

**NOMW CAPITAL COMPANY FOR  
FINANCIAL CONSULTANT**  
(A Saudi Closed Joint Stock Company)  
**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**  
together with the  
**INDEPENDENT AUDITORS' REPORT**



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## INDEPENDENT AUDITORS' REPORT

To: **The Shareholders**  
**NOMW Capital Company for Financial Consultant**  
**Riyadh, Kingdom of Saudi Arabia**

We have audited the accompanying consolidated financial statements of **NOMW Capital Company for Financial Consultant** ("the Company") and its subsidiary (collectively the "Group") which comprise the consolidated balance sheet as at 31 December 2016 and the related consolidated statements of income, cash flows and changes in shareholders' equity for year then ended and the attached notes (1) through (22) which form an integral part of the financial statements.

### *Management's responsibility for the consolidated financial statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia and in compliance with the Regulations for Companies and Company's bylaws, 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. Management has provided us with all the information and explanations that we require relating to our audit of these consolidated financial statements.

### *Auditors' responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in the Kingdom of Saudi Arabia. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



***Opinion***

In our opinion, the consolidated financial statements taken as a whole:

- 1) present fairly, in all material respects, the financial position of **NOMW Capital Company for Financial Consultant** (“the Company”) and its subsidiary as at 31 December 2016, and of its results of operations and its cash flows for the year then ended in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia appropriate to the circumstances of the Group; and
- 2) comply with the requirements of the Regulations for Companies and the Company’s bylaws with respect to the preparation and presentation of the consolidated financial statements.

**For KPMG Al Fozan & Partners  
Certified Public Accountant**

Abdullah Hamad Al Fozan  
License No. 348

Riyadh on: 27 Jumada'II 1438H  
Corresponding to: 26 March 2017



**NOMW CAPITAL COMPANY FOR FINANCIAL CONSULTANT**  
**(A SAUDI CLOSED JOINT STOCK COMPANY)**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2016**  
*(Amount in Saudi Riyals)*

	<i>Notes</i>	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	33,020,758	22,744,845
Accounts receivable		402,591	195,316
Due from related parties	5	2,360,392	13,637,358
Held for trading securities	6	9,341,360	454,672
Advances and prepayments	7	<u>1,743,552</u>	<u>1,102,518</u>
<b>Total current assets</b>		<b>46,868,653</b>	<b>38,134,709</b>
<b>Non-current assets</b>			
Property and equipment, net	8	246,962	540,873
Available for sale investments	9	<u>11,318,557</u>	<u>21,668,592</u>
<b>Total non-current assets</b>		<b>11,565,519</b>	<b>22,209,465</b>
<b>TOTAL ASSETS</b>		<b>58,434,172</b>	<b>60,344,174</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Accrued expenses and other current liabilities		519,841	451,368
Accrued Zakat	10	1,458,199	1,656,122
Subsidiary equity obligations		<u>2,043,643</u>	--
<b>Total current liabilities</b>		<b>4,021,683</b>	<b>2,107,490</b>
<b>Non-current liabilities</b>			
End-of-service benefits		420,416	--
<b>Total non-current liabilities</b>		<b>420,416</b>	--
<b>TOTAL LIABILITIES</b>		<b>4,442,099</b>	<b>2,107,490</b>
<b>Equity attributable to the Company's shareholder</b>			
Share capital	11	50,000,000	50,000,000
Statutory reserve	12	887,129	887,129
Retained earnings		3,179,944	7,984,160
Unrealized loss on available for sale investments	9	<u>(75,000)</u>	<u>(634,605)</u>
<b>Total equity attributable to equity holders of the parent</b>		<b>53,992,073</b>	<b>58,236,684</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>58,434,172</b>	<b>60,344,174</b>

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

**NOMW CAPITAL COMPANY FOR FINANCIAL CONSULTANT**  
(A SAUDI CLOSED JOINT STOCK COMPANY)

**CONSOLIDATED STATEMENT OF INCOME**  
*(Amount in Saudi Riyals)*

	<u>Notes</u>	<u>For the year ended 31 December</u>	<u>For the period from 13 February 2014 to 31 December 2015</u>
<b>Income</b>			
Arrangement fee	13	--	16,494,875
Structuring fee	5	--	4,100,000
Asset management fee	5	3,167,237	2,674,461
Income from proprietary investments	14	2,492,448	2,626,063
Placement fee		140,246	1,462,106
Custody fee		587,322	370,669
<b>Total income</b>		<b>6,387,253</b>	<b>27,728,174</b>
<b>Expenses</b>			
Salaries and employee related expenses	15	(5,807,482)	(9,781,015)
Rent		(284,733)	(468,636)
Marketing and advertising expenses		(137,320)	(69,213)
Depreciation	8	(322,061)	(527,724)
Pre-operating expenses	16	--	(940,935)
Other general and administrative expenses	17	(2,249,754)	(4,355,890)
Impairment of investments	9	(706,995)	(1,057,350)
<b>Total expenses</b>		<b>(9,508,345)</b>	<b>(17,200,763)</b>
<b>Net (loss) / income before Zakat</b>		<b>(3,121,092)</b>	<b>10,527,411</b>
Zakat and tax charge for the year	10	(717,186)	(1,656,122)
<b>Net (loss) / Income after zakat</b>		<b>(3,838,278)</b>	<b>8,871,289</b>
<b>Attributable to:</b>			
Equity holder of the parent		(4,804,216)	8,871,289
Subsidiary equity obligations – net		965,938	--
		<b>(3,838,278)</b>	<b>8,871,289</b>
<b>Earnings per share:</b>			
Earnings per share - Total income	18	<b>1.28</b>	<b>5.55</b>
(Loss) / Earnings per share - Net income	18	<b>(0.96)</b>	<b>1.77</b>

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**NOMW CAPITAL COMPANY FOR FINANCIAL CONSULTANT**  
**(A SAUDI CLOSED JOINT STOCK COMPANY)**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
*(Amount in Saudi Riyals)*

	<u>Notes</u>	<u>For the year ended 31 December 2016</u>	<u>For the period from 13 February 2014 to 31 December 2015</u>
<b>Cash flows from operating activities:</b>			
Net (loss) / income before Zakat		(3,121,092)	10,527,411
<i>Adjustments to reconcile net income for the period to net cash used in operating activities:</i>			
Depreciation	8	322,061	527,724
Employees' terminal benefits		438,416	--
Unrealized (gain) / loss on held for trading investments	6	(2,214,838)	23,508
Realized loss / (gain) on sale of held for trading investments		10,621	(2,412,890)
Realized gain on sale of available for sale investments		--	(194,614)
Impairment on investments	9	706,995	1,057,350
		<u>(3,857,837)</u>	<u>9,528,489</u>
<i>Changes in operating assets and liabilities:</i>			
Accounts receivable		(235,793)	(195,316)
Due from related parties		11,276,966	(13,637,358)
Advances and prepayments		(641,034)	(1,102,518)
Accrued expenses and other current liabilities		(17,573,622)	451,368
<b>Cash used in operating activities</b>		<u>(7,173,483)</u>	<u>(14,483,824)</u>
Employees' terminal benefits		(18,000)	--
Zakat and tax paid		(915,109)	--
<b>Net cash used in operating activities</b>		<u>(11,964,429)</u>	<u>(4,955,335)</u>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	8	(28,150)	(1,068,597)
Purchase of available for sale investments		--	(53,686,082)
Proceeds from sale of available for sale investments		--	30,041,969
Purchase of held for trading investments		(1,255,443)	(9,516,795)
Proceeds from sale of held for trading investments		5,684,794	11,929,685
<b>Net cash from (used in) investing activities</b>		<u>4,401,201</u>	<u>(22,299,820)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of share capital		--	50,000,000
Cash paid to settle Subsidiary equity obligation		(41,571,079)	--
<b>Net cash from financing activities</b>		<u>(41,571,079)</u>	<u>50,000,000</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(49,134,307)</b>	<b>22,744,845</b>
Cash and cash equivalents at beginning of the period		22,744,845	--
Cash acquired from acquisition of subsidiary		59,410,220	-
<b>Cash and cash equivalents at end of the period</b>		<b><u>33,020,758</u></b>	<b><u>22,744,845</u></b>

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

**NOMW CAPITAL COMPANY FOR FINANCIAL CONSULTANT**  
 (A SAUDI CLOSED JOINT STOCK COMPANY)

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
 FOR THE YEAR ENDED 31 DECEMBER 2016  
*(Amount in Saudi Riyals)*

Equity Attributable to shareholder					
Share capital	Statutory reserve	Retained earnings	Unrealized loss on available for sale investments	Total	
50,000,000	--	--	--	50,000,000	
Issuance of share capital	--	--	--	8,871,289	8,871,289
Net income for the period	--	887,129	(887,129)	--	--
Transfer to statutory reserve	--	--	--	1,057,350	1,057,350
Impairment of investment recognized in statement of income	--	--	--	(1,691,955)	(1,691,955)
Unrealized loss on available for sale investments	--	--	--	(634,605)	58,236,684
Balance as at 31 December 2015	<u>50,000,000</u>	<u>887,129</u>	<u>7,984,160</u>		
Balance as at 1 January 2016	<u>50,000,000</u>	<u>887,129</u>	<u>7,984,160</u>	<u>(634,605)</u>	<u>58,236,684</u>
Issuance of share capital	--	--	--	--	--
Net loss for the year	--	--	(4,804,216)	(4,804,216)	
Transfer to statutory reserve	--	--	--	--	--
Impairment of investment recognized in statement of income	--	--	--	706,995	706,995
Unrealized loss on available for sale investments	--	--	--	(147,390)	(147,390)
Balance as at 31 December 2016	<u>50,000,000</u>	<u>887,129</u>	<u>3,179,944</u>	<u>(75,000)</u>	<u>53,992,073</u>

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

**NOMW CAPITAL COMPANY FOR FINANCIAL CONSULTANT  
(A SAUDI CLOSED JOINT STOCK COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**1. GENERAL**

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-Al-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, advising and 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-Al-Thani 1435H corresponding to 13 February 2014.

The Company has shareholding in a special purpose entity (SPE), primarily for the purpose of holding legal title of investments which are beneficially owned by the mutual fund managed by the Company. The Company concludes that this entity cannot be consolidated to its consolidated financial statements as it could not establish control over the SPE:

The SPE is as follows:

- NOMW Al Masakin Company Limited

These consolidated financial statements comprise of the financial statements of the Company and its subsidiary, together referred to as the “Group”.

Name of Subsidiary	Country of incorporation	Effective ownership (%) at <u>31 December</u>	
		<u>2016</u>	<u>2015</u>
NOMW IPO fund	Kingdom of Saudi Arabia	89.65%	18.50%

NOMW IPO Fund (the “Fund”) is an open-ended fund created by an agreement between NOMW Capital (the “Fund Manager”) and investors (the “Unit Holders”) in the Fund. 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 Markets’ instruments in Saudi Riyal. The Fund was established on 14 Shaban 1436 (corresponding to 1st June 2015) as per approval from the Capital Market Authority (the “CMA”) and commenced its operations on 16th Shawal 1436 (corresponding to 2nd August 2015).

The financial statements of the fund has been consolidated for the first time in the consolidated financial statements for the year ended 31 December 2016.

**2. BASIS OF PREPARATION**

**a) Statement of compliance**

The consolidated financial statements have been prepared in accordance with generally accepted accounting standards in Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants (“SOCPA”). The new Regulation for Companies issued through Royal Decree M/3 on 11 November 2015 (hereinafter referred as “The Law”) came into force on 25/07/1437H (corresponding to 2 May 2016). The Company has to amend its by laws for any changes to align the by laws of The Law. Consequently, the Company shall present the amended by laws to the stockholders in their Extraordinary General Assembly meeting for their ratification. The full compliance with The Law is expected not later than 24/07/1438H (corresponding to 21 April 2017).

**NOMW CAPITAL COMPANY FOR FINANCIAL CONSULTANT**  
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**  
(*Amount in Saudi Riyals*)

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**2. BASIS OF PREPARATION (CONTINUED)**

**b) Basis of measurement**

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

**c) Functional and presentation currency**

These consolidated financial statements are presented in Saudi Arabian Riyals (SR), which is the functional currency of the Company.

**d) Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiary (together referred as the Group). The financial statements of the subsidiary is prepared for the same reporting period as the Company, using consistent accounting policies.

A subsidiary is an entity over which the Company has the power to govern the financial and operating policies, so as to obtain benefits from its activities, generally accompanying an ownership interest of more than half of the voting rights. A subsidiary is consolidated from the date on which control is transferred to the Company and ceases to be consolidated from the date on which the control is transferred from the Company.

All significant intra Group transactions and balances have been eliminated upon consolidation.

Subsidiary equity obligations represent the interest of other unit holders in subsidiary funds, and are classified as liabilities and recorded at fair value in these consolidated financial statements.

**e) Use of estimates and judgments**

The preparation of the consolidated financial statements require management to make judgment, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are as follows:

	<i>Note</i>
• Accounts receivable	5
• Due from related parties	5
• Property and equipment – useful lives of assets	8
• Available for sale investments	9

**NOMW CAPITAL COMPANY FOR FINANCIAL CONSULTANT**  
(A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**  
(*Amount in Saudi Riyals*)

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been adopted by the Company:

**a) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, cash at banks in current accounts and other short-term highly liquid investments with original maturities of three month or less, if any, which are available to the Company without any restrictions.

**b) Financial Instruments**

*Investment in securities held for trading*

Investment in trade securities which are purchased for trading purposes are initially recorded at cost and then re-measured and stated in the balance sheet at market value and included under current assets. Realized gain or loss on sale of trade securities and changes in market value at balance sheet date are credited or charged to statement of income.

*Available for sale investments (AFS)*

Available for sale investments principally consist of less than 20% share in quoted equity investments, which are not held for trading purposes and where the Company does not have any significant influence or control. These are initially recognized and subsequently re-measured at fair value. Any changes in fair value are recognized in equity as fair value reserve until the investment is disposed. Any significant and prolonged decline in value of the available for sales investments, if any, is charged to the statement of income. The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date.

**c) Property and equipment**

Property and equipment are stated at cost less accumulated depreciation and impairment losses if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property and equipment. All other expenditures are recognized in the statement of income when incurred.

Depreciation is charged to the statement of income on a straight-line basis over the estimated useful lives of individual item of property and equipment. Gains and losses on disposals are determined by comparing disposal proceeds with carrying amount. These are included in the statement of income.

The estimated useful lives of the principal classes of assets are depreciated as follows:

	<u>Useful lives</u>
Lease Hold improvements	Over the lease period
Computers	3 years
Furniture & Fittings	3 years
Motor vehicles	5 years

**NOMW CAPITAL COMPANY FOR FINANCIAL CONSULTANT**  
**(A SAUDI CLOSED JOINT STOCK COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**  
*(Amount in Saudi Riyals)*

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**d) Provisions**

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**e) Foreign currency transaction**

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

**f) Assets held in trust or in a fiduciary capacity**

Assets held in trust or in a fiduciary capacity by the Company are not treated as assets of the Company and accordingly are not included in these consolidated financial statements.

**g) Revenue recognition**

Revenue is recognized as follows:

- Debt and Funds arranging fee is recognized based on the underlying agreements when the outcome of the transaction can be estimated reliably, i.e. when the services are completely performed.
- Gain / (loss) on sale of investments is recognized when the risk and rewards incident to ownership of related investment securities is passed to the buyer and it is derecognized.
- Fees charged for managing assets (including mutual funds) are recognized as the services are provided. Subscription fees are recognized upon subscription of the investor to the Fund.
- Dividends from investments are recognized when right to receive dividend is established.
- Commission income is recognized on an accrual basis.

**h) Zakat**

The Company is subject to zakat in accordance with the regulations of Saudi Department of Zakat and Income Tax ("DZIT"). An estimate of Zakat arising there from is provided by a charge to shareholders' equity. Additional zakat liability, if any, related to prior years/periods assessments arising from DZIT are accounted for in the period in which the final assessments are finalized.

**i) Expenses**

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

**NOMW CAPITAL COMPANY FOR FINANCIAL CONSULTANT**  
**(A SAUDI CLOSED JOINT STOCK COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**  
*(Amount in Saudi Riyals)*

**4. CASH AND CASH EQUIVALENTS**

	<u>2016</u>	<u>2015</u>
Cash at banks – current accounts	19,006,875	2,744,831
Short-term Murabaha deposit	14,013,883	20,000,000
Cash in hand	--	14
	<u>33,020,758</u>	<u>22,744,845</u>

**5. RELATED PARTY TRANSACTIONS**

Related parties of the Company include its shareholders and their affiliated companies. In the ordinary course of activities, transactions with related parties are carried out on mutually agreed terms, which are approved by the Company's executive committee.

The significant transactions with related parties during the period and the related amounts are as follows:

<u>Name of related party</u>	<u>Nature of relationship</u>	<u>Nature of transaction</u>	<u>For the period from</u>	
			<u>For the year ended 31 December 2016</u>	<u>13 February 2014 to 31 December 2015</u>
Eskan Company for Investment and Development	<i>Affiliate of a shareholder</i>	Arrangement fee	--	4,074,875
Mehad Investment Company	<i>Shareholder</i>	Arrangement fee	--	500,000
Nozzle for Investment and Development Company	<i>Affiliate of a shareholder</i>	Arrangement fee	--	4,625,000
NOMW Eskan Real Estate Fund	<i>Managed fund</i>	Structuring fee	--	4,100,000
		Management fee	<u>3,142,793</u>	<u>2,521,767</u>
		Arrangement fee	--	2,295,000
		Custody fee	<u>419,039</u>	<u>336,236</u>
NOMW IPO Fund	<i>Managed fund</i>	Management fee	<u>24,444</u>	<u>152,694</u>
		Custody fee	<u>4,074</u>	<u>34,433</u>
Board of directors	<i>Key management personnel</i>	Meeting fee	<u>27,000</u>	<u>45,000</u>
		Remuneration	<u>1,920,000</u>	<u>4,863,000</u>

**NOMW CAPITAL COMPANY FOR FINANCIAL CONSULTANT**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**  
*(Amount in Saudi Riyals)*

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**5. RELATED PARTY TRANSACTIONS (CONTINUED)**

The balances resulting from transactions with related parties and included in the accompanying consolidated financial statements are as follows:

	<u>2016</u>	<u>2015</u>
<b>Available for sale investments in managed funds:</b>		
NOMW Eshan Real Estate Fund	10,075,500	9,993,900
NOMW IPO Fund	--	9,888,953
	<u>10,075,500</u>	<u>19,882,853</u>
<b>Due from related parties:</b>		
NOMW Eshan Real Estate Fund	2,360,392	4,022,121
NOMW IPO Fund	--	9,615,237
	<u>2,360,392</u>	<u>13,637,358</u>

**6. HELD FOR TRADING INVESTMENTS**

The cost and fair value of held for trading investments as at 31 December, are as follows:

	<u>2016</u>	<u>2015</u>
	<u>Cost</u>	<u>Fair value</u>
Equity shares	7,126,522	9,341,360
	<u>7,126,522</u>	<u>9,341,360</u>

**7. ADVANCES AND PREPAYMENTS**

	<u>2016</u>	<u>2015</u>
<b>Advances to:</b>		
- Employees	49,628	18,248
- Others	1,453,128	845,434
Prepayments	240,796	238,836
	<u>1,743,552</u>	<u>1,102,518</u>

**NOMW CAPITAL COMPANY FOR FINANCIAL CONSULTANT**  
 (A SAUDI CLOSED JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
 FOR THE YEAR ENDED 31 DECEMBER 2016  
*(Amount in Saudi Riyals)*

**8. PROPERTY AND EQUIPMENT, NET**

	<b>2016</b>		
<b>Cost</b>	<b>Lease hold improvements</b>	<b>Furniture &amp; fittings</b>	<b>Motor vehicles</b>
Balance at beginning of the period	<b>382,725</b>	<b>281,102</b>	<b>174,900</b>
Additions during the period	<b>--</b>	<b>28,150</b>	<b>--</b>
<b>As at 31 December</b>	<b><u>382,725</u></b>	<b><u>309,252</u></b>	<b><u>174,900</u></b>
<b>Depreciation</b>			
Balance at beginning of the year	<b>257,469</b>	<b>124,731</b>	<b>34,309</b>
Charge for the year	<b>108,693</b>	<b>101,459</b>	<b>35,076</b>
As at 31 December	<b><u>366,162</u></b>	<b><u>226,190</u></b>	<b><u>69,385</u></b>
<b>Net book value as at 31 December 2016</b>	<b><u>16,563</u></b>	<b><u>83,062</u></b>	<b><u>105,515</u></b>
<b>Net book value as at 31 December 2015</b>	<b><u>125,256</u></b>	<b><u>156,371</u></b>	<b><u>140,591</u></b>
			<b><u>540,873</u></b>

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**9. AVAILABLE FOR SALE INVESTMENTS**

The cost and fair value of available for sale investments as at 31 December, are as follows:

	<u>Initial cost</u>	<u>Change in fair value</u>	<u>Impairment recorded in previous years</u>	<u>Impairment recorded in current year</u>	<u>Fair value 2016</u>	<u>Fair value 2015</u>
Open-ended fund	--	--	--	--	--	9,888,953
Close-ended fund	10,000,000	75,500	--	--	10,075,500	9,993,900
Equity shares	3,157,902	(150,500)	(1,057,350)	(706,995)	1,243,057	1,785,739
	<u>13,157,902</u>	<u>(75,000)</u>	<u>(1,057,350)</u>	<u>(706,995)</u>	<u>11,318,557</u>	<u>21,668,592</u>

**10. ACCRUED ZAKAT**

The principal elements of the Zakat base are as follows:

	<u>2016</u>	<u>2015</u>
Shareholders' equity	58,871,289	58,871,289
Adjusted (loss) / net income	(3,462,205)	11,562,462
Amount deductible	(11,326,861)	(4,188,870)
Zakat base	<u>44,082,223</u>	<u>66,244,881</u>

Some of these amounts have been adjusted in arriving at the zakat charge for the year. Zakat is calculated based on zakat base.

The movement in provision for zakat for the period ended 31 December, is as follows

	<u>2016</u>	<u>2015</u>
Balance at beginning of the year	1,656,122	--
Zakat provision made during the period	608,266	1,656,122
Withholding tax	108,920	--
Payment made during the period	(915,109)	--
Balance at end of the period	<u>1,458,199</u>	<u>1,656,122</u>

The Zakat declaration for the period ended 31 December 2015 has been filed with the Department of Zakat and Income Tax (the "DZIT") and the final assessments is awaited. The GAZT has issued a letter asking the Company to settle additional zakat of SR 541,715 for the period from 13 February 2014 to 31 December 2015. The GAZT stated that the Company's investments in mutual funds are not deductible for zakat purposes. The Company has filed an appeal against the preliminary zakat assessment raised by the GAZT. Management is confident about the favorable outcome of the appeal filed with GAZT. The GAZT issued a limited certificate for the year ended 31 December 2015, which is valid up to 30 April 2017. The assessments for the period from 13 February 2014 to 31 December 2015 is yet to be raised by the GAZT. However if investments in funds are disallowed, it would result in additional zakat exposure to the company which remains an industry wide issue and disclosure of which might affect the company's position in this matter.

The GAZT issued a limited certificate for the period from 13 February 2014 to 31 December 2015, which is valid up to 30 April 2017.

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**11. SHARE CAPITAL**

At 31 December 2016, the share capital of the Company was SR 50,000,000 (31 December 2015: SR 50,000,000) divided into 5,000,000 shares of SR 10 each, which are fully paid and owned as follows:

<u>Name of shareholders</u>	<u>No. of shares</u>	<u>%</u>	<u>Amount</u>
Mehad Investment Company	1,500,000	30%	15,000,000
Al-Tayar Investment and Real-estate Development Company	1,250,000	25%	12,500,000
Dr. Naser Bin Aqeel Al-Tayar	750,000	15%	7,500,000
Dr. Ahmed Bin Abdullah Al-Mohaymeed	750,000	15%	7,500,000
Dr. Nabih Bin Abdulrehman Al-Jabr	750,000	15%	7,500,000
<b>Total</b>	<b>5,000,000</b>	<b>100%</b>	<b>50,000,000</b>

**12. STATUTORY RESERVE**

As required by the Company's By-laws 10% of the income for the year should be transferred to the statutory reserve. This reserve is not available for distribution. As per the By-laws, the Company may resolve to discontinue such transfers when the reserve equals 50% of the share capital. During the year, the Company has transferred SR NIL (2015: SR 0.88 million) to statutory reserve.

**13. ARRANGEMENT FEE**

	<u>For the period from</u>	
	<u>For the year ended 31 December</u>	<u>13 February 2014 to 31 December</u>
	<u>2016</u>	<u>2015</u>
From related parties (Note 5)	--	11,494,875
From third parties	--	5,000,000
	<b>--</b>	<b>16,494,875</b>

**14. INCOME FROM PROPRIETARY INVESTMENTS**

	<u>For the period from</u>	
	<u>For the year ended 31 December</u>	<u>13 February 2014 to 31 December</u>
	<u>2016</u>	<u>2015</u>
Realized (loss) / gain on held for trading investments, net	(10,621)	2,412,890
Unrealized gain / (loss) on held for trading investments (Note 6)	2,214,838	(23,508)
Realized gain on available for sale investments	--	194,614
Loss on de-recognition of available for sale investment	(409,031)	--
Dividend income	383,138	7,623
Commission income	171,106	34,444
Others	143,018	--
	<b>2,492,448</b>	<b>2,626,063</b>

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**15. SALARIES AND EMPLOYEE RELATED EXPENSES**

	<u>For the year ended 31 December 2016</u>	<u>For the period from 13 February 2014 to 31 December 2015</u>
Salaries and allowance	4,900,154	6,956,744
Terminal benefits - GOSI	263,165	415,351
Employees' terminal benefits	438,416	--
Bonus	--	2,099,342
Others	<u>205,747</u>	<u>309,578</u>
	<u>5,807,482</u>	<u>9,781,015</u>

**16. PRE-OPERATING EXPENSES**

The pre-operating expenses comprise of lawyer fee, consultancy fee and other professional fees incurred during the incorporating phase of the Company.

**17. OTHER GENERAL AND ADMINISTRATIVE EXPENSES**

	<u>For the year ended 31 December 2016</u>	<u>For the period from 13 February 2014 to 31 December 2015</u>
Professional and consultancy fees	1,450,327	3,273,826
Utilities and office expense	103,083	124,036
Licensing and subscription fees	269,440	407,670
Printing and stationary	123,981	127,977
Insurance expense	93,462	133,646
Travelling expense	166,203	190,036
Computer supplies	10,620	31,995
Others	<u>32,638</u>	<u>66,704</u>
	<u>2,249,754</u>	<u>4,355,890</u>

**18. EARNINGS PER SHARE**

Income per share is calculated by dividing income from operations for the period ended 31 December 2016 by the weighted average number of issued and paid-up ordinary shares outstanding during the period. Net (loss) / income per share is calculated by dividing net (loss) / income for the period ended 31 December 2016 by the weighted average number of issued and paid-up ordinary shares outstanding during the period.

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**19. 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 2016, the clients' cash accounts held by the Company amounted to SR 28.2 million (31 December 2015 128.4 million). Consistent with the Company's accounting policy, such balances are not included in the Company's consolidated financial statements as these are held by the Company in fiduciary capacity.

**20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Financial instruments carried on the balance sheet include cash and cash equivalents, accounts receivable, due from related parties, advances, available for sale investments and accrued expenses and other current liabilities.

*Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk is mainly attributable to due from related parties, accounts receivable, advances and cash and cash equivalent.

As at 31 December 2016, the Company has due from related parties of SR 2.3 million, cash and cash equivalents of SR 33.02 million, advances of SR 1.5 million and accounts receivable of SR 0.4 million, which represents its maximum exposure to credit risk. The Company has made proper assessment of creditworthiness of the counterparties including review of external rating, when available, and their net worth before entering transactions with them. The Company monitors periodically financial strength and liquidity position of these parties due to having close relationships with these parties. Cash and cash equivalent includes bank balances that are placed with reputed local commercial banks having sound credit ratings and therefore, the credit risk is limited. Further, advances are stated at their estimated realizable values.

*Currency risk*

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's transactions are in Saudi Riyals and the company is not exposed to any foreign currency risk.

*Liquidity risk*

Liquidity risk is the risk that the Company 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 management manages the liquid risk by monitoring on a regular basis that sufficient funds are available to meet liquidity requirements. Further, the management closely monitors maturity profile of assets and liabilities to overcome liquidity gap, if any.

*Equity price risk*

Equity price risk arises from available for sale investments. Management of the Company monitors equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Company's management.

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**20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**

*Fair value*

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. As the accompanying consolidated financial statements are prepared under the historical cost method, except for the revaluation of the available for sale investments at fair value through equity, differences may arise between the book values and the fair value estimates. Management believes that the fair values of the Company's financial assets and liabilities, except available for sale investments and held for trading investments, are not materially different from their carrying values.

**21. CAPITAL MANAGEMENT**

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 Company has calculated its minimum capital required and capital adequacy ratios as follows

	2016 SR '000	2015 SR '000
<b>Capital Base:</b>		
Tier-1 Capital	53,992	58,213
Tier-2 Capital	--	--
<b>Total Capital Base</b>	<b>53,992</b>	<b>58,213</b>
<b>Minimum Capital:</b>		
Credit Risk	8,360	12,476
Market Risk	1,681	--
Operational Risk	2,559	4,159
<b>Total Minimum Capital</b>	<b>12,600</b>	<b>16,635</b>
<b>Surplus Capital</b>	<b>41,392</b>	<b>41,578</b>
<b>Capital Adequacy Ratio (times)</b>	<b>4.29</b>	<b>3.50</b>

The capital that the Company are required to hold is determined by our 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 we have sufficient capital available to meet local regulatory capital requirements at all times.

- a) Capital Base of the Company comprise of
  - Tier-1 capital consists of paid-up share capital, retained earnings, share premium (if any), reserves excluding revaluation reserves.
  - Tier-2 capital consists of subordinated loans, cumulative preference shares and revaluation reserves
- b) The minimum capital requirements for market, credit & operational risk are calculated as per the requirements specified in the part 3 of the Prudential Rules issued by the CMA.
- c) The Company's business objectives when managing capital adequacy is to comply with the capital requirements set forth by the CMA to safeguard the Company's ability to continue as a going concern, and to maintain a strong capital base.

**22. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS**

These consolidated financial statements were approved by the Board of Directors on 27 Jumada'II 1438H corresponding to 26 March 2017.