

BNP PARIBAS INVESTMENT COMPANY KSA
(A Limited Liability Company)

FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2017 TO NOVEMBER 14, 2017
AND INDEPENDENT AUDITORS' REPORT

**BNP PARIBAS INVESTMENT COMPANY KSA
(A Limited Liability Company)**

**FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2017 TO NOVEMBER 14, 2017**

| | Page |
|--|-------------|
| Independent auditors' report | 1 - 2 |
| Balance sheet | 3 |
| Statement of operations | 4 |
| Statement of cash flows | 5 |
| Statement of changes in shareholders' equity | 6 |
| Notes to the financial statements | 7 - 17 |



Independent auditor's report to the shareholders of BNP Paribas Investment Company KSA (A Limited Liability Company):

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements of BNP Paribas Investment Company KSA (the "Company") present fairly, in all material respects, the financial position of the Company as of November 14, 2017, and its financial performance and its cash flows for the period from January 1, 2017 to November 14, 2017, in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia.

What we have audited

The Company's financial statements comprise:

- the balance sheet as of November 14, 2017;
- the statement of operations for the period from January 1, 2017 to November 14, 2017;
- the statement of cash flows for the period from January 1, 2017 to November 14, 2017;
- the statement of changes in shareholders' equity for the period from January 1, 2017 to November 14, 2017; and
- the notes to the financial statements for the period from January 1, 2017 to November 14, 2017, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the code of professional 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.

Emphasis of matter

We draw attention to note 1 to the accompanying financial statements, which explains that the Company was converted from a limited liability company to a closed joint stock company on Safar 26, 1439H (corresponding to November 15, 2017). Accordingly, these financial statements have been prepared for the period from January 1, 2017 to November 14, 2017. Our opinion is not modified in respect of this matter.

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

The 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 requirements of the Regulations for Companies and the Company's By-laws, and for such internal control as the 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, the 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 also responsible for overseeing the Company's financial reporting process.

PricewaterhouseCoopers, License No. 25,
Kingdom Tower, P.O. Box 8282, Riyadh 11482, Kingdom of Saudi Arabia
T: +966 (11) 211-0400, F: +966 (11) 211-0401, www.pwc.com/middle-east

Independent auditor's report to the shareholders of BNP Paribas Investment Company KSA (A Limited Liability 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 ISAs, 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 ISAs, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management 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.

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.

Report on other legal and regulatory requirements

Further, in accordance with the applicable requirements of the Regulations for Companies, we report that, based on the information that has been made available to us, nothing has come to our attention that causes us to believe that the accompanying financial statements have not been prepared and presented, in all material respects, in accordance with the requirements of the applicable requirements of the Regulations for Companies.

PricewaterhouseCoopers

Omar M. Al Sagga
License Number 369

February 11, 2018



BNP PARIBAS INVESTMENT COMPANY KSA
(A Limited Liability Company)
Balance sheet
(All amounts in Saudi Riyals unless otherwise stated)

| | Notes | As at November 14, 2017 | As at December 31, 2016 |
|---|----------|----------------------------|----------------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 5 | 71,450,482 | 74,927,119 |
| Accounts receivable | | 1,992,684 | 490,207 |
| Due from a related party | 6.2 (i) | - | 6,233,834 |
| Prepayments | 7 | 326,652 | 706,591 |
| Advances and other receivables | | 162,533 | 109,585 |
| Income tax receivable | 10.2 | 616,871 | - |
| Total current assets | | 74,549,222 | 82,467,336 |
| Non-current assets | | | |
| Property and equipment | 8 | 978,563 | 1,091,782 |
| Total assets | | 75,527,785 | 83,559,118 |
| Liabilities | | | |
| Current liabilities | | | |
| Due to a related party | 6.2 (ii) | 8,684 | 550,220 |
| Accrued and other current liabilities | 9 | 3,669,528 | 3,605,854 |
| Income tax provision | 10.2 | - | 253,894 |
| Total current liabilities | | 3,678,212 | 4,409,968 |
| Non-current liability | | | |
| Employee termination benefits | 11 | 1,670,376 | 1,578,513 |
| Total liabilities | | 5,348,588 | 5,988,481 |
| Shareholders' equity | | | |
| Share capital | 12 | 87,500,000 | 87,500,000 |
| Statutory reserve | 13 | 101,094 | 101,094 |
| Accumulated losses | | (17,421,897) | (10,030,457) |
| Net shareholders' equity | | 70,179,197 | 77,570,637 |
| Total liabilities and shareholders' equity | | 75,527,785 | 83,559,118 |
| Contingencies and commitments | | | |
| | 16 | | |


The notes on pages 7 to 17 form an integral part of these financial statements.


Kurnail Alnabimi
Chief Executive Officer

BNP PARIBAS INVESTMENT COMPANY KSA
(A Limited Liability Company)
Statement of operations
 (All amounts in Saudi Riyals unless otherwise stated)

| | Notes | For the period from January 1, 2017 to November 14, 2017 | For the year ended December 31, 2016 |
|--|---------------|--|---|
| Revenue - advisory services | | 2,941,284 | 8,494,412 |
| Operating expenses | | | |
| Salaries and employee related benefits | | (5,423,195) | (8,119,121) |
| General and administrative expenses | 14 | (4,422,596) | (4,278,172) |
| Loss from operations | | (6,904,507) | (3,902,881) |
| Other income | | | |
| Special commission income on term deposits | 6.1 | 636,711 | 914,352 |
| Non-operating (expense)/income | 15 | (1,170,912) | 6,383,394 |
| (Loss)/income before tax | | (7,438,708) | 3,394,865 |
| Income tax reversal/(charge) | 10.1.1 & 10.2 | 47,268 | (870,765) |
| Net (loss)/income for the period/year | | (7,391,440) | 2,524,100 |

The notes on pages 7 to 17 form an integral part of these financial statements.


 Khamil Alnoaimi
 Chief Executive Officer

BNP PARIBAS INVESTMENT COMPANY KSA
(A Limited Liability Company)
Statement of cash flows
 (All amounts in Saudi Riyals unless otherwise stated)

| | Notes | For the period from January 1, 2017 to November 14, 2017 | For the year ended December 31, 2016 |
|---|-------|--|---|
| Cash flow from operating activities | | | |
| (Loss)/income before tax | | (7,438,708) | 3,394,865 |
| Adjustments for non-cash charges and other items: | | | |
| Depreciation/amortization | 8 | 115,397 | 131,413 |
| Provision for the period/year for employee termination benefits | 11 | 91,863 | 1,145,695 |
| Changes in working capital | | | |
| <i>Operating assets:</i> | | | |
| Accounts receivable | | (1,502,477) | (169,944) |
| Due from a related party | | 6,233,834 | 3,449,023 |
| Prepayments | | 379,939 | (136,906) |
| Advances and other receivables | | (52,948) | (5,907) |
| <i>Operating liabilities:</i> | | | |
| Due to a related party | | (541,536) | 122,028 |
| Accrued and other current liabilities | | 63,674 | (648,796) |
| Employee termination benefits paid | 11 | - | (38,260) |
| Taxes paid | 10.2 | (823,497) | - |
| Net cash (utilized in)/generated from operating activities | | <u>(3,474,459)</u> | <u>7,243,211</u> |
| Cash flow from investing activity | | | |
| Purchase of furniture, fixtures and software | 8 | (2,178) | (98,355) |
| Net cash utilized in investing activity | | <u>(2,178)</u> | <u>(98,355)</u> |
| Net change in cash and cash equivalents | | | |
| Cash and cash equivalents at the beginning of the period/year | | (3,476,637) | 7,144,856 |
| | | <u>74,927,119</u> | <u>67,782,263</u> |
| Cash and cash equivalents at the end of the period/year | 5 | <u>71,450,482</u> | <u>74,927,119</u> |

The notes on pages 7 to 17 form an integral part of these financial statements.


 Kusrail Alnoaimi
 Chief Executive Officer

BNP PARIBAS INVESTMENT COMPANY KSA
(A Limited Liability Company)
Statement of changes in shareholders' equity
 (All amounts in Saudi Riyals unless otherwise stated)

| | Share capital | Statutory reserve | Accumulated losses | Total |
|-------------------------|---------------|-------------------|--------------------|-------------|
| January 1, 2017 | 87,500,000 | 101,094 | (10,030,457) | 77,570,637 |
| Net loss for the period | - | - | (7,391,440) | (7,391,440) |
| November 14, 2017 | 87,500,000 | 101,094 | (17,421,897) | 70,179,197 |
| January 1, 2016 | 87,500,000 | 101,094 | (12,554,557) | 75,046,537 |
| Net income for the year | - | - | 2,524,100 | 2,524,100 |
| December 31, 2016 | 87,500,000 | 101,094 | (10,030,457) | 77,570,637 |

The notes on pages 7 to 17 form an integral part of these financial statements.

Kumail Alnoaimi
 Chief Executive Officer

BNP PARIBAS INVESTMENT COMPANY KSA
(A Limited Liability Company)
Notes to the financial statements
For the period from January 1, 2017 to November 14, 2017
(All amounts in Saudi Riyals unless otherwise stated)

1 General information

BNP Paribas Investment Company KSA is a Limited Liability Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010270533 issued in Riyadh on Rajab 7, 1430H (corresponding to June 30, 2009) and the Capital Market Authority ("CMA") license No. 13173-37 dated Safar 14, 1435H (corresponding to December 17, 2013). The Company's registered office is located at 4th Floor, Al Faisaliah Tower, Riyadh, Kingdom of Saudi Arabia. The Company is a subsidiary of BNP Paribas SA, a company domiciled in France.

The objectives of the Company are to provide corporate finance advisory services, conduct dealing (as a principal, agent and underwriter), managing investment funds, arranging, and custody of securities. However, there were no business activities executed during the period by the Company with reference to some of these licenses.

The Company was converted from a Limited Liability Company to a closed Joint Stock Company on Safar 26, 1439H (corresponding to November 15, 2017) which is the date of the new commercial registration. As per the new By-laws of the Company, the Company's first fiscal period under legal status of a Closed Joint Stock Company will be from the date of commercial registration as a Closed Joint Stock Company i.e. November 15, 2017 and shall end on December 31 of the following year i.e. December 31, 2018. The Company's statutory financial statements for the subsequent years will be prepared from January 1 to December 31 of each Gregorian year. These financial statements have been prepared for the period from January 1, 2017, to November 14, 2017, and reflect the Company's last fiscal period as a limited liability company.

The accompanying financial statements were authorized for issue by the management of the Company on February 8, 2018

2 Basis of preparation

2.1 Statement of compliance

These financial statements are prepared in compliance with accounting standards generally accepted in the Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants ("SOCPA").

2.2 Basis of measurement

These financial statements are prepared under the historical cost convention using the accrual basis of accounting and the going concern concept.

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with generally accepted accounting standards requires the use of certain critical estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, vary from the related actual results.

2.5 Fiscal year

The Company's financial year begins on January 1 and ends on December 31 of each Gregorian year. Also see note (1).

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods/years presented, unless otherwise stated.

3.1 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank and term deposits with original maturity of three months or less on the date of acquisition, if any.

3.2 Accounts receivables

Accounts receivables are carried at original invoice amount less provision for doubtful receivables. A provision against doubtful receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Such provisions are charged to the statement of operations and reported under "General and administrative expenses". When a receivable is uncollectible, it is written-off against the provision for doubtful receivables. Any subsequent recoveries of amounts previously written-off are credited against "General and administrative expenses" in the statement of operations.

3.3 Investments

Held-to-maturity investments

These are investments with fixed or determinable payments and fixed maturities that the Company has the positive intent and ability to hold till maturity. These investments are carried in the balance sheet at cost, as adjusted by premium or discount, if any.

An assessment is made at the each balance sheet date to determine whether there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the investments and that a loss event(s) has an impact on the estimated future cash flows of the investment that can be reliably estimated. If such evidence exists, the difference between the assets carrying amount and the present value of estimated future cash flows is calculated and any impairment loss, is recognized for changes in the asset's carrying amount. The carrying amount of held to maturity investments, is adjusted either directly or through the use of an allowance for impairment account, and the amount of the adjustment is included in the statement of operations.

3.4 Property and equipment

Property and equipment are carried at cost less accumulated depreciation/amortization and accumulated impairment. Depreciation/amortization is charged to the statement of operations, using the straight-line method, to allocate the costs of the related assets to their residual values over the following estimated useful lives:

| | Number of years |
|------------------------|------------------------|
| Office equipment | 4 |
| Furniture and fixtures | 10 |
| Software | 3-8 |

Maintenance and normal repairs which do not materially extend the estimated useful life of an asset or do not increase future economic benefits embodied in the items of property and equipment, are charged to the statement of operations as and when incurred. Major renewals and improvements, if any, are capitalized and the assets so replaced are retired.

Full month depreciation/amortization is charged in the month of addition while no depreciation/amortization is charged in the month of disposal.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the statement of operations.

BNP PARIBAS INVESTMENT COMPANY KSA
(A Limited Liability Company)
Notes to the financial statements
For the period from January 1, 2017 to November 14, 2017
(All amounts in Saudi Riyals unless otherwise stated)

3.5 Impairment of non-current assets

The Company reviews its non-current assets for impairment at each reporting date whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value-in-use.

Non-current assets that suffer impairment loss are reviewed for possible reversal of the impairment at each reporting date. When it becomes evident that the circumstances which resulted in the impairment no longer exist, the impairment amount is reversed (except for goodwill) and recorded as income in the statement of operations in the period/year in which such reversal is determined.

3.6 Accounts payable and accruals

Liabilities are recognized for amounts to be paid for goods and services received, whether or not billed to the Company.

3.7 Employee termination benefits

Employee termination benefits are payable as a lump sum to all employees under the terms and conditions of Saudi Labor Law on termination of their employment contracts. The liability is calculated as the current value of the vested benefits to which the employee is entitled, if the employee leaves at the balance sheet date. Termination payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the laws of the Kingdom of Saudi Arabia.

3.8 Provisions

Provisions are recognized when; the Company has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and the amount can be estimated reliably.

3.9 Income taxes

In accordance with the regulations of the General Authority of Zakat and Tax ("GAZT"), the Company is subject to income taxes attributable to its foreign shareholders. Provision for income taxes is charged to the statement of operations. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined.

Income taxes are computed at the rate of 20% of the foreign shareholders share of taxable income (net adjusted income) for the period/year.

3.10 Revenues

Income from advisory services is recognized on an accrual basis when the services related to the underlying transaction are performed.

Commission income is recognized on an accrual basis.

Discount/premium on acquisition of investments is amortised to the statement of operations over the remaining period till maturity using effective yield.

3.11 Operating leases

Rental expenses under operating leases are charged to the statement of operations over the tenor of the respective lease.

3.12 Foreign currency translations and balances

Foreign currency transactions are translated into Saudi Riyals using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the period-end exchange rates of monetary assets and liabilities denominated in foreign

BNP PARIBAS INVESTMENT COMPANY KSA
(A Limited Liability Company)
Notes to the financial statements
For the period from January 1, 2017 to November 14, 2017
(All amounts in Saudi Riyals unless otherwise stated)

currencies are recognized in the statement of operations. Such exchange adjustments were not significant for the period from January 1 to November 14, 2017 and the year ended December 31, 2016, respectively.

4 Financial instruments and risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, commission rate risks and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Financial instruments carried on the balance sheet include cash and cash equivalents, accounts receivable, due from a related party, advances and other receivables, due to related parties and accrued and other current liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets and financial liabilities are offset and net amounts are reported in the financial statements, when the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

4.1 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The currency conversion rate between the United States Dollars ("USD") and Saudi Riyals is pegged and has remained constant over the past several years. Currency risk arises on Company's transactions denominated in Euro, Bahraini Dinar, Pound Sterling, and United Arab Emirates Dirham.

The Company does not hedge against foreign currency risk. The Company's major exposure is in Euro and Bahraini Dinar. If as at November 14, 2017, the Euro and Bahraini Dinar is revalued/devalued by +/-5%, then the loss/income for the period would have been higher/lower by Saudi Riyals 10,269 and Saudi Riyals 819 (December 31, 2016: Saudi Riyals 15,650 and Saudi Riyals 16,219), respectively.

4.2 Commission rate risk

Commission rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing commission rates on the Company's financial position and cash flows. The Company's commission rate risks arise mainly from its term deposits which are at floating rate of commission and are subject to re-pricing on a regular basis. Management monitors the changes in commission rates. In case of 100 basis points increase/decrease in SIBOR as at November 14, 2017, the income/loss for the period would have been higher/lower by Saudi Riyals 4,400 (December 31, 2016: Saudi Riyals 6,222).

4.3 Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Company is not exposed to price risk as no investment is held by the Company which is carried at fair value.

4.4 Credit risk

Credit risk is the risk that one party to the agreement will fail to discharge its obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk from its operating activities (pertaining to cash and cash equivalents, accounts receivable and due from a related party). Outstanding accounts receivables are regularly monitored and any credit concerns highlighted to senior management. Cash and term deposits are placed with local branch of a foreign bank (a related party) with sound credit ratings.

During the period from January 1, 2017 to November 14, 2017, the Company had one (2016: one) major customer which accounts for revenue of approximately Saudi Riyals 2.011 million (2016: Saudi Riyals 6.129 million), representing 68% (2016: 72%) of the Company's revenue for the period/year. Trade receivables are carried net of provision for doubtful receivables, if needed.

BNP PARIBAS INVESTMENT COMPANY KSA
(A Limited Liability Company)
Notes to the financial statements
For the period from January 1, 2017 to November 14, 2017
(All amounts in Saudi Riyals unless otherwise stated)

4.5 Liquidity risk

Liquidity risk is the risk that an enterprise 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 monitoring on a regular basis that sufficient funds are available to meet any future commitments as and when they fall due.

The following analysis the Company's financial liabilities into relevant maturity groupings based on the remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows.

| | Less than 1 year | Between 2 and 5 years | Over 5 years | Total |
|---------------------------------------|------------------|--------------------------|--------------|------------------|
| As at November 14, 2017 | | | | |
| Due to a related party | 8,684 | - | - | 8,684 |
| Accrued and other current liabilities | 3,669,528 | - | - | 3,669,528 |
| | 3,678,212 | - | - | 3,678,212 |
| As at December 31, 2016 | | | | |
| Due to related parties | 550,220 | - | - | 550,220 |
| Accrued and other current liabilities | 3,528,071 | - | - | 3,528,071 |
| | 4,078,291 | - | - | 4,078,291 |

4.6 Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. As the Company's financial instruments are compiled under the historical cost convention, differences can arise between the book values and fair value estimates. Management believes that the fair values of the Company's financial assets and financial liabilities are not materially different from their carrying values.

5 Cash and cash equivalents

| | Note | As at November 14, 2017 | As at December 31, 2016 |
|--------------------------------|-----------|----------------------------|----------------------------|
| Cash in hand | | 7,038 | 4,768 |
| Cash at bank - current account | 5.1 | 5,443,444 | 4,922,351 |
| Cash at bank - deposit account | 5.1 & 5.2 | 66,000,000 | 70,000,000 |
| | | 71,450,482 | 74,927,119 |

5.1 Cash at bank is maintained with BNP Paribas - Riyadh Branch, which is a related party (also see Note 6.2).

5.2 The term deposit carries special commission at the rate of one month SIBOR plus spread and is due for maturity within one month (2016: one month) after the balance sheet date.

BNP PARIBAS INVESTMENT COMPANY KSA
(A Limited Liability Company)
Notes to the financial statements
For the period from January 1, 2017 to November 14, 2017
(All amounts in Saudi Riyals unless otherwise stated)

6 Related party matters

6.1 Related party transactions

Significant transactions with related parties in the ordinary course of business included in the financial statements are summarized below:

| | For the period from January 1, 2017 to November 14, 2017 | For the year ended December 31, 2016 |
|---|--|---|
| BNP Paribas SA | | |
| Non-operating (expense)/income* | <u>(1,170,912)</u> | <u>6,383,394</u> |
| BNP Paribas – Riyadh Branch | | |
| Special commission income on term deposits | <u>636,711</u> | <u>914,352</u> |
| BNP Paribas, Wholesale Unit, Bahrain | | |
| Expense for outsourced services (Note 14) | <u>938,594</u> | <u>1,040,296</u> |
| Expenses paid on behalf of the Company | <u>1,638,084</u> | <u>2,364,784</u> |
| Compensation to key management personnel | <u>1,227,678</u> | <u>2,189,054</u> |
| BNP Paribas, Dubai | | |
| Expenses paid on behalf of the Company | <u>7,513</u> | <u>4,715</u> |

*This amount is accounted for under accrued and other current liabilities as at November 14, 2017 and under receivable as at December 31, 2016 (also see Note 15).

The Company has outsourced certain services to a related party as per the service level agreements between the two entities. The outsourced services include finance, information technology, human resources, operations and other support services. The costs are agreed and allocated on the basis of terms of the said agreements and are payable annually in arrears. The cost agreed for these outsourced services amount to Saudi Riyals 0.939 million for the period from January 1, 2017 to November 14, 2017 (January 1, 2016 to December 31, 2016: Saudi Riyals 1.040 million).

6.2 Related party balances

Significant balances arising from transactions with related parties are as follows:

| | As at November 14, 2017 | As at December 31, 2016 |
|---------------------------------------|----------------------------|----------------------------|
| (i) Due from a related party | | |
| BNP Paribas SA | <u>-</u> | <u>6,233,834</u> |
| (ii) Due to a related party | | |
| BNP Paribas SA | <u>8,684</u> | <u>-</u> |
| BNP Paribas, Wholesale Unit, Bahrain* | <u>-</u> | <u>549,680</u> |
| BNP Paribas, Dubai | <u>-</u> | <u>540</u> |
| | <u>8,684</u> | <u>550,220</u> |

Also, see note (5) for cash and cash equivalents.

BNP PARIBAS INVESTMENT COMPANY KSA
(A Limited Liability Company)
Notes to the financial statements
For the period from January 1, 2017 to November 14, 2017
(All amounts in Saudi Riyals unless otherwise stated)

7 Prepayments

| | As at November 14, 2017 | As at December 31, 2016 |
|----------------------|----------------------------|----------------------------|
| Prepaid license fees | 265,557 | 300,482 |
| Prepaid insurance | 38,814 | 13,607 |
| Prepaid rentals | - | 389,610 |
| Others | 22,281 | 2,892 |
| | <u>326,652</u> | <u>706,591</u> |

8 Property and equipment

| | Office equipment | Furniture and fixtures | Software | Total |
|--|---------------------|---------------------------|---------------|------------------|
| 2017 | | | | |
| Cost | | | | |
| As at January 1 | 166,340 | 1,318,895 | 32,482 | 1,517,717 |
| Additions during the period | - | 2,178 | - | 2,178 |
| As at November 14 | <u>166,340</u> | <u>1,321,073</u> | <u>32,482</u> | <u>1,519,895</u> |
| Accumulated depreciation / amortization | | | | |
| As at January 1 | 166,340 | 255,131 | 4,464 | 425,935 |
| Charge for the period | - | 109,908 | 5,489 | 115,397 |
| As at November 14 | <u>166,340</u> | <u>365,039</u> | <u>9,953</u> | <u>541,332</u> |
| Net book value | | | | |
| As at November 14, 2017 | <u>-</u> | <u>956,034</u> | <u>22,529</u> | <u>978,563</u> |
| 2016 | | | | |
| Cost | | | | |
| As at January 1 | 166,340 | 1,253,022 | - | 1,419,362 |
| Additions during the year | - | 65,873 | 32,482 | 98,355 |
| As at December 31 | <u>166,340</u> | <u>1,318,895</u> | <u>32,482</u> | <u>1,517,717</u> |
| Accumulated depreciation / amortization | | | | |
| As at January 1 | 166,340 | 128,182 | - | 294,522 |
| Charge for the year | - | 126,949 | 4,464 | 131,413 |
| As at December 31 | <u>166,340</u> | <u>255,131</u> | <u>4,464</u> | <u>425,935</u> |
| Net book value | | | | |
| As at December 31, 2016 | <u>-</u> | <u>1,063,764</u> | <u>28,018</u> | <u>1,091,782</u> |

9 Accrued and other current liabilities

| | As at November 14, 2017 | As at December 31, 2016 |
|---------------------------|----------------------------|----------------------------|
| Accrued bonus | 1,577,774 | 2,154,998 |
| Accrued employee cost | 473,375 | 360,784 |
| Board members' fee | 444,000 | 443,000 |
| Accrued IT expenses | 320,277 | 245,748 |
| Accrued professional fees | 166,460 | 185,526 |
| Withholding tax payable | 85,000 | 77,783 |
| Other accrued expenses* | 602,642 | 138,015 |
| | <u>3,669,528</u> | <u>3,605,854</u> |

BNP PARIBAS INVESTMENT COMPANY KSA
(A Limited Liability Company)
Notes to the financial statements
For the period from January 1, 2017 to November 14, 2017
(All amounts in Saudi Riyals unless otherwise stated)

*This includes Saudi Riyals 130,184 (2016: Nil) accrued by the Company in respect of outsourced services, payable to BNP Paribas, Wholesale Unit, Bahrain. The amount will be transferred to Due to a related party account once invoice is received from BNP Paribas, Wholesale Unit, Bahrain.

10 Income taxation

Status of final assessments

The Company has filed its income tax returns for the years up to 2016. The GAZT had raised queries for the years 2009 to 2013 on Rabi' Alawal 3, 1436H (corresponding to January 30, 2015). The queries have been responded by the Company during 2015. The matter is pending with the GAZT. The Company has paid its income tax for the year ended December 31, 2016. The Company has not recorded any tax provision for the period from January 1, 2017 to November 14, 2017 as the Company has incurred net taxable loss.

10.1 Computation of taxable income and income tax

| | For the period from January 1, November 14, 2017 | For the year to ended December 31, 2016 (note 10.1.1) |
|--|---|--|
| (Loss)/income for the period/year | (7,438,708) | 3,394,865 |
| Adjustments: | | |
| Accounting depreciation/amortization | 115,397 | 131,413 |
| Entertainment expenditures | 24,685 | 49,983 |
| Life insurance | 14,167 | 11,299 |
| Provision for employee termination benefits (Note 11) | 91,863 | 1,145,695 |
| Withholding tax (Note 14) | 192,850 | 546,218 |
| Pension paid abroad | 121,005 | 249,656 |
| School fees | 21,296 | 80,103 |
| CMA fine | - | 10,000 |
| Club membership | 72,768 | - |
| Others | - | 79,754 |
| | 654,031 | 2,304,121 |
| Less: Allowable deductions | | |
| Depreciation per GAZT scale rates | (143,981) | (157,993) |
| Utilization of provision in respect of retiring employee (Note 11) | - | (38,260) |
| Adjusted (loss)/income | (6,928,658) | 5,502,733 |
| Brought forward losses (25% of adjusted net income) | - | (1,385,248) |
| Net taxable (loss)/income | (6,928,658) | 4,117,485 |
| Tax rate | 20% | 20% |
| Provision for taxation | - | 823,497 |

10.1.1 Certain amounts relating to the year 2016 have been adjusted to agree to the filing with the GAZT. Due to difference in amounts accrued in financial statements and the amount filed as per the tax return, an adjustment of Saudi Riyals 47,268 has been recorded in current period as prior year charge.

BNP PARIBAS INVESTMENT COMPANY KSA
(A Limited Liability Company)
Notes to the financial statements
For the period from January 1, 2017 to November 14, 2017
(All amounts in Saudi Riyals unless otherwise stated)

10.2 Movement in provision for income tax

The movement in the provision for income tax is as follows:

| | As at November 14, 2017 | As at December 31, 2016 |
|--|----------------------------|----------------------------|
| Balance payable/(receivable) - opening | 253,894 | (616,871) |
| Provision for current period | - | 870,765 |
| Reversals for prior year (see note 10.1.1) | (47,268) | - |
| Payments made during the period/year | (47,268) | 870,765 |
| | (823,497) | - |
| Balance (receivable)/payable - closing | (616,871) | 253,894 |

11 Employee termination benefits

| | As at November 14, 2017 | As at December 31, 2016 |
|--------------------------------------|----------------------------|----------------------------|
| Opening | 1,578,513 | 471,078 |
| Provision for the period/year | 91,863 | 1,145,695 |
| Payments made during the period/year | - | (38,260) |
| Closing | 1,670,376 | 1,578,513 |

12 Share capital

The authorized and paid up share capital of the Company is divided into 875,000 shares of Saudi Riyals 100 each.

| Shareholders | Country of origin | Shareholding | | Amount | |
|-----------------------|-------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | | As at November 14, 2017 | As at December 31, 2016 | As at November 14, 2017 | As at December 31, 2016 |
| BNP Paribas SA | France | 95% | 95% | 83,125,000 | 83,125,000 |
| ANTIN Participation V | France | 5% | 5% | 4,375,000 | 4,375,000 |
| | | 100% | 100% | 87,500,000 | 87,500,000 |

13 Statutory reserve

In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia and the Company's Articles of Association, a minimum of 10% of the net income is required to be transferred to statutory reserve until the reserve equals 30% of the share capital of the Company.

The Company has a net loss for the period from January 1, 2017 to November 14, 2017 amounting to Saudi Riyals 7.391 million (for the year ended December 31, 2016: net income of Saudi Riyals 2.524 million) and as at November 14, 2017, the Company has accumulated losses amounting to Saudi Riyals 17.422 million (as at December 31, 2016: Saudi Riyals 10.030 million). Therefore, no transfer to statutory reserve has been made. Transfers will be made once the accumulated losses have been exhausted.

BNP PARIBAS INVESTMENT COMPANY KSA
(A Limited Liability Company)
Notes to the financial statements
For the period from January 1, 2017 to November 14, 2017
(All amounts in Saudi Riyals unless otherwise stated)

14 General and administrative expenses

| | Notes | For the period from January 1, 2017 to November 14, 2017 | For the year ended December 31, 2016 |
|--------------------------------|-------|--|---|
| Travel and IT related services | | 1,190,410 | 511,235 |
| Professional fees | | 1,151,737 | 1,038,947 |
| Cost of outsourced services | | 938,594 | 1,040,296 |
| Rentals | 6.1 | 389,610 | 519,480 |
| Registration fee | | 216,670 | 244,949 |
| Withholding taxes | | 192,850 | 546,218 |
| Depreciation/amortization | 8 | 115,397 | 131,413 |
| Repairs and maintenance | | 24,919 | 25,916 |
| Others | | 202,409 | 219,718 |
| | | 4,422,596 | 4,278,172 |

15 Non-operating expense/income

This represents the share of expense/income related to inter-group transactions re-distributed by BNP Paribas SA. The calculation is made on group level by BNP Paribas SA at predefined agreed method.

16 Contingencies and commitments

16.1 As at November 14, 2017, there were no guarantees issued by BNP Paribas - Riyadh Branch (a related party) on behalf of the Company (December 31, 2016: Saudi Riyals 90,000). There were no other contingencies as at November 14, 2017 (December 31, 2016: Nil).

16.2 As at November 14, 2017, the Company has operating lease for its office premises for which rent is paid in advance. Rental expenses for the period ended November 14, 2017, amounted to Saudi Riyals 389,610 (December 31, 2016: Saudi Riyals 519,480).

17 Capital Adequacy Requirement

In accordance with Article 74 (b) of the Prudential Rules issued by the CMA (the Rules), given below are the capital base, minimum capital requirement and total capital ratio as at November 14, 2017 and December 31, 2016:

| | Saudi Riyals in Thousands | |
|--|---------------------------|----------------------|
| | November 14, 2017 | December 31, 2016 |
| Capital base | | |
| Tier-I Capital | 70,156 | 77,542 |
| Tier-II Capital | - | - |
| Total capital base | 70,156 | 77,542 |
| Minimum capital requirement | | |
| Market Risk | - | - |
| Credit Risk | - | - |
| Operational Risk | 4,780 | 3,884 |
| Total minimum capital requirement | 2,462 | 3,099 |
| | 7,242 | 6,983 |
| Capital Adequacy Ratio | | |
| Total capital ratio (times) | 9.69 | 11.10 |
| Tier-I Capital Ratio (times) | 9.69 | 11.10 |
| Surplus in capital | 62,914 | 70,559 |

BNP PARIBAS INVESTMENT COMPANY KSA
(A Limited Liability Company)
Notes to the financial statements
For the period from January 1, 2017 to November 14, 2017
(All amounts in Saudi Riyals unless otherwise stated)

- (a) The above information has been extracted from the Company's Capital Adequacy Model for the period from January 1, 2017 to November 14, 2017 to be submitted to CMA and for the year ended December 31, 2016 as submitted to CMA.
- (b) The Capital Base consists of Tier 1 Capital and Tier 2 Capital calculated as per Article 4 and 5 of the Rules respectively. The Minimum Capital Requirements for Market, Credit and Operational Risk are calculated as per the requirements specified in Part 3 of the Rules.
- (c) The Company is required to maintain adequate capital as specified in the Rules. The capital adequacy ratio shall not be less than 1.
- (d) Certain information as required by Pillar III of the Prudential Rules will be made available to the public on the Company's website, however, this information is not subject to review or audit by the external auditors' of the Company.