--

**BIDAYA HOME FINANCE COMPANY**  
(A Saudi Closed Joint Stock Company)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
*(Saudi Arabian Riyals in '000)*  
For the three-month period ended 31 March 2017

**14. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

The amount of compensations recorded in favor of or paid to the Board of Directors and the executive management personnel during the period are as follows:

<u>Name of related parties</u>	<u>Nature of transactions</u>	<b>Amount of transactions for the three-month ended 31 March 2017 (Unaudited)</b>	<b>Balance at 31 March 2017 (Unaudited)</b>
Key Management Personnel	Salaries and benefits	1,670	15
	Provision for end of service benefits	74	389
	Directors' meeting expenses	57	525

<u>Name of related parties</u>	<u>Nature of transactions</u>	<b>Amount of transactions for the period from 31 March 2015 to 31 March 2016 (Unaudited)</b>	<b>Balance as at 31 December 2016 (Audited)</b>
Key Management Personnel	Salaries and benefits	3,851	358
	Provision for end of service benefits	55	176
	Directors' remuneration and expenses	2,608	2,608

**15. LOSS PER SHARE – BASIC & DILUTED**

Loss per share for the period is calculated by dividing net loss for the period by the weighted average number of shares (90 million shares) in issue during the period.

**16. CASH AND CASH EQUIVALENTS**

	<b>31 March 2017 (Unaudited)</b>	<b>31 December 2016 (Audited)</b>
Cash in hand	10	10
Cash at bank – current accounts	16,483	227,004
Held to maturity investments - Maturity of three months or less from the date of purchase	--	203,547
	<u>16,493</u>	<u>430,561</u>

**BIDAYA HOME FINANCE COMPANY**  
(A Saudi Closed Joint Stock Company)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
*(Saudi Arabian Riyals in '000)*  
For the three-month period ended 31 March 2017

**17. COMMITMENTS**

The Company has facilities approved but not utilized, indicative offers issued which are under consideration of the customers and due diligence in progress as of the reporting date which have the potential to convert into financing, amount to SR 3.113 million (31 December 2016: SR 21.532 million).

In addition, the Company has leased its head office building and Riyadh branch for a period of 5 years. Outstanding non-cancelable lease and other commitments expire as follows:

	<b>31 March 2017 (Unaudited)</b>	<b>31 December 2016 (Audited)</b>
Within one year	3,220	3,220
One to three years	5,033	5,033
Three to five years	824	824
	<u>9,077</u>	<u>9,077</u>

**18. FAIR VALUES OF FINANCIAL INSTRUMENTS**

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principle of the most advantageous market must be accessible to by the Company.

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash and cash equivalents, held to maturity investments, available-for-sale investments, Ijara receivables and other receivables. Financial liabilities consist of accrued expenses and other liabilities payable.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. Assets at fair values are as follows:





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**19. SEGMENT INFORMATION**

The Company objective is to provide financing for real estate leases in the Kingdom of Saudi Arabia. All assets, liabilities and operations as reflected in the statement of financial position and statement of comprehensive income belongs to the real estate financing segment.

**20. CHANGE IN ACCOUNTING POLICY**

The change in the accounting policy relating to zakat has the following impacts on the line items of statements of profit or loss and other comprehensive income:

	For the three-month period ended 31 March 2016	For the period from 31 March 2015 to 31 March 2016		For the three-month period ended 31 March 2016	For the period from 31 March 2015 to 31 March 2016
	<u>As previously reported</u>		<u>Adjustment</u>	<u>As restated</u>	
Net loss for the period	<u>(4,625)</u>	<u>(38,700)</u>	<u>1,000</u>	<u>(3,625)</u>	<u>(37,700)</u>
Total comprehensive loss for the period	<u>(4,016)</u>	<u>(37,800)</u>	<u>1,000</u>	<u>(3,016)</u>	<u>(36,800)</u>
Earnings per share	<u>(0.05)</u>	<u>(0.43)</u>	<u>0.01</u>	<u>(0.04)</u>	<u>(0.42)</u>

The above change in accounting policy did not have an impact on statement of financial position and cash flows for any of the periods presented.

**21. APPROVAL OF CONDENSED INTERIM FINANCIAL STATEMENTS**

These condensed interim financial statements were approved for issue by the Board of Directors' on 16 May 2017 (corresponding to 20 Sha'ban 1438H).