SWICORP COMPANY
(A Saudi Closed Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2017
with
INDEPENDENT AUDITORS' REPORT

KPMG

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License No. 46/11/323 issued 11/3/1992

Independent auditors' report

The Shareholders
Swicorp Company
(A Saudi Closed Joint Stock Company)
Riyadh, Kingdom of Saudi Arabia.

Opinion

We have audited the consolidated financial statements of Swicorp Company ("the Company") and its subsidiaries ("the Group") which comprise the consolidated balance sheet as at 31 December 2017, the consolidated statements of income, cash flows and changes in equity for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with generally accepted accounting standards as issued by Saudi Organization for Certified Public Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting standards as issued by SOCPA, the applicable requirements of the Regulation for Companies, Company's By-laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, 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 of Swicorp Company and its subsidiaries.

For KPMG Al Fozan & Partners
Certified Public Accountants

Kholoud A. Mousa Altambakti
License No 421

Rajab 12, 1439H
Corresponding to March 29, 2018

SWICORP COMPANY
(A Saudi Closed Joint Stock Company)

CONSOLIDATED BALANCE SHEET
As at 31 December 2017
(Expressed in Saudi Arabian Riyals)

	Notes	**2017**	2016
ASSETS			
Current assets			
Cash and cash equivalents	4	**69,584,861**	176,466,000
Accounts receivable	5	**70,795,275**	84,554,145
Held for trading investments	6	**37,910,524**	28,807,068
Due from related parties	7b(i)	**935,508**	7,316,699
Prepayments and other current assets	8	**21,341,631**	21,346,961
Total current assets		**200,567,799**	318,490,873
Non-current assets			
Due from related parties	7b(ii)	**18,801,128**	16,420,335
Other long-term receivable	11	**21,703,125**	9,375,000
Available for sale investments	9	**103,387,675**	132,188,025
Investment in associates	10	**122,642,331**	91,476,407
Property and equipment	12	**10,831,907**	12,693,142
Intangible assets	13	**351,892**	708,210
Total non-current assets		**277,718,058**	262,861,119
TOTAL ASSETS		**478,285,857**	581,351,992
LIABILITIES AND EQUITY			
LIABILITIES			
Current liabilities			
Short-term loans	14	**651,035**	50,247,377
Accounts payable		**3,254,144**	9,600,111
Due to related parties	7c	**419,708**	1,188,293
Dividend payable		**--**	9,375,000
Accrued expenses and other current liabilities	15	**12,212,352**	17,492,983
Provision for Zakat and income tax	16	**6,778,740**	7,345,683
Total current liabilities		**23,315,979**	95,249,447
Non-current liabilities			
Long-term loans and payables		**3,161,710**	182,433
Provision for employees' end of service benefits		**7,106,531**	7,869,884
Total non-current liabilities		**10,268,241**	8,052,317
TOTAL LIABILITIES		**33,584,220**	103,301,764
EQUITY			
Equity attributable to Company's shareholders			
Share capital	23	**500,000,000**	500,000,000
Statutory reserve	24	**30,824,452**	30,824,452
Accumulated losses		**(95,340,999)**	(72,284,238)
Foreign currency translation reserve		**(754,081)**	(952,868)
Unrealized gain on available for sale investments	9	**9,316,620**	18,603,953
Total equity attributable to Company's shareholders		**444,045,992**	476,191,299
Non-controlling interests		**655,645**	1,858,929
TOTAL EQUITY		**444,701,637**	478,050,228
TOTAL LIABILITIES AND EQUITY		**478,285,857**	581,351,992

The accompanying notes 1 to 32 form an integral part of these consolidated financial statements.

SWICORP COMPANY
(A Saudi Closed Joint Stock Company)

CONSOLIDATED STATEMENT OF INCOME
For the year ended 31 December 2017
(Expressed in Saudi Arabian Riyals)

	Notes	**2017**	2016
REVENUES			
Fee income from rendering services	17	**50,027,821**	86,079,674
Losses from held for trading investments – net	18	**(2,253,570)**	(2,985,939)
Income from available for sale investments		**18,910,751**	--
Dividend income	19	**1,068,561**	1,690,833
TOTAL REVENUES		**67,753,563**	84,784,568
EXPENSES			
Salaries and employee related expenses		**(36,622,828)**	(39,279,693)
Management and consultancy fee		**(7,146,009)**	(7,684,594)
Provision for doubtful receivables	5	**865,444**	(45,190,009)
Other operating expenses	20	**(37,194,658)**	(39,101,924)
TOTAL EXPENSES		**(80,098,051)**	(131,256,220)
Share of results in associates	10	**311,032**	5,612,778
LOSS FROM OPERATIONS		**(12,033,456)**	(40,858,874)
Impairment in available for sale investments	9	**(7,779,541)**	(11,958,773)
Loss on disposal of a subsidiary	1(a)	**--**	(4,148,518)
Other income, net		**5,951,455**	4,512,578
Finance charges	21	**(2,669,361)**	(3,445,292)
LOSS BEFORE NON-CONTROLLING INTEREST		**(16,530,903)**	(55,898,879)
Non-controlling interests		**305,324**	702,229
NET LOSS		**(16,225,579)**	(55,196,650)
LOSS PER SHARE			
Attributable to loss from operations	25	**(0.247)**	(0.817)
Attributable to net loss	25	**(0.325)**	(1.104)
Attributable to other income		**0.12**	0.09

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SWICORP COMPANY
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CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2017
(Expressed in Saudi Arabian Riyals)

	Notes	**2017**	2016
OPERATING ACTIVITIES			
Net loss		**(16,225,579)**	(55,196,650)
Adjustments for:			
Depreciation	12	**2,087,850**	3,486,649
Amortization	13	**435,834**	391,749
Provision for employees’ end of service benefits		**1,754,828**	2,811,585
Share of results in associates	10	**(311,032)**	(5,612,778)
Loss on disposal of a subsidiary	1(a)	**--**	4,148,518
Bad debts written-off	20	**1,335,992**	328,199
Realized loss on held for trading investments	18	**2,581,979**	7,445,576
Unrealized gain on held for trading investments	6&18	**(328,409)**	(4,459,637)
Provision for doubtful receivables	5	**11,829,617**	46,318,108
Gain on disposal of property and equipment	20	**(30,542)**	(15,655)
Impairment in available for sale investments	9	**7,779,541**	11,958,773
		10,910,079	11,604,437
Changes in operating assets and liabilities			
Accounts receivables		**593,261**	(8,515,337)
Held for trading investments - net		**(11,158,240)**	10,262,209
Due from related parties		**3,344,147**	(5,264,718)
Prepayment and other current assets		**661,580**	530,742
Other long-term receivable		**(12,328,125)**	(9,375,000)
Accounts payable		**(6,345,967)**	6,363,722
Due to related parties		**(768,585)**	663,293
Accrued expenses and other current liabilities		**(5,280,631)**	(12,758,392)
Cash used in operations		**(20,372,481)**	(6,489,044)
Employees' end of service benefit paid		**(2,518,181)**	(2,270,753)
Zakat and income tax paid	16	**(7,398,125)**	(8,094,862)
Net cash used in operating activities		**(30,288,787)**	(16,854,659)
INVESTING ACTIVITIES			
Purchase of property and equipment	12	**(243,261)**	(687,134)
Sale proceeds from disposal of property and equipment		**47,190**	30,381
Purchase of intangible assets	13	**(79,516)**	(223,288)
Advance for investment		**--**	(1,875,000)
Available for sale investments - net		**11,733,476**	(2,503,592)
Sale proceeds from disposal of investment in subsidiary	1(a)	**--**	52,851,482
Interest free loan granted to associate	10	**(30,854,892)**	(998,280)
Net cash (used in) / from investing activities		**(19,397,003)**	46,594,569
FINANCING ACTIVITIES			
Proceeds from term loans		**--**	30,133,151
Term loans paid		**(46,617,065)**	--
Dividends paid		**(9,375,000)**	(33,750,000)
Net movement in non-controlling interest		**(1,203,284)**	(891,208)
Net movement in subsidiary’s equity obligations		**--**	(8,648,623)
Net cash used in financing activities		**(57,195,349)**	(13,156,680)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(106,881,139)**	16,583,230
Cash and cash equivalents at beginning of the year		**176,466,000**	159,882,770
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	4	**69,584,861**	176,466,000
Non-cash transactions:			
Unrealized (loss) / gain from available for sale investments	9	**(9,287,333)**	10,011,736

The accompanying notes 1 to 32 form an integral part of these consolidated financial statements.

SWICORP COMPANY
(A Saudi Closed Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2017
(Expressed in Saudi Arabian Riyals)

		EQUITY ATTRIBUTABLE TO COMPANY'S SHAREHOLDERS							
	Notes	Share capital	Statutory reserve	Accumulated losses	Foreign currency translation reserve	Unrealized gain on available for sale investments	Total equity attributable to shareholders	Non-controlling interests	Total equity
Balance as at 1 January 2016		500,000,000	30,824,452	(9,895,604)	(1,311,963)	8,592,217	528,209,102	2,750,137	530,959,239
Net loss for the year		--	--	(55,196,650)	--	--	(55,196,650)	(702,229)	(55,898,879)
Foreign currency translation reserve		--	--	--	359,095	--	359,095	--	359,095
Net change in fair value of available for sale investments	9	--	--	--	--	10,011,736	10,011,736	--	10,011,736
Provision for Zakat and income tax	16	--	--	--	--	--	--	--	--
- prior years		--	--	153,699	--	--	153,699	--	153,699
- current year		--	--	(7,345,683)	--	--	(7,345,683)	--	(7,345,683)
Decrease in non- controlling interest		--	--	--	--	--	--	(188,979)	(188,979)
Balance as at 31 December 2016		500,000,000	30,824,452	(72,284,238)	(952,868)	18,603,953	476,191,299	1,858,929	478,050,228
Net loss for the year		--	--	**(16,225,579)**	--	--	**(16,225,579)**	**(305,324)**	**(16,530,903)**
Foreign currency translation reserve		--	--	--	**198,787**	--	**198,787**	--	**198,787**
Net change in fair value of available for sale investments	9	--	--	--	--	**(9,287,333)**	**(9,287,333)**	--	**(9,287,333)**
Provision for Zakat and income tax	16								
- prior years		--	--	**(52,442)**	--	--	**(52,442)**	--	**(52,442)**
- current year		--	--	**(6,778,740)**	--	--	**(6,778,740)**	--	**(6,778,740)**
Decrease in non- controlling interest		--	--	--	--	--	--	**(897,960)**	**(897,960)**
Balance as at 31 December 2017		**500,000,000**	**30,824,452**	**(95,340,999)**	**(754,081)**	**9,316,620**	**444,045,992**	**655,645**	**444,701,637**

The accompanying notes 1 to 32 form an integral part of these consolidated financial statements.

1. ORGANISATION AND ACTIVITIES

Swicorp Company ("the Company") is a Closed Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia, formed pursuant to Royal Decree No. M/6, dated 22 Rabi Al Awal 1385 H (corresponding to 22 July 1965) as amended. The Company operates under Commercial Registration Certificate numbered 1010233360 dated 6 Jumada Al Awal 1428 H (corresponding to 23 May 2007).

The principal activities of the Company are to provide a full range of financial advisory and investment services as per license issued by the Capital Market Authority (“CMA”) number 06011-33, dated 9 Rabi Al Thani 1427 H (corresponding to 7 May 2006). The services include:

- consultancy services for mergers, acquisitions, strategic alliances, joint ventures, consolidations and divestitures, privatizations, financial restructurings;
- investing as principal in listed and unlisted securities;
- dealing as principal and underwriter;
- provision of custody services; and
- provision of investment fund and asset management services to its clients.

The address of the Company's registered office is as follows:

49th floor, Kingdom Tower
P. O. Box 2076
Riyadh 11451
Kingdom of Saudi Arabia.

1. ORGANISATION AND ACTIVITIES (continued)

The Company has the following subsidiaries (collectively referred to as the Group) as at 31 December 2017. The financial statements of these subsidiaries are consolidated in these consolidated financial statements.

Name of direct and indirect subsidiaries	**Principal activities**	**Country of incorporation**	**Effective ownership 2017**	**Effective ownership 2016**
Swicorp Financial Advisory Services	Advisory services	Switzerland	**100%**	100%
Swicorp Invest Limited	SPV for investment	British Virgin Island	**100%**	100%
Swicorp Invest Holding Company	SPV for investment	British Virgin Island	**100%**	100%
Swicorp UAE Limited	Advisory and arranging services	United Arab Emirates	**100%**	100%
Swicorp Management Company *refer (b) below*	Advisory services	Tunisia	**99.99%**	99.99%
Swicorp S.A.	Advisory services	Tunisia	**99.99%**	99.99%
Swicorp Intaj S.A.	Advisory services	Tunisia	**99.94%**	99.94%
Swicorp Advisory Company *refer (b) below*	Advisory services	Tunisia	**99.93%**	99.93%
Swicorp Commercial Investment Company	SPV for investment	Kingdom of Saudi Arabia	**95%**	95%
Swicorp Conseil and Investissement	SPV for investment	Tunisia	**99.99%**	**--**
Intaj Capital II Ltd	General Partner of Intaj II	Gibraltar	**100%**	100%
Intaj II Founder Partner Limited	Recording Intaj II carried interest	Gibraltar	**100%**	100%
Syaha Capital	SPV for investment	Tunisia	**70%**	70%
Companie Gestion et Finance	Brokerage House	Tunisia	**66.67%**	66.67%
Numu Consulting Limited	Consulting services	United Arab Emirates	**100%**	85%
Numu Consulting Tunisia	Consulting services	Tunisia	**99.98%**	84.98%
Swicorp Ijar	SPV for investment	United Arab Emirates	**100%**	100%
Tharwa Fund *refer (a) below*	Public Equity fund	Kingdom of Saudi Arabia	**--**	--

a) Disposal of Subsidiary

Last year in May 2016, the operations of the Fund were terminated and the Fund was dissolved. The dissolution of the Fund resulted in realization of cash proceeds amounting to SR 52.85 million and realized loss of SR 4.15 million.

1. ORGANISATION AND ACTIVITIES (continued)

b) Subsidiaries under liquidation

The referred companies have entered into liquidation under a resolution passed in an extra ordinary general assembly held on 11 October 2016 for the shareholders of the respective companies.

2. BASIS OF PREPARATION

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the generally accepted accounting standards in the Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants (SOCPA).

As required by Saudi Organization for Certified Public Accountants (SOCPA), all companies which are not listed on any of the stock exchange are required to transition to International Financial Reporting Standards ("IFRS") as endorsed by SOCPA effective January 1, 2018 for preparation of their financial statements. In preparing the first set of IFRS financial statements, the Company will analyze the impact of the first time adoption of IFRS on current and prior year financial statements and will accordingly incorporate the necessary adjustments to adopt in its first set of IFRS financial statements.

b) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis, except for the measurement at fair value of held for trading investments and available for sale investments, using the accrual basis of accounting and going concern concept.

c) Functional and presentation currency

These consolidated financial statements are presented in Saudi Arabian Riyals (SR), which is the functional currency of the Company.

d) Basis of consolidation

These consolidated financial statements include the assets, liabilities and the results of the operations of the Group.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Wherever necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Group.

All intra-group transactions, balances, income and expenses including unrealized gain and losses entities are eliminated in full on consolidation.

2. BASIS OF PREPARATION (continued)

d) Basis of consolidation (continued)

Subsidiary equity obligations represent the interest of other unit holders in subsidiary funds, and are classified as liabilities, and recorded at fair value in these consolidated financial statements.

Non-controlling interest has been included as a separate item in the consolidated balance sheet as part of equity. Also the non-controlling interest share in the net results of the subsidiaries has been included as a separate item in the consolidated statement of income.

e) Use of estimate and judgment

The preparation of consolidated financial statements requires management to make judgment, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

Significant areas where management has used estimates, assumptions or exercised judgment are as follows:

(i) Classification of investments

Upon acquisition of an investment, management decides whether it should be classified as investments held for trading or available-for-sale. Classification of investments depends on certain criteria as stated in note 3 (e).

(ii) Valuation of investments in unquoted private equity funds

Investments in unquoted private equity fund are valued based on the net assets values provided by the underlying fund administrator or fund manager as at the year end.

(iii) Impairment of available for sale investment

The Group exercises judgment to calculate the impairment loss of available for sale investments as well as their underlying assets. This includes the assessments of objective evidence which causes other than temporary decline in the value of investments. Any significant and prolonged decline in the fair value of equity investments below its cost is considered objective evidence for the impairment. The determination of what is "significant and prolonged" requires judgment. The Group also considers impairment to be appropriate when there is evidence of deterioration in the financial health of investee, industry and sector performance, changes in technology, and operational and financing cash flow.

2. BASIS OF PREPARATION (continued)

e) Use of estimate and judgment (continued)

(iv) Impairment of accounts receivable

Accounts receivable is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the accounts receivables are impaired. For significant individual amounts, assessment is made on individual basis. Amounts which are not individually significant, but are overdue, are assessed collectively and a provision is recognized considering the length of time and past recovery rates.

(v) Impairment of non-financial assets

The Group assesses, at each reporting date or more frequently if events or changes in circumstances indicate, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable is the higher of an asset's or cash generating unit's (CGU) fair value less cost to sell, and its value in use, and is determined for the individual asset, unless the asset does not generate cash inflows which are largely independent from other assets or groups.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining the fair value less costs to sell, an appropriate source is used, such as observable market price or, if no observable market price exists, estimated prices for similar assets or if no estimated prices for similar assets exist, it is based on discounted cash flow calculations.

(vi) Going concern

The Group’s management has made an assessment of the Group’s ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group’s ability to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements.

a) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash with banks and other short-term highly liquid investments, if any, with original maturities of three months or less, which are available to the Group without any restrictions.

b) Investment in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Investment in associates are initially recognized at cost. The Company's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The financial statements include the Group's share of income and expenses and equity movement of the investment in associates from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate. The Group's share of profits or losses of the investee companies is credited or charged to the consolidated statement of income as "Share of results in associates".

c) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below must also be met before the revenue is recognized.

(i) Income from rendering services

Rendering of services generates fees and commissions predetermined or specified in the service contracts in the form of fixed amounts, time-based manpower or retainer charges, expense recharges, or onetime fee subject to achievement of transaction milestones.

Fees received or receivable for services which are provided over an extended period of time are recognized on a proportionate basis.

Success fee is recognised when milestones set under mandates are achieved or events specified in the respective mandates are triggered.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Revenue recognition (continued)

(ii) Investment income

Gains / (losses) resulting from disposal of investments are recognized on transaction date and measured as the difference between cost and selling price net off any selling commission and related expenses.

Unrealized gains or losses on held for trading investments are charged to the consolidated statement of income.

(iii) Dividend income

Dividend income is recognized when the Group's right to receive payment has been established

d) Foreign currencies

(i) Foreign currency transactions

The transactions in foreign currencies are translated to the respective functional currencies of Company and its subsidiaries and associated companies at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date.

The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date at which fair value was determined. Foreign currency differences arising on translation are recognized in consolidated statement of income, except for differences arising on the translation of available for sale financial assets.

(ii) Foreign operations and subsidiaries

The assets and liabilities of foreign are translated to Saudi Arabian Riyals at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Saudi Arabian Riyals at the average exchange rates of the reporting period.

Foreign currency differences are recognized directly in equity under foreign currency translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign currency translation reserve is transferred to the consolidated statement of income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Investments

Investment held for trading
An instrument is classified as investment held for trading if it is held for trading upon initial recognition. Financial instruments are classified as held for trading if the Group manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognized in consolidated statement of income when incurred. Investments held for trading are measured at fair value, and changes therein are recognized in consolidated statement of income.

Available for sale investments
If not held for trading, the Group's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, and foreign exchange gains and losses on available-for-sale monetary items, are recognized directly in equity as unrealized loss or gain on investments. When an investment is derecognized, the cumulative gain or loss in equity is transferred to consolidated statement of income. If the fair value of the investments held by the Group cannot be determined reliably, these investments are stated at cost.

Fair value is determined by reference to the market value in the open market if such market exists. For investments where there is no active market, including investments in unquoted private equity, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis and option pricing models, otherwise the cost is considered to be the fair value for these investments. Permanent diminution in value of the above mentioned investments, if any, is charged to the consolidated statement of income.

f) Operating segment

A segment is a distinguishable component of the Group that is engaged in providing products or services, which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segmental reporting is based on business segments. The business segments are determined based on Group's management and internal reporting structure.

g) Offsetting

Financial assets and financial liabilities are offset and reported net in the consolidated balance sheet when there is a legally enforceable right to set off the recognized amounts and when the Group intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under accounting standards generally accepted in the Kingdom of Saudi Arabia, or for gains and losses arising from a group of similar transactions.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Accounts receivable

Accounts receivable, including unbilled revenue, are stated at original invoice amount less provision made for any uncollectible amounts. Unbilled revenue represents the gross amount expected to be collected from customer against work performed for which no invoice has been raised. An estimate for doubtful debts is made when collection of the amount is no longer probable. Bad debts are written off when identified.

i) Settlement date accounting

All regular way purchases and sales of financial assets are recognized and derecognized on the settlement date, i.e. the date on which the asset is delivered to the counterparty. When settlement date accounting is applied, the Group accounts for any change in fair value between the trade date and the settlement date in the same way as it accounts for the acquired asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

j) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in consolidated statement of income. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and is measured at fair value with changes in fair value recognised either in consolidated statement of income or as a charge to consolidated statement of changes in equity.

Goodwill, if any, is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in the consolidated statement of income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Business combinations and goodwill (continued)

After initial recognition, goodwill, if any, is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill, if any, acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill, if any, has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill, if any, associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill, if any, disposed in these circumstance is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

k) Property and equipment

Property and equipment is stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to consolidated statement of income on a straight line method over the estimated useful lives of the individual items of property and equipment.

The following useful life are applicable:

	Useful lives
Building	20 years
Leasehold improvements	5 years or lease period whichever is shorter
Computers equipment	5 years
Office equipment	5 years
Office furniture	10 years
Vehicles	5 years

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property and equipment. All other expenditures are recognized in the consolidated statement of income when incurred.

Gain or losses arising from disposal of property and equipment are recognized in the consolidated statement of income on the date of disposal.

l) Intangible assets

Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged on a straight-line basis over their estimated economic useful life not exceeding 10 years.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

n) Provision for employees' end of service benefits

Benefits payable to the employees of the Group at the end of their services are provided based on accumulated periods of service at the balance sheet date in accordance with labor regulations of the countries of incorporation of the Group member companies and accrued and charged to consolidated statement of income.

o) Zakat and income tax

Under Saudi Arabian Zakat and Income tax laws, Zakat and income taxes are the liabilities of Saudi and foreign shareholders, respectively. Zakat is computed on the Saudi shareholders' share of equity or net income using the basis defined under the General Authority of Zakat and Income Tax (GAZT) regulation. Income taxes are computed on the foreign shareholders share of net taxable income for the year. Zakat and income tax liability is accrued and charged to shareholders' equity. Foreign subsidiaries are subject to tax regulations in their countries of incorporation.

p) Assets held under fiduciary capacity

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

Clients' cash accounts are not treated as assets of the Company and accordingly are not included in these consolidated financial statements.

4. CASH AND CASH EQUIVALENTS

	Notes	**2017**	2016
Cash in hand		**64,145**	72,369
Cash at banks			
- Current accounts		**43,112,448**	103,223,152
- Short-term deposits	4a	**18,300,000**	71,788,197
Cash held with stock brokers	4b	**8,108,268**	1,382,282
		69,584,861	176,466,000

(a) Short-term deposits include deposits placed with a local bank with original maturity of three months or less and carries commission income rate of 1.25% per annum (2016: 2% per annum).

(b) Cash held with stockbrokers represents the cash held for making investments on Company's behalf. This cash represents excess cash kept in stock broker accounts as at 31 December 2017 which was not invested at year-end and was available for the Company's use without any restrictions and accordingly classified as cash and cash equivalents.

5. ACCOUNTS RECEIVABLE

	Note	**2017**	2016
Accounts receivable - related parties	7d	**22,709,609**	33,757,204
Accounts receivable – others		**100,687,964**	101,184,566
		123,397,573	134,941,770
Unbilled revenue		**93,147**	3,173,264
		123,490,720	138,115,034
Less: provision for doubtful receivables		**(52,695,445)**	(53,560,889)
		70,795,275	84,554,145

The movement in the provision for doubtful receivables is as follows:

	2017	2016
At beginning of the year	**53,560,889**	11,239,617
Amount recovered during the year	**(12,695,061)**	(1,128,099)
Provision made during the year	**11,829,617**	46,318,108
	(865,444)	45,190,009
Amounts written off during the year	**--**	(2,868,737)
At end of the year	**52,695,445**	53,560,889

6. HELD FOR TRADING INVESTMENTS

	2017	2016
Investment in equity securities	**37,910,524**	28,807,068

It comprises of shares of quoted securities in various industrial sectors, which are as follows:

	2017	2016
Trade Finance Funds	**23,235,796**	--
Telecommunication and information	**6,214,278**	916,215
Energy & Utilities	**2,568,800**	--
Banking and financial Sector	**2,115,797**	10,545,906
Agriculture and food industry	**1,941,000**	--
Insurance	**1,834,853**	8,257,890
Industrial Investment	**--**	9,087,057
	37,910,524	28,807,068

Investment in trade securities at 31 December 2017 comprise the following:

	2017	2016
Cost	**37,582,115**	24,347,431
Unrealized gain	**328,409**	4,459,637
Fair value	**37,910,524**	28,807,068

7. RELATED PARTY TRANSACTIONS AND BALANCES

The related parties of the Group consists of its shareholders, subsidiaries and affiliated companies. In the ordinary course of business, the Group enters into transactions with related parties which are based on prices and contract terms approved by the Group's management. Following are the details of major related party transactions during the year along with their balances:

7. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

a) Transactions with related parties

Significant related party transactions during the year were as follows:

Nature of transactions / Related party	***Relationship***	**2017**	2016
Fee income from rendering services			
Dabbagh Group and Affiliates/Associated Companies	Affiliate	**124,237**	2,795,492
Joussour Holding Company	Affiliate	**300,000**	600,000
Intaj Capital Limited	Affiliate	**--**	110,775
Intaj Capital II LP	Affiliate	**4,372,370**	5,095,089
Ewan Al Qayrawan Real Estate Fund	Managed Fund	**1,367,465**	1,966,217
Al Dhawahi Real Estate Fund	Managed Fund	**791,266**	1,559,002
Ewan Al Maali Real Estate Fund	Managed Fund	**1,405,417**	--
Remuneration and other benefits			
Board of Directors		**4,686,397**	4,591,211
Key management employees		**5,982,840**	5,509,381
Financing transactions			
SIIS Holding – principal	Affiliate	**310,020**	2,361,709
– commission income		**499,969**	473,678
Subscription of units / (distribution) in Managed Fund			
Ewan Al Qayrawan Real Estate Fund	Managed Fund	**(5,500,000)**	--
Al Dhawahi Real Estate Fund	Managed Fund	**(1,200,000)**	(2,000,000)
Ewan Al Maali Real Estate Fund	Managed Fund	**8,960,000**	--

7. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

b) Transactions with related parties (continued)

Nature of transactions / Related party	***Relationship***	**2017**	2016
Payments made on behalf / (Receipts)			
Hosoon International Holding	Affiliate	**(5,245,183)**	2,232,657
Bahrain Capital Securities Company W.L.L	Affiliate	**(272,479)**	116,612
Sadeed Investment Company Limited	Associate	**262,437**	(126,185)
Office Rent expense			
Mr. Kamel Lazaar	Founder and Chairman	**609,390**	604,035
Lira Capital	Affiliate	**600,103**	613,429

The above transactions resulted in the following amounts due from and due to related parties at the balance sheet date.

(i) Due from related parties – current portion

	2017	2016
Hosoon International Holding	**16,821**	5,262,004
Intaj Jate	**--**	559,346
Intaj Uniceramic	**--**	212,449
Intaj Step	**--**	207,694
Bahrain Capital Securities Company W.L.L	**--**	291,057
Sadeed Investment Company Limited	**262,437**	--
Intaj Capital Limited	**656,250**	656,250
Intaj Petroser	**--**	102,780
Al-Nawasi Al-Arabia For Development and Advancement Company	**--**	25,119
	935,508	7,316,699

(ii) Due from related parties - non-current portion

Intaj Step	**207,694**	--
Intaj Petroser	**104,336**	--
SIIS Holding Company	**18,489,098**	16,420,335
	18,801,128	16,420,335

The Group has made advances amounting to SR 18.48 million (2016: SR 16.42 million) to SIIS Holding Company, a company registered in Cayman Island, under a financing arrangement which carries a fixed return of 3% per annum and is repayable on 31 December 2020.

7. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

c) Due to related parties

	2017	2016
Intaj Capital II LP	**343,103**	464,955
Intaj Capital II (Non GCC) LP	**76,605**	116,295
Intaj Capital II Founder Partner LP	**--**	607,043
	419,708	1,188,293

d) Accounts receivable – related parties

Following are the balances receivable from related parties against various advisory and asset management services by the Group (note 5):

	2017	2016
Intaj Capital Limited	**17,671,924**	17,671,924
Ewan Al Qayrawan Real Estate Fund	**609,546**	1,012,462
Al Dhawahi Real Estate Fund	**324,023**	605,388
Ewan Al Maali Real Estate Fund	**1,105,780**	--
Dabbagh Group and Affiliates/Associated Companies	**2,231,007**	13,722,680
Jousour Holding Company	**300,000**	--
Intaj Capital II LP	**467,329**	744,750
	22,709,609	33,757,204

8. PREPAYMENTS AND OTHER CURRENT ASSETS

	2017	2016
Receivable income	**82,466**	--
Tax recoverable	**9,855,078**	9,321,802
Staff loans and receivables	**681,421**	1,124,048
Advance for Investment	**2,718,750**	1,875,000
Prepaid expenses	**2,243,501**	1,223,809
Security deposits	**971,216**	1,002,320
Others	**4,789,199**	6,799,982
	21,341,631	21,346,961

Tax recoverable represents amounts withheld from payments made to foreign subsidiaries in return for services and submitted to GAZT. As the Group consolidates the results of its subsidiaries under GAZT regulations, this amount is claimable against future tax liabilities. Accordingly, this amount is held as tax recoverable in the consolidated balance sheet. The Company will adjust this amount when making tax payments in future.

9. AVAILABLE FOR SALE INVESTMENT, NET

At 31 December 2017, the available for sale investments comprise of quoted and unquoted investments in various sector as follows:

	2017	2016
Private Equity funds	**79,596,956**	93,958,525
Aviation	**3,107,732**	12,430,424
Real Estate fund	**20,840,200**	14,183,600
Paper Industry	**7,609,599**	--
Others	**1,520,521**	1,603,740
	112,675,008	122,176,289
Unrealized (loss) / gain for the year	**(9,287,333)**	10,011,736
Balance as at 31 December 2017	**103,387,675**	132,188,025

Available for sale investment at 31 December 2017 comprise the following:

	2017	2016
Cost	**177,232,278**	188,965,754
Provision for impairment loss	**(83,161,223)**	(75,381,682)
Revised cost	**94,071,055**	113,584,072
Unrealized gain	**9,316,620**	18,603,953
Fair value	**103,387,675**	132,188,025

The movement in provision for impairment loss is as follows:

	2017	2016
At beginning of the year	**(75,381,682)**	(63,422,909)
Provision made during the year	**(7,779,541)**	(11,958,773)
At end of the year	**(83,161,223)**	(75,381,682)

10. INVESTMENT IN ASSOCIATES

	2017				
Investee	**Share Holding %**	**As at 1 January**	**Additions**	**Share of income**	**As at 31 December**
Sadeed Investment Limited Company	**49**	**90,704,596**	**11,711,980**	**804,411**	**103,220,987**
Enara Holding	**33.33**	**771,811**	**19,142,912**	**(493,379)**	**19,421,344**
		91,476,407	**30,854,892**	**311,032**	**122,642,331**

	2016				
Investee	Share Holding %	As at 1 January	Additions	Share of income	As at 31 December
Sadeed Investment Limited Company	49	84,865,349	--	5,839,247	90,704,596
Enara Holding	33.33	--	998,280	(226,469)	771,811
		84,865,349	998,280	5,612,778	91,476,407

The following is the summary of financial information of associates:

	2017		2016	
	Sadeed	**Enara Holding**	Sadeed	Enara Holding
Net income / (loss)	**1,641,655**	**(1,495,088)**	11,916,831	(679,475)
Total assets	**285,931,274**	**63,864,324**	278,263,547	2,954,758
Total liabilities	**121,339,883**	**63,044,927**	115,323,811	671,277

11. OTHER LONG-TERM RECEIVABLES

The Company and SPE Capital Partners Limited (SPE Capital) have entered into an agreement on 1 April 2016, under which the Company will assist SPE Capital in establishing its new private equity initiative and investment fund and to advise, support and administer SPE Capital's launch of business and operations.
Other long-term receivables represent the compensation to be paid to Swicorp Company by 31 December 2021 and carries an interest of 9%.

12. PROPERTY AND EQUIPMENT

	Building	**Leasehold improvements**	**Office equipment**	**Office furniture**	**Vehicles**	**2017 Total**	2016 Total
Cost							
Balance as at 1 January	8,949,000	8,463,683	6,135,000	10,462,810	1,284,967	**35,295,460**	35,046,324
Additions during the year	--	--	214,640	28,621	--	**243,261**	687,134
Disposals during the year	--	--	(7,846)	(35,712)	(36,217)	**(79,775)**	(437,998)
Balance as at 31 December	8,949,000	8,463,683	6,341,794	10,455,719	1,248,750	**35,458,946**	35,295,460
Accumulated depreciation							
Balance as at 1 January	1,381,581	8,463,683	5,108,404	6,876,177	772,473	**22,602,318**	19,507,629
Charge for the year	447,450	--	294,068	1,144,979	201,353	**2,087,850**	3,486,649
Disposals	--	--	(4,464)	(22,448)	(36,217)	**(63,129)**	(391,960)
Balance as at 31 December	1,829,031	8,463,683	5,398,008	7,998,708	937,609	**24,627,039**	22,602,318
Net book value							
As at 31 December 2017	**7,119,969**	**--**	**943,786**	**2,457,011**	**311,141**	**10,831,907**	
As at 31 December 2016	7,567,419	--	1,026,596	3,586,633	512,494		12,693,142

13. INTANGIBLE ASSETS

	2017	2016
Cost		
At beginning of the year	**5,227,142**	5,003,854
Additions during the year	**79,516**	223,288
At end of the year	**5,306,658**	5,227,142
Accumulated amortization		
At beginning of the year	**4,518,932**	4,127,183
Charge for the year	**435,834**	391,749
At end of the year	**4,954,766**	4,518,932
Net book value at 31 December	**351,892**	708,210

14. SHORT-TERM LOAN

During 2016, the Company had obtained short-term loan facilities for investment requirements of SR 90 million from a local bank for a period of 1 year at market rate. At 31 December 2017, the Group has paid off the entire utilized amount of SR 50 million against this facility.

15. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	2017	2016
Accrued expenses	**8,675,896**	11,249,417
Provision for staff bonus	**208,439**	3,291,574
Others	**3,328,017**	2,951,992
	12,212,352	17,492,983

16. PROVISION FOR ZAKAT AND INCOME TAX

The Company has made a provision for Zakat of SR 6,778,740 (2016: SR 7,345,683) for the year ended 31 December 2017 and charged to retained earnings.

The provision for Zakat for Saudi Shareholders is based on the following Zakat base components:

		2017	2016
Net loss for the year		**(16,225,579)**	(55,196,650)
Adjustments:			
Realized loss / (gain) on sale of Saudi listed shares		**1,672,915**	(2,669,521)
Unrealized gain on Saudi listed shares		**(328,409)**	(4,459,637)
Share of results in associates		**(804,411)**	(8,316,978)
Provisions and others		**21,200,428**	60,729,517
		5,514,944	(9,913,269)
Saudi Shareholding		**60%**	60%
Adjusted profit / (loss) for the year	**A**	**3,308,966**	(5,947,961)
Opening balance of equity attributable to Saudi shareholders		**275,124,130**	321,932,309
Adjusted profit / (loss) for the year		**3,308,966**	(6,649,982)
Provisions and others		**79,340,880**	52,775,376
Saudi shareholding in property and equipment		**(5,921,921)**	(6,818,155)
Saudi shareholding in investments		**(80,702,436)**	(67,412,225)
	B	**271,149,619**	293,827,323
Zakat Base, higher of A & B		**271,149,619**	293,827,323
Zakat charge @ 2.5%		**6,778,740**	7,345,683

Income tax charge for the year is based on the adjusted taxable income calculated on the proportion of equity owned by non-Saudi shareholders at a rate of 20%. No income tax provision has been calculated during the year due to adjusted taxable losses.

The movement in Zakat and income tax provision is as follows:

	2017			2016
	Zakat	**Income tax**	**Total**	Total
Balance at beginning of the year	**7,345,683**	**--**	**7,345,683**	8,248,561
Provision for the year				
- current year	**6,778,740**	**--**	**6,778,740**	7,345,683
- prior year	**52,442**	**--**	**52,442**	(153,699)
	6,831,182	**--**	**6,831,182**	7,191,984
Payments during the year	**(7,398,125)**	**--**	**(7,398,125)**	(8,094,862)
Balance at end of the year	**6,778,740**	**--**	**6,778,740**	7,345,683

16. PROVISION FOR ZAKAT AND INCOME TAX (continued)

Status of assessments

The Company has filed its Zakat and Income Tax returns with the General Authority for Zakat and Tax ("GAZT") and paid Zakat and income taxes for financial years up to and including the year 2016. During March 2018, the Company has received assessments for the years up to 2013, in which the GAZT raised additional demands aggregating to SAR 85.2 million for the years 2007 till 2013. The Company is in the process of retrieving prior year's data to analyze GAZT's position on such items and to file an appeal. The ultimate outcome of this claim cannot be determined at this point in time. However, the Company and its tax advisor believe that the Company has strong grounds for an appeal and the Company intends to vigorously contest the assessments issued by GAZT. Accordingly, no provision has been recorded in these consolidated financial statements for such assessments.

17. FEE INCOME FROM RENDERING SERVICES

	2017	2016
Advising services	**7,860,693**	8,413,588
Arranging services	**37,826,190**	74,006,009
Asset management services	**4,340,938**	3,660,077
	50,027,821	86,079,674

18. LOSS FROM HELD FOR TRADING INVESTMENTS, NET

	2017	2016
Realized loss	**(2,581,979)**	(7,445,576)
Unrealized gain	**328,409**	4,459,637
	(2,253,570)	(2,985,939)

19. DIVIDEND INCOME

Dividend income comprise of dividend declared in relations to equity securities held by the Group. The breakdown of dividend income by industry sector is as follows:

	2017	2016
Banking and Financial Sector	**521,079**	361,734
Telecommunication & Information Technology	**262,283**	186,323
Energy and Utilities	**126,841**	--
Insurance	**113,358**	208,050
Transportation Business	**45,000**	--
Agriculture and Food industry	**--**	531,288
Real Estate Development	**--**	176,438
Petrochemical	**--**	152,000
Cement	**--**	75,000
	1,068,561	1,690,833

20. OTHER OPERATING EXPENSES

	Notes	**2017**	2016
Professional fees		**7,367,695**	11,033,359
Traveling and conveyance		**5,402,201**	6,329,599
Board fees and expenses		**4,812,282**	4,591,211
Rent		**3,690,468**	3,711,579
Depreciation	12	**2,087,850**	3,486,649
Legal charges		**2,641,997**	1,356,518
Communication		**1,771,353**	1,587,754
Marketing		**1,514,405**	1,377,837
Office supplies		**1,386,947**	1,093,582
Studies and research		**864,434**	1,082,995
Insurance		**508,878**	480,854
Outsourced staff costs		**785,350**	638,636
Amortization	13	**435,834**	391,749
Bad debts written-off		**1,335,992**	328,199
Cost of hiring staff and recruitment		**684,111**	347,276
Training		**99,716**	78,373
Computer and IT expenses		**89,213**	85,543
Gain on disposal of property and equipment		**(30,542)**	(15,655)
Provision for risk and charge		**728,576**	--
Others		**1,017,898**	1,115,866
		37,194,658	39,101,924

21. FINANCIAL CHARGES

	2017	2016
Foreign currency exchange loss	**1,214,864**	1,363,687
Commission expense on short-term loans	**738,860**	1,764,756
Bank charges	**715,637**	316,849
	2,669,361	3,445,292

22. LEGAL DISPUTE WITH A SAUDI BASED COMPANY

The Company is currently in a legal dispute with a Saudi based company, who claims to have a receivable of SR 10 million from Swicorp Company. The claim relates to the Company's investment in a Saudi Arabian listed company. The claim pertains to the Company's agreement to pay the claimant a certain percentage of the profits earned on the transaction. However, as per the legal advisor of the Company no conclusive evidence establishing the Company's agreement to pay such claimed amounts have been determined. The claimant has brought a formal case against the Company before the Committee for the Resolution of Securities Disputes. Currently the case is in its early stages and a final and binding judgement is expected in 2019.

23. SHARE CAPITAL

The share capital of the company is 500 million divided into 50 million shares of SR 10 each. The shareholders and their respective holdings are as follows:

Shareholder	Country	Share Percentage	No. of shares	Share capital
Swicorp International Holding S.A.	Luxembourg	40%	20,000,000	200,000,000
Savola Group Company	Kingdom of Saudi Arabia	15%	7,500,000	75,000,000
Marketing & Commercial Agencies Company Limited	Kingdom of Saudi Arabia	15%	7,500,000	75,000,000
Mr.Abdullah Saleh Kamel	Saudi National	15%	7,500,000	75,000,000
Mr.Mosa Omran Al-Omran	Saudi National	7.5%	3,750,000	37,500,000
Amwal Al Khaleej Commercial Investment Company	Kingdom of Saudi Arabia	7.5%	3,750,000	37,500,000
		100%	**50,000,000**	**500,000,000**

24. STATUTORY RESERVE

In accordance with the Company's amended By-Laws and the new Saudi Arabian Regulations for Companies, the Company is to set aside 10% of its net income each year as statutory reserve until such reserve equals to 30% of the share capital. This reserve is currently not available for distribution to the shareholders of the Company.

25. LOSS PER SHARE

Loss per share for the year ended 31 December 2017 have been computed by dividing the loss from operations and the net loss for the year by the weighted average number of ordinary shares outstanding issued and outstanding at the year ended 31 December 2017.

The calculation of diluted earnings per share is not applicable to the company.

26. CONTINGENCIES AND COMMITMENTS

a) Contingencies and capital commitments

The Group has capital commitment of SR 4.084 million (2016: SR 19.15) towards funds managed by the subsidiary of the Group. Further the Group has provided a prorata corporate guarantee for a SR 125 million long-term loan of Sadeed Investment Company Limited (an associate in which the Group holds 49% shareholding). As of December 31, 2017 the outstanding loan amount was SR 70 million (2016: SR 90 million).

b) *Operating lease commitments*

The minimum future lease payments for the use of the Group office premises are as follows:

	2017	2016
Less than one year	**3,165,547**	3,600,883
One to five years	**1,896,720**	12,886,186
	5,062,267	16,487,069

27. ASSETS HELD UNDER FIDUCIARY CAPACITY

Assets under management

These represent the mutual funds' assets and investments managed by the Group on behalf of its customers. As of 31 December 2017 the Group managed SR 883,993,970 (2016: SR 764,949,249). Consistent with the Group's accounting policy, such balances are not included in the Group's consolidated financial statements.

Clients' cash accounts

Consistent with its accounting policy, client cash account balances are not included in the Group's consolidated financial statements. As of 31 December, 2017 the Group managed no client cash accounts. (2016: SR Nil).

28. SEGMENT INFORMATION

An operating segment is a component of an entity:

(a) that engages in business activities from which it may earn revenue and incur expenses (including revenues and expenses relating to transactions with other components of the same entity).

(b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and

(c) for which discrete financial information is available.

27. SEGMENT INFORMATION (continued)

Consistent with the internally approved reporting process, the Company is organized into business units based on services provided as follows:

Private Equity	Private Equity includes advising private equity funds and syndicated transactions.
Investment Banking	Investment Banking includes corporate and strategic advisory, mergers & acquisitions, joint-ventures, equity and debt raising, privatizations and other consulting activities.
Asset Management	Asset Management includes management of equity funds, real estate funds and client portfolio.
Corporate	Corporate includes gains and losses on proprietary investments and other corporate revenues.

	2017				
	Amounts in '000'				
Description	**Investment Banking**	**Private Equity**	**Asset Management**	**Corporate**	**Total**
Operating revenue	27,210	18,253	5,341	17,260	68,064
Operating expenses	(42,038)	(18,771)	(14,798)	(3,824)	(79,431)
Operating (loss) / income	(14,828)	(518)	(9,457)	13,436	(11,367)
Total assets	21,493	286,385	65,235	105,838	478,951
Total liabilities	--	--	651	32,940	33,591

	2016				
	Amounts in '000'				
Description	Investment Banking	Private Equity	Asset Management	Corporate	Total
Operating revenue	35,557	22,488	3,660	28,692	90,397
Operating expenses	(88,012)	(27,685)	(8,128)	(7,431)	(131,256)
Operating (loss) / income	(52,455)	(5,197)	(4,468)	21,261	(40,859)
Total assets	66,882	255,426	169,438	89,606	581,352
Total liabilities	--	--	50,247	53,055	103,302

29. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Risk is inherent in the Group's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposure relating to his or her responsibilities. The Group is exposed to credit risk, market risk and liquidity risk. The independent risk control process does not include business risks such as changes in environment, technology and industry. They are monitored through the Group's strategic planning process.

Financial assets of the Group consists of bank balance, accounts receivables, due from related parties, held for trading investments, available for sale investments and certain other assets. Financial liabilities of the Group consist of short-term loans, accounts payable, due to related parties and certain other liabilities.

The Group activities expose the business to a number of key risks, which have the potential to affect its ability to achieve its business objectives.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss and arises principally from Group bank balances, accounts receivable including due from related parties.

The credit risk in respect of bank balances is considered by management to be insignificant, as the balances are mainly held with reputable banks in the Kingdom of Saudi Arabia, Sultanate of Oman and Tunis.

The Group's Management attempts to monitor credit risk relating to accounts receivable by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties. As at year end, the counterparties, including related parties, have sound financial position and have ability to repay their due.

Maximum exposure to credit risk at the reporting date:

	2017	2016
Assets		
Balances with banks (note 4)	**51,220,716**	104,605,434
Accounts receivable, net	**70,795,275**	84,554,145
Investments	**--**	108,396
Due from related parties	**19,736,636**	23,080,783
Other long-term receivable	**21,703,125**	9,375,000
Other current assets	**9,826,138**	11,457,600
	173,281,890	233,181,358

29. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Market risk

Market risk is the risk from change in fair value of financial instruments due to fluctuation in foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk), whether such changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

Market price risk:

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the level of equity indices and the value of individual stocks.

Held for trading investments:

At the reporting date, the Groups' held for trading investments are represented by equity securities and convertible bonds. The Group regularly monitors on individual basis the market risk on its held for trading investments. At the reporting date, a 10% (December 31, 2016: 10%) in the value of investments with all other variables held constant would have increased or decreased the net income by SR 3.79 million (December 31, 2016: SR 2.88 million).

Available for sale investments:

The Group has unquoted investments in private equity funds and real estate funds carried at net asset value as reported by the Fund's Manager. In respect of such investments carried at fair value, a 10% change in net asset value would have increased or decreased other reserves in the consolidated statement of changes in equity by SR 10.34 million (December 31, 2016: SR 13.2 million).

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group carries an exchange risk associated with the effects of fluctuations in prevailing foreign currency exchange rates on its financial position and cash flows. The Company takes preventive measures against this risk by setting up limits on the level of exposure by currency and in total in line with predetermined limits set beforehand and reviewed periodically for reasonableness and effectiveness.

At the reporting date, the group is exposed to currency risk in cash and cash equivalents, accounts receivables, other long-term receivables, due from related parties, available for sale investments and investment in associates, other assets, accounts payable, due to related parties and long term loan.

This risk is further mitigated by the Group maintaining financial assets denominated in the same currencies as its major financial liabilities. The Finance Department monitors the Group foreign currency exposure.

29. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Market risk (continued)

Interest rate risk

Interest rate risk is the risk that the value a financial instrument will fluctuate due to changes in market interest rates.

The Group monitors interest rates on a currency-by-currency basis. The modified duration of the fixed income investments in each currency is used as an indicator of the sensitivity of the assets to changes in current interest rates. Interest rate risk exposure on Bank loan is controlled by close monitoring of interest rate throughout the period. Immediate action is taken to stem any significant fluctuations.

The following information demonstrates the sensitivity of consolidated statement income to possible changes in interest rates, with all other variables held constant.

	2017	2016
Increase in commission rates by 100 basis points	**(143,000)**	100,000
Decrease in commission rates by 100 basis points	**143,000**	(100,000)

Liquidity risk

Liquidity risk is the risk that an enterprise 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. To mitigate this risk, management manages assets with liquidity in mind, maintaining an appropriate balance of cash, cash equivalents and readily marketable securities and monitors future cash flows and liquidity on regular basis. The maturity profile is monitored to ensure adequate liquidity is maintained. The Group has sufficient unutilized credit lines available to meet any liquidity needs. At year end the current assets are significantly higher than its current liabilities and thus the Company does not face any significant liquidity risk.

30. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As these consolidated financial statements are prepared under historical cost convention, (except for the measurement at fair value of investments held for trading and investments held as available-for-sale), differences may arise between the book values and the fair value estimates. At the reporting date, management believes that the fair values of the Company’s financial assets and liabilities are not materially different from their carrying values.

31. REGULATORY CAPITAL REQUIREMENTS AND CAPITAL ADEQUACY

The Capital Market Authority ("the CMA") has issued Prudential Rules (the "Rules") dated 30 December 2012 (corresponding to 17 Safar 1434H). According to the Rules, the CMA has prescribed the framework and guidance regarding the minimum regulatory capital requirement and its calculation methodology as prescribed under these rules. In accordance with this methodology, the Group has calculated its minimum capital required and capital adequacy ratios as follows:

Description	**2017**	2016
Capital base:		
Tier-1 Capital	**434,377,000**	456,879,000
Tier-2 Capital	**9,317,000**	18,604,000
Total capital base (A)	**443,694,000**	475,483,000
Minimum Capital Requirement:		
Market risks	**7,582,000**	9,781,000
Credit risks	**282,199,000**	330,001,000
Operational risks	**20,025,000**	32,814,000
Total minimum capital requirement (B)	**309,806,000**	372,596,000
Surplus (C=A-B)	**133,888,000**	102,887,000
Capital adequacy ratio (D=A/B)	**1.43**	1.28

a) Capital Base of the Company comprise of

Tier-1 capital consists of share capital, retained earnings and statutory reserves.

Tier-2 capital consists of unrealized gain on available for sale investment (revaluation reserves), foreign exchange reserves, with certain deductions as per the Rules.

b) The minimum capital requirements for market, credit and operational risk are calculated as per the requirements specified in the part 3 of the Rules issued by CMA.

c) The Company's business objectives when managing capital adequacy is to comply with the capital requirements set forth by the CMA to safeguard the Company's ability to continue as a going concern, and to maintain a strong capital base.

32. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were authorized for issuance by the Board of Directors on Rajab 12, 1439H, corresponding to March 29, 2018.