ALDREES PETROLEUM AND TRANSPORT SERVICES COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2017
TOGETHER WITH AUDITORS' LIMITED REVIEW REPORT

Crowe Horwath
Al Azem & Al Sudairy
CPA's & Consultants
Member Crowe Horwath International

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REPORT ON REVIEW OF INTREM CONDENSED FINANCIAL INFORMATION

TO: THE SHAREHLDERS' OF
ALDREES PETROLEUM AND TRANSPORT SERVICES COMPANY
(A Saudi Joint Stock Company)
Riyadh - Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed statement of financial position of **ALDREES PETROLEUM ANDTRANSPORT SERVICES COMPANY (A Saudi Joint Stock Company)** as of March 31, 2017 and the related interim condensed statements of comprehensive income, changes in shareholders' equity, cash flows for the three months then ended at that date, and the notes from (1) to (16) which are an integral part of these interim condensed financial statements. These interim condensed financial statements are the responsibility of the Company's management in accordance with the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia and other regulations adopted by the Saudi Organization for Certified Public Accountants and presented fairly in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

We conducted our limited review in accordance with the International Standards on Review Engagement - 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with International Standards on Auditing adopted 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 and opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information does not present fairly, in all material respects the Company's interim condensed financial position as at 31 March 2017, and its interim condensed results of its operations and its interim condensed cash flows for the three months then ended at that date In accordance with IAS 34 "Interim Financial Reporting". In accordance with the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia and other regulations adopted by the Saudi Organization for Certified Public Accountants.

AlAzem & AlSudairy
Certified Public Accountants

العظم والسديري محاسبون ومراجعون قانونيون
Al Azem & Al Sudairy
Certified Public Accountants

Salman B. AlSudairy
License No. 283

Riyadh, Saudi Arabia
28 Rajab 1438 H (25 April 2017)

Aldrees Petroleum and Transport Services Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED FINANCIAL POSITION (UNAUDITED)

As at 31 March 2017

	Notes	31 March 2017 SR (Unaudited)	31 December 2016 "Restated" SR (Audited)	1 January 2016 "Restated" SR (Audited)
ASSETS				
NON CURRENT ASSETS				
Property and equipment, net		**867,541,612**	806,054,499	736,382,618
Deferred costs, net		**16,715,321**	17,037,628	21,410,177
Investment in joint ventures	4	**1,822,737**	1,822,737	500,000
TOTAL NON CURRENT ASSETS		**886,079,670**	824,914,864	758,292,795
CURRENT ASSETS				
Due from a related party	4	**3,619,985**	3,335,901	3,370,329
Other assets		**111,328,521**	89,424,888	34,458,964
Prepaid expenses		**210,892,014**	199,054,724	174,166,802
Inventories, net		**37,538,378**	43,966,932	29,194,000
Accrued income		**42,081,335**	38,414,690	19,367,313
Trade accounts receivable, net		**309,843,237**	303,532,002	208,444,401
Banks balances		**51,005,998**	38,602,469	18,300,184
TOTAL CURRENT ASSETS		**766,309,468**	716,331,606	487,301,993
TOTAL ASSETS		**1,652,389,138**	1,541,246,470	1,245,594,788
SHAREHOLDERS' EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY				
Share capital	6	**500,000,000**	400,000,000	400,000,000
Statutory reserve		**92,513,948**	92,513,948	83,411,669
Retained earnings		**14,393,293**	141,211,548	142,561,563
TOTAL SHAREHOLDERS' EQUITY		**606,907,241**	633,725,496	625,973,232
LIABILITIES				
NON CURRENT LIABILITES				
Long term loans	5	**22,814,251**	34,241,049	81,380,560
Employees' end of service indemnities		**52,366,706**	55,302,247	52,493,375
TOTAL NON CURRENT LIABILITIES		**75,180,957**	89,543,296	133,873,935
CURRENT LIABILITIES				
Zakat payable	8	**3,302,599**	5,504,370	4,217,815
Accrued expenses and other liabilities		**201,242,948**	187,802,019	136,101,317
Due to a related party	4	-	4,279,772	1,577,694
Trade payables		**260,413,774**	351,261,204	152,022,886
Current portion of long term loans	5	**56,341,619**	60,959,296	66,827,909
Short term loans	5	**449,000,000**	208,171,017	125,000,000
TOTAL CURRENT LIABILITIES		**970,300,940**	817,977,678	485,747,621
TOTAL LIABILITIES		**1,045,481,897**	907,520,974	619,621,556
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,652,389,138**	1,541,246,470	1,245,594,788

The accompany from (1) to (16) are integrated part of these interim condensed financial statements.

Aldrees Petroleum and Transport Services Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2017
(All amounts in Saudi Riyals)

	Note	*For the three month period ended 31 March 2017*	*For the three month period ended 31 March 2016"Restated"*
Revenue		**840,391,137**	843,725,889
Cost of revenue		**(797,886,767)**	(786,105,557)
GROSS PROFIT		**42,504,370**	57,620,332
EXPENSES			
Selling and marketing		**(1,653,042)**	(1,875,051)
General and administration		**(23,394,102)**	(24,500,990)
INCOME FROM OPERATIONS		**17,457,226**	31,244,291
Financial charges		**(2,993,407)**	(2,595,772)
Other income, net		**567,926**	330,596
INCOME BEFORE ZAKAT		**15,031,745**	28,979,115
Zakat estimate		**(450,000)**	(1,200,000)
NET INCOME FOR THE PERIOD		**14,581,745**	27,779,115
OTHER COMPREHENSIVE INCOME:			
Unrealized gains on valuation of investments through other comprehensive income		**-**	-
NET COMPREHENSIVE INCOME		**14,581,745**	27,779,115
Earnings per share from:			
Income from operations	9	**0,35**	0,78
Net income	9	**0,29**	0,69

The accompany from (1) to (16) are integrated part of these interim condensed financial statements.

Aldrees Petroleum and Transport Services Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF SHAREHOLDERS' EQUITY (UNAUDITED)
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2017
(All amounts in Saudi Riyals)

	Share Capital	*Statutory reserve*	*Retained earnings*	*Total*
Balance at 1January 2016	400,000,000	83,411,669	159,582,817	642,994,486
Effect of changes in accounting policies (note 13)	-	-	(17,021,254)	(17,021,254)
Balance at 1 January 2016 after restatement	**400,000,000**	**83,411,669**	**142,561,563**	**625,973,232**
Dividends (note 7)	-	-	(80,000,000)	(80,000,000)
Board of directors' remunerations (note 7)	-	-	(1,400,000)	(1,400,000)
Net income for the period	-	-	27,779,115	27,779,115
Balance at 31 March 2016 after restatement	**400,000,000**	**83,411,669**	**88,940,678**	**572,352,347**
Balance at 1January 2017	400,000,000	92,513,948	141,211,548	633,725,496
Transfer to capital (note 6)	100,000,000	-	(100,000,000)	-
Dividends (note 7)	-	-	(40,000,000)	(40,000,000)
Board of directors' remunerations (note 7)	-	-	(1,400,000)	(1,400,000)
Net income for the period	-	-	14,581,745	14,581,745
Balance at 31 March 2017	**500,000,000**	**92,513,948**	**14,393,293**	**606,907,241**

The accompany from (1) to (16) are integrated part of these interim condensed financial statements.

Aldrees Petroleum and Transport Services Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2017
(All amounts in Saudi Riyals)

	For the three month period ended 31 March 2017	*For the three month period ended 31 March 2016"Restated"*
OPERATING ACTIVITIES		
Income before zakat	**15,031,745**	28,979,115
Adjustment for:		
Depreciation	**18,506,929**	16,481,329
Amortization of deferred costs	**1,472,307**	1,612,565
(Gain) Loss on sale of property and equipment	**(52,884)**	469,891
Provision for employees' end-of-service indemnities	**1,852,806**	2,303,841
	36,810,903	49,846,741
Changes in operating assets and liabilities:		
Trade accounts receivable, net	**(6,311,235)**	(64,353,049)
Accrued income	**(3,666,645)**	(16,279,960)
Prepaid expenses	**(11,837,290)**	(36,768,190)
Other assets	**(22,187,717)**	(9,064,640)
Inventories, net	**6,428,554**	(8,766,959)
Trade payables	**(95,127,202)**	90,436,434
Accrued expenses and other liabilities	**13,440,929**	16,946,934
Cash (used in) from operations	**(82,449,703)**	21,997,311
Employees' end-of-service indemnities paid	**(4,788,347)**	(1,482,043)
Zakat paid	**(2,651,771)**	(33,755)
Net cash (used in) from operating activities	**(89,889,821)**	20,481,513
INVESTING ACTIVITIES		
Deferred costs	**(1,150,000)**	(450,000)
Purchase of property and equipment	**(80,353,658)**	(23,951,241)
Proceeds from sale of property and equipment	**412,500**	456,371
Net cash used in investing activities	**(81,091,158)**	(23,944,870)
FINANCING ACTIVITIES		
Proceeds from short term loans	**1,133,805,000**	474,000,000
Repayment of short term loans	**(892,976,017)**	(359,000,000)
Repayment of long term loans	**(16,044,475)**	(18,166,314)
Dividends paid	**(40,000,000)**	(80,000,000)
Board of directors' remunerations	**(1,400,000)**	(1,400,000)
Net cash from financing activities	**183,384,508**	15,433,686
CHANGE IN BANKS BALANCES	**12,403,529**	11,970,329
Banks balances, at 1 January	**38,602,469**	18,300,184
BANKS BALANCES, AT 31 MARCH	**51,005,998**	30,270,513

The accompany from (1) to (16) are integrated part of these interim condensed financial statements.

1) ORGANISATION AND ACTIVITIES

Aldrees Petroleum and Transport Services Company (the "Company") is a Saudi Joint Stock Company registered in Riyadh, the Kingdom of Saudi Arabia under commercial registration number 1010002475 issued in Riyadh on 13 Rabi Al-Thani 1382H (corresponding to 12 September 1962).

The Company's objectives, as per its commercial registration, include retail and wholesale trading of fuel, lubricants, catering services and the transportation of goods using highways in the Kingdom of Saudi Arabia in accordance with license number 10111012400, establishment of vehicle workshops and car washes and acquisition of land to construct buildings for sale or lease for the interest of the Company and construction, managing, operating and renting take away centres for hot and cold beverages and food.

2) BASIS OF PREPARATION

(a) Statement of compliance:

The interim condensed financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as approved by the Saudi Organization for Certified Public Accountants, which became effective in Saudi Arabia on January 1, 2017. These statements are the first financial statements to be prepared in accordance with international standards (IFRS). IFRS 1, "Adoption of International Financial Reporting Standards for the First Time", has been applied in the preparation of these condensed interim financial statements and date of the Company's transition to IFRS on 1 January 2016.

The last annual financial statements for the year ended 31 December 2016 have been prepared for the Company in accordance with the generally accepted accounting standards issued by the Saudi Organization for Certified Public Accountants. Due to the preparation of the first concise interim financial statements in accordance with IAS 34, the Company has included additional disclosures to enable the users of the financial statements to understand the impact of the transition to IFRSs on previously reported annual figures as well as interim condensed figures.

The Capital Market Authority issued the decision of the Board of Commissioners on 15 Muharram 1438H (16 October 2016) to require listed companies to apply the cost model when measuring the assets of property and equipment, investment properties and intangible assets when adopting the IFRS for a period of 3 years begin from the date of adoption of the International Financial Reporting Standards And continue to comply with the requirements for disclosure of IFRS adopted in the Kingdom of Saudi Arabia, which require disclosure of fair value.

(b) Basis of measurement:

The financial statements have been prepared on the historical cost basis using the accrual basis of accounting except for the financial assets and liabilities.

(c) Functional and presentation currency:

The financial statements are presented in Saudi Riyal, which is the Company's functional currency.

(d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In particular, information about significant areas of estimation uncertainties and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is summarized as follows:

- Management periodically reassesses the economic useful lives of tangible assets and intangible assets based on the general condition of these assets and the expectation for their useful economic lives in the future.

- Estimated useful lives of intangible assets for the privilege of providing services is from the period when the company will be able to charge for use of the public infrastructure to the end of the concession period.

- Management frequently reviews the lawsuits raised against the company based on a legal study prepared by the company's legal advisors. This study highlights potential risks that the company may incurred in the future.

- A provision for doubtful debts is taken on the basis and estimates approved by management in conformity with International Financial Reporting Standards (IFRS).

- Management estimates the provision to decrease inventory to net realizable value if the cost of inventory may not be recoverable, damaged, wholly or partially obsolete, and it selling price to fall below cost or any other factors that causes the recoverable amount to be lower than its carrying amount.

- Management estimates the recoverable amount of the other financial assets to determine whether there was any impairment in its value.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Fair value measurement

- Fair value represents the amount may be collected from the asset sale or a boost to convert commitment between knowledgeable parties on the same terms and dealing with others and depends on the fair value measurement of the following conditions:

- In the principal market for the asset or liability, or
  the most advantageous market for the asset or liability in the absence of a principal market the company should be able to handle through the most advantageous market.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

- The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

- Management believes that its estimates and judgments are reasonable and adequate.

3) Significant Accounting Policies

The Company has adopted the International Financial Reporting Standards in the preparation of the financial statements as of 31 March 2017 in accordance with the instructions of the Saudi Organization for Certified Public Accountants. The mandatory implementation of International Financial Reporting Standards is effective from 1 January 2017.

The accounting policies used in the preparation of interim condensed financial statements for the period ended March 31, 2017 is the International Accounting Standard 34 "Interim Financial Reporting" as approved by the Saudi Organization for Certified Public Accountants, which came into force in Saudi Arabia on January 1, 2017. was applied international standard requirements for the preparation of IFRS 1 "adoption of international standards for the preparation of financial reports for the first time" when preparing these interim condensed financial statements and is the date of the Company's transition to international standards for financial reporting (IFRS) on 1 January 2016. and The following is a statement of significant accounting policies adopted:

(a) Financial instruments

(i) Non-derivative financial assets

The Company initially recognizes loans and receivables on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in active markets. Such assets are recognized initially at fair value, plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date.

Non-derivative financial liabilities

Financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: Trade and other payables, dividends payables, accruals, due to related parties.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

(ii) Share capital – ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity.

(b) Property and equipment

(i) *Recognition and measurement*

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset, and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property and equipment have different useful lives, they are accounted for as items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net within "other expense" in the statement of comprehensive income.

(ii) *Subsequent costs*

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in statement of comprehensive income as incurred.

(iii) *Depreciation*

Items of property and equipment are depreciated on a straight-line basis in statement of income over the estimated useful lives of each component. Land is not depreciated.

Items of property and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Leasehold improvements are amortized over the shorter of the estimated useful life or term of the lease.

The depreciations rate of property and equipment for the current and previous year are as follows:

	Depreciation rate
Buildings	3
Leasehold improvements	Shorter of lease term or useful life
Machinery and equipment	10
Furniture & fixture	10
Trucks	7,14 with 20% Scrap value
Vehicles	15-25
Computers	12,5-25
Tools	12-20

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

(c) Projects under construction

Projects under construction are carried at cost, and when the project is ready for use, it is transferred to its own item of property and equipment.

(d) Revenue recognition

Revenue from sales is recognized when the goods are delivered and the services rendered to the customers. Revenue from the sale of the goods is recognized when all of the following conditions are met:

- The significant risks and rewards of ownership have been transferred to the customer.
- the Company no longer retains the ownership of the goods as an ongoing administrative intervention There is no continuing management involvement with the goods.
- The economic benefits associated with the sale are likely to flow.
- The associated costs and possible return of goods can be estimated reliably.

Rental income is recognized on a straight line basis over the term of the lease, And other income is recognized when earned.

(e) Accounts receivable

Accounts receivable are stated at original invoice amount less appropriate allowance for any doubtful trade accounts receivable, An estimate for allowance for doubtful trade accounts receivable is made when collection of the full amount is doubtful, Bad debts are written off as incurred.

(f) Accrued income

Accrued income comprise of revenue earned for services provided and goods delivered but not yet billed as at the financial position date.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is determined based on the weighted average principle, and includes expenditure incurred in acquiring the inventories.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Offsetting

Financial liabilities are set off against financial assets, and the net amount is shown in the consolidated financial position only when the obliging legal rights are available and when settled on net basis or the realization of assets or settlement of liabilities is done at the same time.

(i) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(j) Prepaid expenses

Prepaid expenses represent amounts paid in advance for renting petrol stations, offices, employees housing and other services, Prepaid expenses are amortized, using the straight line method, over the period of the related contracts.

(k) Deferred costs

Deferred costs represent key money paid for renting new petrol stations in the Kingdom of Saudi Arabia, Deferred costs are amortized, using the straight line method, over the period of the contracts.

(l) Investment in jointly controlled entity

A joint venture is contractual arrangements whereby the Company and other parties undertake an economic activity that is subject to joint control, i,e the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control, Joint venture arrangements that involve the establishment of a separate entity in which each party has an interest are referred to as "jointly controlled entities", The Company applies the equity method of accounting for its interests in jointly controlled entities.

Under the equity method, the interest in the jointly controlled entity is carried in the financial position at cost as adjusted by post-incorporation changes in the Company's share of the net assets of the jointly controlled entity, less any impairment in the value of individual investment.

(m) Trade payable and accrued expenses

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the suppliers or not.

(n) Unearned revenue

Unearned revenue represents advances received against prepaid petrol cards issued by the Company that have not been utilized by customers at the financial position date and unearned rental income received in advance.

(o) Zakat

Zakat is provided on accrual basis in accordance with the Regulations of the General Authority for Zakat and Income ("DZIT") in the Kingdom of Saudi Arabia, The zakat provision is charged to the statement of income, Any differences resulting from the final assessments are recorded in the year of their finalization.

(p) Employees' end of service indemnities

Provision for employees 'end of service benefits is deducted from their periods of service at the interim condensed financial position date. Provision for employees' end of service benefits is made according to the expected unit method in accordance with IAS 19 Employee Benefits, taking into account Saudi Labor Law. The provision is recognized based on the present value of the defined benefit obligation.

The present value of the defined benefit obligation is calculated using assumptions for the average annual salary increase ratio, the average work period of employees and an appropriate discount rate. The probabilities used are calculated on a constant basis for each period and reflect the best management estimates. The discount rate is determined based on the best available market returns estimates available at the reporting date.

Changes in accounting policies due to revision of IAS 19

The amendments to IAS 19 resulted in changes in accounting for defined benefit plans and end of service benefits. The material changes are related to the accounting changes in the defined plan's commitments and assets. The amendments require recognition of changes in the specific liability for fair value and recognition and recognition of all accounting gains and losses directly through comprehensive income in order to reflect the net recognized asset or liability of the company in the statement of financial position.

Accordingly, the provision for end of service indemnity has been adjusted retroactively to SR 17,021,254.

The actuarial valuation was performed by Al Khwarizmi for Actuarial Services and was carried out using the expected credit module.

The main assumptions used for actuarial valuation were as follows:

Employee turn over	Slow
Increase salary	4%
Discount rate of cash flow	3.5%

(q) Statutory reserve

As required by Saudi Arabian Regulations for Companies, 10% of the income for the year should be transferred to the statutory reserve, The Company may resolve to discontinue such transfers when the total reserve equals 30% of the capital, The reserve is not available for dividend distribution.

(r) Finance income and finance costs

Finance income comprises interest income from deposits at banks. Interest income is recognized as it accrues, using the effective interest method.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

(s) Foreign currency transactions

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. At financial position date, monetary assets and liabilities denominated in foreign currencies are translated to Saudi Riyals at the exchange rates prevailing on that date. Gains and losses arising on settlement and translation of foreign currency transactions are recognized in the statement of income.

(t) Impairment

(i) *Financial assets*

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event had an impact on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against loans and receivable. interest on the impaired asset continues to be recognized . when an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) *Non-financial assets*

The carrying amounts of the Company's non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU"). The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(u) Expenses

Expenses incurred by the Company consist of administrative and general expenses, operating expenses and selling and marketing expenses. Sales costs are charged at full cost of materials, direct labor and indirect costs. Other direct and indirect expenses relating to management that are not related to the production function are classified as administrative and general expenses. Joint expenses are distributed, if necessary, between administrative and general expenses and operating expenses on a consistent basis. The accrual principle is applied in charging the financial period with administrative and general expenses. Sales and marketing expenses consist mainly of costs incurred in marketing the Company's products and services.

(v) Operating lease payments / received

Lease incentives received are recognized in the statement of profit or loss and other comprehensive income as an integral part of the total lease expenses. Payments made under operating leases are recognized in the statement of profit or loss and other comprehensive income on a straight-line basis over the term of the lease. Increase in rent, which is considered to be due to inflation, is regarded as contingent rent and is recognized in the year in which they occur. Difference between rentals on the straight-line basis and contracted rentals are recognized as "accrued lease rentals" as an asset or a liability, as the case may be.

(w) Segmental reporting

A segment is a distinguishable component of the Company that is engaged either in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments, Because the Group carries out its activities entirely in the Kingdom of Saudi Arabia, reporting is provided by business segment only.

(x) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards, amendments and improvements to standards and interpretations are effective for annual periods beginning on or after January 1, 2016, and have not been applied in preparing these financial statements. Management is still in the process of assessing the potential impacts of the application of the new standards. As set out below.

New standards

- IFRS 9 Financial Instruments (effective from 1 January 2018).
- IFRS 15 Revenue from Contracts with Customers (effective from 1 January 2018).
- IFRS 16 Leases (effective from 1 January 2019).

Amendments

- IFRS 2 Classification and Measurement of Share-Based Payments (effective from 1 January 2018 with early application permitted).
- IFRS 10 and IAS 28 Sale or Contribution to Assets discloses to investors in associates or joint ventures.
- IAS 40, "Interpretation of Transfers of Assets to and from Consumer Property" (effective from 1 January 2018).

Improvements

- Annual Improvements to IFRS 2014–2016 cycle, And amendments in (IFRS 1) (effective 1 January 2018).

The Company expects to apply the above standards and interpretations (improvements) in the financial statements by the date stated in the Standard with no significant impact on the Company's financial statements.

4) INVESTMENT IN JOINT VENTURES

On 21 Sha'aban 1434 (corresponding to 30 June 2013), the Company has signed a joint venture (JV) agreement with Bertschi AG, an entity incorporated in Switzerland, to establish a jointly controlled entity to provide logistic services. During the period ended 22 March 2015, the Company and co-venture have made a contribution of SR 500,000 each towards the establishment of the jointly controlled entity.

The apparent balance in the interim condensed financial position for the period ended March 31, 2017 with an amount of SR 3,619,985 (31 December 2016 : 3,335,901) for Bertschi AG, the Swiss company.

The following is the movement in the investments account.

	Bertschi AG *As of 31 March 2017* *SR*	*Total* *As of 31 December 2016* *"Restated" SR*
At the beginning of the period	**1,822,737**	500,000
Share in losses of joint venture	-	1,322,737
At end of period	**1,822,737**	1,822,737

5) LOANS

In the normal course of business, the Company has obtained Islamic long term and short term facilities from various local commercial banks amounting to SR 1,825 million (2016: SR 1,725 million). These facilities include advances in the current account, short term and long term Tawarruq loans, notes payable, letters of guarantee against the advance payments and contracts performance. The Company has unutilized facilities amounting to SR 863,8 million (2016: SR 705 million). The following is the details of outstanding balance as of 31March:

a) Short term loans outstanding amounted to SR 449,000,000 (31 December 2016: SR 208,171,017).
b) Long term loans consist of the following:

Bank	Type of facilities	Facility amount in SR		Utilized amount in SR		Outstanding Balance in SR		Purpose	Repayment frequency	Repayment	
		As of 31 March 2017	As of 31 December 2016 "Restated"	As of 31 March 2017	As of 31 December 2016 "Restated"	As of 31 March 2017	As of 31 December 2016 "Restated"			Starting date	Ending date
Riyad	Revolving long term tawarruq loan	**120,000,000**	120,000,000	-	73,532,000	-	803,107	Finance the operations	Monthly	31 March 2009	29 March 2017
Samba Financial Group	Revolving Long term tawarruq loan	**100,000,000**	100,000,000	-	45,352,500	**9,586,094**	12,420,625	Finance the working capital and acquisition of property and equipment	Quarterly	29 December 2013	17 June 2018
Al Bilad Bank	Revolving long term tawarruq loan	**150,000,000**	97,000,000	-	97,000,000	**69,569,776**	81,976,613	Acquisition of trucks and fuel stations	Monthly	4 July 2012	26 March 2019
		370,000,000	317,000,000	-	215,884,500	**79,155,870**	95,200,345				

The above facilities bear finance charges at SIBOR plus agreed margins and are secured by promissory notes issued by the Company. Certain of the above facilities are also secured by assignment of contracts proceeds.

The loan agreements referred to above includes financial covenants relating to current ratio, liabilities to total equity ratio, net gearing ratio, debt service coverage ratio and total interim condensed shareholders' equity.

6) SHARE CAPITAL

The Company's share capital at 31 March 2017 amounted to SR 500 million (31 December 2016: SR 400 million) consisting of 31 March 2017 50 million (31 December 2016: 40 million) fully paid and issued share of SR 10 each.

7) DIVIDENDS AND BOARD OF DIRECTORS' REMUNERATIONS

The general assembly in its meeting on 13 Jumada al-Thani 1438H (corresponding to 12 March 2017) has approved to distribute cash dividends amounting to SR 40 million representing SR 1 per share representing 10% of the Company's share capital before increase and to disburse remunerations for the Company's Board of Directors amounting to SR 1.4 million.

8) PROVISION FOR ZAKAT

Status of assessment
The Company has filed its zakat declaration for all years up to 31 December 2016. The assessments have been finalized with the General Authority of Zakat and Income Tax (the "DZIT") for all years up to 31 December 2007. The DZIT has raised an assessment amounting to SR 10.7 million for the years ended 31 December 2008,2009 and 2010. The Company has contested against the assessment with the DZIT. The management believes that the final outcome of the assessment will be in the company favour, which comply with the zakat advisory opinion, and accordingly, the Company has not provided for any potential additional liability, which might arise from the assessment and also from potential assessment of open years in these financial statements. The assessments for the years ended 31 December 2011 to 2016 have not been raised by the DZIT, as yet.

9) EARNINGS PER SHARE

Earnings per share attributable to income from operations and net income was calculated by dividing income from operations and net income for the period by the weighted average number of outstanding shares of 50 million as of 31 March 2017.
The number of shares have been retrospectively adjusted for the prior period to reflect the effect of the bonus share issue.

10) COMMITMENTS AND CONTINGENCIES

a) At 31 March 2017, the Company has outstanding contingent liabilities in the form of letters of guarantee amounting to SR 568.8 million (2016: SR 712.2 million).

   In addition, the company has capital commitments as of 31 March 2017 amounting to SR 117.5 million (31 December 2016: SR 134.4 million).

b) The expenses under operating leases for the period ended 31March 2017 amounting to SR 61.5 million (31 December 2016: SR 53.6 million) and included in the cost of revenues.

   The Company has commitment under the related operating lease as follows:

	2017	*2016*
	SR	*SR "Restated"*
Within one year	**152,770,420**	149,816,420
More than one year	**1,389,341,318**	1,131,710,318
	1,542,111,738	1,281,526,738

11) SEGMENTAL INFORMATION

Since the Company carries out its activities entirely in the Kingdom of Saudi Arabia, reporting is provided by business segment only. The Company has determined its business segments on the basis of type of goods supplied and services rendered by the Company's business segments and reported to the Company's executive management for the purposes of resource allocation and assessment of segment performance.

Transactions between the business segments are based on an arm length basis. For executive management purposes, the Company is organized in the following business segments:

- Petroleum Service Segment
- Transport Services Segment

The selected segment information is provided by business segments as follows:

	Petroleum service	*Transport Services*	*Intercompany eliminations*	*Total*
	SR	*SR*	*SR*	*SR*
As of 31March 2017				
Total assets	**1,035,011,891**	**687,830,408**	**(70,453,161)**	**1,652,389,138**
Total liabilities	**712,133,913**	**403,801,145**	**(70,453,161)**	**1,045,481,897**
Revenue	**806,995,201**	**51,905,473**	**(18,509,537)**	**840,391,137**
Gross profit	**32,739,407**	**9,764,963**	-	**42,504,370**
Depreciation and amortization	**8,514,567**	**11,464,669**	-	**19,979,236**
Income from operations	**17,443,292**	**13,934**	-	**17,457,226**
Net income	**15,527,764**	**(946,019)**	-	**14,581,745**
Deferred cost additions	**1,150,000**	-	-	**1,150,000**
Capital expenditure additions	**62,014,817**	**18,338,841**	-	**80,353,658**
As of 31March 2016 "Restated"				
Total assets	877,306,232	626,416,685	(105,543,917)	1,398,179,000
Total liabilities	589,852,701	341,517,869	(105,543,917)	825,826,653
Revenue	794,795,768	69,504,825	(20,574,704)	843,725,889
Gross profit	36,197,964	21,422,368	-	57,620,332
Depreciation and amortization	6,844,922	11,248,972	-	18,093,894
Income from operations	20,529,291	10,715,000	-	31,244,291
Net income	18,662,415	9,116,700	-	27,779,115
Deferred cost additions	450,000	-	-	450,000
Capital expenditure additions	20,213,006	3,738,235	-	23,951,241

12) FINANCIAL RISK MANAGEMENT

The company has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Commission rate risk

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital.

Risk management framework

The management has overall responsibility for the establishment and oversight of company's risk management framework.

The company's risk management policies are established to identify and analyses the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

The company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss, The Company's policy is that all customers who wish to trade on credit terms are subject to credit worthiness evaluation process, Financial instruments that expose the Company to concentrations of credit risk consist primarily of accounts receivable, The Company places its bank balances with a number of financial institutions with sound credit ratings and has a policy of limiting its balances deposited with each institution, The Company does not believe that there is a significant risk of non-performance by these financial institutions, The Company does not consider itself exposed to a concentration of credit risk with respect to accounts receivable due to its diverse customer base operating in various industries and located in many regions.

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the financial position date was as follows:

In Saudi Riyal	**Requested value**	
	As of March 31, 2017	As of December 31,2016"Restated"
Trade accounts receivable, net	**309,843,237**	303,532,002
Cash at banks	**51,005,998**	38,602,469
Accrued income	**42,081,335**	38,414,690
Other assets	**111,328,521**	89,424,888
Due from related parties	**3,619,985**	3,335,901
	517,879,076	473,309,950

Liquidity risk

It is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments, Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value, The Company manages its liquidity risk by ensuring that Islamic bank facilities are available. The terms and conditions of the facilities are disclosed in note 5, The Company's terms of sales require amounts to be paid either on cash on delivery or on terms basis, Trade payables are normally settled within 60 days of the date of purchase.

The following are the contracted maturities of financial liabilities, including estimated interest payments:

March 31, 2017

In Saudi Riyal	Carrying Amount	Contractual Cash Flows	Less than a year	More than a year
Loans	528,155,870	(528,155,870)	(505,341,619)	(22,814,251)
Trade payables	260,413,774	(260,413,774)	(260,413,774)	-
Accrued expenses and other liabilities	201,242,948	(201,242,948)	(201,242,948)	-
Zakat payable	3,302,599	(3,302,599)	(3,302,599)	-
Employees' end of service indemnities	52,366,706	(52,366,706)	-	(52,366,706)
	1,045,481,897	**(1,045,481,897)**	**(970,300,940)**	**(75,180,957)**

December 31, 2016
"Restated"

In Saudi Riyal	Carrying Amount	Contractual Cash Flows	Less than a year	More than a year
Loans	303,371,362	(303,371,362)	(269,130,313)	(34,241,049)
Trade payables	351,261,204	(351,261,204)	(351,261,204)	-
Due to related party	4,279,772	(4,279,772)	(4,279,772)	-
Accrued expenses and other liabilities	187,802,019	(187,802,019)	(187,802,019)	-
Zakat payable	5,504,370	(5,504,370)	(5,504,370)	-
Employees' end of service indemnities	55,302,247	(55,302,247)	-	(55,302,247)
	907,520,974	**(907,520,974)**	**(817,977,678)**	**(89,543,296)**

Commission rate risk
Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the prevailing market commission rates. The Company is subject to commission rate risk on its commission bearing Islamic short term and long term facilities.

Currency risk
It is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Management monitors fluctuations in foreign currency exchange rates, and believes that the Company is not exposed to significant currency risk since the Company did not undertake significant transactions in currencies other than Saudi Riyal and US Dollars. The Saudi Riyal is pegged to the US Dollar, accordingly, balances and transactions in US Dollars are not considered to represent significant currency risk.

13) EFFECT OF APPLYING IFRS TO PREPARE FINANCIAL STATEMENTS

The Company has adopted the International Financial Reporting Standards in the preparation of the interim condensed financial statements as at 31 March 2017 as per the instructions of the Saudi Organization for Certified Public Accountants. The mandatory application of the International Financial Reporting Standards on 1 January 2017.

The Company has amended the interim condensed financial statements as a result of changes in accounting policies. The restatement is consistent with IAS 1 Presentation of Financial Statements:

13) IMPACT OF ADOPTION OF INTERNATIONAL FINANCHIAL REPORTING STANDARDS

13-1 Effects of IFRS adoption on the opening statement of financial position as at 1 January 2016

	Amounts previously reported (SOCPA) SR	*Effect of transition to IFRS* SR	*Opening IFRS statement of financial position* SR
ASSETS			
NON CURRENT ASSETS			
Property and equipment, net	736,382,618	-	736,382,618
Deferred costs, net	21,410,177	-	21,410,177
Investment in joint ventures	500,000	-	500,000
TOTAL NON CURRENT ASSETS	**758,292,795**	-	**758,292,795**
CURRENT ASSETS			
Due from a related party	3,370,329	-	3,370,329
Other assets	47,784,525	(13,325,561)	34,458,964
Prepaid expenses	174,166,802	-	174,166,802
Inventories, net	29,194,000	-	29,194,000
Accrued income	19,367,313	-	19,367,313
Trade accounts receivable, net	208,444,401	-	208,444,401
Banks balances	18,300,184	-	18,300,184
TOTAL CURRENT ASSETS	**500,627,554**	**(13,325,561)**	**487,301,993**
TOTAL ASSETS	**1,258,920,349**	**(13,325,561)**	**1,245,594,788**
SHAREHOLDERS' EQUITY			
Share capital	400,000,000	-	400,000,000
Statutory reserve	83,411,669	-	83,411,669
Retained earnings	159,582,817	(17,021,254)	142,561,563
TOTAL SHAREHOLDERS' EQUITY	642,994,486	(17,021,254)	625,973,232
LIABILITIES			
NON CURRENT LIABILITES			
Long term loans	81,380,560	-	81,380,560
Employees' end of service indemnities	48,797,682	3,695,693	52,493,375
TOTAL NON CURRENT LIABILITIES	**130,178,342**	**3,695,693**	**133,873,935**
CURRENT LIABILITIES			
Zakat payable	4,217,815	-	4,217,815
Accrued expenses and other liabilities	136,101,317	-	136,101,317
Due to a related party	1,577,694	-	1,577,694
Trade payables	152,022,886	-	152,022,886
Current portion of long term loans	66,827,909	-	66,827,909
Short term loans	125,000,000	-	125,000,000
TOTAL CURRENT LIABILITIES	**485,747,621**	-	**485,747,621**
TOTAL LIABILITIES	**615,925,863**	**3,695,693**	**619,621,556**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**1,258,920,349**	**(13,325,561)**	**1,245,594,788**

13-2 Reconciliation on the statement of shareholders' equity as at 1 January 2016

	As at 1 Jan 2016 *SR*
Total equity under SOCPA	**642,994,486**
Actuarial value of end of service benefits	(17,021,254)
Total adjustment to equity	**(17,021,254)**
Total equity under IFRS	**625,973,232**

13-3 Effects of IFRS adoption on the statement of financial position as at 31 March 2016

	Amounts previously reported (SOCPA) *SR*	*Effect of transition to IFRS* *SR*	*Opening IFRS statement of financial position* *SR*
ASSETS			
NON CURRENT ASSETS			
Property and equipment, net	742,926,268	-	742,926,268
Deferred costs, net	20,247,612	-	20,247,612
Investment in joint ventures	500,000	-	500,000
TOTAL NON CURRENT ASSETS	**763,673,880**	-	**763,673,880**
CURRENT ASSETS			
Due from a related party	3,651,815	-	3,651,815
Other assets	57,369,871	(14,127,753)	43,242,118
Prepaid expenses	210,934,992	-	210,934,992
Inventories, net	37,960,959	-	37,960,959
Accrued income	35,647,273	-	35,647,273
Trade accounts receivable, net	272,797,450	-	272,797,450
Banks balances	30,270,513	-	30,270,513
TOTAL CURRENT ASSETS	**648,632,873**	**(14,127,753)**	**634,505,120**
TOTAL ASSETS	**1,412,306,753**	**(14,127,753)**	**1,398,179,000**
SHAREHOLDERS' EQUITY			
Share capital	400,000,000	-	400,000,000
Statutory reserve	83,411,669	-	83,411,669
Retained earnings	106,429,564	(17,488,886)	88,940,678
TOTAL SHAREHOLDERS' EQUITY	589,841,233	(17,488,886)	572,352,347
LIABILITIES			
NON CURRENT LIABILITES			
Long term loans	67,048,481	-	67,048,481
Employees' end of service indemnities	49,954,040	3,361,133	53,315,173
TOTAL NON CURRENT LIABILITIES	**117,002,521**	**3,361,133**	**120,363,654**
CURRENT LIABILITIES			
Zakat payable	5,384,059	-	5,384,059
Accrued expenses and other liabilities	153,048,251	-	153,048,251
Trade payables	244,037,014	-	244,037,014
Current portion of long term loans	62,993,675	-	62,993,675
Short term loans	240,000,000	-	240,000,000
TOTAL CURRENT LIABILITIES	**705,462,999**	-	**705,462,999**
TOTAL LIABILITIES	**822,465,520**	3,361,133	**825,826,653**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**1,412,306,753**	(14,127,753)	**1,398,179,000**

13-4 Effects of IFRS adoption on the statement of comprehensive income for the three month period ended 31 March 2016

	Amounts previously reported (SOCPA) SR	*Effect of transition to IFRS* SR	*Opening IFRS statement of comprehensive income* SR
Revenue	843,725,889	-	843,725,889
Cost of sales	(785,803,270)	(302,287)	(786,105,557)
Gross profit	**57,922,619**	**(302,287)**	**57,620,332**
Expenses			
Selling and marketing	(1,875,051)	-	(1,875,051)
General and administration	(24,335,645)	(165,345)	(24,500,990)
Income from operations	**31,711,923**	**(467,632)**	**31,244,291**
Financial charges	(2,595,772)	-	(2,595,772)
Other income, net	330,596	-	330,596
Income before zakat	**29,446,747**	**(467,632)**	**28,979,115**
Zakat estimate	(1,200,000)	-	(1,200,000)
Net income for the period	**28,246,747**	**(467,632)**	**27,779,115**
Other comprehensive income:			
Unrealized gains on valuation of investments through other comprehensive income	-	-	-
Net comprehensive income	**28,246,747**	**(467,632)**	**27,779,115**

13-5 Effects of IFRS adoption on the statement of change of shareholders' equity for the three month period ended 31 March 2016

	Opening IFRS statement of shareholders' equity SR
Total equity under SOCPA	**589,841,233**
Actuarial value of end of service benefits	(17,488,886)
Total adjustment to equity	**(17,488,886)**
Total equity under IFRS	**572,352,347**

13-6 Effects of IFRS adoption on the statement of financial position as at 31 December 2016

	Amounts previously reported (SOCPA) SR	*Effect of transition to IFRS* SR	*Opening IFRS statement of financial position* SR
ASSETS			
NON CURRENT ASSETS			
Property and equipment, net	806,054,499	-	806,054,499
Deferred costs, net	17,037,628	-	17,037,628
Investment in joint ventures	1,822,737	-	1,822,737
TOTAL NON CURRENT ASSETS	**824,914,864**	-	**824,914,864**
CURRENT ASSETS			
Due from a related party	3,335,901	-	3,335,901
Other assets	104,651,941	(15,227,053)	89,424,888
Prepaid expenses	199,054,724	-	199,054,724
Inventories, net	43,966,932	-	43,966,932
Accrued income	38,414,690	-	38,414,690
Trade accounts receivable, net	303,532,002	-	303,532,002
Banks balances	38,602,469	-	38,602,469
TOTAL CURRENT ASSETS	**731,558,659**	**(15,227,053)**	**716,331,606**
TOTAL ASSETS	**1,556,473,523**	**(15,227,053)**	**1,541,246,470**
SHAREHOLDERS' EQUITY			
Share capital	400,000,000	-	400,000,000
Statutory reserve	92,513,948	-	92,513,948
Retained earnings	160,103,332	(18,891,784)	141,211,548
TOTAL SHAREHOLDERS' EQUITY	**652,617,280**	**(18,891,784)**	**633,725,496**
LIABILITIES			
NON CURRENT LIABILITES			
Long term loans	34,241,049	-	34,241,049
Employees' end of service indemnities	51,637,516	3,664,731	55,302,247
TOTAL NON CURRENT LIABILITIES	**85,878,565**	**3,664,731**	**89,543,296**
CURRENT LIABILITIES			
Zakat payable	5,504,370	-	5,504,370
Accrued expenses and other liabilities	187,802,019	-	187,802,019
Due to a related party	4,279,772	-	4,279,772
Trade payables	351,261,204	-	351,261,204
Current portion of long term loans	60,959,296	-	60,959,296
Short term loans	208,171,017	-	208,171,017
TOTAL CURRENT LIABILITIES	**817,977,678**	-	**817,977,678**
TOTAL LIABILITIES	**903,856,243**	**3,664,731**	**907,520,974**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**1,556,473,523**	**(15,227,053)**	**1,541,246,470**

13-7 Effects of IFRS adoption on the statement of comprehensive income for the year ended 31 December 2016

	Amounts previously reported (SOCPA) SR	*Effect of transition to IFRS* SR	*Opening IFRS statement of comprehensive income* SR
Revenue	3,461,349,302	-	3,461,349,302
Cost of sales	(3,253,962,439)	(1,209,150)	(3,255,171,589)
Gross profit	**207,386,863**	**(1,209,150)**	**206,177,713**
Expenses			
Selling and marketing	(8,968,159)	-	(8,968,159)
General and administration	(93,953,158)	(661,380)	(94,614,538)
Income from operations	**104,465,546**	**(1,870,530)**	**102,595,016**
Financial charges	(14,237,858)	-	(14,237,858)
Gain from joint venture	1,322,737	-	1,322,737
Other income, net	1,995,193	-	1,995,193
Income before zakat	**93,545,618**	**(1,870,530)**	**91,675,088**
Zakat estimate	(2,522,824)	-	(2,522,824)
Net income for the period	**91,022,794**	**(1,870,530)**	**89,152,264**
Other comprehensive income:			
Unrealized gains on valuation of investments through other comprehensive income	-	-	-
Net comprehensive income	**91,022,794**	**(1,870,530)**	**89,152,264**

13-8 Effects of IFRS adoption on the statement of change of shareholders' equity for the year ended 31 December 2016

	Opening IFRS statement of shareholders' equity SR
Total equity under SOCPA	**652,617,280**
Actuarial value of end of service benefits	(18,891,784)
Total adjustment to equity	**(18,891,784)**
Total equity under IFRS	**633,725,496**

13-9 Effects of IFRS adoption on the statement of cash flow for the three month period ended 31 March 2016

	Amounts previously reported (SOCPA) SR	*Effect of transition to IFRS* SR	*Opening IFRS statement of cash flow* SR
Net cash from operating activities	20,481,513	-	20,481,513
Net cash used in investing activities	(23,944,870)	-	(23,944,870)
Net cash from financing activities	15,433,686	-	15,433,686
Change in banks balances	**11,970,329**	-	**11,970,329**
Banks balances, at 1 January	18,300,184	-	18,300,184
Banks balances, at 31 March	**30,270,513**	-	**30,270,513**

13-10 Notes to the reconciliation

a. Reclassification of end of service pre-payments to the end of service provision account as at 31 December 2016 and 31 December 2015 accordance with applying the presentation requirements of IAS 1 Presentation of Financial Statements.

b. Liabilities for end-of-service benefits Accounting Standard No. 19 requires staff benefits to be assessed on an actuarial basis. The effect of this change in shareholders' equity is SR 17,021,254 and SR 18,891,784 as at 31 December 2015 and 31 December 2016, respectively. And the impact on the statement of comprehensive income for the three months ended 31 March 2016 amounting to SR 467,632.

c. The Company has changed the name of the statement of income to become a statement of comprehensive income accordance with International Accounting Standard (IAS) 1.

14) INTERIM RESULTS

The results of operations for the interim condensed periods may not be an accurate indication of the results of the full year operations.

15) COMPARATIVE FIGURES

Certain of the prior period amounts have been reclassified to conform with the presentation in the current period.

16) APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements were approved by the Board of Directors on 27 Rajab 1438H (24 April 2017).