Blominvest Saudi Arabia
(A Mixed Joint Stock Company)

FINANCIAL STATEMENTS

31 DECEMBER 2019

Building a better working world

Ernst & Young & Co. (Certified Public Accountants)
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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Blominvest Saudi Arabia
(A Mixed Joint Stock Company)

Opinion
We have audited the financial statements of Blominvest Saudi Arabia - A Mixed Joint Stock Company (the "Company"), which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the professional code of conduct and ethics 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 International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants and the provisions of Companies' Law and Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of 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.

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Blominvest Saudi Arabia
(A Mixed Joint Stock Company) (continued)

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Blominvest Saudi Arabia
(A Mixed Joint Stock Company) (continued)

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

- 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.

for Ernst & Young

Fahad M. Altoaimi
Certified Public Accountant
License No. 354

ERNST & YOUNG & Co. PUBLIC ACCOUNTANTS
PROFESSIONAL LICENCE No. 45

Riyadh: 21 Rajab 1441H
(16 March 2020)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	31 December 2019 SR	31 December 2018 SR
ASSETS			
NON-CURRENT ASSETS			
Property and equipment, net	11	**405,683**	284,241
Intangible assets, net	13	**322,593**	444,991
Right of use assets	12	**1,821,722**	-
Investment properties	14	**35,773,551**	45,321,189
Investments at amortised cost	9	**13,015,591**	13,031,440
Investments at fair value through other comprehensive income (FVOCI)	8	**34,766,242**	29,425,023
TOTAL NON-CURRENT ASSETS		**86,105,382**	88,506,884
CURRENT ASSETS			
Due from related parties - Management fees	10	**113,908,724**	119,433,708
Prepayments and other assets		**2,008,849**	1,573,153
Due from related parties	10	**3,938,573**	3,722,358
Investments at amortised cost	9	**-**	9,559,043
Investments at fair value through profit or loss (FVTPL)	7	**161,835,709**	132,859,800
Cash and cash equivalent	6	**15,355,611**	8,710,869
TOTAL CURRENT ASSETS		**297,047,466**	275,858,931
TOTAL ASSETS		**383,152,848**	364,365,815
LIABILITIES AND EQUITY			
NON-CURRENT LIABILITIES			
Employee defined benefit liability	16	**3,166,987**	2,569,473
Lease liability	12	**942,369**	-
TOTAL NON-CURRENT LIABILITIES		**4,109,356**	2,569,473
CURRENT LIABILITIES			
Bank overdraft	6,10	**64,250**	-
Due to related parties	10	**17,789,779**	23,849,175
Accrued expenses and other payables		**4,166,252**	2,592,563
Zakat and income tax payable	15	**17,764,433**	13,061,634
Current portion of lease liability	12	**910,502**	-
TOTAL CURRENT LIABILITIES		**40,695,216**	39,503,372
TOTAL LIABILITIES		**44,804,572**	42,072,845
EQUITY			
Share capital	17	**245,000,000**	245,000,000
Statutory reserve	18	**10,813,344**	8,326,058
Retained earnings		**82,534,932**	68,966,912
TOTAL EQUITY		**338,348,276**	322,292,970
TOTAL LIABILITIES AND EQUITY		**383,152,848**	364,365,815

The attached notes 1 to 30 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	31 December 2019 SR	31 December 2018 SR
OPERATING INCOME			
Asset management fees and advisory fees income	10	**20,699,561**	27,454,265
Net gain (loss) on financial assets at FVTPL	20	**15,073,705**	(1,994,401)
Performance fees	10	**5,926,494**	-
Dividend income		**2,178,114**	1,425,625
Special commission income		**990,392**	890,915
Gain (loss) on sale of investment property	14	**291,578**	(46,721)
Reversal of provision for financial assets at amortized cost		**11,445**	-
TOTAL OPERATING INCOME		**45,171,289**	27,729,683
OPERATING EXPENSES			
General and administration	21	**(19,936,247)**	(18,425,762)
Management and related fees	10	**(1,433,771)**	(3,785,389)
Commission		**(821)**	(2,771)
Finance charges		**(73,232)**	(838)
TOTAL OPERATING EXPENSES		**(21,444,071)**	(22,214,760)
NET OPERATING INCOME		**23,727,218**	5,514,923
Other income	10.5	**7,495,637**	2,824,145
INCOME BEFORE ZAKAT AND INCOME TAX		**31,222,855**	8,339,068
Zakat and income tax	15	**(6,350,000)**	(3,580,836)
INCOME FOR THE YEAR		**24,872,855**	4,758,232
Other comprehensive income not to be reclassified to income in subsequent years:			
Net gain on equity instrument at OCI		**3,733,522**	2,371,129
Re-measurement loss on employee defined benefit obligation		**(301,071)**	(40,697)
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**3,432,451**	2,330,432
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**28,305,306**	7,088,664
EARNINGS PER SHARE :			
Basic and diluted, income for the year per share	22	1.02	0.19

The attached notes 1 to 30 form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital SR	Statutory reserve SR	Retained earnings SR	Total SR
As at 1 January 2018	245,000,000	7,850,235	62,354,071	315,204,306
Income for the year	-	-	4,758,232	4,758,232
Other comprehensive Income	-	-	2,330,432	2,330,432
Total comprehensive income for the year	-	-	7,088,664	7,088,664
Transfer to statutory reserve	-	475,823	(475,823)	-
Balance at 31 December 2018	245,000,000	8,326,058	68,966,912	322,292,970
As at 1 January 2019	245,000,000	8,326,058	68,966,912	322,292,970
Income for the year	-	-	24,872,855	24,872,855
Other comprehensive income	-	-	3,432,451	3,432,451
Total comprehensive income for the year	-	-	28,305,306	28,305,306
Dividends distribution (note 19)	-	-	(12,250,000)	(12,250,000)
Transfer to statutory reserve	-	2,487,286	(2,487,286)	-
Balance at 31 December 2019	**245,000,000**	**10,813,344**	**82,534,932**	**338,348,276**

The attached notes 1 to 30 form part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	31 December 2019 SR	*31 December 2018 SR*
OPERATING ACTIVITIES		
Income before zakat and income tax	**31,222,855**	8,339,068
Non-cash adjustment to reconcile income before zakat and tax to net cash flows:		
Depreciation of property and equipment	**206,013**	644,248
Amortization of intangible asset	**221,784**	181,425
Depreciation of right of use asset	**910,861**	-
Finance cost on lease liability	**70,762**	-
Amortization of premium on financial asset at amortized cost	**15,849**	25,766
Provisions for employee benefit obligations	**532,324**	473,039
Unrealized loss on financial assets at FVTPL, net	**2,419,548**	2,328,064
(Gain) loss on sale of investment property	**(283,578)**	46,721
Operating cash flows before working capital changes	**35,316,418**	12,038,331
Due from related parties	**(216,215)**	(203,974)
Prepayments	**(435,696)**	95,913
Due from related parties - Management fees	**5,524,984**	(19,544,034)
Due to related parties, net	**(6,059,396)**	3,759,222
Accrued expenses and other payables	**1,573,689**	1,220,998
Net Cash from (used) in operations	**35,703,784**	(2,633,544)
Zakat and income tax paid	**(1,647,201)**	(1,178,802)
Employees defined benefits paid	**(235,881)**	(18,049)
Net cash from (used in) operating activities	**33,820,702**	(3,830,395)
INVESTING ACTIVITIES		
Proceeds from matured investment at amortised cost	**9,559,043**	-
Purchase of financial assets at amortised cost	**-**	(10,000,000)
Purchase of financial assets at FVTPL	**(31,395,457)**	(14,333,663)
Purchase of financial assets at FVOCI	**(1,607,697)**	(11,227,636)
Proceeds from disposal of investment properties	**9,831,216**	12,178,414
Purchase of property and equipment	**(327,455)**	(65,050)
Purchase of intangible assets	**(99,386)**	(440,210)
Net cash used in investing activities	**(14,039,736)**	(23,888,145)
FINANCING ACTIVITIES		
Payment of principal portion of lease liabilities	**(950,474)**	-
Dividends paid	**(12,250,000)**	-
Net cash used in financing activities	**(13,200,474)**	-
Net increase (decrease) in cash and cash equivalents during the year	**6,580,492**	(27,718,540)
Cash and cash equivalents at the beginning of the year	**8,710,869**	36,429,409
Cash and cash equivalents at the end of the year	**15,291,361**	8,710,869
NON CASH TRANSACTIONS:		
Change in unrealized gain on financial assets at FVOCI	**(3,733,522)**	(2,371,129)
Re-measurement loss on defined benefit obligation	**301,071**	40,697
Right of use asset	**2,732,583**	-
Lease liability	**2,257,346**	-

The attached notes 1 to 30 form part of these financial statements

1 ACTIVITIES

Blominvest Saudi Arabia (the "Company") is a Mixed Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia. The Company is registered under commercial registration numbered 1010254040 dated 24 Rajab 1429H, (corresponding to 27 July 2008). The Company is engaged to act as agent and principal, underwriting, managing, arranging, advisory and custodial services of financial securities in accordance with the license issued by the Capital Market Authority (CMA) numbered 08094-37 dated 21 Muharram 1429H (corresponding to 30 January 2008) and the license issued by the Saudi Arabian General Investment Authority numbered 262/1 dated 19 Safar 1429H (corresponding to 27 February 2008). The Company's registered office is located at the following address:

King Fahd Street, Al-Oula Building 3rd Floor
P.O. Box 8151, Riyadh 11482
Kingdom of Saudi Arabia

The Company commenced its operations on 30 September 2009.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

These financial statements have been prepared under the historical cost convention, except for the following items in the statement of financial position:

- Investment at fair value through profit or loss ("FVTPL") is measured at fair value.
- Investment at fair value through other comprehensive income ("FVOCI") is measured at fair value.

The financial statements are presented in Saudi Riyals ("SR") and all values are rounded to the nearest one Saudi Riyal, except where otherwise indicated.

2.2 Changes in accounting policies and disclosures

The Company has applied IFRS 16 for the first time, the nature and effect of the changes as result of adoption of this new accounting standard is described below.

Several other amendments and interpretations apply for the first time in 2019 but do not have an impact on the financial statement of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but not yet effective.

IFRS 16 – Leases

The Company has adopted IFRS 16 from its mandatory adoption date 1 January 2019 using the modified simplified transition approach as permitted under the specific transition provisions in the standard. As a result, comparatives have not been restated.

The Company has applied the following practical expedients:

- applying IFRS 16 to only those contracts that were previously identified as leases under IAS 17 (and IFRIC 4);

- accounting for operating leases in accordance with IAS 17 as short-term leases with a remaining lease term of less than 12 months at 1 January 2019;

- exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application;

2 BASIS OF PREPARATION (continued)

2.2 Changes in accounting policies and disclosures (Continued)

IFRS 16 – Leases (continued)

- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease;

As at 1 January 2019, the Company has recognized lease liabilities amounting to SR 2,257,346 and associated right-of-use assets amounting to SR 2,732,583 in relation to contracts that have been concluded as leases under the principles of IFRS 16. The liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate. The associated right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of prepayments relating to that lease recognized in the statement of financial position as at 31 December 2018. The Company's weighted average incremental borrowing rate applied to the lease liabilities was 3.5%.

The following table shows the reconciliation of operating lease commitments under IAS 17 to the lease liability under IFRS 16 on 1 January 2019:

	1 January 2019
Lease Liability	**SR**
Operating lease commitments disclosed as at 31 December 2018	2,376,185
Discounted using the Company's incremental borrowing rate	(118,839)
Lease liability recognized as at 1 January 2019	2,257,346

	1 January 2019
Right of Use	**SR**
Operating lease commitments disclosed as at 31 December 2018	2,257,346
Prepayments	475,237
Right-of-use recognized as at 1 January 2019	2,732,583

Right of use asset includes the prepayment of SR 475,237.

Leases are recognized as right-of-use assets along with their corresponding liabilities at the date of which the leased assets are available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is recognized in the statement of profit or loss over the lease term. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Right-of-use assets are initially measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs, and restoration costs; if applicable.

Lease liabilities include, if applicable, the net present value of fixed payments (including in-substance fixed payments), less any lease incentives receivable, variable lease payment that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Short-term and low value asset's leases

Short-term leases are leases with a lease term of 12 months or less. Low-value assets are items that do not meet the Company's low value asset threshold. Payments for short-term leases and leases of low-value assets are recognized on a straight-line basis in the statement of profit or loss.

Variable lease payments

Some leases contain variable payments that are linked to the usage or performance of the leased asset. Such payments are recognized in the statement of comprehensive income.

2 BASIS OF PREPARATION (continued)

2.2 Changes in accounting policies and disclosures (Continued)

IFRS 16 – Leases (continued)

Extension and termination options
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated. The Company assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within control.

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Repairs and maintenance costs are charged to the statement of comprehensive income during the period in which they are incurred.

The major categories of property and equipment are depreciated on a straight line basis as follows:

Asset categories	**Useful lives**
Leasehold improvements	Period of lease or 10 years; whichever is shorter
Office furniture	5 years
Computer hardware	3 years
Equipment	5 years
Motor vehicles	5 years

The Company allocates the amount initially recognized in respect of an item of property and equipment to its significant parts and depreciates separately each such part. The carrying amount of a replaced part is derecognized when replaced. Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate. Impairment losses and gains (losses) on disposals of property and equipment are included in statement of comprehensive income.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Intangible assets

Identifiable intangible assets
Intangible assets comprise of computer software.

Expenditures on internally developed software is recognized as an asset when the Company is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can reliably measure the costs to complete the development. The capitalized costs of internally developed software include all costs directly attributable to developing the software and are amortized over its useful life. Internally developed software is stated at capitalized cost less accumulated amortization and impairment, if any.

Amortization is recognized in the statement of comprehensive income on a straight-line basis over the estimated useful life of the software from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is four years.

Amortization method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Subsequent expenditures on software assets are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are expensed in the statement of comprehensive income as incurred.

3.3 Investment properties

Investment property comprises of freehold lands that are not occupied substantially for use by, or in the operations of, the Company, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. Investment property is stated at cost less accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Freehold lands are not depreciated.

3.4 Financial instruments

Classification of financial assets depends on the Company’s business model for managing its financial assets and the contractual terms of the cash flows. The Company classifies its financial assets as:

- financial assets measured at amortised cost, or
- financial assets measured at fair value

Gains or losses of assets measured at fair value will be recognised either through the profit or loss or through other comprehensive income (“OCI”).

Time deposits, due from related parties and other receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest and are measured at amortised cost.

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

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

Initial measurement
Financial assets are initially measured at their fair value, plus transaction costs in the case of a financial asset at fair value through statement of comprehensive income. Transaction costs of financial assets carried at fair value through profit or loss are recognised in the statement of comprehensive income.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows meet the requirements as solely payment of principal and interest.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Financial instruments (continued)

Subsequent measurement

Debt instruments
The Company recognises three classifications to subsequently measure its debt instruments:

- *Amortised cost*
  Financial assets held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI) are measured at amortised cost. A gain or loss on a debt investment subsequently measured at amortised cost and not part of a hedging relationship is recognised in the statement of comprehensive income when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- *Fair Value through Other Comprehensive Income ("FVOCI")*
  Financial assets held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses, which are recognised in the statement of comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI, is reclassified from equity to the statement of comprehensive income and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/expense.

- *Fair Value through profit or loss ("FVPL")*
  Financial assets that do not meet the criteria for subsequent recognition at amortised cost or FVOCI, are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through the profit and loss and which is not part of a hedging relationship is recognised and presented net in the statement of comprehensive income in the period in which it arises.

Equity instruments
The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other operating income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

De-recognition
A financial asset or a part of a financial asset is de-recognised when:
a) The rights to receive cash flows from the asset have expired, or
b) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
   - The Company has transferred substantially all the risks and rewards of the asset, or
   - The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Financial instruments (continued)

Impairment
The Company assesses on a forward looking basis the Expected Credit Losses ("ECL") associated with its debt instrument, carried at amortised cost and FVOCI, the ECL is based on a 12-month ECL and life time ECL. The 12-month ECL is the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance increase in credit risk since origination, the allowance will be based on the lifetime ECL. For due from related parties, the Company applies the simplified approach.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the assets and settle the liability simultaneously.

3.5 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on a current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

3.6 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with banks, bank overdrafts, and other short-term highly liquid investments with original maturities of three months or less. These deposits are made with reputable banks and financial institutions within the Kingdom of Saudi Arabia.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Employee defined benefit liability

The Company operates a defined benefit scheme for its employees in accordance with labour regulations applicable in the Kingdom of Saudi Arabia. The cost of providing the benefits under the defined benefits plan is determined using the projected unit credit method. Actuarial gains and losses are recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognized in the retained earnings and are not reclassified to profit or loss in subsequent periods. Re-measurements are not reclassified to profit or loss in subsequent periods.

Interest expense is calculated by applying the discount rate to the net defined benefit liability. The Company recognises the following changes in the net defined benefit obligation under ‘general and administration expenses’ in the statement of comprehensive income.

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

The defined benefit asset or liability comprises the present value of the defined benefit obligation, less past service costs and less the fair value of plan assets out of which the obligations are to be settled. However, currently the plan is unfunded and has no assets.

3.8 Bank overdrafts

The bank overdrafts are the open overdraft facility the Company has signed with its bank to meet its liquidity and cash management requirements. This facility has defined limits and remains outstanding as per any drawdown balance at the end of the reporting period.

3.9 Accrued expenses and other payables

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method. Provisions for restructuring costs, warranties and legal claims are recognized in other liabilities when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are measured at management’s best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted where the effect is material

3.10 Zakat and income tax payables

Zakat
Zakat is provided for in accordance with the Saudi Arabian regulations. The liability is charged to the statement of comprehensive income. This is adjusted, if applicable, upon receiving the final zakat assessment.

Income tax
Income tax assets and liabilities for the year are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted at the reporting date in the Kingdom of Saudi Arabia where the Company operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation, and it establishes provisions where appropriate.

3.11 Contingent liabilities

A contingent liability is disclosed where the existence of the obligation will only be confirmed by future events or where the amount of obligations cannot be measured with reasonable reliability. Contingent assets are not recognised, but are disclosed where an inflow of economic benefits is probable.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Revenue from contracts with customers

IFRS 15 Revenue from contracts with customers has established a five-step model to account for revenue arising from contracts with customers. The five step model is as follows:

a) Identify the contract
b) Identify performance obligation
c) Determine the transaction price
d) Allocation of the transaction price
e) Recognize revenue

The Company generates the following revenue streams that are covered:
a) Asset management fees and advisory fees income
b) Other operating income

3.12.1 Asset management fees and advisory fees income

3.12.1.1 Management and administration fees from investment funds

Management and administration fee income is recognized on a periodic basis (annual % pro-rated for daily accruals) with reference to the Net Asset Value ('NAV') computation. The Company's practice for recognition of management fees is aligned with IFRS since the Management fee is recognized on an accruals basis against the rendering of the Asset Management services that the Company is providing on an on-going basis.

3.12.1.2 Subscription fees from investment funds

The performance obligation for the Subscription fee is the assignment of the respective Fund units to the Investor's account and considering that this occurs as soon as an Approved Subscription Form is executed, the Company recognizes the revenue against the subscription fee at the time of the fulfilment of the performance obligation.

3.12.1.3 Advisory fee income

This relates to income generated by providing financial advisory services to financial institutions, individuals and institutional investors. The Company charges financial advisory service fees and recognises this as revenue upon delivery of services or once the performance obligation is fulfilled based on the agreement between the Company and the counterparty.

3.12.2 Other operating income

3.12.2.1 Net gain or loss on financial assets at fair value through profit or loss

Net gains or losses on financial assets at FVTPL are changes in the fair value of financial assets held for trading or designated upon initial recognition as at FVTPL and exclude interest and dividend income and expenses.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of the prior period's unrealised gains and losses on the disposal of financial instruments which were realised in the reporting period. Realised gains and losses on the disposal of financial instruments classified as at FVTPL are calculated using the weighted average method. They represent the difference between an instrument's initial carrying amount and disposal amount, or cash payments or receipts made on financial instruments classified as at FVTPL (excluding payments or receipts on collateral margin accounts for such instruments).

3.12.2.2 Performance fee from investment funds

The performance fee income is based on a fund's performance, relative to a benchmark or the realised appreciation of the fund's investments, and are types of variable consideration. In many cases, these performance fees are highly susceptible to market volatility until they are crystallised or are no longer subject to clawback, which may be after the end of the reporting period.

In case of the Company, the effect of the clawback does not apply since the Company does not recognize any revenue against the performance fee until the end of the respective period for testing. If the benchmark has been achieved, this is when the performance fee is crystallized and recorded as revenue.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Revenue from contracts with customers (continued)

3.12.2.3 Dividend income

Dividend income is recognised on the date when the Company's right to receive the payment is established. For quoted equity securities, this is usually the ex-dividend date. For unquoted equity securities, this is usually the date on which the shareholders approve the payment of a dividend. Dividend income from equity securities designated as at FVOCI is recognised in the statement of comprehensive income in a separate line item.

3.12.2.4 Special commission income and expense

Special commission income and expense for all commission-bearing financial instruments is recognised in the statement of comprehensive income on an effective yield basis. The effective commission rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective commission rate, the Company estimates future cash flows considering all contractual terms of the financial instrument but not future credit losses.

3.13 General and administration expenses

General and administration expenses are mainly staff costs and professional fees. All other expenses are classified based on their nature in the statement of comprehensive income.

3.14 Earnings per share

Basic and diluted earnings per share are calculated by dividing the income for the year attributable to the shareholders of the Company by the weighted average number of outstanding ordinary shares.

3.15 Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

4 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The key assumptions concerning the future and other key estimates made regarding uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

4.1 Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for debt instrument measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the input, assumptions and estimation techniques used in measuring ECL is further detailed in note 3.4 Impairment - Financial assets, which also sets out key sensitivities of the ECL to changes in these elements.

4.2 Measurement of the net employment defined benefit liabilities

The cost of the defined benefit plan and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, and mortality rates.

4.3 Impairment of non-financial assets

Intangible assets and investment properties are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or 'CGUs'). Recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU, as determined by management).

The Company evaluates impairment losses, for potential reversals when events or circumstances warrant such consideration.

4.4 Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

4 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

4.4 Fair value measurement of financial instruments (continued)

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 Company invests in redeemable units of unlisted mutual funds, which are also managed by the Company. The funds are open for subscriptions/redemptions on a periodic basis as mentioned in the terms and conditions. The value of the net assets of the funds for the purpose of the subscription/redemption of units is determined by dividing the net assets attributable to unitholders of the funds (fair value of the funds' assets minus the liabilities) by the total number of the funds' units outstanding on the relevant valuation day.

4.5 Useful lives of property, and equipment

The Company's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the useful lives and residual value of the assets at least once per year and always at the end of each financial year and the future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

4.6 Useful lives of intangible assets

The useful life starts at the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is four years.

Useful lives are reviewed at each financial year-end and adjusted if appropriate.

4.7 Exemption from consolidation of managed funds

The Company has control over couple of equity funds managed by itself. However, the Company need not present consolidated financial statements as it meets all the following conditions:

(i) it is a wholly-owned subsidiary;
(ii) its debt or equity instruments are not traded in a public market;
(iii) it did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market; and
(iv) its ultimate parent produces financial statements that are available for public use and comply with IFRSs, in which the subsidiaries are consolidated.

Accordingly, investments in subsidiaries (equity funds managed by itself) are classified as fair value through profit or loss in accordance with IFRS 9.

5 STANDARDS ISSUED BUT NOT YET EFFECTIVE

There are several standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements. The Company has not yet undertaken an assessment to determine the potential impact on the amounts reported and disclosures to be made under the new standards.. The Company intends to adopt these standards on their respective mandatory effective dates, if applicable. The following is the summary of new and revised IFRSs that have been issued but are not yet effective:

5 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

New and revised IFRSs	*Effective for annual periods beginning on or after*
Amendments to IFRS 10 Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture.	Effective date deferred indefinitely
Amendments to IAS 28 Investment in Associates and Joint Ventures relating to long-term interests in associates and joint ventures.	1 January 2021
These amendments clarify that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	
Amendments to IAS 1 and IAS 8: Definition of Material	1 January 2020
In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity	

6 CASH AND CASH EQUIVALENTS

	31 December 2019 SR	31 December 2018 SR
Cash at hand	**1,248**	2,983
Bank balances	**15,354,363**	8,707,886
	15,355,611	8,710,869
Bank overdraft	**(64,250)**	-
Cash and cash equivalent	**15,291,361**	8,710,869

The cash and cash equivalent comprises bank balances in US Dollar ("USD") amounting to SR 10,389,802 in Lebanon.

7 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Investments at fair value through profit and loss consists of investments in local money market funds, mutual funds and real estate funds. The movements are set out below:

	31 December 2019		
	Cost SR	Unrealised gain SR	Fair value SR
Money market funds (note 7.1)	**90,723,782**	**447,692**	**91,171,474**
Mutual funds (note 7.2)	**19,367,099**	**3,532,979**	**22,900,078**
Real Estate funds (note 7.3)	**42,896,495**	**1,234,253**	**44,130,748**
Local equities listed in Tadawul (note 7.4)	**3,565,782**	**67,627**	**3,633,409**
	156,553,158	**5,282,551**	**161,835,709**

7 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

	31 December 2018		
	Cost SR	Unrealised Gain (Loss) SR	Fair Value SR
Money market funds (note 7.1)	58,725,091	1,345,804	60,070,895
Mutual funds (note 7.2)	24,786,500	(13,211)	24,773,289
Real Estate funds (note 7.3)	41,646,110	6,369,506	48,015,616
	125,157,701	7,702,099	132,859,800

7.1 Investments in money market funds represent 21,029 units (31 December 2018: 13,488 units) and 2,109,843 units (31 December 2018: 1,507,043 units) in Commodity Trade Fund's and Al Mubarak Trade Fund's, respectively. Both funds are unlisted and managed by fund managers, other than the Company (Riyad Capital and ANB Invest respectively), licensed by the Capital Market Authority of Saudi Arabia.

7.2 Investments in mutual funds represent 1,239 units (31 December 2018: 1,239 units) 1,250 units (31 December 2018: 2,300 units), 3,046 units (31 December 2018: 17,230 units) , 32,000 units (31 December 2018: 32,000 units) and 100,000 units (31 December 2018: 100,000 units) in the Company's managed Blom Saudi Arabia Fund, Blom Arab Market Balanced Fund, Al Mazaya Saudi Equity Fund, Blom MSCI Saudi Arabia Select Min Vol Fund and Blom Fund Of REITS Fund respectively. All these Company's managed mutual funds are unlisted.

7.3 Investment in real estate funds represent 1,400 units (31 December 2018: 1,400 units), 375 units (31 December 2018: 375 units) and 12 units (31 December 2018: 12 units) in the Company's managed unlisted Blom Okaz Real Estate Fund, Blom Solidere Real Estate Fund 3 and Ammoriya Fund, respectively. Also, the Company has invested in 278,203 units (31 December 2018: 278,203 units) and 712 units (31 December 2018: 712 units) in Musharaka REIT fund and Mulkia Gulf Real Estate REIT fund, respectively, that are listed REIT funds and are managed by fund managers, other than the Company, licensed by the Capital Market Authority of Saudi Arabia.

7.4 Investment in local equities listed in Tadawul represents portfolios managed by a non-related local asset management company (Saudi Fransi Capital) licensed by the Capital Market Authority of Saudi Arabia.

8 INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments at fair value through other comprehensive income consist of investments in local equities. The movements are set out below:

	31 December 2019		
	Cost SR	Unrealised gain SR	Fair value SR
Local equities listed in Tadawul (note 8.1)	**32,839,997**	**1,926,245**	**34,766,242**

	31 December 2018		
	Cost SR	Unrealised loss SR	Fair value SR
Local equities listed in Tadawul (note 8.1)	31,232,300	(1,807,277)	29,425,023

8.1 Investment in local equities listed in Tadawul represents portfolios managed by a non-related local asset management company (Saudi Fransi Capital) licensed by the Capital Market Authority of Saudi Arabia.

9 INVESTMENT AT AMORTISED COST

Investments at amortised cost consists of the following debt instruments:

	Maturity date	31 December 2019 SR	31 December 2018 SR
Current assets			
Debt securities issued by the Royal Bank of Scotland	21 October 2019	-	9,570,488
Impairment charge for credit losses		-	(11,445)
		-	9,559,043
Non-current assets			
Debt security issued by BNP Paribas	15 January 2021	**3,016,543**	3,032,392
Saudi Government Sukuk	25 July 2023	**10,000,000**	10,000,000
Impairment charge for credit losses		**(952)**	(952)
		13,015,591	13,031,440
Total investments at amortised cost		**13,015,591**	22,590,483

The debt securities issued by the Royal Bank of Scotland were matured on 21 October 2019, accordingly, the impairment loss recognized on the said debt securities were reversed. The fair value of the investments at amortised cost is based on market values obtained from Saudi Fransi Capital for Saudi Government Sukuk SR 10,436,000 and from Blominvest Bank Lebanon for BNP Paribas SR 3,095,400.

10 RELATED PARTY TRANSACTIONS

Related parties represent major shareholders, directors and key management personnel of the Company, Funds under the Company's management and entities controlled or significantly influenced by such parties. Transactions with related parties included in the statement of comprehensive income are as follows:

Related party	Nature of transactions	Amount of transactions 2019 SR	2018 SR
Real estate funds under management	Advisory and asset management fees income (note 10.1)	**18,890,588**	25,462,430
Mutual funds under management	Performance fees (note 10.2)	**5,926,494**	-
Mutual funds under management	Asset management fees income (note 10.3)	**1,808,973**	1,991,835
Sub-fund manager of real estate funds	Management fees expense (note 10.4)	**(1,433,771)**	(3,785,389)
	Waiver of developer fees (note 10.5)	**7,495,637**	-
Shareholder	Financial charges	**(2,470)**	(838)

10.1 Asset management income represents the income from various funds calculated using agreed percentage of NAV or total assets according to the terms and condition of the funds managed by the Company.

10.2 The Performance fees is in line with the terms and conditions of Blom Al Mazaya Saudi Equity Fund, the Company is entitled to a performance fee of 8% for any positive performance that exceeding the benchmark unit price.

10.3 Management fees for equity funds calculated at each valuation date set out in the terms and condition of the fund.

10.4 Management fees expense as per the percentage of share set out in separate service agreements.

10.5 During the year ended 31 December 2019, the Company and Amjal Real Estate (the developer) entered in to a settlement agreement to waive share of developer of management fees in relation to Blom Amjal North Real Estate Fund amounting to 7,495,637.

10 RELATED PARTY TRANSACTIONS (continued)

Related party	Nature of balances	31 December 2019 SR	31 December 2018 SR
Real estate funds under management	Due from related parties – Management fees	**107,456,407**	119,259,161
Mutual funds under management	Due from related parties – Management fees	**6,452,317**	174,547
		113,908,724	119,433,708
Other receivables from related party	Due from related parties	**3,938,573**	3,722,358
Sub-fund manager of real estate funds	Due to related parties	**17,789,779**	23,849,175
Shareholder	Bank overdraft	**64,250**	-

The summary of compensation to key management personnel and the Board of Directors for the years are as follows:

	31 December 2019 SR	31 December 2018 SR
Salaries and employee related benefits	**6,362,065**	5,243,013

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11 PROPERTY AND EQUIPMENT, NET

The cost of property and equipment is depreciated on a straight-line basis over the following estimated useful lives:

Equipment	5 years	Office furniture	5 years	Leasehold improvements	Period of lease or 10 years; whichever is shorter
Computer hardware	3 years	Motor vehicles	5 years		

	Equipment SR	Office furniture SR	Computer hardware SR	Leasehold improvements SR	Motor vehicles SR	31 December 2019 SR	31 December 2018 SR
Cost:							
At the beginning of the year	1,834,634	734,254	2,436,227	3,786,067	186,500	**8,977,682**	9,006,122
Additions during the year	-	1,238	82,378	-	243,839	**327,455**	65,050
Disposals during the year	-	-	-	-	(138,000)	**(138,000)**	(93,490)
At the end of the year	1,834,634	735,492	2,518,605	3,786,067	292,339	**9,167,137**	8,977,682
Depreciation:							
At the beginning of the year	1,825,101	732,383	2,270,772	3,678,685	186,500	**8,693,441**	8,142,683
Charge for the year	9,533	1,501	109,822	42,669	42,488	**206,013**	644,248
Disposals during the year	-	-	-	-	(138,000)	**(138,000)**	(93,490)
At the end of the year	1,834,634	733,884	2,380,594	3,721,354	90,988	**8,761,454**	8,693,441
Net book amounts:							
At 31 December 2019	-	**1,608**	**138,011**	**64,713**	**201,351**	**405,683**	
At 31 December 2018	9,533	1,871	165,455	107,382	-		284,241

11 PROPERTY AND EQUIPMENT, NET (continued)

The cost of property and equipment is depreciated on a straight-line basis over the following estimated useful lives:

Equipment	5 years	Office furniture	5 years	Leasehold improvements	10 years or end of rent period whichever is shorter
Computer hardware	3 years	Motor vehicles	5 years		

	Equipment SR	Office furniture SR	Computer hardware SR	Leasehold improvements SR	Motor vehicles SR	31 December 2018 SR
Cost:						
At the beginning of the year	1,834,634	734,254	2,464,667	3,786,067	186,500	9,006,122
Additions during the year	-	-	65,050	-	-	65,050
Disposals during the year	-	-	(93,490)	-	-	(93,490)
At the end of the year	1,834,634	734,254	2,436,227	3,786,067	186,500	8,977,682
Depreciation:						
At the beginning of the year	1,805,115	730,843	2,099,466	3,329,633	177,626	8,142,683
Charge for the year	19,986	1,540	264,796	349,052	8,874	644,248
Disposals during the year	-	-	(93,490)	-	-	(93,490)
At the end of the year	1,825,101	732,383	2,270,772	3,678,685	186,500	8,693,441
Net book amounts:						
At 31 December 2018	9,533	1,871	165,455	107,382	-	284,241

12 RIGHT-OF-USE ASSETS AND LEASE LIABILITY

a) Right of use asset

Set out below are the carrying amounts of Company's right of use assets and the movements during the year:

	2019
Cost	***SR***
Right of use asset recognized on adoption on IFRS 16 on 1 January 2019 (note 2.2)	**2,732,583**
Depreciation:	
Charge for year	**910,861**
Net carrying amount	**1,821,722**

b) Lease liability

The movement in lease liabilities during the year are as follows:

	2019
	SR
Lease liabilities recognized on adoption of IFRS 16 on 1 January 2019 (note 2.2)	**2,257,346**
Finance cost	**70,762**
Lease payments during the year	**(475,237)**
Lease liabilities as at 31 December 2019	**1,852,871**
Non-current lease liabilities	**942,369**
Current lease liabilities	**910,502**

13 INTAGIBLE ASSETS, NET

Intangible assets comprise of software that is amortized on a straight line basis over an estimated useful life of 3 years.

	31 December 2019 SR	31 December 2018 SR
Cost		
At the beginning of the year	**4,598,497**	4,158,287
Additions during the year	**99,386**	440,210
At the end of the year	**4,697,883**	4,598,497
Accumulated amortization		
At the beginning of the year	**4,153,506**	3,972,081
Charge during the year	**221,784**	181,425
At the end of the year	**4,375,290**	4,153,506
Net book value		
At the end of year	**322,593**	444,991

14 INVESTMENT PROPERTIES

Investment properties represent the following:

(a) Two plots of land in Al Khobar (Ishbailiya District), Saudi Arabia. The total cost of the investment is SR 27,175,368 (31 December 2018: SR 27,175,368) including survey and other fees of SR 1,683,000 (31 December 2018: SR 1,683,000). The title deeds of the investment properties are registered in the name of one of the shareholder of Company through a trust agreement that confirms the holding of the land on behalf of the Company.

(b) Sixteen plots of land in Riyadh (King Abdullah District), Saudi Arabia amounting to SR 8,598,183 (Twenty seven plots at 31 December 2018: SR 18,145,820), representing 50% of the total value of these properties. The title deeds of the investment properties are registered in the name of one of the shareholder of Company through a trust agreement that confirms the holding of the land on behalf of the Company.

The movement during the year was as following:

	31 December 2019 SR	31 December 2018 SR
At the beginning of the year	**45,321,189**	57,546,324
Disposal during the year	**(9,547,638)**	(12,225,135)
At the end of the year	**35,773,551**	45,321,189
Fair values as at the end of the year	**47,160,831**	45,503,657

During the year the Company earned realised gain on sale of investment properties amounting to SR 291,578 (during 2018 a loss of : SR 46,721).

The fair value of the investment properties is based on market values obtained from an independent valuer named White Cube real estate, licensed by Taqeem. These values are subject to the independent valuer's estimation uncertainties.

The significant unobservable inputs used in the fair value measurements of investment properties categorised within Level 3 of the fair value hierarchy as at 31 December 2019 and 31 December 2018 are as follows:

Investment property	**Valuation technique**	**Significant unobservable inputs**	**Description of valuation technique**
Land	Comparable market approach	Plot size Land area	Using this method, the market survey is done by valuer for similar land plots founded in the surrounding area and similar to targeted land by area size and in the same district.

15 ZAKAT AND INCOME TAX

a) *Zakat*

Charge for the year

The zakat charge consists of the current year provision amounting to SR 3,575,732 (2018: SR 3,186,225)

The provision is based on the following:

	2019 SR	2018 SR
Equity	**322,292,970**	315,204,306
Opening balance of provisions and other adjustments	**30,084,654**	34,468,682
Book value of long term assets	**(35,700,306)**	(35,435,071)
	316,677,318	314,237,917
Adjusted profit for the year	**12,421,425**	4,384,571
Zakat base	**329,098,743**	318,622,488
Share of Saudi shareholder in the Zakat base @ 40%	**126,670,927**	127,448,995
Zakat charge for the year @ 2.5%	**-**	3,186,225
Zakat charge on adjusted net profit @ 2.5%	**310,536**	-
Zakat charge on zakat base before adjusted profit @ 2.5777%	**3,265,196**	-
	3,575,732	-

The differences between the financial and zakat results are mainly due to provisions which are not allowed in the calculation of adjusted losses. The Company has estimated zakat charge for the year using 2.5777% and 2.5% for zakat base and adjusted profit respectively, as per relevant Zakat regulations applicable for year ended 31 December 2019.

15 ZAKAT AND INCOME TAX (continued)

b*) Income tax*

Charge for the year

The income tax charge consists of the current year provision amounting to SR 2,774,268 (2018: SR 394,611).

Movement in zakat and income tax payable during the year

The movement in Zakat and income tax payable for the year ended 31 December 2019 and 31 December 2018 is as follows:

	Zakat SR	*Income Tax SR*	*Total SR*
Movement for the year ended 31 December 2019			
At the beginning of the year	**12,524,312**	**537,322**	**13,061,634**
Provided during the year	**3,575,732**	**2,774,268**	**6,350,000**
Payments during the year	**(1,004,954)**	**(642,247)**	**(1,647,201)**
At the end of the year	**15,095,090**	**2,669,343**	**17,764,433**
Movement for the year ended 31 December 2018			
At the beginning of the year	10,516,889	142,711	10,659,600
Provided during the year	3,186,225	394,611	3,580,836
Payments during the year	(1,178,802)	-	(1,178,802)
At the end of the year	12,524,312	537,322	13,061,634

Status of assessment

The Company has filed its income tax and zakat declarations with the General Authority for Zakat and Income Tax "GAZT", for all periods up to the year ended 31 December 2018 .No assessment is issued by the GAZT yet.

16 EMPLOYEE DEFINED BENEFIT LIABILITY

The movement in employees defined benefit obligation for the year ended as follows:

	31 December 2019 SR	31 December 2018 SR
Balance at beginning of the year	2,569,473	2,073,786
Current service cost	**441,617**	409,031
Interest cost	**90,707**	64,008
Amount recognized in profit or loss account	**532,324**	473,039
Re-measurements		
Actuarial losses	**301,071**	40,697
Amount recognized in OCI	**301,071**	40,697
Benefits paid during the year	**(235,881)**	(18,049)
Balance at the end of the year	**3,166,987**	2,569,473

The Company carried out an employee benefits actuarial valuation, using the projected unit credit method, of its liability as at 31 December 2019 arising from the end of service benefits to qualifying in-service employees.

Significant actuarial assumptions

The following were the principal actuarial assumptions:

Key actuarial assumptions	31 December 2019	31 December 2018
Financial assumptions		
Discount rate used	**3.60%**	3.70%
Salary growth rate*	**2.60%**	2.70%
Demographic assumptions		
Retirement age	**60**	60

**A* salary increase assumption of 2.60% p.a. for the first five years has been assumed by the Company and for the subsequent years a salary increase rate of 3.10% p.a. is assumed, and is based on actual salary increases in past years

Sensitivity analysis

A reasonably possible change to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation. The following is a sensitivity analysis for the salary inflation and discount rate assumptions that were performed at the previous and current valuation date:

	31 December 2019	31 December 2018
Discount Rate +0.5%	**3,148,100**	2,392,531
Discount Rate -0.5%	**(3,186,033)**	(2,713,235)
Long Term Salary Increases +0.5%	**3,186,210**	2,714,081
Long Term Salary Increases -0.5%	**(3,147,907)**	(2,390,372)

17 SHARE CAPITAL

	31 December 2019 SR	31 December 2018 *SR*
Ordinary shares (SR 10 per share)	**245,000,000**	245,000,000

Share capital of SR 245 million (31 December 2018: SR 245 million) is divided into 24,500,000 shares (31 December 2018: 24,500,000 shares) of SR 10 each, which is wholly paid.

18 STATUTORY RESERVES

As required by the Saudi Arabian Companies' Law, the Company must transfer 10% of the net income for the year (after deducting losses brought forward) to the statutory reserve till it has built up a reserve equal to 30% of the capital. The reserve is not available for distribution.

19 DIVIDENDS DECLARED

The Board of Directors declares the dividend and the shareholders during the Annual General Assembly, approved the cash dividend of 5% of share capital at SR 0.50 per share (2018: SR Nil) for distribution from the retained earnings in its meeting held on 22 Ramadan 1440H (corresponding to 27 May 2019). The cash dividend declared and paid is SR 12,250,000 (2018: Nil).

20 NET GAIN (LOSS) FROM INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2019 SR	*31 December 2018 SR*
Unrealised loss	**(2,419,548)**	(2,328,064)
Realised gain	**17,493,253**	333,663
	15,073,705	(1,994,401)

21 GENERAL AND ADMINISTRATION EXPENSES

	31 December 2019 SR	31 December 2018 SR
Staff and related costs	**13,958,822**	11,008,187
Funds managing expense	**987,207**	905,591
Depreciation of right of use asset (note 12)	**910,861**	-
Rent and premises	**-**	1,163,937
Legal and professional fees	**868,443**	1,382,897
Maintenance contract	**756,271**	734,067
Depreciation and amortisation (note 11 and 13)	**427,797**	825,673
Others	**2,026,846**	2,405,410
	19,936,247	18,425,762

22 EARNINGS PER SHARE

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding.

	31 December 2019 SR	31 December 2018 SR
Income for the year	**24,872,855**	4,758,232
Weighted average number of ordinary shares	**24,500,000**	24,500,000
Basic and diluted, income for the year per share	**1.02**	0.19

23 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below is an overview of financial assets, other than cash and cash equivalents, held by the Company as at 31 December 2019 and December 2018.

	31 December 2019 SR	31 December 2018 SR
Financial assets at amortised cost		
Investments at amortised cost (note 9)	**13,015,591**	22,590,483
Due from related parties – Management fees (note 10)	**113,908,724**	119,433,708
Financial assets at fair value through OCI		
Local equities listed in Tadawul (note 8.1)	**34,766,242**	29,425,023
Financial assets at fair value through profit or loss		
Money market funds (note 7.1)	**91,171,474**	60,070,895
Mutual funds (note 7.2)	**22,900,078**	24,773,289
Real Estate funds (note 7.3)	**44,130,748**	48,015,616
Local equities listed in Tadawul (note 7.4)	**3,633,409**	-
Total financial assets	**323,526,266**	304,309,014
Total current	**275, 744,433**	261,852,551
Total non-current	**47,781,833**	42,456,463

Set out below is an overview of financial liabilities held by the Company as at 31 December 2019 and 31 December 2018.

	31 December 2019 SR	31 December 2018 SR
Financial liabilities at amortised cost		
Bank overdraft	**64,250**	-
Due to related parties	**17,789,779**	23,849,175
Accrued expenses and other payables	**4,166,252**	2,592,563
Zakat payable	**17,764,433**	13,061,634
Total financial liabilities at amortised cost	**39,784,715**	39,503,372
Total current	**39,784,715**	39,503,372
Total non-current	**-**	-

24 FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Company's financial assets as at 31 December 2019 and 31 December 2018. There are no financial liabilities measured at fair value. The fair value of other financial assets and financial liabilities approximate their carrying value.

		Fair value measurement using		
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
As at 31 December 2019	SR	SR	SR	SR
Financial assets measured at fair value				
Money market funds	**91,171,474**	**-**	**91,171,474**	**-**
Mutual funds	**22,900,078**	**-**	**22,900,078**	**-**
Real Estate funds	**44,130,748**	**-**	**44,130,748**	**-**
Local equities listed in Tadawul	**38,399,651**	**38,399,651**	**-**	**-**
As at 31 December 2018				
Financial assets measured at fair value				
Money market funds	60,070,895	-	60,070,895	-
Mutual funds	24,773,289	-	24,773,289	-
Real Estate funds	48,015,616	-	48,015,616	-
Local equities listed in Tadawul	29,425,023	29,425,023	-	-

There were no transfers between Level 1 and Level 2 fair value measurements during the year, and no transfers into or out of Level 3 fair value measurements during the year.

25 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

Introduction

The Company's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to market risk (which includes interest rate risk, currency risk and equity price risk), liquidity risk, and credit risk and investment holding period risk arising from the financial instruments it holds.

Risk management structure

The Company's Board of Directors is ultimately responsible for the overall risk management of the Company.

Risk measurement and reporting system

The Company's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses that are an estimate of the ultimate actual loss based on statistical models. The models make use of the probabilities derived from historical experience, adjusted to reflect the economic environment.

Monitoring and controlling risks is primarily set up to be performed based on limits established by the Board of Directors. These limits reflect the business strategy, including the risk that the Company is willing to accept and the market environment of the Company. In addition, the Board monitors and measures the overall risk in relation to the aggregate risk exposure across all risk type and activities.

25 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk mitigation
The Company has investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy.

Excessive risk concentration
Concentration indicates the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location. Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowing facilities or reliance on a particular market in which to realise liquid assets. Concentrations of foreign exchange risk may arise if the Company has a significant net open position in a single foreign currency, or aggregate net open positions in several currencies that tend to move together.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. The investment manager is instructed to reduce exposure or to use derivative instruments to manage excessive risk concentrations when they arise.

Credit risk
Credit risk refers to the risk that a party to a financial instrument will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties, for whom the credit risk is assessed to be low. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such non-related counterparties. The Company maintains bank accounts with high credit rated financial institutions.

The table below shows the Company's maximum exposure to credit risk for components of the statement of financial position.

	31 December 2019 SR	*31 December 2018 SR*
Due from related parties – Management fees	**113,908,724**	119,433,708
Investments at amortised cost	**13,015,591**	22,590,483
Investments at fair value through profit or loss	**161,835,709**	132,859,800
Due from related parties	**3,938,573**	3,722,358
Cash and cash equivalents	**15,355,611**	8,710,869
	308,054,208	287,317,218

Credit concentration
Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

No significant concentrations of credit risk were identified by the management as at the reporting date.

The management has conducted an assessment as required under IFRS 9 and based on such assessment, the management believes that there is no need for any significant impairment loss against the carrying value of cash and cash equivalents, time deposits, due from related parties and other financial assets**.**

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. Liquidity risk is managed by ensuring that sufficient funds are available from Shareholders and related parties at all times to meet any future commitments, and financing facilities are available.

25 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments:

31 December 2019	*On Demand SR*	*Within 3 months SR*	*3 months to 1 year SR*	*Above 1 year SR*	*No fixed maturity SR*	***Total SR***
Bank overdraft	**64,250**	-		-	-	**64,250**
Due to related parties	-	-	**17,789,779**	-	-	**17,789,779**
Other payables	-	-	**1,082,555**	-	-	**1,082,555**
Total financial liabilities	**64,250**	-	**18,872,334**	-	-	**18,936,584**
31 December 2018						
Due to related parties	-	-	23,849,175	-	-	23,849,175
Other payables	-	-	793,309	-	-	793,309
Total financial liabilities	-	-	24,642,484	-	-	24,642,484

Market risk
Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The maximum risk resulting from financial instruments equals their fair value. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

Interest rate risk
Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Board of Directors has established limits on the interest gaps for stipulated periods. The Company's investments in debt securities carry fixed interest rates and mature within five years.

Equity price risk
Equity price risk is the risk of unfavourable changes in the fair values of equity instruments as a result of changes in the value of individual shares. The equity price risk exposure arises from the Company's investments in equity securities. The Company's investments are susceptible to market price risk arising from uncertainties about future prices. The Board manages this risk through diversification of its investment portfolio in terms of geographical distribution and/or industry concentration.

Sensitivity analysis
The table below sets out the effect on profit or loss and other comprehensive income of a reasonably possible weakening /strengthening in the individual equity market prices by 5% at the reporting date. The estimates are made on an individual investment basis. The analysis assumes that all other variables, in particular commission and foreign currency rates, remain constant.

25 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Sensitivity analysis (continued)

Effect on profit and loss		***2019***		*2018*
		SR		*SR*
Net gain on investments held at FVTPL	+ 5%	**8,091,786**	+ 5%	6,642,990
	- 5%	**(8,091,786)**	- 5%	(6,642,990)

Effect on other comprehensive income		***2019***		*2018*
		SR		*SR*
Net gain on investments held at FVOCI	+ 5%	**1,738,312**	+ 5%	1,471,251
	- 5%	**(1,738,312)**	- 5%	(1,471,251)

Concentration of equity price risk

The following table analyses the Company's concentration of equity price risk in the Company's equity portfolio, measured at FVTPL and FVOCI, by geographical distribution (based on counterparties' place of primary listing or, if not listed, place of domicile).

% of equity securities and units in managed funds

	31 December 2019	*31 December 2018*
Kingdom of Saudi Arabia	100%	100%

The following table analyses the Company's concentration of equity price risk in the Fund's equity portfolio by industrial distribution:

% of equity securities and units in managed funds measured at FVTPL and FVOCI

	31 December 2019 SR	31 December 2018 SR
Listed equities - Financial	**15,983,548**	14,023,031
Listed equities - Non – Financial	**22,416,093**	15,401,992
	38,399,641	29,425,023

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company does not have any significant exposure to currency risk as all its significant monetary assets and monetary liabilities are denominated in Saudi Riyals. The Company did not undertake significant transactions in currencies other than Saudi Riyals and US dollars during the year and Saudi Riyals are pegged to the US dollar.

26 CAPITAL COMMITMENTS AND CONTINGENCIES

The Company, in the normal course of business, has not committed any guarantees during the year and has no outstanding guarantees from prior years. As at 31 December 2019, The Company does not have any capital commitments. (2018: nil).

27 SUBSEQUENT EVENTS

In the opinion of management, there have been no significant subsequent events since 31 December 2019 that would have a material impact on the financial position or financial performance of the Company as reflected in these financial statements.

28 CAPITAL ADEQUACY

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

	31 December 2019 SR'000	*31 December 2018 SR'000*
Capital base		
Tier I	**338,026**	319,513
Tier II	**-**	-
Total	**338,026**	319,513
Minimum capital		
Market risk	**19,649**	21,706
Credit risk	**121,326**	119,582
Operational risk	**5,576**	6,135
Total	**146,551**	147,423
Capital adequacy ratio	**2.31**	2.17
Surplus	**191,475**	172,090

a) The Capital Base of the Company comprises 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 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.

29 CUSTOMERS' FUNDS

The assets under management outstanding at end of the year including mutual funds and discretionary portfolios amounted to SR 3,894,635,682 (2018: SR 4,031,075,375).

30 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements have been approved by the Board of Directors on 16 March 2020 (corresponding to 21 Rajab 1441H).