OSOOL & BAKHEET INVESTMENT COMPANY
(A Saudi Closed Joint Stock Company)
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

Crowe

Al Azem, Al Sudairy, Al Shaikh & Partners
CPA's & Consultants - Member Crowe Global

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(A Saudi Closed Joint Stock Company)

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FOR THE YEAR ENDED 31 DECEMBER 2019
AND INDEPENDENT AUDITOR'S REPORT

Al Azem, Al Sudairy, Al Shaikh & Partners
CPA's & Consultants
Member Crowe Global
C.R License No. 323/11/148
P.O. Box 10504 Riyadh 11443
Kingdom of Saudi Arabia
Telephone: +966 11 217 5000
Facsimile : +966 11 217 6000
Email: ch@crowe.sa
www.crowe.com/sa

INDEPENDENT AUDITOR'S REPORT

TO: THE SHAREHOLDERS OF
OSOOL & BAKHEET INVESTMENT COMPANY
(A Saudi closed Joint Stock Company)

Opinion

We have audited the accompanying financial statements of **OSOOL & BAKHEET INVESTMENT COMPANY (the "Company"),** which comprise the statement of financial position as at 31 December 2019, and the statements of profit or loss, and comprehensive income, changes in shareholders' equity and cash flows for the year then ended, 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 2019 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Certified Public Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") 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 that are 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.

Other Matter

The financial statement of the company for the year ended 31 December 2018 were audited by another auditor who expressed an unqualified opinion on 27 March 2019.

INDEPENDENT AUDITOR'S REPORT (continued)
OSOOL & BAKHEET INVESTMENT COMPANY
(A Saudi closed Joint Stock Company)

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, Regulations for Companies and 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.

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

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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 ISAs 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 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.

INDEPENDENT AUDITOR'S REPORT (continued)
OSOOL & BAKHEET INVESTMENT COMPANY
(A Saudi closed Joint Stock Company)

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

العظم والسديري وال الشيخ وشركاؤهم
محاسبون ومراجعون قانونيون
License No 323/11/148
ترخيص رقم ١٤٨/١١/٣٢٣
Al Azem, Al Sudairy, Al Shaikh & Partners
Certified Public Accountant R

AlAzem, AlSudairy, AlShaikh & Partners
Certified Public Accountants

Salman B. AlSudairy
License No, 283

06 Shaban 1441H (30 March 2020)
Riyadh, Kingdom of Saudi Arabia

OSOOL & BAKHEET INVESTMENT COMPANY
(A Saudi Closed Joint Stock Company)
Statement of Financial Position
As At 31 December 2019
(SAUDI RIYALS)

	Note	31 December 2019	31 December 2018
Assets			
Current assets			
Cash and cash equivalents	6	9,340,602	23,912,459
Investments in funds & Securities at fair value through profit or loss	7	12,041,373	7,677,449
Accounts receivable	8	866,978	3,364,277
Due from related parties	11	8,645,400	1,773,979
Prepaid expense and other debit balances	9	1,733,606	1,807,774
Clients lending	10	10,260,750	8,253,074
Total current assets		**42,888,709**	**46,789,012**
Non-current assets			
Investment at fair value through other comprehensive income	12	87,455	76,953
Property and equipment, net	13	703,387	572,365
Intangible assets , net	14	1,739,971	1,158,451
Right of use asset, net	15	2,316,531	-
Investments in property	16	27,000,000	27,000,000
Total non-current assets		**31,847,344**	**28,807,769**
Total assets		**74,736,053**	**75,596,781**
Liabilities & Shareholder's Equity			
Liabilities			
Current liabilities			
Accrued expenses and other credit balances	17	1,212,691	1,351,815
Lease liability – current portion	15	734,341	-
Due to related parties	11	252,000	398,000
Zakat provision	19	2,726,618	2,775,729
Total current liabilities		**4,925,650**	**4,525,544**
Non-current liabilities			
Lease liability- non current portion	15	1,468,991	-
Employees' defined benefits liabilities	20	2,580,166	2,114,908
Total non-current liabilities		**4,049,157**	**2,114,908**
Total liabilities		**8,974,807**	**6,640,452**
Shareholders' equity			
Share capital	22	60,000,000	60,000,000
Statutory reserve	23	3,302,863	3,020,126
Fair value reverse		(37,286)	(47,788)
Retained earnings		2,495,669	5,983,991
Total Shareholders' equity		**65,761,246**	**68,956,329**
Total Liabilities & Shareholder's equity		**74,736,053**	**75,596,781**

The Accompanying Notes from (1) to (32) Constitute an Integral Part of These Financial Statements

Statement of profit and loss
FOR THE YEAR ENDED 31 DECEMBER 2019
(SAUDI RIYALS)

	Note	2019	2018
Revenues			
Portfolio Management fees		2,008,993	1,812,117
Fund Management fees		5,966,039	6,333,884
Custody fees		654,490	888,250
Brokerage revenues,net		575,758	755,309
Services fees		3,289	4,353
Revenues of special commissions		270,214	33,373
Revenue from Murabaha loans		277,154	1,194,667
Unrealized gains (losses) from investments in funds & Securities		1,098,994	(1,196,965)
Cash dividends received		491,345	349,938
Realized gains from investments in funds & securities		908,695	1,297,002
Transaction fees		220,000	-
Total revenues		**12,474,971**	**11,471,928**
Operation Expenses			
Depreciation and amortization		(520,534)	(311,409)
Administrative and general expenses	24	(14,452,400)	(14,599,673)
Net loss from main Activities		**(2,497,963)**	**(3,439,154)**
Results from Other Activities:			
Financing expenses		(63,010)	(5,250)
Other revenues	25	6,614,640	4,883,089
Net Income for the year before estimated zakat		**4,053,667**	**1,438,685**
Estimated Zakat	19	(1,226,298)	(1,130,572)
Net profit for the year		**2,827,369**	**308,113**
(Loss) / profit per share:			
From main activities	26	(0,42)	(0,57)
From net profit		0,47	0,05

The Accompanying Notes from (1) to (32) Constitute an Integral Part of These Financial Statements

OSOOL & BAKHEET INVESTMENT COMPANY
(A Saudi Closed Joint Stock Company)
Statement of comprehensive income
FOR THE YEAR ENDED 31 DECEMBER 2019
(SAUDI RIYALS)

	2019	2018
Net profit for the year	**2,827,369**	**308,113**
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Fair value reserve	10,502	(1,344)
Loss from re-measurement of defined employee benefit obligations	(32,954)	(223,095)
Total other comprehensive loss for the year	(22,452)	(224,439)
Total comprehensive income for the year	**2,804,917**	**83,674**

The Accompanying Notes from (1) to (32) Constitute an Integral Part of These Financial Statements

OSOOL & BAKHEET INVESTMENT COMPANY
(A Saudi Closed Joint Stock Company)
Statement of Changes in Shareholder's Equity
For the year ended 31 December 2019
(SAUDI RIYALS)

	Share Capital	Statutory Reserve	Retained Earnings	Fair value reserve	Total Shareholder's Equity
As at January 1, 2018	**60,000,000**	**2,989,315**	**5,929,784**	**(46,444)**	**68,872,655**
Net profit for the year	-	-	308,113	-	**308,113**
other comprehensive loss	-	-	(223,095)	(1,344)	**(224,439)**
Total comprehensive income	-	-	**85,018**	**(1,344)**	**83,674**
Transferred to statutory reserve	-	30,811	(30,811)	-	-
As at December 31, 2018	**60,000,000**	**3,020,126**	**5,983,991**	**(47,788)**	**68,956,329**
As at January 1, 2019	60,000,000	3,020,126	5,983,991	(47,788)	**68,956,329**
Net profit for the year	-	-	2,827,369	-	**2,827,369**
Other comprehensive loss	-	-	(32,954)	10,502	**(22,452)**
Total comprehensive income	-	-	**2,794,415**	**10,502**	**2,804,917**
Dividend (note 21)	-	-	(6,000,000)	-	**(6,000,000)**
Transferred to statutory reserve	-	282,737	(282,737)	-	-
As at December 31, 2019	**60,000,000**	**3,302,863**	**2,495,669**	**(37,286)**	**65,761,246**

The Accompanying Notes from (1) to (32) Constitute an Integral Part of These Financial Statements

OSOOL & BAKHEET INVESTMENT COMPANY
(A Saudi Closed Joint Stock Company)
Statement of Cash Flows
AS AT 31 December 2019
(SAUDI RIYALS)

	2019	2018
Cash Flows from Operating Activities:		
Profit for the year before zakat	4,053,667	1,438,685
Adjustments to reconcile profit before zakat to net cash flows:		
Depreciation of property, plant	216,310	201,260
Amortization of intangible assets	304,224	110,149
Gain from sale property and equipment	-	(1,600)
Realized gain from sale investments in securities & fund at fair value through profit or loss	(908,695)	(1,297,002)
Unrealized (gain) / losses from investments in securities & fund at fair value through profit or loss	(1,098,994)	1,196,965
Depreciation of right of use assets	739,353	-
Provision for employees' defined benefits liabilities	427,651	348,019
Operating profit before change in working capital	**3,733,516**	**1,996,476**
Changes in working capital		
Accounts receivable	2,497,299	553,144
Clients lending	(2,007,676)	17,288,000
Due from related parties	(6,871,421)	1,895,779
Prepaid expenses and other debit balances	74,168	(1,114,040)
Accrued expenses and other credit balances	(139,124)	(37,693)
Due to related parties	(146,000)	118,000
End of service benefits paid	(36,545)	(214,759)
Zakat paid	(1,275,409)	(1,224,607)
Net cash (used in) /from operating activities	**(4,171,192)**	**19,260,300**
Cash Flow from Investing Activities:		
Purchase of investments in securities & fund at fair value through profit or loss	(7,888,600)	(11,021,728)
Purchase of investments in securities at fair value through other comprehensive income	-	(605)
Purchases property and equipment	(347,332)	(194,923)
Purchases intangible assets	(844,546)	(552,454)
Proceeds from sale of investments in securities and funds at fair value through the statement of profit or loss	5,532,365	9,180,287
Proceeds from sale property and equipment	-	1,600
Net cash used in investing activities	**(3,548,113)**	**(2,587,823)**
Cash flows from Financing Activities:		
Dividends paid	(6,000,000)	(348,749)
Lease liability paid	(852,552)	-
Net cash used in financing activities	**(6,852,552)**	**(348,749)**
Net (decrease) increase in cash and cash equivalents	**(14,571,857)**	**16,323,728**
Cash and cash equivalents at beginning of the year	23,912,459	7,588,731
Cash and Cash Equivalents at End of the year	**9,340,602**	**23,912,459**
Non-cash transactions		
Charge for the cost of an intangible asset from employee benefit obligati	**41,198**	**25,344**

The Accompanying Notes from (1) to (32) Constitute an Integral Part of These Financial Statements

1- Corporate information:

Osool & Bakheet Investment Company – Saudi Closed Joint Stock Company (referred to hereinafter as the "The Company") was established under the commercial registration No. 1010219805 issued in Riyadh on 02/05/1427 H.

The activity of the company includes acting as principal and agent, managing investment funds, managing portfolios of clients and custody in securities business pursuant to the approval of the Capital Market Authority No. 07/08126 on 23/01/1435 H.

Funds investments:

The company is the manager of some investment funds their amount as of 31 December:

	2019	2018
Osool & Bakheet Saudi Trading Equity Fund	16,209,582	13,738,112
Osool & Bakheet IPO Fund	112,054,269	114,467,811
Osool & Bakheet IPO Trading Funds Sharia	1,062,870	1,020,227
Osool & Bakheet Parallel market Funds	3,122,863	1,006,807
Almalga Hills Compound Fund	102,098,389	85,476,998
ALMA'ATHAR REIT Fund	594,819,654	636,664,801

2- Basis of preparation:

2-1) Statement of Compliance

These financial statements of the company have been prepared in compliance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia ("IFRS") and other standards and pronouncements issued by Saudi Organization for Certified Public Accountants ("SOCPA").

2-2) Preparation Financial Statements

These financial statements have been prepared on the historical cost basis except for specific employee benefit obligations that are recognized at the present value of future liabilities using the planned credit unit method, investments in the profit or loss statement and other comprehensive income statement that are recognized at fair value.

2-3) Functional and presentation currency

The financial statements are presented in Saudi Riyals, which is the functional and presentation currency of the company.

2- Basis of preparation (Continued):

2-4) Use of judgments, estimates, and assumptions

The preparation of financial statements in accordance with the International Financial Reporting Standards requires the management to make judgments, estimates and assumptions that affect the application of the policies and amounts listed for assets, liabilities, income and expenses. Actual results may differ from these estimates.
In particular, information about significant matters regarding the estimation of uncertainties in the application of accounting policies that have a significant impact on the amounts recognized in the financial statements are summarized as follows:

- Management periodically reassesses the useful lives of the tangible and intangible assets based on the general condition of these assets and the management's expectations for their future useful lives.

- The estimated useful life of the intangible assets of the concession to provide services is from the period when the company becomes able to impose fees on the public in exchange for the use of infrastructure to the end of the concession period.

- The management reviews cases against the company on an ongoing basis, based on a legal study prepared by the company's legal advisors, which shows the potential risks that the company may assume in the future as a result of these issues.

- The management estimates the recoverable amount of the financial assets to determine whether there has been any impairment in their value.

- The management determines the cost of the end of service benefits plans and the present value of the end of service benefits obligations using actuarial valuations. Actuarial valuations include making various assumptions that may differ from actual future developments and include determining a discount rate, future salary increases, death rates and future increases in pension. Given the difficulty and evaluation of the underlying assumptions and their underlying assumptions, which are long-term, the defined benefit obligation is vulnerable to changes in these assumptions. These assumptions are reviewed at each reporting date.

- Allocations depend, depending on their nature, on estimates and assessments to ensure whether evidence controls are met, including an estimate of the amounts likely to be paid. Provisions relating to unconfirmed liabilities include management's best estimates of whether outgoing cash flows are likely to occur

- The management estimates the Zakat expense according to the laws and regulations in force in the Kingdom of Saudi Arabia.

The applied estimates and assumptions are reviewed constantly, and changes in accounting estimates are recognized in the period in which the estimates are changed and in the coming years that are affected by that change.

2- Basis of preparation (Continued):

2-5) 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 measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or the liability.

The principal or the most advantageous market must be accessible by the company.

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

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

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

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

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

For the purpose of fair value disclosures, The Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

3- Accounting Polices:

Revenue

Revenue is measured based on the consideration specified in a contract with customer and excludes amount collected on behalf of third parties.

The Company recognizes revenue when it transfers control over a product or service to a customer. The principles in IFRS 15 are applied using the following five steps:

Step 1: The Company accounts for a contract with a customer when:
- The contract has been approved and the parties are committed;
- Each party's rights are identified;
- Payment terms are defined;
- The contract has commercial substance; and
Collection is probable.

Step 2: The Company identify all promised goods or services in a contract and determines whether to account for each promised good or service as a separate performance obligation. A good or service is distinct and is separated from other obligations in the contract if both:
- The customer can benefit from the good or service separately or together with other resources that are readily available to the customer; and
- The good or service is separately identifiable from the other goods or services in the contract.

Step 3: The Company determine the transaction price, which is the amount of consideration it expects to be entitled to in exchange for transferring promised goods or services to a customer.

Step 4: The transaction price in an arrangement is allocated to each separate performance obligation based on the relative standalone selling price of the good or service being provided to the customer.

Step 5: Revenue is recognized when control of the goods or services is transferred to the customer. The Company transfers a good or service when the customer obtains control of that good or service. A customer obtains control of a good or service if it has the ability to direct the use of and receive the benefit from the good or service.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company has concluded that it is the principal in all of its revenue arrangements, has pricing latitude, and is also exposed to inventory and credit risks.

3- Accounting Polices (continued):

Revenue (continued)

Revenue Recognition

- The revenue from stock brokerage service is recorded in the period where they are realized.
- The revenue of services rendered to clients, such as the internet services and consulting services, is recognized when these services are provided.
- The revenue from bank commissions on deposits at banks is recorded by calculating the term of such deposits on accrual basis.
- As for Murabaha revenue, they are realized according to the terms and conditions of the contracts concluded with clients on the basis of Murabaha amounts and term.
- The revenue from portfolio and funds management fees is recorded at the date of realization according to the agreements concluded with the owners of those portfolios. The revenue resulting from consulting and financial information fees are recorded upon completion.
- The fees related to portfolio positive performance are calculated at the end of each calendar quarter, and the company sends an invoice to the client according to the contract concluded with each client where the value of portfolio positive performance is determined

Financial Instruments

The Company recognizes a financial asset or a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument.

At initial recognition, the Company recognizes a financial instrument at its fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial assets

IFRS 9 introduces new classification and measurement requirements for financial assets. IFRS 9 requires all financial assets to be classified and subsequently measured at either amortized cost or fair value. The classification depends on the business model for managing the financial asset and the contractual cash flow characteristics of financial asset, determined at the time of initial recognition.

Financial assets are classified into the following specified categories under IFRS 9:

* Debt instruments at amortized cost;
* Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition;
* Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition; and Financial assets at fair value through profit and loss (FVPL).

3- Accounting Polices: (continued)

Financial Instruments (continued)

Financial assets classified as amortized cost

Debt instruments that meet the following conditions are subsequently measured at amortized cost less impairment loss (except for debt investments that are designated as at fair value through profit or loss on initial recognition):

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

If a financial asset does not meet both of these conditions, it is measured at fair value.
The Company makes an assessment of a business model at portfolio level as this best reflects the way the business is managed and information is provided to management. In making an assessment of whether an asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, the Company considers:

- Management's stated policies and objectives for the portfolio and the operation of those policies in practice;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How management evaluates the performance of the portfolio;
- Whether the management's strategy focus on earning contractual commission income;
- The degree of frequency of any expected asset sales;
- The reason for any asset sales; and
- Whether assets that are sold are held for an extended period of time relative to their contractual maturity or are sold shortly after acquisition or an extended time before maturity.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company will consider the contractual terms of the instrument. This will include assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Income is recognized on an effective interest basis for debt instruments measured subsequently at amortized cost. Interest is recognized in profit or loss statement.

Debt instruments that are subsequently measured at amortized cost are subject to impairment.

Financial assets designated as FVOCI with recycling

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

- 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.

For debt financial instruments measured at FVOCI, commission income and impairment losses or reversals are recognized in profit or loss statement and computed in the same manner as for financial assets measured at amortized cost. All other changes in the carrying amount of these instruments are recognized in the statement of comprehensive income and accumulated under the investment revaluation reserve. When these instruments are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to the statement of profit or loss.

3- Accounting Polices: (continued)

Financial Instruments (continued)

Financial assets classified as FVPL

Investments in equity instruments are classified as at FVPL, unless the Company designates an investment that is not held for trading as at FVOCI on initial recognition.

Debt instruments that do not meet the amortized cost of FVOCI criteria are measured at FVPL. In addition, debt instruments that meet the amortized cost criteria but are designated as at FVPL to avoid accounting mismatch are measured at fair value through profit or loss. A debt instrument may be designated as at FVPL 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 instrument as FVPL.

Debt instruments are reclassified from amortized cost to FVPL when the business model is changed such that the amortized cost criteria are no longer met. Reclassification of debt instruments that are designated as at FVPL on initial recognition is not allowed.

Financial assets at FVPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in the statement of profit or loss.

Commission income on debt instruments as at FVPL is included in the statement of profit or loss.

Dividend income on investments in equity instruments at FVPL is recognized in statement of profit or loss when the Company's right to receive the dividends is established in accordance with IFRS 15 Revenue from Contracts with Customers.

Investment in equity instruments designated as FVOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVOCI. Designation as at FVOCI is not permitted if the equity investment is held for trading.

A financial asset or financial liability is held for trading if:

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is 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 FVOCI 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 other reserves. Gain and losses on such equity instruments are never reclassified to statement of profit or loss and no impairment is recognized in statement of profit or loss. Investment in unquoted equity instruments which were previously accounted for at cost in accordance with IAS 39, are now measured at fair value. The cumulative gain or loss will not be reclassified to statement of profit or loss on disposal of the investments.

3- Accounting Polices: (continued)

Financial Instruments (continued)

Investment in equity instruments designated as FVOCI (continued)

Dividends on these investments are recognized in statement of profit or loss when the Company's right to receive the dividends is established in accordance with IFRS 15 Revenue from Contracts with Customers, unless the dividends clearly represent a recovery of part of the cost of the investment.

Investment revaluation reserve includes the cumulative net change in fair value of equity investment measured at FVOCI. When such equity instruments are derecognized, the related cumulative amount in the fair value reserve is transferred to retained earnings.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses (ECL) on debt instruments that are measured at amortized cost or at FVOCI such as lease receivables, trade receivables, as well as on loan commitments and financial guarantee contracts.

No impairment loss is recognized for investments in equity instruments. The amount of expected credit losses reflects changes in credit risk since initial recognition of the respective financial instrument.

The Company applies the simplified approach to calculate impairment on trade receivables and this always recognizes lifetime ECL on such exposures. ECL on these financial assets are estimated using a flow rare based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company applies the general approach to calculate impairment. Lifetime ECL is recognized when there has been a significant increase in credit risk since initial recognition and 12 month ECL is recognized the credit risk on the financial instrument has not increased significantly since initial recognition. The assessment of whether credit risk of the financial instrument has increased significantly since initial recognition is made through considering the change in risk of default occurring over the remaining life of the financial instrument.

Measuring and estimating expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Exposure at default for off balance sheet items is arrived at by applying a credit conversion factor to the undrawn portion of the exposure.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are companyed on the following basis:

3- Accounting Polices: (continued)

Financial Instruments (continued)

Measuring and estimating expected credit losses (continued)

- Nature of financial instruments (i.e. the Company's trade and other receivables, finance lease receivables and amounts due from customers are each assessed as a separate company. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The Company recognizes an impairment gain or loss in the statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset or substantially all the risk and rewards of ownership to another entity. If the Company neither transfer nor retains substantially all the risks and reward of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and 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.

Financial liabilities

Financial liabilities carried at amortized cost have been classified and measured at amortized cost using the effective yield method.

For financial liabilities that are designated as at FVPL, 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 statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to the statement of profit or loss.

The liability credit reserve includes the cumulative changes in the fair value of the financial liabilities designated as at fair value through profit or loss that are attributable to changes in the credit risk of these liabilities and which would not create or enlarge accounting mismatch in statement of profit or loss. Amount presented in liability credit reserve are not subsequently transferred to statement of profit or loss. When such investments are derecognized, the related cumulative amount in the liability credit reserve is transferred to retained earnings. Since the date of initial application of IFRS 9 (i.e. 1 January 2018), the Company has also not designated any financial liability as at FVPL.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

3- Accounting Polices: (continued)

Cash and Cash Equivalents:

Cash and Cash equivalents comprise cash in hand, cash at banks and short term deposits with original maturities of three months or less that is Available for the company without any restricted after deducted the bank overdraft (if any) .

Provision for Zakat

Zakat is provided and recognized in the income statement for each financial period separately in accordance with the Saudi Arabian Department of Zakat and Income Tax (DZIT) regulations. Variances between the Zakat provision and final assessment of DZIT are charged to the profit or loss statement in the period when the final Zakat assessment is received.

Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset, and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to The functionality of the related equipment is capitalized as part of that equipment. When parts of an item of property and equipment have different useful lives, they are accounted for as items (major components) of property and equipment. Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net within "other expense" in the statement of profit or loss.

Subsequent costs

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

Depreciation

Items of property and equipment are depreciated on a straight-line basis in statement of income over the estimated useful lives of each component. Land is not depreciated. Items of property and equipment are depreciated from the date that they are installed and are ready for use, or in
Respect of internally constructed assets, from the date that the asset is completed and ready for use.
Leasehold improvements are amortized over the shorter of the estimated useful life or term of the lease whichever is shorter.
The depreciations rate of property and equipment for the current and previous year are as follows:

Equipment	20%
Furniture & Fixture	15%
Vehicles	25%
Computers	33%
Telecommunication devices	25%

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

3- Accounting Polices: (continued)

Property and equipment (continued)

Provisions

Provisions are recognized when; the Company has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. If the effect of the time value of money are material, provisions are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Investment properties

Originally, investment properties are measured at cost. The fair value is determined based on an annual evaluation by an accredited and independent external evaluator by applying the evaluation method recommended by the Standards Committee of the International Evaluation Standards Board.

Construction work in progress is stated at cost, less impairment losses, if any. Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any. This cost includes the cost of replacing part of the property, plant and equipment and borrowing costs related to long-term construction projects if the proof of criteria is met. And if it is required to replace important parts of property, plant and equipment in stages, the company consumes these parts independently over their productive lives. Conversely, when a major examination is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement, if the recognition criteria are met. All other repair and maintenance costs are recognized in the statement of profit or loss when incurred. The present value of the expected cost of removing a post-use asset is included in the cost of the underlying asset in the event that the recognition criteria relating to the recognition of the allowance are met.

Real estate investments are held to obtain rents, increase their value, or both, instead of selling them in the context of regular business, uses in production, or for administrative purposes. These properties are not used to generate sales revenue through normal business operations. Initial recognition of real estate investments is carried at cost and the cost model is used to measure after evidence (posterior measurement).

The recognition of real estate investments is canceled in the event of sale or dispensation when it is transferred or transferred to development property. Any gain or loss resulting from the derecognition of the property is recognized immediately in the statement of profit or loss.

Gains or losses from the sale or disposal of investment properties that represent the difference between the net proceeds from the sale and the carrying amount are included in the statement of profit or loss in the period in which the sale / disposal is made, except for those relating to sale and lease arrangements.

3- Accounting Polices: (continued)

Intangible assets

Intangible assets acquired separately are measured at cost at initial recognition. After the initial recognition, the intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets are not capitalized, except for capitalized development costs, and the related expenses are reflected in the statement of profit or loss in the period in which those expenses are incurred.

The useful lives of intangible assets are subject to evaluation and are classified as either determinable or indefinite.

Intangible assets with finite useful lives are amortized over the economic useful life and evaluated for impairment, when there is any evidence that the intangible asset may be impaired. The amortization period and the amortization method for intangible assets with finite useful lives are reviewed at least at the end of each reporting period. The changes in the expected useful life or the expected pattern of consumption of future economic benefits originally included for adjusting the amortization period or method are taken into account, as the case may be, and are considered as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the income statement within the expense category consistent with the function of the intangible assets.

Gains or losses arising from the disposal of the intangible asset are measured by the difference between the net disposal proceeds and the carrying amount of the asset and are included in the statement of profit or loss upon disposal of the asset.

Research costs are recognized as an expense as incurred.

Clients lending

Client lending recognized when the company paid cash to borrowers and derecognized when borrowers paid the debt or selling disposed this lending or transferring all risks and equity return. Initial recognition measured at fair value (included all cost related to these transactions). The company lending the their clients for invest in company 's fund and portfolios , the company always seeking to studying the market value of these fund and portfolios to control the related risks .

Accounts payable and accruals

Liabilities are recognized for the amounts to be paid in the future for goods and services received, whether billed by the supplier or not. Trade payables are classified as current liabilities if the payment is due within one year or less (or during the normal operating cycle of the business if it is longer), and if it is not, it is presented as a non-current liability. Trade payables are initially recognized at fair value and subsequently measured at amortized cost, using the effective interest rate method.

3- Accounting Polices: (continued)

Impairment Non- Financial assets

The carrying amounts of the Company's non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell.
In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax Discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.
For the purpose of impairment testing, assets that cannot be tested individually are companyed together into the Smallest company of assets that generates cash inflows from continuing use that are largely independent of the cash
Inflows of other assets or companys of assets (the "cash-generating unit, or CGU"). The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the
Recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is Recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount.

Impairment losses are recognized in profit or loss, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Employee end of service obligation

Provision for employee's end of service benefits is deducted from their periods of service at the financial position date. Provision for employees' end of service benefits is made according to the expected unit method in accordance with IAS 19 Employee Benefits, taking into account Saudi Labor Law. The provision is recognized based on the present value of the defined benefit obligation.

The present value of the defined benefit obligation is calculated using assumptions for the average annual salary increase ratio, the average work period of employees and an appropriate discount rate. The probabilities used are calculated on a constant basis for each period and reflect the best management estimates. The discount rate is determined based on the best available market returns estimates available at the reporting date.

Current and past service costs related to post-employment benefits are recognized immediately in profit or loss while unwinding of the liability at discount rates used are recorded in profit or loss. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in the other comprehensive income.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized directly in other comprehensive income and transferred to retained earnings in the statement of changes in equity in the period in which they occur.

3- Accounting Polices: (continued)

Expenses:

Selling and marketing expenses are those that specifically relate to the selling and marketing functions of the company. All other expenses, except cost of revenues and finance expenses are classified as general and administrative expenses. Expenses are recognized in the income statement on the accrual basis in the period in which they are incurred. Allocations between selling, marketing and general and administrative expenses and cost of revenues, when required, are made on a consistent basis.

Foreign currency transactions

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions, at financial position date, monetary assets and liabilities denominated in foreign currencies are translated to Saudi Riyals at the exchange rates prevailing on that date, Gains and losses arising on settlement and translation of foreign currency transactions are recognized in the statement of comprehensive income.

4- The new and amended standards adopted by the company

The company has adopted the International Standard for Financial Report No. (16) "Lease Contracts" as of January 1, 2019 and the application of this standard has been fully explained below. No new standards were issued. However, a number of amendments to the standards are effective as of January 1, 2020, but they have no impact on the financial statements.

IFRS 16 Lease Contracts

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on- financial position.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Company is the lessor.

The Company has adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019.

The Company elected to use the practical expedient available on transition to IFRS 16 not to reassess whether a contract contains a lease or not, allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

The Company also adopted the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Applied the exemption not to recognize right-of-use assets and liabilities for leases that are expiring during 2019.
- Excluded initial direct cost from measuring the right-of-use asset at the date of initial application.

4- The new and amended standards adopted by the company (continued)

IFRS 16 Lease Contracts (continued)

The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

Nature of the effect of adoption of IFRS 16

A) Prior to adoption of IFRS 16:

Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease based on the substance of the arrangement at the inception date.

A lease was classified as a finance lease that transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

In an operating lease, the leased property was not capitalized and the lease payments were recognized as operating expense in the statement of Comprehensive Income on a straight-line basis over the lease term. Any prepaid and accrued amounts were recognized under prepayments and other payables, respectively.

B) After adoption of IFRS 16:

Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases that it is the lessee, except for short-term leases and leases of low-value assets. The Company recognized lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. In accordance with the modified retrospective method of adoption, the Company applied IFRS 16 at the date of initial application. Under modified retrospective approach right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position as at 31 December 2018. Accordingly, the comparative information is not restated.

(SAUDI RIYALS)

4- The new and amended standards adopted by the company (continued)

C) Impact on the financial statements

The following tables summarizes impacts of adopting IFRS 16 on the company financial statements:

Statement of financial position as at 31 December 2019:

	Amounts without applying IFRS 16 *SR*	Effect of IFRS 16 *SR*	Amounts of financial position after applied the standard *SR*
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9,340,602	-	9,340,602
Investments in funds & Securities at fair value through profit or loss	12,041,373	-	12,041,373
Accounts receivables	866,978	-	866,978
Due from related party	8,645,400	-	8,645,400
Prepaid expenses and other debit balances	1,833,981	(100,375)	1,733,606
Clients lending	10,260,750	-	10,260,750
TOTAL CURRENT ASSETS	**42,989,084**	**(100,375)**	**42,888,709**
NON CURRENT ASSETS			
Investment in securities at fair value through other comprehensive income	87,455	-	87,455
Property and equipment	703,387	-	703,387
Intangible assets	1,739,971	-	1,739,971
Right of use assets	-	2,316,531	2,316,531
Investments in property	27,000,000	-	27,000,000
TOTAL NON CURRENT ASSETS	**29,530,813**	**2,316,531**	**31,847,344**
TOTAL ASSETS	**72,519,897**	**2,216,156**	**74,736,053**
LIABILITIES			
CURRENT LIABILITIES			
Accrued expenses and other credit balances	1,212,691	-	1,212,691
Lease liability-current	-	734,341	734,341
Due to related parties	252,000	-	252,000
Provision for zakat	2,726,618	-	2,726,618
TOTAL CURRENT LIABILITIES	**4,191,309**	**734,341**	**4,925,650**
NON CURRENT LIABILITES			
Lease liability- non current	-	1,468,991	1,468,991
Provision for employee benefits	2,580,166	-	2,580,166
TOTAL NON CURRENT LIABILITIES	**2,580,166**	**1,468,991**	**4,049,157**
TOTAL LIABILITIES	**6,771,475**	**2,203,332**	**8,974,807**
SHAREHOLDERS' EQUITY			
Share Capital	60,000,000	-	60,000,000
Statutory reserves	3,302,863	-	3,302,863
Fair value reverse	(37,286)	-	(37,286)
Retained earnings	2,482,845	12,824	2,495,669
TOTAL SHAREHOLDERS' EQUITY	**65,748,422**	**12,824**	**65,761,246**
TOTAL LIABILITIES & SHAREHOLDER'S EQUITY	**72,519,897**	**2,216,156**	**74,736,053**

(SAUDI RIYALS)

4- The new and amended standards adopted by the company (continued)

C) Impact on the financial statements (continued)
Statement of profit and loss for the year ended 31 December 2019

	Balances without adoption of IFRS 16 SAR	Adjustments SAR	Amounts of financial position after applied the standard SAR
Total revenues	12,474,971	-	12,474,971
Depreciation and amortization	(520,534)	-	(520,534)
Administrative and general expenses	(14,516,047)	63,647	(14,452,400)
Net loss from Principal Activities	**(2,561,610)**	**63,647**	**(2,497,963)**
Results from Other Activities			
Financing expenses	(12,187)	(50,823)	(63,010)
Other revenues	6,614,640	-	6,614,640
Net Income for the year before Zakat	**4,040,843**	**12,824**	**4,053,667**
Estimated Zakat	(1,226,298)	-	(1,226,298)
Net Income for the year	**2,814,545**	**12,824**	**2,827,369**

The following are the company's new accounting policies after applying IFRS 16

Lease
The Company assess whether a contract contains a lease, at inception of the contract. For all such lease arrangements the Company recognize right of use assets and lease liabilities except for the short term leases and leases of low value assets as follows:

Right-of-use assets
The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities
At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

4- The new and amended standards adopted by the company (continued)

Lease liabilities (continued)
In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Significant judgment in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company applies judgment in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Annual Amendments to IFRSs (2015-2017) Cycle

These amendments are effective on or after January 1, 2019.

IFRS 3 (Business Combination): The Company re-measures its previous share in joint operations when the company takes control.

IFRS 11 (Joint Arrangements): The Company does not re-measure the previously held stake in joint operations when the company takes control.

IAS 12 (Income Taxes): The Company accounts for all results of income tax and dividend payments. In the same way.

IAS 23 (Borrowing Costs): The Company considers the loan intended to develop any assets within the loans in the event that it aims to finance eligible assets ready for specific use or sale.

5- New Standards and Interpretations Not Yet Adopted

A number of new standards, amendments and improvements to standards and interpretations are effective for annual periods beginning on or after January 1, 2020, and have not been applied in preparing these financial statements. Management is still in the process of assessing the potential impacts of the application of the new standards.

Amendments

- **Definition of a Business (Amendments to IFRS 3).**

The IASB has issued 'Definition of a Business (Amendments to IFRS 3)' ""Company Operations" to assist firms in determining whether a company of operations and assets acquired represent a business or not. These amendments clarify the minimum requirements of the enterprise, cancel the assessment of whether market participants are able to replace any missing elements, add directions to help enterprises assess whether the acquired operation is material, narrow the scope of the enterprise's definitions and outputs, and enter the optional fair value concentration test.

- **Amendments to IAS (1) IAS (8) on the fundamental definition**

These amendments to IAS 1, "Presentation of Financial Statements," and IAS 8, "Accounting Policies, Changes in Estimates and Accounting Errors" and subsequent amendments to other IFRSs:

- Use of a consistent definition of substance in all international financial reporting standards and the conceptual framework of financial reporting;
- Clarify the explanation of the fundamental definition; and
- Include some guidelines in IAS 1 on non-material information.

The Company expects to apply the above standards and interpretations (improvements) in the financial statements by the date stated in the Standard with no significant impact on the Company's financial statements.

6- Cash And Cash Equivalents

	31 Dec 2019	31 Dec 2018
Current accounts at local banks in Saudi Riyal	8,395,682	6,271,769
Unused cash in investment portfolio	936,640	2,631,857
Cash in hand	8,280	8,833
Bank deposit	-	15,000,000
	9,340,602	**23,912,459**

7- Investments in funds & Securities at fair value through profit or loss

	31 December 2019		
	Cost	Unrealized gain	Fair value
Investments in securities traded (note 7-1)	8,130,075	686,427	8,816,502
Investments in real estate funds (note 7-2)	2,669,733	406,950	3,076,683
Investments in the Fund for Osool & Bakheet Parallel market Funds (Note 7-3)	142,571	5,617	148,188
	10,942,379	**1,098,994**	**12,041,373**

(SAUDI RIYALS)

7- Investments in funds & Securities at fair value through profit or loss (continued)

	31 December 2018		
	Cost	**Unrealized Losses**	**Fair value**
Investments in securities traded (note 7-1)	4,821,769	(483,300)	4,338,469
Investments in real estate funds (note 7-2)	3,248,584	(578,851)	2,669,733
Investments in the Fund for Osool & Bakheet Parallel market Funds (Note 7-3)	1,581	(25)	1,556
Investment in Parallel market portfolio (NOMU)	802,480	(134,789)	667,691
	8,874,414	**(1,196,965)**	**7,677,449**

7-1 The investment is represented in the domestic shares listed in the Saudi Stock Exchange (Tadawul).

7-2 The real estate fund represents 350,819 units (December 31, 2018: 350,819 units), in the Al-Ma'ather reit Fund that is listed and managed by the company.

7-3 The investment represents 77,438 units (December 31, 2018: 1,778 units), in an Osool & Bakheet Parallel market Funds not listed and managed by the company.

8- Accounts Receivable

	31 Dec 2019	**31 Dec 2018**
Clients portfolio management	760,440	1,207,378
Accrued rent from Real estate investments	-	2,126,250
Other	106,538	30,649
	866,978	**3,364,277**

9- Prepaid Expenses and Other debits

	31 Dec 2019	**31 Dec 2018**
Fund establishment fees	562,545	865,825
Advance payments	497,060	303,931
Medical insurance	258,910	263,671
Accrued revenue from murabaha	212,343	102,738
Fees and licenses	85,442	93,982
Employees loans	66,238	23,866
Risk insurance	41,008	44,338
Rent	-	100,375
Other	10,060	9,048
	1,733,606	**1,807,774**

(SAUDI RIYALS)

10- Clients Lending

	31 Dec 2019	31 Dec 2018
Margin financing *	10,260,750	5,114,486
Financing (Bank guarantee covered)	-	3,138,588
	10,260,750	**8,253,074**

* Margin finance clients are represented as of 31 December 2019 from the following:

A- The company has signed a facility agreement with its customers with a maximum limit of 20,000,000 Saudi riyals and an annual commission of 6.5% of the amount of the drawn facility, since during the year 2019 an amount of 10,000,000 SAR was withdrawn until 31 December 2019.

B- The company has signed a facility agreement with its clients with a maximum of 347,358 Saudi riyals and an annual commission of 1% per month of the financing amount from which monthly trading commissions are deducted, and since during 2019 an amount of 260,000 SAR was withdrawn until 31 December 2019.

11- Transactions with Related Parties:

The related parties of the company include the fund manager "Osoul and Bakheet Investment Company" and the board of directors. All transactions with the related parties are carried out based on the prices agreed upon under official agreements.

1/11 below are the details of the main transactions with related party during the year:

The name of the related party	The nature of the transactions	31 Dec 2019	31 Dec 2018
Osool and Bakheet Saudi Equity Trading Fund	Management, conservation and other fees	1,246,405	240,007
Osool & Bakheet IPO Fund	Management, conservation and other fees	11,549,464	2,172,144
Osool & Bakheet IPO Trading Funds Sharia	Management, conservation and other fees	105,032	48,823
Amalga Hills Compound Fund	Management, conservation and other fees	135,594	280,934
ALMA'ATHAR REIT Fund	Management, conservation and other fees	1,695,383	2,701,829
Osool Fund and Bakhit for the development of the Urban Village complex	Establishment fees	2,730,000	-
Beshr Bakheet	Murabaha facilities and accrued commission	3,322,974	-
Abdul Rahman Yahya ALYahya	Murabaha facilities and accrued commission	15,037,957	5,044,616
Ibrahim Abdul Rahman Al Yahya	Murabaha facilities and accrued commission	7,506,759	-
Board of Directors	Attendance Allowance	300,000	378,000
Board of Directors of Al-Maather Fund	Board of Directors remuneration	450,000	300,000

(SAUDI RIYALS)

11. Transactions with Related Parties (continued)

11/2 the following are balances from transactions with related parties:

Due from related parties	**31 Dec 2019**	**31 Dec 2018**
Abdul Rahman Yahya ALYahya	4,040,742	-
Osoul Fund and Bakhit for the development of the Urban Village complex	2,730,000	-
ALMA'ATHAR REIT Fund	869,174	826,209
Osool & Bakheet IPO Fund	734,451	815,013
Amalga Hills Compound Fund	135,594	-
Osool & Bakheet Saudi Trading Equity Fund	123,390	123,015
Ibrahim Abdul Rahman Al Yahya	6,759	-
Osool & Bakheet IPO Trading Funds Sharia	5,290	9,742
	8,645,400	**1,773,979**

Due to related parties	**31 Dec 2019**	**31 Dec 2018**
Board of Directors	102,000	198,000
Board of Directors of alma'athar reit Fund	150,000	200,000
	252,000	**398,000**

11/3 The following is a summary of compensation for senior management employees and members of the Board of Directors for the years:

	31 Dec 2019	**31 Dec 2018**
Salaries and benefits related to employees	3,383,444	3,291,789
Attendance allowances of members of the Board of Directors	(102,000)	(198,000)

12- Investment in securities at fair value through other comprehensive income

	31 Dec 2019	**31 Dec 2018**
* Investments in an investment portfolio managed by the company	76,953	78,297
Fair value reserve	10,502	(1,344)
	87,455	**76,953**

* The investment is the domestic shares listed in Tadawul.

The investments listed at fair value through other comprehensive income are categorized because the financial assets are kept within a business model whose objective is achieved through collecting contractual cash flows and selling financial assets.

(SAUDI RIYALS)

13- Property and equipment, net

	Equipment	Furniture & Fixture	Vehicles	Computers	Telecommunication Devices& Other	Total
Cost:						
Balance as at January 1, 2019	586,703	3,134,037	95,000	2,963,235	2,520,838	**9,299,813**
Additions during the year	850	6,600	-	339,882	-	**347,332**
Balance as at 31 December 2019	**587,553**	**3,140,637**	**95,000**	**3,303,117**	**2,520,838**	**9,647,145**
Depreciation:						
Balance as at January 1, 2019	545,279	2,931,543	95,000	2,774,517	2,381,109	**8,727,448**
Depreciation for the year	11,172	38,649	-	115,648	50,841	**216,310**
Balance as at 31 December 2019	**556,451**	**2,970,192**	**95,000**	**2,890,165**	**2,431,950**	**8,943,758**
Net book value:						
As at December 31, 2019	**31,102**	**170,445**	-	**412,952**	**88,888**	**703,387**
As at December 31, 2018	**41,424**	**202,494**	-	**188,718**	**139,729**	**572,365**

(SAUDI RIYALS)

14- Intangible assets, net

	31 Dec 2019	31 Dec 2018
Cost		
Balance as at 1 January	1,268,600	690,802
Addition during the year	844,546	552,454
Transfers during the year (note 20)	41,198	25,344
Balance as at 31 December	**2,154,344**	**1,268,600**
Amortization		
Balance as at 1 January	110,149	-
Addition during the year	304,224	110,149
Balance as at 31 December	**414,373**	**110,149**
Net book value	**1,739,971**	**1,158,451**

Referring to what was stated in International Accounting Standard No. 38, "Intangible Assets" in Paragraphs 67 and 68, the company can capitalize on the costs generated internally that are directly and necessary to establish, produce, and prepare the asset to be operable in the manner intended by the administration only, and accordingly The salaries and benefits of employees involved in developing financial analysis programs that are represented in the programs (CMS, OBIC online, AES, PMS) are capitalized, and that the company will stop capitalizing salaries while completing the programs and become ready for operation in the manner intended by the administration.

15- Right of use assets and lease liabilities, net

15/1 the following table shows the balance of the right of use assets in addition the charge depreciation.

	31 Dec 2019	31 Dec 2018
Cost:		
Balance as at 1 January	-	-
Addition during the year	3,055,884	-
Balance as at 31 December	**3,055,884**	-
Depreciation		
Balance as at 1 January	-	-
Addition during the year	739,353	-
Balance as at 31 December	**739,353**	-
Net book value	**2,316,531**	-

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15- Right of use assets and lease liabilities, net (continued)

15/2 Lease Liability

The below shows rental obligations based on the contractual maturity date:

	31 Dec 2019	31 Dec 2018
lease liability – non current portion	1,468,991	-
lease liability –current portion	734,341	-
Total lease liability	**2,203,332**	-

The total interest expense on recognized lease liabilities during the year ended December 31, 2019: 50,823 SR

16. Real Estate

Real estate investments consist of a plot of land purchased for 27,000,000 Saudi riyals (only twenty seven million Saudi riyals) and the company has leased the land at a rental price of 2,025,000 Saudi riyals annually.

The company has measured the fair value of the land through the White Cubes Company for Assessment and Consulting Services and is an accredited Saudi resident. The fair value was 38,340,000 SAR as of December 31, 2019 (31 December 2018: 31,950,000 SAR).

17- Accrued expenses and other credit balances

	31 Dec 2019	31 Dec 2018
Suppliers of services	447,891	672,934
VAT	312,386	75,794
Accrued Expenses	245,676	446,417
Other	206,738	156,670
	1,212,691	**1,351,815**

18- Short Term Loans & Bank Facilities

The Company has renewed facilities agreement with local bank amounting 75,000,000 SAR the facilities has been categorized into short term loan and overdraft against guarantees as the following details:

Item	Explanation
Finance Type	Short Term Loan
Finance Limit	50,000,000 SAR
Guarantee	Joint guarantee of finance value from Mr. Abdulrahman Yahya Abdullah Yahya and Mr. Beshr Bin Mohammed Bin Borhan Bakheet
Finance Type	Overdraft
Finance Limit	25,000,000 SAR
Guarantee	Mortgage cash deposit covering no less than 100% of the financing amou mortgage an investment portfolio with a coverage ratio of not less than 150% the financing amount

Note: The Company obtained as a short term loan with amount of 60,000,000 SAR during the year 2019 and paid the full up to 31 December 2019.

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19- Zakat Provision

a) Zakat Base

The provision for zakat charge is based on the following:

Saudi shareholder share in:	**31 Dec 2019**	**31 Dec 2018**
Shareholders' equity - as per GAZT	63,356,871	69,048,758
Provision and other	5,762,245	3,412,705
Investments	(27,000,000)	(27,000,000)
Other adjustments	(1,739,970)	(555,361)
Book value of long-term assets	(3,019,917)	(1,730,816)
Adjusted income for the year	4,738,392	2,047,585
Zakat base	**42,097,621**	**45,222,871**
Zakat calculated	**1,081,461**	**1,130,571**

Zakat is due for the year 2018 at 2.5% of the Zakat pool and the net rate attributable to shareholders, whichever is greater. Zakat is due for the year 2019 at 2.5% of the adjusted net profit and 2.57768% of the Zakat pool after deducting the adjusted profit

b) Adjusted Net Income For The Year

	31 Dec 2019	**31 Dec 2018**
Net Income for the year	4,053,667	1,438,685
Add provisions	427,651	348,019
Other	257,074	260,881
Adjusted net income for the year	**4,738,392**	**2,047,585**

c) Provision for zakat:

	31 Dec 2019	**31 Dec 2018**
Balance as at 1 January	2,775,729	2,869,764
Addition's during the year	1,081,461	1,130,572
Zakat differences for previous years	144,837	-
Paid during the year	(1,275,409)	(1,224,607)
Balance as at 31 December	**2,726,618**	**2,775,729**

Zakat differences have been settled for previous years, amounting to 144,837 Saudi riyals, which were directly recognized in the statement of profit or loss for the year ended December 31, 2019.

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19- Zakat Provision (continued)

d) Zakat status

The provision balance includes an amount of 1,645,157 SAR, which is amounts disputed between the Osool company before the merger and the General Authority of Zakat and Income and an objection was submitted by the company of Osool on these amounts and has not been decided yet, bearing in mind that in the event of acceptance of the objection and the provision for this The sums will be the right of the shareholders of the Osool Company in accordance with paragraphs (3/1/1/1) (3/1/1/2) (8/1) of the merger contract.

There is an amount of 1,009,211 SAR, the value of objections submitted to the Zakat and Income Department by the Bakheet Investment Group Company for the years (2013: 2007). The Bakheet Investment Group Company paid it to finish the procedures for striking off the commercial registry and filed an objection to it. It will be the right of the shareholders of the Bakheet Investment Group Company in accordance with paragraphs (3/1/1/1) (3/1/1/2) and (8/1) of the merger contract.

Zakat returns have been submitted by the company until December 31, 2018, and the final assessment has not yet been issued by the Zakat and Income Authority.

20- Employees' defined benefits liabilities:

The below tables as summery of continents of Employees' defined benefits liabilities that recognized at profit or losses statements and other comprehensive statements and statement of financial Position:

A. amounts recognized at statement of financial Position:

	31 Dec 2019	31 Dec 2018
The present value of employees' defined benefit liability	2,580,166	2,114,908
	2,580,166	**2,114,908**

B. the transactions for present value of employees' defined benefit liability:

	31 Dec 2019	31 Dec 2018
Balance at beginning of the year	2,114,908	1,733,209
Charge for the year	427,651	348,019
Charge on the cost of an intangible asset	41,198	25,344
Actuarial loss	32,954	223,095
Paid during the year	(36,545)	(214,759)
Balance at Ending of the year	**2,580,166**	**2,114,908**

A. major actuarial	31 Dec 2019	31 Dec 2018
Discount rate	**2.9%**	4.3%
Salary increase rate	**2.9%**	4.3%
retirement age	**60 Year**	**60 Year**

21- Dividend

The General Assembly, during its meeting held on 4 Ramadan 1440 H (corresponding to May 9, 2019), approved the distribution of cash dividends to shareholders amounted to 6 million Saudi riyals, at 1 Saudi riyal per share.

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22- Share Capital:

Share capital was determined to be 60,000,000 SAR divided into 6,000,000 equal cash shares. The value of each share is 10 SAR and all are ordinary shares. The founders had subscribed to all the shares of capital as follows:

	2019		2018	
	Ownership Percentage	Total	Ownership Percentage	Total
Beshr bin Mohammed Borhan bin Yasin Bakheet	24.90%	14,941,280	24.56%	14,734,970
Abdul -Rahman Yahya Abdullah Al-Yahya	16.78%	10,069,740	16.78%	10,069,740
Saleh Mohammed Saleh Al-Hajjaj	12.50%	7,500,000	12.50%	7,500,000
Sultan Yahya Abdullah AL-Yahya	5.75%	3,450,000	5.75%	3,450,000
Mansour Yahya Abdullah AL-Yahya	5.75%	3,450,000	5.75%	3,450,000
Maazan Mohammed Nasir Al-Dawood	5.16%	3,093,750	5.16%	3,093,750
Khalid Abdul-Rahman Mohammed Al-Mousa	3.63%	2,175,000	3.63%	2,175,000
Abdual-Mohsen Abdul-Rahman Al-Mousa	3.13%	1,875,000	3.13%	1,875,000
Raad Abdul -Aziz Mohammed Al Abdul-Qader	2.00%	1,200,000	2.00%	1,200,000
Mohammed Abdullah Abdul-Aziz Al-Rowaished	1.88%	1,125,000	1.88%	1,125,000
Fahad Abdullah Abdul-Aziz Al -Rajhi	1.87%	1,120,920	0.01%	5,500
Mansour Abdullah abdul- Aziz Al-Rajhi	-	-	1.86%	1,115,420
Jamil Abdul- Rahman Mohammed Al-Qonaibet	1.70%	1,022,500	1.70%	1,022,500
Saud Abdul-Allah Solaiman Al-Rajhi	1.02%	609,290	1.02%	609,290
Khaled Suleiman Hamad Al-Saeed	0.84%	506,130	0.84%	506,130
Al-Touq Holding Company	0.84%	506,130	0.84%	506,130
Abdullah Faisal Turki Al-Abdulla Al Saud	0.77%	460,000	0.77%	460,000
Tareq Motlaq Abdullah AL Motlaq	0.77%	460,000	0.77%	460,000
Hamed Hamad Suleiman Al-Hamidi	0.77%	460,000	0.77%	460,000
Samya Bint Yahya Abdullah AL-Yahya	0.75%	450,000	0.75%	450,000
Abdullah Abdual-Rahman Abdullah Al-Khodhar	0.69%	412,610	0.69%	412,610
Ahmed Suleiman Abdul-Qadar Banajeh	0.69%	412,610	0.69%	412,610
Fahed Mohammed Abdul-Aziz bin Zarah	0.69%	412,610	0.69%	412,610
Abdullah Yahya Abdullah Al-Yahya	0.67%	400,000	0.67%	400,000
Abual- Aziz Abdul -Latif Bakr Jazzar	0.66%	393,350	0.66%	393,350
Ibrahim Saad Ebrahim Abu- Muti	0.66%	393,350	0.66%	393,350
Samra Abdullah Ebrahim Al-Qweez	0.50%	300,000	0.50%	300,000
Rajhi Real Estate Company	0.50%	300,000	0.50%	300,000
Ahmed Mohammed Salem Al-Sirri	0.34%	206,310	0.34%	206,310
Abdullah Abdul-Aziz Abdullah Al-Fallaj	0.34%	206,310	0.34%	206,310
Mutaz Talaat Mohammed Bakheet	-	-	0.34%	206,310
Abdul-Hadi Ali Saif Shayef	0.34%	206,310	0.34%	206,310
Abdul- Elah Ahmad Abdul -Elah- Al Darweesh	0.34%	206,310	0.34%	206,310
Aamer Afif Mohammed Al-Mahmasani	0.34%	206,310	0.34%	206,310
Raed Mosaed Khaled Al-Sdairi	0.34%	206,310	0.34%	206,310
Hassan Shkib Murad Al-Jabiri	0.34%	206,310	0.34%	206,310
Abdul- Rahman Mohammed Abdul-Aziz bin Zarah	0.34%	206,310	0.34%	206,310
Omar Abdul-Qader Mohammed Bajamal	0.34%	206,310	0.34%	206,310
Mohammed Abdullah Abdul-Rahman Al-Shoail	0.31%	187,500	0.31%	187,500
Khaled Mohamed Abdullah Al-haqil	0.17%	103,160	0.17%	103,160
Nasser Saeed bin Ali Kedssa	0.17%	103,150	0.17%	103,150
Khaled Abdul-Haffiz Mohamed Fada	0.15%	91,910	0.15%	91,910
Saleh Abdulaziz Babkr and Sons Trading and Pledges Company	0.13%	75,000	0.13%	75,000
Mosad Mohammed Hammad bin Aniq	0.08%	48,220	0.08%	48,220
Nezar Abdul-Rahman Abdul-Aziz Al -Mugren	0.02%	10,000	0.02%	10,000
Abdul-Wahab Abdul-karem Abdul-Rahman Al - Betairi	0.02%	10,000	0.02%	10,000
Khaled Saud Abdul-Aziz Al-Doghaither	0.02%	10,000	0.02%	10,000
Hany Samy Ali Halwany	0.01%	5,000	0.01%	5,000
	100.00%	60,000,000	100.00%	60,000,000

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23- Statutory Reserve :

According to the Saudi Companies' Regulations, the company retains 10% of its annual net income as statutory reserve. This deduction could be discontinued if the reserve reached 30% of the company's capital, although this reserve is not available for distribution.

24- Administrative and general Expenses:

	31 Dec 2019	31 Dec 2018
Salaries and wages and equivalents	8,705,232	8,138,716
Service and data provider expenses	1,048,991	1,294,566
Depreciation of right of use asset	739,353	-
Insurance expenses	538,473	558,938
GOSI	470,873	572,246
Audit and consultancy expenses	357,991	488,626
Performance rewards	176,644	122,480
Rents	116,158	922,370
Market registration expenses	54,000	433,667
Funds expenses	80,323	182,011
Others	2,164,362	1,886,053
	14,452,400	**14,599,673**

25- Other Revenue

	31 Dec 2019	31 Dec 2018
Fees for establishing funds and studying investment opportunities	3,658,672	-
Real estate rental income	2,025,000	2,025,000
Provisions no longer need	-	2,715,724
Other	930,968	142,365
	6,614,640	**4,883,089**

26- Earnings per Share:

Earnings per share related to income from operations and net income for the year were calculated by dividing the income from operations and net income for the year by the weighted average number of shares outstanding during the year of 6 million shares as at December 31, 2019 (December 31, 2018: 6 million shares).

The following tables reflect the income and share data used in the earnings per share accounts for the main business and the net public profit:

For the year ended 31 December 2018

	Result	**Average No. of shares**	**Earnings per share, from profit or loss**
Net loss from main activities	(3,439,154)	6,000,000	(0.57)
Net profit for the year	308,113	6,000,000	0.05

For the year ended 31 December 2019

	Result	**Average No. of shares**	**Earnings per share, from profit or loss**
Net loss from main activities	(2,497,963)	6,000,000	(0.42)
Net profit for the year	2,827,369	6,000,000	0.47

27- Funds held in client money bank account:

According to the requirement of Capital Market Authority (Article 78) of the Authorized Persons List, the bank accounts held by the Company, included local bank accounts (Samba Financial Group) and (Banque Saudi Fransi) with balances, as of 31 December 2019, amounting to SAR 86,156,363(2018: SAR 102,257,919) represented in investment accounts, currents accounts, clients deposits and as well as account of fees & subscriptions of clients.

28- Capital Adequacy

The capital adequacy prepared by management is according to the requirements of capital market authority, is presented as follows:

	31 Dec 2019	**31 Dec 2018**
Capital Basis	SAR.000	SAR.000
Tier -1 of Capital	64,021	66,601
Tier -2 of Capital	-	-
Total	**64,021**	**66,601**
Minimum Capital requirement		
Credit Risks	25,201	22,437
Market Risks	2,103	1,329
Operational Risks	4,066	4,012
Total	**31,370**	**27,778**
Capital Adequacy Ratio	2.40	2.40
Surplus	**32,651**	**38,823**

The third pillar will be published in the annual report on the company's website, knowing that there is a separate report on the calculations of minimum capital requirements adjusted by the external auditor to ensure that they are prepared correctly.

29- Financial risk management

The company is exposed to multiple risks which are represented by the following: market risks (including: currency risks, fair value risks, cash flow interest rate, and price risks), credit and liquidity risks. The company's senior management oversees the management of those risks with the support of a financial risk committee that provides advice about financial risks and the appropriate framework for its governance. This committee also provides the company's senior management with guarantees and assurances that the company's financial risk activities are subject to appropriate policies and procedures, identification, measurement, and risk management Finance in accordance with the company's policies and its vulnerability, and the Board of Directors reviews and approves the policies to manage each of these risks, which are summarized below:

Market risk

Market risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate due to changes in market prices. Market prices include risks such as: equity price risk, interest rate risk, and currency risk.

Currency risk

These are risks represented by the fluctuation of the value of one of the financial instruments due to changes in foreign exchange rates, and given that the company's transactions are mainly in Saudi riyals and US dollars, and the Saudi riyal is linked and pegged to the US dollar, the company will not be exposed to currency risks in an important and substantial way.

Fair value risk and the cash flow interest rate

Exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on financial conditions and cash flows. The company monitors and monitors fluctuations in the commission rate on a continuous basis and acts accordingly, and is subject to change on a periodic basis.

Price risk

Price risk is the fluctuation in the value of a financial instrument as a result of changes in market prices, whether these changes are caused by specific factors of the individual instrument or the issuer, or from factors that affect all instruments traded in the market.

Credit risk

The credit risk is that one of the counterparties has not fulfilled its obligations under one of the financial instruments or contracts concluded with the clients, which leads to the emergence of a financial loss, and the company places its cash and money with banks that have good credit ratings.

And sound, accounts receivable and amounts due from related parties are recorded in the net provision for expected losses, if any.

Liquidity risk

Liquidity risk is the risk that one of the entities will encounter difficulties raising funds to fulfill the liabilities associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at a value close to its fair value. Liquidity risk is managed by systematically monitoring and monitoring those Sufficient funds available through credit facilities that are obligated to meet any future liabilities.

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29- Financial risk management (continued)

Fair value

The fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the capital or, in the absence of it, the most advantageous market that the company can access on that date. The fair value of the liability reflects the risk of non-performance.

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

Level (1): Financial assets and financial liabilities whose values are based on quoted unadjusted prices for similar assets or liabilities in an active market.

Level (2): Financial assets and financial liabilities whose values are based on quoted prices in the inactive markets or observable model inputs, either directly or indirectly substantially for the entire period of the asset or liability.

Level (3): Financial assets and financial liabilities whose values are based on prices or valuation techniques that require unobservable and significant inputs to measure fair value in general. These inputs reflect management assumptions about the assumptions that a market participant may use to pricing the asset or liability.

For the end 31 December 2019	**Value**	**Level (1)**	**Level (2)**	**Level (3)**
Investments in funds & Securities at fair value through profit or loss	12,041,373	12,041,373	-	-
Investment in securities at fair value through other comprehensive income	87,455	87,455	-	-

For the end 31 December 2018	**Value**	**Level (1)**	**Level (2)**	**Level (3)**
Investments in funds & Securities at fair value through profit or loss	7,677,449	7,677,449	-	-
Investment in securities at fair value through other comprehensive income	76,953	76,953	-	-

30- Subsequent Events

The outbreak of the emerging corona virus (Covid-19) in the early 2020s and its spread in several geographical regions around the world, causing disturbances to economic activities and businesses. The company believes that this event is one of the events that occurred after the period in which the statement of financial position was issued, which does not require modifications. In practice, it is difficult to provide any mathematical estimate of the potential effects. The company does not expect any material effects on its operations if things return to normal within a reasonable period of time.

The management and those responsible for governance will continue to monitor the situation in all geographic regions in which the company operates and provide stakeholders with developments as required by regulations and regulations. In the event of any material changes in the current conditions, additional disclosures will be submitted or amendments will be approved in the company's financial statements for subsequent periods during the fiscal year 2020.

31- Comparative figure

Certain comparative figures for the previous year have been reclassified in line with the classification for the current year.

32- Approval on the Financial Statements

The financial statements have been approved by the board of directors on 6 Shaban 1441H (corresponding to 30 March 2020).