

**Mizuho Saudi Arabia Company**  
**(A CLOSED SAUDI JOINT STOCK COMPANY)**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2017**

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF MIZUHO SAUDI ARABIA COMPANY  
(A CLOSED SAUDI JOINT STOCK COMPANY)**

**Opinion**

We have audited the financial statements of Mizuho Saudi Arabia Company– A Closed Saudi Joint Stock Company (the "Company") which comprise the balance sheet as at 31 December 2017 and the statement of income, statement of cash flows and statement of changes in shareholders' equity for 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 2017, and its financial performance and its cash flows for the year then ended in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with 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 accounting standards generally accepted in the Kingdom of Saudi Arabia and the provisions of Companies' Law and Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of 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.

**INDEPENDENT AUDITOR'S REPORT (continued)  
TO THE SHAREHOLDERS OF MIZUHO SAUDI ARABIA COMPANY  
(A CLOSED SAUDI JOINT STOCK COMPANY)**

**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.
- 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.

**INDEPENDENT AUDITOR'S REPORT (continued)  
TO THE SHAREHOLDERS OF MIZUHO SAUDI ARABIA COMPANY  
(A CLOSED SAUDI JOINT STOCK COMPANY)**

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

for Ernst & Young



Yousef A. AlMubarak  
Certified Public Accountant  
Registration No. 427

Riyadh: 15 Rajab 1439H  
(1 April 2018)



Mizuho Saudi Arabia Company  
(A Closed Saudi Joint Stock Company)  
STATEMENT OF FINANCIAL POSITION  
At 31 December 2017

	<i>Note</i>	<b>2017</b> <i>SR</i>	<b>2016</b> <i>SR</i>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	54,408,378	53,961,135
Receivables, prepayments and others	4	2,966,789	2,105,482
Deferred tax assets	8(c)	302,255	-
<b>TOTAL CURRENT ASSETS</b>		<u>57,677,422</u>	<u>56,066,617</u>
<b>NON-CURRENT ASSET</b>			
Property and equipment	5	763,897	548,950
<b>TOTAL ASSETS</b>		<u>58,441,319</u>	<u>56,615,567</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accruals and other payables	7	877,513	1,080,464
Income tax	8(b)	365,187	534,552
Deferred tax liability	8(c)	-	43,145
<b>TOTAL CURRENT LIABILITIES</b>		<u>1,242,700</u>	<u>1,658,161</u>
<b>NON-CURRENT LIABILITY</b>			
Employees' terminal benefits		911,700	694,093
<b>TOTAL LIABILITIES</b>		<u>2,154,400</u>	<u>2,352,254</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	9	75,000,000	75,000,000
Accumulated losses		(18,713,081)	(20,736,687)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u>56,286,919</u>	<u>54,263,313</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>58,441,319</u>	<u>56,615,567</u>

The attached notes 1 to 16 form part of these financial statements.

Mizuho Saudi Arabia Company  
(A Closed Saudi Joint Stock Company)

STATEMENT OF INCOME

For the year ended 31 December 2017

	<i>Note</i>	2017	2016
		SR	SR
<b>INCOME</b>			
Advisory revenue	6	9,506,442	10,022,829
Special commission income		550,458	869,857
<b>TOTAL INCOME</b>		<u>10,056,900</u>	<u>10,892,686</u>
<b>EXPENSES</b>			
General and administration expenses	11	(7,921,144)	(7,607,929)
Depreciation	5	(223,307)	(199,581)
<b>TOTAL EXPENSES</b>		<u>(8,144,451)</u>	<u>(7,807,510)</u>
<b>INCOME FROM MAIN OPERATIONS</b>		<u>1,912,449</u>	<u>3,085,176</u>
Other income		120,000	-
<b>INCOME FOR THE YEAR BEFORE INCOME TAX</b>		2,032,449	3,085,176
Income tax	8(a)	(8,843)	(474,788)
<b>NET INCOME FOR THE YEAR</b>		<u>2,023,606</u>	<u>2,610,388</u>
<b><i>Earning per share:</i></b>			
Attributable to income from main operation		<u>0.25</u>	<u>0.41</u>
Attributable to net income for the year		<u>0.27</u>	<u>0.35</u>

The attached notes 1 to 16 form part of these financial statements.

Mizuho Saudi Arabia Company  
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STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	2017 SR	2016 SR
<b>OPERATING ACTIVITIES</b>		
Income before income tax	2,032,449	3,085,176
Adjustments for:		
Depreciation	223,307	199,581
Gain on sale of property and equipment	(115,000)	-
Employees' terminal benefits, net	217,607	232,292
	<u>2,358,363</u>	<u>3,517,049</u>
Changes in operating assets and liabilities:		
Receivables, prepayments and others	(861,307)	(704,349)
Accruals and other payables	(1,411,364)	(1,810,395)
	<u>85,692</u>	<u>1,002,305</u>
<b>Cash from operating activities</b>	<u>85,692</u>	<u>1,002,305</u>
Income tax paid	(523,608)	(114,226)
<b>Net cash (used in) from operating activities</b>	<u>(437,916)</u>	<u>888,079</u>
<b>INVESTING ACTIVITY</b>		
Purchase of property and equipment	(438,254)	-
Proceeds from sale of property and equipment	115,000	-
	<u>(323,254)</u>	<u>-</u>
<b>Net cash used in investing activity</b>	<u>(323,254)</u>	<u>-</u>
<b>FINANCING ACTIVITIES</b>		
Expenses paid on behalf of the company	1,208,413	1,166,926
	<u>1,208,413</u>	<u>1,166,926</u>
<b>Net cash from financing activities</b>	<u>1,208,413</u>	<u>1,166,926</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>447,243</u>	<u>2,055,005</u>
Cash and cash equivalents at the beginning of the year	<u>53,961,135</u>	<u>51,906,130</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u><u>54,408,378</u></u>	<u><u>53,961,135</u></u>
<i>Supplementary cash flow information</i>		
Special commission income received	<u><u>601,541</u></u>	<u><u>828,262</u></u>

The attached notes 1 to 16 form part of these financial statements.

Mizuho Saudi Arabia Company  
(A Closed Saudi Joint Stock Company)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2017

	<i>Share capital SR</i>	<i>Accumulated losses SR</i>	<i>Total SR</i>
Balance at 31 December 2015	75,000,000	(23,347,075)	51,652,925
Net Income for the year	-	2,610,388	2,610,388
Balance at 31 December 2016	75,000,000	(20,736,687)	54,263,313
Net Income for the year	-	2,023,606	2,023,606
<b>Balance at 31 December 2017</b>	<b>75,000,000</b>	<b>(18,713,081)</b>	<b>56,286,919</b>

The attached notes 1 to 16 form part of these financial statements.



Mizuho Saudi Arabia Company  
(A Closed Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

**1 ACTIVITIES**

Mizuho Saudi Arabia Company (the "Company") is a Closed Saudi joint stock company incorporated based on Ministerial Resolution numbered 51 dated 20 Safar 1430 H (corresponding to 15 February 2009). The Company is registered with the Capital Market Authority ("CMA") under license numbered 11158-30. It operates in the Kingdom of Saudi Arabia under commercial registration numbered 1010263572 dated 6 Rabi Awal 1430H (corresponding to 3 March 2009). Further the Company has also obtained a license from the Saudi Arabian General Investment Authority license numbered 1398/1 dated 23 Dhul Hijjah 1429H (corresponding to 21 December 2008).

The Company is solely authorised to conduct the activities of arranging and advising in securities business.

**2 SIGNIFICANT ACCOUNTING POLICIES**

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

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

***Accounting convention***

The financial statements are prepared under the historical cost convention.

***Use of estimates***

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

***Property and equipment***

Property and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on property and equipment on a straight line basis over the estimated useful lives of the assets.

Expenditure on repairs and maintenance is charged to the statement of income. Improvements that increase the value or materially extend the life of the related assets are capitalised.

***Income tax***

Income tax is provided for in accordance with Saudi Arabian fiscal regulations. The provision is charged to the statement of income. Additional amounts, if any, that may become due on finalisation of an assessment are recorded in the year in which the assessment is finalised.

Deferred tax liabilities and assets are recognised for all temporary differences at current rates of taxation. The carrying amount of any deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in the near future to allow all or part of the deferred tax asset to be utilised. The deferred tax is charged to the statement of income.

***Revenue recognition***

Revenue is recognised in the statement of income as set out below:

***Special commission income***

Special commission income is accrued on an effective yield basis.

***Arranging and advisory income***

Arranging and advisory service fees are accrued on a time proportion basis, as the services are rendered.

Mizuho Saudi Arabia Company  
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NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2017

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

*Leases*

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

*Accruals and other payables*

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

*Provisions*

Provisions are recognised when the company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and may be measured reliably.

*Employees' terminal benefits*

Provision is made for amounts payable under the Saudi Arabian labour law applicable to employees' accumulated periods of service at the balance sheet date.

*Cash and cash equivalents*

For the purposes of the cash flow statement, cash and cash equivalents consists of cash and bank balances and short term deposits with an original maturity of three months or less when acquired.

*Foreign currencies*

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

*Segmental reporting*

A segment is a distinguishable component of the Company that is engaged either in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments. Because the Company carries out its activities entirely in the Kingdom of Saudi Arabia, reporting is provided by business segment only.

3 CASH AND CASH EQUIVALENTS

	2017 SR	2016 SR
Time deposit with a local bank	45,000,000	45,000,000
Cash at bank	9,404,952	8,942,344
Cash in hand	3,426	18,791
	<u>54,408,378</u>	<u>53,961,135</u>

Time deposit balance amounting to SR 45,000,000 (2016: SR 45,000,000) with an original maturity of three months or less when acquired.

The effective commission rate on time deposits as at 31 December 2017 was 1.7% (2016: 2.2%).

Mizuho Saudi Arabia Company  
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NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2017

4 RECEIVABLES, PREPAYMENTS AND OTHERS

	2017 SR	2016 SR
Prepayments	1,792,718	473,838
Accounts receivable	498,537	1,166,867
Due from shareholder (a)	463,646	206,057
Accrued income	108,418	159,500
Deposits with others (b)	103,470	99,220
	<u>2,966,789</u>	<u>2,105,482</u>

(a) Amount due from a shareholder represents fees for advisory services performed during the year.

(b) Deposits with others are due from unrelated counterparties.

There are no amounts past due as of 31 December 2017 and 2016.

5 PROPERTY AND EQUIPMENT

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

Leasehold improvements	10 years	Furniture and fixtures	5 years
Computer hardware and software	5 years	Vehicles	5 years

	<i>Leasehold improvements SR</i>	<i>Furniture and fixtures SR</i>	<i>Computer hardware and software SR</i>	<i>Vehicles SR</i>	<b>Total 2017 SR</b>	<b>Total 2016 SR</b>
<b>Cost:</b>						
At beginning of the year	1,583,099	316,221	2,171,433	528,000	4,598,753	4,598,753
Additions	-	7,358	205,346	225,550	438,254	-
Disposals	-	-	(51,980)	(345,000)	(396,980)	-
At end of the year	<u>1,583,099</u>	<u>323,579</u>	<u>2,324,799</u>	<u>408,550</u>	<u>4,640,027</u>	<u>4,598,753</u>
<b>Depreciation:</b>						
At beginning of the year	1,134,554	316,221	2,071,028	528,000	4,049,803	3,850,222
Charge for the year	158,310	965	41,477	22,555	223,307	199,581
Disposals	-	-	(51,980)	(345,000)	(396,980)	-
At end of the year	<u>1,292,864</u>	<u>317,186</u>	<u>2,060,525</u>	<u>205,555</u>	<u>3,876,130</u>	<u>4,049,803</u>
<b>Net book value:</b>						
At 31 December 2017	<u>290,235</u>	<u>6,393</u>	<u>264,274</u>	<u>202,995</u>	<u>763,897</u>	
At 31 December 2016	<u>448,545</u>	<u>-</u>	<u>100,405</u>	<u>-</u>		<u>548,950</u>

Mizuho Saudi Arabia Company  
(A Closed Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2017

**6 RELATED PARTY TRANSACTIONS**

The following are the details of major related party transactions during the year:

<i>Related party</i>	<i>Nature of transaction</i>	2017 SR	2016 SR
Shareholder	Advisory income	8,241,356	8,241,356
	Expenses and salaries paid on behalf of the Company	1,208,413	1,263,777

Certain employees have been seconded to the Company from a shareholder. Related costs are included above. Balances due from a shareholder is presented in note 4.

**7 ACCRUALS AND OTHER PAYABLES**

	2017 SR	2016 SR
Accrued expenses	787,739	506,539
Other payables	89,774	93,252
Unearned revenue	-	480,673
	<u>877,513</u>	<u>1,080,464</u>

**8 INCOME TAX**

*a) Charge for the year*

Income tax charge consists of:

	2017 SR	2016 SR
Current year provision	354,243	520,833
Deferred tax adjustments for the year (see note (8c))	(345,400)	(46,045)
Income tax charge for the year	<u>8,843</u>	<u>474,788</u>

The current year provision is based on 20% of the adjusted taxable profit. Differences between the financial and taxable profit are mainly due to provisions and certain expenses, which are disallowed for tax purposes.

*b) Movements in income tax provision during the year*

	2017 SR	2016 SR
At the beginning of the year	534,552	127,945
Provided during the year	354,243	520,833
Payment during the year	(523,608)	(114,226)
At end of the year	<u>365,187</u>	<u>534,552</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2017

**INCOME TAX (continued)**

*c) Deferred tax*

The Company has recognised deferred tax at the balance sheet date, in respect of timing differences due to disallowance of employees' terminal benefits and difference in basis of depreciation calculated at income tax rate of 20%.

Movement in deferred tax asset/liability during the year:

	2017 SR	2016 SR
At the beginning of the year	(43,145)	(89,190)
Adjustment during the year	345,400	46,045
At end of the year	<u>302,255</u>	<u>(43,145)</u>

*d) Status of assessments*

The Company has filed its income tax declarations with the General Authority of Zakat and Tax ("GAZT") for the years ended up to 31 December 2016. No assessment has been raised by the GAZT as yet.

**9 SHARE CAPITAL**

The authorised, issued and paid up share capital consists of 7.5 million shares of SR 10 each.

**10 STATUTORY RESERVE**

In accordance with Saudi Arabian Regulations for Companies, the Company must set aside 10% of its income after deducting losses brought forward in each year until it has built up a reserve equal to 30% of the capital. The Company has not recorded any transfer for the year due to the losses incurred.

**11 GENERAL AND ADMINISTRATION EXPENSES**

	2017 SR	2016 SR
Employees' costs	5,097,023	4,640,330
Rent	618,120	681,750
Professional fees	607,986	591,579
Travel	490,468	583,475
Withholding taxes	220,921	216,831
IT and communication	203,934	237,500
Insurance	15,866	14,134
Advertising	6,500	6,500
Other	660,326	635,830
	<u>7,921,144</u>	<u>7,607,929</u>

Mizuho Saudi Arabia Company  
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NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2017

**12 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

The principal or the most advantageous market must be accessible to by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The Company does not carry any financial instruments at fair value. Fair value of financial instruments carried at amortised cost approximate their carrying value and would qualify for level 3 disclosure.

**13 RISK MANAGEMENT**

***Special commission rate risk***

The Company is subject to special commission rate risk on its interest bearing assets, which primarily comprise of bank deposit.

The following table demonstrates the sensitivity of the income to reasonably possible changes in special commission, with all other variables held constant. The sensitivity of the income is the effect of the assumed changes in special commission rates on the Company's profit for one year, based on the floating rate financial assets held at 31 December 2017.

There is no impact on the Company's equity.

	<i>Increase/decrease in basis points</i>	<i>Effect on income for the year SR</i>
<b>2017</b>		
<b>Saudi Riyal</b>	+/- 10	<b>45,000</b>
<b>2016</b>		
<b>Saudi Riyal</b>	+/- 10	45,000

Mizuho Saudi Arabia Company  
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NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2017

**13 RISK MANAGEMENT (continued)**

*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. Time deposits are placed with a single counterparty. With respect to credit risk arising from other financial assets of the Company, including cash and cash equivalents and other receivables, the Company's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The maximum credit risk as at the year end is as follows:

	2017	2016
	SR	SR
Bank balances	54,404,952	53,942,344
Accounts receivables	498,537	1,166,867
Due from shareholder	463,646	206,057
Accrued income	108,417	159,500
Deposits and others	103,470	99,220
	<u>55,579,022</u>	<u>55,573,988</u>

*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. As the company has minimal operations, the company is not exposed to significant liquidity risk. Deposits are generally placed for short periods to manage the Company's liquidity requirements. All liabilities on the company's balance sheet, other than end of service benefits, are contractually payable on a current basis.

*Currency risk*

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The company is not subject to fluctuations in foreign exchange rates in the normal course of its business, except for its payables denominated in Japanese Yen. The company did not undertake significant transactions in currencies other than Saudi Riyals and Japanese Yen during the year.

**14 EARNINGS PER SHARE**

Basic earnings per share from main operations is calculated by dividing income from main operations for the period by the weighted average of number of shares outstanding during the period.

Basic earnings per share from net income is calculated by dividing the net income for the period by the weighted average number of shares outstanding during the period.

**15 SEGMENT INFORMATION**

The Company operates solely in the Kingdom of Saudi Arabia and effectively has only two operative segments – Advising and Arranging. Advising is responsible for market research and issuance of reports for informational benefit of investors. Arranging is responsible for strategic advisory to clients on transactions including merger and acquisitions and raising capital (both equity and debt). Segment wise information is however not currently tracked by the Company due to the minimal level of operations.

**16 APPROVAL OF FINANCIAL STATEMENTS**

The accompanying financial statements have been approved by the Board of Directors of the company on 15 Rajab 1439 H (corresponding to 1 April 2018).