RSM Allied Accountants
Dr. Abdelgadir Bannaga & Partners Co.

MULKIA INVESTMENT COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 AND INDEPENDENT AUDITOR'S REPORT

MULKIA INVESTMENT COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

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INDEPENDENT AUDITOR'S REPORT

To the stockholders
Mulkia investment company
(A Saudi Closed Joint Stock Company)

Opinion

We have audited the financial statements of Mulkia Investment Company, a Saudi closed joint stock company, ("the Company"), which comprise the statement of financial position as at 31 December 2019, and the statements of profit or loss and other comprehensive income, statement of changes in stockholders' equity and statement of cash flows for the year then ended, and the notes accompanying to the financial statements and summary of the significant accounting policies.

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

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing that endorsed in the Kingdom of Saudi Arabia. Our responsibilities under these 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 that are endorsed Kingdom of Saudi Arabia that are relevant to our audit of the Company's financial statements and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and the Regulations for Companies and the Company's bylaws 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, i.e. the board of directors, are responsible for overseeing the Company`s financial reporting process.

Auditors Responsibilities for the Audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 judgement 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 internal control of the Company.
- 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 auditors' report to the related disclosures in the financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents 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 controls that we identify during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable related safeguards.

Report on Legal and Regulatory Requirements

Article (135) of the Companies Law requires the auditor to state in the audit report any detected violations of the Law or the company's bylaws. During the course of our audit of the financial statements, nothing came to our attention that indicate that the Company is not in compliance with the provisions of the Companies Law or the bylaws of the Company.

Allied Accountants
Dr Abdelgadir Bannaga & Partners Co.

Mohammed Al Nader
License No. 435
Riyadh, Saudi Arabia
1 Shaban 1441H (25 March 2020)

MULKIA INVESTMENT COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2019

	Note	31 December 2019 SAR	31 December 2018 SAR
Assets			
Non-current assets			
Property and equipment, net	6	**1,471,540**	2,035,003
Intangible assets, net	7	**73,228**	153,548
Prepayments to purchase intangible assets	8	**150,000**	150,000
Investments at fair value through other comprehensive income	9	**8,041,130**	8,434,290
Total non-current assets		**9,735,898**	10,772,841
Current assets			
Due from related parties	10	**16,905,496**	9,448,896
Prepayments and other receivables	11	**556,785**	804,522
Investments at fair value through profit or loss	12	**28,704,568**	33,984,906
Bank balances		**6,282,906**	3,686,299
Total current assets		**52,449,755**	47,924,623
Total assets		**62,185,653**	58,697,464
Stockholders' equity and Liabilities			
Stockholders' equity			
Share capital	13	**75,000,000**	75,000,000
Accumulated losses		**(14,307,951)**	(18,751,085)
Revaluation reserve for Investments at fair value through other comprehensive income	9	**(449,195)**	(276,700)
Total stockholders' equity		**60,242,854**	55,972,215
Liabilities			
Non-current liabilities			
Employee benefit plans obligations	15	**265,706**	497,545
Total non-current liabilities		**265,706**	497,545
Current liabilities			
Accrued expenses and other payable	16	**1,081,490**	1,937,627
Zakat provision	17	**595,603**	290,077
Total current liabilities		**1,677,093**	2,227,704
Total liabilities		**1,942,799**	2,725,249
Total equity and liabilities		**62,185,653**	58,697,464

The accompanying notes (1) to (29) form an integral part of these financial statements

MULKIA INVESTMENT COMPANY

(A SAUDI CLOSED JOINT STOCK COMPANY)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 SAR	2018 SAR
Revenue	18	13,148,690	18,071,583
Realized gains / (losses) from sale of investments at fair value through profit or loss		1,895,316	(304,528)
Unrealized gains / (losses) of investments at fair value through profit or loss	13	1,963,878	(1,461,717)
Total revenue		17,007,884	16,305,338
Cost of revenue	19	(3,711,965)	(5,651,062)
Gross profit		13,295,919	10,654,276
General and administrative expenses	20	(8,740,823)	(7,654,175)
Marketing expenses	21	(112,563)	(295,923)
Net profit from main operations		4,442,533	2,704,178
Other revenue		526,150	1,689
Net profit for the year before Zakat		4,968,683	2,705,867
Zakat	17	(595,603)	(290,077)
Net profit for the year		4,373,080	2,415,790
Earnings per share			
Basic and diluted earning per share of net profit from main operations	23	0.66	0.36
Basic and diluted earning per share in net profit for the year	23	0.58	0.32
Other comprehensive income			
Items that will not subsequently reclassified to profit or loss			
Realized gains on sale of investments at fair value through other comprehensive income		-	820,226
Movement in fair value of investments through other comprehensive income		(172,495)	(2,622,620)
Profits / (losses) from re-measurement of employee benefit plans obligations	15	70,054	(17,520)
Other comprehensive loss for the year		(102,441)	(1,819,914)
Total comprehensive income for the year		4,270,639	595,876

The accompanying notes (1) to (29) form an integral part of these financial statements

MULKIA INVESTMENT COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

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

	Share capital SAR	Accumulated losses SAR	Revaluation reserve for Investments at fair value through other comprehensive income SAR	Total SAR
Balance as at 1 January 2018	75,000,000	(21,969,581)	2,345,920	55,376,339
Net profit for the year	-	2,415,790	-	2,415,790
Other comprehensive income	-	802,706	(2,622,620)	(1,819,914)
Balance as at 31 December 2018	75,000,000	(18,751,085)	(276,700)	55,972,215
Net profit for the year	-	**4,373,080**	-	**4,373,080**
Other comprehensive income	-	**70,054**	**(172,495)**	**(102,441)**
Balance as at 31 December 2019	**75,000,000**	**(14,307,951)**	**(449,195)**	**60,242,854**

The accompanying notes (1) to (29) form an integral part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 SAR	2018 SAR
Operating activities		
Net profit for the year before Zakat	**4,968,683**	2,705,867
Adjustments to reconcile net profit with net cash from/ (used in) operating activities:		
Depreciation of property and equipment	**608,440**	681,311
Amortization of intangible assets	**80,320**	108,813
Unrealized gains / (losses) on sale of investments at fair value through profit or loss	**(1,963,878)**	1,461,717
Provision for employee benefit plans obligations	**188,265**	224,868
	3,881,830	5,182,576
The changes in operating assets and liabilities:		
Investments at fair value through other comprehensive income	**220,665**	4,709,236
Investments at fair value through profit or loss	**7,244,216**	(5,395,475)
Due from related parties	**(7,456,600)**	(5,744,357)
Prepayments and other receivables	**247,737**	622,103
Accrued expenses and other payable	**(856,137)**	(486,200)
Employee benefit plans obligations paid	**(350,050)**	(191,616)
Zakat paid	**(290,077)**	(199,060)
Net cash provided from /(used in) operating activities	**2,641,584**	(1,502,793)
Investing activities		
Purchase of property and equipment	**(44,977)**	(76,374)
Prepayments to purchase intangible assets	**-**	(150,000)
Net cash used in investing activities	**(44,977)**	(226,374)
Net change bank balances	**2,596,607**	(1,729,167)
Bank balances at beginning of the year	**3,686,299**	5,415,466
Bank balances at end of the year	**6,282,906**	3,686,299

Non-cash transactions

Transferred from advance payments to purchase intangible assets into intangible assets	**-**	101,257
Movement in fair value of investments through other comprehensive income	**(172,495)**	(2,622,620)

The accompanying notes (1) to (29) form an integral part of these financial statements

1 - ORGANIZATION AND ACTIVITIES

Mulkia Investment Company ("the Company") is a Saudi closed joint stock company registered with the Capital Market Authority under license No (13170-37) dated 10 Muharram 1435H (corresponding to (13 November 2013).

The Company operates in the Kingdom of Saudi Arabia under commercial registration number 1010407245 dated 9 Jumada I 1435H (corresponding to 10 March 2014). The Company was established pursuant to the ministerial resolution No. 101 /Q dated 2 Jumada I 1435H (corresponding to 3 March 2014).

The main activities of the Company are securities business including: Managing Investment Funds, Managing Clients' Portfolios, Custody, Dealing as Principal, Underwriting, Arranging and Advising Services under CMA license number (37-13170).

The head office of the Company is P.O. Box 52775, Riyadh 11573, Prince Mohammad bin Abdulaziz, Olaya, Riyadh, Saudi Arabia.

2 - ACCOUNTING STANDARDS APPLIED

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants.

3 - CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Except for what has been mentioned below, the accounting policies applied to these financial statements are the same as those applied to the financial statements for the previous year ended 31 December 2018.

IFRS (16) "Leases"

The Company has adopted IFRS (16) "leases" with the cumulative effect of initially recognizing the standard. The Company will select to apply the standard on contracts that were previously identified as leases by IAS (17) and IFRIC (4). The Company will select to apply the proposed exemptions on lease contracts in which the lease term expires within 12 months from the date of the initial application, and low value asset leases. The Company performed an evaluation of IFRS (16) impact and a comparison with IAS (17) and IFRIC (4), and concluded that the impact is not material in the financial statements of the Company as a whole and therefore there was no financial impact on the interim financial statements as a result of application of IFRS (16) "Leases".

4 - STANDARDS ISSUED BUT NOT YET EFFECTIVE

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2020 and earlier application is permitted; however, the Company has not early adopted them in preparing these Financial Statements.

Amendments to IFRS 3 – definition of a business

This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

Amendments to IAS 1 and IAS 8 on the definition of material

These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs:

1- Use a consistent definition of materiality throughout IFRS and the Conceptual Framework for Financial Reporting;

2- Clarify the explanation of the definition of material; and incorporate some of the guidance in IAS 1 about immaterial information.

Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform

These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally, cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the statement of Profit or Loss.

5 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies are applied by the Company:

Accounting convention

The financial statements have been presented in Saudi Riyals and prepared under the historical cost convention, accrual basis and going concern, except for employee defined benefit obligations, which have been estimated by an independent actuary.

Use of estimates

The preparation of the financial statements in conformity with International Financial Reporting Standards 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 revenues and expenses. These estimates and judgments are based on management's best knowledge of current events and actions and other factors which form a base for estimating the carrying amount of assets and liabilities which can not be easily determined from other sources. Actual results may differ from those estimates.
The estimates and underlying assumptions are reviewed on an ongoing basis. Adjustments to accounting estimates are recognized prospectively.

Fair value measurment

Fair value is the price that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

An entity shall measure the fair value of an asset or a liability 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.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.
For reporting, determining fair value of assets and liabilities, and disclosure purposes, the company uses the following hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical instruments.

Level 2: Quoted prices for similar assets or liabilities in active markets or other valuation methods in which all significant inputs are based on observable market data.

Level 3: Valuation techniques that are not based on observable market data.
The fair value of financial investments is listed at level 1.

Financial Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.
Financial assets and financial liabilities are initially measured at fair value. Transaction costs that relate directly to the purchase or issue of financial assets and liabilities (other than financial assets and financial liabilities at fair value through the statement of profit or loss) are added to the fair value of financial assets and financial liabilities or deducted from them, as appropriate, upon initial recognition. Transaction costs that are directly related to the purchase of financial assets and liabilities and are measured at fair value through the statement of profit or loss are recognized directly in the statement of profit or loss.

First: Financial assets

Financial assets are classified into the following specified categories: Financial assets 'at fair value through profit or loss' (FVTPL), Financial assets measured at fair value through other comprehensive income, and financial assets measured at amortized cost. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. A regular way purchase or sale of financial assets is recognized using trade date. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

5 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

First: Financial assets (continued)

a) Financial assets measured at fair value through profit or loss (FVTPL)

Financial assets are measured at fair value through the statement of profit or loss if they have been acquired or held for the purpose or selected to be classified in this category.
Financial assets are classified as held for trading if:

- If they were acquired mainly to be sold in near future.
- If they represent known portfolio of financial instruments managed by the Company and includes the actual pattern of a financial instrument that generates profits in the short term.
- If they represent a derivative but not classified or effective as a hedging instrument.

Financial assets measured at fair value through the statement of profit or loss are stated at their fair value, and any gain or loss resulting from the revaluation is recognized in profit or loss.
Net profit or loss includes any dividends or interest due from the financial asset and is included in the statement of profit or loss.

b) Financial assets measured at Fair value through other comprehensive income (FVOCI)

Investments in some units of the investment funds that are managed by the Company are classified at fair value through other comprehensive income (FVOCI). Gains and losses arising from changes in fair value are included in the statement of other comprehensive income and are added to statement of accumulated changes in fair value of investments within equity other than impairment losses which are included in profits and losses. If investment is disposed or suffered an impairment, profits and losses resulted from previous evaluation which were recognized in investment revaluation reserve are included in the statement of other comprehensive income.
Dividend income from investments is recognised in equity instruments at fair value through other comprehensive income when the Company's right to receive payment has been established and is shown as income in profits and loss unless dividends clearly represent a recovery of part of the investment cost. Other profits and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

c) Financial assets measured at amortised cost

Accounts receivable, including trade and other receivables, bank balances and cash are measured at amortized cost using the effective interest method less any impairment loss, and charged to the profit or loss.
Interest income is determined using the effective interest rate, except for short-term receivables when the discount effect is insignificant.

Second: Financial liabilities:

Financial liabilities (including loans and accounts payable) are measured subsequently at mortised cost using the effective interest method.
The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of disposed financial liabilities and amount paid is charged to the statement of profit or loss.

Effective interest rate method

The effective interest method is an accounting practice used for calculating the amortized cost of a debt instrument and for distributing interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (Including all fees and points paid or received, which form an integral part of the effective interest rate, transaction costs, installments or other discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

5 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalent

Cash and bank balances comprise cash on hand, bank balances, and bank Murabaha facilities that can be converted into cash with original maturity of three-months or less from the acquisition date

Investment entity, determination of control and consolidation of financial statements

An investment entity is an entity that: (a) obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services; (b) commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and (c) measures and evaluates the performance of substantially all of its investments on a fair value basis.

According to the exception in "IFRS 10 Consolidated Financial Statements" for investment entities, an investment entity shall not consolidate its subsidiaries or apply IFRS 3 when it obtains control of another entity. Instead, an investment entity shall measure an investment in a subsidiary at fair value through profit or loss. The Company is also a fund manager for a number of investment funds. When determining whether the Company controls these investment funds, the Company usually focuses on the Company's overall economic interests in the fund (which are expected management fee and any other gains). As the investor has the right to remove the fund manager, therefore, the Company concluded that it acts as an investor agent in all cases and did not consolidate these Funds in the financial statements.

Property and equipment

Property and equipment are stated at cost less accumulated depreciations. Expenditures on maintenance and repairs are expensed, while expenditures for improvements are capitalized. Depreciation is computed using the straight line method based on the estimated useful lives of the assets. Lands are not depreciated. Leasehold improvements are being amortized on the straight-line basis over the shorter of useful life or lease period. Sold or disposed asset and its accumulated depreciation are written-off at the date of sale or disposal.

The annual estimated rates of depreciation of the principal classes of assets are as follows:

Item	Annual depreciation rate
Leasehold improvements	12.5%
Furnitures and fixtures	10%
Office equipment	12.5%
Computers	20%
Motor vehicles	20%

Intangible assets

Purchased intangible assets are recorded at cost less accumulated amortization and any accumulated impairment losses. Intangible assets are amortized over its estimated useful life which is five years using the straight-line method. If there is an indication of a significant change in the useful life or residual value of these assets, the impairment is adjusted to reflect new projections.

Investments at fair value through profit or loss

Investments at fair value through profit or loss are recognized at fair value and are included in current assets. Unrealized gains and losses from revaluation of these investments, and realized gains and losses arising from disposal of investments are recognized in the statement of profit or loss.

The fair value is determined on based on market value in the event of a market for the trading of securities or using other alternative methods, otherwise cost is deemed to be the fair value. In case of selling portion of acquired investments, they are accounted for using the weighted average method.

5 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Investment Evaluation

The Company invests in various securities, including shares traded, open-ended funds and other investment funds, including real estate funds. Traded shares are evaluated based on market prevailing prices, while open-ended investment funds are valued based on the net value of the fund's assets, which are periodically published in the stock market. For real estate funds, investments are based on net value of the fund's adjusted assets to assess the real estate assets involved. Investments in subsidiaries are usually valued based on the final evaluation of the investee company if the subsidiary was established solely to make those investments. In the case of other non-traded investments, the management uses a variety of methods including the market method (i.e. using latest transactions carried out based fair terms, amended when necessary, and based on current market value of similar instruments), Income method (i.e. discounted cash flow analysis, comparable company multiples and options pricing options using available and supported market comparisons in a reasonable and reasonable way). Currently, these investments consist of some dormant subsidiaries which are valued based on their net asset value. The foregoing requires significant estimates and assumptions to be used by management.

Assets held in trust

Assets held in trust are not treated as assets of the Company and accordingly are not included in the financial statements. These assets are treated as off-balance sheet items and disclosed in the notes to the financial statements. Fees collected by the Company for managing these assets are included in the statement of profit or loss.

Managed assets

The Company provides asset management services. These assets are not treated as assets of the Company and accordingly are not included in the financial statements.

Clients' cash accounts

Clients' cash accounts are not treated as assets of the Company and accordingly are not included in the financial statements.

Employee benefit obligation plans

End-of-service indemnities

The end-of-service indemnity provision is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurements, comprising actuarial gains and losses, are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur and are not charged to the statement of profit or loss.

Retirement benefits

The Company makes contributions for a defined contribution retirement benefit plan to the General Organization for Social Insurance in respect of its Saudi employees. These payments are expensed when incurred.

5 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefit obligation plans (continued)

Short-term employee benefits
Liabilities recognized in respect of short-term employee benefits related to wages and salaries are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognized in respect of short-term employee benefits are measured at the un-discounted amount of the benefits expected to be paid in exchange for the related service.

Accounts payable and accruals
Liabilities are recognized for amounts to be paid in the future for goods or service received, whether billed or not by suppliers.

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

Offset
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position 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.

Zakat provision
Zakat is provided for in accordance with the regulations of the General Authority of Zakat and Income Tax ("GAZT") in the Kingdom of Saudi Arabia. The Zakat charge is computed at year-end on Zakat base or adjusted net income whichever is higher. Changes to the assessment, if any, that may become due on finalization of an assessment are accounted for in the periods in which assessment is finalized.

Revenue recognition
Fixed fees received under financial services agreements are not usually refundable. These fees are initially recognized as unearned revenue, and subsequently recognized as revenue when relevant services are provided or agreement is terminated by the client. Management and custody fees are recognized on an accrual basis. Dividends are recognized when the Company's right to receive payment is declared. Subscription fees paid in advance are recognized when the client subscribe in the Fund managed by the Company. Performance fees are recognized on an accrual basis upon achieving key performance targets.

Other revenue
Other revenues are recognized when they are realized.

SEGMENT INFORMATION
A segment is a distinguishable component of the Company that is engaged either in providing specific 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. The main form of company segment information is based on business segments. Business segments are identified by the Company's management in accordance with internal reporting structures.

Expenses
All expenses related to revenue generation such as salaries, wages, and other operational expenses are charged to cost of revenue. Selling and marketing expenses include salaries of marketing and advertising staff and any other expenses related to the Company's marketing and selling activities. All other expenses are classified as general and administrative expenses. Allocations between general and administrative expenses and cost of revenue sales are made on a consistent basis.

5 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of profit or loss.

6 -PROPERTY AND EQUIPMENT, NET

	Leasehold improvements SAR	Furnitures and fixtures SAR	Office equipment SAR	Computer devices SAR	Motor vehicles SAR	Total SAR
Cost						
1 January 2019	2,813,876	438,671	133,374	1,454,524	94,100	4,934,545
Additions during the year	-	**26,701**	-	**18,276**	-	**44,977**
31 December 2019	**2,813,876**	**465,372**	**133,374**	**1,472,800**	**94,100**	**4,979,522**
Accumulated depreciation						
1 January 2019	1,347,038	200,833	73,319	1,198,078	80,274	2,899,542
Charged to the year	**351,960**	**44,118**	**16,380**	**182,158**	**13,824**	**608,440**
31 December 2019	**1,698,998**	**244,951**	**89,699**	**1,380,236**	**94,098**	**3,507,982**
Net book value						
31 December 2019	**1,114,878**	**220,421**	**43,675**	**92,564**	**2**	**1,471,540**

	Leasehold improvements SAR	Furnitures and fixtures SAR	Office equipment SAR	Computer devices SAR	Motor vehicles SAR	Total SAR
Cost						
1 January 2018	2,743,438	438,671	131,947	1,450,015	94,100	4,858,171
Additions	70,438	-	1,427	4,509	-	76,374
31 December 2018	2,813,876	438,671	133,374	1,454,524	94,100	4,934,545
Accumulated depreciation						
1 January 2018	1,004,108	157,003	56,999	938,675	61,446	2,218,231
Depreciation for the year	342,930	43,830	16,320	259,403	18,828	681,311
31 December 2018	1,347,038	200,833	73,319	1,198,078	80,274	2,899,542
Net book value						
31 December 2018	1,466,838	237,838	60,055	256,446	13,826	2,035,003

7 -INTANGIBLE ASSETS, NET

Intangible assets are computer software licenses and software. The movement in intangible assets is as follows:

	31 December 2019 SAR	31 December 2018 SAR
Cost		
Balance at the beginning of the year	**563,236**	461,979
Transferred from prepayments to purchase intangible assets (note 8)	**-**	101,257
Balance at year-end	**563,236**	563,236
Amortizations		
Balance at the beginning of the year	**409,688**	300,875
Charged to the year	**80,320**	108,813
Balance at year-end	**490,008**	409,688
Net book vale	**73,228**	153,548

8 -PREPAYMENTS TO PURCHASE INTANGIBLE ASSETS

The movement in prepayments to purchase intangible assets is as follows:

	31 December 2019 SAR	31 December 2018 SAR
Balance at the beginning of the year	**150,000**	101,257
additions	**-**	150,000
Transferred to intangible assets (note 7)	**-**	(101,257)
Balance at year-end	**150,000**	150,000

9 -INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments are as follows:

	As of 31 December 2019				
	Opening Balance SAR	**Additions during the year SAR**	**Disposals during the year SAR**	**Unrealized profits/ (losses) SAR**	**Closing balance SAR**
Mulkia Plaza Development Real Estate Fund	**6,210,990**	**-**	**(6,003,889)**	**54,533**	**261,634**
Mulkia Private Equities Fund – Education Sector	**2,500,000**	**-**	**-**	**(397,096)**	**2,102,904**
Mulkia Private Equities Fund – Beverages Sector	**-**	**5,783,224**	**-**	**(106,632)**	**5,676,592**
Total investments	**8,710,990**	**5,783,224**	**(6,003,889)**	**(449,195)**	**8,041,130**

9-INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

	As of 31 December 2018				
	Opening Balance SAR	**Additions during the year SAR**	**Disposals during the year SAR**	**Unrealized profits / (losses) SAR**	**Closing balance SAR**
- Mulkia Plaza Development Real Estate Fund	10,100,000	-	(3,889,010)	54,423	6,265,413
- Mulkia Private Equities Fund – Education Sector	2,500,000	-	-	(331,123)	2,168,877
- Mulkia Real Estate Income Generating Fund	-	1,032,763	(1,032,763)	-	-
Total investments	12,600,000	1,032,763	(4,921,773)	(276,700)	8,434,290

10 - RELATED-PARTY TRANSACTIONS

Related parties represent subsidiaries, stockholders in the Company, key management personnel and jointly controlled or managed entities or on which significant influence is exercised by those parties and other affiliated parties of the Company. Pricing policies and terms of these transactions are approved by the management of the Company. Below is statement of significant transactions and balances with related parties during the year and related balances at end of the year:

		Amount of transaction	
Related Parties	**Nature of transaction**	**For the year ended 31 December 2019 SAR**	For the year ended 31 December 2018 SAR
Investment funds managed by the Company	Management fees	**11,179,046**	12,597,158
	Custody fees	-	15,608
	Subscription fees	**33,333**	-
Tamadun Al-Oula Real Estate Company	Recharged expenses	-	11,750
Dur Alkuttab Company Ltd.	Recharged expenses	-	21,233
Dakkin Media Company Limited	Advertising services	**19,167**	41,300
Portfolio management for stockholders	Management fees	-	229,480
	Good performance fees	-	19,889

Balances due from related parties as at 31 December are as follows:

	31 December 2019 SAR	31 December 2018 SAR
Investment funds managed by the Company	**16,784,906**	9,082,203
Portfolio management for stockholders	**17,187**	133,820
Due from affiliates and subsidiaries	**103,403**	232,873
	16,905,496	9,448,896

10 - RELATED-PARTY TRANSACTIONS (CONTINUED)

Senior management remuneration

Senior management personnel are represented by senior members of the Company's management. Below is a statement of expenses of senior management personnel remuneration during the year:

	31 December 2019 SAR	31 December 2018 SAR
Payroll and other short-term benefits	**2,991,516**	1,741,141
Rewards-employment benefit expense	**620,402**	125,605
	3,611,918	1,866,746

Allowances and remunerations of members of the Board of Directors and executive committees during the year ended 31 December 2019 were disclosed in note 20.

11 - PREPAYMENTS AND OTHER RECEIVABLES

	31 December 2019 SAR	31 December 2018 SAR
Prepaid expenses	**427,750**	683,097
Employees advances	**40,740**	25,792
Management and performance fees payable	-	62,321
Others	**88,295**	33,312
	556,785	804,522

12 - INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Investments are as follows:

	As of 31 December 2019				
	Beginning Balance SAR	**Additions during the year SAR**	**Disposals during the year SAR**	**Unrealized profits / (losses) SAR**	**Closing balance SAR**
First: Investment funds managed by the Company					
- Mulkia Saudi Equity Fund	**12,690,784**	-	**(6,345,396)**	**458,879**	**6,804,267**
- Mulkia Gulf Real Estate REIT	**12,195,000**	-	**(4,878,000)**	**1,548,000**	**8,865,000**
Second: Investments in dormant subsidiaries					
Mulkia Investments Company Limited	**575,802**	-	-	**(44,317)**	**531,485**
Third: Investments in dormant companies					
- Dur Alkuttab Company Ltd.	**2,500,000**	-	-	-	**2,500,000**
- Tamadun Al-Oula for Real Estate Company	**2,500**	-	-	-	**2,500**
Fourth: investments in other funds					
- Al-Jazira Capital Fund	**6,020,820**	**17,600,000**	**(13,620,820)**	**1,316**	**10,001,316**
Total investments	33,984,906	**17,600,000**	**(24,844,216)**	**1,963,878**	**28,704,568**

12-INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

	As of 31 December 2018				
	Beginning Balance SAR	**Additions during the year SAR**	**Disposals during the year SAR**	**Unrealized profits / (losses) SAR**	**Closing balance SAR**
First: Investment funds managed by the Company					
- Mulkia Saudi Equity Fund	9,155,649	3,615,686	(297,874)	217,323	12,690,784
- MULKIA IPO FUND	3,922,337	-	(3,922,337)	-	-
- Mulkia Gulf Real Estate REIT	13,860,000	-	-	(1,665,000)	12,195,000
Second: Investments in dormant subsidiaries					
Mulkia Investments Company Limited	610,662	-	-	(34,860)	575,802
Third: Investments in dormant companies					
- Dur Alkuttab Company Ltd.	2,500,000	-	-	-	2,500,000
- Tamadun Al-Oula for Real Estate Company	2,500	-	-	-	2,500
Fourth: investments in other funds					
- Al-Jazira Capital Fund	-	6,000,000	-	20,820	6,020,820
Total investments	30,051,148	9,615,686	(4,220,211)	(1,461,717)	33,984,906

13 - SHARE CAPITAL

As of 31 December 2019, the authorized and paid up share capital is SAR 75 million, divided into 7.5 million shares, SAR 10 each.

The extraordinary general assembly convened on 5 December 2018 and approved reduction of the authorized capital from SAR 150 million to SAR 75 million due to the fact that the capital exceeds the need of the Company at the present time. The CMA approval was obtained for the reduction and the Company's articles of association were amended.

14 - STATUTORY RESERVE

In accordance with provisions of the Regulations for Companies, the Company shall appropriate 10% of net income to the statuary reserve until the reserve equals 30% of the share capital. This reserve is not available for distribution to stockholders. No transfer was made due to losses.

15 - EMPLOYEE BENEFIT PLANS OBLIGATIONS PLAN

In accordance with the provisions of IAS 19 "Employee Benefits", management has carried out an exercise to assess the present value of its employees' defined benefit obligations at the date of statement of financial position, in respect of employees' end-of-service benefits payable under relevant local regulations and contractual arrangements. The following are the main actuarial assumptions used to calculate the end-of-service indemnity, which are as follows:

	31 December 2019	31 December 2018
Discount rate	**5.0 %**	5.0 %
Salaries increase rate	**2.5 %**	2.5 %

15-EMPLOYEE BENEFIT PLANS OBLIGATIONS PLANS (CONTINUED)

The movement in employees benefit obligations plan is as follows:

	31 December 2019 SAR	31 December 2018 SAR
Opening balance of employees benefits plan obligations plan	**497,545**	446,773
Charged to the Statement of profit or loss		
Provided during the year	**188,265**	224,868
Charged to the statement of other comprehensive income		
(Profits) / losses from re-measurement of employee benefit plans obligations	**(70,054)**	17,520
Paid during the year	**(350,050)**	(191,616)
Employees benefits plan obligations balance at end of year	**265,706**	497,545

16 - ACCRUED EXPENSES AND OTHER PAYABLES

	31 December 2019 SAR	31 December 2018 SAR
VAT accruals	**183,657**	119,965
Accrued Expenses	**284,045**	717,662
Provision for remuneration	**613,788**	1,100,000
	1,081,490	1,937,627

17 - ZAKAT PROVISION

a) Components of Zakat base

	31 December 2019 SAR	31 December 2018 SAR
Share capital	**75,000,000**	75,000,000
Provisions and other settlements	**(55,393,605)**	(64,168,480)
Net book value of long term assets	**(1,544,768)**	(2,194,058)
Adjusted income for the year	**5,201,265**	2,965,595
Gross Zakat base	**23,262,892**	11,603,057
Zakat base by 354/365 day	**23,824,129**	-
Zakat by 2.5%	**595,603**	290,077

b) The movement in Zakat provision for the year

	31 December 2019 SAR	31 December 2018 SAR
Balance at the beginning of the year	**290,077**	199,060
Provided during the year	**595,603**	290,077
Paid during the year	**(290,077)**	(199,060)
Balance at year-end	**595,603**	290,077

c) Zakat status

The Company submitted its Zakat returns and obtained Zakat certificate for 2018. However, the final assessment has not yet been raised by GAZT to date.

18 - REVENUE

	2019 SAR	2018 SAR
Funds management fees	**11,179,046**	12,597,158
Dividends received	**1,020,000**	922,500
Acquisition and financing rescheduling fees	**825,800**	1,403,000
Management fees and private portfolios good performance fees	**90,511**	1,633,317
Funds subscription fees	**33,333**	-
Funds trust fees	-	15,608
Arrangement and underwriting fees	-	1,500,000
	13,148,690	18,071,583

19 - COST OF REVENUE

	2019 SAR	2018 SAR
Salaries and employee benefits	**2,793,869**	3,628,834
Subscriptions, government fees, and CMA license fees	**505,729**	451,526
Leases	**277,628**	298,609
Bonuses and rewards	**43,300**	400,000
Commissions	**7,000**	165,254
Consulting and professional services	**4,762**	153,514
Others	**79,677**	553,325
	3,711,965	5,651,062

20 - GENERAL AND ADMINISTRATIVE EXPENSES

	2019 SAR	2018 SAR
Salaries and employee benefits	**3,613,208**	2,878,961
Rewards and allowances of BOD members and annual committees (note 11)	**1,317,150**	1,123,800
Consulting and professional services	**911,733**	1,288,625
Bonuses and incentives	**575,364**	705,000
Depreciation of property and equipment (note 6)	**608,440**	681,311
Leases	**278,891**	357,996
Insurance	**282,406**	376,872
Subscriptions and government fees	**138,446**	178,944
Amortization of Intangible Assets (note 7)	**80,320**	108,813
Repair and maintenance expenses	**59,704**	100,802
General benefits	**82,872**	74,764
Reversal of provision for accrued commissions	-	(1,000,000)
Others	**792,289**	778,287
	8,740,823	7,654,175

21 - MARKETING EXPENSES

	2019 SAR	2018 SAR
Advertising	50,977	**76,700**
Salaries and employee benefits	-	**192,494**
Commissions	11,874	**14,729**
Others	49,712	**12,000**
	112,563	**295,923**

22 - SEGMENT INFORMATION

In line with the Company's internal reporting process, business segments have been approved by the board of directors of the Company. Transactions between the business segments are conducted based on normal commercial terms. The Company prepares, creates and implements solutions that help clients achieve their goals through improving methods of accessing and distributing of capital. The Company consists of the following main business sectors:

Capital management

The capital management sector invests items of the Company's statement of financial position to achieve profitable transactions either through direct investment in products or other financial instruments, or through joint investment with good clients in the Company's products and / or the Company's investment products and / or investment funds.

Assets management

The asset management sector provides investment opportunities through a large and growing portfolio of public and private funds in real estate and capital markets. It also provides fund and portfolio management services. The asset management sector provides also investment management solutions to institutions and individuals with immense wealth through investment funds.

Others

This segment provides consulting, arrangement, underwriting and custody services. Below is a statement of segmen information as of 31, December 2019 and 2018:

	Capital management SAR	**Assets management SAR**	**Others SAR**	**Total SAR**
As at 31 December 2019				
Revenue	**4,879,194**	**12,128,690**	-	**17,007,884**
Gross profit	**427,643**	**12,897,826**	-	**13,325,469**
Total assets	**62,185,653**	-	-	**62,185,653**
Total liabilities	**1,942,799**	-	-	**1,942,799**

	Capital management SAR	**Assets management SAR**	**Others SAR**	**Total SAR**
As at 31 December 2018				
(Losses) / revenue	(843,742)	15,649,080	1,500,000	16,305,338
Gross (loss) / profit	(3,384,460)	13,819,556	219,180	10,654,276
Total assets	58,697,464	-	-	58,697,464
Total liabilities	2,725,249	-	-	2,725,249

The Company operates in one geographical segment which is the Kingdom of Saudi Arabia.

23 - EARNINGS PER SHARE

Earnings per share from net income is calculated by dividing the net income by the weighted average number of shares outstanding as at the end of the year amounting to SAR 7,500,000 share. Earnings per share from main operations is calculated by dividing the income from main operations for the year by the weighted average number of outstanding shares as at the end of the year amounting to 7,500,000 shares.

24 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

Fair value is 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. Fair value definition includes the assumption that the Company will continue its operations where there is no intention or condition to physically limit the volume of its operations or conduct a transaction with negative terms.
Fair values are categorized into different levels in the fair value hierarchy based on the inputs used in the valuation methods as follows:

Level 1: Quoted market prices in active markets for identical assets.

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.

As at 31 December 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments at fair value through profit or loss	**28,704,568**	-	-	28,704,568
Investments at fair value through other comprehensive income	**8,041,130**	-	-	8,041,130
	36,874,088	-	-	**36,745,698**

As at 31 December 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments at fair value through profit or loss	33,984,906	-	-	33,984,906
Investments at fair value through other comprehensive income	8,434,290	-	-	8,434,290
	42,419,196	-	-	42,419,196

Capital risk management

The Company manages its capital to ensure its will be able to continue as going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged from 2018.

The capital structure of the Company consists of equity attributable to the stockholders comprising share capital, fair value reserve and accumulated losses which are stated in the statement of changes in stockholders' equity.

Financial Risk management

The activities of the Company may be exposed mainly to financial risks resulting from the following:

Foreign currency risk management

The Company is not exposed to significant risks related to exchange prices, as the Company's main transactions are in Saudi riyals and US dollars. Therefore, no need to manage such exposure effectively.

Interest rate risk management

The financial instruments on the statement of financial position are not subject to interest rate risk.

24 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Other price risk

The company is exposed to price risks arising from its equity investments in other companies. The Company holds equity investments in other companies for strategic purposes and not for trading purpose. The Company does not actively trade in these investments.

Credit risk management

Credit risk is the risk that one party may fail to discharge an obligation and will cause the other party to incur a financial loss. The Company is exposed to credit risk on its balances as follows:

	31 December 2019 SAR	31 December 2018 SAR
Bank balances	**6,282,906**	3,686,299
Due from related parties	**16,905,496**	9,448,896
	23,188,402	13,135,195

Liquidity risks management

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments.

To reduce the liquidity risk and associated losses which may affect the business of the Company, the company maintains, wherever possible, sufficient highly liquid current assets in all business conditions. The company avoids financing long-term capital requirements and its activities related to current accounts with related parties through short-term borrowings. Long-term projects are currently funded with long-term loans only. The Company has a highly dynamic cash flow policy and a system by which it can estimate the maturity dates of its liabilities and develop appropriate plans to provide the required funding to meet these liabilities in a timely manner.

a) Below is a statement of maturity of assets and liabilities as of 31 December 2019:

31 December 2019	**3 months or less SAR**	**From 3 months to 1 year SAR**	**More than 1 year up to 10 years SAR**	**No specific maturity dates SAR**	**Total SAR**
Assets					
Investments at fair value through profit or loss	-	-	-	**28,704,568**	**28,704,568**
Investments at fair value through other comprehensive income	-	-	-	**8,041,130**	**8,041,130**
Prepayments and other receivables	**556,785**	-	-	-	**556,785**
Amounts due from related parties	**16,905,496**	-	-	-	**16,905,496**
Total	**17,462,281**	-	-	**36,745,698**	**54,207,979**
Liabilities					
Accrued expenses and other receivables	**1,081,490**	-	-	-	**1,081,490**
Zakat provision	**595,603**	-	-	-	**595,603**
Employee benefit plans obligations	-	-	-	**265,706**	**265,706**
Total	**1,677,093**	-	-	**265,706**	**1,942,799**

24 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

b) Below is a statement of maturity of assets and liabilities as of 31 December 2018:

31 December 2018	3 months or less SAR	From 3 months to 1 year SAR	More than 1 year up to 10 years SAR	No specific maturity dates SAR	Total SAR
Assets					
Investments at fair value through profit or loss	-	-	-	33,984,906	33,984,906
Investments at fair value through other comprehensive income	-	-	-	8,434,290	8,434,290
Prepayments and other receivables	804,522	-	-	-	804,522
Amounts due from related parties	9,448,896	-	-	-	9,448,896
Total	10,253,418	-	-	42,419,196	52,672,614
Liabilities					
Accrued expenses and other receivables	1,937,627	-	-	-	1,937,627
Zakat provision	290,077	-	-	-	290,077
Employee benefit plans obligations	-	-	-	497,545	497,545
Total	2,227,704	-	-	497,545	2,725,249

25 - ASSETS HELD AS TRUST

The Company maintains assets on behalf of its clients through the management of special portfolios and funds (managed by the Company). The Company acts as trustee of assets, therefore, these assets were not included in the statement of financial position. As of 31 December 2019, the Company manages assets worth SAR 3,707 million on behalf of and for its clients (31 December 2018: SAR 1,188 million).

26 - CAPITAL REQUIREMENTS AND CAPITAL ADEQUACY RATIO

Below is the capital base, minimum capital requirements and the capital adequacy ratio of the Company as required by the Prudential Rules, issued by the Capital Market Authority:

	31 December 2019 SAR	31 December 2018 SAR
Share capital base:		
Main share capital	**60,169,625**	54,356,950
Gross share capital base	**60,169,625**	54,356,950
Minimum capital requirements		
Market risk	**3,018,611**	963,331
Credit risks	**14,745,953**	14,640,550
Operational risks	**3,290,239**	3,722,809
Gross minimum capital requirements (note 26/d)	**21,054,803**	19,326,690
Capital adequacy ratio:		
Total capital ratio (times)	**2.86**	12.8
Ratio of Tier-1 capital (times)	**2.86**	12.8
Capital surplus (Note 26/c)	**39,114,822**	35,030,260

26-CAPITAL REQUIREMENTS AND CAPITAL ADEQUACY RATIO (CONTINUED)

a) The Company's capital base consists of Tier-1 capital (including capital and accumulated profits or losses). The Company does not have Tier-2 capital, according to article No. (4) and (5) of the Prudential Rules. The minimum capital requirements related to credit and operational and marketing risks have been calculated in accordance with the requirements set out in Chapter 3 of the Prudential Rules.
b) The Company manages its capital as set in Pillar I and II of the Prudential Rules i.e. the capital base must not be less than the minimum capital requirement.
c) The objectives of the company in managing the capital adequacy are to adhere to the capital requirements set by the Capital Market Authority to maintain the Company's ability to continue as going concern and maintain a strong capital base.
d) According to article 6 (g) of the Authorized Persons Regulations issued by the Capital Market Authority in the Kingdom of Saudi Arabia, the minimum capital required for the activities of the Company is SAR 50 million.
e) Annually, the Company discloses to the public some information according to Pillar 3 of the Prudential Rules via the Company's website (http://www.mulkia.com.sa) and therefore this information is not subject to review by the Company's external auditors.

27 - GENERAL

The amounts in these financial statements are rounded to the nearest Saudi Riyal.

28 - APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors on 1 Shaaban 1441H (25 March 2020).

29 - SUBSEQUENT EVENTS

Due to the spread of coronavirus (COVID-19) in the region and in the world which is considered a pandemic causing disruption in commercial and economic activities internationally and locally in the Kingdom, the management believes these events occurred after the reporting period and after the issuance of the financial statements, therefore, do not require any amendments.

Further, the management of the Company is unable to determine the future impact of such events on the financial statements of the Company and its results as they are linked to decisions of the government. It is not possible to determine the extent of this crisis, and government officials will continue to monitor the situation and provide stakeholders with developments as required by the laws and regulations. Other than the above, in the opinion of the management, there were no other significant events subsequent to 31 December 2019 that are expected to have a significant impact on these financial statements as at 31 December 2019.