STANDARD CHARTERED CAPITAL SAUDI ARABIA
(A Saudi Closed Joint Stock Company)
FINANCIAL STATEMENTS
For the year ended 31 December 2018
together with the
INDEPENDENT AUDITORS' REPORT

STANDARD CHARTERED CAPITAL SAUDI ARABIA
(A Saudi Closed Joint Stock Company)
FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

KPMG Al Fozan & Partners
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License No. 46/11/323 issued 11/3/1992

Independent auditors' report

To the shareholders of Standard Chartered Capital Saudi Arabia

Opinion

We have audited the financial statements of **Standard Chartered Capital Saudi Arabia** ("the Company"), which comprise the statement of financial position as at 31 December 2018, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants ("SOCPA").

Basis for opinion

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

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies, the Company's By-laws and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the financial statements

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

Independent auditors' report

To the shareholders of Standard Chartered Capital Saudi Arabia (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with ISA that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 of **Standard Chartered Capital Saudi Arabia** ("the Company").

For KPMG Al Fozan & Partners
Certified Public Accountants

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KPMG
Certified Public Accountants
KPMG Al Fozan & Partners

Fahad Mubark Aldossari
License No: 469

24 Rajab 1440H
Corresponding to: 31 March 2019

STANDARD CHARTERED CAPITAL SAUDI ARABIA
(A Saudi Closed Joint Stock Company)
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018
(In Saudi Arabian Riyals)

	Note	31 December 2018	31 December 2017	1 January 2017
Assets				
Current assets				
Cash and cash equivalents	9	**98,528,007**	100,152,704	102,588,626
Trade receivables	10	**4,141,175**	562,574	--
Due from related parties	12	**4,330,497**	12,971,932	14,273,947
Prepayments and other receivables	11	**1,023,635**	804,253	945,272
Total current assets		**108,023,314**	114,491,463	117,807,845
Non-current assets				
Deferred tax assets	16	**4,411,406**	4,314,157	4,330,715
Property and equipment, net	8	--	8,704	21,760
Total non-current assets		**4,411,406**	4,322,861	4,352,475
Total assets		**112,434,720**	118,814,324	122,160,320
Liabilities and equity				
Liabilities				
Current liabilities				
Accruals and other payables	17	**2,648,579**	2,541,835	2,306,951
Due to related parties	12	**4,526,033**	9,895,650	6,504,508
Tax payable	16	**5,591**	87,061	512,869
Dividends payable	14	**1,100,000**	--	--
Total current liabilities		**8,280,203**	12,524,546	9,324,328
Non-current liabilities				
Employees' benefit obligation	15	**429,300**	413,500	326,600
Total liabilities		**8,709,503**	12,938,046	9,650,928
Equity				
Share capital	13	**100,000,000**	100,000,000	100,000,000
Statutory reserve	14	**4,739,046**	4,739,046	4,614,708
Re-measurement of employees' benefit obligation	15	**47,065**	35,146	(13,015)
(Accumulated losses) / retained earnings		**(1,060,894)**	1,102,086	7,907,699
Total equity		**103,725,217**	105,876,278	112,509,392
Total equity and liabilities		**112,434,720**	118,814,324	122,160,320

The accompanying notes from 1 to 23 form an integral part of these financial statements.

These financial statements have been approved by the Board of Directors on 31 March 2019 and have been signed on its behalf by:

Hawazen Al Dohan
Acting Chief Executive Officer

Sara Alshowaier
Acting Chief Financial Officer

STANDARD CHARTERED CAPITAL SAUDI ARABIA
(A Saudi Closed Joint Stock Company)
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2018
(In Saudi Arabian Riyals)

	Note	2018	2017
Arranging fees		**4,291,756**	12,917,552
Advisory fees		**4,689,644**	562,574
		8,981,400	13,480,126
General and administrative expenses	18	**11,881,147**	13,697,365
Operating loss for the year		**(2,899,747)**	(217,239)
Special commission income		**1,759,496**	1,122,840
Net (loss) / income before tax for the year		**(1,140,251)**	905,601
Deferred tax expense / (benefit)	16	**(88,189)**	1,265
Income tax expense / (reversal)	16	**10,918**	(322,088)
Net (loss) / income for the year		**(1,062,980)**	1,226,424
Other comprehensive income:			
Item that cannot be reclassified subsequently to statement of income:			
Re-measurement of employees' benefits obligation	15	**11,919**	48,161
Total comprehensive (loss) / income for the year		**(1,051,061)**	1,274,585

The accompanying notes from 1 to 23 form an integral part of these financial statements.

These financial statements have been approved by the Board of Directors on 31 March 2019 and have been signed on its behalf by:

Hawazen Al Dohan
Acting Chief Executive Officer

Sara Alshowaier
Acting Chief Financial Officer

STANDARD CHARTERED CAPITAL SAUDI ARABIA
(A Saudi Closed Joint Stock Company)
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2018
(In Saudi Arabian Riyals)

	Share capital	Statutory reserve	Re-measurement of employees' benefits obligation	Retained earnings	Total
Balance at 1 January 2017	100,000,000	4,614,708	(13,015)	7,907,699	112,509,392
Net income for the year	--	--	--	1,226,424	1,226,424
Other comprehensive income	--	--	48,161	--	48,161
Total comprehensive income	--	--	48,161	1,226,424	1,274,585
Dividends paid to shareholders	--	--	--	(7,907,699)	(7,907,699)
Transfer to statutory reserve	--	124,338	--	(124,338)	--
Balance at 31 December 2017	100,000,000	4,739,046	35,146	1,102,086	105,876,278
Balance at 1 January 2018	**100,000,000**	**4,739,046**	**35,146**	**1,102,086**	**105,876,278**
Net loss for the year	**--**	--	--	**(1,062,980)**	**(1,062,980)**
Other comprehensive income	**--**	--	**11,919**	**--**	**11,919**
Total comprehensive loss	**--**	--	**11,919**	**(1,062,980)**	**(1,051,061)**
Dividends payable to the shareholders	--	--		**(1,100,000)**	**(1,100,000)**
Balance at 31 December 2018	**100,000,000**	**4,739,046**	**47,065**	**(1,060,894)**	**103,725,217**

The accompanying notes from 1 to 23 form an integral part of these financial statements

STANDARD CHARTERED CAPITAL SAUDI ARABIA
(A Saudi Closed Joint Stock Company)
STATEMENT OF CASH FLOWS
For the year ended 31 December 2018
(In Saudi Arabian Riyals)

	31 December 2018	31 December 2017
Cash flows from operating activities:		
Net (loss) / income for the year	**(1,140,251)**	905,601
Adjustments to reconcile net (loss) / income for the year to net cash (used in) / generated from operating activities:		
Depreciation of property and equipment	**8,704**	13,056
Employees' benefit expense (note 15)	**126,400**	147,100
(Increase) / decrease in operating assets:		
Trade receivables	**(3,578,601)**	(562,574)
Due from related parties	**8,641,435**	1,302,015
Prepayments and other assets	**(219,382)**	141,019
Increase / (decrease) in operating liabilities:		
Accruals and other payables	**94,703**	238,138
Due to related parties	**(5,369,617)**	3,391,142
Net cash from operations	**(1,436,609)**	5,575,497
Income taxes paid	**(92,388)**	(103,720)
Employees' benefit obligation paid	**(95,700)**	--
Net cash (used in) / generated from operating activities	**(1,624,697)**	5,471,777
Cash flows from financing activities:		
Dividends paid	--	(7,907,699)
Net cash used in operating activities	--	(7,907,699)
Net change in cash and cash equivalents	**(1,624,697)**	(2,435,922)
Cash and cash equivalents at the beginning of the year	**100,152,704**	102,588,626
Cash and cash equivalents at end of the year	**98,528,007**	100,152,704

The accompanying notes from 1 to 23 form an integral part of these financial statements.

1 CORPORATE INFORMATION

Standard Chartered Capital Saudi Arabia ("the Company") is a Saudi Closed Joint Stock Company registered in the Kingdom of Saudi Arabia. The Company operates under commercial registration number 1010289274 dated 19 Jumada-II 1431H (corresponding to 2 June 2010).

The principal activities of the Company are to provide underwriting, dealing, arranging, advising and keeping custody of financial securities pursuant to its Capital Market Authority ("CMA") license number 09144-37, dated 11 Muharram 1431H (corresponding to 28 December 2009) in accordance with the Saudi Arabia General Investment Authority ("SAGIA") license no. 102031026237 dated 3 Rabi-I 1431H (corresponding to 17 February 2010).

The Company's registered office is located at the following address:

7th Floor, Al Faisaliah Tower
P.O. Box 295522
Riyadh 11351
Kingdom of Saudi Arabia

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organisation for Certified Public Accountants ("SOCPA") (hereinafter referred to as "IFRS as endorsed in KSA").

For all periods up to and including the year ended 31 December 2017, the Company prepared its financial statements in accordance with the generally accepted accounting standards in the Kingdom of Saudi Arabia issued by SOCPA (hereinafter referred to as "SOCPA GAAP"). The financial statements for the year ended 31 December 2018 are the first financial statements of the Company prepared in accordance with IFRS as endorsed in KSA and IFRS 1 *'First-time Adoption of International Financial Reporting Standards'* has been applied. The date of transition of the Company to IFRS as endorsed in KSA is 1 January 2017.

The effect of the transition to IFRS on the statement of financial position as at 31 December 2017 and 1 January 2017 and the statements of income and comprehensive income for the year ended 31 December 2017 are shown in note 7 to the financial statements, including the nature and outcome of significant changes resulting from the change in the accounting policies of the Company for the year ended 31 December 2017. These financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2017 prepared in accordance with SOCPA GAAP.

3 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

i. IFRS 9 "Financial Instruments"

The Company has adopted IFRS 9 *Financial Instruments* as issued by International Accounting Standards Board (IASB) with a date of transition of 1 January 2018. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities. There has been no material adjustment required to the retained earnings.

3 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The key changes to the Company's accounting policy resulting from its adoption of IFRS 9 are summarised in note 6.2 to the financial statements.

Classification and measurement of financial instruments

The measurement category and the carrying amount of financial assets and liabilities in accordance with previous accounting policies under SOCPA GAAP and IFRS 9 as at 1 January 2018 are as follows:

Financial assets	Classification under SOCPA GAAP	Classification under IFRS 9	Carrying amount under SOCPA GAAP	Carrying amount under IFRS 9
Cash and cash equivalents	HTM investments	Amortised cost	100,152,704	100,152,704
Trade receivables	HTM investments	Amortised cost	562,574	562,574
Due from related parties	HTM investments	Amortised cost	12,971,932	12,971,932
Other receivables and refundable deposits*	HTM investments	Amortised cost	298,205	298,205
			113,985,415	113,985,415

**Presented under "Prepayments and other receivables" in the statement of financial position.*

There were no changes to the classification and measurement of financial liabilities.

Reconciliation of carrying amounts under SOCPA GAAP to carrying amounts under IFRS 9 at the adoption of IFRS 9

The following table reconciles the carrying amounts under SOCPA GAAP to the carrying amounts under IFRS 9 on transition to IFRS 9 on 1 January 2018.

Financial assets	SOCPA GAAP carrying amount as at 31 December 2017	Re-classification	Re-measurement	IFRS 9 carrying amount as at 1 January 2018
Cash and cash equivalents	100,152,704	--	--	100,152,704
Trade receivables	562,574	--	--	562,574
Due from related parties	12,971,932	--	--	12,971,932
Other receivables and refundable deposits	298,205	--	--	298,205
	113,985,415	--	--	113,985,415

Financial assets at amortised cost are subject to impairment assessment based on expected credit loss model per IFRS 9. The Company has assessed ECL as at 1 January 2018 and concluded that no ECL provision was required since the Company's financial assets at amortised cost are generally short-term in nature and held with counterparties with low credit risk.

3 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ii. Standards issued but not yet effective

There are number of new standards and amendments to the standards applicable to annual periods beginning after 1 January 2019 and may be applied before that date; however, the Company has not early adopted the following new or revised standards in the preparation of these financial statements.

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

a. IFRS 16: Leases

The International Accounting Standards Board has issued IFRS 16 replacing the following standards and interpretations:

- IAS 17 – 'Leases'
- IFRIC 4 – 'Whether an arrangement contains a lease'
- SIC 15 – 'Operating leases – Incentives'
- SIC-27 – 'Evaluating the substance of transactions involving the legal form of a lease'

IFRS 16 is applicable for the period beginning on or after 1 January 2019. The new standard eliminates the current dual accounting model for lessees under IAS 17, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, IFRS 16 proposes on-balance sheet accounting model.

The Company plans to apply IFRS 16 on 1 January 2019, using the modified retrospective approach. In the modified retrospective approach, the comparable figures for the previous year are not adjusted. Upon initial application, Company has also decided to recognise right-of-use asset corresponding to the lease liabilities with adjustment of prepaid and accrued rent. This will, therefore, not have any impact on equity as of the effective date. The Company will elect to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4. The Company will therefore not apply the standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

The Company plans to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, or lease contracts for which the underlying asset is of low value.

As at 31 December 2018, the Company is performing a detailed assessment of the impact of adopting IFRS 16 but does not expect material impact to the Company's financial statements.

3 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Amendments to IAS 19: Plan Amendment, Curtailment or Settlement, applicable for the period beginning on or after 1 January 2019. The amendments to IAS 19 clarify that:

   a. on amendment, curtailment or settlement of a defined benefit plan, Company now uses updated actuarial assumptions to determine its current service cost and net commission for the period; and
   b. the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income (OCI).

   The impact is expected to be not material to the Company.

c. The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements.

   - IFRIC 23 Uncertainty over Tax Treatments
   - Annual improvements to IFRS Standards 2015-2017 Cycle – various standards
   - Amendments to References to Conceptual Framework in IFRS Standards

4 MEASUREMENT BASIS

These financial statements have been prepared on a historical cost basis using the accrual basis of accounting and the going concern concept. Employees' benefit obligation is measured at present value of future obligations using the Projected Unit Credit Method.

These financial statements of the Company have been presented in Saudi Riyal, which also represents the functional and presentation currency.

5 USE OF ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of the Company's financial statements in accordance with IFRS as endorsed in KSA requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, costs, assets and liabilities, and the disclosure of contingent liabilities as at the reporting date.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revisions to accounting estimates are recognised in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates may, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

- Valuation of employees' benefits obligation (notes 6.3 & 15)
- Valuation of deferred tax assets (notes 6.7 & 16)

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies applied by the Company in preparing its financial statements:

6.1 Fair value

Fair value is the price that may be received against the sale of an asset or the conversion of an obligation in an organized transaction between the market participants on the measurement date. The fair value measurement assumes that the transaction for the sale of the asset or the transfer of the obligation can occur either:

- In the primary market of the asset or obligation or
- In the absence of the primary market, in the most appropriate markets for the asset or liability.

The measurement of the fair value of a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset at its maximum and best use or by selling it to another market participant who may use the asset at its maximum and best use.

All assets and liabilities whose fair values are measured or disclosed in the financial statements are classified in the fair value hierarchy. This is described as follows, based on the lowest input level that is important for the overall measurement:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 -Evaluation techniques where the lowest entry level is important for measuring fair value directly or indirectly;
Level 3 - Evaluation techniques where the lowest input level cannot be monitored is important for fair value measurement.

For assets and liabilities that are measured in the financial statements at fair value on a recurring basis, the Company determines whether transfers have been made between hierarchy levels by reassessing the classification (based on the lowest input level that is significant for the overall measurement) at the end of each reporting period.

6.2 Employees' benefits

Short-term employee benefits obligation

Short-term employee benefits are those amounts expected to be settled wholly within 12 months of the end of the period in which the employees render the service that gives rise to the benefits.

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves and benefits-in-kind that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations under "accruals and other payables" in the statement of financial position.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.2 Employees' benefits (continued)

Post-employment benefits obligation

The Company provides end of service benefits to its employees in accordance with the requirements of Articles 87 and 88 of the Saudi Arabian Labor Law. The entitlement to these benefits, is based upon the employees' basic salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are recognised over the service period. The employee benefits obligation plan is not funded. The valuation of the obligation under those plans is carried out by an independent actuary based on the projected unit credit method.

The liability recognised in the statement of financial position is the present value of the employees' benefits obligation at the end of the reporting period. The employees' benefits obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the employees' benefits obligation is determined by discounting the estimated future cash outflows using special commission rates of US AA-rated corporate bond yields.

Past-service costs, if any, are recognised immediately in the statement of income.

The special commission cost is calculated by applying the discount rate to the balance of the defined benefit obligation. This cost is included in employee benefit expense in the statement of profit or loss. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise.

6.3 Revenue recognition

The Company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Company. The revenue is recognised when the Company transfers the services to customers at an amount that the Company expects to be entitled to in exchange for those services. The Company applies the following five-step approach of revenue recognition:

Step 1: Identify the contract with the customer
Step 2: Identify the separate performance obligations under the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to separate performance obligations
Step 5: Recognise revenue when (or as) each performance obligation is satisfied

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.3 Revenue recognition (continued)

The Company assesses its revenue arrangements against specific criteria to determine if it is acting as a principal or as an agent. The Company has concluded that it is acting as a principal in its revenue arrangements since it has exposure to the significant risks and rewards. The details of the above revenues and the method of their recognition in accordance with IFRS 15 are as follows:

a. *Arranging fee income* is recognized in the accounting period in which the services are rendered based on the applicable service contracts.

b. *Advisory fee income* is recognized in the accounting period in which the services are rendered.

6.4 Operating leases

Rental expenses under operating lease is charged to the statement of income over the period of the respective lease on a straight-line basis.

6.5 Foreign currencies

Foreign currency transactions are translated into Saudi Riyals using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the period-end exchange rates of monetary assets and liabilities denominated in foreign currencies, which were not significant for the period, are recognized in the statement of income.

6.6 Income tax

Current

Income tax, computed in accordance with Saudi Arabian tax regulations, is accrued and charged to statement of income. Under Saudi Arabian income tax laws, income tax is the liability of foreign shareholders. Income tax is computed on the foreign shareholders' share of taxable income for the period. The Company is owned by a foreign shareholder, therefore it is liable to the income tax.

Deferred

Deferred tax liability, if any, is recognised for all temporary differences. Deferred income tax asset on carry forward losses is recognized to the extent that it is probable that future taxable income will be available against which such carry-forward tax losses can be utilized. Deferred income tax is determined using tax rates which have been enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

6.7 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.7 Provisions (continued)

Where there are number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-zakat rate that reflects current market assessments of the time value of money and the risks specific to liability. The increase in the provision due to the passage of time is recognised as interest expense.

6.8 Dividends

Dividends are recorded in the financial statement in the period in which they are approved by Board of Directors of the Company.

6.9 Statutory reserve

In accordance with Regulations for Companies in the Kingdom of Saudi Arabia and the Company's Article of Association, the Company has established a statutory reserve in which the Company appropriates 10% of its annual net income until this reserve reaches 30% of the share capital. This reserve cannot be distributed as dividends.

6.10 Financial instruments

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

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

Policy applicable from 1 January 2018

i) Financial assets

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

Financial assets are classified into the following specified categories under IFRS 9:
- Debt instruments at amortized cost;
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition;
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition; and
- Financial assets at fair value through income statement (FVTIS).

As at 1 January 2018 and 31 December 2018, the Company only holds debt instruments measured at amortised cost.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.10 Financial instruments (continued)

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

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

If a financial asset does not meet both of these conditions, it is measured at fair value.

The Company makes an assessment of a business model at portfolio level as this best reflects the way the business is managed and information is provided to management. In making an assessment of whether an asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, the Company considers:

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

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

Income is recognized on an effective yield basis for debt instruments measured subsequently at amortized cost. Special commission is recognized in the statement of income.

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

(b) *Impairment of financial assets*
The Company recognizes a loss allowance for expected credit losses (ECL) on debt instruments that are measured at amortized cost. The amount of ECL reflects changes in credit risk since initial recognition of the respective financial instrument.

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

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.10 Financial instruments (continued)

The Company recognizes impairment loss, if any, in the statement of income with a corresponding adjustment to their carrying amount through a loss allowance account.

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

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

All financial liabilities of the Company is classified and carried at amortised cost.

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

Policy applicable before 1 January 2018

i. Financial assets

c. Recognition and initial measurement

Financial assets are recognised initially at cost on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the investment. Upon initial recognition, attributable transaction costs are recognised in the statement of income when incurred. All non-derivative financial liabilities are recognised initially at fair value less any directly attributable transaction costs.

d. Classification and measurement of financial assets

Held to maturity ("HTM") investments
Investments having fixed or determinable payments and fixed maturity that the management has the positive intention and ability to hold to maturity are classified as HTM investments. HTM investments are initially recognised at fair value including direct and incremental transaction costs and subsequently measured at amortised cost, less provision for impairment in their value. Amortised cost is calculated by taking into account any discount or premium on acquisition using the effective commission method. Any gain or loss on such investments is recognised in the statement of income when the investment is derecognised or impaired.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6.10 Financial instruments (continued)

e. Impairment of HTM investments

Impairment losses, if any, on HTM investments are measured as the difference between the carrying cost and the present value of estimated future cash flows. Impairment losses are recognised in the statement of income as impairment loss on HTM investments. If the amount of impairment loss is subsequently decreased and the decrease can be related objectively to an event resulting in recognition of impairment loss, then the previously recognised impairment loss is reversed through statement of income.

d. De-recognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

ii. Financial liabilities

All non-derivative financial liabilities comprising of due to related parties and other payables are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these are measured at amortised cost using the effective commission method.

7 FIRST-TIME ADOPTION OF IFRS AS ENDORSED IN KSA

As explained in note 2 to the financial statements, for all periods up to and including the year ended 31 December 2017, the Company has prepared their financial statements in accordance with SOCPA GAAP. From 1 January 2018, the Company prepared its first financial statements in accordance with the requirements of IFRS as endorsed in KSA.

The summary of significant accounting policies included in Note 6 have been applied in the preparation of the financial statements for the year ended 31 December 2018, together with the comparative year ended 31 December 2017. In preparing the financial statements, the Company's opening statement of financial position was prepared as at 1 January 2017 ("date of transition").

7 FIRST-TIME ADOPTION OF IFRS AS ENDORSED IN KSA

7.1 Exemption applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS.

The Company has adopted IFRS 9 with a date of transition of 1 January 2018, which did not result in any adjustment to the amounts previously recognised in the financial statements as disclosed below.

As permitted by the transitional provisions of IFRS 9, the Company elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and financial liabilities at the date of transition to IFRS 9 were recognised in the opening retained earnings (1 January 2018) and other reserves of current period, if applicable. Accordingly, the information presented in comparative periods reflects the requirements of SOCPA GAAP and therefore is not comparable to the information presented under the requirements of IFRS 9 for the year ended 31 December 2018. The assessment of business model has been made on the basis of facts and circumstances that existed at the date of transition.

Therefore, for notes disclosures, the consequential amendments to IFRS 7 disclosures have also been applied to the current period only.

7 FIRST-TIME ADOPTION OF IFRS AS ENDORSED IN KSA (CONTINUED)

In preparing its opening statement of financial position, the Company has assessed whether adjustments are needed to the amounts reported previously in financial statements prepared in accordance with SOCPA GAAP. An explanation of how the transition from SOCPA GAAP to IFRS as endorsed in KSA has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables:

7.2 Reconciliation of statement of financial position as at 1 January 2017 from SOCPA GAAP_to IFRS as endorsed in KSA:

	SOCPA GAAP	Re-measurement	IFRS as endored in KSA
Assets			
Current assets			
Cash and cash equivalents	102,588,626	--	**102,588,626**
Trade receivables, net	--	--	**--**
Due from related parties	14,273,947	--	**14,273,947**
Prepayments and other receivables	945,272	--	**945,272**
Total current assets	117,807,845	--	**117,807,845**
Non-current assets			
Deferred tax asset (note 7.5)	4,327,461	3,254	**4,330,715**
Property and equipment, net	21,760	--	**21,760**
Total non-current assets	4,349,221	3,254	**4,352,475**
Total assets	122,157,066	3,254	**122,160,320**
Liabilities and equity			
Current liabilities			
Accruals and other payables	2,306,951	--	**2,306,951**
Due to related parties	6,504,508	--	**6,504,508**
Tax payable	512,869	--	**512,869**
Dividends payable	--	--	**--**
Total current liabilities	9,324,328	--	**9,324,328**
Non-current liabilities			
Employees' benefit obligations (note 7.5)	310,331	16,269	**326,600**
Total non-current liabilities	310,331	16,269	**326,600**
Total liabilities	9,634,659	16,269	**9,650,928**
Equity			
Share capital	100,000,000	--	**100,000,000**
Statutory reserve	4,614,708	--	**4,614,708**
Re-measurement of employee's benefit obligation (note 7.5)	--	(13,015)	**(13,015)**
Retained earnings	7,907,699	--	**7,907,699**
Total equity	112,522,407	(13,015)	**112,509,392**
Total equity and liabilities	122,157,066	3,254	**122,160,320**

7 FIRST-TIME ADOPTION OF IFRS AS ENDORSED IN KSA (CONTINUED)

7.3 Reconciliation of statement of financial position as at 31 December 2017 SOCPA GAAP to IFRS as endorsed in KSA:

	SOCPA	Re-measurement	IFRS as endored in KSA
Assets			
Current assets			
Cash and cash equivalents	100,152,704	--	**100,152,704**
Trade receivable	562,574	--	**562,574**
Due from related parties	12,971,932	--	**12,971,932**
Prepayments and other receivables	804,253	--	**804,253**
Total current assets	114,491,463	--	**114,491,463**
Non-current assets			
Deferred tax assets (note 7.5)	4,326,196	(12,039)	**4,314,157**
Property and equipment, net	8,704	--	**8,704**
Total non-current assets	4,334,900	(12,039)	**4,322,861**
Total Assets	118,826,363	(12,039)	**118,814,324**
Liabilities and equity			
Current liabilities			
Accruals and other payables	2,541,835	--	**2,541,835**
Due to related parties	9,895,650	--	**9,895,650**
Tax payable	87,061	--	**87,061**
Total current liabilities	12,524,546	--	**12,524,546**
Non-current liabilities			
Employees' benefit obligations (note 7.5)	443,731	(30,231)	**413,500**
Total non-current liabilities	443,731	(30,231)	**413,500**
Total liabilities	12,968,277	(30,231)	**12,938,046**
Equity			
Share capital	100,000,000	--	**100,000,000**
Statutory reserve	4,739,046	--	**4,739,046**
Re-measurement of employee's benefit obligation (note 7.5)	--	35,146	**35,146**
Retained earnings	1,119,040	(16,954)	**1,102,086**
Total equity	105,858,086	18,192	**105,876,278**
Total equity and liabilities	118,826,363	(12,039)	**118,814,324**

7 FIRST-TIME ADOPTION OF IFRS AS ENDORSED IN KSA (CONTINUED)

7.4 Reconciliation of statement of income for the year ended 31 December 2017 from SOCPA GAAP to IFRS as endorsed in KSA:

	SOCPA	Re-measurement	IFRS as endored in KSA
Arranging and advisory fee	13,480,126	--	**13,480,126**
Gross profit	13,480,126	--	**13,480,126**
General and administrative expenses (note 7.5)	(13,680,411)	(16,954)	**(13,697,365)**
Operating loss for the year	(200,285)	(16,954)	**(217,239)**
Special commission income	1,122,840	--	**1,122,840**
Net income before tax for the year	922,555	(16,954)	**905,601**
Deferred tax benefit	(1,265)	--	**(1,265)**
Income tax expense	322,088	--	**322,088**
Net income for the year	1,243,378	(16,954)	**1,226,424**
Other comprehensive income:			
Items that cannot be reclassified subsequently to statement of income			
Re-measurement of employee's benefits obligations	--	48,161	**48,161**
Total comprehensive income for the year	1,243,378	31,207	**1,274,585**

7.5 Notes to the reconciliation of statement of financial position as at 1 January 2017 and 31 December 2017 and statement of comprehensive income for the year ended 31 December 2017:

7.5.1 Employees' benefit obligation

In accordance with IAS 19 *'Employee benefits'*, employees' benefits obligation is classified as a defined benefit plan in which liability is determined using the projected unit method based on actuarial valuation performed at the end of the reporting period. Under SOCPA GAAP, the Company's liability was calculated as current value of the vested benefits to which the employee is entitled, should the employee leave at the reporting date. As a result of applying IAS 19 requirement described above, adjustments were recorded to the employees' benefits liability, re-measurement of employees' benefits obligation and its related deferred tax impact.

7.6 Statement of cash flows

The transition from SOCPA GAAP to IFRS as endorsed in KSA did not have material to the the statement of cash flows.

8 PROPERTY AND EQUIPMENT, NET

	Furniture, fixture and office equipment	Computer software and hardware	Motor vehicles	Total
Cost:				
1 January 2017	3,737,315	3,850,150	448,418	8,035,883
Additions	--	--	--	--
31 December 2017	3,737,315	3,850,150	448,418	8,035,883
Additions	--	--	--	--
31 December 2018	3,737,315	3,850,150	448,418	8,035,883
Accumulated depreciation:				
1 January 2017	3,737,315	3,828,390	448,418	8,014,123
Charge for the year	--	13,056	--	13,056
31 December 2017	3,737,315	3,841,446	448,418	8,027,179
Charge for the year	--	8,704	--	8,704
31 December 2018	3,737,315	3,850,150	448,418	8,035,883
Net Book Value				
31 December 2018	--	--	--	--
31 December 2017	--	8,704	--	8,704
1 January 2017	--	21,760	--	21,760

9 CASH AND CASH EQUIVALENTS

	31 December 2018	31 December 2017	1 January 2017
Cash in on hand	**1,905**	2,043	1,189
Cash at banks	**18,526,102**	9,150,661	5,587,437
Term deposits	**80,000,000**	91,000,000	97,000,000
	98,528,007	100,152,704	102,588,626

Term deposits are placed with Standard Chartered Bank - UAE carrying special commission rate of 2.63%. In 2017, term deposits were placed with a local bank carrying special commission rate of 1.35%.

10 TRADE RECEIVABLES

Trade receivables represent receivable from local customers for corporate finance advisory services. These are short-term in nature and determined to be low credit risk.

11 PREPAYMENTS AND OTHER RECEIVABLES

	31 December 2018	31 December 2017	1 January 2017
Accrued special commission receivable	**443,722**	238,875	382,719
Advanced rent	**314,100**	314,100	314,100
Prepayments	**179,641**	191,948	155,140
Refundable deposits	**59,330**	59,330	59,330
Other receivables	**26,842**	--	33,983
	1,023,635	804,253	945,272

12 RELATED PARTIES TRANSACTIONS AND BALANCES

The Company's shareholders and its affiliates are considered as related parties of the Company. Standard Chartered Bank ("SCB") is the major shareholder and ultimate parent of the Company.

In the ordinary course of business, the Company enters into transactions with related parties, which are based on prices and contract terms approved by the Company's management. SCB, directly and through its affiliates, provides administrative and infrastructure support to the Company as and when required in addition to providing expertise in revenue generating activities partnering in various projects through revenue sharing arrangements. The Company's share in revenue for participating in these projects is included in its revenue as arranging fee.

The Company considers the Chief Executive Officer, Head of Compliance and Chief Financial Officer as the key management personnel. The following shows the composition of the compensation of the Company's key management personnel.

	2018	2017
Salaries and other benefits	**3,538,410**	3,270,996
End of service benefits	**56,648**	68,701
	3,595,058	3,339,697

For the years ended 31 December 2017 and 2016, the Company's Board of Directors fees amounted to SR 0.62 million and SR 0.47 million, respectively (note 18).

The following are the details of major related party transactions during the year and the related balances at the end of the year:

			Amount of transactions		**Closing balance**		
	Relationship	**Nature of transactions**	**31 December 2018**	**31 December 2017**	**31 December 2018**	**31 December 2017**	**1 January 2017**
Due from related parties							
Standard Chartered Bank UAE Branch	Affiliate	Revenue	--	20,703	**20,709**	20,703	--
Standard Chartered Bank DIFC Branch	Affiliate	Revenue	**4,291,756**	12,896,849	**4,294,865**	12,898,930	14,141,677
Standard Chartered Bank, UK	Shareholder	Revenue	--	--	--	13,135	--
Standard Chartered Bank (Hong Kong) Limited	Affiliate	Revenue	--	--	--	--	4,458
Standard Chartered Bank Singapore Branch	Affiliate	Revenue	--	--	--	221	221
Standard Chartered Bank, UK		Employee-related receivable	--	30,900	**14,923**	38,943	127,591
					4,330,497	12,971,932	14,273,947

12 RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED)

			Amount of transactions		Closing balance		
	Relationship	Nature of transactions	31 December 2018	31 December 2017	31 December 2018	31 December 2017	1 January 2017
Due to related parties							
Standard Chartered Bank UAE Branch	Affiliate	IT expenses	**78,356**	19,683	**137,448**	52,288	101,617
Standard Chartered Bank Singapore Branch	Affiliate	Regional cost recharges and IT expenses	**734,376**	563,203	**1,612,474**	873,466	312,159
Standard Chartered Bank (Hong Kong) Limited	Affiliate	IT related expenses	**59**	17	**1,461**	2,880	2,863
Standard Chartered Bank, UK, Head Office	Affiliate	Employee expenses	**(12,702)**	12,952	--	12,952	--
Standard Chartered Bank Bahrain Branch	Affiliate	Recruitment and Employee related expenses	**43,393**	375,050	**43,411**	375,050	--
Standard Chartered Bank (Pakistan) Limited	Affiliate	Employee related expense	--	57,955	--	115,957	57,993
Standard Chartered Bank, MESA Regional Office	Affiliate	Regional cost recharges	**119,684**	542,845	**420,941**	1,677,125	1,571,097
Standard Chartered Bank, UK	Shareholder	Regional cost recharges and IT expenses	**1,755,722**	1,756,619	**2,059,225**	5,587,863	3,812,819
Standard Chartered Bank Singapore Branch	Affiliate	Regional cost recharges	**(1,030,643)**	1,143,103	**153,406**	1,103,556	520,940
Standard Chartered Bank, Central Costs – SG	Affiliate	Regional cost recharges	--	(39)	**97,667**	94,513	97,678
Standard Chartered Global Business Services Company Limited	Affiliate	Outsourcing recharge expense	--	--	--	--	705
Standard Chartered Global Business Services Private Limited	Affiliate	Outsourcing recharge expense	--	--	--	--	26,637
					4,526,033	9,895,650	6,504,508

13 SHARE CAPITAL

At 31 December 2018 and 2017, the share capital of the Company was SR 100 million divided into 10,000,000 shares of SR 10 each, which are fully paid.

The following is the breakdown of the shareholding as at 1 January 2017 and 31 December 2017:

	Number of shares	% of ownership	Amount (in SAR)
Standard Chartered Bank (SCB UK)	9,500,000	95.00%	95,000,000
Standard Chartered (GCT) Limited	125,000	1.25%	1,250,000
Standard Chartered UK Holding Limited	125,000	1.25%	1,250,000
SCMB Overseas Limited	125,000	1.25%	1,250,000
Standard Chartered Overseas Holdings Limited	125,000	1.25%	1,250,000
	10,000,000	**100%**	100,000,000

On 12 September 2018, the Company's Board of Directors and shareholders held its Extraordinary General Assembly ("EGA") meeting in which the Company was converted into a single shareholder closed joint stock company whereby all outstanding shares of the Company were transferred to Standard Chartered Bank (SCB UK).

14 STATUTORY RESERVE AND DECLARATION OF DIVIDENDS

In accordance with the Regulations for Companies in Saudi Arabia, the Company established a statutory reserve by the appropriation of 10% of net income until the reserve equaled 30% of the share capital. This reserve is not available for distribution.

On 12 September 2018, the Company's Board of Directors and shareholders held its Extraordinary General Assembly ("EGA") meeting where dividends amounting to SR 1.10 million (SR 0.11 per share) were declared and approved.

15 EMPLOYEES' BENEFITS OBLIGATION

The Company operates an end of service benefit plan for its staff based on the prevailing Saudi Arabian Labor Law.

The movements in provision for employees' benefits obligation is as follows:

	31 December 2018	31 December 2017	1 January 2017
Balance at beginning of the year	**413,500**	326,600	386,200
Current service cost	**114,900**	137,100	144,000
Special commission cost	**11,500**	10,000	--
Amount recognised in statement of income	**126,400**	147,100	144,000
Re-measurement (gains) / losses recognised in other comprehensive income	**(14,900)**	(60,200)	16,300
Benefits paid during the year	**(95,700)**	--	(219,900)
Balance at the end of the year	429,300	413,500	326,600

15 EMPLOYEES' BENEFITS OBLIGATION (CONTINUED)

Re-measurement (gains) / losses recognised in other comprehensive income for the year is as follows:

	31 December 2018	31 December 2017	1 January 2017
Effect of change in financial assumptions	**(18,400)**	28,107	--
Effect of experience adjustments	**3,500**	(88,307)	16,300
Re-measurement (gains) / losses recognised in other comprehensive income	**(14,900)**	(60,200)	16,300

For the years ended 31 December 2018 and 2017, the Company has recognised these re-measurement (gains) / losses net of the related deferred tax.

The following were the principal actuarial assumptions:

	31 December 2018	31 December 2017	1 January 2017
Discount rate	**3.8%**	3.0%	3.3%
Expected annual salary increment	**3.7%**	3.7%	3.7%

A quantitative sensitivity analysis for significant assumptions on the defined benefit obligation are shown below (the amounts represents the ending balance of the employees' benefit obligation):

	31 December 2018		31 December 2017		1 January 2017	
	Increase	**Decrease**	Increase	Decrease	Increase	Decrease
Discount rate, *(0.5% movement)*	**(10,800)**	**11,500**	(10,500)	11,200	(6,798)	7,146
Expected salary increase rate, *(0.5% movement)*	**11,500**	**(10,900)**	11,000	(10,500)	7,082	(6,804)

The maturity profile of the obligation is as follows:

	31 December 2018	31 December 2017	1 January 2017
Expected distribution of timing of benefit payments:			
Year 1	**57,000**	60,000	48,000
Year 2	**65,000**	70,000	153,500
Year 3	**73,600**	75,200	53,400
Year 4	**82,700**	79,400	56,500
Year 5	**86,500**	84,600	59,200
Next 5 years	**427,700**	422,100	313,000

16 TAXATION

a) Provision for income tax

Income tax charge consists of current year provision based on 20% of the taxable profit. Differences between the financial and taxable profit are mainly due to the provisions and depreciation.

b) Movement in taxes payable

	31 December 2018	31 December 2017	1 January 2017
At beginning of the year	**87,061**	1,540,622	740,410
Income tax provision / (reversal) for the year	**10,918**	(322,088)	1,458,649
Payments during the year	**(92,388)**	(103,720)	--
Advance tax utilized	--	(1,027,753)	(1,686,190)
At end of the year	**5,591**	87,061	512,869

As at 1 January 2017, the Company has advance taxes amounting to SR 1.03 million which was netted off against taxes payable in the statement of financial position.

In 2018, the Company has recognised current income tax provision amounting to SR 10,918 which represents additional provision pertaining to 2017. On basis of materiality, this was accounted prospectively.

c) Deferred tax assets

Deferred tax asset represents deferred taxes relating to temporary differences on carried forward tax losses as follows:

	31 December 2018	31 December 2017	1 January 2017
Property and equipment, net	**440,572**	512,863	600,965
Employees' end of service benefits	**85,860**	82,700	65,320
Carry forward losses	**3,884,974**	3,718,594	3,664,430
Deferred tax assets	**4,411,406**	4,314,157	4,330,715

Whilst the Company has incurred net loss in 2018 amounting to SR 1.06 million, management believes that based on its business plan that there will be enough taxable profit in the subsequent years from which these deferred tax assets will be utilized. As at 31 December 2018 and 2017, the Company has no unrecognized deferred tax assets.

d) Status of tax assessments

The Company has filed its income tax returns for the periods ended 31 December 2010 to 2017. Up to date, there has been no tax assessment raised by the General Authority Zakat and Tax (GAZT). However, GAZT requested certain additional information related to taxable years 2012 to 2013 of which part of information has been submitted by the Company. No further correspondence has been received from GAZT.

17 ACCRUALS AND OTHER PAYABLES

	31 December 2018	31 December 2017	1 January 2017
Bonuses and employee related payables	**1,048,768**	1,162,924	988,473
Professional services	**637,833**	644,867	482,423
Accrued expenses	**805,804**	366,255	334,528
Withholding tax payable	**113,062**	343,326	475,384
Other payables	**43,112**	24,463	26,143
	2,648,579	2,541,835	2,306,951

18 GENERAL AND ADMINISTRATION EXPENSES

	2018	*2017*
Salaries and wages	**5,962,850**	6,338,526
Regional and Head office recharge	**1,473,329**	3,967,656
Legal and professional charges	**999,585**	916,642
Premise related expenses	**969,382**	969,268
Outsourcing expenses	**634,398**	243,995
Directors' fee	**618,750**	468,750
Utilities	**273,601**	191,340
Regulatory fee	**218,668**	183,649
IT related expenses	**217,931**	167,312
Offices expenses	**169,764**	93,189
Advertising	**153,750**	--
Travelling and communication expenses	**96,824**	119,109
VAT and other taxes	**24,070**	--
Depreciation	**8,704**	13,056
Others	**59,541**	24,873
	11,881,147	13,697,365

Regional and Head office cost are apportioned to the Company by the ultimate parent based on the services rendered by the Group. In previous years, this recharge was waived by the Group due to accumulated losses of the Company.

19 FAIR VALUE 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.

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

Level 1: quoted prices in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

19 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

		Fair value			
31 December 2018	**Carrying value**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets					
Cash and cash equivalents	**98,528,007**	--	--	**98,528,007**	**98,528,007**
Trade receivables	**4,141,175**	--	--	**4,141,175**	**4,141,175**
Due from related parties	**4,330,497**			**4,330,497**	**4,330,497**
Other receivables and refundable deposits[1]	**529,895**			**529,895**	**529,895**
Financial liabilities					
Accruals and other payables[2]	**2,535,517**	--	--	**2,535,517**	**2,535,517**
Due to related parties	**5,626,033**	--	--	**5,626,033**	**5,626,033**
Dividends payable	**1,100,000**			**1,100,000**	**1,100,000**

[1]Presented under Prepayments and other receivables
[2]Excluding withholding taxes payable

		Fair value			
31 December 2017	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets					
Cash and cash equivalents	100,152,704	--	--	100,152,704	100,152,704
Trade receivables	562,574	--	--	562,574	562,574
Due from related parties	12,971,932			12,971,932	12,971,932
Other receivables and refundable deposits[1]	298,205			298,205	298,205
Financial liabilities					
Accruals and other payables[2]	2,198,509	--	--	2,198,509	2,198,509
Due to related parties	9,895,650	--	--	9,895,650	9,895,650

[1]Presented under Prepayments and other receivables
[2]Excluding withholding taxes payable

		Fair value			
1 January 2017	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets					
Cash and cash equivalents	102,588,626	--	--	102,588,626	102,588,626
Due from related parties	14,273,947			14,273,947	14,273,947
Other receivables and refundable deposits[1]	476,032			476,032	476,032
Financial liabilities					
Accruals and other payables[2]	1,831,567	--	--	1,831,567	1,831,567
Due to related parties	6,504,508	--	--	6,504,508	6,504,508

[1]Presented under Prepayments and other receivables
[2]Excluding withholding taxes payable

The fair values of financial assets and liabilities are not materially different from their carrying values at the statement of financial position as at 31 December 2018, 31 December 2017 and 1 January 2017 as these are generally short-term in nature.

There were no transfers between levels of fair value hierarchy during the years ended 31 December 2018, 31 December 2017 and 1 January 2017.

20 FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks arising from financial instruments:
- Credit risk;
- Liquidity risk; and
- Market risk

The Company's Board of Directors ("BOD") has the overall responsibility for the establishment and oversight of the Company's risk management framework. The BOD has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and responsibilities.

Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Company's maximum exposure to credit risk without taking effect of collateral amounts is as follows:

	31 December 2018	31 December 2017	1 January 2017
Cash and cash equivalents	**98,528,007**	100,152,704	102,588,626
Trade receivables	**4,141,175**	562,574	--
Due from related parties	**4,330,497**	12,971,932	14,273,947
Other receivables and refundable deposits[1]	**529,895**	298,205	476,032
	107,529,574	113,985,415	117,338,605

[1]Presented under Prepayments and other receivables

Based on management assessment, the Company has no significant exposure to credit risk due to the following:

a. *Cash and cash equivalents* are maintained with banks having sound credit ratings.

b. *Trade receivables* represent mainly fees receivable from corporate finance advisory clients which are considered as low credit risk by the Company.

c. *Due from related parties* is related to agreements with Standard Chartered Bank Group entities which provide for an agreed basis for sharing of revenues on jointly executed projects and recovery of expenses incurred on such projects as approved by the Company's management.

d. *Other receivables and refundable deposits* are accrued special commission receivable, employee advances and rental deposits which are short-term in nature.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its net funding requirements. The Company monitors and manages the liquidity structure of its assets and liabilities so as to ensure that cash flows are sufficiently balanced and that sufficient liquid funds are maintained to meet liquidity requirements.

20 FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet the Company's future commitments. The Company is not exposed to significant liquidity risk as the Company has adequate liquid assets available that exceeded current liabilities by SR 99.74 million as at 31 December 2018 (31 December 2017: 101.97 million and 1 January 2017: SR 108.49 million).

Market risk

Special commission rate risk

Special commission rate risk arises from the possibility that the changes in commission rates may affect either fair values or future cash flows of financial instruments. The Company does not have significant special commission rate risk.

Currency risk

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

Management believes that there is insignificant risk of losses due to exchange rate fluctuation as most of the Company's monetary assets and liabilities are primarily in US dollars which is pegged with the Saudi Riyal.

21 CAPITAL MANAGEMENT

The capital that the Company is required to hold is determined based on the balance sheet, off – balance sheet, counterparty and other risk exposures that the Company has. Adequate 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 the Company has a sufficient capital available to meet local regulatory capital requirements at all times.

The Capital Market Authority (the "CMA") has issued Prudential Rules ("the Rules") dated 30 December 2012 (corresponding to 17 Safar 1434H). According to the Rules, the CMA has prescribed the framework and guidance regarding the minimum regulatory capital requirement and its calculation methodology as prescribed under these Rules. In accordance with this methodology, the Company has calculated its minimum capital required and capital adequacy ratios as follows:

	2018	2017
Capital Base		
Tier I Capital	**99,266,746**	101,531,890
Tier II Capital	--	--
Total Capital Base	**99,266,746**	101,531,890
Minimum capital requirement:		
Credit risk	**7,507,317**	4,556,793
Market risk	**335,871**	82,259
Operational risk	**2,970,287**	3,420,103
Total minimum capital required	**10,813,475**	8,059,155
Capital Adequacy Ratio		
Total Capital Ratio (time)	**9.18**	12.60
Surplus in Capital	**88,453,271**	93,472,735

21 CAPITAL MANAGEMENT (CONTINUED)

a) Capital Base of the Company comprise of:

- Tier -1: consists of the total of share capital, retained earnings and reserves excluding re-measurement of employees' benefit obligation less deferred tax assets.
- Tier-2 capital: consists of subordinated loans with certain restrictions. The Company does not have any subordinated loans as a result the Company does not have tier-2 capital.

b) The minimum capital requirements for market, credit and operational risk are calculated as per the requirements specified in the Rules.

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

The minimum capital requirements and capital adequacy ratio for the year ended 31 December 2017 were based on the Company's audited financial statements in accordance with SOCPA GAAP as filed with the CMA.

22 EVENTS AFTER THE END OF REPORTING PERIOD

There are no events subsequent to the statement of financial position date which require adjustments or disclosure in the financial statements or notes thereto.

23 BOARD OF DIRECTORS' APPROVAL

These financial statements were approved by the Board of Directors and signed on their behalf by the Acting Chief Executive Officer and the Acting Chief Financial Officer on 31 March 2019.