SWICORP COMPANY
(A Saudi Closed Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2018
with
INDEPENDENT AUDITORS' REPORT

SWICORP COMPANY
(A Saudi Closed Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2018
(Expressed in Saudi Arabian Riyals)

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

Independent Auditors' Report

To the Shareholders of Swicorp Company

Qualified Opinion

We have audited the consolidated financial statements of Swicorp Company ("the Company") (and its subsidiaries) ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2018, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the first paragraph of the Basis for Qualified Opinion section of our report and, except for the effects of the matter described in the second paragraph of the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (SOCPA).

Basis for Qualified Opinion

The Group's consolidated statement of financial position includes investment in Sadeed Investment Company Limited ("Sadeed"), an associate accounted for by the equity method, amounting to SR 105.73 million. The Group's share in Sadeed's net income of SR 0.49 million is included in the consolidated statement of profit or loss. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of the Group's investment in Sadeed as at December 31, 2018 and Group's share of Sadeed's net income for the year then ended due to non-availability of the audited financial statements of Sadeed. Accordingly, we are unable to determine whether any adjustments might have been necessary in respect of the Investments balance in the consolidated statement of financial position as at December 31, 2018 and the profit after Zakat and tax reported in the consolidated statement of profit or loss for the year then ended.

The Group has guaranteed individuals under a Discretionary Portfolio Management Agreement 100% of their capital investment. As at December 31, 2018 the value of the investments decreased below the guaranteed capital amount but the Group has not recognised a liability of SR 8.55 million in the consolidated financial statements in respect of the decrease below the guaranteed capital amount in accordance with IFRS. If the management had recognized the liability, current liabilities and accumulated losses would have increased by SR 8.55 million. Additionally, the profit after Zakat and tax would have decreased by SR 8.55 million.

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 qualified opinion.

KPMG

Independent Auditors' Report

To the Shareholders of Swicorp Company (continued)

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 IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations 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.

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.

Independent Auditors' Report

To the Shareholders of Swicorp Company (continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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 ("the Company") and its subsidiaries ("the Group").

For KPMG Al Fozan & Partners
Certified Public Accountants

Kholoud A. Mousa Altambakti
License No: 421

March 31, 2019
Corresponding to Rajab 24, 1440H

كي بي ام جي الفوزان وشركاه
محاسبون ومراجعون قانونيون
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C.R. 46
KPMG
Certified Public Accountants
KPMG Al Fozan & Partners

SWICORP COMPANY
(A Saudi Closed Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2018
(Expressed in Saudi Arabian Riyals)

	Notes	**December 31, 2018**	December 31, 2017	January 1, 2017
Assets				
Property and equipment	4	**2,474,165**	10,831,907	12,693,142
Intangible assets	5	**127,021**	351,892	708,210
Investment property	6	**6,672,522**	--	--
Investment in equity accounted investee	7	**105,736,550**	122,642,331	91,476,407
Financial Investments	8	**242,554,164**	141,298,200	160,995,095
Accounts and other receivables	9	**78,042,662**	92,498,400	93,929,145
Prepayment and other assets	10	**41,193,702**	40,304,532	43,403,727
Cash and cash equivalents	11	**17,345,050**	69,584,861	176,466,000
Total assets		**494,145,836**	477,512,123	579,671,726
Liabilities and equity				
Liabilities				
Loans and borrowings	12	**16,030,606**	3,812,745	50,429,810
Employees' end of service benefits	13	**8,488,951**	8,427,635	8,930,112
Accounts payable, accruals and other liabilities	14	**15,309,144**	15,886,204	37,656,388
Provision for Zakat and tax	15	**6,434,716**	6,778,740	7,345,683
Total liabilities		**46,263,417**	34,905,324	104,361,993
Equity				
Share capital	16	**500,000,000**	500,000,000	500,000,000
Statutory reserve	17	**30,878,709**	30,824,452	30,824,452
Fair value reserve		**174,630**	9,316,620	18,603,953
Foreign currency translation reserve		**1,204,633**	198,787	--
Accumulated losses		**(84,762,679)**	(98,388,705)	(75,977,601)
Equity attributable to Company's shareholders		**447,495,293**	441,951,154	473,450,804
Non-controlling interest	18	**387,126**	655,645	1,858,929
Total equity		**447,882,419**	442,606,799	475,309,733
Total liabilities and equity		**494,145,836**	477,512,123	579,671,726

The accompanying notes 1 to 34 form
an integral part of these consolidated financial statements.

SWICORP COMPANY
(A Saudi Closed Joint Stock Company)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended December 31, 2018
(Expressed in Saudi Arabian Riyals)

	Notes	2018	2017
Operating income:			
Fee income from rendering services	19	**74,368,706**	49,667,936
Income from investments, net	20	**23,736,054**	17,725,742
Total operating income		**98,104,760**	67,393,678
Operating expenses			
Management and consultancy fees		**(19,767,654)**	(7,146,009)
General and administrative expenses	21	**(66,216,406)**	(73,394,871)
Provision for expected credit losses /reversal of provision for doubtful receivables		**(7,681,433)**	865,444
Total operating expenses		**(93,665,493)**	(79,675,436)
Net operating income / (loss)		**4,439,267**	(12,281,758)
Other income		**1,139,400**	1,831,217
Loss on liquidation of subsidiaries	1.1	**(263,926)**	--
Share of results from equity accounted investees	7	**494,838**	311,032
Impairment on financial investments	8	**--**	(7,779,541)
Finance income, net		**1,348,661**	2,357,410
Profit / (loss) before Zakat and tax		**7,158,240**	(15,561,640)
Zakat and income tax	15	**(6,615,669)**	(6,831,182)
Profit / (loss) after Zakat and tax		**542,571**	(22,392,822)
Attributable to:			
Owners of the Company		**705,103**	(22,087,498)
Non-controlling interests		**(162,532)**	(305,324)
		542,571	(22,392,822)
Earnings / (loss) per share attributable to the Owners of the Company			
Basic and diluted	22	**0.014**	(0.442)

The accompanying notes 1 to 34 form
an integral part of these consolidated financial statements.

SWICORP COMPANY
(A Saudi Closed Joint Stock Company)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
For the year ended December 31, 2018
(Expressed in Saudi Arabian Riyals)

	Note	**2018**	2017
Profit / (loss) for the year after Zakat and tax		**542,571**	(22,392,822)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
- Net change in fair value of FVOCI equity investments		**174,630**	--
Items that will or may be reclassified to profit or loss in subsequent periods:			
- Movement in foreign currency translation reserve		**1,005,846**	198,787
- Re-measurement gain / (loss) on employees end of service benefits	13	**736,410**	(323,606)
Total other comprehensive income / (loss) for the year		**2,459,457**	(22,517,641)
Attributable to:			
- Owners of the company		**2,621,989**	(22,212,317)
- Non-controlling interest		**(162,532)**	(305,324)
		2,459,457	(22,517,641)

The accompanying notes 1 to 34 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 December 31, 2018
(Expressed in Saudi Arabian Riyals)

	Attributable to owners of the Company							
	Share capital	**Statutory reserve**	**Fair value reserve**	**Foreign currency translation reserve**	**Accumulated losses**	**Subtotal**	**Non-controlling interest**	**Total**
Balance at January 1, 2018 (note 32.3)	500,000,000	30,824,452	9,316,620	198,787	(98,388,705)	441,951,154	655,645	442,606,799
Impact of IFRS 9 adoption (note 33)	--	--	(9,316,620)	--	12,238,770	2,922,150	--	2,922,150
Restated balance at January 1, 2018	500,000,000	30,824,452	--	198,787	(86,149,935)	444,873,304	655,645	445,528,949
Profit after Zakat and tax for the year	--	--	--	--	705,103	705,103	(162,532)	542,571
Other comprehensive income for the year	--	--	174,630	1,005,846	736,410	1,916,886	--	1,916,886
Total comprehensive loss for the year	--	--	174,630	1,005,846	1,441,513	2,621,989	(162,532)	2,459,457
Transfer to statutory reserve (note 17)	--	54,257	--	--	(54,257)	--	--	--
Movement in non-controlling interest	--	--	--	--	--	--	(105,987)	(105,987)
Balance as at December 31, 2018	**500,000,000**	**30,878,709**	**174,630**	**1,204,633**	**(84,762,679)**	**447,495,293**	**387,126**	**447,882,419**

The accompanying notes 1 to 34 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 December 31, 2018
(Expressed in Saudi Arabian Riyals)

	Attributable to owners of the Company							
	Share capital	**Statutory reserve**	**Fair value reserve**	**Foreign currency translation reserve**	**Accumulated losses**	**Subtotal**	**Non-controlling interest**	**Total**
Balance at January 1, 2017	500,000,000	30,824,452	18,603,953	(952,868)	(72,284,238)	476,191,299	1,858,929	478,050,228
Impact of transition to IFRS (note 32)	--	--	--	952,868	(3,693,363)	(2,740,495)	--	(2,740,495)
Restated balance at January 1, 2017	500,000,000	30,824,452	18,603,953	--	(75,977,601)	473,450,804	1,858,929	475,309,733
Loss after Zakat and tax for the year	--	--	--	--	(22,087,498)	(22,087,498)	(305,324)	(22,392,822)
Other comprehensive (loss) for the year	--	--	(9,287,333)	198,787	(323,606)	(9,412,152)	--	(9,412,152)
Total comprehensive loss for the year	--	--	(9,287,333)	198,787	(22,411,104)	(31,499,650)	(305,324)	(31,804,974)
Transfer to statutory reserve (note 17)	--	--	--	--	--	--	--	--
Movement in non-controlling Interest	--	--	--	--	--	--	(897,960)	(897,960)
Balance as at December 31, 2017	500,000,000	30,824,452	9,316,620	198,787	(98,388,705)	441,951,154	655,645	442,606,799

The accompanying notes 1 to 34 form
an integral part of these consolidated financial statements

SWICORP COMPANY
(A Saudi Closed Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended December 31, 2018
(Expressed in Saudi Arabian Riyals)

	Notes	2018	2017
Cash flows from operating activities			
Net profit / (loss) for the year		**542,571**	(22,392,822)
Adjustments for:			
Depreciation	21	**1,789,649**	2,087,850
Amortisation	5	**201,584**	435,834
Provision for employee benefits	13	**1,717,428**	1,692,098
Share in results of associated companies	7	**(494,838)**	(311,032)
Bad debt written off		**--**	1,335,992
Provision for Zakat and Income Tax	15	**6,615,669**	6,831,182
Realized (gain) / loss	20	**(1,448,581)**	2,581,979
Unrealized gain / (loss) on FVTPL/HFT	20	**(18,414,853)**	7,451,132
Loss /(gain) on disposal of property equipment		**4,170**	(30,542)
Impairment allowance for receivable	9	**7,681,433**	11,829,617
		(1,805,768)	11,511,288
Changes in:			
Accounts and other receivables		**10,702,302**	(9,297,250)
Prepayment and other assets		**(889,170)**	661,580
Accounts payable, accrual and other liabilities		**(531,470)**	(12,395,183)
Cash generated from / (used in) operating activities		**7,475,894**	(9,519,565)
Zakat paid	15	**(7,005,283)**	(7,398,125)
Employee benefits paid	13	**(919,702)**	(2,518,181)
Net cash used in operating activities		**(449,091)**	(19,435,871)
Cash flows from investing activities			
Purchase of property and equipment		**(180,599)**	(243,261)
Sale proceeds from disposal of Fixed assets		**95,287**	47,190
Purchase of intangible assets		**--**	(79,516)
Net movement in financial investments		**(61,796,557)**	575,236
Investment in equity accounted investee		**(2,020,725)**	(30,854,892)
Net cash used in investing activities		**(63,902,594)**	(30,555,243)
Cash flow from financing activities			
Term loans paid	12	**(4,000,000)**	(46,617,065)
Proceeds from loan	12	**16,217,861**	--
Dividends paid		**--**	(9,375,000)
Net movement in non-controlling interest		**(105,987)**	(897,960)
Net cash from / (used in) financing activities		**12,111,874**	(56,890,025)
Net decrease in cash and cash equivalents		**(52,239,811)**	(106,881,139)
Cash and cash equivalents at the beginning of the year		**69,584,861**	176,466,000
Cash and cash equivalents at end of the year		**17,345,050**	69,584,861
Cash and cash equivalents comprise of:			
Cash in hand and at banks	11	**17,096,270**	51,284,861
Short-term deposits	11	**248,780**	18,300,000
		17,345,050	69,584,861

NON-CASH SUPPLEMENTARY INFORMATION

Net unrealized gain / (loss) on FVOCI / available-for-sale investments	**174,630**	(9,287,333)
Re-measurement gain / (loss) on employees' end of service benefits	**(736,410)**	323,606
Movement in foreign currency translation reserve	**1,005,846**	198,787

The accompanying notes 1 to 34 form
an integral part of these consolidated financial statements.

1. REPORTING ENTITY

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.

The Company has the following subsidiaries (collectively referred to as the Group) as at December 31, 2018. The financial statements of these subsidiaries are consolidated in these consolidated financial statements.

1. REPORTING ENTITY (continued)

Name of direct and indirect subsidiaries	Principal activities	Country of incorporation	Effective ownership 2018	Effective ownership 2017
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 (Note 1.1)	Advisory services	Tunisia	**--**	99.99%
Swicorp S.A. (Note 1.2)	Advisory services	Tunisia	**99.99%**	99.99%
Swicorp Intaj S.A.	Advisory services	Tunisia	**99.94%**	99.94%
Swicorp Advisory Company (Note 1.1)	Advisory services	Tunisia	**--**	99.93%
Swicorp Commercial Investment Company (under liquidation)	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 (Note 34)	Consulting services	United Arab Emirates	**100%**	100%
Numu Consulting Tunisia (Note 34)	Consulting services	Tunisia	**99.98%**	99.98%
Sun Investment Partners LLC	SPV for Investment	Cayman Islands	**100%**	--
Al- Nawasi Al-Arabia for Development and Advancement Company	Real Estate Investment	Kingdom of Saudi Arabia	**100%**	--
Swicorp Conseil et Investissement	SPV for Investment	Tunisia	**65.71%**	99%

1.1. The referred companies had entered into liquidation under a resolution passed in extra ordinary general assembly held on October 11, 2016 for the shareholders of the respective companies. On November 19, 2018, all legal formalities were completed and both the companies were liquidated. The Group has recognized losses amounting to SR 0.263 million as a result of the liquidation.

1.2. Swicorp S.A was providing investment management services to the “Intaj Capital Limited” under a management agreement signed between the parties. The said agreement has been terminated during 2018, and accordingly there exist a risk in respect of going concern for the subsidiary.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The accompanying consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia other standards and pronouncements that are issued by Saudi Organization for Certified Public Accountants (SOCPA).

For all periods upto and including the year ended December 31, 2017, the Group had prepared and presented statutory financial statements 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 requirements of the Saudi Arabian Regulations for Companies and the Company's By-laws in so far as they relate to the preparation and presentation of the financial statements.

In preparing these financial statements, the Group's opening statement of consolidated financial position was prepared as at January 1, 2017, which is the Group's date of transition to IFRS (the "transition"). The consolidated financial statements include certain disclosures in relation to the explanation of the effects of the transition, including the exceptions / exemptions applied as stipulated under IFRS 1 "First-time Adoption of International Financial Reporting Standards". The Group has consistently applied the same accounting policies throughout all periods presented, as if these policies had always been in effect.

An explanation of how the transition to IFRSs has affected the reported financial position of the Group is provided in note 31, which includes reconciliation of consolidated equity at the date of transition, between the pre-convergence GAAP financial numbers (as previously reported) and those reported under IFRS

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for the measurement at fair value of investments, carried at fair value through profit or loss ("FVTPL") and held as Available for sale / Fair value through other comprehensive income ("FVOCI").

2.3 Functional and presentation currency

The accompanying financial statements is presented in Saudi Arabian Riyals (SR) which is the functional and presentation currency of the Group. All amounts have been rounded off to the nearest Riyals, unless otherwise stated.

2. BASIS OF PREPARATION (continued)

2.4 Use of estimates and judgments

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and accompanying disclosures and disclosures of contingent liabilities. Such judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including obtaining professional advice and expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revision to accounting estimates are recognized in the period in which the estimate is revised and any future period affected.

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

(i) Classification of investments (until financial periods ended December 31,2017)

Upon acquisition of an investment, management decides whether it should be classified as investments carried at held to maturity, held for trading or available-for-sale.

(ii) Classification of investments under IFRS 9 w.e.f January 1, 2018

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost ("AC"), fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). This classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The Standard eliminates the existing pre-convergence GAAP categories of held for trading, held to maturity and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not bifurcated. Instead, the whole hybrid instrument is assessed for classification.

(iii) Impairment of available-for-sale equity investments (until financial periods ended December 31,2017)

The Group exercises judgment to consider impairment on the available for sale equity investments. This includes determination of a significant or prolonged decline in the fair value below cost.

(iv) Impairment of non-financial assets

The Group assesses at each reporting date or more frequently if events or changes in circumstances indicate that 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.

2. BASIS OF PREPARATION (continued)

2.4 Use of estimates and judgments (continued)

(iv) Impairment of non-financial assets (continued)

An asset's recoverable amount 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 an individual asset, unless the asset does not generate cash inflows that are largely independent to those 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 based on earnings 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 fair value less costs to sell, an appropriate source is used, such as observable market prices or, if no observable market prices exist, estimated prices for similar assets or if no estimated prices for similar assets are identified, it is based on discounted future cash flow calculations of future distributable dividends.

(v) Useful lives of property and equipment

The management determines the estimated useful lives of property and equipment for calculating depreciation. This estimate is determined after considering expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charges are adjusted where management believes the useful lives differ from previous estimates.

(vi) End of service benefits

The cost of the defined benefit plan (end of service benefits) and the present value of the end of service benefits obligation are determined using external actuarial valuations. An external actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(vii) Classification of investment properties

The Group determines whether a property qualifies as an investment property in accordance with IAS 40 Investment Property. In making its judgement, the Group considers whether the property generates cash flows largely independent of other assets held by the Group.

(viii) Measurement of fair values

'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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

2. BASIS OF PREPARATION (continued)

2.4 Use of estimates and judgments (continued)

(viii) Measurement of fair values (continued)

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. Company's management has overall responsibility for overseeing all significant fair value measurements.

The Group's management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the evidence obtained from the third parties is assessed to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

When quoted prices are available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

2. BASIS OF PREPARATION (continued)

2.4 Use of estimates and judgments (continued)

(viii) Measurement of fair values (continued)

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price.

Subsequently, that difference is recognised in consolidated statement of profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

(ix) Expected credit loss model under IFRS 9 w.e.f January 1, 2018

IFRS 9 replaces the 'incurred loss' model with an 'expected credit loss' model (“ECL”). IFRS 9 requires the Group to record an allowance for ECL for all financial assets exposed to credit risk that are not held at FVTPL. The allowance is based on the ECL associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination. If the financial asset meets the definition of purchased or originated credit impaired (POCI), the allowance is based on the change in the ECL over the life of the asset.

(x) 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. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, except for the implementation (the "Implementation") of IFRS 9 and IFRS 15 by the Group for financial periods commencing January 1, 2018. The Implementation details are as follows:

IFRS 9 – Financial instruments

The Group has adopted IFRS 9 - Financial Instruments issued in July 2014 with a date of initial application of 1 January 2018. The requirements of IFRS 9 represent a significant change from pre-convergence GAAP Financial Instruments: Recognition and Measurement (the previous accounting standard for recognition and measurement of financial instruments applied in drawing up the financial numbers upto December 31, 2017). The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

Key impact on the Group's accounting policies resulting from its adoption of IFRS 9 are summarized below:

Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost ("AC"), fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). This classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the existing pre-convergence GAAP categories of held for trading, held to maturity and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not bifurcated. Instead, the whole hybrid instrument is assessed for classification. For an explanation of how the Group classifies financial assets under IFRS 9, please refer note 3 g.

IFRS 9 largely retains the existing requirements in pre-convergence GAAP for the classification of financial liabilities. However, under IFRS 9 fair value changes of liabilities designated at fair value through profit or loss are generally presented as follows:

- The amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- The remaining amount of change in the fair value is presented in consolidated statement of profit or loss.

For an explanation of how the Group classifies financial liabilities under IFRS 9, please refer note 3 g.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in pre-convergence GAAP with an 'expected credit loss' model (“ECL”). IFRS 9 requires the Group to record an allowance for ECL for all financial assets exposed to credit risk that are not held at FVTPL. The allowance is based on the ECL associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination. If the financial asset meets the definition of purchased or originated credit impaired (POCI), the allowance is based on the change in the ECL over the life of the asset.

For an explanation of how the Group applies the impairment requirements of IFRS 9, see respective section of significant accounting policies.

In lieu of the exemption available under the IFRS, comparative periods have not been restated for the impact of IFRS 9 adoption. Hence, any differences in the carrying amoulnts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings and / or reserves (as appropriate) as at January 1, 2018. Accordingly, the information presented for the financial year ended December 31, 2017 does not reflect the requirements of IFRS 9.

Changes to measurement categories

The measurement category for cash and balances is same in IFRS 9 and pre-convergence GAAP. The following table shows the original measurement categories in accordance with pre-convergence GAAP and the new measurement categories under IFRS 9 for the Group’s investments as at January 1, 2018.

Classification under pre-convergence GAAP	Classification under IFRS 9	Carrying value under pre-convergence GAAP	Carrying value under IFRS 9
Held for trading (HFT)	FVTPL	37,910,524	37,910,524
Available for sale (AFS)	FVTPL	100,279,942	100,279,942
Available for sale (AFS)	FVOCI	3,107,734	3,107,734

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

(i) The determination of the business model within which a financial asset is held.
(ii) The designation and revocation of previous designated financial assets and financial liabilities as measured at FVTPL.
(iii) The designation of certain investments in equity instruments not held for trading as FVOCI.
(iv) For financial liabilities designated as at FVTPL, the determination of whether presenting the effects of changes in the financial liability's credit risk in OCI would create or enlarge an accounting mismatch in consolidated statement of profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 15 – Revenue from customer contracts

IFRS 15 replaces IAS 18 and introduces a new model for revenue recognition that is based on the transfer of control. This may impact the timing and amount of revenue that will be recognized compared to the previous revenue guidance. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The Group's adoption of IFRS 15 did not have any material impact on its consolidated financial numbers, except for the addition of certain additional disclosures and change in accounting policy as stated under note 3(l).

a) Business combinations

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.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in consolidated equity.

Upon loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of consolidated equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the consolidated statement of profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investment or other categories of investment in accordance with the Group's relevant accounting policy.

(i) Subsidiaries

Subsidiaries are entities which are controlled by the Group. To meet the definition of control, all three criteria must be met:

a) the Group has power over the entity;
b) the Group has exposure, or rights, to variable returns from its involvement with the entity; and
c) the Group has the ability to use its power over the entity to affect the amount of the entity's returns.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which the control is transferred from the Group. The results of subsidiaries acquired or disposed of during the year, if any, are included in the consolidated statement of profit or loss from the date of the acquisition or up to the date of disposal, as appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Business combinations (continued)

(ii) Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in Group's interest in a subsidiary that do not result in loss of control are accounted for as equity transactions.

(iii) Associates

Associates are enterprises over which the Group exercises significant influence. Investments in associates are initially recognized at cost and subsequently accounted for under the equity method of accounting and are carried in the consolidated statement of financial position at the lower of the equity-accounted value or the recoverable amount. Equity-accounted value represents the cost plus post-acquisition changes in the Group's share of net assets of the associate (share of the results, reserves and accumulated gains/losses based on latest available financial statements) less impairment, if any.

The previously recognized impairment loss in respect of investment in associate can be reversed through the consolidated statement of profit or loss, such that the carrying amount of investment in the consolidated statement of financial position remains at the lower of the equity-accounted (before allowance for impairment) or the recoverable amount

(iv) Transactions eliminated on consolidation

Inter-group balances, income and expenses (except for foreign currency transaction gains or losses) arising from inter-group transactions are eliminated in full in preparing the consolidated financial statements.

b) Foreign currency translations

(i) Foreign currency transactions

The consolidated financial statements are presented in Saudi Riyals, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Foreign currency transactions of individual Group companies are translated into functional currency at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are retranslated into functional currency at the rates ruling at the consolidated statement of financial position dates. Any differences are taken to the consolidated statement of profit or loss.

On consolidation, the results of overseas operations are translated into Saudi Riyals at rates approximating to those ruling when the transactions took place. All assets and liabilities of the foreign subsidiaries and associated undertakings are translated into Saudi Riyals at the rates of exchange ruling on the consolidated statement of financial position date. Exchange differences arising on translation are recognised as other comprehensive income / (loss) in the foreign exchange retranslation reserve.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Foreign currency translations (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined and any differences are taken to the consolidated statement of comprehensive income. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operations and translated at the closing rate.

Foreign currency differences arising on foreign operations are recognized in other comprehensive income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interest.

When a foreign operation is disposed of, the relevant amount in the translation is transferred to profit or loss as part of the profit or loss on disposal. On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to consolidated statement of profit or loss.

c) Property and equipment

Property and equipment are stated at cost and presented net of accumulated depreciation and accumulated impairment losses, if any. Freehold land and capital work in progress is not depreciated. The cost of other property, equipment and software is depreciated using the straight-line method over the estimated useful lives of the assets as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
Leasehold improvements	**5 years**	5 years	5 years
Furniture and fixtures	**10 years**	10 years	10 years
Equipment	**5 years**	5 years	5 years
Software	**10 years**	10 years	10 years
Motor vehicles	**5 years**	5 years	5 years
Building	**--**	20 years	20 years

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the consolidated statement of profit or loss.

Property, equipment and software are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Investment property

Investment properties include property (land or a building or part of a building or both) held by the Group to earn rentals or for capital appreciation or for both. Investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated based on the depreciable amount, which is the cost of an asset or other amount substitute for cost, less its residual value. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. The cost is depreciated on a straight line basis over the estimated useful lives of the assets. When parts of an item of investment property have different useful lives, they are accounted for as separate items (major components) of investment property.

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

The estimated useful life of asset classified as investment property is 20 years.

The depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted prospectively, if required.

e) Goodwill and intangible assets

Goodwill 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 profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill 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 has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstance is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. The useful lives of intangible assets are assessed as either finite or indefinite.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Goodwill and intangible assets (continued)

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss. The estimated useful life of intangible assets is 10 years.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss when the asset is derecognised.

f) Investment in equity accounted investee

The Group's investment in its associate is accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture. Under the equity method, the investment in the associate is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group’s share of net assets of the associate.

Losses in excess of the cost of the investment in an associate are recognised when the Group has incurred obligations on its behalf. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. The consolidated statement of income reflects the Group’s share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated statement of income. The recoverable amount of the investment in the associate is considered to be the higher of fair value less costs to sell and its value in use.

Gains or losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate. The reporting dates of the associate and the Group are identical and the associate’s accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Financial assets and financial liabilities

(i) Initial recognition and de-recognition

The accounting guidance in respect of the initial recognition and derecognition of financial assets / liabilities is consistent between pre-convergence GAAP and IFRS 9. This is as follows:

Initial recognition
A financial asset or financial liability (unless it's a trade receivable / other receivable without a significant financing component) is initially measured at fair value plus, for an item not carried at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at transaction price.

Derecognition
A financial asset (or a part of a financial asset, or a part of a group of similar financial assets) is derecognized, when the contractual rights to the cash flows from the financial asset expires. A financial liability (or a part of financial liability) can only be derecognized when it is extinguished, that is, when the obligation specified in the contract is either discharged, cancelled or expired.

(ii) Classification under IFRS 9

Financial Asset at amortised cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Assessments whether contractual cash flows are solely payments of principal and interest (SPPI test).
For the purposes of this assessment, 'principal' is the fair value of the financial asset on initial recognition. 'Interest' is the consideration for the time value of money, the credit and other basic lending risk associated with the principal amount outstanding during a particular period and other basic lending costs (e.g. liquidity risk and administrative costs), along with profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Financial assets and financial liabilities (continued)

- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money- e.g. periodical reset of interest rates

Financial asset at FVOCI

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial asset at FVTPL

All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated- e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Financial assets and financial liabilities (continued)

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Classification of financial liabilities

The Group classifies its financial liabilities, as measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR Subsequent to initial recognition, financial liabilities are measured at amortized cost, unless they are required to be measured at fair value through profit or loss or an entity has opted to measure a liability at fair value through profit or loss as per the requirements of IFRS 9.

Financial liabilities classified as FVTPL using fair value option, if any, after initial recognition, for such liabilities, changes in fair value related to changes in own credit risk are presented separately in OCI and all other fair value changes are presented in the profit and loss.

Amounts in OCI relating to own credit are not recycled to the profit or loss even when the liability is derecognized and the amounts are realized.

Financial liabilities that are required to be measured at fair value through profit or loss will have all their fair value movements, including those related to changes in the credit risk of the liability, recognized in profit or loss.

(iii) Impairment in financial assets under IFRS 9

The Group recognizes loss allowances for ECL on financial assets that are debt instruments and are not carried at FVTPL, at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

Loss allowances for trade and other related receivables are always measured at an amount equal to lifetime ECL. The Group considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Financial assets and financial liabilities (continued)

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of default (PD)
- Loss given default (LGD)
- Exposure at default (EAD)

The Group categorizes its financial assets into following three stages in accordance with the IFRS-9 methodology:

- Stage 1 – Performing assets: Financial assets that are not significantly deteriorated in credit quality since origination. The impairment allowance is recorded based on 12 months Probability of Default (PD).
- Stage 2 – Underperforming assets: Financial assets that has significantly deteriorated in credit quality since origination. This credit quality assessment is made by comparing the remaining lifetime PD as at reporting date with the remaining lifetime PD point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations). The impairment allowance is recorded based on lifetime ECL. The impairment allowance is recorded based on life time PD.
- Stage 3 – Impaired assets: For Financial assets that are impaired, the Group is recognize the impairment allowance based on life time PD.

The Group also considers the forward-looking information in its assessment of significant deterioration in credit risk since origination as well as the measurement of ECL The forward-looking information will include the elements such as macroeconomic factors (e.g., unemployment, GDP growth, inflation, profit rates and house prices) and economic forecasts obtained through internal and external sources.

(iv) Classification under pre-convergence GAAP

For financial periods ended December 31, 2017, the Group classified financial assets as follows:

Held for trading
Investments classified as held for trading, are acquired principally for the purpose of selling or repurchasing in the short term. Securities which are held for trading are subsequently measured at fair value and any gain or loss arising from a change in fair value is included in the consolidated statement of profit or loss in the period in which it arises.

Available for sale investments
Available for sale investments (AFS) are non-derivative investments that are designated as AFS or not classified as another category of financial assets, and are intended to be held for an unspecified period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Financial assets and financial liabilities (continued)

Investments which are classified as AFS are initially recognised at fair value including direct and incremental transaction costs and subsequently measured at fair value except for unquoted equity securities whose fair value cannot be reliably measured are carried at cost. Any unrealised gains or losses arising from changes in fair value are recognized through the consolidated statement of comprehensive income in "other reserves" under consolidated equity until the investments are derecognized or impaired whereupon any cumulative gains or losses previously recognized in consolidated equity are reclassified to consolidated statement of profit or loss for the year.

Held to maturity investments
Investments having fixed or determinable payments and fixed maturity that the management has the positive intention and ability to hold to maturity are classified as held to maturity. Held to maturity investments are initially recognised at fair value including direct and incremental transaction costs and subsequently measured at amortised cost, less provision for impairment in their value. Amortised cost is calculated by taking into account any discount or premium on acquisition using the effective yield method. Any gain or loss on such investments is recognized in the consolidated statement of profit or loss.

On impairment, the difference between carrying value and the present value of estimated future cash flows is included in the consolidated statement of profit or loss as impairment loss on held to maturity investments. If the amount of impairment loss is subsequently decreased and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through consolidated statement of profit or loss.

Investments classified as held to maturity cannot ordinarily be sold or reclassified without impacting the Group's ability to use this classification and cannot be designated as a hedged item with respect to special commission rate or prepayment risk, reflecting the intention to hold them to maturity.

(v) Impairment of financial assets under pre-convergence GAAP

Accounting policy in respect of impairment of financial assets for financial periods ended December 31, 2017 is as follows:

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the consolidated statement of profit or loss. For Available for sale investments carried at fair value, impairment loss, which is the difference between cost (net of any principal payment and amortisation) and current fair value, less any impairment loss previously recognised in the consolidated statement of profit or loss, is transferred from the consolidated statement of changes in equity to the consolidated statement of profit or loss. Reversals in respect of equity instruments classified as Available for sale are not recognised in the consolidated statement of profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Financial assets and financial liabilities (continued)

Impairment is determined as follows:

a. For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the profit and loss;
b. For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
c. For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate. Financial assets are written off only in circumstances where all possible means of recovery have been exhausted.

(vi) Offsetting

The offsetting requirements/guidance is consistent between IFRS 9 and pre-convergence GAAP, Financial assets and financial liabilities are offset and reported net in the consolidated statement of financial position 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 IFRS, or for gains and losses arising from a group of similar transactions.

(vii) Interest and dividend income on financial asset carried at amortized cost

Interest income

Interest income is recognized in the consolidated statement of profit or loss on the effective yield basis.

Dividend income
Dividend income is recognized when the right to receive payment is established. Dividend income is recognized in consolidated statement of profit or loss irrespective of the classification of the corresponding financial instrument

h) Employees' benefits

Termination benefits
Termination benefits are recognized as an expense when the Group is demonstrably committed without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before retirement date, or to provide termination benefits as a result of an offer to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Group has made an offer for voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Employees' benefits (continued)

Short-term benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined benefit plans

Provision is made for amounts payable under the Saudi Arabian labor law applicable to employees' accumulated periods of service at the consolidated statement of financial position date.

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('Asset Ceiling'). To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding amount recognised as part of interest) if any and the effect of the asset ceiling are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses (service cost etc.) related to defined benefit plans are recognised in the consolidated statement of profit or loss and other comprehensive income.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the consolidated statement of profit or loss and other comprehensive income. The Group recognizes gains and losses on settlement of a defined benefit plan when the settlement occurs.

i) Accounts payable, accruals and other liabilities

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Provisions, contingencies and commitments

Provisions are recognized when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured. Certain provisions are based on management's estimate of the actual amount payable. The provision has been included in 'accounts payable, accruals and other liabilities'.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed and is included in 'other income' in the consolidated statement of profit or loss.

Contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

(b) a present obligation that arises from past events but is not recognized because:

   (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   (ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized and are disclosed, unless the probability of an outflow of resources embodying economic benefits is remote.

Commitments represent binding agreements of the Group to carry out specified courses of action involving in a transfer of cash or other asset to the respective counterparties. For details of Group's contingencies and commitments at the reporting date, please see note 33.

k) Zakat

The Company and its subsidiaries operating in Saudi Arabia are subject to Zakat in accordance with the regulations of General Authority of Zakat and Income Tax ("GAZT"). Zakat and income tax expense is charged to the consolidated statement of profit or loss. Additional Zakat and income tax liability, if any, related to prior years' assessments are accounted for in the period in which the final assessments are finalized and recognized in profit or loss. Subsidiaries outside Kingdom of Saudi Arabia are liable to pay income taxes, if applicable, in accordance with their respective income tax regulations of their domiciled country.

l) Revenue recognition

Under IFRS 15, w.e.f. January 1, 2018

Revenue is measured based on the consideration specified in the contract with a customer and excludes amounts collected on behalf of third parties. The Group recognize revenue when it transfers control over a product or service to a customer. The specific recognition criteria described below must also be met before the revenue is recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Revenue recognition (continued)

The Company has following streams of revenues:

Fee from asset management
Fees charged for managing investment funds and private portfolios are recognized as revenue rateably as the services are provided, based on the applicable service contracts. Subscription fee is recognized at the time of subscription. Any performance fee is recognized in the period in which the corresponding fund or portfolio results meet (or are expected to meet) the annual pre-set targets.

Fee from advisory services
Fee from advisory services are recognised based on services rendered under the applicable service contracts. Success fees on contracts is classified as a point in time revenue and is recognized if and only if all the conditions attached to the contract entitling the success fee are met.

Under pre-convergence GAAP until December 31, 2017

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.

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.

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

m) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents are defined as those amounts included in cash, balances with banks, with original maturity of three months or less which are subject to insignificant risk of changes in their fair value.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

n) 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.

o) Fiduciary assets

Assets held in trust or in a fiduciary capacity are not treated as assets of the Group, and accordingly, are not included in the consolidated financial statements.

p) Transactions with NCI

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

q) Finance cost

Finance costs comprise of financial charges on borrowings and unwinding of the discount on provisions that are recognized in consolidated statement of profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in consolidated statement of profit or loss and other comprehensive income using the effective interest method.

r) Leases

Agreements with third parties are classified as leases when the arrangement is dependent on the use of a specific asset or assets, and, the arrangement conveys a right to use that asset. The assessment of whether an arrangement contains a lease is made at the inception of the arrangement, being the earlier of the date of the arrangement and the date of commitment by the parties to the principal terms of the arrangement, on the basis of all of the facts and circumstances. A reassessment of whether the arrangement contains a lease after the inception of the arrangement is made only if there is a change in the contractual terms, unless the change only renews or extends the arrangement, or, there is a change in the determination of whether fulfilment is dependent on a specified asset, or, there is a substantial change to the asset.

Operating leases
A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of the asset or assets subject to the lease arrangement. Payments made under operating leases are charged to the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the year of the lease.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

r) Leases (continued)

When an operating lease is terminated before the lease year has expired, any payment required to be made to the lessor by way of penalty, is recognized as an expense in the year in which termination takes place.

Lease payments
Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

s) Amendments to standards and standards issued

Amendments to existing standards

The adoption of the following amendments to the existing standards had no significant financial impact on the consolidated financial statements of the Group on the current period or prior periods and is expected to have no significant effect in future periods:

a) Amendments to IFRS 2 – "Share based payments", applicable for the annual periods beginning on or after 1 January 2018. The amendments address three main areas:

- The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction.

  The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments.

- The classification of a share-based payment transaction with net settlement features for withholding tax obligations.

- The accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled.

The amendment clarifies that, if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. Any difference (whether a debit or a credit) between the carrying amount of the liability derecognised and the amount recognised in equity on the modification date is recognised immediately in consolidated statement of profit or loss.

b) IFRIC 22 – "Foreign Currency Transactions and Advance Consideration", the interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

s) Amendments to standards and standards issued (continued)

Amendments to existing standards (continued)

c) Amendments to IAS 28 - "Investments in Associates and Joint Ventures", applicable for the period beginning on or after 1 January 2018, Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice.

Furthermore, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

Pronouncements issued and not yet effective

A number of new pronouncements are effective for annual periods beginning after January 1, 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

a) IFRS 16 - "Leases", is applicable for financial periods beginning on or after January 1, 2019. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Lessor accounting remains similar to current practice – i.e. lessors continue to classify leases as finance and operating leases. The Group is in the process of evaluating how the new lease accounting model will impact its leasing arrangements.

b) *Annual Improvements to IFRSs 2015–2017 Cycle*

- IFRS 3 Business Combinations – A company remeasures its previously held interest in a joint operation when it obtains control of the business.
- IFRS 11 Joint Arrangements – A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12 Income Taxes – A company accounts for all income tax consequences of dividend payments in the same way.
- IAS 23 Borrowing Costs – A company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

c) *Other Amendments*

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

- IFRIC 23 Uncertainty over Tax Treatments.
- Prepayment Features with Negative Compensation (Amendments to IFRS 9).
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28).
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19).
- Amendments to References to Conceptual Framework in IFRS Standards.
- IFRS 17 Insurance Contracts.

4. PROPERTY AND EQUIPMENT

a) Reconciliation of carrying amount:

	Buildings	Leasehold improvement	Office equipment	Office furniture	Motor vehicles	Total
Cost:						
At January 1, 2017	8,949,000	8,463,683	6,135,000	10,462,810	1,284,967	35,295,460
Additions	--	--	214,640	28,621	--	243,261
Disposals	--	--	(7,846)	(35,712)	(36,217)	(79,775)
At December 31, 2017	8,949,000	8,463,683	6,341,794	10,455,719	1,248,750	35,458,946
Accumulated depreciation:						
At January 1, 2017	1,381,581	8,463,683	5,108,404	6,876,177	772,473	22,602,318
Charge for the year	447,450	--	294,068	1,144,979	201,353	2,087,850
Disposals	--	--	(4,464)	(22,448)	(36,217)	(63,129)
At December 31, 2017	1,829,031	8,463,683	5,398,008	7,998,708	937,609	24,627,039
Carrying amounts:						
At December 31, 2017	7,119,969	--	943,786	2,457,011	311,141	10,831,907
At January 1, 2017	7,567,419	--	1,026,596	3,586,633	512,494	12,693,142

4. PROPERTY AND EQUIPMENT

b) Reconciliation of carrying amount:

	Buildings	Leasehold improvement	Office equipment	Office furniture	Motor vehicles	Total
Cost:						
At January 1, 2018	8,949,000	8,463,683	6,341,794	10,455,719	1,248,750	35,458,946
Additions	--	--	315,598	145,879	--	461,477
Disposals	--	--	(206,250)	(146,250)	(643,787)	(996,287)
Transfers	(8,949,000)	--	--	--	--	(8,949,000)
At December 31, 2018	--	8,463,683	6,451,142	10,455,348	604,963	25,975,136
Accumulated Depreciation:						
At January 1, 2018	1,829,031	8,463,683	5,398,008	7,998,708	937,609	24,627,039
Charge for the year	335,585	--	409,741	857,916	74,544	1,677,786
Disposals	--	--	(191,250)	(29,916)	(418,072)	(639,238)
Transfers (Note 6)	(2,164,616)	--	--	--	--	(2,164,616)
At December 31, 2018	--	8,463,683	5,616,499	8,826,708	594,081	23,500,971
Carrying amounts:						
At December 31, 2018	**--**	**--**	**834,643**	**1,628,640**	**10,882**	**2,474,165**
At December 31, 2017	7,119,969	--	943,786	2,457,011	311,141	10,831,907

5. INTANGIBLE ASSETS

a) Reconciliation of carrying amounts:

	December 31, 2018	December 31, 2017	January 1, 2017
Cost			
At beginning of the year	**5,306,658**	5,227,142	5,003,854
Disposals during the year	**(23,287)**	--	--
Additions during the year	**--**	79,516	223,288
At end of the year	**5,283,371**	5,306,658	5,227,142
Accumulated amortization			
At beginning of the year	**4,954,766**	4,518,932	4,127,183
Charge for the year	**201,584**	435,834	391,749
At end of the year	**5,156,350**	4,954,766	4,518,932
Carrying amount	**127,021**	351,892	708,210

6. INVESTMENT PROPERTY

Reconciliation of carrying amounts:

	December 31, 2018	December 31, 2017	January 1, 2017
Cost			
Transfers	**8,949,000**	--	--
Accumulated depreciation			
At the time of transfer	**2,164,616**	--	--
Charge for the year	**111,862**	--	--
At end of the year	**2,276,478**	--	--
Carrying amount	**6,672,522**	--	--

6.1 The Board of director of the Group via resolution dated September 16, 2018 decided to relocate Jeddah based operations to Riyadh and vacate the office in Jeddah. Since the office space is owned by the Group, it was decided to be leased to out to a third party for the purpose of earning rental income. The classification and transfer has been made to align with the change in management's intention which is in accordance with in IAS 40 'Investment Property'.

6. INVESTMENT PROPERTY (continued)

6.2 Measurement of fair values:

Fair value of the investment property as on December 31, 2018 amounts to SR 8.41 million. The fair value has been determined by Insights which is a locally certified valuer.

7. INVESTMENT IN EQUITY ACCOUNTED INVESTEE

Investee	Country of incorporation	Effective ownership interest	December 31, 2018	December 31, 2017	January 1, 2017
Enara Holding	Kingdom of Bahrain	33.33%	**--**	19,421,344	771,811
Sadeed Investment Limited Company	Kingdom of Saudi Arabia	49%	**105,736,550**	103,220,987	90,704,596
			104,019,726	122,642,331	91,476,407

The below table illustrates the movements in the investment in associates:

	December 31, 2018	December 31, 2017	January 1, 2017
Opening balance	**122,642,331**	91,476,407	84,865,349
Share of operating results	**494,838**	311,032	5,612,778
Additions	**2,020,725**	30,854,892	998,280
Reclassification	**(19,421,344)**	--	--
Closing balance	**105,736,550**	122,642,331	91,476,407

7.1 On January 18, 2018, the company lost significant influence in Enara Holding as a result of dilution in shareholding to 16.03% shareholding. The transaction did not result in any gain/loss on the investment, as at that time, since the fair value approximated the carrying value. As at December 31, 2018, the investment is recognized at fair value through profit and loss under financial investments (note 8).

7. EQUITY ACCOUNTED INVESTEE (continued)

Latest available twelve months financial information of the associates are as follows:

Sadeed Investment Company	**Assets**	**Liabilities**	**Revenue**	**Profit / (loss)**
2018	290,646,420	127,297,938	7,407,405	1,009,874
2017	285,931,274	121,339,883	6,115,857	1,641,655
Enara Holding				
2017	63,864,324	63,044,927	--	(1,495,088)

8. FINANCIAL INVESTMENTS

The effect of initially applying IFRS 9 in the Group's financial statements is described in note 3 and 33. Due to transition method chosen in applying IFRS 9, comparative information has not been restated to reflect new requirements.

Financial investments are classified as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
FVTPL (note 8.1)			
Investment funds managed by the Group	**119,565,098**	--	--
Investment in real state funds managed by the Group	**19,708,193**	--	--
Private equity investments	**67,169,485**	--	--
Public equities and funds - (note 8.2)	**34,509,051**	--	--
	240,951,827	--	--
FVOCI			
Private equity investment	**1,602,337**	--	--
Available for sale – (note 8.3)	**--**	103,387,676	132,188,027
Held for trading	**--**	37,910,524	28,807,068
	242,554,164	141,298,200	160,995,095

8.1 These represents Group's investment in international private equity funds, local private real estate funds, private equity investments in various setups and investment in stock exchange markets of Kingdom of Saudi Arabia and Tunisia.

8.2 This includes investments in REIT fund managed by Swicorp Company.

8.3 During 2017, the Group had recognized impairment on available for sale investments amounting to SR 7.7 million.

8. FINANCIAL INVESTMENTS (continued)

8.4 **Movement in financial investments:**

			2018		
	Investment Funds	**Real Estate Funds**	**Private Equity**	**Public equities and Funds**	**Total**
Balance at January 1	**64,506,219**	**23,903,232**	**8,378,266**	**44,510,483**	**141,298,200**
Additions	**41,155,007**	**--**	**52,149,405**	**34,500,000**	**127,804,412**
Redemptions / distributions /disposals	**(1,466,933)**	**(2,077,200)**	**(1,906,845)**	**(41,135,533)**	**(46,586,511)**
Fair value adjustment	**15,370,805**	**(2,117,839)**	**10,150,996**	**(3,365,899)**	**20,038,063**
Balance at December 31	**119,565,098**	**19,708,193**	**68,771,822**	**34,509,051**	**242,554,164**

			2017		
	Investment Funds	Real Estate Funds	Private Equity	Public equities and Funds	Total
Balance at January 1	92,591,088	18,580,200	21,016,739	28,807,068	160,995,095
Additions	--	8,960,000	3,750,011	82,270,696	94,980,707
Redemptions / distributions /disposals	(16,744,144)	(6,700,000)	(8,608,943)	(65,886,050)	(97,939,137)
Net movement in fair value reserve	(11,340,725)	3,063,032	--	(681,231)	-8,958,924
Allowance for impairment	--	--	(7,779,541)	--	(7,779,541)
Balance as at December 31	64,506,219	23,903,232	8,378,266	44,510,483	141,298,200

9. ACCOUNTS AND OTHER RECEIVABLES

	December 31, 2018	December 31, 2017	January 1, 2017
Accounts receivable (note 9.1)	**92,913,506**	123,397,573	134,941,770
Long-term receivables (note 9.2)	**23,390,625**	21,703,125	9,375,000
Other receivables (note 9.3 below)	**15,000,000**	--	--
Unbilled revenue	**4,193,259**	93,147	3,173,264
	135,497,390	145,193,845	147,490,034
Less: Allowance for expected credit losses / allowance for doubtful accounts	**(57,454,728)**	(52,695,445)	(53,560,889)
	78,042,662	92,498,400	93,929,145

9.1 Accounts receivables includes balances receivables from related parties amounting to SR 10.26 million (December 31, 2017: SR 22.7 million; January 1, 2017: SR 33.7 million).

9.2 The Company and SPE Capital Partners Limited (SPE Capital) have entered into an agreement on April 1, 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 December 31, 2021 and carries an interest of 9% per annum.

9.3 On April 5, 2018, the Group has advanced an amount of SR 15 million to an individual for the purpose of making investment in a REIT fund managed by the Group. The amount is secured against pledge of the units purchased from the amount and is repayable upon sale of the pledged units.

10. PREPAYMENT AND OTHER ASSETS

	December 31, 2018	December 31, 2017	January 1, 2017
Accrued income	**--**	82,466	--
Tax refunds due (note 10.1)	**8,979,525**	9,855,078	9,321,802
Staff loans and other advances	**2,140,164**	681,421	1,124,048
Advance against purchase of investment (note 10.2)	**2,718,750**	2,718,750	1,875,000
Prepaid expenses	**635,575**	2,243,501	1,223,809
Related party receivables (note 10.3)	**23,833,632**	19,736,636	25,005,318
Security deposits	**853,005**	971,216	1,002,320
Others	**2,033,051**	4,015,464	3,851,430
	41,193,702	40,304,532	43,403,727

10.1 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.

10. PREPAYMENT AND OTHER ASSETS (continued)

10.2 The advance has been made to SPE Capital Partners Limited in relation to a potential project.

10.3 Related party balances include current and non-current portion amounting to SR 9.2 million and SR 14 million respectively.

11. CASH AND CASH EQUIVALENTS

	December 31, 2018	December 31, 2017	January 1, 2017
Cash in hand	**50,348**	64,145	72,369
Cash at banks			
- Current account	**16,694,172**	43,112,448	103,223,152
- Short-term deposits	**248,780**	18,300,000	71,788,197
Cash held with stock brokers	**351,750**	8,108,268	1,382,282
	17,345,050	69,584,861	176,466,000

11.1 Short-term deposits include deposits placed with a local bank with original maturity of three months or less and carries commission income rate of 8.29% per annum (December 31, 2017: 1.25% per annum; January 1, 2017: 2% per annum).

11.2 Cash held with stockbrokers represents the cash held for making investments on behalf of the Group. This cash represents excess cash kept in stock broker accounts as at December 31, 2018 which was not invested at year-end and was available for the Group's use without any restrictions and accordingly classified as cash and cash equivalents.

12. LOANS AND BORROWINGS

	December 31, 2018	December 31, 2017	January 1, 2017
Unsecured loan from local bank (note 12.1)	**13,000,000**	--	50,000,000
Unsecured loan from a Tunisian local bank	**2,189,274**	3,161,710	182,433
Other borrowings	**841,332**	651,035	247,377
	16,030,606	3,812,745	50,429,810

12.1 During 2018, the Group signed a floating rate facility term agreement with a local bank, with facility amount of SR 17 million for funding investment requirements in securities. The facility carries financing rate of SIBOR + 2.25% and is secured by the portfolio of securities with a 200% coverage margin. The amount of SR 17 million was drawn, of which SR 4 million was repaid during 2018. As of December 31, 2018, the outstanding amount of loan is SR 13 million. (December 31, 2017: SR Nil ; January 1, 2017: SR 50 million)

12. LOANS AND BORROWINGS (continued)

12.2 On August 31, 2018, the Group signed an unsecured floating rate facility term agreement with a local bank in Tunisia, with facility amount of TND 2 million for the purpose of financing its investment requirements. The facility carries financing rate of TMM+2.5% and is set for final repayment date in 2023. As of December 31, 2018, the outstanding amount of loan is TND 1.76 million. (December 31, 2017: Nil; January 1, 2017: Nil)

12.3 The current and non-current portion of the loan as of December 31, 2018 is SR 13.84 million and SR 2.18 million respectively.

13. EMPLOYEES' END OF SERVICE BENEFITS

	December 31 2018	December 31 2017	January 1 2017
Employees' end-of-service benefits (note 13.1)	**8,488,951**	8,427,635	8,930,112
	8,488,951	8,427,635	8,930,112

13.1 **Movement in net liability**

The Company operates an approved unfunded employees' end of service benefits plan ("EOSB") for its employees as required by the Saudi Arabian Labor Law. The movement in EOSB during the year ended December 31, is as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
Opening balance	**8,427,635**	8,930,112	7,329,052
Included in profit or loss			
- Current service cost	**1,319,379**	1,339,397	2,670,562
- Interest cost	**326,049**	202,057	--
Actuarial (gain) / loss included in Other Comprehensive Income	**(736,410)**	323,606	1,106,361
Benefits paid	**(919,702)**	(2,367,537)	(2,175,863)
Closing balance	**8,488,951**	8,427,635	8,930,112

13. EMPLOYEE BENEFITS (continued)

Actuarial assumptions:

The following were the principal actuarial assumptions applied at the reporting date:

	December 31, 2018	December 31, 2017	January 1, 2017
Discount rate	**4.20%**	3.5%	3.75%
Expected rate of salary growth	**4.50%**	4.5%	4.75%
Retirement age	**60 years**	60 years	55 – 60 years

Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	December 31, 2018		December 31, 2017		January 1, 2017	
	Increase	**Decrease**	Increase	Decrease	Increase	Decrease
Discount rate (+ / - 1%)	**509,003**	**(563,423)**	533,542	(593,761)	496,213	(553,013)
Salary growth rate (+ / - 1%)	**(606,503)**	**557,735**	(632,514)	578,890	(588,759)	538,031

14. ACCOUNTS PAYABLE, ACCRUALS AND OTHER LIABILITIES

	December 31, 2018	December 31, 2017	January 1, 2017
Accounts payable	**1,938,995**	3,254,144	9,600,112
Accrued expenses and others	**11,370,149**	12,003,913	14,201,409
Due to related parties	**--**	419,708	1,188,293
Provision for staff bonus	**2,000,000**	208,439	3,291,574
Dividends payable	**--**	--	9,375,000
	15,309,144	15,886,204	37,656,388

15. PROVISION FOR ZAKAT AND TAX

	December 31, 2018	December 31, 2017	January 1, 2017
Opening Balance	**6,778,740**	7,345,683	8,248,561
Zakat charge			
- Current year	**6,389,126**	6,778,740	7,345,683
- Prior year	**272,133**	52,442	(153,699)
	6,661,259	6,831,182	7,191,984
Payments during the year	**(7,005,283)**	(7,398,125)	(8,094,862)
Closing balance	**6,434,716**	6,778,740	7,345,683

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 2017. 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. After analyzing the assessments, the Company filed an appeal to GAZT on April 18, 2018. As of December 31, 2018, GAZT has not reverted on the case. The ultimate outcome of this claim cannot be determined at this point in time. However, the Company and its Zakat and tax advisor believe that the decision will be in favour of the Company. The Company continues to vigorously contest the assessments issued by GAZT. Accordingly, no provision has been recorded in these consolidated financial statements for such assessments.

16. 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:

	No. of shares held		**Percentage ownership held**	
Description	**2018**	2017	**2018**	2017
Swicorp International Holding S.A.	**20,000,000**	20,000,000	**40**	40
Savola Group Company	**7,500,000**	7,500,000	**15**	15
Marketing & Commercial Agencies Company Limited	**7,500,000**	7,500,000	**15**	15
Mr. Abdullah Saleh Kamel	**7,500,000**	7,500,000	**15**	15
Mr. Mosa Omran Al-Omran	**3,750,000**	3,750,000	**7.5**	7.5
Amwal Al Khaleej Commercial Investment Company	**3,750,000**	3,750,000	**7.5**	7.5
	50,000,000	50,000,000	**100**	100

17. STATUTORY RESERVE

In accordance with the Company's Bylaws and the Regulations for Companies in the Kingdom of Saudi Arabia, the Group transfers minimum 10% of the net income for the year to a statutory reserve until such reserve equals 30% of its share capital. This reserve currently is not available for distribution to the shareholders of the Company.

18. NON-CONTROLLING INTEREST

The following table summarizes the information relating to each of the Group's subsidiaries that has material NCI, before any intra-group eliminations.

December 31, 2018	NCI %	Total assets	Total liabilities	Net assets	Net assets attributable to NCI	Total comprehensive income	Total comprehensive income allocated to NCI
Swicorp Conseil et Investissement	34.29	6,809,863	(6,644,678)	165,185	56,635	114,353	39,207
Compagnie Gestion et	33.33	3,346,907	(2,278,709)	1,068,198	356,030	(597,442)	(199,127)
Syaha Capital	30	110,234	(199,548)	(89,314)	(26,794)	--	--
Swicorp Commercial Investment	5	58,959	(66,500)	(7,541)	(377)	(57,200)	(2,860)
Other subsidiaries (note 18.1)	0.07	6,254,449	(525,251)	5,729,198	1,632	(7,271)	248
Intra-group elimination		--	4,085,847	4,085,847	--	(2,528,571)	--
Total		16,580,412	(5,628,839)	10,951,573	387,126	(3,076,131)	(162,532)

18. NON-CONTROLLING INTEREST (continued)

December 31, 2017	NCI %	Total assets	Total liabilities	Net assets	Net assets attributable to NCI	Total comprehensive income	Total comprehensive income allocated to NCI
Compagnie Gestion et Syaha	33.33	6,200,183	(4,160,363)	2,039,820	679,872	(908,090)	(302,666)
Capital	30	(104,886)	(4,572)	(109,458)	(32,837)	(75)	(23)
Swicorp Commercial Investment	5	127,045	(68,398)	58,647	2,932	(50,500)	(2,525)
Other subsidiaries (Note 18.1)	0.16	36,011,271	(7,921,388)	28,089,883	5,679	2,862,276	(110)
Intra-group elimination		--	(4,641,641)	(4,641,641)	--	(3,641,509)	--
Total		42,233,613	(16,796,362)	25,437,251	655,646	(1,737,898)	(305,324)

January 1, 2017	NCI %	Total assets	Total liabilities	Net assets	Net assets attributable to NCI	Total comprehensive income	Total comprehensive income allocated to NCI
Compagnie Gestion et Syaha	33.33	9,147,417	(6,005,753)	3,141,664	1,047,117	(703,223)	(234,384)
Capital	30	(111,700)	(4,874)	(116,574)	(34,972)	(998,610)	(299,583)
Numu Consulting	15	13,368,750	(7,807,430)	5,561,320	834,198	(1,102,593)	(165,389)
Swicorp Commercial Investment	5	186,259	(50,000)	136,259	6,813	(60,500)	(3,025)
Other subsidiaries	0.16	40,364,596	(15,287,885)	25,076,711	5,773	134,474	152
Intra-group elimination		(2,244,750)	(5,130,814)	(7,375,564)	--	(3,059,985)	--
Total		60,710,572	(34,286,756)	26,423,816	1,858,929	(5,790,437)	(702,229)

18.1 Represents NCI share of Swicorp SA, Swicorp Intaj SA, Swicorp Advisory Company and Swicorp Management Company.

19. FEE INCOME FROM RENDERING SERVICES

	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	Advising		**Arranging**		**Asset management**		**Total**	
Primary geographical markets:								
Kingdom of Saudi Arabia	1,229,809	3,643,154	48,172,684	26,781,138	9,889,228	3,564,149	59,291,721	33,988,441
Others	11,559,593	4,217,539	3,517,392	10,685,168	--	776,789	15,076,985	15,679,495
Fee from services	12,789,402	7,860,693	51,690,076	37,466,306	9,889,228	4,340,938	74,368,706	49,667,936
Timing of revenue recognition:								
Point-in-time	--	--	46,143,393	33,015,013	--	--	46,143,393	33,015,013
Over time	12,789,402	7,860,693	5,546,683	4,451,292	9,889,228	4,340,938	28,225,313	16,652,923
Fee from services	**12,789,402**	7,860,693	**51,690,076**	37,826,190	**9,889,228**	4,340,938	**74,368,706**	49,667,936

20. INCOME FROM INVESTMENTS, NET

	2018	2017
Income from investment funds	**15,370,805**	--
Loss from real estate funds	**(2,117,839)**	--
Income private equity	**10,893,084**	--
Loss from public equity and funds	**(2,834,036)**	--
Dividend income – (note 20.1)	**2,424,040**	1,068,561
Available for sale investments	**--**	18,910,751
Held for trading investments	**--**	(2,253,570)
	23,736,054	17,725,742

20.1 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:

	2018	2017
Banking and Financial Sector	**--**	521,079
Telecommunication & Information Technology	**--**	262,283
Energy and Utilities	**--**	126,841
Insurance	**--**	113,358
Transportation Business	**--**	45,000
Real Estate Development	**1,912,500**	--
Paper Industry	**441,161**	--
Telecom and IT	**70,379**	--
	2,424,040	1,068,561

21. GENERAL AND ADMINISTRATIVE EXPENSES

	2018	2017
Salaries and benefits	**33,970,847**	36,560,098
Professional fees	**8,504,871**	7,367,695
Organization expenses	**6,295,293**	4,812,282
Rent expenses	**3,765,417**	3,690,468
Traveling and conveyance	**2,352,703**	5,402,201
Depreciation	**1,789,649**	2,087,850
Communication	**1,516,289**	1,771,353
Provision for risk and charge	**1,254,408**	728,576
Office supplies	**1,249,913**	1,386,947
Cost of external staff	**1,142,487**	785,350
Legal charges	**922,225**	2,641,997
Others	**3,452,304**	6,160,054
	66,216,406	73,394,871

22. EARNINGS / (LOSS) PER SHARE

Basic earnings / (loss) per share amounts are calculated by dividing the net profit / (loss) for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share amounts are calculated by dividing the net profit attributable to owners of the Company 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 Group has no dilutive instruments as of the year-end which would render dilution of EPS.

	2018	2017
Profit / (loss) for the year attributable to Owners of the company	**705,103**	(22,087,498)
Weighted-average number of shares outstanding	**50,000,000**	50,000,000
Earnings / (loss) per share	**0.014**	(0.442)

23. CONTINGENCIES AND COMMITMENTS

Following are the details of the Group's commitments and contingencies as at December 31, 2018:

a) Contingencies

The Group 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.

b) Commitments

i) The Group has capital commitment of SR 2.412 million (2017: SR 4.084 million) towards funds managed by the subsidiary of the Group. Further the Group has provided a prorata corporate guarantee for SR 55 million long-term loan of Sadeed Investment Company Limited (an associate in which the Group holds 49% shareholding). As of December 31, 2018, the outstanding loan amount was SR 55 million (December 31, 2017: SR 70 million; January 1, 2017 SR 90 million).

ii) Commitments in respect of two DPM investment agreements, managed by the group, are estimated at SR 8.56 million as of December 31, 2018 in respect of initial capital investment.

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

	2018	2017
Within one year	**2,061,143**	3,165,547
More than one year but less than five years	**1,622,611**	1,896,720
	3,683,754	5,062,267

During the year, the Group has recognized SR 3.39 million (2017: SR 3.26 million) as operating lease payments in the consolidated statement of profit or loss.

24. 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.

During the year, the Group transacted with the following related parties:

Name	Relationship
Dabbagh Group and Affiliates / Associated Companies	Affiliate
Intaj Capital Limited	Affiliate
Intaj Capital II LP	Affiliate
Hosoon International Holding	Affiliate
Intaj Jate	Affiliate
Intaj Uniceramic	Affiliate
Intaj Step	Affiliate
Bahrain Capital Securities Company W.L.L	Affiliate
Sadeed Investment Company Limited	Associate
Intaj Capital Limited	Affiliate
Intaj Petroser	Affiliate
SIIS Holding Company	Affiliate
Intaj Capital II (Non GCC) LP	Affiliate
Intaj Capital II Founder Partner LP	Affiliate
Lira capital	Affiliate
Executive Management of the Company	Key Management Personnel
Ewan Al Qayrawan Real Estate Fund	Fund under management
Al Dhawahi Real Estate Fund	Fund under management
Ewan Al Maali Real Estate Fund	Fund under management
Swicorp Wabael REIT	Fund under management

24. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

24.1 The significant transactions and balances are as follows:

Transactions with	Nature of transactions	Amount of transaction during the year		Receivable / (Payable) balances	
		2018	2017	**2018**	2017
Dabbagh Group and Affiliates/Associated Companies	Fee income from rendering services	**1,875,000**	124,237	**1,062,500**	2,231,007
Intaj Capital Limited	Fee income from rendering services	**--**	--	**--**	18,328,174
Intaj Capital II LP	Fee income from rendering services	**5,926,573**	4,372,370	**--**	(343,103) 467,329
Ewan Al Qayrawan Real Estate Fund	Fee income from rendering services	**1,103,091**	1,367,465	**540,315**	324,023
	Distribution of the Fund	**440,000**	5,500,000	**--**	--
Al Dhawahi Real Estate Fund	Fee income from rendering services	**293,820**	791,266	**--**	324,023
	Distributions of the Fund	**(1,603,372)**	(1,200,000)	**--**	--
Swicorp Wabeil REIT	Fee income from rendering services	**6,473,836**	--	**5,840,107**	--
Ewan Al Maali Real Estate Fund	Fee income from rendering services	**2,010,603**	1,405,417		1,105,780
	Subscription of units	**--**	8,960,000		
SIIS Holding	Related party loan	**4,182,518**	809,989		18,489,098
Hosoon International Holding	Payments made on behalf	**206,448**	(5,245,183)	**206,448**	16,821
Bahrain Capital Securities Company W.L.L	Payments on behalf	**77,205**	(272,479)	**77,205**	--
Sadeed Investment Company Limited	Receipts	**8,135,643**	262,437	**8,398,080**	262,437
Mr. Kamal Lazar	Office rent expense	**603,107**	609,390	**--**	--
Lira Capital	Office rent expense	**649,845**	600,103	**--**	--
Intaj Step	Payments on behalf	**--**	--	**207,694**	207,694
Intaj Petroser	Payments on behalf	**--**	--	**104,336**	104,336
Intaj Capital II LP	Payments on behalf	**543,471**	--	**312,859**	(343,103)
Intaj Capital II (Non GCC LP)	Payments on behalf	**136,721**	--	**89,910**	(76,605)

24. RELATED PARTY TRANSACTIONS (continued)

24.2 Transactions with key management personnel

Members of the Board of Directors do not receive any remuneration for their role in managing the Group unless approved by General Assembly. Members of the Board of Directors receive an attendance allowance for Board and Board Committee meetings.

Executive Directors receive fixed remuneration as a result of their direct duties and responsibilities. The most Senior Executives includes top executives, including the Chief Executive Officer, Chief Financial Officer, Executive Directors and the Finance Manager, receive remuneration according to the employment contracts signed with them. The following table illustrates details of remuneration and compensation paid to Directors and Key Management Personnel.

Transactions with	Nature of transactions	Amount of transaction during the year		Receivable / (Payable) balances	
		2018	2017	**2018**	2017
Board of Directors	*Remuneration and other benefits*	**1,089,473**	1,186,397	**755,000**	120,000
Executive management	*Short term benefits*	**5,894,189**	5,982,840	**--**	--
of the Company	*Long term benefits*	**764,192**	525,592	**3,556,595**	2,979,077
Founder and chairman	*Remuneration and other benefits*	**5,000,000**	3,500,000	**3,093,878**	3,034,174

25. FIDUCIARY ASSETS

Assets under management

These represent the mutual funds' assets and investments managed by the Group on behalf of its customers. As of December 31, 2018 the Group managed SR 2.188 billion (December 31, 2017: SR 884 million; January 1, 2017: SR 765 million). 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 December 31, 2018 the Group managed no client cash accounts. (December 31, 2017: SR Nil ; January 1, 2017: SR Nil).

26. OPERATING SEGMENTS

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.

26. OPERATING SEGMENTS (continued)

For management purposes, the Group is organised into the following operating segments:

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.

	2018				
	Amounts in '000'				
Description	**Investment Banking**	**Private Equity**	**Asset Management**	**Corporate**	**Total**
Operating revenue	45,236	38,478	10,641	3,660	98,105
Operating expenses	(38,879)	(19,348)	(7,421)	(28,017)	(93,665)
Operating (loss) / income	6,447	19,130	3,220	(24,357)	4,440
Total assets	30,889	344,897	5,840	112,520	494,146
Total liabilities	--	--	--	46,263	46,263

	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

27. FINANCIAL 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.

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 monitors 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 debts.

a) Maximum exposure to credit risk at the reporting date:

	December 31, 2018	December 31, 2017	January 1, 2017
Assets			
Balances with banks	**17,294,702**	69,520,716	176,393,631
Accounts and other receivables	**78,042,662**	92,498,400	93,929,145
Prepayment and other assets	**41,193,702**	40,304,532	18,398,409
	136,531,066	202,323,648	288,721,185

b) Analysis of financial assets:

As at December 31, 2018 the ageing of financial assets is as follows:

	December 31, 2018				
Financial Assets	**Neither past due nor impaired**	**Past due 1–30 days**	**Past due 31–90 days**	**Past due over 90 days**	**Total**
Balances with banks	17,294,702	--	--	--	17,294,702
Accounts and other receivables	42,583,884	19,475,381	273,000	73,165,125	135,497,390
Prepayment and other assets	41,193,702	--	--	--	41,193,702
Total financial assets	101,072,288	19,475,381	273,000	73,165,125	193,985,794
Less: provision for expected credit losses	--	(1,527,796)	(21,416)	(55,905,516)	57,454,728
Net financial assets	**101,072,288**	**17,947,585**	**251,584**	**17,259,609**	**136,531,066**

27. FINANCIAL RISK MANAGEMENT (continued)

At December 31, 2017 the ageing of financial assets that were not impaired is as follows:

	December 31, 2017				
Financial Assets	Neither past due nor impaired	Past due 1–30 days	Past due 31–90 days	Past due over 90 days	Total
Balances with banks	69,520,716	--	--	--	69,520,716
Accounts and other receivable	21,796,272	10,996,332	383,712	59,322,084	92,498,400
Other assets	40,304,532	--	--	--	40,304,532
Total financial assets	131,621,520	10,996,332	383,712	59,322,084	202,323,648

At January 1, 2017 the ageing of financial assets that were not impaired is as follows:

	January 1, 2017				
Financial Assets	Neither past due nor impaired	Past due 1–30 days	Past due 31–90 days	Past due over 90 days	Total
Balances with banks	176,393,631	--	--	--	176,393,631
Accounts and other receivable	12,548,264	35,326,675	6,212,055	39,842,151	93,929,145
Other assets	18,398,409	--	--	--	18,398,409
Total financial assets	207,340,304	35,326,675	6,212,055	39,842,151	288,721,185

c) Credit quality of financial assets:

The financial assets of the Group represent credit worthy counter parties with a rigorous mechanism of initial and ongoing credit enhancement enforced by the management.

d) Collateral and offsetting:

At the reporting date, the Group has not placed / received any significant collaterals or credit enhancements in respect of its financial assets / liabilities. At the reporting date, there were no significant netting arrangements or financial assets / liabilities eligible for offsetting.

e) Expected credit loss:

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

27. FINANCIAL RISK MANAGEMENT (continued)

Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices and foreign exchange rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

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.

a) FVTPL investments

At the reporting date, FVTPL investments are represented by, private equity funds, private real estate funds, REIT and listed shares respectively. The Group regularly monitors on individual basis the market risk on these investments. At the reporting date, a 10% change in the values of the underlying investments would have increased or decreased the net income by SR 24 million.

b) FVOCI investments

At the reporting date, FVOCI investments are represented by private equity investments. The Group regularly monitors on individual basis the market risk on these investments. At the reporting date, a 10% change in the net asset values of the underlying investments would have increased or decreased the net income by SR 0.17 million.

c) Available for sale investments / held for trading

At the reporting date, the Group regularly monitors on individual basis the market risk on these investments. At the reporting date, a 10% change in the net asset values of the underlying investments would have increased or decreased the net income by SR Nil million. (December 31, 2017: 14.13 million; January 01, 2017: SR 16.08 million)

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

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

	2018	2017
Increase in commission rates by 100 basis points	**(149,405)**	(143,000)
Decrease in commission rates by 100 basis points	**149,905**	143,000

27. FINANCIAL RISK MANAGEMENT (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 manages exposure to the effects of fluctuations in prevailing foreign currency exchange rates on its financial position and cash flows. It has set limits on positions by currency. Positions are monitored regularly to ensure these are maintained within established limits. At the reporting date, the Group had the following significant net exposures denominated in local currencies:

	2018	2017
	Long / (short)	*Long / (short)*
	SR in'000'	
US Dollars (USD)	**147,478**	178,881
Tunisian Dinar (TND)	**7,630**	7,479
Euro (EUR)	**(9)**	1,482
Swiss Francs (CHF)	**395**	314
Egyptian Pounds (EGP)	**31**	31
Pound Sterling (GBP)	**(15)**	(6)
United Arab Dhiram (AED)	**208**	3,003
Kuwaiti dinar (KWD)	**5**	--

Long position indicates that assets in a foreign currency are higher than the liabilities in the same currency; the opposite applies to short position.

The table below indicates the extent to which the Group was exposed to currency risk at December 31, 2018 on its foreign currency positions. The analysis is performed for reasonably possible movement of the currency rate against the SR with all other variables held constant. As the Saudi Riyal is pegged against the USD, there is unlikely to be an impact on the consolidated statement of income in respect of the USD.

	2018					
	SR in '000'					
	Decrease in currency rate in %	**Effect on net profit SR '000**	**Effect on Retained earnings SR '000**	**Increase in currency rate in %**	**Effect on net profit SR '000**	**Effect on Retained earnings SR '000**
Pound Sterling (GBP)	15%	--	--	15%	--	--
Euro (EUR)	15%	--	--	15%	--	--
Egyptian Pounds (EGP)	15%	--	--	15%	--	--
Tunisian Dinar (TND)	15%	72,463	72,463	15%	(72,463)	(72,463)
Swiss francs (CHF)	15%	(50,497)	(50,497)	15%	50,497	50,497
United Arab Emirates (AED)	15%	(9,286)	(9,286)	15%	9,286	9,286

27. FINANCIAL RISK MANAGEMENT (continued)

	2017					
	SR in '000'					
	Decrease in currency rate in %	Effect on net profit SR '000	Effect on Retained earnings SR '000	Increase in currency rate in %	Effect on net profit SR '000	Effect on Retained earnings Reserve SR '000
Pound Sterling (GBP)	15%	--	--	15%	--	--
Euro (EUR)	15%	--	--	15%	--	
Egyptian Pounds (EGP)	15%	--	--	15%	--	
Tunisian Dinar (TND)	15%	149,858	149,858	15%	(149,858)	(149,858)
Swiss francs (CHF)	15%	(54,188)	(54,188)	15%	54,188	54,188
United Arab Emirates (AED)	15%	(153,620)	(153,620)	15%	153,620	153,620

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to be less readily available. 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.

Analysis of financial liabilities by remaining contractual maturities

The table below summarizes the maturity profile of the Group's financial liabilities at December 31, 2018 and December 31, 2017 based on contractual undiscounted repayment obligations. As the Group does not have any interest bearing liabilities, totals in the table match with the figures appearing on the consolidated statement of financial position. The contractual maturities of liabilities have been determined on the basis of the remaining period at the reporting date to the contractual maturity date. Repayments which are subject to notice are treated as if notice were to be given immediately.

	December 31, 2018					
Financial liabilities	**Carrying amounts**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
Loans and borrowings	**16,030,606**	**841,332**	**13,000,000**	**2,189,274**	**--**	**16,030,606**
Accounts payable, accrual and other liabilities	**15,309,143**	**15,309,143**	**--**	**--**	**--**	**15,309,143**
Total undiscounted financial liabilities	**31,339,749**	**16,150,475**	**13,000,000**	**2,189,274**	--	**31,339,749**

	December 31, 2017					
Financial liabilities	Carrying amounts	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Loans and borrowings	3,812,745	763,763	--	3,048,982	--	3,812,745
Accounts payable, accrual and other liabilities	15,886,204	15,886,204	--	--	--	15,886,204
Total undiscounted financial liabilities	19,698,949	16,649,967	--	3,048,982	--	19,698,949

27. FINANCIAL RISK MANAGEMENT (continued)

	January 1, 2017					
Financial liabilities	Carrying amounts	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Loans and borrowings	50,247,377	247,377	50,000,000	--	--	50,247,377
Accounts payable, accrual and other liabilities	37,656,387	37,656,387	--	--	--	37,656,387
Total undiscounted financial liabilities	87,903,764	37,903,764	50,000,000	--	--	87,903,764

28. 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. Differences can therefore arise between the book values under the historical cost method and fair value estimates.

The fair values of the Group's financial instruments are not materially different from their carrying values.

a. Fair value information for financial instruments at fair value

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

	December 31, 2018			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
FVTPL Investments	**34,509,051**	**139,273,290**	**67,169,485**	**240,951,826**
FVOCI Investments	**--**	**--**	**1,602,338**	**1,602,338**
	34,509,051	**139,273,290**	**68,771,823**	**242,554,164**

28. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	December 31, 2017			
	Level 1	Level 2	Level 3	Total
Financial assets				
Held for trading	37,910,524	--	--	37,910,524
Available for sale	6,599,959	88,409,451	8,378,266	103,387,676
	44,510,483	88,409,451	8,378,266	141,298,200

	January 1, 2017			
	Level 1	Level 2	Level 3	Total
Financial assets				
Held for trading	28,807,068	--	--	28,807,068
Available for sale	--	111,171,288	21,016,739	132,188,027
	28,807,068	111,171,288	21,016,739	160,995,095

b. Fair value information for financial instruments not measured at fair value

The fair values of cash and cash equivalents and accounts and other receivables and other assets at December 31, 2018 and December 31, 2017 approximate their carrying values.

c. Valuation technique and significant unobservable inputs for financial instruments at fair value

The Group uses various valuation techniques for determination of fair values for financial instruments classified under levels 2 and 3 of the fair value hierarchy. These techniques and the significant unobservable inputs used therein are analyzed below. The Group utilizes fund manager reports (and appropriate discounts or hair-cuts where required) for the determination of fair values of private equity funds and real estate funds. The management deploys various techniques (such as discounted cash flow models and multiples method) for the valuation of underlying financial instruments classified under level 2 and 3 of the respective fund's fair value hierarchy. Significant unobservable inputs embedded in the models used by the fund manager include risk adjusted discount rates, marketability and liquidity discounts and control premiums.

29. CURRENT AND NON CURRENT ASSETS AND LIABILITIES

The classification of assets and liabilities into current and non-current is as follows:

	December 31, 2018	December 31, 2017	January 1, 2017
Current assets			
Cash and cash equivalents	**17,345,050**	69,584,861	176,466,000
Accounts and other receivables	**54,652,037**	70,795,275	84,554,145
Financial investments	**240,951,826**	37,910,524	28,807,068
Prepayments and other assets	**26,565,582**	21,503,404	26,983,393
Total current assets	**339,514,495**	199,794,064	316,810,606
Non-current assets			
Property and equipment	**2,474,165**	10,831,907	12,693,142
Intangible assets	**127,021**	351,892	708,210
Investment property	**6,672,522**	--	--
Accounts and other receivables	**23,390,625**	21,703,125	9,375,000
Financial investments	**1,602,337**	103,387,675	132,188,025
Equity accounted investee	**105,736,550**	122,642,331	91,476,407
Prepayment and other assets	**14,628,121**	18,801,128	16,420,335
Total non-current assets	**154,631,341**	277,718,058	262,861,119
Total assets	**494,145,836**	477,512,122	579,671,725
Liabilities			
Current liabilities			
Loans and borrowings	**13,841,332**	651,035	50,247,377
Accounts payable, accrual and other liabilities	**15,309,143**	15,886,204	37,656,387
Provision for zakat and tax	**6,434,716**	6,778,740	7,345,683
Total current liabilities	**35,585,191**	23,315,979	95,249,447
Non-current liabilities			
Loans and borrowings	**2,189,274**	3,161,710	182,433
Employee benefits	**8,488,951**	8,427,635	8,930,112
Total non-current liabilities	**10,678,225**	11,589,345	9,112,545
Total liabilities	**46,263,416**	34,905,324	104,361,992

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	**2018**	2017
Capital base:		
Tier-1 Capital	**446,457,000**	456,879,000
Tier-2 Capital	**175,000**	18,604,000
Total capital base (A)	**446,632,000**	475,483,000
Minimum Capital Requirement:		
Market risks	**5,487,000**	9,781,000
Credit risks	**316,933,000**	330,001,000
Operational risks	**32,416,000**	32,814,000
Total minimum capital requirement (B)	**345,836,000**	372,596,000
Surplus (C=A-B)	**100,796,000**	102,887,000
Capital adequacy ratio (D=A/B)	**1.29**	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.

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.

31. EXPLANATION OF TRANSITION TO IFRS

As stated in note 2.1, this is the Group's first consolidated financial statements prepared in accordance with the requirements of IFRS 1.

In preparing its opening IFRS consolidated statement of financial position at the transition date, the Group has adjusted amounts reported previously in financial statements prepared in accordance with the pre-convergence GAAP. An explanation of how the transition from pre-convergence GAAP to IFRS has affected the Group's financial position, for the respective periods, is set out in the following tables and the notes that accompany the tables:

31. EXPLANATION OF TRANSITION TO IFRS (continued)

31.1 The following is a reconciliation of the Group's consolidated statement of financial position reported in accordance with Pre-convergence GAAP (SOCPA GAAP) to its consolidated statement of financial position under IFRS as endorsed in Kingdom of Saudi Arabia at January 1, 2017 and December 31, 2017:

	Notes	SOCPA	Effect of transition to IFRS	IFRS	SOCPA	Effect of transition to IFRS	IFRS
		December 31, 2017			January 1, 2017		
Assets							
Property and equipment		10,831,907		10,831,907	12,693,142	--	12,693,142
Intangible assets		351,892	--	351,892	708,210	--	708,210
Accounts and other receivables		92,498,400	--	92,498,400	93,929,145	--	93,929,145
Equity accounted investee		122,642,331	--	122,642,331	91,476,407	--	91,476,407
Financial investments		141,298,200	--	141,298,200	160,995,095	--	160,995,095
Prepayment and other assets	31.3.1	41,078,267	(773,735)	40,304,532	45,083,995	(1,680,268)	43,403,727
Cash and cash equivalents		69,584,861	--	69,584,861	176,466,000	--	176,466,000
Total Assets		478,285,858	(773,735)	477,512,123	581,351,994	(1,680,268)	579,671,726
Liabilities and equity							
Liabilities							
Loans and borrowings		3,812,745	--	3,812,745	50,429,810	--	50,429,810
Employees' end of service benefits	31.3.2	7,106,530	1,321,105	8,427,635	7,869,885	1,060,227	8,930,112
Accounts payable, accrual and other liabilities		15,886,204	--	15,886,204	37,656,388	--	37,656,388
Provision of Zakat and tax		6,778,740	--	6,778,740	7,345,683	--	7,345,683
Total liabilities		33,584,219	1,321,105	34,905,324	103,301,766	1,060,227	104,361,993
Equity							
Share capital		500,000,000	--	500,000,000	500,000,000	--	500,000,000
Statutory reserves		30,824,452	--	30,824,452	30,824,452	--	30,824,452
Fair value reserve		9,316,620	--	9,316,620	18,603,953	--	18,603,953
Foreign currency translation reserve	31.3.3	(754,081)	952,868	198,787	(952,868)	952,868	--
Accumulated losses		(95,340,997)	(3,047,708)	(98,388,705)	(72,284,238)	(3,693,363)	(75,977,601)
Equity attributable to Company's shareholders		444,045,994	--	441,951,154	476,191,299	--	473,450,804
Non-controlling interest		655,645	--	655,645	1,858,929	--	1,858,929
Total Equity		444,701,639	(2,094,840)	442,606,799	478,050,228	(2,740,495)	475,309,733
Total Equity and liabilities		478,285,858	(773,735)	477,512,123	581,351,994	(1,680,268)	579,671,726

31. EXPLANATION OF TRANSITION TO IFRS (continued)

31.2 The following is a reconciliation of the Group's consolidated statement of total comprehensive income reported in accordance with Pre-convergence GAAP (SOCPA GAAP) to its consolidated statement of profit or loss and other comprehensive income under IFRS as endorsed in KSA for the year ended December 31, 2017:

	Notes	SOCPA	Effect of transition to IFRS	IFRS
Operating income:				
Fee income from rendering services		50,027,821	(359,885)	49,667,936
Income from investments		17,725,742	--	17,725,742
Total operating income		67,753,563	(359,885)	67,393,678
Operating expenses				
Salaries and Employee related expenses	31.3.2	(36,622,828)	62,730	(36,560,098)
Management and consultancy fees		(7,146,009)	--	(7,146,009)
General and admin expenses		(37,194,658)	359,885	(36,834,773)
Provision for doubtful receivables		865,444	--	865,444
Total operating expenses		(80,098,051)	422,615	(79,675,436)
Net operating loss		(12,344,488)	62,730	(12,281,758)
Other income	31.3.1	5,951,456	906,532	6,857,988
Share of results from equity accounted investees		311,032	--	311,032
Impairment on available for sale investments		(7,779,541)	--	(7,779,541)
Finance charge		(2,669,361)	--	(2,669,361)
Loss before Zakat and tax		(16,530,902)	969,262	(15,561,640)
Zakat and income tax		--	(6,831,182)	(6,831,182)
Loss after Zakat and tax		(16,530,902)	(5,861,920)	(22,392,822)
Other comprehensive income				
Items that will not be classified to profit or loss in subsequent periods				
Re-measurements of defined benefit liability	31.3.2	**--**	**(323,606)**	**(323,606)**
Items that are or may be reclassified to profit or loss in subsequent periods				
Foreign currency translation differences	31.3.3	**--**	**198,787**	**198,787**
Other comprehensive income for the year		**--**	**(124,819)**	**124,819**
Total comprehensive income for the year		**(16,530,902)**	**(5,986,739)**	**(22,517,641)**

31. EXPLANATION OF TRANSITION TO IFRS (continued)

31.3 Below is the summary and explanation of differences between the pre-convergence GAAP and IFRS as tabulated above.

31.3.1 Prepayment and other assets

Under the pre-convergence GAAP, the Group accounted for long-term receivables and the related revenue at face value. However, In accordance with IFRS 9, since there is a financing element associated with these long term receivables, the Group has restated the long-term receivables and the related revenues by discounting them using the prevailing market rate of interest for similar instruments (similar in currency, term, type of interest rate and other factors) with a similar credit rating. The associated interest portion is being amortised over the expected tenor of the long-term receivables using the effective interest rate method.
This resulted in reduction of accumulated losses of SR 1.68 as at January 1, 2017 and corresponding reduction in the receivables of SR 1.68. The amortization effect for the year ended December 31, 2017 is an increase in net income by SR 0.91 million and SR 0.77 million for the year ended December 31, 2018.

31.3.2 Employee Benefits

Under the pre-convergence GAAP, the Group accounted for obligations under employees' end of service benefits with reference to the computation stipulated under the corresponding labor law. Upon transition to IFRS, the Group accounts for such end of service benefits as defined benefit obligations. Accordingly, the Group has appointed an independent actuary for the computation of the IFRS transitional defined benefit liability as at January 1, 2017 and onwards. As at the date of transition, employees' end of service benefit liability has increased by SR 1.06 million with the corresponding decrease in accumulated losses.

Moreover, the Group's employees' end of service benefit charge has decreased by SR 0.062 during the year ended December 31, 2017.

Further, under the pre-convergence GAAP, the Group recorded its liability under Employee benefits based on regulatory requirements. In order to determine the liability under IFRS Standards, the Group performed detailed actuarial valuation of its Employee Benefits. Consequently, actuarial loss amounting to SR 0.323 million has been recognized in Other Comprehensive Income with a corresponding increase in the liability for the year ended December 31, 2017. The Group's share of the said actuarial loss amounts to SR 1.38 million which has been recognized in the accumulated losses as at year ended December 31, 2017.

31.3.3 Foreign currency translation reserve

In accordance with IFRS 1, the Group has elected to deem all the foreign currency translation differences that arose prior to the date of transition in respect of all foreign operations as nil as at date of transition. Resultantly, as at the date of transition, the Group's accumulated losses has reduced by SR 0.952 million with the corresponding decrease in the foreign currency translation reserve.

31. EXPLANATION OF TRANSITION TO IFRS (continued)

31.4 The following is a reconciliation of the Group's accumulated losses reported in accordance with Pre convergence GAAP (SOCPA GAAP) to its consolidated statement of financial position under IFRS as endorsed in KSA:

Description	December 31, 2017	January 1, 2017
Accumulated losses as reported previously under pre convergence GAAP	(95,340,997)	(72,284,238)
Employee benefits	(1,321,105)	(1,060,227)
Foreign currency translation reserves	(952,868)	(952,868)
Prepayments and other assets	(773,735)	(1,680,268)
(Decrease) / increase in accumulated losses	(3,047,708)	(3,693,363)
Accumulated losses as restated	(98,388,705)	(75,977,601)

32. IMPACT OF ADOPTION OF IFRS 9

The Group's adoption of IFRS 9, resulted in the following changes to components of equity as at January 1, 2018:

Reclassification of AFS reserve to accumulated losses for financial assets classified as FVTPL from AFS	9,316,620
Recognition of ECL	2,922,150
Net impact on accumulated losses as at January 1, 2018	**12,238,770**

33. EVENTS AFTER THE REPORTING PERIOD

On February 13, 2019, the Board of Directors of the Group passed a resolution to cease the business activities of Numu Consulting Limited and to proceed with the voluntary liquidation as per Dubai International Financial Centre (DIFC) regulations and in accordance with the Subsidiary's article of association. The Board of Directors also resolved to proceed with the voluntary liquidation of the Tunisian companies, fully owned by Numu Consulting Limited, namely Numu Consulting Tunisia and Numu Consulting SARL.

34. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Group's Board of Directors on _______, corresponding to _________.