

GULF FINANCE CORPORATION
(A Saudi Closed Joint Stock Company)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
AND INDEPENDENT AUDITORS' REPORT



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GULF FINANCE CORPORATION
(A Saudi Closed Joint Stock Company)
Statement of financial position
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	As at December 31	
		2015	2014
Assets			
Current assets			
Cash and cash equivalents	5	37,856,494	11,223,550
Investment in finance lease-current portion	6	106,684,564	70,317,318
Advances, deposits, prepayments and other receivables	7	3,948,182	4,052,691
		<u>148,489,240</u>	<u>85,593,559</u>
Non-current assets			
Restricted deposits	10	3,042,456	3,042,456
Investment in finance lease-non-current portion	6	88,701,405	49,176,576
Property and equipment	8	1,459,803	254,770
Intangible assets	9	3,185,179	-
		<u>96,388,843</u>	<u>52,473,802</u>
Total assets		<u>244,878,083</u>	<u>138,067,361</u>
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	1	100,000,000	100,000,000
Statutory reserve	15	628,994	169,404
Retained earnings		5,660,941	1,524,633
Total shareholders' equity		<u>106,289,935</u>	<u>101,694,037</u>
Current liabilities			
Current portion of long-term borrowings	10	30,187,192	13,096,854
Accounts payable		18,553,973	8,268,259
Due to related parties	12	51,014,714	984,830
Provision for zakat	13	140,000	170,000
Other liabilities and accruals	11	5,598,071	4,228,644
		<u>105,493,950</u>	<u>26,748,587</u>
Non-current liabilities			
Long-term borrowings	10	32,435,904	9,281,871
Post-employment benefits	14	658,294	342,866
		<u>33,094,198</u>	<u>9,624,737</u>
Total liabilities		<u>138,588,148</u>	<u>36,373,324</u>
Total shareholders' equity and liabilities		<u>244,878,083</u>	<u>138,067,361</u>

The notes on pages from 8 to 28 form an integral part of these financial statements.

GULF FINANCE CORPORATION
(A Saudi Closed Joint Stock Company)
Statement of comprehensive income
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year ended December 31	
		2015	2014
Income			
Income from finance lease		23,564,596	16,578,840
Processing fee and other operating income		943,555	759,753
Other income		511,726	74,747
Total income		<u>25,019,877</u>	<u>17,413,340</u>
Expenses			
Finance charges	10,16	(3,380,839)	(1,169,256)
Other operating costs	19	(2,604,083)	(1,404,080)
General and administrative expenses	20	(13,831,554)	(9,893,368)
Impairment of investment in finance lease	6	(539,522)	(1,771,478)
Total expenses		<u>(20,355,998)</u>	<u>(14,238,182)</u>
Profit before zakat		4,663,879	3,175,158
Zakat	13	(67,981)	(170,000)
Profit for the year		4,595,898	3,005,158
Other comprehensive income		-	-
Total comprehensive income for the year		<u>4,595,898</u>	<u>3,005,158</u>

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GULF FINANCE CORPORATION
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Statement of changes in shareholders' equity
 (All amounts in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	(Accumulated losses)/ retained earnings	Total
Balance as at January 1, 2014	100,000,000	-	(1,311,121)	98,688,879
Total comprehensive income for the year	-	-	3,005,158	3,005,158
Transfer to statutory reserve	-	169,404	(169,404)	-
Balance as at December 31, 2014	100,000,000	169,404	1,524,633	101,694,037
Total comprehensive income for the year	-	-	4,595,898	4,595,898
Transfer to statutory reserve	-	459,590	(459,590)	-
Balance as at December 31, 2015	100,000,000	628,994	5,660,941	106,289,935

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GULF FINANCE CORPORATION
(A Saudi Closed Joint Stock Company)
Statement of cash flows
(All amounts in Saudi Riyals unless otherwise stated)

	Note	Year ended December 31,	
		2015	2014
Cash flow from operating activities			
Profit before zakat		4,663,879	3,175,158
<u>Adjustments for:</u>			
Depreciation on property and equipment	8	217,311	149,193
Amortization of intangible assets	9	228,230	-
Impairment and write-off of investment in finance lease		556,466	1,771,478
Finance charges		3,380,839	1,169,256
Provision for post-employment benefits	14	335,651	210,689
<u>Changes in working capital</u>			
Investment in finance lease		(76,448,541)	(18,212,740)
Advances, deposits, prepayments and other receivables		104,509	537,184
Restricted deposits		-	(3,042,456)
Accounts payable		10,285,714	6,652,759
Other liabilities and accruals		532,187	(1,318,549)
Cash utilized in operating activities		<u>(56,143,755)</u>	<u>(8,908,028)</u>
Post-employment benefits paid		(20,223)	-
Zakat paid		(97,981)	-
Finance charges paid		<u>(2,543,599)</u>	<u>(1,169,256)</u>
Net cash utilized in operating activities		<u>(58,805,558)</u>	<u>(10,077,284)</u>
Cash flow from investing activities			
Additions to property and equipment	8	(1,422,344)	(97,010)
Additions to intangible assets	9	(3,413,409)	-
Net cash utilized in investing activities		<u>(4,835,753)</u>	<u>(97,010)</u>
Cash flow from financing activities			
Proceeds from borrowings	10	63,310,399	30,424,557
Repayments during the year	10	(22,796,986)	(7,702,750)
Net changes in deferred charges		(269,042)	(343,082)
Due to related parties		50,029,884	(11,822,816)
Net cash generated from financing activities		<u>90,274,255</u>	<u>10,555,909</u>
Net increase in cash and cash equivalents		26,632,944	381,615
Cash and cash equivalents at beginning of year		11,223,550	10,841,935
Cash and cash equivalents at end of year	5	<u>37,856,494</u>	<u>11,223,550</u>

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