NOMW Capital Company for Financial Consultant and its Subsidiary
(A Saudi Closed Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017

Building a better working world

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of NOMW Capital Company for Financial Consultant
(A Saudi Closed Joint Stock Company)

Opinion

We have audited the consolidated financial statements of NOMW Capital Company for Financial Consultant (the "Company") and its subsidiary (the "Group"), which comprise the consolidated balance sheet as at 31 December 2017, and the consolidated statement of income, consolidated statement of cash flows and consolidated statement of changes in shareholders' equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia.

Basis for Opinion

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

Other Matter

The consolidated financial statements of the Group as at and for the year ended 31 December 2016 were audited by another auditor who expressed an unqualified opinion dated 27 Jumad Thani 1438H (corresponding to 26 March 2017) on those consolidated financial statements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia and the provisions of Companies' Law and Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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INDEPENDENT AUDITORS' REPORT
To the Shareholders of NOMW Capital Company for Financial Consultant
(A Saudi Closed Joint Stock Company) (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

INDEPENDENT AUDITORS' REPORT
To the Shareholders of NOMW Capital Company for Financial Consultant
(A Saudi Closed Joint Stock Company) (continued)

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

for Ernst & Young

Yousef A. AlMubarak
Certified Public Accountant
License No. 427

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

Riyadh: 9 Rajab 1439H
(26 March 2018)

CONSOLIDATED BALANCE SHEET

As at December 2017

	Notes	***2017*** ***SR***	*2016* *SR*
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	**35,107,936**	33,006,875
Accounts receivable	5	**4,820,936**	402,591
Due from a related party	6	**2,226,131**	2,360,392
Investments held for trading	7	**422,378**	9,341,360
Advances and prepayments	8	**754,053**	1,757,435
TOTAL CURRENT ASSETS		**43,331,434**	46,868,653
NON-CURRENT ASSETS			
Property and equipment, net	9	**100,373**	246,962
Available for sale investments	10	**10,134,232**	11,318,557
TOTAL NON-CURRENT ASSETS		**10,234,605**	11,565,519
TOTAL ASSETS		**53,566,039**	58,434,172
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accrued expenses and other liabilities		**871,662**	628,760
Zakat payable	11	**1,069,539**	1,349,280
Subsidiary equity obligations		**-**	2,043,643
TOTAL CURRENT LIABILITIES		**1,941,201**	4,021,683
NON-CURRENT LIABILITY			
Employees' terminal benefits		**601,630**	420,416
TOTAL LIABILITIES		**2,542,831**	4,442,099
SHAREHOLDERS' EQUITY			
Share capital	12	**50,000,000**	50,000,000
Statutory reserve		**887,129**	887,129
Retained earnings		**818,225**	3,179,944
Unrealized loss on available for sale investments	10	**(682,146)**	(75,000)
TOTAL SHAREHOLDERS' EQUITY		**51,023,208**	53,992,073
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**53,566,039**	58,434,172

The attached notes 1 to 22 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2017

	Notes	*2017* *SR*	*2016* *SR*
INCOME			
Arrangement fee	13	**6,383,831**	-
Asset management fee		**3,061,983**	3,167,237
Custody fee		**986,460**	587,322
Placement fee		**-**	140,246
(Loss) income from proprietary investments, net	14	**(325,758)**	2,492,448
TOTAL INCOME		**10,106,516**	6,387,253
EXPENSES			
General and administrative expenses	15	**(10,871,704)**	(8,910,269)
Impairment loss against available for sale investments	10	**(577,179)**	(706,995)
TOTAL EXPENSES		**(11,448,883)**	(9,617,264)
LOSS BEFORE ZAKAT		**(1,342,367)**	(3,230,011)
Zakat	11	**(1,073,051)**	(608,267)
NET LOSS FOR THE YEAR		**(2,415,418)**	(3,838,278)
Attributable to:			
Equity holder of the parent		**(2,361,719)**	(4,804,216)
Subsidiary equity obligations – net		**(53,699)**	965,938
		(2,415,418)	(3,838,278)
EARNINGS (LOSS) PER SHARE:			
Total income		**2.02**	1.28
Net loss attributable to equity holder of the parent		**(0.47)**	(0.96)

The attached notes 1 to 22 form part of these consolidated financial statements.

NOMW Capital Company for Financial Consultant and its Subsidiary
(A Saudi Closed Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2017

	Notes	***2017***	*2016*
		SR	*SR*
OPERATING ACTIVITIES			
Loss before zakat		**(1,342,367)**	(3,230,011)
Adjustments for:			
Depreciation	9	**152,539**	322,061
Employees' terminal benefits		**181,214**	438,416
Unrealized loss (gain) on held for trading investments	14	**151,082**	(2,214,838)
Realised loss on held for trading investments, net	14	**490,333**	10,621
Impairment loss against available for sale investments	10	**577,179**	706,995
		209,980	(3,966,756)
Changes in operating assets and liabilities:			
Accounts receivable		**(4,418,345)**	(235,793)
Due from a related party		**134,261**	11,276,966
Advances and prepayments		**1,003,382**	(654,917)
Accrued expenses and other liabilities		**242,902**	(17,464,703)
Net cash used in operations		**(2,827,820)**	(11,045,203)
Employees' terminal benefits paid		**-**	(18,000)
Zakat paid	11	**(1,352,792)**	(915,109)
Net cash used in operating activities		**(4,180,612)**	(11,978,312)
INVESTING ACTIVITIES			
Purchase of property and equipment	9	**(5,950)**	(28,150)
Purchase of held for trading investments		**(5,277,888)**	(1,255,443)
Proceeds from sale of held for trading investments		**13,555,455**	5,684,794
Net cash from investing activities		**8,271,617**	4,401,201
FINANCING ACTIVITY			
Settlement of subsidiary equity obligations		**(1,989,944)**	(41,571,079)
Cash used in financing activity		**(1,989,944)**	(41,571,079)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**2,101,061**	(49,148,190)
Cash and cash equivalents at the beginning of the year		**33,006,875**	22,744,845
Cash acquired from acquisition of subsidiary		**-**	59,410,220
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**35,107,936**	33,006,875

SIGNIFICANT NON-CASH TRANSACTION

Unrealised loss on available for sale investments	10	**1,184,325**	147,390

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended 31 December 2017

	Share capital SR	*Statutory reserve SR*	*Retained earnings SR*	*Unrealized loss on available for sale investments SR*	*Total SR*
Balance at 1 January 2016	50,000,000	887,129	7,984,160	(634,605)	58,236,684
Net loss for the year attributable to parent	-	-	(4,804,216)	-	(4,804,216)
Impairment of available for sale investments transferred to consolidated statement of income (note 10)	-	-	-	706,995	706,995
Unrealized loss on available for sale investments (note 10)	-	-	-	(147,390)	(147,390)
Balance at 31 December 2016	50,000,000	887,129	3,179,944	(75,000)	53,992,073
Net loss for the year attributable to parent	-	-	(2,361,719)	-	(2,361,719)
Impairment of available for sale investments transferred to consolidated statement of income (note 10)	-	-	-	577,179	577,179
Unrealized loss on available for sale investments (note 10)	-	-	-	(1,184,325)	(1,184,325)
Balance at 31 December 2017	**50,000,000**	**887,129**	**818,225**	**(682,146)**	**51,023,208**

The attached notes 1 to 22 form part of these consolidated financial statements.

1 ACTIVITIES

NOMW Capital Company for Financial Consultant (the "Company") is a Saudi Closed Joint Stock Company established and registered in Riyadh, Kingdom of Saudi Arabia under commercial registration No. 1010404870 on 17 Rabi Thani 1435H (corresponding to 17 February 2014). The Company carries out its activities under authorization license number 13172-37 dated 23 Muharram 1435H (corresponding to 26 November 2013) issued by the Capital Market Authority ("CMA").

The principal activities of the Company are to carry out dealing as principal, underwriting, managing, arranging and acting as custodian in the securities business as per license of the CMA. Further, the Company received the approval of Ministry of Commerce and Industry to start its operations on Thursday 13 Rabi Thani 1435H (corresponding to 13 February 2014).

The Company has shareholding in NOMW Al Masakin Company Limited, a Special Purpose Entity ("SPE") created primarily for the purpose of holding legal title of properties which are beneficially owned by a fund managed by the Company. Management has concluded that the Group does not control the SPE and therefore it is not consolidated in these financial statements.

As at 31 December 2017, the Company has 100% (31 December 2016: 89.65%) shareholding in NOMW IPO Fund (the "Fund" or "Subsidiary"). The investment objective of the Fund is to invest in accordance to the Sharia guidelines of the Fund by investing in the initial public offering ("IPO") of the Saudi companies and to invest in the rump offering of right issues and by investing in the shares of the companies which have not been listed for more than three (3) years on the Saudi stock exchange "Tadawul", and to invest the available cash in money market instruments in Saudi Riyal. The Company has requested the approval of liquidating the Fund on 26 December 2017 from the CMA and CMA approved such request on 10 January 2018.

2 BASIS OF PREPARATION AND CONSOLIDATION

These consolidated financial statements include assets, liabilities and results of operations of the Company and its subsidiary (together the "Group"). Subsidiaries are entities which are controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are consolidated from the date on which the Group obtains control until the date that control ceases.

The consolidated financial statements are prepared on the basis of the individual financial statements of the Company and the financial statements of its subsidiary. The financial statements of the subsidiary are prepared for the same reporting period as the Group, using consistent accounting policies. All intra-Group balances, income and expenses and unrealized gain and loss resulting from intra-group transactions are eliminated in full.

Non-controlling interest represents the portion of profit or loss and net assets that are not held by the Company and are presented separately in the consolidated statement of income and consolidated balance sheet from equity attributable to the shareholders of the Company. Since the Subsidiary is an open-ended fund in which each unitholder has the right to redeem its investments at any point in time, the non-controlling interest are presented within liabilities as subsidiary equity obligations instead of within equity in the consolidated balance sheet.

According to the plan for transition to International Financial Reporting Standards approved by the Board of Saudi Organization for Certified Public Accountants ("SOCPA"), effective 1 January 2018, the Group's financial statements will be prepared in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia ("KSA"), and other standards and pronouncements that are issued by SOCPA ("IFRS as endorsed in KSA"). Upon adoption of IFRS as endorsed in KSA, the Group will be required to comply with the requirements of IFRS 1 - First-time Adoption of International Financial Reporting Standards which requires the Group to analyze the impacts and incorporate certain adjustments to the comparative figures and its opening balances.

3 SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia. The significant accounting policies adopted are as follows:

Accounting convention
These consolidated financial statements are prepared under the historical cost convention, modified to include the measurement of available for sale investments and investments held for trading at fair value.

Use of estimates
The preparation of consolidated financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reporting period.

Cash and cash equivalents
For the purposes of the consolidated statement of cash flows, cash and cash equivalents consists of bank balances, cash on hand and Murabaha placements that are readily convertible into known amounts of cash and have a maturity of three months or less when purchased.

Accounts receivable
Accounts receivable are stated at original invoice amount less provision for any uncollectible amounts. An estimate of provision for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as when there is no possibility of recovery.

Financial instruments – initial recognition and subsequent measurement
Investments held for trading
Investments are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Investments held for trading are carried in the consolidated balance sheet at fair value with changes in fair value recognised in the consolidated statement of income.

The Group evaluates its investments classified as held for trading to determine whether the Group's intent to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these investments. The reclassification to available for sale or held to maturity depends on the nature of the asset.

Available for sale investments
Available for sale investments include equity and debt securities. Equity investments classified as available for sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

Available for sale financial investments are initially measured at fair value including transaction costs and are subsequently measured at fair value with unrealised gains or losses recognised as part of the equity until the investment is derecognized or determined to be impaired, at which time the cumulative gain or loss is recognised in consolidated statement of income.

Where partial holdings are sold, the related carrying values of such investments are accounted for on a weighted average basis.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments - derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial re-organisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For available for sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available for sale, objective evidence would include a significant and prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised is removed from consolidated balance sheet and recognised in the consolidated statement of income. Impairment losses on equity investments are not reversed through the consolidated statement of income; increases in their fair value after impairment are recognised directly in consolidated balance sheet.

Property and equipment

Property and equipment are initially recorded at cost and are subsequently stated at cost less accumulated depreciation and any impairment in value. The cost of property and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets.

Leasehold improvements are amortized on a straight-line basis over the shorter of the useful life of the improvements, or the term of the lease.

Expenditure for repair and maintenance are charged to consolidated statement of income as incurred. Improvements that increase the value or materially extend the life of the related assets are capitalized.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-current assets

The carrying values of non-current assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Accounts payable and accruals

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

Zakat

Zakat is provided for the Group in accordance with Saudi Arabian fiscal regulations. The provision is charged to the consolidated statement of income. Additional amounts, if any, that may become due on finalization of an assessment are accounted for in the year in which assessment is finalized.

Employees' terminal benefits

Provision is made for amounts payable related to the accumulated periods of service at the balance sheet date in accordance with the employees' contract of employment.

Statutory reserve

In accordance with Saudi Arabian Regulations for Companies, the Group must set aside 10% of its net income after deducting losses brought forward in each year until it has built up a reserve equal to 30% of the share capital. The reserve is not available for distribution.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. 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 Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to credit risks. The specific recognition criteria described below must also be met before revenue is recognised.

Income from corporate financing and asset management activities

Income from corporate financing and asset management activities is recognised in the consolidated statement of income when the related services are rendered.

Gains or losses on sale of investments held for trading

Realised gains or losses generated from the sale of investments held for trading is recognised when the investments are sold and is presented in the consolidated statement of income net of cost. Unrealised gains or losses on investments held for trading is recognised in the consolidated statement of income.

Dividends

Revenue is recognised when the Group's right to receive the payment is established, which is generally at the time of shareholders' approval of the dividend.

Expenses

All expenses are classified as general and administrative expenses.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value
For investments traded in active markets, fair value is determined by reference to quoted market bid prices.

For unquoted equity investments, fair value is determined by reference to the market value of a similar investment or is based on the expected discounted cash flows and other relevant factors. Cost is considered to be the fair value where there is no reliable fair value information available for such investments.

Foreign currency transactions
Transactions in foreign currencies are recorded in Saudi Riyals at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the consolidated statement of income.

Earnings or losses per share
Basic earnings or losses per share from total income is calculated by dividing total income or loss from main operations for the year by the weighted average of number of shares outstanding during the year.

Basic earnings or losses per share from net income or loss is calculated by dividing the net income or loss for the year attributable to the equity holder of the parent by the weighted average number of shares outstanding during the year.

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

4 CASH AND CASH EQUIVALENTS

	2017 *SR*	*2016* *SR*
Bank balances	**17,602,936**	19,006,875
Murabaha placements	**17,500,000**	14,000,000
Cash on hand	**5,000**	-
	35,107,936	33,006,875

Murabaha placements are with a local commercial bank and have an original maturity of less than three months.

5 ACCOUNTS RECEIVABLE

	2017 *SR*	*2016* *SR*
Receivable from:		
Arranging activity	**4,127,839**	83,433
Asset management and custody activity	**686,387**	294,158
Others	**6,710**	25,000
	4,820,936	402,591

6 RELATED PARTIES' TRANSACTIONS AND BALANCES

Related parties represent shareholders, key personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. During the year, the Group entered into transactions in the ordinary course of business with its related parties. The following are the major related parties' transactions that occurred during the year:

Related parties	*Nature of transactions*	*Amounts of transactions* 2017 SR	2016 SR
NOMW Eskan Real Estate Fund	Management fee	**2,993,233**	3,142,793
	Custody fee	**399,098**	419,039
NOMW IPO Fund	Management fee	-	24,444
	Custody fee	-	4,074
Board of directors ("BOD")	Remuneration	**1,970,391**	1,920,000
	Meeting fee	**42,000**	27,000

Claims with related parties which are shown in the consolidated balance sheet are as follows:

	2017 SR	*2016* SR
Available for sale investments		
NOMW Eskan Real Estate Fund	**9,317,854**	10,075,500
Due from a related party		
NOMW Eskan Real Estate Fund	**2,226,131**	2,360,392

7 INVESTMENTS HELD FOR TRADING

	2017		*2016*	
	Cost SR	*Fair value* SR	*Cost* SR	*Fair value* SR
Equity shares	**501,200**	**422,378**	7,126,522	9,341,360
	501,200	**422,378**	7,126,522	9,341,360

8 ADVANCES AND PREPAYMENTS

	2017 SR	*2016* SR
Accrued revenue from fund establishment activities	**288,099**	1,453,128
Advances paid to employees	**188,703**	49,628
Prepayments	**154,654**	240,796
Accrued income on murabaha placements	**53,715**	13,883
Others	**68,882**	-
	754,053	1,757,435

9 PROPERTY AND EQUIPMENT, NET

The estimated useful lives of the assets for the calculation of depreciation are as follows:

Leasehold improvements	2 years
Computers, equipment and software	3 years
Furniture and fixtures	3 years
Motor vehicles	5 years

	Leasehold improvements SR	*Computers, equipment and software* SR	*Furniture and fixtures* SR	*Motor vehicles* SR	***Total 2017* SR**	*Total 2016* SR
Cost:						
At the beginning of the year	382,725	309,252	229,870	174,900	**1,096,747**	1,068,597
Additions during the year	-	1,750	4,200	-	**5,950**	28,150
At the end of the year	382,725	311,002	234,070	174,900	**1,102,697**	1,096,747
Accumulated depreciation:						
At the beginning of the year	366,162	226,190	188,048	69,385	**849,785**	527,724
Depreciation charge for the year	16,563	62,459	38,537	34,980	**152,539**	322,061
At the end of the year	382,725	288,649	226,585	104,365	**1,002,324**	849,785
Net book value:						
At 31 December 2017	-	**22,353**	**7,485**	**70,535**	**100,373**	
At 31 December 2016	16,563	83,062	41,822	105,515		246,962

10 AVAILABLE FOR SALE INVESTMENTS

	2017 *SR*	*2016* *SR*
Cost:		
At the beginning of the year	**11,393,557**	22,303,197
Reclassification to investment in subsidiary	**-**	(10,202,645)
Impairment loss	**(577,179)**	(706,995)
At the end of the year	**10,816,378**	11,393,557
Unrealized (loss) gain on revaluation:		
At the beginning of the year	**(75,000)**	(634,605)
Fair value adjustment	**(1,184,325)**	(147,390)
Impairment loss transferred to consolidated statement of income	**577,179**	706,995
At the end of the year	**(682,146)**	(75,000)
Net book value as at 31 December	**10,134,232**	11,318,557

Available for sale investments are composed of equity shares that are traded on Saudi stock exchange - Tadawul and a close-ended fund. Investment in the close-ended fund is valued on the net asset value of the fund adjusted for the fair value of the development properties.

At the beginning of 2016, the Company had investment in NOMW IPO Fund (the "Fund") which was classified as available for sale investments. At 12 January 2016, the Company acquired additional units in the Fund for an amount of SR 7,000,000 thus increasing its shareholding in the Fund. As a result of such acquisition, management concluded that the Company acquired control of the of the Fund and reclassified its investment in the Fund to a subsidiary. This derecognition of available for sale investment resulted in a loss of SR 409,031 in 2016.

11 ZAKAT

The principal elements of the zakat base are as follows:

	2017 *SR*	*2016* *SR*
Shareholder equity	**54,067,073**	58,871,289
Opening balance of provisions and other adjustments	**410,816**	741,014
Book value of long term assets	**(10,829,393)**	(12,067,875)
	43,648,496	47,544,428
Adjusted loss for the year	**(867,020)**	(3,462,205)
Zakat base	**42,781,476**	44,082,223
Zakat charge for the year @ 2.5%	**1,069,537**	1,102,056

Zakat is calculated on the higher of the zakat base or adjusted income (loss) for the year.

11 ZAKAT (continued)

Movement in provision during the year
The movement in the zakat provision is as follows:

	2017 *SR*	*2016* *SR*
At the beginning of the year	**1,349,280**	1,656,122
Charge for the year	**1,069,537**	1,102,056
Adjustment to prior year zakat	**3,514**	(493,789)
Payments during the year	**(1,352,792)**	(915,109)
At the end of the year	**1,069,539**	1,349,280

Status of assessments
Zakat returns for the years ended 31 December 2015 and 2016 have been submitted to General Authority of Zakat and Tax (the "GAZT"). The related assessments have not yet been raised by the GAZT.

12 SHARE CAPITAL

The share capital is divided into 5,000,000 shares of SR 10 each (2016: 5,000,000 shares of SR 10 each).

13 ARRANGEMENT FEE

During 2017, the Company entered into an investment referral and intermediary agreement with Muscat Capital to provide Muscat Capital certain professional services for the benefit of a fund managed by it. The Company recognised an income amounting to SR 6,383,831 during 2017.

14 (LOSS) INCOME FROM PROPRIETARY INVESTMENTS, NET

	2017 *SR*	*2016* *SR*
Dividend income	**174,476**	383,138
Special commission income	**134,470**	171,106
Realised loss on available for sale investments	**-**	(409,031)
Unrealised (loss) gain on held for trading investments	**(151,082)**	2,214,838
Realised loss on held for trading investments, net	**(490,333)**	(10,621)
Other income	**6,711**	143,018
	(325,758)	2,492,448

15 GENERAL AND ADMINISTRATION EXPENSES

	2017 *SR*	*2016* *SR*
Salary and employee related expenses	**5,573,453**	5,807,482
Professional fees	**3,669,363**	1,450,327
Rent expense	**298,400**	284,733
Licensing and subscription fee	**251,656**	269,440
Marketing and advertising expenses	**180,000**	137,320
Depreciation (note 9)	**152,539**	322,061
Travel expense	**89,421**	166,203
Insurance expense	**83,362**	93,462
Utilities and office expense	**82,852**	103,083
Printing and stationery expense	**45,559**	123,981
Other expenses	**445,099**	152,177
	10,871,704	8,910,269

16 ASSETS HELD UNDER FIDUCIARY CAPACITY

Pursuant to CMA's Authorized Persons Regulations requiring Client money segregation, the Company holds clients' money in Omnibus accounts at a local bank to carry out its dealing, managing and custody activities. As at 31 December 2017, the clients' cash accounts held by the Company amounted to SR 24.4 million (31 December 2016: SR 28.2 million). Consistent with the Group's accounting policy, such balances are not included in the Group's consolidated financial statements as these are held by the Company in fiduciary capacity.

17 RISK MANAGEMENT

Interest rate risk
Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market interest rates. The Group is subject to interest rate risk on its interest bearing assets including Murabaha placements. The Group manages its exposure to interest rate risk by continuously monitoring movement in interest rate.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and will cause the other party to incur a financial loss. The Group seeks to manage its credit risk with respect to banks by only dealing with reputable banks and with respect to receivables by setting credit limits, monitoring outstanding receivables and ensuring close follow-ups.

Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. The Group manages its liquidity risk by monitoring investing activities and ensures that sufficient cash and cash equivalents are available at all times.

Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company is subject to fluctuations in foreign exchange rates in the normal course of its business. The Group does not undertake significant transactions in currencies other than Saudi Riyals and US Dollars. As the Saudi Riyal is currently on a fixed parity with US Dollar, the management believes that the Group does not have any significant currency risk exposure.

17 RISK MANAGEMENT (continued)

Equity price risk

The Group's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis.

18 SEGMENT REPORTING

The Group is organized into the following main operating segments:

- ***Arranging activities*** include introducing parties in relation to securities business, acting in any way to bring about a deal in a security and exercising any right to deal conferred by a security.
- ***Managing and custody activities*** include managing and acting as custodian to securities belonging to another person in circumstances involving the exercise of discretion.
- ***Dealing activities*** include engagement in trading in a security, whether as a principal or an agent, and dealing with the sale, purchase, management of the subscription of or underwriting securities.
- ***Others including private wealth management*** represents certain assets, liabilities, operating income or expenses of the Group, which have been derived from proprietary investments and other income.

	Arranging activities SR	*Managing and custody activities* SR	*Dealing activities* SR	*Others including private wealth management* SR	*Total* SR
2017					
Total assets	**4,192,672**	**2,750,637**	**27,706,152**	**18,916,578**	**53,566,039**
Total liabilities	**-**	**64,849**	**51,131**	**2,076,851**	**2,192,831**
Total income	**6,383,831**	**4,048,443**	**(466,639)**	**140,881**	**10,106,516**
Total expenses	**2,713,763**	**236,286**	**709,757**	**8,808,429**	**12,468,235**
Net income (loss) to equity holder of the parent	**3,670,068**	**3,812,157**	**(1,176,396)**	**(8,667,548)**	**(2,361,719)**

	Arranging activities SR	*Managing and custody activities* SR	*Dealing activities* SR	*Others including private wealth management* SR	*Total* SR
2016					
Total assets	1,196,630	2,816,992	31,827,928	22,592,622	58,434,172
Total liabilities	24,193	341,165	44,408	4,032,333	4,442,099
Total income	-	3,894,805	2,178,324	314,124	6,387,253
Total expenses	378,360	666,061	1,920,467	7,260,641	10,225,529
Net (loss) income to equity holder of the parent	(378,360)	3,228,744	257,857	(7,912,457)	(4,804,216)

19 CAPITAL MANAGEMENT

The Capital Market Authority has issued Prudential Regulations (the "Rules") dated 30 December 2012 (corresponding to 17 Safar 1434H) pursuant to Royal Decree No. M/30 dated 2/6/1424H. According to the Rules, CMA has prescribed the framework and guidance regarding the minimum regulatory capital requirement and its calculation methodology as prescribed under Pillar I. In accordance with this methodology, the Group has calculated its minimum capital required and capital adequacy ratios as follows:

19 CAPITAL MANAGEMENT (continued)

	2017 SR '000	2016 SR '000
Capital Base:		
Tier-1 Capital	**50,872**	53,992
Tier-2 Capital	**-**	-
Total Capital Base	**50,872**	53,992
Minimum Capital:		
Credit risk	**7,953**	8,360
Market risk	**76**	1,681
Operational risk	**2,862**	2,559
Total Minimum Capital	**10,891**	12,600
Surplus Capital	**39,981**	41,392
Capital Adequacy Ratio (times)	**4.67**	4.29

The capital that the Group is required to hold is determined by the balance sheet, off - balance sheet, counterparty and other risk exposures. Suitable processes and controls are in place to monitor and manage capital adequacy and ensure compliance with local regulatory ratios. These processes are designed to ensure that sufficient capital is available to meet local regulatory capital requirements at all times.

a) Capital Base of the Group comprise of

- Tier-1 capital consisting of paid-up share capital, retained earnings, share premium (if any), reserves excluding positive revaluation reserves but including negative revaluation reserves for held for trading investments.
- Tier-2 capital consisting of subordinated loans, cumulative preference shares and positive revaluation reserves

b) The minimum capital requirements for credit, market and operational risk are calculated as per the requirements specified in part 3 of the Prudential Rules issued by the CMA.

c) The Group's business objectives when managing capital adequacy is to comply with the capital requirements set forth by the CMA to safeguard the Group's ability to continue as a going concern, and to maintain a strong capital base.

20 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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 liability

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using assumptions that market participants would use when pricing the asset or 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 by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

20 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

The Group's financial assets consist of cash and cash equivalents, accounts receivable, due from a related party, investments held for trading, available for sale investments and advances and the financial liabilities consist of accrued expenses and other liabilities and subsidiary equity obligations.

The fair values of financial instruments at the reporting date are not materially different from their carrying values.

21 COMPARATIVE FIGURES

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

22 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors, in its meeting held on 8 Rajab 1439H (corresponding to 25 March 2018), approved the consolidated financial statements.