GIB CAPITAL COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
(A SINGLE SHAREHOLDER COMPANY)

FINANCIAL STATEMENTS
For the period from 15th August 2017 to 31st December 2018
Together with the
Independent Auditors' Report

Building a better working world

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF GIB CAPITAL COMPANY A SAUDI CLOSED JOINT STOCK COMPANY (A SINGLE SHAREHOLDER COMPANY)

Opinion

We have audited the financial statements of GIB Capital Company A Saudi Closed Joint Stock Company (the "Company"), which comprise the statement of financial position as at 31 December 2018, and the statement of income, statement of comprehensive income, statement of cash flows and statement of changes in shareholder's equity for the period from 15 August 2017 to 31 December 2018, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the period from 15 August 2017 to 31 December 2018 in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the professional code of conduct and ethics endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Audit Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants and the provisions of Companies' Law and the Company's by-laws, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee is responsible for overseeing the Company's financial reporting process.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDER OF GIB CAPITAL COMPANY
A SAUDI CLOSED JOINT STOCK COMPANY
(A SINGLE SHAREHOLDER COMPANY) (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDER OF GIB CAPITAL COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
(A SINGLE SHAREHOLDER COMPANY) (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

We communicate with the Audit Committee 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.

for Ernst & Young

Fahad M. Al-Toaimi
Certified Public Accountant
License No. 354

شركة ارنست ويونغ وشركاهم محاسبون قانونيون
EY
ترخيص مهني رقم ٤٥
PROFESSIONAL LICENCE No. 45
ERNST & YOUNG & Co. PUBLIC ACCOUNTANTS

Riyadh: 27 Jumad Thani 1440H
(4 March 2019)

GIB CAPITAL COMPANY
A SAUDI CLOSED JOINT STOCK COMPANY
(A SINGLE SHAREHOLDER COMPANY)
STATEMENT OF FINANCIAL POSITION
As at 31st December 2018
(Saudi Arabian Riyals in '000')

	Notes	31 December 2018	14 August 2017 (note 6)	1 January 2017 (note 6)
Assets				
Non-current assets				
Property and equipment (net)	11	**5,240**	3,810	5,965
		5,240	**3,810**	**5,965**
Current assets				
Bank balances		**8,932**	6,543	3,402
Short term deposits	7	**181,500**	195,011	205,000
Investment held at FVTPL	8	**174**	242	235
Accounts receivable (net)	9	**8,815**	2,353	11,262
Advances, prepayments and other current assets	10	**10,706**	5,659	4,641
Total current assets		**210,127**	**209,808**	**224,540**
Total assets		**215,367**	**213,618**	**230,505**
Shareholder's equity and liabilities				
Shareholder's equity				
Share capital	14	**200,000**	200,000	200,000
Statutory reserve	15	**3,768**	3,768	3,768
(Accumulated losses)/ retained earnings		**(23,939)**	(7,697)	11,180
Total shareholder's equity		**179,829**	**196,071**	**214,948**
Non-current liabilities				
Employees' terminal benefits	12	**7,308**	5,584	6,046
		7,308	**5,584**	**6,046**
Current liabilities				
Accrued expenses and other current liabilities	13	**28,230**	11,851	9,399
Provision for zakat	20	**-**	112	112
Total current liabilities		**28,230**	**11,963**	**9,511**
Total liabilities		**35,538**	**17,547**	**15,557**
Total shareholder's equity and liabilities		**215,367**	**213,618**	**230,505**

The financial statements appearing on pages 4 to 37 were approved for issuance by the Board of Directors on 27 Jumad Thani 1440H (corresponding to 4 March 2019) and signed on its behalf by:

Abdulla Mohammed Al Zamil
Chairman of the Board

Osamah Mohammed Shaker
Chief Executive Officer & Board Member

The accompanying notes from 1 to 28 form an integral part of these financial statements.

GIB CAPITAL COMPANY
A SAUDI CLOSED JOINT STOCK COMPANY
(A SINGLE SHAREHOLDER COMPANY)
STATEMENT OF INCOME
(Saudi Arabian Riyals in '000')

	Notes	**For the period from 15 August 2017 to 31 December 2018**	For the period from 1 January 2017 to 14 August 2017 (Note 6)
Revenue			
Advisory fee income	16	**32,123**	18,714
Income from asset management services	17	**21,405**	711
Total revenue		**53,528**	19,425
Operating expenses			
Salaries and other employee related expenses	18	**63,531**	23,262
Advisory fee expense		**230**	5,246
Rent and premises related expenses		**3,032**	1,124
Depreciation	11	**2,125**	844
Other general and administrative expenses	19	**13,175**	3,790
(Writeback) provision for doubtful debts	9	**(6,257)**	7,104
Total operating expenses		**75,836**	41,370
Net operating loss		**(22,308)**	(21,945)
Interest income	21	**5,800**	2,977
Unrealised loss on investment held at FVTPL	8	**(68)**	7
Net loss before zakat		**(16,576)**	(18,961)
Zakat reversal	20	**112**	-
Net loss for the period		**(16,464)**	(18,961)

The accompanying notes from 1 to 29 form an integral part of these financial statements.

GIB CAPITAL COMPANY
A SAUDI CLOSED JOINT STOCK COMPANY
(A SINGLE SHAREHOLDER COMPANY)
STATEMENT OF COMPREHENSIVE INCOME
(Saudi Arabian Riyals in '000')

	Notes	For the period from 15 August 2017 to 31 December 2018	For the period from 1 January 2017 to 14 August 2017 (Note 6)
Net loss for the period		**(16,464)**	(18,961)
Other comprehensive income			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Re-measurement gains on defined benefit plan	12	**222**	84
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		**222**	84
Other comprehensive income for the period		**222**	84
Total comprehensive loss for the period		**(16,242)**	(18,877)

The accompanying notes from 1 to 29 form an integral part of these financial statements

GIB CAPITAL COMPANY
A SAUDI CLOSED JOINT STOCK COMPANY
(A SINGLE SHAREHOLDER COMPANY)
STATEMENT OF CASH FLOWS
(Saudi Arabian Riyals in '000')

	Notes	For the period from 15 Aug 2017 to 31 Dec 2018	For the period from 1 Jan 2017 to 14 Aug 2017 (Note 6)
Operating activities			
Loss before zakat		**(16,464)**	(18,961)
Adjustments to reconcile loss before zakat to net cash used in operating activities:			
Depreciation	11	**2,125**	844
Unrealised loss on investment held at FVTPL	8	**68**	(7)
Employees' terminal benefits	12	**2,226**	938
(Writeback) provision for doubtful debts	9	**(6,257)**	7,104
Interest income	21	**(5,800)**	(2,977)
		(24,102)	(13,059)
Changes in operating assets and liabilities			
Accounts receivable		**(205)**	1,805
Advances, prepayments and other current assets		**(3,425)**	(1,765)
Accrued expenses and other current liabilities		**16,178**	2,452
Net cash used in operations		**(11,554)**	(10,567)
Employees' terminal benefits paid		**(280)**	(1,316)
Net cash used in operating activities		**(11,831)**	(11,883)
Investing activities			
Purchase of property and equipment	11	**(3,555)**	(150)
Proceeds from disposal of property and equipment		**-**	1,461
Short term deposits with original maturity of more than three months		**170,086**	35,000
Interest income received	21	**4,178**	3,724
Purchase of trading securities		**-**	-
Proceeds from disposal of trading securities		**-**	-
Net cash flows from investing activities		**170,709**	40,035
Net increase in cash and cash equivalents		**158,878**	28,152
Cash and cash equivalents at beginning of the period		**31,554**	3,402
Cash and cash equivalents at end of the period	22	**190,432**	31,554

The accompanying notes from 1 to 29 form an integral part of these financial statements

GIB CAPITAL COMPANY
A SAUDI CLOSED JOINT STOCK COMPANY
(A SINGLE SHAREHOLDER COMPANY)
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(Saudi Arabian Riyals in '000')

	Share capital	**Statutory reserve**	**(Accumulated losses) retained earnings**	**Total (Note 6)**
At 1 January 2017 (Restated-Note 6)	200,000	3,768	11,180	214,948
Net loss for the period	-	-	(18,961)	(18,961)
Other comprehensive income during the period	-	-	84	84
At 14 August 2017	**200,000**	**3,768**	**(7,697)**	**196,071**
Net loss for the period	-	-	**(16,464)**	**(16,464)**
Other comprehensive income during the period	-	-	**222**	**222**
At 31 December 2018	**200,000**	**3,768**	**(23,939)**	**179,829**

The accompanying notes from 1 to 29 form an integral part of these financial statements.

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 14 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 2 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 (a single shareholder company) which was approved by the Ministry of Commerce Resolution No. 343 dated 29 Shawwal 1438H (corresponding to 23 July 2017) and the date of the amendment of the commercial registration of the Company was 24 Muhurram 1439H (corresponding to 14 August 2017).

Accordingly these are the first financial statements of the Company as a closed joint stock company as required by the Ministry of Commerce and Investment (MOCI), and are prepared for the period from 15 August 2017 to 31 December 2018.The comparative information for the statement of income, cash flows and changes in shareholder equity and related notes are not directly comparable as the comparative information is for the period from 1 January 2017 to 14 August 2017 while the current period information is for the period from 15 August 2017 to 31 December 2018.

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 and agent, 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 22 July 2007), in addition to the approval of the Capital Market Authority (CMA) to amend the list of the Company's approved activities under resolution No. 12-02-2011 dated 6 Jumada Alawal 1432H (corresponding to 10 April 2011).

During 2017, the Company obtained further approval from the CMA to amend the list of its licensed activities by adding dealing as an agent activity on 13 Rabi Thani 1439H (corresponding to 31 December 2017).

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

As per the by-laws of the closed joint stock Company, the first financial period starts from 25 Muhurram 1439H (corresponding to 15 August 2017) and ends on 24 Rabi Thani 1440H (corresponding to 31 December 2018). Accordingly, the last financial period for the limited liability company ended on 14 August 2017

2 BASIS OF PREPARATION (continued)

2.1 STATEMENT OF COMPLIANCE (continued)

As required by the Saudi Organization for Certified Public Accountants ("SOCPA GAAP"), all companies, other than listed, are required to adopt International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the SOCPA GAAP for all financial periods starting from 1 January 2018.

Although the financial period began on 15 August 2017, these financial statements for the period from 15 August 2017 to 31 December 2018 have been prepared in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the SOCPA GAAP.

The financial statements for the period from 15 August 2017 to 31 December 2018 are the first financial statements to be prepared in accordance with IFRS as endorsed in KSA and accordingly IFRS 1 "First -time adoption of International Financial Reporting Standards" ("IFRS 1") as endorsed in KSA has been applied. Refer to note 6 for further information.

2.2 BASIS OF MEASUREMENT

The financial statements have been prepared under the historical cost convention except for certain financial assets which have been fair valued. The accounting policies for the period from 15 August 2017 to 31 December 2018 are consistent with those of the comparatives and the date of transition to IFRS.

2.3 FAIR VALUE MEASUREMENT

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.

The fair value of an asset or a liability is measured using the assumption that market participants would use when pricing the asset or liability assuming that the market participant acts in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefit by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in these financial statements are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1-Quoted (unadjusted) market price in an active market for identical assets or liabilities;
- Level 2-Valuation technique for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3-Valuation technique for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categories at the end of each reporting period.

2 BASIS OF PREPARATION (continued)

2.4 FUNCTIONAL AND PRESENTATION CURRENCY

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

3 ACCOUNTING POLICIES

3.1 Property and equipment

Property and equipment are stated at cost and presented net of accumulated depreciation and amortization and any impairment. 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 the individual items of property and equipment which are as follows:

Lease improvements	10 years or lease period whichever is lesser
Office furniture and fixtures	5 years
Office equipment	4 to 5 years

An item of property and equipment, and any significant part initially recognized, is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use of disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial period-end and adjusted prospectively, if appropriate.

3.2 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.

3.3 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.

3.4 Zakat

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

3 ACCOUNTING POLICIES (continued)

3.5 Employees' terminal benefits

The employees' terminal benefits provision, which is a defined benefit plan, is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurements, comprising actuarial gains and losses, are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurements recognized in other comprehensive income are reflected immediately in retained earnings and will not be reclassified to the statement of income. Past service cost is recognized in the statement of income in the period of a plan amendment. Special commission cost is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- special commission cost; and
- remeasurements

The Company presents the first two components of defined benefit costs in the statement of income.

3.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company has early 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 IAS 39 - Financial Instruments: Recognition and Measurement. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities. The standard also introduced a new model based on Expected Credit Losses (ECL) approach for recognizing loan loss provisions. The Company has early adopted IFRS 9 effective from 15 August 2017 using the full retrospective method. This impact is disclosed in note 6.

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

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

3.6.1 Financial assets

All recognized financial assets are initially recognized at cost and subsequently measured in their entirety at either amortized cost or fair value, depending on the classification.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order 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

3 ACCOUNTING POLICIES (continued)

3.6 Financial instruments (continued)

3.6.1 Financial assets (continued)

Classification of financial assets(continued)

Debt instruments that meet the following conditions are subsequently measured at Fair Value Through Other Comprehensive Income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the 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.

By default, all other financial assets are subsequently measured at Fair Value Through Profit or Loss ("FVTPL").

Despite the above, the Company may make the following irrevocable election / designation at the initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Company may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

3 ACCOUNTING POLICIES (continued)

3.6 Financial instruments (continued)

3.6.1 Financial assets (continued)

Effective interest method (continued)

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognizes interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognized in the statement of income.

Equity instruments designated as at FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies.

A financial asset is held for trading if:
- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss will not be reclassified to the statement of income and on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in the statement of income when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

3 ACCOUNTING POLICIES (continued)

3.6 Financial instruments (continued)

3.6.1 Financial assets (continued)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Company has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in the statement of income and to the extent they are not part of a designated hedging relationship.

Impairment of financial assets

The Company always recognizes lifetime Expected Credit Loss ("ECL") for accounts receivable. The expected credit losses in these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of the current conditions at the reporting date. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Write-off Policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in the statement of income.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

3 ACCOUNTING POLICIES (continued)

3.6 Financial instruments (continued)

3.6.1 Financial assets (continued)

Derecognition of financial assets (continued)

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in the statement of income. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to the statement of income. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to the statement of income, but is transferred to retained earnings.

3.6.2 Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

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

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

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

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognized in the statement of income to the extent that they are not part of a designated hedging relationship. The net gain or loss recognized in the statement of income incorporates any interest paid on the financial liabilities.

3 ACCOUNTING POLICIES (continued)

3.6 Financial instruments (continued)

3.6.2 Financial liabilities

Financial liabilities at FVTPL(continued)

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in the statement of income. The remaining amount of change in the fair value of liability is recognized in the statement of income. Changes in fair value attributable to a financial liability's credit risk that are recognized in the statement of income are not subsequently reclassified to the statement of income; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortized cost using the effective interest method

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of income.

Impairment of Non-financial assets

The only significant non-financial assets that the Company owns relate to property and equipment.

At each reporting date, the Company assesses, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal, and its value in use. The recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in the statement of income in expense categories consistent with the function of the impaired asset.

3 ACCOUNTING POLICIES (continued)

3.6 Financial instruments (continued)

3.6.3 Offsetting financial assets and liabilities

Financial assets and liabilities are offset and reported net in the statement of financial position 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.

3.6.4 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on a current/ non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period

Or

- Cash and cash equivalents, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

3.7 Revenue recognition

IFRS 15 Revenue from Contracts with Customers
IFRS 15 Revenue from Contracts with Customers was issued in May 2014 and was amended in April 2016. The framework establishes a comprehensive five step model for determining whether, how much and when revenue is recognised. It replaced IAS 18 "Revenue", IAS 11 "Construction Contracts" and related interpretations to account for revenue arising from contracts with customers.

Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018, although early adoption is permitted The Company has early adopted IFRS 15 effective from 15 August 2017 using the full retrospective method. The adoption of IFRS 15 had no material impact on the Company's statement of financial position or statement of income.

3 ACCOUNTING POLICIES (continued)

3.7 Revenue recognition (continued)

The Company is in the business of dealing as a principal and agent, underwriting, managing, arranging, advising and acting as custodian of financial securities. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue on transactions are recognised as follows:

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

3.8 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.

3.9 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 period end, 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.

3.10 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The Company does not have any finance leases. Operating lease payments are recognised as an expense in the statement of income on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.11 Accrued expenses and other liabilities

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

3 ACCOUNTING POLICIES (continued)

3.12 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 statement of financial position.

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 certain assets, liabilities, income and expenses. The use of estimates and assumptions is principally limited to the determination of provisions for impairment, the valuation of financial instruments, the valuation of the Company's defined benefit plans, the useful lives and residual values of property and equipment and going concern. 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 the future periods affected.

4.1 Provisions for impairment

Financial assets are evaluated for impairment on the basis set out in note 3.

In determining the impairment of financial assets, judgement is required in the estimation of the amount and timing of future cash flows in the measure of ECL.

4.2 Fair value of financial assets and liabilities

Where the fair value of financial assets and liabilities cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is derived from observable markets where available, but where this is not feasible, a degree of judgement is required in determining assumptions used in the models. Changes in assumptions used in the models could affect the reported fair value of financial assets and liabilities.

4.3 Employee terminal benefits

Management, in coordination with independent qualified actuaries, are required to make assumptions regarding the defined benefit plans. The principal actuarial assumptions for the defined benefit plans are set out in note 12 and include assumptions on the discount rate, increments and resignation rates. Changes in the assumptions could affect the reported liability and the service cost.

4.4 Useful lives and residual values of property and equipment

An estimate of the useful lives and residual values of property and equipment is made for the purposes of calculating depreciation. These estimates are made based on expected usage for useful lives and residual value is determined based on experience and observable data where available.

4.5 Going concern

The Company's Board of Directors has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the Board of Directors is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

5 APPLICATION OF NEW AND REVISED IFRS

The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	***Effective for annual periods beginning on or after***
Annual Improvements to IFRS Standards 2015–2017 Cycle amending IFRS 3, IFRS 11, IAS 12 and IAS 23	1 January 2019
IFRIC 23 *Uncertainty over Income Tax Treatments*	1 January 2019

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- whether tax treatments should be considered collectively;
- assumptions for taxation authorities' examinations;
- the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- the effects of changes in facts and circumstances

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.	1 January 2019
Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture.	Effective date deferred indefinitely
Amendments to IAS 28 *Investment in Associates and Joint Ventures* relating to long-term interests in associates and joint ventures. These amendments clarify that an entity applies IFRS 9 *Financial Instruments* to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	1 January 2019

5. APPLICATION OF NEW AND REVISED IFRS (continued)

New and revised IFRSs	***Effective for annual periods beginning on or after***
IFRS 17 Insurance Contracts IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2022.	1 January 2022
Amendments to IFRS 9 Financial Instruments relating to prepayment features with negative compensation. This amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.	1 January 2022

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable. The adoption of these new standards, interpretations and amendments are not expected to have any material impact on the financial statements of the Company in the period of initial application.

Impact assessment of IFRS 16 Leases

As at 31 December 2018, the Company did not have any non-cancellable operating lease commitments. Accordingly, there is no impact of IFRS 16 on these financial statements.

6. FIRST-TIME ADOPTION OF IFRS

The Company prepared its previous audited financial statements in accordance with the Generally Accepted Accounting Principles('GAAP') issued by SOCPA in KSA ("SOCPA GAAP"). The Company has applied IFRS as endorsed in KSA for preparation of these financial statements for the period beginning 15 August 2017, as well as presenting the relevant comparative period data.

Accordingly, these financial statements are prepared in accordance with IFRS as endorsed in KSA.

In compliance with the requirements of IFRS 1 as endorsed in KSA the Company's opening statement of financial position was prepared as at 1 January 2017 after incorporating the required adjustments to reflect the transition to IFRS as endorsed in KSA from the previous SOCPA GAAP.

6. FIRST-TIME ADOPTION OF IFRS (continued)

The Company has analysed the impact on the statement of financial position as at 1 January 2017 and 14 August 2017 and also the financial statements for the period from 1 January 2017 to 14 August 2017.

Reconciliation of equity as at 14 August 2017

		Share capital SR'000	Statutory reserve SR'000	(Accumulated losses) retained earnings SR'000	Total SR'000
Balance as per SOCPA GAAP	*Notes*	200,000	3,768	(5,603)	198,165
IFRS adoption adjustments					
• Actuarial valuation of employee benefits	*A*	-	-	(2,046)	(2,046)
• Provision for impairment of receivables	*B*	-	-	(48)	(48)
Total adjustment to equity		-	-	(2,094)	(2,094)
Balance as per IFRS as endorsed in KSA		**200,000**	**3,768**	**(7,697)**	**196,071**

Reconciliation of equity as at 1 January 2017

		Share capital SR'000	Statutory reserve SR'000	(Accumulated losses) retained earnings SR'000	Total SR,000
Balance as per SOCPA GAAP	*Notes*	200,000	3,768	13,165	216,933
IFRS adoption adjustments					
• Actuarial valuation of employee benefits	*A*	-	-	(1,911)	(1,911)
• Provision for impairment of receivables	*B*	-	-	(74)	(74)
Total adjustment to equity		-	-	1,985	1,985
Balance as per IFRS as endorsed in KSA		**200,000**	**3,768**	**11,180**	**214,948**

6. FIRST-TIME ADOPTION OF IFRS (continued)

The following table illustrates the reconciliation of total comprehensive income reported in accordance with SOCPPA GAAP to IFRS as endorsed in KSA

Reconciliation of total comprehensive income

	Notes	For the period from 1 January 2017 to 14 August 2017
		SR'000
Net loss under SOCPA GAAP		(18,768)
IFRS adoption adjustments		
Actuarial valuation of employee benefits	*A*	(219)
Reversal for impairment of receivables	*B*	26
Total adjustment to statement of income		(193)
Net income under IFRS as endorsed in KSA		(18,961)
Other comprehensive income under IFRS as endorsed in KSA		84
Total comprehensive income under IFRS as endorsed in KSA		(18,877)

No statement of comprehensive income was produced under SOCPA GAAP. Therefore, the reconciliation in the above table starts with net income under SOCPA GAAP.

The impact on cash flows were as follows:

	As per SOCPA GAAP for the period from 1 January 2017 to 14 August 2017 SR'000	As per IFRS as endorsed in KSA for the period from 1 January 2017 to 14 August 2017 SR'000	Difference
Net cash used in operating activities	(11,883)	(11,883)	-
Net cash from financing activities	40,035	40,035	-

Notes to the reconciliation of equity as at 14 August 2017 and 1 January 2017 and total comprehensive income for the period from 1 January 2017 to 14 August 2017 are given below:

IFRS adoption adjustments

A. Actuarial valuation of employee benefits

Under IFRS as endorsed in KSA end of service benefits, post-employment medical benefits, continuous service awards and other such employee benefits are required to be calculated using actuarial valuations. Historically, the Company has calculated these obligations based on the local regulations at the reporting date without considering the expected future service periods of employees, salary increments and discount rates. The change resulted in an increase in the employee benefit liability balances and a decrease in retained earnings in the statement of financial position.

6. FIRST-TIME ADOPTION OF IFRS (continued)

B. Provision for impairment of receivables

Under IFRS as endorsed in KSA the Company is required to recognize expected credit losses ("ECL") for accounts receivable. Previously under SOCPA GAAP, the Company only calculated a provision on the basis of an 'assessment' on which amounts within receivables would not be recoverable; the change resulted in an increase in the impairment of trade receivables and a decrease in retained earnings in the statement of financial position.

7. 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 of one to three months (1 January 2017 to 14 August 2017: week to eight months) and carry mark up at rates ranging from 2.85% to 3.15% (1 January 2017 to 14 August 2017: 0.8% to 2%). These deposits are due to mature between January 2019 and March 2019 (31 December 2017: January 2018 and May 2018).

There are no restrictions on the Company's ability to use these short-term deposits, as necessary.

8. INVESTMENT HELD AT FVTPL

	31 Dec 2018 SR'000	14 Aug 2017 SR'000	1 Jan 2017 SR'000
Local equity			
At 1 January	**242**	235	-
Purchases	-	-	709
Disposals	-	-	(308)
Unrealized loss on investment	**(68)**	7	(166)
At 31 December	**174**	242	235

9. ACCOUNTS RECEIVABLE (NET)

	31 Dec 2018 SR'000	14 Aug 2017 SR'000	1 Jan 2017 SR'000
Accounts receivable – gross	**9,736**	9,531	12,885
Less: Provision for doubtful debts	**(921)**	(7,178)	(1,623)
At 31 December	**8,815**	2,353	11,262

9. ACCOUNTS RECEIVABLE (NET) (continued)

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

31 December 2018	***Current***	***90-180 days***	***181-365 days***	***>365 days***	***Total (SR'000)***
Expected credit loss rate	*0.43%*	*0.60%*	*15%*	*29%*	
Estimated total gross amount at default (SR'000)	5,065	1,342	462	2,867	***9,736***
Expected credit loss (SR'000)	(22)	(8)	(69)	(822)	***(921)***

14 August 2017	***Current***	***90-180 days***	***181-365 days***	***>365 days***	***Total***
Expected credit loss rate	0.33%	1.33%	15.04%	99.22%	
Estimated total gross carrying amount at default (SR'000)	2,133	75	113	7,210	*9,531*
Expected credit loss (SR'000)	(7)	(1)	(17)	(7,153)	*(7,178)*

1 January 2017	***Current***	***90-180 days***	***181-365 days***	***>365 days***	***Total (SR'000)***
Expected credit loss rate	0.43%	0.89%	15%	100%	
Estimated total gross carrying amount at default (SR'000)	10,844	332	160	1,549	*12,885*
Expected credit loss (SR'000)	(47)	(3)	(24)	(1,549)	*(1,623)*

9.1 Provision for doubtful debt

Set out below is the movement of provision during the period as per the Expected Credit Loss ('ECL') Model.

	31 Dec 2018 SR'000	14 Aug 2017 (Note 6) SR'000	1 Jan 2017 (Note 6) SR'000
Opening provision	**7,178**	1,623	1,549
Add: charge for the period	**743**	7,104	74
Less: Reversal/write off during the period	**(7,000)**	(1,549)	-
Closing provision	**921**	7,178	1,623

The receivables from third party customers are non-interest bearing and are generally on terms of 30 to 90 days.

10. ADVANCES, PREPAYMENTS AND OTHER CURRENT ASSETS

	31 Dec 2018 SR'000	14 Aug 2017 SR'000	1 Jan 2017 SR'000
Accrued fees for asset management services	**5,761**	619	-
Accrued interest on short term deposits (note 21)	**2,104**	482	1,229
Prepayments	**1,669**	1,095	774
Loans to employees	**762**	1,066	1,206
Due from a related party (note 21)	**104**	2,350	1,323
Others	**306**	47	109
	10,706	5,659	4,641

11. PROPERTY AND EQUIPMENT (NET)

	31 Dec 2018 SR'000		
	Leasehold Improvements and Furniture	*Equipment*	*Total*
Cost			
At 15 August	3,315	5,625	8,940
Additions during the period	2,545	1,010	3,555
Disposals during the period	-	-	-
At 31 December	**5,860**	**6,635**	**12,495**
Accumulated depreciation			
At 15 August	623	4,507	5,130
Depreciation charge for the period	1,486	639	2,125
Relating to disposals during the period	-	-	-
At 31 December	**2,109**	**5,146**	**7,255**
Net book value			
At 31 December 2018	**3,751**	**1,489**	**5,240**
At 14 August 2017	2,692	1,118	3,810

11 PROPERTY AND EQUIPMENT (NET) (continued)

	14 Aug 2017 SR'000		
	Leasehold Improvements and Furniture	*Equipment*	*Total*
Cost			
At 1 January	5,469	5,509	10,978
Additions during the period	-	150	150
Disposals during the period	(2,154)	(34)	(2,188)
At 14 August	**3,315**	**5,625**	**8,940**
Accumulated depreciation			
At 1 January	912	4,101	5,013
Depreciation charge for the period	421	423	844
Relating to disposals during the period	(710)	(17)	(727)
At 14 August	**623**	**4,507**	**5,130**
Net book value			
At 14 August 2017	**2,692**	**1,118**	**3,810**
At 1January 2017	4,557	1,408	5,965

12. EMPLOYEES' TERMINAL BENEFITS

12.1 The movement of employee defined benefit liabilities is as follows:

	31 December 2018 SR'000	*14 August 2017 SR'000*
Balance at the beginning of the period	**5,584**	6,046
Provision for the period	**2,226**	938
Paid during the period	**(280)**	(1,316)
Remeasurement gain	**(222)**	(84)
Balance at the end of the period	**7,308**	5,584

The most recent actuarial valuation was performed by an independent, qualified actuary using the projected unit credit method.

12.2 Details of employee benefit expenses as presented in the statement of income and other comprehensive income is as follows:

	For the period from 15 Aug 2017 to 31 Dec 2018 SR'000	*For the period from 1 Jan 2017 to 14 Aug 2018 SR'000*
Current service cost	**2,226**	938
Interest cost	**252**	-
Actuarial gain	**(222)**	(84)
Total	**2,256**	854

12 EMPLOYEES' TERMINAL BENEFITS (continued)

12.3 *Assumptions*

The principal assumptions used for the purposes of the actuarial valuation were as follows:

	31 December 2018 %	*14 August 2017 %*	*1 January 2017 %*
Discount rate	**4.60%**	3.90%	4%
Rate of salary increase	**4%**	4%	4%

All movements in the employee defined benefit liabilities are recognized in statement of income and other comprehensive income.

Increments
The assumption for future salary increases has been determined by the Company based on its long term expectations, reflecting both inflationary and promotional increases.

Resignation rates
The turnover assumption determines the rate at which individuals are assumed to resign from the Company before retirement.

12.4 *Sensitivity analysis*

The sensitivity analyses presented below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. A positive amount represents an increase in the liability whilst a negative amount represents a decrease in the liability.

	31 December 2018 SR'000	*14 August 2017 SR'000*	*1 January 2017 SR'000*
Increase in discount rate of 0.5%	**6,943**	5,602	5,735
Decrease in discount rate of 0.5%	**7,702**	6,248	6,381
Increase in rate of salary increase of 0.5%	**7,613**	6,149	6,256
Decrease in rate of salary increase of 0.5%	**7,020**	5,689	5,846

13. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	31 Dec 2018 SR'000	14 Aug 2017 SR'000	1 Jan 2017 SR'000
Accrued bonus	**11,496**	4,657	2,438
Advisory fee payable	**6,810**	225	563
Accrued expenses	**3,708**	3,128	2,858
Accounts payable	**3,175**	2,578	2,179
Due to a related party (Note 21)	**1,796**	1,066	367
VAT payable	**483**	-	-
Employee payables	**334**	164	232
Withholding tax	**142**	-	339
Others	**286**	33	423
	28,230	11,851	9,399

14. SHARE CAPITAL

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

The ownership of the issued share capital is as follows:

	31 Dec 2018 Number of shares '000	31 Dec 2018 Share Capital SR'000	%	14 Aug 2017 Number of shares '000	14 Aug 2017 Share Capital SR'000	%	1 Jan 2017 Number of shares '000	1 Jan 2017 Share Capital SR'000	%
Gulf International Bank B.S.C., Bahrain	20,000	200,000	100	20,000	200,000	100	19,800	198,000	99
GIB Investment S.P.C., Bahrain	-	-	-	-	-	-	200	2,000	1
	20,000	200,000	100	20,000	200,000	100	20,000	200,000	100

15. STATUTORY RESERVE

In accordance with the by-laws 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 2018 and 2017, no such transfers were made. The reserve is not available for distribution.

16. ADVISORY FEE INCOME

Advisory fee income amounting to SR 32 million (for the period from 1 January 2017 to 14 August 2017: SR 18.7 million) was recognised during the current period from 15 August 2017 to 31 December 2018 based on services rendered in relation to financial advisory services.

17. INCOME FROM ASSET MANAGEMENT SERVICES

Income from asset management services amounting to SR 21.4 million (for the period from 1 January 2017 to 14 August 2017: SR 0.711 million) is recognised during the period from 15 August 2017 to 31 December 2018 based on services rendered in relation to discretionary portfolio management services. The Company charges fees ranging from 0.4% - 1.25% of the daily net asset value of the underlying discretionary portfolios

18. SALARIES AND OTHER EMPLOYEE RELATED EXPENSES

	for the period from 15 Aug 2017 to 31 Dec 2018 SR'000	For the period from 1 Jan 2017 to 14 Aug 2017 SR'000
Salaries	25,152	9,265
Bonus	18,014	7,091
Allowances	14,976	5,436
Employees' terminal benefits	2,226	938
Others	3,163	532
	63,531	23,262

19. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	for the period from 15 Aug 2017 to 31 Dec 2018 SR'000	For the period from 1 Jan 2017 to 14 Aug 2017 SR'000
Legal and professional fees	4,566	371
IT related expenses	1,832	163
Travel and transportation expenses	2,117	368
Director remuneration	1,574	709
Repair and maintenance	1,230	328
VAT expense	373	-
Withholding tax	355	641
Others	1,128	1,210
	13,175	3,790

20. PROVISION FOR ZAKAT

During 2016, the Company obtained an approval from the General Authority of Zakat and Tax ("GAZT") for an exemption to pay Zakat. Accordingly, the Company has not accrued any Zakat for the period from 15 August 2017 to 31 December 2018 (for the period from 1 January 2017 to 14 August 2017: NIL)

20.1 Movement in provision for zakat

	For the period from 15 Aug 2017 to 31 Dec 2018 SR'000	For the period from 1 Jan 2017 to 14 Aug 2017 SR'000
Opening	-	112
Reversal during the period	-	(112)
Closing	-	-

20.2 Status of assessment

The zakat returns for the years from 2008 up to, and including, 2017 have been submitted to the GAZT. However, the assessments have not yet been finalised by the GAZT for any of these years.

21 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 2018, the cash balance at bank was held in the current account maintained with the KSA Branch.

Transactions with related parties were as follows:

Related Parties	Nature of transactions	For the period from 15 Aug 2017 to 31 Dec2018 SR'000	For the period from 1 Jan 207 to 14 Aug 2017 SR'000
Gulf International Bank B.S.C., Saudi Arabian Operations	Income from short term deposits	5,800	2,977
	Support services received	332	148
	Net book value of property and equipment transferred	-	1,461
Gulf International Bank B.S.C.	Allocation of shared service cost	2,671	1,066
Board of Directors	Directors' remuneration and other expense	1,574	709

During the period from 15 August 2017 to 31 December 2018, the Parent Bank recharged the Company an amount of SR 2.6 million (for the period ended 14 August 2017 SR 1 million) for allocated costs which mainly represent salaries and employee related expenses, travel 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:

	31 Dec 2018 SR'000	14 Aug Dec 2017 SR'000	1 Jan 2017 SR'000
Cash balance at bank	8,932	6,543	3,402
Short term deposits	181,500	195,011	205,000
Accrued interest on short term deposits (note 10)	2,104	482	1,229
Due from Gulf International Bank UK (note 10)	104	2,350	1,323
Due to Parent Bank (note 13)	1,796	1,066	367

22. CASH AND CASH EQUIVALENTS

	31 Dec 2018 SR'000	14 Aug 2017 SR'000	1 Jan 2017 SR'000
Bank balances	**8,932**	6,543	3,402
Short term deposits maturing within three months from the date of acquisition	**181,500**	25,011	-
	190,432	31,554	3,402

There are no restrictions on the Company's ability to use its cash and cash equivalents, as necessary.

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of financial instruments

	31 December 2018 SR'000	*14 August 2017 SR'000*	*1 January 2017 SR'000*
Financial assets			
Amortized cost			
Bank balances	**8,932**	6,543	3,402
Short term deposits	**181,500**	195,011	205,000
Investment held at FVTPL	**174**	242	235
Accounts receivable (net)	**8,815**	2,353	11,262
Accrued fees for asset management services	**5,761**	619	-
Accrued interest on short term deposits	**2,104**	482	1,229
Loans to employees	**762**	1,066	1,206
Due from a related party	**104**	2,350	1,323
Total	**208,152**	208,666	223,657
Financial liabilities			
Amortized cost			
Advisory fee payable	**6,810**	225	563
Accounts payable	**3,175**	2,578	2,179
Due to a related party	**1,796**	1,066	367
Employee payable	**334**	164	232
Total	**12,115**	4,033	3,341

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 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.

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Credit risk(continued)

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 as at 31 December 2018, 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, equity prices and foreign exchange rates

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 deposits 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 the 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 will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Company has access to credit facilities.

The contractual maturities of the financial liabilities (undiscounted values) of the Company as at reporting date are as follows:

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Liquidity risk **(continued)**

31 December 2018	*Within 3 months SR'000*	*3 months to 1 year SR'000*	*Above 1 year SR'000*	*No fixed maturity SR'000*	*Total SR'000*
Liabilities					
Advisory fee payable	6,810	-	-	-	6,810
Accounts payable	-	3,100	75	-	3,175
Due to a related party	1,796	-	-	-	1,796
Employee payables	334	-	-		334
Others	11,496	1,266	-	3,353	16,115
Total liabilities	**20,436**	**4,366**	**75**	**3,353**	**28,230**

14 August 2017	*Within 3 months SR'000*	*3 months to 1 year SR'000*	*Above 1 year SR'000*	*No fixed maturity SR'000*	*Total SR'000*
Liabilities					
Advisory fee payable	225	-	-	-	225
Accounts payable	-	2,578	-	-	2,578
Due to a related party	1,066	-	-	-	1,066
Employee payables	164	-	-	-	164
Others	4,657	-	-	3,161	7,818
Total liabilities	**6,112**	**2,578**	**-**	**3,161**	**11,851**

1 January 2017	*Within 3 months SR'000*	*3 months to 1 year SR'000*	*Above 1 year SR'000*	*No fixed maturity SR'000*	*Total SR'000*
Liabilities					
Advisory fee payable	**563**	-	-	-	563
Accounts payable	-	2,179	-	-	2,179
Due to a related party	367	-	-	-	367
Employee payables	232	-	-	-	232
Others	2,438	-	-	3,620	6,058
Total liabilities	**3,600**	**2,179**	**-**	**3,620**	**9,399**

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Capital Management

The Company uses regulatory capital ratios and its Internal Capital Adequacy Assessment Process (ICAAP) to monitor its capital base. The Company manages its capital structure and makes appropriate adjustments to the structure taking account of changes in economic conditions and strategic business plans. The Company's lead regulator the Capital Market Authority (CMA) sets and monitors capital requirements for the Company. As referred to more detail in note 27, the Company adopted the CMA Rules for calculating the minimum capital required and monitoring its capital adequacy framework. The Company complied with all externally imposed capital requirements throughout the period ended 31 December 2018 and for the period from 1 January 2017 to 14 August 2017 and there have been no material changes to the Company's management of capital in these two periods.

24 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.

25 ASSETS HELD IN FIDUCIARY CAPACITY

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

	Equities *SR'000*	Cash *SR'000*	Fund *SR'000*	Bonds *SR'000*	Totals *SR'000*
31 December 2018	**2,320,568**	**49,597**	**60,542**	**265,774**	**2,696,481**
14 August 2017	860,227	123,769	-	-	983,996
1 January 2017	-	-	-	-	-

26 COMMITMENTS AND CONTINGENCIES

The Company does not have any commitments and contingencies as at the period end (14 Aug 2017: NIL).

27 EVENTS AFTER THE REPORTING DATE

There were no events that occurred after the reporting date that have a material impact on the figures reported in the statement of financial position or in the statement of income.

28. COMPARATIVE FIGURES

Certain of the prior year amounts have been reclassified to conform with the presentation in the current year.

29. APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the Company were approved by the Board of Directors on 27 Jumad Thani 1440H (corresponding to 4 March 2019).