

## Directors' Report

For the period from 24 May 2016 to 31 December 2016

The Board of Directors of Taajeer Finance Lease Company (the "Company") take the pleasure in presenting the first report with first audited financial statements of the Company for the period from 24 May 2016 to 31 December 2016.

### Introduction

Taajeer Finance Lease Company (the "Company") is a Saudi Closed Joint Stock Company, registered in the Kingdom of Saudi Arabia under Commercial Registration number 4030289565, issued on 17 Sha'ban 1437H, (corresponding to 24 May 2016).

The Company's head office is located in Jeddah. The principal activity of the Company is to provide following finance business in the Kingdom of Saudi Arabia;

- a) Small and Medium Enterprises (SME) Financing
- b) Finance lease

In order to comply with the new finance regulations, the Company filed an application with Saudi Arabian Monetary Authority (SAMA) during 2014. On 29 Safar 1438H (corresponding to 29 November 2016), the Company received the license from SAMA to undertake finance leasing and small and medium enterprises (SME) financing in the Kingdom of Saudi Arabia under license number 46/AU/201611.

As per the Bye Laws of the Company, the first financial statements of the Company are prepared for the period from 24 May 2016, being date of the ministerial resolution, to 31 December 2016. The Company's first financial period commenced on the date of ministerial resolution and is upto 31 December 2016.

### Geographical Concentration

The Company operates within the Kingdom of Saudi Arabia through its head office in Jeddah and seven branches located in Riyadh, Dammam, Qatif, Al Hasa, Makkah, Jeddah and Abha. The Company has obtained license from SAMA for these branches.

### Business Segments

The Company is currently offering flexible products all compatible with Islamic Shari'ah to individuals and SME customers for both Private & Government Sectors in Kingdom of Saudi Arabia. Products offered by the Company mainly include passenger vehicle, commercial & light commercial vehicle, and plant & machinery. The target segment broadly covered by the Company includes trading, manufacturing, construction, contracting, hospitality, aviation, telecommunication, and road transport.

The Company has established strategic partnerships with many international sole distributors and local resellers for vehicle and plant & machinery (Japanese, Chinese, Korean, American, European brands).

### Financial Reporting Standards

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) as required by the Implementing Regulation of the Finance Companies Control Law, Regulations for Companies and the Company's bye-laws.

## Financial Overview

The Company has earned net loss of SAR 7,405,644 for the period from 24 May 2016 to 31 December 2016.

As at the date of these financial statements, the Company is yet to start its leasing operations. The first financial statements mainly represent (i) capital injection (ii) pre-operating expenses, (iii) capital expenditures, (iv) short term deposit invested in Islamic Money Market, (v) liabilities which is primarily consist of due to related parties and accrued & other liabilities. A significant portion of these financial liabilities is expected to be settled within 12 months from reporting date. The Company hold adequate liquid assets to pay off the liabilities as they fall due.

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

The financial statements are prepared under the historical cost convention and have been presented in Saudi Riyal, which is the functional and presentation currency of the Company.

## Shareholders Structure

The share capital of the Company is divided into 10,000,000 shares of SR 10 each. As at 31 December 2016, the share capital is owned as follows:

Shareholders	No. of shares of SR 10 each	Amount SAR
Taajeer Global Company Limited	100,000	1,000,000
Taajeer Gulf Company Limited	100,000	1,000,000
Taajeer International Company Limited	100,000	1,000,000
Taajeer National Company for Auto Maintenance and Integrated Service Limited	100,000	1,000,000
Al Ahdaf Al Mumaizah Company Limited	9,600,000	96,000,000
<b>Total</b>	<b>10,000,000</b>	<b>100,000,000</b>

## Zakat

The Company is subject to the Regulations of the General Authority of Zakat and Tax (GAZT) in the Kingdom of Saudi Arabia. The Company has not completed a twelve month fiscal period as at 31 December 2016, therefore, no zakat is payable by the Company. Accordingly, no provision for zakat has been made in these financial statements.

## Corporate Governance

The Company's Board of Directors (BOD), supported by its related committees (Credit and Risk Committee, Executive Committee, Remuneration Committee and Audit Committee) oversees the Company's strategy, risk management, reporting, policies & procedures, and internal control system.

The Company's board includes a number of pioneering businessmen and professional experts in trade and economics, whose achievements not only reflect on the remarkable success and development that the Company has achieved, based on highest quality standards. These achievements have earned them respect for their vision, and their true determination in supporting the development of society and the country. The Company's Board of Directors includes:

Dr. Saleh Jameel Saleh Malaikah	Chairman
Mr. Rashid Abdullah Al-Swaiket	Deputy Chairman
Mr. Omar Mohammed Hindi	Board Member
Mr. Abdulhameed Muhiddin Nazer	Board Member
Mr. Farooq Fuad Gholam	Board Member
Mr. Faisal Malaikah	Board Member
Mr. Turki Badeeb	Board Member

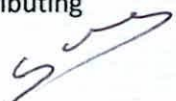
## Management Team

The Company strongly believes investing in quality human capital and delighted to have the following core team members hold sound skill and enormous experience in their respective field:

Mr. Abbas Mohammed Al-Nahdi	Chief Executive Officer
Mr. Alaa Eid Rostom	Head of Credit & Risk
Mr. Fareed Saeed Faqeeha	Head of Sales & Marketing
Mr. Fahd Ali Alwahdi	Head of Operations & Information Technology
Mr. Saad Mansour AbdulAtti	Head of Compliance, Anti-Money Laundering and Terrorism Financing
Mr. Khalid Yahya AlSharif	Head of Human Resource & Administration
Mr. Muhammad Javed Mughal	Head of Finance
Mr. Muawyah Alawad Ahmed	Head of Internal Audit

## Social Responsibility

As a part of the nation, we consider investments in society to be as important as any of our other investments. The Company derives its activities related to its social responsibility from its commitment to contributing towards a better future by caring for the local communities.

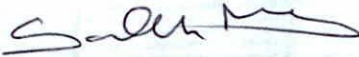


## Future Prospects

Taajeer brand name has achieved a strong position in the Kingdom of Saudi Arabia and is clearly attentive of market opportunities available in the Kingdom of Saudi Arabia.

The board takes this opportunity to express appreciation to the government of the Kingdom of Saudi Arabia, and specifically the SAMA, Capital Market Authority (CMA) and the Ministry of Commerce & Investment (MCI) for their continuing support to the industry. The board thanks all business partners of the Company including valued customers, vendors, distributors, resellers, shareholders and bankers for their valuable support during the year. The board also appreciate and recognize the efforts and contribution made by the employees at all levels.

For and on behalf of the Board of Directors  
Chairman



(Dr. Saleh Jameel Saleh Malaikah)



Jeddah, Kingdom of Saudi Arabia  
February 12, 2017 corresponding to 15 Jumada Al-Awwal 1438