

Osool & Bakheet Investment Company
Saudi Closed Joint Stock Company
Kingdom of Saudi Arabia

Auditors' Report and Financial Statements
for the Year Ended 31 December 2014

Osool & Bakheet Investment Company
Saudi Closed Joint Stock Company
Kingdom of Saudi Arabia

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The Shareholders
Osool and Bakheet Investment Company
Saudi Closed Joint Stock Company
Kingdom of Saudi Arabia

Certified Public Accountants - License No.81 محاسبون قانونيون - ترخيص رقم ٨١

Auditors' Report

Scope of Audit:

We have audited the accompanying statement of financial position of **Osool and Bakheet Investment Company - Saudi Closed Joint Stock Company** - as of 31 December 2014, and the related statements of income, cash flow and changes in shareholders' equity for the year then ended, together with the accompanying notes from (1) to (27) which form an integral part of these financial statements. These financial statements have been prepared by the company's management in accordance with Article No (123) of the Companies' Regulation, and submitted to us along with all information requested. These financial statements are the responsibility of the company's management, our responsibility is to express our opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards, which included examination of the accounting records and other audit procedures as we deemed necessary to enable us in establishing a reasonable degree of assurance for expressing our opinion on the financial statements.

Unqualified Opinion:

In our opinion, the financial statements referred to above taken as a whole:

- Present fairly the financial position of **Osool and Bakheet Investment Company Saudi - Closed Joint Stock Company** - as of 31 December 2014, and the results of its operations, and its cash flows for the year then ended, in light of the presentation and disclosure of information contained in the financial statements and in conformity with generally accepted accounting standards appropriate to the company's circumstances.
- Comply with the requirements of Companies' Regulation and the Company's Articles of Association with respect to the preparation and presentation of the financial statements.

Emphasis of matters:

- We would like to draw attention to the matter mentioned in Note (1) that pursuant to the approval of Capital Market Authority on 26/11/2013, Bakheet Investment Group Company was merged into Osool Capital company which resulted in changing the name of Osool Capital Company to Osool & Bakheet Investment Company with capital of SR 60,000,000. On August 27, 2014, the commercial register was accordingly amended so that the trade name becomes "Osool & Bakheet Investment Company" with the same date and number of the previous commercial register of the company (Osool Capital Company). As indicated in Note (23), Osool Capital Company and Bakheet Investment Group Company have prepared financial statements on 02/01/2014 with a limited review report for the purposes of merger.
- We would like to draw attention that some balances referred to in the statement of financial position are recorded under the name of Osool Capital Company and Bakheet Investment Group Company before merger.

For Talal Abu-Ghazaleh & Co.



Abdul Wahab Ismail Khonkar
Certified Public Accountant
License No. 432



04 Jumada I 1436 H.
23 February 2015 G.

Osool & Bakheet Investment Company
Saudi Closed Joint Stock Company
Kingdom of Saudi Arabia
Statement of Financial Position
as of 31 December 2014

Exhibit A

	Note	2014 SR.
Assets		
Current Assets		
Cash and cash equivalents	(3)	58,992,514
Investments in trading funds	(4)	4,050,344
Accounts receivables, net	(5)	4,080,030
Clients lending	(6)	18,111,000
Prepaid expenses and others	(7)	1,191,058
Total Current Assets		86,424,946
Non-Current Assets		
Long-term investment in securities	(8)	97,951
Fixed assets, net	(9)	317,739
Total Non-Current Assets		415,690
Total Assets		86,840,636
Liabilities And Shareholders' Equity		
Current Liabilities		
Accounts payable		127,550
Accrued expenses	(11)	2,514,036
Due to shareholders	(13)	1,639,773
Estimated Zakat provision	(20/c)	3,756,761
Total Current Liabilities		8,038,120
Non-Current Liabilities		
Provision for end-of-service benefits	(14)	1,121,914
Shareholders' Equity		
Capital	(15)	60,000,000
Statutory reserves	(16)	1,800,264
Proposed dividends	(17)	6,000,000
Unrealized (losses) on long-term investments in securities	(8)	(16,041)
Retained earnings		9,896,379
Net Shareholders' Equity – Exhibit D		77,680,602
Total Liabilities and Shareholders' Equity		86,840,636

The Accompanying Notes From (1) to (27) Constitute An Integral Part Of
These Financial Statements

**Osool & Bakheet Investment Company
Saudi Closed Joint Stock Company
Kingdom of Saudi Arabia**

**Statement of Income
for the Year Ended 31 December 2014**

Exhibit B

	<u>Note</u>	<u>2014</u> <u>SR.</u>
<u>Revenues</u>		
Fund management fees		7,608,013
Performance fees		4,306,458
Brokerage revenues, net		3,087,702
Realized profit from investments in securities		5,726,491
Realized profit from investments in IPO and Qatari trading equity fund (QTEF)		5,968,174
Portfolios management fees		1,537,124
Custody fees		1,980,930
Services fees		5,990
Revenues of special commissions		88,946
Cash dividends received		713,565
Profit from Murabaha loans & interests of overdrafts from clients		1,727,421
Unrealized gain from investments in trading funds	(4)	674,702
Total Revenues		33,425,516
<u>Principal Activities Expenses:</u>		
Depreciation of fixed assets		(57,175)
Selling and marketing expenses		(1,019,780)
General and administrative expenses	(18)	(12,250,562)
Net Income from Principal Activities		20,097,999
<u>Results from Other Activities:</u>		
Gain on sale of fixed assets		5,000
Other revenues		11,248
Net income for the year before Zakat		20,114,247
Estimated Zakat	(20/a)	(2,111,604)
Net income for the year – Exhibit D		18,002,643
Earnings per share for net income from principal activities	(19)	3.35
Earnings Per Share for Net Income for the Year	(19)	3.00

**The Accompanying Notes From (1) to (27) Constitute An Integral Part Of
These Financial Statements**

Osool & Bakheet Investment Company
Saudi Closed Joint Stock Company
Kingdom of Saudi Arabia

Statement of Cash Flow
for the Year Ended 31 December 2014

Exhibit C

	2014 SR.
Cash Flow From Operating Activities	
Net income for the year	18,002,643
Adjustments for:	
Depreciation of fixed asset	57,175
(Gain) from sale fixed assets	(5,000)
Provision for end-of-service benefits charged to expenses and transferred from merger	762,078
Provision for Zakat	2,111,604
Realized (gain) from investments in securities	(12,408,230)
Changes in Operating Assets and Liabilities	
Accounts receivables, net	(3,740,047)
Clients lending	10,834,000
Prepaid expenses and others	(1,059,148)
Accounts payables	86,242
Accrued expenses and others	1,641,848
Provision for end-of-service paid	(97,069)
Provision for Zakat paid	(704,937)
Net cash from operating activities	<u>15,481,159</u>
Cash Flow From Investing Activities	
Investments in securities and funds	38,035,575
Fixed assets purchased and transferred from merger	(374,914)
Proceeds from sale of fixed assets	5,000
Net cash from investing activities	<u>37,665,661</u>
Cash Flow From Financing Activities	
Due to shareholders	(5,371,993)
Short-term loans	(2,839,000)
Net cash (used in) financing activities	<u>(8,210,993)</u>
Net increase in cash and cash equivalents	44,935,827
Cash and cash equivalents, beginning of the year	14,056,687
Cash And Cash Equivalents, End Of The Year – Exhibit A	<u>58,992,514</u>
<u>Supplementary Information For Non-Cash Activities:</u>	
Proposed dividends	6,000,000
Board of directors' remunerations	<u>306,000</u>

The Accompanying Notes From (1) to (27) Constitute An Integral Part Of
These Financial Statements

Osool & Bakheet Investment Company
Saudi Closed Joint Stock Company
Kingdom of Saudi Arabia

Statement of Changes in Shareholders' Equity
for the Year Ended 31 December 2014

Exhibit D

	Capital	Statutory reserve	Proposed dividends	Unrealized (losses) on long-term investments in securities	Retained earnings	Total
	SR.	SR.	SR.	SR.	SR.	SR.
Capital after merger	60,000,000	--	--	--	--	60,000,000
Net income for the year – Exhibit B	--	--	--	--	18,002,643	18,002,643
Unrealized (losses) from long-term investments in securities	--	--	--	(16,041)	--	(16,041)
Proposed dividends	--	--	6,000,000	--	(6,000,000)	--
Board of directors' remuneration	--	--	--	--	(306,000)	(306,000)
Transferred to statutory reserve	--	1,800,264	--	--	(1,800,264)	--
Net equity as of 31 December 2014 – Exhibit A	60,000,000	1,800,264	6,000,000	(16,041)	9,896,379	77,680,602

The Accompanying Notes From (1) to (27) Constitute An Integral Part Of
These Financial Statements

1- **Formation and Nature of Business:**

- a) **Osool & Bakheet Investment Company – Saudi Closed Joint Stock Company** (referred to hereinafter as “the **Company**”) was established under the commercial register No. 1010219805 issued in Riyadh on 02/05/1427H. 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.
- b) Pursuant to the approval of Capital Market Authority on 26/11/2013, Bakheet Investment Group Company was merged into Osool Capital Company which resulted in changing the name of Osool Capital Company to Osool & Bakheet Investment Company with capital of SR 60,000,000. On August 27, 2014, the commercial register was accordingly amended so that the trade name becomes “Osool & Bakheet Investment Company” with the same date and number of the previous commercial register of the company (Osool Capital Company). As indicated in Note (23), Osool Capital Company and Bakheet Investment Group Company have prepared financial statements on 02/01/2014 with a limited review report for the purposes of merger.

2- **Summary of Significant Accounting Policies:**

The financial statements are prepared in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia. The significant accounting policies applied consistently by the company in the preparation of these financial statements:

a) **Accounting Convention:**

These financial statements have been prepared under the historical cost basis (except for investments in securities which are valued at fair value) using the accrual basis and going concern assumption.

b) **Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and activities, actual results ultimately may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in future years affected.

c) **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.

d) **Accounts Receivable:**

Accounts receivable are carried at original invoice amount less provision for doubtful debts. The provision for doubtful debts is estimated based on an analysis of the collectability of individual accounts receivable. Accounts receivable are considered uncollectible when all collection efforts are exhausted and are written-off against the provision for doubtful debts.

e) **Fixed Assets:**

Fixed assets are stated at cost less accumulated depreciation and impairment in value, if any. The cost of fixed assets less estimated residual value of fixed assets, except land, is depreciated on a straight line basis over their estimated useful lives using the following annual rates:

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

The cost and accumulated depreciation of sold or disposed assets are eliminated from the accounts upon its sale or disposal, any resulting gains or losses are included in the statement of income.

Repairs and maintenance expenses that do not materially increase the asset's useful life or its production capacity are included in the income statement. Material improvements and replacements are capitalized when incurred. The replaced asset is eliminated from the records.

f) **Impairment of Non-Current Assets:**

The Company periodically reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. Impairment loss is recognized as an expense immediately.

g) **Investments in Securities:**

Available for sale investment

Investments that are not held for trading nor held to maturity are classified as investments available for sale. These investments are initially recorded at fair value in addition to direct transaction costs and are subsequently stated at fair value. Unrealized gains or losses from changes in fair value are recognized in the statement of changes in equity until the investment is derecognized or the investment is determined to be impaired. On de-recognition or impairment, the cumulative gains or losses previously reported in equity are included in the statement of income. Fair value is determined based on the market value if an open market exists or by using alternative revaluation methods. Otherwise cost is considered to be fair value. Dividends from these investments are recognized in the income statement when the right of receipt is established.

Investment held for trading

Investments held for trading purposes are stated initially at cost and are subsequently measured at fair value. These investments are classified in the financial position under current assets. Realized gains or losses from trading and unrealized gains or losses resulting from changes in fair values are included in the income statement.

h) **Accounts Payable and Accruals:**

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

i) **Provision for End-of-Service Benefits:**

End-of-service benefits, payable to employees upon their termination, are provided in the financial statements in accordance with labor regulation in Kingdom of Saudi Arabia.

j) **Revenue Recognition:**

The revenue from stock brokerage services are recorded in the period where they are realized. The revenue of services rendered to clients, such as the internet services and consulting services, are recognized when these services are provided. The revenue from bank commissions on deposits at banks are recorded by calculating the term of such deposits on accrual basis.

The revenue realized on client's bank overdrafts are recognized pursuant to the concluded contract and for the period specified therein. 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.

In addition, the revenue from portfolio and funds management fees are 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.

k) 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.

l) 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 the final assessment of DZIT are charged to the income statement in the period when the final zakat assessment is received.

m) Transactions in Foreign Currency:

Transactions in foreign currencies are translated to Saudi Riyals at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the financial position's date are translated to Saudi Riyals at the foreign exchange rates ruling at that date. Exchange differences arising on translation are recognized in the income statements as gains or losses.

3- Cash and Cash Equivalents:

a) The details of this item are as follows:

	2014
	SR.
Cash on hand	9,941
Unused cash in investment portfolio	2,192
Current accounts at local banks in Saudi Riyal	33,927,968
Pledged bank deposit –b	25,052,413
Total – Exhibit A	58,992,514

b) The pledged bank deposit indicated above has a maturity period of less than three months and is pledged in return for obtaining bank facilities as indicated in note No. (10).

4- Investments in Trading Funds:

This item represents the value of the company's investments as of 31 December 2014 as follows:

	2014
	SR.
Osool & Bakheet Qatari Trading Equity Fund (QTEF)	3,375,642
Unrealized profit from investments in trading funds	674,702
Balance for investments in trading funds – Exhibit A	4,050,344

5- Accounts Receivable, Net:

a) The details of this item are as follows:

	2014
	SR.
Receivables related to Muragaha, portfolios, funds and other activity	7,625,754
Provision for doubtful debts – Note (5/b)	(3,545,724)
Accounts receivable, Net – Exhibit A	4,080,030

- b) The movements of the provision for doubtful debts are as follows:

	2014
	SR.
Provision for doubtful debts at the beginning of the year	830,000
Created during the year – Note (18)	2,715,724
Balance at the end of the year – Note (5/a)	3,545,724

6- Clients Lending:

- a) This item represents lending to clients in the form of credit facilities and Murabaha loans. The facilities and loans are extended based on an evaluation and documentation for each client individually according to the information disclosed by the client and based on the company's conclusion on the appropriateness of the loan amount and terms to the client and in accordance with his prior written approval to the loan and in related conditions such as a promissory note for the loan amount, borrowing limits, terms and related fees. The loans and facilities granted to customers are due for collection within the year ended 31 December 2015 as per the individual agreement with each customer.
- b) The clients lending balance shown in the balance sheet at SR18,111,000 includes balances of three customers amounting to SR.15,275,000 which constitute 84% of total clients lending.

7- Prepaid Expenses and Others:

The details of this item are as follows:

	2014
	SR.
Rent	644,019
Medical insurance	140,293
Licensing fees	114,237
Advance payments	65,450
Employees receivables	66,664
Other	160,395
Total – Exhibit A	1,191,058

8- Long-Term Investment in Securities:

- a) This item represents the value of investments in a portfolio managed by the Company as of 31 December 2014 as follows:

	2014
	SR.
Investment portfolio – Note (8/b)	113,992
Unrealized (losses) on investments in securities – Exhibit A	(16,041)
Long-term investment in securities – Exhibit A	97,951

- b) Part of the above investment is pledged with a local bank in return for obtaining bank facilities as indicated in note (10).

Osool & Bakheet Investment Company
Saudi Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
for the Year Ended 31 December 2014

9 - Fixed Assets, Net:

The details of fixed assets cost , accumulated depreciation and net book value thereof are as follows:

Cost	Equipment SR.	Furniture SR.	Vehicles SR.	Computers	Telecommunica tion devices	Total SR.
Assets transferred from merger	538,112	3,024,676	123,000	2,447,305	2,041,455	8,174,548
Additions during the year	-	-	-	23,475	351,440	374,915
Disposals	-	-	-	-	(2,900)	(2,900)
Balance at 31/12/2014	538,112	3,024,676	123,000	2,470,780	2,389,995	8,546,563
Less: Accumulated depreciation						
Depreciation transferred from merger	538,112	3,024,676	123,000	2,447,305	2,041,456	8,174,549
Depreciation of the year	-	-	-	3,036	54,139	57,175
Disposals	-	-	-	-	(2,900)	(2,900)
Balance at 31/12/2014	538,112	3,024,676	123,000	2,450,341	2,092,695	8,228,824
Fixed assets, net - 31-12-2014 - Exhibit A	-	-	-	20,439	297,300	317,739

Osool & Bakheet Investment Company
Saudi Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
for the Year Ended 31 December 2014

10- Bank Facilities:

- a) The Company has obtained facilities from a local bank amounting SR 25,000,000 as short-term loans and overdraft against the following guarantees:
- Portfolio mortgage number (0502886732) for shares acceptable for Saudi French Bank with coverage of at least 150% of the general amount of facility.
 - Cash deposit mortgage with coverage of 100% of total facilities amount.
 - Duly signing a promissory note of SR 25,000,000.
- b) The loan was paid during the year ended at December 31, 2014.

11- Accrued Expenses and Others:

The details of this item are as follows:

	<u>2014</u>
	<u>SR.</u>
Accrued expenses	1,005,132
Professional fees	203,041
Bonus and remunerations	1,305,863
Total – Exhibit A	<u>2,514,036</u>

12- Transactions with Related Parties:

The details of this item are as follows:

<u>Related party</u>	<u>Transaction type</u>	<u>Transaction amount</u>
		<u>SR.</u>
Osool & Bakheet Investment Funds	Fund Management & Custody	9,588,943
Board of Directors	Remunerations of members and attendance allowance	352,500
Shareholders	Salaries	243,600

13- Due to Shareholders:

This item represents the amounts due to shareholders resulting from the merger, as the capital of the Company was decreased, losses were closed in the accounts of shareholders in proportion to their share and the remaining surplus was credited to the accounts of the shareholders.

14- Provision of End-of-Service Benefits:

The details of this item are as follows:

	<u>2014</u>
	<u>SR.</u>
Balance transferred from merger	948,062
Charged to expenses for the year	270,921
Paid during the year	(97,069)
Balance at the end of the year – Exhibit A	<u>1,121,914</u>

Osool & Bakheet Investment Company
Saudi Closed Joint Stock Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
for the Year Ended 31 December 2014

15- Capital:

Capital was determined to be SR 60,000,000 divided into 6,000,000 equal cash shares, the value of each is SR 10. They are all ordinary shares. The founders have subscribed in all the shares of capital as follows:

	Nationality	Share Value	Ownership percentage	Total
		SR.	%	SR
Beshr bin Mohammad Borhan bin Yasin Bakheet	Saudi	10	31%	18,597,345
Saleh Mohammad Saleh Al-Hajjaj	Saudi	10	12.5%	7,500,000
Abdullah Yahia Abdullah Al-Yahya	Saudi	10	7.25%	4,350,000
Abdul-Rahman Yahia Abdullah Al-Yahya	Saudi	10	7%	4,200,000
Sultan Yahia Abdullah Al-Yahya	Saudi	10	5.75%	3,450,000
Mansour Yahia Abdullah Al-Yahya	Saudi	10	5.75%	3,450,000
Khaled Abdul-Rahman Mohammad Al-Mousa	Saudi	10	3.63%	2,175,000
Abdul-Mohsen Abdul-Rahman Al-Mousa	Saudi	10	3.13%	1,875,000
Mohammad Abdullah Abdul-Aziz Al-Rowaished	Saudi	10	2.50%	1,500,000
Raad Abdul-Aziz Mohammad Al Abdul-Qader	Saudi	10	2%	1,200,000
Mansour Abdullah Abdul-Aziz Al-Rajhi	Saudi	10	1.86%	1,115,415
Jamil Abdul-Rahman Mohammad Al-Qonaibet	Saudi	10	1.70%	1,022,500
Khaled Abdullah Abdul-Aziz Al-Rajhi	Saudi	10	1.02%	609,285
Khaled Suleiman Hamad Al-Saeed	Saudi	10	0.84%	506,130
Ibrahim Abdul-Aziz Ibrahim Al-Touq	Saudi	10	0.84%	506,130
Ammar Abdul-Wahed Faleh Al-Khodhari	Saudi	10	0.84%	506,130
Abdullah bin Faisal bin Turki Al-Abdullah Al Saud	Saudi	10	0.77%	460,000
Al-Fozan Holding Company	Saudi	10	0.77%	460,000
Tareq Motlaq Abdullah Motlaq	Saudi	10	0.77%	460,000
Hamed Hamad Suleiman Al-Hmaidi	Saudi	10	0.77%	460,000
Abdullah Abdul-Rahman Abdullah Al-Khodhair	Saudi	10	0.69%	412,605
Ahmad Suleiman Abdul-Qader Banajeh	Saudi	10	0.69%	412,605
Fahd Mohammad Abdul-Latif bin Zarea	Saudi	10	0.69%	412,605
Abdul-Aziz Abdul-Latif Bakr Jazzar	Saudi	10	0.66%	393,350
Ibrahim saad Ebrahim Abu-Muti	Saudi	10	0.66%	393,350
Samra Abdullah Ebrahim Al-Qweez	Saudi	10	0.50%	300,000
Abdul-Rahman Abdul-Latif Ali Al-Issa	Saudi	10	0.41%	247,565
Ahmad Mohammad Salem Al-Sirri	Saudi	10	0.34%	206,305
Abdullah Abdul-Aziz Abdullah Al-Fallaj	Saudi	10	0.34%	206,305
Mutaz Talaat Mohammad Bakheet	Saudi	10	0.34%	206,305
Abdul-Hadi Ali Saif Shayef	Saudi	10	0.34%	206,305
Abdul-Elah Ahmad Abdul-Elah Al-Darweesh	Saudi	10	0.34%	206,305
Aamer Afif Mohammad Al-Mahmasani	Saudi	10	0.34%	206,305
Raed Mosaed Khaled Al-Sdairi	Saudi	10	0.34%	206,305
Khaled Mohammad Abdullah Al-Haqil	Saudi	10	0.34%	206,305
Hassan Shalib Murad Al-Jabri	Saudi	10	0.34%	206,305
Abdul-Rahman Mohammad Abdul-Aziz bin Zarea	Saudi	10	0.34%	206,305
Omar Abdul-Qader Mohammad Bajamal	Saudi	10	0.34%	206,305
Mohammad Abdul-Karim Ali Al-Lhaidan	Saudi	10	0.31%	187,500
Mohammad Abdullah Abdul-Rahman Al-Shoail	Saudi	10	0.31%	187,500
Abdul-Rahman Amin Hasan Jawa	Saudi	10	0.31%	187,500
Khaled bin Abdul-Hafidh bin Mohammad Feda	Saudi	10	0.15%	91,910
Mosaed bin Mohammad bin Hammad bin Aniq	Saudi	10	0.08%	48,215
Saud bin Abdul-Aziz bin Mohammad bin Jadid	Saudi	10	0.05%	30,340
Jaber bin Mohammad bin Mohammad Majrashi	Saudi	10	0.01%	7,165
Fahd Abdullah Abdul-Aziz Al-Rajhi	Saudi	10	0.01%	5,500
Hani Sami Ali Halawani	Saudi	10	0.01%	5,000
Nizar bin Abdul-Rahman bin Abdul-Aziz Al-Meqren	Saudi	10	0.01%	5,000
Total Capital Shares – Exhibit A	Saudi		100%	60,000,000

16- Statutory Reserve:

According to the Saudi Companies' Regulations, the Company retains 10% of its annual net income as a statutory reserve. This deduction could be discontinued if the reserve reached one half of the Company's capital.

17- Proposed Dividends:

In its meeting held on 19/02/2015, the Board of Directors proposed dividends amounting SR.6 million representing one Riyal per share. The proposed dividends do not constitute liabilities until obtaining the approval of the annual general assembly thereof. Accordingly, the final profit distributions suggested are shown within shareholders' equity.

18- General and Administrative Expenses:

The details of this item are as follows:

	2014
	SR.
Salaries, wages and others	4,705,754
Rents	841,209
Cost of information service	1,504,887
Doubtful debts – Note (5/b)	2,715,724
Professional and medical insurance	373,284
Professional and legal fees	153,788
Bonuses	1,000,000
Others	955,916
Total – Exhibit B	12,250,562

19- Earnings per Share:

Earnings per share from net income from principal activities and from net income for the year are calculated of dividing net income from principal activities and net income for the year respectively the number of outstanding share at end of year (6,000,000 share).

20- Provision for Zakat:

a) The elements and components of estimated Zakat for the year ended 31 December 2014 are as follows:

	2014
	SR.
Funds Subject to Zakat:	
Capital	60,000,000
Provision balance of end-of-service benefits transferred from merger net of payments during the year	850,993
Provision of doubtful debts at the beginning of the year	830,000
Adjusted net income for the year – Note (20/b)	23,100,892
Total amounts Subject to Zakat	84,781,885
Less:	
Net book value of fixed assets	(317,739)
Net amounts Subject to Zakat	84,464,146
Provision of Zakat of 2.5% - Exhibit B	2,111,604

b) Adjusted net income for the year:

The details of this item are as follows:

	2014
	SR.
Net income for the year before Zakat – Exhibit B	20,114,247
Doubtful debts changed to expenses	2,715,724
End-of-service benefits changed to expenses	270,921
Adjusted net income for the year – Note (20/a)	23,100,892

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c) Movements of Zakat provision during the year are as follows:
The details of this item are as follows:

	2014
	SR.
Balance at the beginning of the year	2,350,094
Charged during the year – Exhibit B	2,111,604
Paid during the year	(704,937)
Balance at the end of the year – Exhibit A	3,756,761

21- Segment Information:

The company does not have separate business segments and most of its activities are based inside KSA. Accordingly, segment information is inapplicable.

22- Investment Funds:

The Company manages investment funds represented in:

- Osool & Bakheet Trading Equity Fund which invests in Saudi stocks with net asset value of the amounting to SR.29,210,565 on 31/12/2014.
 - Osool & Bakheet IPO Fund with net asset value of SR.470,694,423 on 31/12/2014.
 - Osool & Bakheet Qatari Trading Equity Fund with net asset value of SR.8,513,085 on 31/12/2014.
- Pursuant to the requirements of Capital Market Authority (Article 78) of the Authorized Persons List, the bank accounts held by the Company, include local bank accounts (Samba Financial Group) and (Saudi French Bank) with balances, as at 31 December 2014, amounting to SR.128,520,366 represented in investment accounts, current accounts, clients deposits, as well as account of fees & subscriptions of clients.

23- Merger Balances:

The balances on which the merger of Osool Capital Company & Bakheet Investment Group was based, as extracted from the financial position on 02/01/2014, are summarized as follows:

	Osool Capital Company	Bakheet Investment Group
	SR.	SR.
Total current assets	90,256,738	45,940,711
Total non-current assets	--	--
Total Assets	90,256,738	45,940,711
Total liabilities	27,553,472	3,275,954
Capital	100,000,000	60,000,000
Statutory reserve	--	1,566,764
Accumulated (losses)	(37,296,734)	(18,902,007)
Net Equity	62,703,266	42,664,757
Total Liabilities and Equity	90,256,738	45,940,711

During the merger, the following settlements were performed on net equity:

Capital	100,000,000	60,000,000
Statutory reserve	--	1,566,764
Accumulated (losses)	(37,296,734)	(18,902,007)
Net Equity	62,703,266	42,664,756
Transferred as capital of the Company after merger	30,000,000	30,000,000
Surplus distribution to shareholders	32,703,266	12,664,756

24- Regulatory Requirements for Capital & Capital Adequacy Ratio:

The capital adequacy of the company was prepared by the company's financial management pursuant to the requirements of Capital Market Authority and presented as follows:

Description	Current Year (SR.000)	Last Year (SR)	Change (%)
Capital Basis:			
Tier – 1 of Capital	77,680	--	--
Tier – 2 of Capital	0,00	--	--
Total	77,680	--	--
Minimum Capital requirement			
Credit Risks	7,930	--	--
Market Risks	747	--	--
Operational Risks	5,014	--	--
Total	13,691	--	--
Capital Adequacy Ratio	5.67 times	--	--
Surplus / (Deficit)	63,989	--	--

Note: The third pillar of the annual report was published on the website of the company www.obic.com.sa

Notes:

- The above mentioned data was extracted from the form of annual capital adequacy as at December 31, 2014 prepared for submission to Capital Market Authority. Data was also extracted as at December 31, 2014 of the data submitted to Capital Market Authority pursuant to the revised financial statements.
- The objectives of the Company business are represented when managing capital in complying to the minimum requirements of capital stated by Capital Market Authority in order to keep the capability of the Company to continue as operating entity and to keep a strong capital basis.
- The Company will annually disclose the required information pursuant to the third pillar of the rules on the website of the Company www.obic.com.sa, but these disclosures are not subject to examination or revision by independent auditors.

* An index of capital adequacy was prepared, involving sufficient illustration of the components of "Capital Adequacy" table.

25- Management of Risks & Financial Instruments:

Credit Risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss.

The company seeks to limit its credit risk with respect to accounts receivable by setting credit limits for individual accounts and monitoring outstanding receivable.

Interest Rate Risk:

Interest rate risk arises from the possibility of the fluctuation of interest rates, that may affect future profitability or the fair value of financial instrument. The Company is subject to interest rate risk on assets and liabilities that bear interest.

Currency Risk:

Currency risk is the risk that the value of the financial instrument will fluctuate due to changes in foreign exchange rates.

Management believes that there is minimal risk of losses due to exchange rate fluctuation as the company primarily deals in Saudi riyals and US dollar which is pegged to Saudi riyals.

Liquidity Risk:

Liquidity risk is the risk that the company will not be able to meet its commitments associated with the financial liabilities when they fall due.

Liquidity requirements are monitored on a regular basis and management ensures that sufficient funds are available to meet any commitments as they arise.

26- Fair Values:

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. Since these financial statements have been prepared under the historical cost convention, differences between the carrying values and fair values may occur.

Management believes that the fair values of the company's financial instruments are not materially different from their carrying values.

27- General:

The figures included in the financial statements are rounded to the nearest Saudi Riyal except the earnings per share.