

BIDAYA HOME FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
Condensed Interim Financial Statements
(Unaudited)
For the three-month and nine-month periods ended
30 September 2017



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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 30 September 2017, the condensed interim statement of profit or loss and other comprehensive income for the three-month and nine-month periods then ended, the condensed interim statements of changes in shareholders' equity and cash flows for the nine-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.

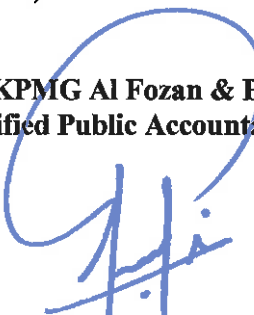
Scope of review

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 30 September 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: 5 Safar 1439H
Corresponding to: 25 October 2017

BIDAYA HOME FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 September 2017
(Saudi Arabian Riyals in '000)

		30 September 2017	31 December 2016
	<i>Notes</i>	(Unaudited)	(Audited)
<u>ASSETS</u>			
Cash and bank balances	5	27,930	227,014
Available-for-sale investments	6	82,254	78,096
Held to maturity investments	7	--	203,547
Ijara receivables, net	8	733,629	351,150
Deposits, prepayments and other receivables		7,513	4,418
Intangible assets, net		3,269	2,333
Property and equipment, net		6,655	7,429
Total assets		861,250	873,987
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
Accrued expenses and other current liabilities	9	23,891	20,261
Accrued Zakat	10	15,023	12,168
Provision for employees' end of service benefits		1,059	654
Total liabilities		39,973	33,083
Share capital	11	900,000	900,000
Unrealized gain on available-for-sale investments	6	284	2,916
Accumulated losses		(79,007)	(62,012)
Shareholders' equity		821,277	840,904
Total liabilities and shareholders' equity		861,250	873,987

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 (UNAUDITED)
For the three-month and nine-month periods ended 30 September 2017
(Saudi Arabian Riyals in '000)

	<i>Notes</i>	For the three- month period ended 30 September 2017	For the three- month period ended 30 September 2016 (Restated)	For the nine- month period ended 30 September 2017	For the period from 31 March 2015 to 30 September 2016 (Restated)
REVENUE					
Ijara income		10,600	2,859	25,804	4,000
Fee income		805	45	1,346	267
Total revenue		11,405	2,904	27,150	4,267
OPERATING EXPENSES					
General and administrative expenses	12	10,602	7,821	29,020	34,639
Selling and marketing expenses	13	4,919	2,719	13,116	8,219
Depreciation		405	517	1,070	1,574
Amortization		220	--	610	--
Provision for Ijara receivables losses		549	1,882	3,994	3,087
Total operating expense for the period		16,695	12,939	47,810	47,519
Operating loss for the period		(5,290)	(10,035)	(20,660)	(43,252)
Special commission income	7	--	4,048	447	18,420
Realized gain on sale of available-for-sale investments		1,970	--	6,073	108
Pre-operating expenses		--	--	--	(23,208)
Net loss for the period		(3,320)	(5,987)	(14,140)	(47,932)
OTHER COMPREHENSIVE INCOME					
<i>Items that are or may be reclassified to profit or loss</i>					
Net changes in fair value of available-for-sale investments		496	725	3,441	2,340
Total comprehensive loss for the period		(2,824)	(5,262)	(10,699)	(45,592)
Loss per share	15	(0.04)	(0.067)	(0.16)	(0.53)

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 CASH FLOWS (UNAUDITED)
For the nine-month period ended 30 September 2017
(Saudi Arabian Riyals in '000)

	For the nine-month period ended 30 September 2017	For the period from 31 March 2015 to 30 September 2016
Cash flows from operating activities:		
Net loss for the period	(14,140)	(47,932)
<i>Non-cash adjustments to reconcile net loss for the period to net cash used in operating activities:</i>		
Depreciation	1,070	1,574
Amortization	610	--
Loss on sale of fixed assets	--	34
Provision for employees' end of service benefits	405	517
Provision for Ijara receivables losses	3,994	3,087
Realized gain on sale of available-for-sale investments	(6,073)	(108)
	<u>(14,134)</u>	<u>(42,828)</u>
<i>Decrease in operating assets</i>		
Ijara receivables	(386,473)	(247,000)
Deposits, prepayments and other receivables	(3,095)	(3,072)
<i>Increase in operating liabilities</i>		
Accrued expenses and other current liabilities	3,630	16,478
Net cash used in operating activities	<u>(400,072)</u>	<u>(276,422)</u>
Cash flows from investing activities		
Purchase of available-for-sale investments	(378,300)	(200,180)
Proceeds from sale of available-for-sale investments	377,583	125,108
Purchase of held to maturity investments	--	(14,807,442)
Proceeds from held to maturity investments	--	14,807,442
Purchase of property and equipment	(296)	(12,960)
Proceeds from disposal of property and equipment	--	3
Purchase of intangible assets	(1,546)	--
Net cash used in investing activities	<u>(2,559)</u>	<u>(88,029)</u>
Cash flows from financing activities		
Proceeds from issuance of share capital	--	900,000
Net cash generated from financing activities	<u>--</u>	<u>900,000</u>
Net (decrease) / increase in cash and cash equivalents	(402,631)	535,549
Cash and cash equivalents at beginning of the period	430,561	--
Cash and cash equivalents at end of the period	<u><u>27,930</u></u>	<u><u>535,549</u></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 SHAREHOLDERS' EQUITY
(UNAUDITED)
(Saudi Arabian Riyals in '000)
For the nine-month period ended 30 September 2017

	<u>Share capital</u>	<u>Unrealized gain on available-for-sale investments</u>	<u>Accumulated losses</u>	<u>Total</u>
<u>For nine month-period ended 30 September 2017</u>				
Balance as at 1 January 2017 (audited)	900,000	2,916	(62,012)	840,904
Net loss for the period	--	--	(14,140)	(14,140)
Zakat charge for the period (note 10)	--	--	(2,855)	(2,855)
Fair value of available-for-sale investments transferred to profit or loss	--	(6,073)	--	(6,073)
Change in fair value of available-for-sale investments	--	3,441	--	3,441
Total comprehensive loss for the period	--	(2,632)	(16,995)	(19,627)
Balance at 30 September 2017 (unaudited)	900,000	284	(79,007)	821,277
<u>For the period from 31 March 2015 to 30 September 2016</u>				
Issuance of share capital	900,000	--	--	900,000
Net loss for the period (restated)	--	--	(47,932)	(47,932)
Zakat (note 10 and 20) (restated)	--	--	(6,420)	(6,420)
Change in fair value of available-for-sale investments	--	2,340	--	2,340
Total comprehensive loss for the period	--	2,340	(54,352)	(52,012)
Balance at 30 September 2016 (unaudited)	900,000	2,340	(54,352)	847,988

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
(Saudi Arabian Riyals in '000)
For the nine-month period ended 30 September 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 wide license number 41/ع ش/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 with its postal address is as follows:

Bidaya Home Finance Company
20th Floor of Ibdeh Tower
King Fahad Road
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 30 September 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)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Saudi Arabian Riyals in '000)

For the nine-month period ended 30 September 2017

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 no significant impact on these condensed interim financial statements:

- Amendments to IAS 7 – “Statement of Cash Flows”, under the IASB’s “Disclosure Initiative” applicable from 1 January 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.
- Amendments to IAS 12 – “Recognition of Deferred Tax Assets for Unrealized Losses” applicable from 1 January 2017.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Company has not early adopted the following new standards effective for annual periods beginning on or after 1 January 2018 and 1 January 2019:

		Effective for annual periods beginning on or after
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

	30 September 2017 (Unaudited)	31 December 2016 (Audited)
Cash in hand	10	10
Cash at bank – current accounts	27,920	227,004
	27,930	227,014

BIDAYA HOME FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
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(Saudi Arabian Riyals in '000)
For the nine-month period ended 30 September 2017

6. AVAILABLE-FOR-SALE INVESTMENTS

	30 September 2017 (unaudited)			
	Number of units	Cost	Unrealized gain	Fair value
<i>Open-ended funds:</i>				
Al Rajhi SAR Commodity Fund	80,749	11,970	171	12,141
Riyad Commodity Trading Fund	33,962	70,000	113	70,113
		81,970	284	82,254
31 December 2016 (audited)				
<i>Close-ended fund:</i>				
Islamic Corporation for Development				
Money Market Fund	2,000,000	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:

	30 September 2017 (Unaudited)	31 December 2016 (Audited)
Alinma Bank	--	151,251
Gulf International Bank	--	52,296
	--	203,547

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 30 September 2017, special commission income on held to maturity investments amounting to SR 0.447 million (Period from 31 March 2015 to 30 September 2016: SR 18.420 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 nine-month period ended 30 September 2017

8. IJARA RECEIVABLES, NET

	30 September 2017 (Unaudited)	31 December 2016 (Audited)
Gross Ijara receivables	1,247,602	590,645
Less: Unearned income	(505,534)	(235,050)
	742,068	355,595
Less: Provision for Ijara receivables losses	(8,439)	(4,445)
Ijara receivables, net	733,629	351,150

8.1 The credit quality of Ijara receivables is as follows

	30 September 2017 (Unaudited)	31 December 2016 (Audited)
Neither past due nor impaired	637,220	181,814
Past due but not impaired	76,988	173,781
Impaired	27,860	--
	742,068	355,595

The average fair value of collateral of impaired Ijara receivables held by the Company based on the appraisal at the time of origination was SR 34.74 million and a provision of SR 1.11 million has been made against impaired Ijara receivables.

Ageing of past due but not impaired installments and the related balances of Ijara receivables are as follows:

	30 September 2017 (Unaudited)		31 December 2016 (Audited)	
	Ijara receivables	Past due instalments	Ijara receivables	Past due instalments
01 – 30 days	42,760	364	108,645	807
31 – 60 days	22,806	410	50,680	740
61 –90 days	11,422	235	14,456	478
Total	76,988	1,009	173,781	2,025

8.2 The maturity of Ijara receivables is as follows:

	30 September 2017 (Unaudited)			
	Not later than one year	Later than one year but not later than five years	Later than five years	Total
Ijara receivables	72,692	274,219	900,691	1,247,602
Unearned income	(43,820)	(145,613)	(316,101)	(505,534)
	28,872	128,606	584,590	742,068
Provision for Ijara receivables losses				(8,439)
				733,629

BIDAYA HOME FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Saudi Arabian Riyals in '000)
For the nine-month period ended 30 September 2017

8. IJARA RECEIVABLES, NET (CONTINUED)

	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 receivables losses				(4,445)
				<u>351,150</u>

The Company's implicit rate of return on Ijara receivables ranges approximately between 4.84% to 10.75% per annum (31 December 2016: 4.49% to 10.58% per annum). Term of Ijara receivables ranges from five to thirty years.

9. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	30 September 2017 <u>(Unaudited)</u>	31 December 2016 <u>(Audited)</u>
Accounts payables	5,698	5,486
Downpayment against Ijara financing	2,735	8,183
Accrued expenses	3,992	5,174
Directors' remuneration and meeting expenses	1,467	--
Deferred management fee	2,005	1,036
Deferred commission income	7,823	--
Salaries and employees' related benefits	171	382
	<u>23,891</u>	<u>20,261</u>

10. ZAKAT

The Company has estimated its Zakat-base based on estimated business projections for the period ended 30 September 2017. Based on the calculation, the Company has estimated and accrued the Zakat liability amounting to SR 2.855 million for the nine-month period ended 30 September 2017 (SR 6.420 million for the period from 31 March 2015 to 30 September 2016). 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
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For the nine-month period ended 30 September 2017

11. SHARE CAPITAL

As at 30 September 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 ("PIF")	20,000	22.2	200,000
Islamic Corporation for Development ("ICD")	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	1.7	15,000
	90,000	100	900,000

12. GENERAL AND ADMINISTRATIVE EXPENSES

	For the nine- month period ended 30 September 2017 (Unaudited)	For the period from 31 March 2015 to 30 September 2016 (Unaudited)
Salaries and employee related expenses	16,934	17,887
Professional fee	2,386	5,928
Rent and premises related expenses	2,176	2,349
Directors' remuneration and meeting expenses	3,273	3,761
IT expenses	1,610	2,458
Repair and maintenance and other expenses	2,641	2,256
	29,020	34,639

13. SELLING AND MARKETING EXPENSES

	For the nine- month period ended 30 September 2017 (Unaudited)	For the period from 31 March 2015 to 30 September 2016 (Unaudited)
Advertising and marketing expenses	5,277	5,172
Salaries and employee related expenses	5,933	2,383
Property evaluation and takaful expenses	1,906	664
	13,116	8,219

BIDAYA HOME FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Saudi Arabian Riyals in '000)
For the nine-month period ended 30 September 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>	<u>Amount of transactions for the nine-month period ended 30 September 2017 (Unaudited)</u>	<u>Amount of transactions for the period from 31 March 2015 to 30 September 2016 (Unaudited)</u>
Islamic Corporation for Development Money Market Fund	A fund managed by a shareholder	Sale of available-for-sale investment	<u>(78,845)</u>	<u>--</u>
Islamic Corporation for Development Money Market Fund	A fund managed by a shareholder	Purchase of available-for-sale investment	<u>--</u>	<u>75,180</u>
Islamic Corporation for Development	Shareholder	Payment of pre-operating expense	<u>--</u>	<u>23,208</u>
		Reimbursement of pre-operating expenses	<u>--</u>	<u>(23,208)</u>
			Balance at 30 September 2017 (Unaudited)	Balance at 31 December 2016 (Audited)
Islamic Corporation for Development Money Market Fund	A fund managed by a shareholder	Available-for-sale investments	<u>--</u>	<u>78,096</u>

BIDAYA HOME FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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For the nine-month period ended 30 September 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>	Amount of transactions for the nine-month ended 30 September 2017 (Unaudited)	Amount of transactions for the period from 31 March 2015 to 30 September 2016 (Unaudited)
Key Management Personnel	Salaries and benefits	5,181	7,570
	Provision for end of service employees' benefits	190	281
	Directors' remuneration and meeting expenses	3,273	3,761

<u>Name of related parties</u>	<u>Nature of transactions</u>	Balance at 30 September 2017 (Unaudited)	Balance at 31 December 2016 (Audited)
Key Management Personnel	Salaries and benefits	23	353
	Provision for end of service employees' benefits	455	315
	Directors' remuneration and meeting expenses	1,467	--

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

	30 September 2017 (Unaudited)	31 December 2016 (Audited)
Cash in hand	10	10
Cash at bank – current accounts	27,920	227,004
Held to maturity investments - Maturity of three month or less from the date of purchase	--	203,547
	<u>27,930</u>	<u>430,561</u>

BIDAYA HOME FINANCE COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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For the nine-month period ended 30 September 2017

17. COMMITMENTS

The Company has facilities approved but not utilized as of the reporting date which have the potential to convert into financing, amount to SR 11.092 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:

	30 September 2017 (Unaudited)	31 December 2016 (Audited)
Within one year	3,220	3,220
One to three years	5,033	5,033
Three to five years	--	824
	8,253	9,077

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 bank balances, held to maturity investments, available-for-sale investments, Ijara receivables, deposits and other receivables. Financial liabilities consist of accrued expenses and other current liabilities.

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.

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18. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair values of financial assets and financial liabilities are as follows:

	30 September 2017 (Unaudited)				
	Carrying value	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value</u>					
Available-for-sale investments	82,254	--	82,254	--	82,254
<u>Financial assets not measured at fair value</u>					
Cash and bank balances	27,930	27,930	--	--	27,930
Ijara receivables, net	733,629	--	--	677,467	677,467
Deposits and other receivables	6,624	--	--	6,624	6,624
	<u>768,183</u>	<u>27,930</u>	<u>--</u>	<u>684,091</u>	<u>712,021</u>
<u>Financial liabilities not measured at fair value</u>					
Accrued expenses and other current liabilities	14,063	--	--	14,063	14,063
	<u>14,063</u>	<u>--</u>	<u>--</u>	<u>14,063</u>	<u>14,063</u>
	31 December 2016 (Audited)				
	Carrying value	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value</u>					
Available-for-sale investments	78,096	--	78,096	--	78,096
<u>Financial assets not measured at fair value</u>					
Cash and bank balances	227,014	227,014	--	--	227,014
Held to maturity investments	203,547	--	--	203,547	203,547
Ijara receivables, net	351,150	--	--	351,150	351,150
Deposits and other receivables	3,059	--	--	3,059	3,059
	<u>784,770</u>	<u>227,014</u>	<u>--</u>	<u>557,756</u>	<u>784,770</u>
<u>Financial liabilities not measured at fair value</u>					
Accrued expenses and other current liabilities	19,225	--	--	19,225	19,225
	<u>19,225</u>	<u>--</u>	<u>--</u>	<u>19,225</u>	<u>19,225</u>

Since all the held to maturity investments are short-term, their carrying value approximates the fair value, while available-for-sale investments in units of mutual funds have been valued based on net assets value reported by the Fund Manager.

The fair value of Ijara receivables is based on actual cash flows discounted by average period end internal rate of return and is not evidenced by a quoted price in an active market for an identical asset or based on a valuation technique that uses only data from observable markets, hence the fair value of Ijara receivables is classified under level 3.

During the nine-month period ended 30 September 2017, there were no transfers into or out of Level 3.

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19. SEGMENT INFORMATION

The Company's 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 belong 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 from 30 September 2016		
	As previously reported	Adjustment	As restated
Net loss for the period	(10,357)	4,370	(5,987)
Total comprehensive loss for the period	(9,632)	4,370	(5,262)
Loss per share	(0.115)	0.048	(0.067)

	For the period from 31 March 2015 to 30 September 2016		
	As previously reported	Adjustment	As restated
Net loss for the period	(54,352)	6,420	(47,932)
Total comprehensive loss for the period	(52,012)	6,420	(45,592)
Loss per share	(0.60)	0.071	(0.53)

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 25 October 2017 (corresponding to 05 Safar 1439H).