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RSM Allied Accountants

Dr. Abdelgadir Bannaga & Partners Co.

Tharwat For Financial Securities Company

(A Saudi Closed Joint Stock Company)

Financial Statements and Independent Auditors' Report

For the Year Ended in December 31, 2018

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Independent Auditors' Report

To the Shareholders
Tharwat for Financial Securities Company
(A Saudi Closed Joint Stock Company)

Opinion

We have audited the financial statements of Tharwat for financial securities company (A Saudi closed joint stock company) "the Company" which comprise of the statement of Balance sheet as of December 31, 2018 and the related statements of profit or loss and other comprehensive income, changes in shareholders` equity and cash flows for the year then ended and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are presented fairly, in all material respects, the financial position of Tharwat for financial securities company as of December 31, 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi organization for certified public accountants.

Basis for our opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor`s responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Ethical requirements that are relevant to our audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi organization for certified public accountants and for such internal control as management determines is necessary to enable the preparation of financial statements that are free of material misstatements, whether due to fraud or error.

In preparing financial statements, management is responsible for assessing the Company`s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company`s financial reporting process.

Auditor`s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue auditor`s report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance to International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As a part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk is not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as a fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosers made by management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosers in the financial statements or, if such disclosers are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events are conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentations, structure and the content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We communicate with those responsible in governance regarding, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Report on other regulatory and regulatory requirements
Further, in accordance with the requirements of the Saudi Companies Regulations, we are note that, based on the information provided to us, nothing has come to our attention that makes us believe that the accompanying financial statements have not been prepared and presented in all material respects in accordance with the requirements of the Saudi Companies Regulations.

RSM Allied Accountants
Dr. Abdelgadir Bannaga and Partners Company

Mohammed Al Nader
License No. 435

Jamada Al-Awal 14, 1440H (January 20, 2019)
Riyadh, Saudi Arabia

Tharwat For Financial Securities Company
(A Saudi Closed Joint Stock Company)

Balance Sheet
As of December 31, 2018
Saudi Riyals

		Unconsolidated	Consolidated (Restated)	Consolidated (Restated)
ASSETS	Note	**31 December 2018**	31 December 2017	1 January 2017
Non-current assets				
Property, machines and equipment, net	5	**416,300**	394,772	625,297
Intangible assets, net	6	**129,367**	48,783	129,678
Real-Estate investments	7	**-**	12,989,025	11,989,025
Capital work in progress		**623,464**	658,727	-
Fair value investments through other comprehensive income	8	**30,752,270**	42,340,889	32,538,699
Prepayments for investment purchase in the companies capital	9	**3,832,140**	-	-
Total non-current assets		**35,753,541**	56,432,196	45,282,699
Current assets				
Accounts receivable, prepayments and other assets	10	**11,951,473**	451,136	1,203,904
Cash on hand and at banks	11	**24,852,963**	14,432,158	17,893,933
Total current assets		**36,804,436**	14,883,294	19,097,837
TOTAL ASSETS		**72,557,977**	71,315,490	64,380,536
EQUITY and LIABILITIES				
Shareholders' equity				
Share capital	13	**60,000,000**	60,000,000	60,000,000
Statuary reserve	14	**1,668,843**	1,559,230	468,727
Retained earnings		**6,999,416**	4,098,295	779,595
Gain from fair value investment revaluation through other comprehensive income		**1,067,292**	4,295,911	2,238,699
Total shareholders' equity(controllers)		**69,735,551**	69,953,436	63,487,021
Non-controlling interest		**-**	-	(41)
Total shareholders' equity		**69,735,551**	69,953,436	63,486,980
LIABILITIES AND EQUITY				
Non-current liabilities				
Defined employee benefit plan		**393,707**	244,354	204,076
Total non-current liabilities		**393,707**	244,354	204,076
Current liabilities				
Accrued expenses and other liabilities	12	**1,367,313**	475,541	197,959
Zakat provision	15	**1,061,406**	642,159	491,521
Total current liabilities		**2,428,719**	1,117,700	689,480
Total Liabilities		**2,822,426**	1,362,054	893,556
Total Equity and Liabilities		**72,557,977**	71,315,490	64,380,536

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

Tharwat For Financial Securities Company
(A Saudi Closed Joint Stock Company)

Statement of profit or loss and other comprehensive income
For the Year Ended December 31, 2018
Saudi Riyals

	Note	Unconsolidated 2018	Consolidated (Restated) 2017
Management fees		**19,068**	4,231,377
Custodian fees		**704**	530,987
Subscription fees		-	9,886,042
Total operational revenue		**19,772**	14,648,406
Selling and marketing expenses		**(744,309)**	(3,960,391)
General and administrative expenses	17	**(7,042,307)**	(5,660,317)
Net income from main operations		**(7,766,844)**	5,027,698
Other revenue	16	**9,843,407**	3,854,095
Net income before zakat and non-controlling interest		**2,076,563**	8,881,793
Share non- controlling interest		-	25
Net income before zakat		**2,076,563**	8,881,818
Zakat	15	**(980,436)**	(562,022)
Net income for the year		**1,096,127**	8,319,796
Other comprehensive income			
Items may not be classified subsequently to profit or loss statement			
Change in fair value investment through other comprehensive income		**(3,228,619)**	2,057,212
Realized profit from sale of investments through other comprehensive income		**1,961,770**	2,709,407
Losses from remeasurement of defined employee benefit plan		**(47,163)**	-
Total comprehensive income for the year		**(217,885)**	13,086,415
Earnings per share			
From main operations		**(0.13)**	0.84
From net income of the year		**0.18**	1.39

The accompanying notes from (1) to (21) form an integral part of these co financial statements.

Tharwat For Financial Securities Company
(A Saudi Closed Joint Stock Company)

Statement of Changes in Shareholders' Equity
For the Year Ended December 31, 2018
Saudi Riyals

	Share capital	**Statuary reserve**	**Revaluation of fair value investments through other comprehensive income**	**Retained Earnings**	**Total**
Balance as of January 1, 2017 as disclosed previously	60,000,000	468,727	2,238,699	1,644,872	64,352,298
Effect of IFRS adoption	-	-	-	(865,277)	(865,277)
Balance as of January 1, 2017 (Restated)	60,000,000	468,727	2,238,699	779,595	63,487,021
Net profit for the year (Adjusted)	-	-	-	8,319,796	8,319,796
Other comprehensive income	-	-	2,057,212	2,709,407	4,766,619
Total comprehensive income	-	-	2,057,212	11,029,203	13,086,415
Statutory reserve (Restated)	-	1,090,503	-	(1,090,503)	-
Dividend Distribution	-	-	-	(6,620,000)	(6,620,000)
Balance as of December 31, 2017 (Restated)	**60,000,000**	**1,559,230**	**4,295,911**	**4,098,295**	**69,953,436**
Net profit for the year	-	-	-	1,096,127	1,096,127
Statutory reserve	-	109,613	-	(109,613)	-
Other comprehensive income	-	-	(3,228,619)	1,914,607	(1,314,012)
Total comprehensive income	-	109,613	(3,228,619)	2,901,121	(217,885)
Balance as of December 31, 2018	**60,000,000**	**1,668,843**	**1,067,292**	**6,999,416**	**69,735,551**

The accompanying notes from (1) to (21) form an integral part of these consolidated financial statements.

Tharwat For Financial Securities Company
(A Saudi Closed Joint Stock Company)

Statement of Cash Flows
For the Year Ended December 31, 2018

	Unconsolidated 2018	Consolidated 2017 (Restated)
OPERATING ACTIVITIES		
Net profit for the year before zakat and non-controlling interest	**2,076,563**	8,881,793
Adjustments to reconcile net income for the year before zakat and non-controlling interest to net cash (used in)/ generated from operating activities:		
Depreciation of property, machines and equipment	**259,965**	308,454
Amortization of intangible assets	**62,273**	80,895
Share of non-controlling interest	**-**	25
Provision for defined employee benefit plan	**120,185**	40,278
	2,518,986	9,311,445
Changes in operating assets and liabilities:		
Account Receivables, prepaid expenses and other assets	**(11,500,337)**	752,768
Fair value investments through other comprehensive income	**10,321,770**	(5,035,571)
Prepayments for investment purchase in the companies 'share capital	**(3,832,140)**	-
Accrued expenses and other liabilities	**891,772**	277,582
Paid from defined employee benefit plan	**(17,995)**	-
Paid from zakat	**(561,189)**	(411,384)
Net cash (used in)/generated from operating activities	**(2,179,133)**	4,894,840
INVESTING ACTIVITIES		
Capital work in progress	**35,263**	(658,727)
Real estate investments	**12,989,025**	(1,000,000)
Additions of intangible assets	**(142,857)**	-
Additions of property, machines and equipment	**(281,493)**	(77,929)
Net cash generated / (used in) investing activities	**12,599,938**	(1,736,656)
FINANCING ACTIVITIES		
Dividend distribution	**-**	(6,620,000)
Non-controlling interest	**-**	41
Net cash used in financing activities	-	(6,619,959)
Net change in cash on hand and at banks	**10,420,805**	(3,461,775)
Cash on hand and at banks, at the beginning of the year	**14,432,158**	17,893,933
Cash on hand and at banks, at the end of the year	**24,852,963**	14,432,158
Non- Cash Transactions		
Losses from remeasurement of defined employee benefit plan	**47,163**	-
Change in fair value investments through other comprehensive income	**(3,228,619)**	2,057,212

The accompanying notes from (1) to (21) form an integral part of these consolidated financial statements.

1. Organization and Activities

A-Tharwat for Financial Securities Company (the "Company") is a Saudi Closed Joint Stock company registered in the Kingdom of Saudi Arabia (the "Kingdom") under Commercial Registration No. 1010411783 dated 23 Jumada Al-thani1435H (corresponding to April 24, 2014) in accordance with Capital Market Authority's license No. (2547-/6) in Jumada Al-Awal 5, 1435H (corresponding to March 13, 2014).

The principal activities of the Company are to act as principal, manage investments fund, custody in financial securities business in accordance with Capital Market Authority's letter No.(X/1/6/5212/15) dated Jumada Al-thani 13, 1436H. the company started its activities in accordance with Capital Market Authority's letter No. (1/6/9309/14) dated Dhul Qidah 29, 1435H (corresponding to September 24, 2014). Also, the company started acting as principal in Jumada Al-thani 30, 1436H (April 19, 2015) in accordance with Capital Market Authority's letter No. (1/6/6276/15).

B-The consolidated financial statements of subsidiary as of 31 December 2017 Company represents in Real Estate Tharwat Abha Real Estate Fund Company, a limited liability company registered in Riyadh, under the commercial register No. 1010429351 on Rabi Awal 10, 1436 H (corresponding to January 1, 2015). The company's ownership percentage is 99.5 % of the total share capital amounting to SR 10,000 on 12 April 2018.

The Company received a letter of no objection to liquidate the company from the Capital Market Authority and on November 22, 2018 the Board of Directors of the Company approved the liquidation of (Tharwat Abha Real Estate Fund) and therefore the financial statements were not consolidated at the year ended 31 December 2018.

C-The company's head office is located at the following address:
Tharwat Securities Company
Riyadh - Orouba Road - Office House Complex Office No. 15
Kingdom of Saudi Arabia

2. Basis of Preparation

Accounting convention

The accompanying consolidated financial statements are prepared under the historical cost convention and on accrual basis and the going concern concept except for the fair value investments through other comprehensive income is measured at fair value

2-1 Significant Accounting policies

The Company's financial statements have been prepared in accordance with the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia and the other standards and publications approved by the Saudi Organization for Certified Public Accountants.
For all periods including the year ended 31 December 2017, the Company has prepared and presented its financial statements in accordance with the generally accepted accounting standards in the Kingdom of Saudi Arabia issued and approved by the Saudi Organization for Certified Public Accountants. For financial periods from 1 January 2017, the Board of Directors of the Saudi Organization of Certified Public Accountants (ASIA) has to prepare and present its financial statements in accordance with the International Financial Reporting Standards adopted in Saudi Arabia and other publications approved by the Authority (note 4) collectively referred to as the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia, and a part of these requirements the Company has prepared its financial statements.

2-2 New Standards, Amendments and Standards Issued and not Yet Effective

IFRS 16 Leases (Effective from 1/1/2019)

This Standard is effective for annual periods beginning in or after 1 January 2019. Early application is permitted but is not applied when preparing these initial financial statements.

IFRS 16 defines how the author of the financial statements in accordance with International Financial Reporting Standards (IFRS) recognizes, measures, presents and discloses rental contracts. The Standard provides a single accounting model for the lessee which requires tenants to recognize the assets and liabilities of all leases unless the lease is 12 months or less or if the asset is of low value.

While renters continue to classify leases as operating or financing leases, as the approach of IAS 16 on Lessor Accounting has not changed substantially from IAS 17.

The application of this standard in subsequent periods is not expected to have a material financial impact on the financial statements of the company.

The company has not prepared any study for the effect of implementing International Financial Reporting Standards (IFRS) on its financial statements.

2-3 IFRS 15 Revenue from contracts with customers

The Company has adopted International Financial Reporting Standard No. 15 and does not have any material impact on the financial statements.

Functional and Presentation Currency

The financial statements are in Saudi Riyals which is the functional and presentation currency and are rounded to the nearest Saudi Riyal.

Use of judgements and estimates

The preparation of financial statements in accordance with the International Financial Reporting Standards requires the use of estimates and assumptions that may affect the value of restricted assets and liabilities, and disclosure of potential assets and liabilities in the date of the financial statements, and the value of revenue and expenses were disclosure to the period of the financial statements preparation. Although these estimates and judgments are based on management's best knowledge and events available to the management in the date of the financial statements, it is possible that actual final results differ from these estimates. These estimates and assumptions are reviewed on a continual basis and effects resulting from these accounting changes will be disclosed in the year and future period which are affected by it.

The most significant elements that are subject to estimation and assumptions that affect the accounting policies applied and may therefore affect the amounts included in the financial statements are:

- Trade receivables
- Estimated useful life and residual value of property, machines and equipment
- Provisions and accruals
- Decrease in intangible assets

3.Summary of Significant Accounting Policies (Continued)

Impairment of financial assets

Financial assets
At each balance sheet date, the values of the financial asset are reviewed to determine whether there is any indication of impairment. For financial assets such as receivables and assets that are individually assessed as impaired, they are assessed for impairment on a collective basis. The objective evidence of impairment is the value of the receivable's portfolio, may include prior experience with the Company in respect of collection of payments, an increase in the number of overdue payments that exceed the average borrowing period and may include observed changes in local and global economic conditions associated with the default of receivables. The carrying amount of a financial asset is reduced by the amount of the impairment loss directly for all financial assets except trade receivables, where the carrying amount is reduced through the creation of an allowance account. When a receivable is considered uncollectible, the amount of the charge and the corresponding amount are written off in the allowance account.
Changes in the carrying amount are recognized in the statement of profit or loss.

Fair value measurement
Fair value is the price to be received for the sale of an asset or a consideration to convert an obligation in an organized transaction between the market participants on the measurement date, regardless of whether the price can be observable directly or estimated using another valuation technique.
When estimating the fair value of an asset or liability, it considers assumptions that market participants may use when pricing the asset or liability to achieve the best economic benefit for them.
The measurement of the fair value of a non-financial asset takes into consideration the ability of the market participant to derive economic benefits from the optimal use or through a pledge to another market participant for optimal use.
The Company uses appropriate valuation techniques in circumstances to have sufficient data to measure fair value, maximize the use of relevant observable inputs and minimize the use of non-observable inputs.
For the purpose of preparing the financial report and determining the fair value of assets and liabilities, the Company uses the following hierarchy:

First level: market prices which stated in active markets for the same financial instruments (without any addition or adjustments).

Second level: Market prices which stated in active markets for similar assets and liabilities or other valuation techniques are based on inputs that can be observable in the market.

Third level: Valuation techniques that are not based on significant input cannot be observable in the market.

-Fair value investments fall under level 1

For available-for-sale equity instruments, impairment losses are not reversed in the amount previously reported through the profit or loss statement. Any increase in fair value follows a loss recognized directly in the statement of changes in shareholders 'equity.

3.Summary of Significant Accounting Policies (Continued)

Non-financial assets

Non-financial assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units to which the asset belongs, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the fair value of the asset less cost of sale or the value of usage, which is higher.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in Statement of Profit or Loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Derecognition

A financial asset is primarily derecognized when the contractual rights to receive cash flows from the asset and transfer of all significant risks and ownership to a third party. If the Company does not transfer or retain substantially the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained share in the transferred asset and its related liabilities within the amounts expected to be paid. If the Company retains substantially all the risks and rewards of ownership of the transferred asset, the Company continues to recognize the financial asset.

Property, machines and equipment

Property and equipment are carried at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed, while expenditure for betterment is capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight line method. Leasehold improvements are amortized over the shorter of the estimated useful life or the remaining term of the lease which ends first.

The estimated rates of depreciation of the principal classes of assets are as follows:

	Depreciation rate %
Leasehold improvements	20%
Furniture and fixtures	25%
Office equipment	25%
Computers	25%
Vehicles	25%

3.Summary of Significant Accounting Policies (Continued)

Intangible assets

Computer software: Computer software purchased is stated at cost less accumulated amortization and any accumulated impairment losses and is amortized over their estimated useful lives of five years using the straight-line method. If there is an indication of a significant change in the useful life or the residual value of this intangible asset, future amortization is adjusted to reflect new projections.

Financial instruments

Financial assets and financial liabilities are recognized when a Company entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

First: Financial Assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss, held-to-maturity investments, 'available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3.Summary of Significant Accounting Policies (Continued)

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

A) Financial assets at fair value through statement of profit & loss

Financial assets are classified as at FVTPL when the financial asset held for trading, or it is designated at FVTPL by the Company.

A financial asset is classified as held for trading if:

- it has been acquired principally for selling it in the near term.
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking.
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading as financial assets designated at fair value upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed, and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Dividends or interest earned on the financial asset are included in the 'other income / charges' line item in the statement of profit or loss.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables including trade and other receivables, bank balances and cash are measured at amortized cost using the effective interest method, less any impairment loss which is recognized in profit or loss.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

3. Summary of Significant Accounting Policies (Continued)

B) Financial assets at fair value through other comprehensive income
The Listed shares which owned by the company and traded in an active market are classified as available-for-sale financial assets and are stated at fair value. The Company also has investments in unlisted shares that are not traded in active markets but are also classified as available-for-sale financial assets and are carried at fair value, in the belief that the fair value can be reliably measured. Gains and losses arising from changes in fair value are included in other comprehensive income and are added to the revaluation reserve under equity except for impairment losses that are recognized in profit or loss. If the investment is disposed of or is impaired, the cumulative gain or loss previously recognized in the revaluation reserve is included in other comprehensive income.
Any income from dividends related to the investments available of sale are recorded when the company have the rights to receive those dividends.

Second: Financial liabilities
Financial liabilities are initially and subsequently measured at amortized cost using the effective interest method.
The Company derecognizes financial liabilities when the company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss statement.

Cash and bank balances
Cash and bank balances include cash balances, banking murabhat and other investments which can be liquidated in three months or less.

Accounts Receivable
Accounts receivable balance appear in the original invoices amount after deduction of doubtful provision against any amount inapplicable to being collected. An estimate for the doubtful receivable is made when the company cannot collect the balances and doubtful receivables are written-off when incurred. The provisions appear in the statement of income. Any subsequent recovery in the accounts receivable previously written-off is added to the revenue.

Accounts payable
Liabilities are recognized for amounts to be paid in the future for services, whether billed by the supplier or not.

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.
Provisions measures the best alternative needed as of the balance sheet date, taking into account risks and uncertainties surrounding the obligation. When an allowance is measured using estimated cash flows to settle the present obligation, the receivable is recognized as an asset if the receipt and replacement of the amount is confirmed and the amount can be measured reliably.

3.Summary of Significant Accounting Policies (Continued)

Employee benefits

- **End-of-service indemnities**

  The end of service benefits provision, which is a defined benefit plan, is determined using the projected unit credit method, with actuarial valuations being carried out at the end of annual reporting period.

  Remeasurements, comprising actuarial gains and losses, are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurements recognized in other comprehensive income are reflected immediately in retained earnings and will not be reclassified to profit or loss.

- **Retirement benefits**

  The Company pays retirement contributions for its Saudi Arabian employees to the General Organization for Social Insurance. This represents a defined contribution plan. The payments made are expensed as incurred.

- **Short-term employee benefits**

  A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

  Liabilities recognized in respect of short-term employee benefits related to the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Real Estate investments

Real estate that are held for capital appreciation and rents. Real estate investments are measured at initial recognition and are subsequently measured at fair value less accumulated depreciation and any accumulated impairment losses. Depreciation is amortized less the estimated residual value using the straight-line method over the estimated useful lives of the asset. Any gain or loss on disposal of real estate investment (calculated as the difference from the net proceeds, the disposal and the carrying amount of the property) is recognized in profit or loss as other income or expense.

Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rates prevailing at the end of the year. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of profit or loss and other comprehensive income.

Offsetting

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset recognized amounts and there is an intention to settle on a net basis. to realize the assets and settle the liabilities simultaneously

Assets under management

The Company offers assets management services to its customers, which include management of certain mutual funds. Such assets are not treated as assets of the Company and accordingly are not included in the financial statements.

3.Summary of Significant Accounting Policies (Continued)

Revenue recognition

Revenue is recognized upon delivery of services to customers and is stated net of discounts.
Fees charged for managing assets are recognized as revenue as the services are provided. Management investment funds revenue and custody funds revenues according to time basis. Subscription fees are recognized upon subscription of the investor to the Fund.
Fund performance income is recognized at the year end, if the fund results meet the annual preset target. Advisory service fees are accrued on a time proportionate basis, as the services are rendered. Dividends from investments are recognized when earned or publicly declared by the investee. Commission income is recognized on an accrual basis

Zakat

-Zakat provision is recognized at the end of each financial year in accordance with the regulations of the General Authority for Zakat and Income in the Kingdom of Saudi Arabia ("the Authority").
-Zakat is charged at the end of each financial year in the statement of profit or loss. Zakat liabilities, (if any), related to zakat assessments over previous years are recognized by the Authority in the period in which the final assessments are shown.

Capital work in progress

Capital work in progress are stated at cost and are not depreciated. Depreciation of capital work in progress begins when the assets are ready for use and are then transferred to machines, property, and equipment or real estate investments. Financing costs on loans are capitalized to finance the creation of qualifying assets during the certain period to complete and set up the asset for intended use.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets that are assets that require a material period of time to be ready for their intended use or sale are added to the cost of those assets until they are substantially ready for use or sale. Disposal income earned on the temporary investment of specific loans is deducted until it is spent on eligible assets from qualifying borrowing costs.
All borrowing costs are recognized in profit or loss in the period in which they are incurred.

4-Application of new and revised International Financial Reporting Standards (IFRS)

4-1 First time adoption of IFRS

The financial statements for the year ended 31 December 2018 are the Company's first annual financial statements in accordance with International Financial Reporting Standards. For the year ended 31 December 2017, the Company has prepared its financial statements in accordance with the accounting standards issued by the Saudi Organization for Certified Public Accountants.
Accordingly, the Company has prepared the financial statements that comply with IFRS as of 31 December 2018, with the comparison statements of financial position as at 1 January 2017 the Company's date of transitioning from SOCPA to IFRS and the statements of financial position as of 31 December 2017. the Notes from (4-2) to (4-6) set out an explanation of how the transition to IFRS has affected the previously reported Statement of Financial Position as of January 1, 2017 and December 31, 2017.

4-2 Effect of IFRS adoption on the Statement of Financial Position as at 1 January 2017

	Amounts previously reported per (SOCPA) as of January1, 2017 SR	Effect of IFRS adoption SR	Accordance with IFRS as of January 1, 2017 SR
Assets			
Non-current assets			
Property, machines and equipment, net	754,975	(129,678)	625,297
Intangible assets, net	-	129,678	129,678
Pre-operating expenses, net	865,277	(865,277)	-
Real estate investments	11,989,025	-	11,989,025
Fair value investments through other comprehensive income	32,538,699	-	32,538,699
Total non-current assets	46,147,976	(865,277)	45,282,699
Current assets			
Accounts receivable, prepayments and other	1,203,904	-	1,203,904
Cash on hand and at banks	17,893,933	-	17,893,933
Total current assets	19,097,837	-	19,097,837
Total assets	65,245,813	(865,277)	64,380,536
Shareholders equity and Liabilities			
Shareholders' equity			
Share capital	60,000,000	-	60,000,000
Statutory reserve	468,727	-	468,727
Gain from fair value investment revaluation through other comprehensive income	2,238,699	-	2,238,699
Retained earnings	1,644,872	(865,277)	779,595
Total shareholders' equity (owners)	64,352,298	(865,277)	63,487,021
Non-controlling interest	(41)	-	(41)
Total shareholders' equity	64,352,257	(865,277)	63,486,980
Non-current liabilities			
Defined employee benefit plan	204,076	-	204,076
Total non-current liabilities	204,076	-	204,076
Current liabilities			
Accrued expenses and other liabilities	197,959	-	197,959
Zakat provision	491,521	-	491,521
Total current liabilities	689,480	-	689,480
Total liabilities	893,556	-	893,556
Total shareholders' equity and liabilities	65,245,813	(865,277)	64,380,536

4-3 Effect of IFRS adoption on the Statement of Financial Position as of 31 December 2017

	Amounts previously reported per (SOCPA) as of December31,2017 SR	Effect of IFRS adoption SR	Accordance with IFRS as of December31,2017 SR
Assets			
Non-current assets			
Property, machines and equipment, net	1,102,282	(707,510)	394,772
Intangible assets, net	-	48,783	48,783
Capital work in progress	-	658,727	658,727
Pre-operating expenses, net	550,631	(550,631)	-
Real estate investments	12,989.025	-	12,989,025
Fair value investments through other comprehensive income	42,340,889	-	42,340,889
Total non-current assets	56,982,827	(550,631)	56,432,196
Current assets			
Accounts receivable, prepayments and other assets	451,136	-	451,136
Cash on hand and at banks	14,432,158	-	14,432,158
Total current assets	14,883,294	-	14,883,294
Total assets	71,866,121	(550,631)	71,315,490
Shareholders equity and Liabilities			
Shareholders' equity			
Share capital	60,000,000	-	60,000,000
Statutory reserve	1,559,230	-	1.559.230
Gain from fair value investment revaluation through other comprehensive income	4,295,911	-	4,295,911
Retained earnings	4,839,402	(741,107)	4.098.295
Total shareholders' equity	70,694,543	(741,107)	69,953,436
Non-current liabilities			
Defined employee benefit plan	244,354	-	244,354
Total non-current liabilities	244,354	-	244,354
Current liabilities			
Accrued expenses and other liabilities	285,065	190,476	475,541
Zakat provision	642,159	-	642,159
Total current liabilities	927,224	190,476	1,117,700
Total liabilities	1,171,578	190,476	1,362,054
Total shareholders' equity and liabilities	71,866,121	(550,631)	71,315,490

4-4 Effect of IFRS adoption on the Statement of changes in shareholders' equity as of 1 January 2017

	Share capital SR	Statutory reserve SR	Gains from revaluation of fair value investments through other comprehensive income SR	Retained Earnings SR	Total SR
Balance as of 1 January 2017 accordance with SOCPA	60,000,00	468,727	2,238,699	1,644,872	64,352,298
Effect of IFRS adoption (note 4-2)	-	-	-	(865,277)	(865,277)
Balance as of 1 January 2017 accordance with IFRS	60,000,000	468,727	2,238,699	779,595	63,487,021

Reconciliation of shareholders' equity

	As of 1 January, 2017 SR
Balance as of 1 January 2017 accordance with SOCPA	64,352,298
Effect of IFRS adoption (note 4-2)	(865,277)
Total shareholders' equity accordance with IFRS	**63,487,021**

4-5 Effect of IFRS adoption on the Statement of profit or loss and other comprehensive income for the year ended 31 December 2017

	Amounts previously reported (SOCPA) December31,2017 SR	Effect of IFRS adoption SR	Accordance with IFRS December31,2017 SR
Management fees	4,231,377	-	4,231,377
Custodian fees	530,987	-	530,987
Subscription fees	9,886,042	-	9,886,042
Gain from investments available for sale	2,709,407	(2,709,407)	-
Total operational revenue	17,357,813	(2,709,407)	14,648,406
Selling and marketing expenses	(3,960,391)	-	(3,960,391)
General and administrative expenses	(5,784,487)	124,170	(5,660,317)
Net income from main operations	7,612,935	(2,585,237)	5,027,698
Other revenue	3,854,095	-	3,854,095
Net income before zakat and non-controlling interest	11,467,030	(2,585,237)	8,881,793
Share of non-controlling interest	25	-	25
Net income before zakat	11,467,055	(2,585,237)	8,881,818
Zakat	(562,022)	-	(562,022)
Net income	10,905,033	(2,585,237)	8,319,796
Other comprehensive income			
Items that may not be reclassified subsequently to statement of profit or loss			
Change in fair value investments through other comprehensive income	-	2,057,212	2,057,212
Realized gain from sale of investments through other comprehensive income	-	2,709,407	2,709,407
Total comprehensive income for the year	10,905,033	2,181,382	13,086,415

4-6 Explanation for the reconciliation

A) The straight-line basis has been applied to all operating leases over the lease term and a difference of SAR 190,476 has been charged to administrative and general expenses as of 31 December 2017 in accordance with the requirements of IAS 17 Leases.

B) The cost of pre-operating expenses, net the amount was closed in retained earnings as of 1 January 2017 amounting to SAR 865,277 in accordance with IAS 38 Intangible assets.

C) The intangible assets, property, plant and equipment were reclassified as of 1 January 2017 at SAR 129,678 as of 31 December 2017 at SAR 48,783 to apply the presentation requirements of IAS 1 Presentation of Financial Statements

D) The transfer from accounting standards issued by the Saudi Organization of Certified Public Accountants to IFRS did not have a material impact on the statement of cash flows.

5. Property, machines and equipment, net

	Leasehold Improvements SR	Furniture and Fixtures SR	Office equipment SR	Computers SR	Vehicles SR	Total SR
Cost:						
As of January, 1,2018	633.621	458.264	115.156	113.632	94.400	1,415,073
Additions	110,330	33,267	90,078	47,818	-	281,493
As of December, 31,2018	**743,951**	**491,531**	**205,234**	**161,450**	**94.400**	**1,696,566**
Accumulated Depreciation:						
As of January, 1,2018	413,673	391,081	88,736	92,987	33,824	1,020,301
Charged for the year	126,785	68,840	22,558	18,181	23,601	259,965
As of December, 31,2018	**540,458**	**459,921**	**111,294**	**111,168**	**57,425**	**1,280,266**
Net Book Value						
As of December, 31,2018	**203,493**	**31,610**	**93,940**	**50,282**	**36,975**	**416,300**
As of December, 31,2017	219,948	67,183	26,420	20,645	60,576	394,772

5.Machines, property, and equipment, net (Continued)

	Leasehold Improvements SR	Furniture and Fixtures SR	Office equipment SR	Computers SR	Vehicles SR	Total SR
Cost:						
As of January, 1,2017 (Restated)	633,621	457,014	92,286	109,723	44,500	1,337,144
Additions	-	**1,250**	**22,870**	**3,909**	**49,900**	**77,929**
As of December, 31,2017 (Adjusted)	**633,621**	**458,264**	**115,156**	**113,632**	**94,400**	**1,415,073**
Accumulated :Depreciation						
As of January, 1,2017 (Restated)	286,949	276,687	60,899	65,063	22,249	711,847
Charged for the year	**126,724**	**114,394**	**27,837**	**27,924**	**11,575**	**308,454**
As of December, 31,2017(Restated)	**413,673**	**391,081**	**88,736**	**92,987**	**33,824**	**1,020,301**
Net Book Value						
As of December, 31,2017(Restated)	**219,948**	**67,183**	**26,420**	**20,645**	**60,576**	**394,772**
As of December, 31,2016 (Adjusted)	346,672	180,327	31,387	44,660	22,251	625,297

B- Depreciation of property, machines and equipment, net

	2018 SR	2017 SR
General and Administrative expenses	**251,002**	308,454
Selling and marketing expenses	**8,963**	-
	259,965	308,454

6.Intangible assets

A-This item consists of the following:

	SR
Cost	
As of January, 1,2018	**323,580**
Additions	**142,857**
As of December, 31,2018	**466,437**
Accumulated Amortization	
As of January, 1,2018	**274,797**
Charged for the year	**62,273**
As of December, 31,2018	**337,070**
Net Book value	
As of December, 31,2018	**129,367**
As of December, 31,2017	48,783

	SR
Cost	
As of January, 1,2017	**323,580**
Additions	-
As of December, 31,2017	**323,580**
Accumulated Amortization	
As of January, 1,2017	**193,902**
Charged for the year	**80,895**
As of December, 31,2017	**274,797**
Net Book value	
As of December, 31,2017	**48,783**
As of December, 31,2016	**129,678**

B- Intangible assets amortization is allocated as the following:

	2018 **SR**	2017 SR
General and administrative expenses	**48,086**	80,895
Selling and marketing expenses	**14,187**	-
	62,273	80,895

7.Real-Estate Investments

Real-estate investments is represented in a land shared in its ownership with other partners with total size of 5,820 meter square according to the partnership contract, The company owns one third of the total area of the land mentioned & the land is registered under the name of Abdullah Ibrahim Al-Maark (one of the partners in the land), During 2016 the land partners have done a contract with Petrolat company for the purpose of establishment of Fuel station on the land mentioned with the purpose of investment. The investment balance as at December 31, 2018 is as follows:

	31 December 2018 SR	31 December 2017 SR	1 January 2017 SR
Land	-	10,989,025	10,989,025
Payment for establishment of fuel station	-	2,000,000	1,000,000
	-	12,989,025	11,989,025

During the year 2018, the total real estate properties were sold at SAR 12,989,025. There were no gains or losses on the sale.

8.Fair Value Investments through other comprehensive income

The cost and fair value of available for sale investments as at December 31, 2018 are as follows:

	Initial Cost SR	**Purchases through the year**	**Sales through the year**	**Change in fair value SR**	**Fair value SR**
As of 31 December,2018					
Closed ended investment funds	**35,860,000**	**-**	**(8,360,000)**	**1,320,000**	**28,820,000**
Investment funds	**2,184,978**	**-**	**-**	**(252,708)**	**1,932,270**
	38,044,978	**-**	**(8,360,000)**	**1,067,292**	**30,752,270**
As of 31 December,2017					
Closed ended investment funds*	20,000,000	27,500,000	(11,640,000)	4,416,936	40,276,936
Investment funds	10,300,000	-	(8,115,022)	(121,025)	2,063,953
	30,300,000	27,500,000	(19,755,022)	4,295,911	42,340,889
As of 1 January, 2017					
Closed ended investment funds*	20,000,000	-	-	2,232,600	22,232,600
Investment funds	-	10,300,000	-	6,099	10,306,099
	20,000,000	10,300,000	-	2,238,699	32,538,699

*The company invested in closed ended fund (Tharwat Al-Riyadh Industrial Fund) managed by the company and the company owns 2.750.000 units (2017: 2,750,000 unit) with a par value 10 SR for each unit.

*Tharwat ABHA Real-Estate Fund liquidated the remaining units and the company share from liquidation was 8,360 unit with a par value of 1,000 SR per share at a price of SR10,321,770

9- Prepayments for investment purchase in the companies 'share capital

The item represents the amount paid in advance for the purchase of an investment of SR 3,832,140 for a share in a foreign company through the general coordinator of the project, Gulf Islamic Investment Company. The company's share in the investment has not yet been allocated, therefore the company's share from the project is not specified yet.

10. Accounts receivable, prepayments and other assets

	31 December 2018 SR	31 December 2017 SR (Restated)	1 January 2017 SR (Restated)
Account receivable	**10,659,456**	6,125	977,123
Prepaid rent	**592,548**	150,000	-
Prepaid expenses	**578,892**	174,434	176,156
Refundable deposits	**50,625**	50,625	50,625
Accrued Revenue	**69,952**	69,952	-
	11,951,473	451,136	1,203,904

11. Cash on hand and at banks

	31 December 2018 SR	31 December 2017 SR	1 January 2017 SR
Cash on hand	**11,184**	-	4,098
Cash at banks	**24,841,779**	14.432.158	17,889,835
	24,852,963	14.432.158	17,893,933

12. Accrued expenses and other liabilities

	31 December 2018 SR	31 December 2017 SR (Restated)	1 January 2017 SR (Restated)
Value added tax	**840,316**	-	-
Accrued fees	**187,247**	105,000	78,333
Rent	**190,476**	190,476	-
Employees accrual	**149,274**	169,423	88,847
Other	-	10,642	30,779
	1,367,313	475,541	197,959

13. Capital

The Company's share capital is set at SAR 60,000,000 divided into 6,000,000 shares of an equal value, each with a par value of SR 10 each, all of which are ordinary shares as follows:

Shareholders	No. of shares	Share capital SR	Paid share capital SR	Ownership %
Hamad Mohammad Mousa Al-Mousa	2,820,000	28,200,000	28,200,000	%47
Khalid Ibrahim Abdul Rehman Al-Salman	1,800,000	18,000,000	18,000,000	%30
Mohammad Ibrahim Abdul Rehman Al-Salman	600,000	6,000,000	6,000,000	%10
Salman Ibrahim Abdul Rehman Al-Salman	600,000	6,000,000	6,000,000	%10
Mohammad Hamad Mohammad Mousa Al-Mousa	180,000	1,800,000	1,800,000	%3
Total	6,000,000	60,000,000	60,000,000	%100

14. Statutory reserve

In accordance with Companies Regulation and the Article of Association, the Company must set aside 10% of its net income each year to statutory reserve. The Company may resolve to discontinue such transfers when the reserve reaches 30% of the capital. The reserve is not available for distribution.

15.Zakat

The Zakat is calculated according to unconsolidated financial statements, the main elements for zakat base are as follows:

	2018 **SR**	2017 SR	1 January 2017 SR
Share capital	**60,000,000**	60,000,000	60,000,000
Investments	**(29,684,978)**	(42,683,954)	(42,289,025)
Retained Earnings /(losses)	**4,098,295**	1,644,872	(2,573,670)
Statutory Reserves	**1,559,230**	468,727	-
Property and equipment	**(1,169,131)**	(1,712,208)	(994,234)
Provisions	**226,359**	204,076	101,061
Pre-operating expenses	-	(550,631)	(865,277)
Distributed Dividends	-	(6,620,000)	-
Adjusted net profit for the year	**4,187,686**	11,730,061	5,487,315
Zakat base	**39,217,461**	22,480,943	18,866,170
Expected zakat	**980,436**	562,022	471,654
Zakat Provision			
Balance at the beginning of the year	**642,159**	491,521	926,479
Additions during the year	**980,436**	562,022	471,654
Payments during the year	**(561,189)**	(411,384)	(906,612)
Balance at the ending of the year	**1,061,406**	642,159	491,521

Zakat Position

The Zakat approval and all the financial statements from inception date until 31 December 2017 was submitted to the General Authority for Zakat and Income Tax (GAZT), paid all the dues and received the certificate and formal receipts. During 2017, the Authority issued additional assessments of SR1,919.631 for the fiscal years 2014 till 2015, and during 2018, the Authority issued additional assessments of SR1,181,688 for the fiscal year 2016, due to that the company has invested in investment funds that are not deductible for zakat purposes. The company objected to the initial zakat of Zakat issued by the Authority. The administration is confident that the objection rule will be in its favor and no significant responsibility will rise on the final decision of the objection, regarding that no provision was made for the additional assessments in the financial statements.

16.Other revenue

The other income amounting to SR 9,843,407 as of 31 December 2018 (2017: SR 3,854,095) represents the net amount received and paid out of commissions on sale of land belonging to funds to be raised by the company.

17.General and administrative expenses

	2018 SR	2017 SR (Restated)
Employees' salaries and benefits	**3,652,699**	3,544,625
Professional fees	**1,374,203**	412,080
Rent	**1,237,827**	897,351
Depreciation of property, machines and equipment (note 5)	**251,002**	308,454
Maintenance and other office expenses	**209,842**	184,956
Government fees	**168,148**	131,456
Insurance	**100,500**	100,500
Amortization of intangible assets (note 6)	**48,086**	80,895
	7,042,307	5,660,317

18.Capital Regulatory Requirement and Capital Adequacy

The Company's objectives when managing capital are, to comply with the minimum capital requirements set by CMA; to safeguard the Company's ability to continue as a going concern and to maintain an adequate capital base throughout the year.

The Company monitors the capital adequacy and related ratios using the framework established by CMA decision No. 1-40-2012 dated Safar 17, 1434H (corresponding to December 30, 2012). The rules provide that the authorized person must have a capital base on an ongoing basis that is compatible with at least the total capital requirements as set out in Part III of the prudential rules.

	2018 **SR`000**	**2017** SR`000
Capital base		
Tier-1 Capital	**68,539**	65,848
Tier-2 Capital	**1,067**	4,296
Total Capital base	**69,606**	70,144
Minimum Capital		
Credit risk	**29,139**	32,041
Market risk	-	-
Operational risk	**2,192**	2,577
Total minimum capital requirements	**31,331**	34,618
Adequacy capital ratio (Time)		
Total Capital ratio (Time)	**2.22**	2.03
Surplus capital	**38,275**	35,526

19.Financial Instruments and Risk Management and FairValue

Financial instruments carried on the balance sheet include principally cash on hand and at banks, available for sale investments, prepaid expenses and other assets and accrued expenses and other liabilities.

Credit risk

It is the inability of a party to fulfill his obligations which causes the other party to incur a financial loss. The Company has no significant concentration of credit risk. Cash at banks are placed with local banks with sound credit ratings. Trade receivables and other accounts are due mainly from customers in the local market and stated at net realizable value.

Market risk

It is the risk that the impact of fluctuations in market prices, such as interest rates and stock prices on the company's income or the value of its assets of financial instruments, the purpose of market risk management is to manage the exposure to market risks, reduce and keep it within acceptable limits at the same time maximizing the return of risk.

Foreign exchange risk

Foreign exchange rate risk comprises various risks related to the effect of changes in currency exchange rates on the Company's financial position and its cash flows. The Company monitors currency fluctuations and believes that the impact of currency risk is not material.

Liquidity risk

It is the inability of the Company to fulfill its obligations, specially loans obligations, the company has sufficient funds to meet these obligations when due.

Equity price risk

Equity price risk is the risk that the value of financial instruments will fluctuate because of changes in market prices.

The Company’s investments are susceptible to market price risk arising from uncertainties about future prices. The Company manages this risk through diversification of its investment portfolio in terms of geographical distribution and industry concentration

Fair value

It represents the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties on arm’s length basis. Since the Company’s financial instruments are presented at historical cost basis, differences may arise between the book value and fair value estimates. Company’s management believes that the fair values of the Company’s financial assets and liabilities are not materially different from their carrying values.

20.Subsequent events

Numbers shown on the accompanying financial statement are rounded to the nearest Saudi riyal.

21 Financial statements approval

The financial statements were approved by board of directors at 20 January 2019.