SWICORP COMPANY
(A Saudi Closed Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2016
with
INDEPENDENT AUDITORS' REPORT

KPMG Al Fozan & Partners
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License No. 46/11/323 issued 11/3/1992

INDEPENDENT AUDITORS' REPORT

The Shareholders
Swicorp Company
Riyadh, Kingdom of Saudi Arabia.

We have audited the accompanying consolidated financial statements of Swicorp Company ("the Company") and its subsidiaries (collectively "the Group") which comprise the consolidated balance sheet as at 31 December 2016, and the related consolidated statements of income, cash flows and changes in equity for the year then ended and the attached notes 1 through 31 which form an integral part of these consolidated financial statements.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia and in compliance with the Regulations for Companies and the Company's bylaws, 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. Management has provided us with all the information and explanations that we require relating to our audit of these consolidated financial statements.

Auditors' responsibilities

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in the Kingdom of Saudi Arabia. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

Opinion

In our opinion, the consolidated financial statements taken as a whole:

1) Present fairly, in all material respects, the financial position of Swicorp Company and its subsidiaries as at 31 December 2016, and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia appropriate to the circumstances of the Group; and

2) comply with the requirements of the Regulations for Companies and the Company's by-laws with respect to the preparation and presentation of the financial statements.

For KPMG Al Fozan & Partners
Certified Public Accountants

Ebrahim Oboud Baeshen
License No: 382

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محاسبون ومراجعون قانونيون
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C.R. 46
KPMG
Certified Public Accountants
KPMG Al Fozan & Partners

Rajab 1, 1438H
Corresponding to: March 29, 2017

SWICORP COMPANY
(A Saudi Closed Joint Stock Company)

CONSOLIDATED BALANCE SHEET
As at 31 December 2016
(Expressed in Saudi Arabian Riyals)

	Notes	2016	2015
ASSETS			
Current assets			
Cash and cash equivalents	4	**176,466,000**	159,882,770
Accounts receivable	5	**84,554,145**	122,685,115
Held for trading investments	6	**28,807,068**	99,023,906
Due from related parties	7b(i)	**6,660,449**	4,414,364
Prepayments and other current assets	8	**22,003,211**	20,002,703
Total current assets		**318,490,873**	406,008,858
Non-current assets			
Due from related parties	7b(ii)	**16,420,335**	14,057,951
Other long-term receivable	11	**9,375,000**	--
Available for sale investments	9	**132,188,025**	131,272,374
Investment in associates	10	**91,476,407**	84,865,349
Property and equipment	12	**12,693,142**	15,538,695
Intangible assets	13	**708,210**	876,671
Total non-current assets		**262,861,119**	246,611,040
TOTAL ASSETS		**581,351,992**	652,619,898
LIABILITIES AND EQUITY			
LIABILITIES			
Current liabilities			
Short-term loans	14	**50,247,377**	20,072,419
Accounts payable		**9,600,111**	3,236,389
Due to related parties	7c	**1,188,293**	525,000
Dividend payable		**9,375,000**	43,125,000
Accrued expenses and other current liabilities	15	**17,492,983**	30,251,375
Subsidiary equity obligation	2(d)	**--**	8,648,623
Provision for Zakat and income tax	16	**7,345,683**	8,248,561
Total current liabilities		**95,249,447**	114,107,367
Non-current liabilities			
Long-term loan		**182,433**	224,240
Provision for employees' end of service benefits		**7,869,884**	7,329,052
Total non-current liabilities		**8,052,317**	7,553,292
TOTAL LIABILITIES		**103,301,764**	121,660,659
EQUITY			
Equity attributable to Company's shareholders			
Share capital	22	**500,000,000**	500,000,000
Statutory reserve	23	**30,824,452**	30,824,452
Accumulated losses		**(72,284,238)**	(9,895,604)
Foreign currency translation reserve		**(952,868)**	(1,311,963)
Unrealized gain on available for sale investments	9	**18,603,953**	8,592,217
Total equity attributable to Company's shareholders		**476,191,299**	528,209,102
Non-controlling interests		**1,858,929**	2,750,137
TOTAL EQUITY		**478,050,228**	530,959,239
TOTAL LIABILITIES AND EQUITY		**581,351,992**	652,619,898

The accompanying notes 1 to 31 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 2016
(Expressed in Saudi Arabian Riyals)

	Notes	2016	2015
REVENUES			
Fee income from rendering services	17	**86,079,674**	89,592,067
(Losses) / gains from held for trading investments – net	18	**(2,985,939)**	2,522,223
Gain on sale of available for sale investments		**--**	1,351,380
Dividend income	19	**1,690,833**	5,187,766
TOTAL REVENUES		**84,784,568**	98,653,436
EXPENSES			
Salaries and employee related expenses		**(39,279,693)**	(44,201,657)
Management and consultancy fee		**(7,684,594)**	(27,496,348)
Provision for doubtful receivables	5	**(45,190,009)**	(36,653)
Other operating expenses	20	**(39,101,924)**	(46,240,850)
TOTAL EXPENSES		**(131,256,220)**	(117,975,508)
Share of results in associates	10	**5,612,778**	6,639,903
LOSS FROM OPERATIONS		**(40,858,874)**	(12,682,169)
Impairment in available for sale investments	9	**(11,958,773)**	(297,732)
Loss on disposal of a subsidiary	1(a)	**(4,148,518)**	--
Other income, net		**4,512,578**	1,210,067
Finance charges	21	**(3,445,292)**	(2,201,848)
Income attributable to subsidiary's equity obligations		**--**	1,077,453
LOSS BEFORE NON-CONTROLLING INTEREST		**(55,898,879)**	(12,894,229)
Non-controlling interests		**702,229**	(44,677)
NET LOSS		**(55,196,650)**	(12,938,906)
LOSS PER SHARE			
Attributable to loss from operations	24	**(0.817)**	(0.254)
Attributable to net loss	24	**(1.104)**	(0.26)
Attributable to other income		**0.09**	0.02

The accompanying notes 1 to 31 form an integral part of these consolidated financial statements.

SWICORP COMPANY
(A Saudi Closed Joint Stock Company)

CONSOLIDATED STATEMENT OF CASHFLOWS
For the year ended 31 December 2016
(Expressed in Saudi Arabian Riyals)

	Notes	2016	2015
OPERATING ACTIVITIES			
Net loss		**(55,196,650)**	(12,938,906)
Adjustments for:			
Depreciation	12	**3,486,649**	3,139,325
Amortization	13	**391,749**	391,746
Provision for employees' end of service benefits		**2,811,585**	1,924,601
Share of results in associates	10	**(5,612,778)**	(6,639,903)
Loss on disposal of a subsidiary	1(a)	**4,148,518**	--
Bad debts written-off	20	**328,199**	308,215
Realized loss / (gain) on held for trading investments	18	**7,445,576**	(17,080,629)
Unrealized (gain) / loss on held for trading investments	18	**(4,459,637)**	14,558,406
Provision for doubtful receivables	5	**46,318,108**	1,150,207
Gain on disposal of property and equipment		**15,655**	81,709
Impairment in available for sale investments	9	**11,958,773**	297,732
		11,635,747	(14,807,497)
Changes in operating assets and liabilities			
Accounts receivables		**(8,515,337)**	(17,971,595)
Held for trading investments		**10,230,899**	114,994,058
Due from related parties		**(4,608,468)**	(3,738,174)
Prepayment and other current assets		**(125,508)**	(4,534,603)
Other long-term receivable		**(9,375,000)**	
Accounts payable		**6,363,722**	(344,834)
Due to related parties		**663,293**	140,430
Accrued expenses and other current liabilities		**(12,758,392)**	(2,690,348)
Cash (used in) / from operations		**(6,489,044)**	71,047,437
Employees' end of service benefit paid		**(2,270,753)**	(1,874,377)
Zakat and income tax paid	16	**(8,094,862)**	(9,025,641)
Net cash (used in) / from operating activities		**(16,854,659)**	60,147,419
INVESTING ACTIVITIES			
Purchase of property and equipment	12	**(687,134)**	(3,754,073)
Sale proceeds from disposal of property and equipment		**30,381**	61,767
Purchase of intangible assets	13	**(223,288)**	(62,343)
Advance for investment	8	**(1,875,000)**	6,000,000
Purchase of available for sale investments		**(2,503,592)**	(17,072,404)
Sale proceeds from disposal of investment in subsidiary	1(a)	**52,851,482**	--
Purchase of investment in an associate	10	**(998,280)**	--
Cash acquired on purchase of subsidiary		**--**	2,530,685
Net cash from / (used in) investing activities		**46,594,569**	(12,296,368)
FINANCING ACTIVITIES			
Proceeds from term loans		**30,133,151**	20,246,020
Dividends paid		**(33,750,000)**	**--**
Net movement in non-controlling interest		**(891,208)**	(151,385)
Net movement in subsidiary's equity obligations		**(8,648,623)**	939,865
Net cash (used in) / from financing activities		**(13,156,680)**	21,034,500
NET INCREASE IN CASH AND CASH EQUIVALENTS		**16,583,230**	68,885,551
Cash and cash equivalents at beginning of year		**159,882,770**	90,997,219
CASH AND CASH EQUIVALENTS AT END OF YEAR	4	**176,466,000**	159,882,770
Non-cash transactions:			
Allocation of net assets to non-controlling interest		**(188,979)**	1,865,258
Unrealized gains / (losses) from available for sale investments	9	**10,011,736**	(18,347,389)

The accompanying notes 1 to 31 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 2016
(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 2015		500,000,000	30,824,452	10,963,093	(2,715)	26,939,606	568,724,436	840,202	569,564,638
Net loss for the year		--	--	(12,938,906)	--	--	(12,938,906)	44,677	(12,894,229)
Foreign currency translation reserve		--	--	--	(1,309,248)	--	(1,309,248)	--	(1,309,248)
Net change in fair value of available for sale investments		--	--	--	--	(18,347,389)	(18,347,389)	--	(18,347,389)
Provision for Zakat and income tax	16								
- prior years		--	--	328,770	--	--	328,770	--	328,770
- current year		--	--	(8,248,561)	--	--	(8,248,561)	--	(8,248,561)
Acquisition of subsidiary with non-controlling interest		--	--	--	--	--	--	1,907,552	1,907,552
Decrease in non- controlling interest		--	--	--	--	--	--	(42,294)	(42,294)
Balance as at 31 December 2015		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		--	--	--	--	**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**

The accompanying notes 1 to 31 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-Awwal 1385 H (corresponding to 22 July 1965) as amended. The Company operates under Commercial Registration Certificate numbered 1010233360 dated 6 Jumada'Al-Awwal 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 2016. 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 2016	Effective ownership 2015
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	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	Advisory services	Tunisia	**99.93%**	99.93%
Swicorp Commercial Investment Company	SPV for investment	Kingdom of Saudi Arabia	**95%**	95%
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	**85%**	85%
Numu Consulting Tunisia	Consulting services	Tunisia	**84.98%**	84.98%
Swicorp Ijar	SPV for investment	United Arab Emirates	**100%**	100%
Tharwa Fund *refer (a) below*	Public Equity fund	Kingdom of Saudi Arabia	**--**	88%

a) Disposal of Subsidiary

On 31 May 2016, 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 4.14 million.

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).

The new Regulation for Companies issued through Royal Decree M/3 on 11 November 2015 (hereinafter referred as "The Law") came into force on 25 Rajab 1437 H (corresponding to 2 May 2016). The Company has to amend its bylaws for any changes to align the bylaws to the provisions of The Law. Consequently, the Company shall present the amended bylaws to the shareholders in their Extraordinary General Assembly meeting for their ratification. The full compliance with The Law is expected not later than 24 Rajab 1438 H (corresponding to 21 April 2017).

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, available for sale investments and subsidiary's equity obligation, 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.

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.

2. BASIS OF PREPARATION (continued)

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.

(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.

2. BASIS OF PREPARATION (continued)

e) Use of estimate and judgment (continued)

(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. Certain comparative amounts have been reclassified/regrouped to conform to the current year presentation.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

	Note	2016	2015
Cash in hand		**72,369**	81,216
Cash at banks			
- Current accounts		**103,223,152**	27,662,936
- Short-term deposits	4a	**71,788,197**	40,265,564
Cash held with stock brokers	4b	**1,382,282**	91,873,054
		176,466,000	159,882,770

(a) Short-term deposits include deposits are placed with local bank with original maturity of three months or less and carries special commission income rates at 1.5% per annum (2015: 2% per annum).

(b) Cash held with stockbrokers represents the cash held for making investments on Company's behalf. This cash represents excess cash held by stockbrokers as at 31 December 2016 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	2016	2015
Accounts receivable - related parties	7d	**32,139,354**	33,859,883
Accounts receivable - others		**102,802,416**	92,886,441
		134,941,770	126,746,324
Unbilled revenue		**3,173,264**	7,178,408
		138,115,034	133,924,732
Less: provision for doubtful receivables		**(53,560,889)**	(11,239,617)
		84,554,145	122,685,115

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

	2016	2015
At beginning of the year	**11,239,617**	12,481,182
Amount recovered during the year	**(1,128,099)**	(1,113,554)
Provision made during the year	**46,318,108**	1,150,207
	45,190,009	36,653
Amounts written off during the year	**(2,868,737)**	(1,278,218)
At end of the year	**53,560,889**	11,239,617

6. HELD FOR TRADING INVESTMENTS

	2016	2015
Investment in equity securities	**28,807,068**	99,023,906

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

	2016	2015
Banking and financial Sector	**10,545,906**	36,104,563
Industrial investment	**9,087,057**	14,022,523
Insurance	**8,257,890**	--
Telecommunication and information	**916,215**	10,955,105
Construction	--	8,949,131
Cement	--	6,971,054
Agriculture and food industry	--	6,764,619
Petrochemical	--	8,895,932
Hotel and tourism	--	6,360,979
	28,807,068	99,023,906

Investment in trade securities at 31 December 2016 comprise the following:

	2016	2015
Cost	**24,347,431**	113,582,312
Unrealized gain / (loss)	**4,459,637**	(14,558,406)
Fair value	**28,807,068**	99,023,906

7. RELATED PARTY TRANSACTIONS AND BALANCES

The related parties of the Group consists of its shareholders, their 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***	**2016**	2015
Fee income from rendering services			
Dabbagh Group and Affiliates/Associated Companies	Affiliate	**2,795,492**	818,779
Joussour Holding Company	Affiliate	**600,000**	7,320,000
Intaj Capital Limited	Affiliate	**110,775**	--
Intaj Capital II LP	Affiliate	**5,095,089**	7,057,538
Ewan Al Qayrawan Real Estate Fund	Managed Fund	**1,966,217**	3,300,398
Al Dhawahi Real Estate Fund	Managed Fund	**1,559,002**	1,847,454
Remuneration and other benefits			
Board of Directors		**4,591,211**	5,596,754
Key management employees		**5,509,381**	5,280,599
Financing transactions			
SIIS Holding – principal	Affiliate	**2,361,709**	2,616,263
– commission income		**473,678**	378,855
Subscription of units / (distribution) in Managed Fund			
Ewan Al Qayrawan Real Estate Fund	Managed Fund	**--**	5,000,000
Al Dhawahi Real Estate Fund	Managed Fund	**(2,000,000)**	--

7. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

b) Transactions with related parties (continued)

Nature of transactions / Related party	***Relationship***	**2016**	2015
Payments made on behalf			
Hosoon International Holding	Affiliate	**2,232,657**	1,093,303
Bahrain Capital Securities Company W.L.L	Affiliate	**116,612**	171,287
Sadeed Investment Company Limited	Associate	**(126,185)**	107,185
Office Rent expense		**2016**	2015
Mr. Kamel Lazaar	Founder and Chairman	**604,035**	614,390
Lira Capital	Affiliate	**613,429**	1,028,293

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

	2016	2015
Hosoon International Holding	**5,262,004**	3,029,347
Intaj Jate	**559,346**	559,346
Intaj Uniceramic	**212,449**	212,449
Intaj Step	**207,694**	207,694
Bahrain Capital Securities Company W.L.L	**291,057**	174,444
Sadeed Investment Company Limited	**--**	126,185
Intaj Petroser	**102,780**	102,780
Al-Nawasi Al-Arabia For Development and Advancement Company	**25,119**	2,119
	6,660,449	4,414,364

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

	2016	2015
SIIS Holding Company	**16,420,335**	14,057,951

The Group has made advances amounting to SR 16.41 million (2015: SR 14.05 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 2018.

7. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

c) Due to related parties

	2016	2015
Intaj Capital II LP	**464,955**	420,484
Intaj Capital II (Non GCC) LP	**116,295**	104,516
Intaj Capital II Founder Partner LP	**607,043**	--
	1,188,293	525,000

d) Accounts receivable – related parties

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

	2016	2015
Intaj Capital Limited	**17,671,924**	17,671,924
Dabbagh Group and Affiliates/Associate d Companies	**13,722,680**	15,044,543
Intaj Capital II LP	**744,750**	1,143,416
	32,139,354	33,859,883

8. PREPAYMENTS AND OTHER CURRENT ASSETS

	2016	2015
Tax recoverable	**9,321,802**	8,197,603
Advances	**5,139,447**	6,713,392
Staff loans and receivables	**1,124,048**	1,091,002
Prepaid expenses	**1,223,809**	1,622,732
Security deposits	**1,002,320**	917,357
Other	**4,191,785**	1,460,617
	22,003,211	20,002,703

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 payment tax payments in future.

9. AVAILABLE FOR SALE INVESTMENT, NET

At 31 December 2016, the available for sale investments comprise of unquoted investments in various sector as follows:

	2016	2015
Private Equity funds	**93,958,525**	90,332,114
Aviation	**12,430,424**	15,903,244
Real Estate fund	**14,183,600**	15,000,000
Others	**1,603,740**	1,444,799
	122,176,289	122,680,157
Net change in unrealized gain	**10,011,736**	8,592,217
Balance as at 31 December 2016	**132,188,025**	131,272,374

Available for sale investment at 31 December 2016 comprise the following:

	2016	2015
Cost	**188,965,754**	186,103,066
Provision for impairment loss	**(75,381,682)**	(63,422,909)
Revised cost	**113,584,072**	122,680,157
Unrealized gain	**18,603,953**	8,592,217
Fair value	**132,188,025**	131,272,374

The movement in provision for impairment loss is as follows:

	2016	2015
At beginning of the year	**(63,422,909)**	(63,125,177)
Provision made during the year	**(11,958,773)**	(297,732)
At end of the year	**(75,381,682)**	(63,422,909)

10. INVESTMENT IN AN ASSOCIATE

	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**

	2015				
Investee	Share Holding %	As at 1 January	Addition	Share of income	As at 31 December
Sadeed Investment Limited Company	49	78,225,446	--	6,639,903	84,865,349

The following is the summary of financial information of associates:

	2016		2015	
	Sadeed	**Enara Holding**	Sadeed	Enara Holding
Net income / (loss)	**11,916,831**	**(679,475)**	17,492,747	--
Total assets	**278,263,547**	**2,954,758**	286,189,380	--
Total liabilities	**115,323,811**	**671,277**	148,696,633	--

11. OTHER LONG-TERM RECEIVABLES

During the year, the company has recognized SR 9.375 million as receivable from SPE Capital on account of pre-operating expenses incurred in relation to the launch of a new fund AIF on behalf of SPE Capital.

12. PROPERTY AND EQUIPMENT

	Building	**Leasehold improvements**	**Computers equipment**	**Office equipment**	**Office furniture**	**Vehicles**	**2016 Total**	2015 Total
Cost								
Balance as at 1 January	8,949,000	8,260,802	4,297,794	1,866,350	10,311,525	1,360,853	**35,046,324**	33,391,364
Acquisition through business combination	--	--	--	--	--	--	**--**	160,408
Additions during the year	--	281,912	195,343	5,841	152,129	51,909	**687,134**	3,754,073
Disposal during the year	--	(79,031)	(173,549)	(56,779)	(844)	(127,795)	**(437,998)**	(2,259,521)
Balance as at 31 December	8,949,000	8,463,683	4,319,588	1,815,412	10,462,810	1,284,967	**35,295,460**	35,046,324
Accumulated depreciation								
Balance as at 1 January	934,131	6,470,786	4,129,919	828,524	6,488,183	656,086	**19,507,629**	18,450,570
Charge for the year	447,450	2,025,891	333,451	46,837	388,838	244,182	**3,486,649**	3,139,325
Disposals	--	(32,994)	(173,549)	(56,778)	(844)	(127,795)	**(391,960)**	(2,082,266)
Balance as at 31 December	1,381,581	8,463,683	4,289,821	818,583	6,876,177	772,473	**22,602,318**	19,507,629
Net book value								
As at 31 December 2016	**7,567,419**	**--**	**29,767**	**996,829**	**3,586,633**	**512,494**	**12,693,142**	
As at 31 December 2015	8,014,869	1,790,016	167,875	1,037,826	3,823,342	704,767		15,538,695

13. INTANGIBLE ASSETS

	2016	2015
Cost		
At beginning of the year	**5,003,854**	4,871,581
Acquisition through business combination	**--**	69,930
Additions during the year	**223,288**	62,343
At end of the year	**5,227,142**	5,003,854
Accumulated amortization		
At beginning of the year	**4,127,183**	3,735,437
Charge for the year	**391,749**	391,746
At end of the year	**4,518,932**	4,127,183
Net book value at 31 December	**708,210**	876,671

14. SHORT-TERM LOAN

The Group has obtained short-term loan facilities for investment requirements of SR 90 million (2015: SR 120 million) from a local bank for a period of 1 year and is aligned with market rate. At 31 December 2016, the Group has availed SR 50 million (2015: SR 20 million) against this facility. Certain held for trading investments are used as collaterals for this short-term loan facility. The Group is required to comply with covenants mentioned in loan facility agreement.

15. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	2016	2015
Accrued expenses	**11,249,417**	24,251,341
Provision for staff bonus	**3,291,574**	3,000,000
Others	**2,951,992**	3,000,034
	17,492,983	30,251,375

16. PROVISION FOR ZAKAT AND INCOME TAX

The Company has made a provision for Zakat of SR 7,345,683 (2015: SR 8,248,561) for the year ended 31 December 2016 was charged to retained earnings.

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

		2016	2015
Net loss for the year		**(55,898,878)**	(12,938,906)
Adjustments:			
Realized (gain) on sale of Saudi listed shares		**(2,669,521)**	(19,510,978)
Unrealized (gain) / loss on Saudi listed shares		**(4,459,637)**	7,278,382
Share of results in associates		**(8,316,978)**	(6,639,903)
Provisions and others		**60,729,517**	12,941,011
		(11,083,303)	(18,870,394)
Saudi Shareholding		**60%**	60%
Adjusted loss for the year	**A**	**(6,649,982)**	(11,322,236)
Opening balance of equity attributable to Saudi shareholders		**321,932,309**	353,197,527
Adjusted loss for the year		**(6,649,982)**	(11,322,236)
Provisions and others		**52,775,376**	59,279,389
Saudi shareholding in property and equipment		**(6,818,155)**	(7,775,668)
Saudi shareholding in investments		**(67,412,225)**	(63,436,572)
	B	**293,827,323**	329,942,440
Zakat Base, higher of A & B		**293,827,323**	329,942,440
Zakat charge @ 2.5%		**7,345,683**	8,248,561

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 period due to adjusted taxable losses.

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

	2016			2015
	Zakat	**Income tax**	**Total**	Total
Balance at beginning of the year	**8,248,561**	**--**	**8,248,561**	9,354,411
Provision for the year				
- current year	**7,345,683**	**--**	**7,345,683**	8,248,561
- prior year	**(153,699)**	**--**	**(153,699)**	(328,770)
	7,191,984	**--**	**7,191,984**	7,919,791
Payments during the year	**(8,094,862)**	**--**	**(8,094,862)**	(9,025,641)
Balance at end of the year	**7,345,683**	**--**	**7,345,683**	8,248,561

16. PROVISION FOR ZAKAT AND INCOME TAX (continued)

Status of assessments

The Company has filed the declarations of Zakat and income tax for the period / years ended 31 December 2007 to 2014, however the assessments have not yet been finalized. During 2015, the GAZT has claimed an additional Zakat/tax amounting to SR 33 million disallowing the deductions made by the Company in prior years from Zakat / tax liability for years 2009 to 2014, in respect of withholding tax deducted from payments made to certain wholly owned subsidiaries and submitted to GAZT. The Company believes that inadmissibility of the withholding tax deducted from income which is subjected to tax is not equitable and is contradicting ruling issued by GAZT in 2009 and have therefore objected against this GAZT's decision. The ultimate outcome of this claim cannot be assessed at this time. However, as the Company together with its tax advisors believe that the claim will be decided in Company's favour and accordingly, no provision has been made in the consolidated financial statements.

17. FEE INCOME FROM RENDERING SERVICES

	2016	2015
Advising services	**8,413,588**	16,685,552
Arranging services	**74,006,009**	67,553,426
Asset management services	**3,660,077**	5,353,089
	86,079,674	89,592,067

18. GAIN FROM HELD FOR TRADING INVESTMENTS, NET

	2016	2015
Realized (loss) / gain	**(7,445,576)**	17,080,629
Unrealized gain / (loss)	**4,459,637**	(14,558,406)
	(2,985,939)	2,522,223

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:

	2016	2015
Agriculture and Food industry	**531,288**	270,767
Banking and Financial Sector	**361,734**	2,209,226
Insurance	**208,050**	14,750
Telecommunication & Information	**186,323**	376,768
Real Estate Development	**176,438**	321,600
Petrochemical	**152,000**	1,330,562
Cement	**75,000**	313,620
Industrial Investment	--	272,226
Hotel and Tourism	--	78,247
	1,690,833	5,187,766

20. OTHER OPERATING EXPENSES

	Note	**2016**	2015
Professional fees		**11,033,359**	12,079,173
Traveling and conveyance		**6,329,599**	7,851,288
Board fees and expenses		**4,591,211**	6,125,939
Rent		**3,711,579**	4,699,846
Depreciation	12	**3,486,649**	3,139,325
Legal charges		**1,356,518**	2,600,622
Communication		**1,587,754**	2,093,607
Marketing		**1,377,837**	1,668,460
Office supplies		**1,093,582**	1,602,440
Studies and research		**1,082,995**	1,244,287
Insurance		**480,854**	489,322
Outsourced staff costs		**638,636**	469,754
Amortization	13	**391,749**	391,746
Bad debts written-off		**328,199**	308,215
Cost of hiring staff and recruitment		**347,276**	196,659
Training		**78,373**	154,366
Computer and IT expenses		**85,543**	126,962
(Gain) / Loss on disposal of property and equipment		**(15,655)**	81,709
Others		**1,115,866**	917,130
		39,101,924	46,240,850

21. FINANCIAL CHARGES

	2016	2015
Foreign currency exchange loss	**1,363,687**	1,594,159
Commission expense on short-term loans	**1,764,756**	394,047
Bank charges	**316,849**	213,642
	3,445,292	2,201,848

22. 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**

23. STATUTORY RESERVE

In accordance with the Company's bylaws and the previous Saudi Arabian Regulations for Companies, the Company sets aside 10% of its net income each year as statutory reserve until such reserve equals to 50% of the share capital. The new Saudi Arabian Regulations for Companies that came into effect on 25 Rajab 1437H (corresponding to 2 May, 2016) requires companies to set aside 10% of its net income each year as statutory reserve until such reserve reaches 30% of the share capital. The Company is currently in the process of amending its bylaws as described in note (2a). This reserve is currently not available for distribution to the shareholders of the Company.

24. LOSS PER SHARE

Loss per share for the year ended 31 December 2016 have been computed by dividing the loss from operations and net loss for the year by the weighted average number of ordinary shares outstanding during the year ended 31 December 2016 of 50 million shares (2015: 50 million shares). Diluted loss per share amounts are calculated by dividing the net loss of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

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

25. CONTINGENCIES AND COMMITMENTS

a) Contingencies and capital commitments

The Group has capital commitment of SR 19.15 million (2015: SR 23.84) towards funds managed by the subsidiary of the Group. Further the Group has provided a 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, 2016 the outstanding loan amount was SR 90 million (2015: SR 110 million).

b) *Operating lease commitments*

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

	2016	2015
Less than one year	**3,600,883**	3,280,467
One to five years	**12,886,186**	3,787,806
	16,487,069	7,068,273

26. 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 2016 the Group managed SR 764,949,249 (2015: SR 740,457,789). 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, 2016 the Group managed no client cash accounts (2015: SR 7,857,721)

27. 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.

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.

	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

27. SEGMENT INFORMATION (continued)

	2015				
	Amounts in '000'				
Description	Investment Banking	Private Equity	Asset Management	Corporate	Total
Operating revenue	62,672	21,567	5,353	15,701	105,293
Operating expenses	(52,939)	(44,433)	(15,007)	(5,597)	(117,976)
Operating income / (loss)	9,733	(22,866)	(9,654)	10,104	(12,683)
Total assets	105,012	232,870	199,248	115,490	652,620
Total liabilities	--	--	20,072	101,589	121,661

28. 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 Company 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.

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Credit risk (continued)

Maximum exposure to credit risk at the reporting date:

	2016	2015
Assets		
Balances with banks (note 4)	**104,605,434**	119,535,990
Accounts receivable, net	**84,554,145**	122,685,115
Investments	**108,396**	263,282
Due from related parties	**23,080,783**	18,472,315
Other long term receivable	**9,375,000**	--
Other current assets	**11,457,600**	10,182,368
	233,181,358	271,139,070

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, 2015: 10%) in the value of investments with all other variables held constant would have increased or decreased the net income by SR 2.88 million (December 31, 2015: SR 9.90 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 13.2 million (December 31, 2015: SR 13.12 million).

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Market risk (continued)

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, held for trading investments, 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.

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.

	2016	2015
Increase in commission rates by 100 basis points	**100,000**	200,000
Decrease in commission rates by 100 basis points	**100,000**	200,000

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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 unutlizied 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.

29. 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, investments held as available-for-sale and subsidiary equity obligation), 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.

30. 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	**2016**	2015
Capital base:		
Tier-1 Capital	**456,879,000**	504,182,000
Tier-2 Capital	**18,604,000**	8,593,000
Total capital base (A)	**475,483,000**	512,775,000
Minimum Capital Requirement:		
Market risks	**9,781,000**	24,286,000
Credit risks	**330,001,000**	315,080,000
Operational risks	**32,814,000**	25,008,000
Total minimum capital requirement (B)	**372,596,000**	364,374,000
Surplus (C=A-B)	**102,887,000**	148,401,000
Capital adequacy ratio (D=A/B)	**1.28**	1.41

30. REGULATORY CAPITAL REQUIREMENTS AND CAPITAL ADEQUACY (continued)

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

d) concern, and to maintain a strong capital base.

31. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were authorized for issuance by Board of Director on 29 March 2017.