

GIB CAPITAL COMPANY
(Limited Liability Company)

FINANCIAL STATEMENTS
For the period from 1 January 2017 to 14 August 2017
Together with the
Independent Auditors' Report

GIB CAPITAL COMPANY
(Limited Liability Company)
BALANCE SHEET
(Saudi Arabian Riyals in '000')

	Notes	As at 14 August 2017	As at 31 December 2016
Assets			
Current assets			
Bank balances	17	6,543	3,402
Short term deposits	4 and 17	195,011	205,000
Investments held for trading	5	242	235
Accounts receivable (net)	6	2,401	11,336
Advances, prepayments and other current assets	7	5,659	4,641
Total current assets		209,856	224,614
Non-current assets			
Property and equipment (net)	8	3,810	5,965
Total assets		213,666	230,579
Liabilities and shareholders' equity			
Liabilities			
Current liabilities			
Accrued expenses and other current liabilities	9	11,851	9,399
Provision for Zakat	16	112	112
Total current liabilities		11,963	9,511
Non-current liabilities			
Employees' terminal benefits		3,538	4,135
Total liabilities		15,501	13,646
Shareholders' equity			
Share capital	10	200,000	200,000
Statutory reserve	11	3,768	3,768
(Accumulated losses) retained earnings		(5,603)	13,165
Total shareholders' equity		198,165	216,933
Total liabilities and shareholders' equity		213,666	230,579

The financial statements appearing on pages 1 to 15 were approved for issuance by the Board of Directors on 4 Rajab 1439H (corresponding to 21 March 2018) and signed on its behalf by:



Abdulla Mohammed Al Zamil
Chairman of the Board



Osama Mohammed Shaker
Chief Executive Officer

The accompanying notes from 1 to 22 form an integral part of these financial statements.

GIB CAPITAL COMPANY
(Limited Liability Company)
STATEMENT OF INCOME
(Saudi Arabian Riyals in '000')

	Notes	For the period from 1 January 2017 to 14 August 2017	For the year ended 31 December 2016
Revenue			
Advisory fee income	12	18,714	26,543
Income from asset management services	13	711	-
Realised gain on disposal of investments held for trading		-	47
Unrealised gain (loss) on investments held for trading	5	7	(166)
Total revenue		<u>19,432</u>	<u>26,424</u>
Operating expenses			
Salaries and other employee related expenses	14	23,043	23,060
Advisory fee expense	12	5,246	563
Rent and premises related expenses		1,124	1,264
Depreciation	8	844	754
Other general and administrative expenses	15	3,790	7,657
Provision for doubtful debts	6	7,130	-
Total operating expenses		<u>41,177</u>	<u>33,298</u>
Net operating loss		<u>(21,745)</u>	<u>(6,874)</u>
Interest income	17	2,977	7,350
Financing cost	17	-	(1,868)
Net loss for the period / year		<u>(18,768)</u>	<u>(1,392)</u>

The accompanying notes from 1 to 22 form an integral part of these financial statements.

GIB CAPITAL COMPANY
(Limited Liability Company)
STATEMENT OF CASH FLOWS
(Saudi Arabian Riyals in '000')

	Notes	For the period from 1 January 2017 to 14 August 2017	For the year ended 31 December 2016
Operating activities			
Net loss for the period / year		(18,768)	(1,392)
<i>Adjustments to reconcile net loss to net cash outflow from operating activities:</i>			
Depreciation	8	844	754
Realised gain on disposal of investments held for trading		-	(47)
Gain on sale of property and equipment		-	(10)
Unrealised (gain) loss on investments held for trading	5	(7)	166
Provision for doubtful debts	6	7,130	-
Employees' terminal benefits	14	754	938
Financing cost	17	-	1,868
Interest income	17	(2,977)	(7,350)
		<u>(13,024)</u>	<u>(5,073)</u>
<i>Changes in operating assets and liabilities</i>			
Accounts receivable		1,805	(431)
Advances, prepayments and other current assets		(1,765)	854
Accrued expenses and other current liabilities		2,452	4,712
Net cash (used in) from operations		<u>(10,532)</u>	<u>62</u>
Employees' terminal benefits paid		(1,351)	(28)
Zakat paid	16	-	(8,192)
Financing cost paid		-	(1,868)
Net cash flows used in operating activities		<u>(11,883)</u>	<u>(10,026)</u>
Investing activities			
Purchase of property and equipment	8	(150)	(4,870)
Proceeds from disposal of property and equipment		1,461	10
Purchase of investments held for trading	5	-	(709)
Proceeds from disposal of investments held for trading		-	355
Short term deposits with maturity of more than three months		35,000	105,000
Interest income received		3,724	7,350
Net cash flows from investing activities		<u>40,035</u>	<u>107,136</u>
Financing activities			
Repayment of subordinated loan	17	-	(100,000)
Cash flows used in financing activities		<u>-</u>	<u>(100,000)</u>
Net increase (decrease) in cash and cash equivalents		28,152	(2,890)
Cash and cash equivalent at beginning of the period/year		<u>3,402</u>	<u>6,292</u>
Cash and cash equivalents at end of the period/year	18	<u>31,554</u>	<u>3,402</u>

The accompanying notes from 1 to 22 form an integral part of these financial statements.

GIB CAPITAL COMPANY
(Limited Liability Company)
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(Saudi Arabian Riyals in '000')

	Share capital	Statutory reserve	(Accumulated losses) retained earnings	Total
At 1 January 2016	200,000	3,768	14,557	218,325
Net loss for the year	-	-	(1,392)	(1,392)
At 31 December 2016	200,000	3,768	13,165	216,933
Net loss for the period	-	-	(18,768)	(18,768)
At 14 August 2017	200,000	3,768	(5,603)	198,165

The accompanying notes from 1 to 22 form an integral part of these financial statements.

GIB CAPITAL COMPANY
(Limited Liability Company)
NOTES TO THE FINANCIAL STATEMENTS
For the period from 1 January 2017 to 14 August 2017

1 ORGANISATION AND ITS ACTIVITIES

GIB Capital Company ("the Company") was established in 2008 under the name of GIB Financial Services LLC, a limited liability company operating in the Kingdom of Saudi Arabia under Commercial Registration No. 1010244294 dated 6 Safar 1429H (corresponding to 14th February 2008). The Company's name was changed to GIB Capital LLC after obtaining the approval of the Capital Market Authority on 27 Rabi Awal 1432H (corresponding to 2nd March 2011). During 2017, the shareholders resolved to change the legal status of the Company from a limited liability company to a closed joint stock company (single shareholder company) which was approved by the Ministry of Commerce Resolution No. 343 dated 29 Shawwal 1438H (corresponding to 23rd July 2017) and the date of the amendment of the commercial registration of the Company was 24 Muhurram 1439H (corresponding to 14th August 2017).

Accordingly, these are the last financial statements of the Company as a limited liability company and are prepared for the period from 1 January 2017 to 14 August 2017. The comparative information for statements of income, cashflows and changes in shareholders' equity and related notes might not be comparable as the comparative information is for a full year while the current period information is for the period from 1 January 2017 to 14 August 2017.

The Company also has a branch under Commercial Registration No. 2051046496 in Dhahran, Eastern Province, Kingdom of Saudi Arabia.

The principal activities of the Company are dealing as a principal, underwriting, managing, arranging, advising and acting as custodian of financial securities pursuant to the Capital Market Authority (CMA) License No. 07078-37 dated 08 Rajab1428H (corresponding to 22nd July 2007), in addition to the approval of the Capital Market Authority (CMA) to amend the list of the Company's activities under resolution No. 12-02-2011 dated 6 Jumada Alawal 1432H (corresponding to 10th April 2011).

The registered office of the Company is located at the following address:

Low Rise Building 1,
Granada Business and Residential Park
Eastern Ring Road
P.O. Box 89589
Riyadh 11692
Kingdom of Saudi Arabia

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with the generally accepted accounting standards in Saudi Arabia issued by the Saudi Organisation for Certified Public Accountants (SOCPA).

2.2 BASIS OF MEASUREMENT

The financial statements have been prepared on a historical cost basis except for investments held for trading which are measured at fair value, using the accrual basis of accounting and the going concern concept.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in Saudi Arabian Riyals (SAR) which is the functional currency of the Company. Except where indicated, the financial information presented in SAR is rounded to the nearest thousand.

GIB CAPITAL COMPANY
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For the period from 1 January 2017 to 14 August 2017

2 BASIS OF PREPARATION (CONTINUED)

2.4 USE OF ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in future periods affected.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flows, cash and cash equivalents comprise cash balances at banks and other short-term highly liquid investments with original maturities of three months or less, which are available to the Company without any restrictions.

3.2 INVESTMENTS HELD FOR TRADING

An investment is classified as held for trading if it is purchased for the purpose of resale in the short term. Investments held for trading are recognised initially on the trade date, which is the date on which the Company becomes party to the contractual provisions of the investment. Upon initial recognition, attributable transaction costs are recognised in the statement of income when incurred. Subsequent to initial recognition, these investments are measured at fair value and changes therein are recognised in the statement of income.

3.3 ACCOUNTS RECEIVABLE

Accounts receivable are stated at the original invoice amount less an allowance for any uncollectible amounts. Provisions are made for amounts which, in the opinion of management, may not be received. Accounts receivable are written off after all collection activities have taken place and the possibility of further recovery is considered to be remote.

3.4 SHORT TERM DEPOSITS

Short term deposits include placements with banks and other short-term highly liquid investments with original maturities of less than one year from the placement date.

3.5 IMPAIRMENT

Financial assets and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss, if any, is determined and recognised based on the difference between the net carrying amount and the recoverable amount of the asset. The recoverable amount is the higher of an asset's fair value less the cost to sell and the value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

When a financial asset is uncollectible, it is written off against the related provision for impairment either directly by a charge to the statement of income or through the impairment provision account. Financial assets are written off only when all possible means of recovery have been exhausted, and the amount of the loss has been determined.

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For the period from 1 January 2017 to 14 August 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 PROPERTY AND EQUIPMENT (CONTINUED)

Property and equipment are stated at cost and presented net of accumulated depreciation and amortization and accumulated impairment, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property and equipment. All other expenditure is recognised in the statement of income when incurred.

Depreciation and amortization is charged to the statement of income on a straight-line basis over the estimated useful lives of individual items of property and equipment which are as follows:

Lease Improvements	10 years or lease period which is lesser
Office furniture and fixtures	5 years
Office Equipment	4-5 years

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of income.

3.7 PROVISIONS

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

3.8 ZAKAT

Zakat, computed in accordance with Saudi Arabian Tax and Zakat regulations, is accrued and charged to the statement of income.

3.9 EMPLOYEES' TERMINAL BENEFITS

Employees' terminal benefits, calculated in accordance with Saudi Arabian labor regulations, are accrued and charged to the statement of income. The liability is calculated at the current value of the vested benefits to which the employee is entitled, should their services be terminated at the balance sheet date.

3.10 REVENUE RECOGNITION

Revenue on transactions are recognised as follows:

- Advisory fee income is recognised based on services rendered under the applicable service contracts.
- Asset management fee charged on daily net asset value for managing private portfolios are recognised as revenue rateably as the services are provided.
- Interest income on short term deposits is recognised on an accrual basis.
- Dividend income is recognised when the Company's right to receive the dividend is established.
- Realised gain on sale of investments held for trading are recognised on disposal.

3.11 EXPENSES

Expenses are measured and recognised as a period cost at the time at which they are incurred. Expenses related to more than one financial period are allocated over such periods proportionately.

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For the period from 1 January 2017 to 14 August 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 OFFSETTING

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

3.13 FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated into Saudi Arabian Riyals at the exchange rates prevailing at the transaction date. Monetary assets and liabilities at the reporting date, denominated in foreign currencies, are translated into Saudi Arabian Riyals at the prevailing exchange rates. Foreign exchange gains or losses on the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income.

3.14 OPERATING LEASE

Operating lease payments are recognized as an expense in the statement of income on a straight line basis over the lease term.

3.15 ASSETS HELD UNDER FIDUCIARY CAPACITY

The Company offers asset management services to its customers, which include management of certain investments on behalf of its customers. Investments held through such arrangements are not treated as assets of the Company and accordingly, are not included in the balance sheet.

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For the period from 1 January 2017 to 14 August 2017

4 SHORT TERM DEPOSITS

Short term deposits represent deposits placed with Gulf International Bank B.S.C, Saudi Arabian Operations, a related party. These deposits have original maturities ranging from a week to eight months (31 December 2016: three to six months) and carry mark up at rates ranging from 0.8% to 2% (31 December 2016: 0.90% to 3.25%) These deposits are due to mature between August 2017 and April 2018 (31 December 2016: January 2017 and May 2017).

5 INVESTMENTS HELD FOR TRADING

	<u>14 August 2017</u>	<u>31 December 2016</u>
Local equity		
As at 1 January	235	-
Purchases	-	709
Disposals	-	(308)
Unrealized gain (loss) on investment	7	(166)
As at the end of the period / year	<u>242</u>	<u>235</u>

6 ACCOUNTS RECEIVABLE (NET)

	<u>14 August 2017</u>	<u>31 December 2016</u>
Accounts receivable – gross	9,531	12,885
Less: provision for doubtful accounts	(7,130)	(1,549)
As at the end of the period / year	<u>2,401</u>	<u>11,336</u>

Provision for doubtful debts movement

	<u>For the period from 1 January 2017 to 14 August 2017</u>	<u>For the year ended 31 December 2016</u>
At 1 January	1,549	1,549
Provided during the period	7,130	-
Written off during the period	(1,549)	-
As at the end of the period / year	<u>7,130</u>	<u>1,549</u>

7 ADVANCES, PREPAYMENTS AND OTHER CURRENT ASSETS

	<u>14 August 2017</u>	<u>31 December 2016</u>
Due from a related party (Note 17)	2,350	1,323
Loans to employees	1,066	1,206
Prepayments	1,095	774
Accrued fees for asset management service	619	-
Accrued interest on short term deposits	482	1,229
Others	47	109
	<u>5,659</u>	<u>4,641</u>

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NOTES TO THE FINANCIAL STATEMENTS
For the period from 1 January 2017 to 14 August 2017

8 PROPERTY AND EQUIPMENT (NET)

	For the period from 1 January 2017 to 14 August 2017			For the year ended 31 December 2016
	<i>Leasehold Improvements and Furniture</i>	<i>Equipment</i>	<i>Total</i>	<i>Total</i>
Cost				
At beginning of the period/year	5,469	5,509	10,978	10,598
Additions during the period/year	-	150	150	4,870
Disposals the period/year	(2,154)	(34)	(2,188)	(4,490)
At end of the period/year	3,315	5,625	8,940	10,978
Accumulated depreciation				
At beginning of the period/year	912	4,101	5,013	8,749
Depreciation charge for the period/year	421	423	844	754
Relating to disposals during the period/year	(710)	(17)	(727)	(4,490)
At end of the period/year	623	4,507	5,130	5,013
Net book value				
At 14 August 2017	2,692	1,118	3,810	
At 31 December 2016	4,557	1,408		5,965

During the period from 1 January 2017 to 14 August 2017, disposals were made at net book values to Gulf International Bank of Bahrain B.S.C., Saudi Arabian Operations.

9 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	14 August 2017	31 December 2016
Accrued bonus	4,657	2,438
Accrued expenses	3,128	2,858
Accounts payable	2,578	2,179
Due to a related party (Note 17)	1,066	367
Employee payables	164	232
Advisory fee payable	225	563
Withholding tax	-	339
Others	33	423
	11,851	9,399

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10 SHARE CAPITAL

The authorised and issued share capital of the Company comprised 20 million shares of SAR 10 each. All issued shares are fully paid.

The ownership of the issued share capital is as follows:

<u>Name of shareholders</u>	14 Aug 2017		31 December 2016	
	Number of shares '000	%	Number of shares '000	%
Gulf International Bank B.S.C., Bahrain	20,000	100	19,800	99
GIB Investment S.P.C. , Bahrain	-	-	200	1
	20,000	100	20,000	100

During the current period, the ownership of the Company was changed. Accordingly, the Gulf International Bank B.S.C., Bahrain became a single owner of the Company.

11 STATUTORY RESERVE

In accordance with the Articles of Association of the Company, the Company is required to transfer 10% of its net income to a statutory reserve until such reserve equals 30% of the paid up capital at a minimum. Due to net loss during the current period and prior year, no such transfer was made during the current period or prior year. The reserve is not available for distribution.

12 ADVISORY FEE INCOME

Advisory fee income amounting to SAR 18.7 million (31 December 2016: SAR 26.5 million) was recognised during the current period based on services rendered in relation to financial advisory services.

Advisory fee income for the current period includes an aggregate amount of SR 5.25 million (31 December 2016: SAR 0.56 million) which represents amount that the Company invoiced and shared with third party advisors on certain financial advisory assignments.

13 INCOME FROM ASSET MANAGEMENT SERVICES

Asset management fee income amounting to SAR 0.7 million (31 December 2016: SAR nil) is recognised during the current period based on services rendered in relation to discretionary portfolio management services. The Company charges 0.4% - 1% on the daily net asset value of the underlying discretionary portfolios.

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14 SALARIES AND OTHER EMPLOYEE RELATED EXPENSES

	For the period from 1 January 2017 to 14 August 2017	For the year ended 31 December 2016
Salaries	9,265	11,744
Bonus	7,091	2,065
Allowances	5,436	6,923
Employees' terminal benefits	754	938
Others	497	1,390
	<u>23,043</u>	<u>23,060</u>

15 OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	For the period from 1 January 2017 to 14 August 2017	For the year ended 31 December 2016
Directors' remuneration and other expenses	709	873
Withholding taxes	641	377
Travelling expenses	1,105	1,240
Professional fees	371	2,166
Repairs and maintenance expense	327	403
Other expense	637	2,598
	<u>3,790</u>	<u>7,657</u>

16 PROVISION FOR ZAKAT

During the year ended 31 December 2016, the Company obtained an approval from General Authority for Zakat and Tax (GAZT) for exemption to pay Zakat, accordingly, the Company has not accrued for any Zakat for the period from 1 January 2017 to 14 August 2017 (31 December 2016: Nil).

a. Movement in the provision for zakat

	For the period from 1 January 2017 to 14 August 2017	For the year ended 31 December 2016
At 1 January	112	8,304
Payment during the period / year	-	(8,192)
At 14 August / 31 December	<u>112</u>	<u>112</u>

b. Status of assessment

The Zakat returns up to, and including, the year ended 31 December 2016 have been submitted to the GAZT. However, assessments have not yet been finalised by the GAZT for any these years.

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NOTES TO THE FINANCIAL STATEMENTS
For the period from 1 January 2017 to 14 August 2017

17 RELATED PARTY TRANSACTIONS AND BALANCES

Gulf International Bank B.S.C., Bahrain is the ultimate parent of the Company (the "Parent Bank"). Related parties of the Company include the Parent Bank and its affiliated companies and branches. In the ordinary course of its activities, the transactions with related parties are carried out on mutually agreed terms.

Gulf International Bank B.S.C., Saudi Arabian Operations (the "KSA Branch") acts as banker of the Company. At 31 December 2016, the cash balance at bank was held in the current account maintained with the KSA Branch.

Transactions with related parties were as follows:

<u>Related Parties</u>	<u>Nature of transactions</u>	<u>For the period from 1 January 2017 to 14 August 2017</u>	<u>For the year ended 31 December 2016</u>
Gulf International Bank B.S.C., Saudi Arabian Operations	- Income from short term deposits	2,977	7,350
	- Subordinated loan repaid during the year	-	100,000
	- Interest expense	-	1,868
	- Support services received	148	240
	- Net book value of Property and equipment transferred	1,461	-
Gulf International Bank B.S.C. Board of Directors	- Allocation of shared service cost	1,066	2,391
	- Directors' remuneration and other expenses	709	873

During the period from 1 January 2017 to 14 August 2017, the Parent Bank recharged the Company an amount of SAR 1.1 million (year ended 31 December 2016: SAR 2.4 million) for allocated costs which mainly represented salaries and employee related expenses, travelling expenses, information and data service expenses.

Salaries and other employee related costs include support services from GIB B.S.C., Saudi Arabian Operations.

Transactions with related parties resulted in the following balances due to / from the KSA Branch, GIB UK and Parent bank:

	<u>14 August 2017</u>	<u>31 December 2016</u>
Bank balances	6,543	3,402
Short term deposits	195,011	205,000
Accrued interest on short term deposits (note 7)	482	1,229
Due from Gulf International Bank UK (note 7)	2,350	1,323
Due to Parent Bank (note 9)	1,066	367

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18 CASH AND CASH EQUIVALENTS

	<u>14 Aug 17</u>	<u>31 Dec 2016</u>
Bank balances	6,543	3,402
Short term deposits maturing within three months from the date of acquisition	25,011	-
	<u>31,554</u>	<u>3,402</u>

19 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Management of risk is an essential element of the Company's business. The major risks faced by the Company are those related to credit, market, foreign exchange rates and liquidity. These risks are managed in the following manner:

Credit risk

Credit risk is the risk that one party to a financial instrument may fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises principally on short term deposits, accounts receivable and the cash balance at bank.

Management believes that the Company has no significant exposure to credit risk in respect of short term deposits or the cash balance at bank, as these amounts were maintained with Gulf International Bank B.S.C., Saudi Arabian Operations, which is a related party and also has a good repute in the Kingdom of Saudi Arabia. The credit risk with respect to accounts receivable is limited as these balances are spread across multiple customers.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument may fluctuate due to changes in market variables such as interest rates, foreign exchange rates, and equity prices.

Equity price risk

Equity price risk arises from exposures to changes in the price and volatility of individual equities or equity indices. The Company seeks to manage this risk by investing in dissimilar sectors. In addition to the exercise of business judgment and management experience, the Company utilises limit structures including those relating to positions, portfolios and maturities to manage its equity price risk exposures.

Interest rate risk

Interest rate risk results from exposure to changes in the level and volatility of interest rates and credit spreads. The Company's interest rate risk arises on its cash at bank balance and short term deposits. The Company's short term deposit have a short tenure and carry a fixed rate of interest. The Company manages any significant interest rate risk by keeping the interest periods to the short-term and by regularly monitoring short-term interest rate movements.

Foreign exchange rate risk

Foreign exchange rate risk arises when the actual or forecasted assets in a foreign currency are either greater or less than the liability in that currency. The Company is not exposed to risk of fluctuation in foreign exchange rates as most of the Company's transactions are in Saudi Arabian Riyals.

Liquidity risk

Liquidity risk is the risk that the Company may be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions which may cause certain sources of funding to be unavailable. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet the Company's future commitments.

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20 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair values of on-balance sheet financial instruments are not significantly different from their carrying values included in these financial statements.

21 ASSETS HELD IN FIDUCIARY CAPACITY

These represent funds held and invested by the Company on behalf of its customers under fiduciary arrangement. The investments are made in different financial instruments. These amounts are summarised below:

	Equities SAR	Cash SAR	Totals SAR
14 August 2017	<u>860,227</u>	<u>123,769</u>	<u>983,996</u>
31 December 2016	<u>-</u>	<u>-</u>	<u>-</u>

22 APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the Company were approved by the Board of Directors on 4 Rajab 1439H (corresponding to 21 March 2018).