

**SAUDI ECONOMIC AND DEVELOPMENT
SECURITIES COMPANY (SEDCO CAPITAL)**
(Saudi Closed Joint Stock Company)

FINANCIAL STATEMENTS
December 31, 2016
with
INDEPENDENT AUDITORS' REPORT



KPMG Al Fozan & Partners
Certified Public Accountants
Zahran Business Centre, Tower A, 9th Floor
Prince Sultan Street
PO Box 55078
Jeddah 21534
Kingdom of Saudi Arabia

Telephone +966 12 698 9595
Fax +966 12 698 9494
Internet www.kpmg.com.sa

License No. 46/11/323 issued 11/3/1992

INDEPENDENT AUDITORS' REPORT

The Shareholders
Saudi Economic and Development Securities Company
(A Saudi Closed Joint Stock Company)
Jeddah, Kingdom of Saudi Arabia

We have audited the accompanying financial statements of Saudi Economic and Development Securities Company ("the Company") which comprise the balance sheet as at December 31, 2016 and the related statements of income, cash flows and changes in shareholders' equity for the year then ended and the attached notes 1 through 27 which form an integral part of the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia and in compliance with 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. Management has provided us with all the information and explanations that we require relating to our audit of these financial statements.

Auditors' responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in Saudi Arabia. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Opinion

In our opinion, the financial statements taken as a whole:

- 1) present fairly, in all material respects, the financial position of Saudi Economic and Development Securities Company as at December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia appropriate to the circumstances of the Company; and
- 2) comply with the requirements of the Regulations for Companies and the Company's bylaws with respect to the preparation and presentation of financial statements.

**For KPMG Al Fozan & Partners
Certified Public Accountants**

Ebrahim Oboud Baeshen
License No. 382



Jeddah, February 28, 2017
Corresponding to Jamada Al Thani 1, 1438H

SAUDI ECONOMIC AND DEVELOPMENT SECURITIES COMPANY (SEDCO CAPITAL)
(Saudi Closed Joint Stock Company)

BALANCE SHEET

As of December 31, 2016

(Expressed in Saudi Riyals)

	<i>Notes</i>	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	4	97,028,667	3,408,298
Murabaha investments	5	25,000,000	171,000,000
Accounts receivable and accrued income	6	27,610,377	32,617,740
Held for trading investments	9	48,000,000	--
Prepayments and other current assets	7	5,628,423	6,113,117
Properties held for sale	8	56,695,191	6,587,366
Total current assets		<u>259,962,658</u>	<u>219,726,521</u>
Non-current assets:			
Financial investments	9	64,513,185	78,272,238
Property and equipment	10	2,156,168	2,858,380
Intangible assets	11	154,862	565,320
Total non-current assets		<u>66,824,215</u>	<u>81,695,938</u>
Total assets		<u>326,786,873</u>	<u>301,422,459</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
Current liabilities:			
Accrued expenses and other current liabilities	12	33,688,865	36,220,242
Accrued Zakat	17	8,187,975	6,693,489
Total current liabilities		<u>41,876,840</u>	<u>42,913,731</u>
Non-current liability:			
Employees' end of service benefits	19	13,264,308	11,032,641
Total liabilities		<u>55,141,148</u>	<u>53,946,372</u>
Shareholders' equity:			
Share capital	13	200,000,000	200,000,000
Unrealized loss on available for sale investments		(290,110)	(357,205)
Statutory reserve	14	8,193,583	4,783,329
Retained earnings		63,742,252	43,049,963
Total shareholders' equity		<u>271,645,725</u>	<u>247,476,087</u>
Total liabilities and shareholders' equity		<u>326,786,873</u>	<u>301,422,459</u>

Chairman

Chief Executive Officer

Chief Financial Officer

The accompanying notes 1 to 27 form an integral part of these financial statements

SAUDI ECONOMIC AND DEVELOPMENT SECURITIES COMPANY (SEDCO CAPITAL)
(Saudi Closed Joint Stock Company)

STATEMENT OF INCOME
Year ended December 31, 2016
(Expressed in Saudi Riyals)

	<i>Notes</i>	<u>2016</u>	<u>2015</u>
Revenue:			
- Income from services	<i>15</i>	123,346,609	111,221,672
- Income from investments	<i>15</i>	6,488,469	8,855,065
Total revenue		<u>129,835,078</u>	<u>120,076,737</u>
Operating expenses:			
Salaries and employees related expenses		(63,261,416)	(60,335,504)
Other general and administrative expenses	<i>16</i>	(23,240,467)	(21,224,195)
Impairment losses on financial investments	<i>9.1.1</i>	(319,573)	--
Losses on properties held for sale	<i>8.2</i>	(901,217)	--
Total operating expenses		<u>(87,722,673)</u>	<u>(81,559,699)</u>
Net income from operations		<u>42,112,405</u>	<u>38,517,038</u>
Foreign exchange loss and other expenses, net	<i>7.2</i>	<u>(1,565,415)</u>	<u>(3,224,938)</u>
Net income before Zakat		<u>40,546,990</u>	<u>35,292,100</u>
Zakat	<i>17</i>	<u>(6,444,447)</u>	<u>(4,941,782)</u>
Net income for the year		<u><u>34,102,543</u></u>	<u><u>30,350,318</u></u>
Earnings per share from net income	<i>23</i>	<u>1.71</u>	<u>1.52</u>
Earnings per share from continuing operations	<i>23</i>	<u>1.78</u>	<u>1.67</u>
Earnings per share from other operations	<i>23</i>	<u>(0.08)</u>	<u>(0.16)</u>

Chairman

Chief Executive Officer

Chief Financial Officer

The accompanying notes from 1 to 27 form an integral part of these financial statements

SAUDI ECONOMIC AND DEVELOPMENT SECURITIES COMPANY (SEDCO CAPITAL)
(Saudi Closed Joint Stock Company)

STATEMENT OF CASH FLOWS

Year ended December 31, 2016

(Expressed in Saudi Riyals)

	<i>Notes</i>	<u>2016</u>	<u>2015</u>
Cash flow from operating activities:			
Net income before Zakat		40,546,990	35,292,100
<i>Adjustments to reconcile net income to net cash from operating activities:</i>			
Depreciation	<i>10</i>	815,240	1,068,232
Amortization	<i>11</i>	410,458	410,092
Impairment losses on financial investments	<i>9.1.1</i>	319,573	--
Losses on properties held for sale	<i>8.2</i>	901,217	--
Employees' end of service benefits	<i>19</i>	2,595,778	2,156,673
Loss on disposal of property and equipment		5,229	2,403
Foreign exchange loss	<i>7.2</i>	810,686	3,272,236
<i>Changes in operating assets and liabilities:</i>			
Accounts receivable and accrued income		5,007,363	(16,126,904)
Prepayments and other current assets		484,694	2,158,919
Accrued expenses and other current liabilities		(2,531,377)	18,326,735
Net movement in properties held for sale	<i>8</i>	(50,107,825)	31,542,468
Cash (used in) / from operations		(741,974)	78,102,954
Employees' end of service benefits paid and other adjustments		(364,111)	(153)
Zakat paid	<i>17</i>	(4,949,961)	(980,449)
Net cash (used in) / from operating activities		(6,056,046)	77,122,352
Cash flow from investing activities:			
Net movement in murabaha deposits		146,000,000	(170,573,063)
Net movement in financial investments		(36,205,328)	5,618,984
Purchase of property and equipment and intangible assets		(118,257)	(455,908)
Net cash from / (used in) investing activities		109,676,415	(165,409,987)
Cash flow from financing activities:			
Dividends paid		(10,000,000)	--
Net increase / (decrease) in cash and cash equivalents		93,620,369	(88,287,635)
Cash and cash equivalents at the beginning of the year		3,408,298	91,695,933
Cash and cash equivalents at the end of the year	<i>4</i>	97,028,667	3,408,298

Chairman

Chief Executive Officer

Chief Financial Officer

The accompanying notes from 1 to 27 form an integral part of these financial statements

SAUDI ECONOMIC AND DEVELOPMENT SECURITIES COMPANY (SEDCO CAPITAL)
(Saudi Closed Joint Stock Company)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Year ended December 31, 2016

(Expressed in Saudi Riyals)

	<u>Share capital</u>	<u>Unrealized loss on available for sale investments</u>	<u>Statutory Reserve</u>	<u>Retained earnings</u>	<u>Total</u>
Balance as at January 1, 2015	200,000,000	(262,455)	1,748,297	15,734,677	217,220,519
Net movement in unrealized losses for the year	--	(94,750)	--	--	(94,750)
Net income for the year	--	--	--	30,350,318	30,350,318
Transfer to statutory reserve	--	--	3,035,032	(3,035,032)	--
Balance as at December 31, 2015	200,000,000	(357,205)	4,783,329	43,049,963	247,476,087
Net movement in unrealized gains for the year	--	67,095	--	--	67,095
Net income for the year	--	--	--	34,102,543	34,102,543
Transfer to statutory reserve	--	--	3,410,254	(3,410,254)	--
Dividends paid (note 13)	--	--	--	(10,000,000)	(10,000,000)
Balance as at December 31, 2016	<u>200,000,000</u>	<u>(290,110)</u>	<u>8,193,583</u>	<u>63,742,252</u>	<u>271,645,725</u>

Chairman

Chief Executive Officer

Chief Financial Officer

The accompanying notes from 1 to 27 form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2016

(Expressed in Saudi Riyals)

1. ORGANIZATION AND ACTIVITIES

Saudi Economic and Development Securities Company (SEDCO Capital); (“the Company”) is a Saudi Closed Joint Stock Company registered in Jeddah under Commercial Registration number 4030194994 on 1 Thul-Hujja 1430 (November 18, 2009).

The Company obtained the approval of the Minister of Commerce and Industry via Decree number 328/K, dated 1 Dhul-Qa’adah 1430 (October 20, 2009) to establish the Company.

The Company is an Authorised Person as defined in the authorised persons regulations issued by the Capital Market Authority. The principal activities of the Company are managing, arranging, advising, dealing and custody services with respect to the financial securities business as per license issued by the Capital Market Authority (CMA) number 11157-37 dated 23 Rabi’II 1430 (April 19, 2009). The Company obtained the CMA approval to commence conducting its approved activities starting March 29, 2010.

The Company’s principal place of business is Jeddah.

2. BASIS OF PREPARATION

(a) Statement of compliance

The accompanying financial statements have been prepared in accordance with the generally accepted accounting standards in Saudi Arabia issued by the Saudi Organization for Certified Public Accountants (SOCPA). The new Regulation for Companies issued through Royal Decree M/3 on 11 November 2015 (hereinafter referred as “The Law”) came into force on 25/07/1437H (corresponding to 2 May 2016). The Company has to amend its bylaws for any changes to align the bylaws to the provisions of The Law. Consequently, the Company shall present the amended bylaws to the stockholders in their Extraordinary General Assembly meeting for their ratification. The full compliance with The Law is expected not later than 24/07/1438H (corresponding to 21 April 2017).

(b) Basis of measurement

The financial statements are prepared under the historical cost basis, using the accrual basis of accounting and the going concern concept, except for available for sale and held for trading investments and positive fair value derivative, which are carried at fair value (note 2(d)(i)).

(c) Functional and presentation currency

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

(d) Critical accounting judgements and estimates

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected by the revision.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2016

(Expressed in Saudi Riyals)

2. BASIS OF PREPARATION (continued)

(d) Critical accounting judgments and estimates (continued)

Significant areas where management has exercised judgments, applied estimation or used assumptions are as follows:

(i) Valuation of unquoted available for sale investments

Available for sale investments are carried at fair value. However, in the absence of a reliable fair value measurement, unquoted available for sale investments are carried at cost, less impairment losses, if any.

(ii) Impairment in available for sale investments

The Company exercises judgement to calculate the impairment loss on available for sale investments. This includes the assessment of objective evidence which causes another than temporary decline in the value of investments. In case of equity instruments any significant or prolonged decline in the fair value of equity investment below its cost is considered as objective evidence for the impairment. The determination of what is 'significant' and 'prolonged' requires management judgment.

(iii) Impairment in held to maturity investments

With respect to held to maturity investments, the Company recognizes an impairment loss when there is an objective evidence of deterioration in the financial health or credit rating of the investee, industry and sector performance or changes in technology that adversely affect the counterparty.

(iv) Impairment in non-financial assets

The Company assesses, at each reporting date or more frequently if events or changes in circumstances indicate, whether there is an indication that a non-financial asset ("asset") may be impaired. If such indications exist, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less cost to sell, and its value in use, and is determined for the individual asset, unless the asset does not generate cash inflows which are largely independent from other assets or groups. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining the fair value less costs to sell, an appropriate source is used, such as observable market prices or, if no observable market prices exist, estimated prices for similar assets or if no estimated prices for similar assets exist, it is based on discounted future cash flow calculations. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2016

(Expressed in Saudi Riyals)

2. BASIS OF PREPARATION (continued)

(d) Critical accounting judgments and estimates (continued)

(v) *Special purpose entities*

The Company in the ordinary course of its business incorporates entities domiciled within and outside the Kingdom of Saudi Arabia. Such entities form an integral part of the Company's operations as a fund manager or for the execution of specified investment objectives ("special purpose entities" or "SPEs").

Accordingly, investees that qualify as SPEs, including immaterial or temporarily controlled investees, are accounted for on the basis of relevant exposures in the underlying assets (see notes 8 and 9). These are consolidated in the financial statements of the ultimate parent (Saudi Economic and Development Holding Company). However, had such investees been consolidated in the financial statements of the Company, its financial performance and financial results would not have reflected any material differences. As at the reporting date, the Company's SPEs and immaterial controlled investees are represented by:

Name of SPE	Country of incorporation
Saudi Economic and Development Company for Real Estate Funds	Kingdom of Saudi Arabia
Saudi Economic and Development Company for Real Estate Funds II	Kingdom of Saudi Arabia
SEDCO Capital Luxembourg S.A	Luxembourg
SEDCO Capital UK Limited	United Kingdom
SEDCO Capital Cayman Limited	Cayman Islands

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Cash and cash equivalents

Cash and cash equivalents include cash in hand, cash at banks and other short term highly liquid investments with original maturities of three months or less, which are available to the Company without any restrictions.

(b) Accounts receivable

Accounts receivable are carried at original invoice amounts less provision made for doubtful accounts, if any. A provision for doubtful accounts is established when there is a significant doubt that the Company will not be able to collect all amounts due according to the original terms of agreement.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2016

(Expressed in Saudi Riyals)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial Investments

Held for trading investments (HFT)

Held for trading investments represent those that are purchased for trading purposes are initially recorded at cost and then re-measured and stated in the balance sheet at market value and included under current assets. Realized gain or loss on sale of trade securities and changes in market value at balance sheet date are credited or charged to statement of income.

Available for sale investments (AFS)

Available for sale investments are non-derivative investments that are designated as AFS or not classified as another category of financial assets, and are intended to be held for an unspecified period of time, which may be sold in response to needs for liquidity or changes in special commission rates, exchange rates or equity prices.

Investments which are classified as available for sale are initially recognised at fair value including direct and incremental transaction costs and subsequently measured at fair value except for unquoted equity securities whose fair value cannot be reliably measured are carried at cost less impairment losses, if any. Any unrealised gains or losses arising from changes in fair value are recognized in equity until the investments are derecognized or impaired whereupon any cumulative gains or losses previously recognized are reclassified to statement of income for the period.

Held to maturity investments (HTM)

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2016

(Expressed in Saudi Riyals)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial Investments (continued)

Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Company directly or indirectly holds between 20% and 50% of the voting power of another entity.

The Company's investments in its associates are accounted for using equity method of accounting from the date that significant influence commences until the date that such influence ceases. Under the equity method, the investment in the associate is carried in the balance sheet at cost (including goodwill paid on acquisition, net of any impairment losses), plus post-acquisition changes in the Company's share of net assets of the investee company. Where there has been a change recognised directly in the equity of the associate, the Company recognises its share of such changes in its statement of changes in shareholders' equity.

When the Company's share of losses exceeds its interest in an associate, the Company's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate.

(d) Properties held for sale

Land and other real estate properties ("properties") held for sale in the course of Company's operations are classified as properties held for sale. These are initially recognized at cost plus other directly attributable expenses and subsequently accounted for at the lower of cost and net realizable value.

Gains or losses arising from the disposal of properties held for sale are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of income.

(e) Property and equipment

Property and equipment are stated at cost, less accumulated depreciation and impairment losses, if any. Depreciation is charged to the statement of income on a straight-line basis over the estimated useful lives of an individual item of property and equipment. Leasehold improvements are amortized over the shorter of the estimated useful life or the lease period. The estimated useful lives of property and equipment are as follows:

Leasehold improvements	10%
Furniture, equipments and vehicle	16.5% - 25%

Expenditures for maintenance and repairs that do not materially extend the asset's life are included in expenses.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2016

(Expressed in Saudi Riyals)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Intangible assets

Intangible assets are non-monetary assets, lacking physical existence but which are independently identifiable and capable of supplying future economic benefits to the Company. They are measured at the purchase price and all other directly attributable costs at initial recognition and subsequently stated at cost less accumulated amortization and impairment losses, if any.

Amortization is recognized in the statement of income on a straight line basis over the estimated period of economic benefits associated with intangible assets, from the date that they are available for use. Impairment losses, if any, are recognised in the statement of income. The estimated period of benefit associated with intangible assets at the balance sheet date is 4 years.

(g) Provisions

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

(h) Employees' end of service benefits

Employees' end of service benefits, calculated in accordance with Saudi Arabian labour regulations, are accrued and charged to statement of income. The corresponding liability is calculated at the current value of the vested benefits to which the employee is entitled, should his services be terminated at the balance sheet date.

(i) Zakat

The Company is subject to the Regulations of the General Authority of Zakat and Income Tax ("GAZT") in the Kingdom of Saudi Arabia. Zakat is provided on an accruals basis. Zakat charge is computed at the higher of income for Zakat purposes for the year or Zakat base. Any difference in the previously recorded estimate is recognised in the period in which the final assessment is approved by the GAZT.

(j) Derivative Financial Instruments

Changes in the fair value of derivative financial instruments, (that are not designated under hedging relationships) are recognized in the statement of income as they arise and the resulting positive and negative fair values are reported under current assets and liabilities, respectively, in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2016

(Expressed in Saudi Riyals)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Revenue

Revenue from management and advisory services

Revenue from management and advisory services is recognized when the related services are rendered to customers.

Income from Murabaha and Sukuk

Income from Murabaha deposits and investments in Sukuks is recognized on an accrual basis using the effective interest method.

(l) Expenses

All expenses are classified as general and administrative expenses unless they are incurred for, and directly attributable to, the core revenue generating activities of the Company, in which case they are classified as direct expenses. Allocations of common expenses between direct expenses and general and administrative expenses, where required, are made on a consistent basis, appropriate to the nature of the item of expense and circumstances of the Company.

(m) Offsetting

Financial assets and liabilities are offset and reported net in the balance sheet when there is a legally enforceable right to set off the recognized amounts and when the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(n) Foreign currency translation

Transactions denominated in foreign currencies are translated to the functional currency of the Company at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency at the balance sheet date are translated to the functional currency of the Company at the foreign exchange rate prevailing at that date. Exchange differences arising on conversion are recognized in the statement of income currently.

Investment in foreign operations are translated into the functional currency of the Company at the exchange rate prevailing at the balance sheet date. Exchange differences arising on translation are recognized in separate component of equity (exchange translation reserve).

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2016

(Expressed in Saudi Riyals)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Assets held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Company is committed to a sale plan involving loss of control of an asset, the asset is classified as asset held for sale when the criteria described above are met. Such assets are written down to their net realizable value at the date of transfer.

(p) Fiduciary assets

Assets held in trust or in a fiduciary capacity are not treated as assets of the Company, and accordingly, are not included in these financial statements.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at December 31, comprises of following:

	<u>Note</u>	<u>2016</u>	<u>2015</u>
Cash in hand		12,000	15,500
Cash at bank on current accounts		4,316,667	3,392,798
Murabaha investments	4.1	<u>92,700,000</u>	<u>--</u>
		<u>97,028,667</u>	<u>3,408,298</u>

4.1 These represent murabaha deposits with local banks, having original maturity of three months or less and carrying profit at rates ranging from 0.45% to 0.77% (2015: Nil) per annum.

5. MURABAHA INVESTMENTS

This represent murabaha deposit with a local bank, having original maturity of more than three months and carrying profit at 3.85% (2015: 1.20% to 2.45%) per annum.

6. ACCOUNTS RECEIVABLE AND ACCRUED INCOME

	<u>2016</u>	<u>2015</u>
Related parties (note 18)	25,057,924	30,367,664
Third parties	<u>2,552,453</u>	<u>2,250,076</u>
	<u>27,610,377</u>	<u>32,617,740</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2016

(Expressed in Saudi Riyals)

7. PREPAYMENTS AND OTHER CURRENT ASSETS

	<u>2016</u>	<u>2015</u>
Loan to employees	2,237,776	1,917,765
Prepaid expenses, advances and other receivables	3,390,647	3,583,862
Positive fair value derivative (note 7.1)	--	611,490
	<u>5,628,423</u>	<u>6,113,117</u>

7.1 This represents unrealized positive marked to market value of a “currency derivative” held to mitigate the currency risk exposure with respect to Company’s GBP based investment. The derivative was fully matured during the year ended December 31, 2016.

7.2 Foreign exchange loss and other expenses include marked to market gain of SR 3,135,305 (2015: SR 611,490) in respect of the currency derivative (note 7.1) and foreign exchange losses on monetary items of SR 3,945,991 (2015: SR 3,883,726).

8. PROPERTIES HELD FOR SALE

8.1 These represent investments in certain international real estate properties, acquired as part of onward sales to investment fund under Company’s management or as joint interests under warehousing transactions. Subsequent to the acquisition, consistent with the investment objective, the Company has commenced the process to dispose these properties. As at the reporting date, formalities in this regard are in progress.

8.2 During the year, losses amounting to SR 901,217 (2015: Nil) were recorded against the properties on account of decline in value.

SAUDI ECONOMIC AND DEVELOPMENT SECURITIES COMPANY (SEDCO CAPITAL)
(Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2016

(Expressed in Saudi Riyals)

9. FINANCIAL INVESTMENTS

<u>Investment type</u>	<i>Notes</i>	<u>Held for trading</u>		<u>Available for sale</u>		<u>Held to maturity</u>		<u>Total</u>		
		<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	
<i>Investment funds</i>										
- Money market		48,000,000	--	--	20,000,000	--	--	48,000,000		20,000,000
- Real estate		--	--	4,500,000	4,500,000	--	--	4,500,000		4,500,000
- Public equity	9.1.1	--	--	9,064,112	3,892,946	--	--	9,064,112		3,892,946
- Private equity	9.1.2	--	--	4,479,387	24,651,459	--	--	4,479,387		24,651,459
<i>Private equities</i>										
- Local SPEs	9.1.2	--	--	142,500	142,500	--	--	142,500		142,500
- Foreign	9.1.2	--	--	33,182,022	11,690,955	--	--	33,182,022		11,690,955
<i>Public equity – local</i>	9.1.1	--	--	145,164	394,378	--	--	145,164		394,378
<i>Sukuks - local</i>	9.1.3	--	--	--	--	13,000,000	13,000,000	13,000,000		13,000,000
Total		48,000,000	--	51,513,185	65,272,238	13,000,000	13,000,000	112,513,185		78,272,238

9.1.1 During the year, impairment losses amounting to SR 319,573 (2015: Nil) were recognized with respect to certain public equities due to significant decline in value of such investments.

9.1.2 Investment in private equities include SR 37.80 million (2015: SR 36.48 million) in respect of SPEs (including immaterial or temporarily controlled investees).

9.1.3 Local sukuks have been issued by reputable local counterparties, carrying profit at variable profit rates with maturities upto January 2020.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2016

(Expressed in Saudi Riyals)

10. PROPERTY AND EQUIPMENT

Movement in property and equipment during the year ended December 31, 2016 is as follows:

	<u>Leasehold improvements</u>	<u>Furniture, equipments and vehicle</u>	<u>Total</u>
<u>Cost:</u>			
Balance at January 1	3,771,242	4,333,773	8,105,015
Additions	--	118,257	118,257
Disposals	--	(18,995)	(18,995)
Balance at December 31	<u>3,771,242</u>	<u>4,433,035</u>	<u>8,204,277</u>
<u>Accumulated depreciation:</u>			
Balance at January 1	1,840,702	3,405,933	5,246,635
Charge for the year	377,125	438,115	815,240
Disposals	--	(13,766)	(13,766)
Balance at December 31	<u>2,217,827</u>	<u>3,830,282</u>	<u>6,048,109</u>
<u>Net book value:</u>			
At December 31, 2016	<u>1,553,415</u>	<u>602,753</u>	<u>2,156,168</u>
At December 31, 2015	<u>1,930,540</u>	<u>927,840</u>	<u>2,858,380</u>

11. INTANGIBLE ASSETS

Movement in intangible assets (represented by computer softwares) during the year ended December 31, 2016 is as follows:

	<u>2016</u>	<u>2015</u>
<u>Cost:</u>		
Balance at January 1	2,667,841	2,605,453
Additions	--	62,388
Balance at December 31	<u>2,667,841</u>	<u>2,667,841</u>
<u>Accumulated amortization:</u>		
Balance at January 1	2,102,521	1,692,429
Charge for the year	410,458	410,092
Balance at December 31	<u>2,512,979</u>	<u>2,102,521</u>
<u>Net book value:</u>		
At December 31	<u>154,862</u>	<u>565,320</u>

SAUDI ECONOMIC AND DEVELOPMENT SECURITIES COMPANY (SEDCO CAPITAL)
(Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2016

(Expressed in Saudi Riyals)

12. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	<u>2016</u>	<u>2015</u>
Employee related expenses	21,792,953	20,196,276
Accrued professional fees	1,639,793	512,553
Unearned income (note 12.1)	3,876,190	197,669
Due to related parties (note 18)	4,239,688	11,591,228
Others	2,140,241	3,722,516
	<u>33,688,865</u>	<u>36,220,242</u>

12.1 At the balance sheet date, unearned income represents management fee received in advance which will be recognized as revenue in full during 2017.

13. SHARE CAPITAL AND DIVIDEND

The share capital of the Company amounting to SR 200 million (2015: SR 200 million) is divided into 20,000,000 shares (2015: 20,000,000) with nominal value of SR 10 per share.

At the balance sheet date, the share capital of the Company is divided as follows:

	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
			(Number of shares)	
Saudi Economic and Development Holding Company	96%	96%	19,200,000	19,200,000
Rushd International Real Estate Company	1%	1%	200,000	200,000
Ehkam International Real Estate Company	1%	1%	200,000	200,000
Ta'adiah for Urban Development Company	1%	1%	200,000	200,000
Ta'aki International Real Estate Company	1%	1%	200,000	200,000
	<u>100%</u>	<u>100%</u>	<u>20,000,000</u>	<u>20,000,000</u>

During the year ended December 31, 2016, the shareholders approved distribution of dividend amounting to SR 10 million (SR 0.5 per share), which was fully paid out to Saudi Economic and Development Holding Company on behalf of all shareholders.

14. STATUTORY RESERVE

In accordance with the Company's bylaws and the previous Saudi Arabian Regulations for Companies, the Company sets aside 10% of its net income each year as statutory reserve until such reserve equals to 50% of the share capital. The new Saudi Arabian Regulations for Companies that came into effect on 25 Rajab 1437H (corresponding to May 2, 2016) requires companies to set aside 10% of its net income each year as statutory reserve until such reserve reaches 30% of the share capital. The Company is currently in the process of amending its bylaws as described in note 2a. This reserve is currently not available for distribution to the shareholders of the Company.

SAUDI ECONOMIC AND DEVELOPMENT SECURITIES COMPANY (SEDCO CAPITAL)
(Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2016

(Expressed in Saudi Riyals)

15. REVENUE

	<u>Note</u>	<u>2016</u>	<u>2015</u>
<i>Income from services:</i>			
- from management	<i>15.1</i>	64,996,475	49,045,358
- from advisory	<i>15.2</i>	58,350,134	62,176,314
<i>Income from investments</i>	<i>15.3</i>	6,488,469	8,855,065
		<u>129,835,078</u>	<u>120,076,737</u>

15.1 These represent fees earned from the management of funds established by the Company.

15.2 These represent fees earned in lieu of investment advisory services under investment management mandates.

15.3 Income from investments primarily represent realized gains on disposal of available for sale investments and properties held for sale, and profit on debt investments.

16. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	<u>2016</u>	<u>2015</u>
Traveling expenses	2,456,764	2,848,011
Rent expense	1,259,189	1,242,401
Key management and professional fees	9,117,092	4,626,684
Marketing expenses	1,856,367	3,338,978
Cross charge for shared services (note 18)	2,767,336	2,550,000
Depreciation (note 10)	815,240	1,068,232
Amortization (note 11)	410,458	410,092
Others	4,558,021	5,139,797
	<u>23,240,467</u>	<u>21,224,195</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2016

(Expressed in Saudi Riyals)

17. ZAKAT

(a) Charge for the year

Zakat charge for the year ended December 31 has been calculated on Zakat base, the components of which are as follows:

	<u>2016</u>	<u>2015</u>
Non-current assets	66,824,215	81,695,938
Non-current liability	13,264,308	11,032,641
Opening shareholders' equity	247,476,087	217,220,519
Net income before Zakat	40,546,990	35,292,100

Some of the amounts have been adjusted in arriving at the Zakat charge for the year.

Movement in accrued Zakat during the year ended December 31, is as follows:

	<u>2016</u>	<u>2015</u>
As at January 1,	6,693,489	2,732,156
Zakat charge for the year	6,444,447	4,941,782
Payments during the year	(4,949,961)	(980,449)
As at December 31,	<u>8,187,975</u>	<u>6,693,489</u>

(b) Zakat status

The Company has obtained the final Zakat certificates for all the years till 2012. Zakat declarations for the years 2013, 2014 and 2015 have also been submitted, which, as of the reporting date, are under the review by the GAZT.

18. RELATED PARTY TRANSACTIONS

Transactions with related parties mainly represent advisory and management services rendered to affiliates as well as cross charge for services received from the shareholder in the ordinary course of business on mutually agreed terms and approved by the management of the Company.

SAUDI ECONOMIC AND DEVELOPMENT SECURITIES COMPANY (SEDCO CAPITAL)
(Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2016

(Expressed in Saudi Riyals)

18. RELATED PARTY TRANSACTIONS (continued)

During the year, the Company transacted with the following related parties:

<u>Name</u>	<u>Relationship</u>
Saudi Economic and Development Holding Company	Shareholder
SEDCO Capital Luxembourg S.A	Unconsolidated subsidiary
SEDCO Capital UK Limited	Unconsolidated subsidiary
Hagley Fund IC	Unconsolidated subsidiary
Blakelands Fund IC	Unconsolidated subsidiary
SEDCO Capital Cayman Limited	Unconsolidated subsidiary
SEDCO Capital Real Estate Income Fund I	Fund under management
SEDCO Capital Real Estate Income Fund II	Fund under management
SEDCO Capital Treasury Money Market Fund	Fund under management
SEDCO Capital Saudi Equities Fund I	Fund under management
Elite Flexi Saudi Equities Fund	Fund under management
Milltrust SEDCO MENA Fund	Fund under investment management
SEDCO Capital Private Equity Global Fund IV	Fund under investment management
SEDCO Capital Core Diversified Strategies Fund	Fund under investment management
SEDCO Capital GCC Equities Fund	Fund under investment management
SEDCO Capital Europe Fund I	Fund under investment management
BMF	Affiliate
Elaf Hotels Company	Affiliate
Methak Investment Holding Company	Affiliate
Elaf for Travel and Tourism Company	Affiliate
Tazweid Almaharat Company	Affiliate
Intimaa Real Estate Services Company	Affiliate
Al Jazirah Equipment Company (Autoworld)	Affiliate
Board of directors	Key management personnel
Executive management of the Company	Key management personnel

The significant related party transactions for the year ended December 31 and balances arising therefrom are as follows:

<u>Transactions with</u>	<u>Nature of transactions</u>	<u>Amount of transaction during the year</u>		<u>Closing balance receivable / (payable)</u>	
		<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Board of directors	Remuneration / Other benefits	<u>1,327,439</u>	<u>1,344,949</u>	--	--
Executive management of the Company	Remuneration / Other benefits	<u>21,000,000</u>	<u>20,252,000</u>	--	--
Saudi Economic and Development Holding Company	End of service and other benefits of employee transferred	<u>--</u>	<u>48,647</u>	--	--

SAUDI ECONOMIC AND DEVELOPMENT SECURITIES COMPANY (SEDCO CAPITAL)
(Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2016

(Expressed in Saudi Riyals)

18. RELATED PARTY TRANSACTIONS (continued)

<u>Transactions with</u>	<u>Nature of transactions</u>	<u>Amount of transaction</u>		<u>Closing balance</u>	
<u>Saudi Economic and</u>		<u>during the year</u>		<u>receivable / (payable)</u>	
<u>Development</u>					
Holding Company	Advisory and management services	<u>39,288,754</u>	<u>39,431,072</u>	6,869,161	10,469,468
Methak Investment Holding Company	Management services	<u>5,466,236</u>	<u>5,885,295</u>	755,078	1,145,087
	Expenses on behalf	<u>259,722</u>	<u>--</u>	259,722	--
SEDCO Capital Luxembourg S.A	Advisory services and other receivables	<u>16,496,528</u>	<u>19,143,605</u>	2,168,934	4,301,510
		<u>--</u>	<u>--</u>	356,077	356,077
SEDCO Capital Real Estate Income Fund I	Management services	<u>5,577,996</u>	<u>5,577,996</u>	2,940,025	1,449,690
	Dividend income	<u>326,253</u>	<u>326,250</u>	163,128	--
SEDCO Capital Real Estate Income Fund II	Management services	<u>12,739,980</u>	<u>4,654,827</u>	7,656,509	2,839,044
BMF	Management services	<u>1,104,361</u>	<u>1,800,182</u>	764,569	476,102
Hagley Fund IC	Management services and other revenue	<u>634,913</u>	<u>2,500,915</u>	288,334	2,009,216
	Dividend income	<u>330,071</u>	<u>--</u>	25,182	--
Blakelands Fund IC	Management services and other revenue	<u>4,272,363</u>	<u>2,511,962</u>	--	728,706
Milltrust SEDCO MENA Fund	Management services	<u>301,943</u>	<u>--</u>	109,200	--
SEDCO Capital Europe Fund I	Management services	<u>3,786,815</u>	<u>4,062,500</u>	--	4,062,500
SEDCO Capital Cayman Limited	Costs incurred on behalf and management services	<u>4,323,675</u>	<u>2,625,000</u>	1,145,370	2,387,077
SEDCO Capital Treasury Money Market Fund	Management services	<u>2,691,752</u>	<u>151,556</u>	1,003,075	138,391
SEDCO Capital Saudi Equities Fund I	Management services	<u>44,710</u>	<u>63,773</u>	2,431	4,796
SEDCO Capital Global Equity Fund IV	Management services	<u>7,500,000</u>	<u>625,000</u>	--	--

SAUDI ECONOMIC AND DEVELOPMENT SECURITIES COMPANY (SEDCO CAPITAL)
(Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2016

(Expressed in Saudi Riyals)

18. RELATED PARTY TRANSACTIONS (continued)

<u>Transactions with</u>	<u>Nature of transactions</u>	<u>Amount of transaction during the year</u>		<u>Closing balance receivable / (payable)</u>	
		<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
SEDCO Capital Core Diversified Strategies Fund	Management services	<u>2,211,837</u>	<u>2,321,159</u>	--	--
SEDCO Capital GCC Equities Fund	Management services	<u>1,282,456</u>	<u>1,724,026</u>	--	--
Elite Flexi Saudi Equities Fund	Management services	<u>233,231</u>	<u>--</u>	<u>21,711</u>	--
SEDCO Capital UK Limited	Other receivables	<u>529,418</u>	<u>--</u>	<u>529,418</u>	--
Due from related parties balance				<u><u>25,057,924</u></u>	<u><u>30,367,664</u></u>
Saudi Economic and Development Holding Company	Cross charge for shared services and payments made on behalf	<u>3,002,348</u>	<u>2,550,000</u>	<u>(2,873,540)</u>	<u>(11,389,836)</u>
SEDCO Capital Luxembourg S.A	Operational expenses	<u>795,025</u>	<u>311,250</u>	<u>(795,025)</u>	--
Elaf Hotels Company	Accommodation services	<u>203,557</u>	<u>79,366</u>	--	--
SEDCO Capital UK Limited	Advisory services	<u>1,665,468</u>	<u>--</u>	<u>(508,750)</u>	--
Tazweid Almaharat Company	Service Agreement	<u>8,650</u>	<u>--</u>	--	--
Elaf for Travel and Tourism Company	Travel and tourism services	<u>3,719,624</u>	<u>2,178,137</u>	<u>(56,223)</u>	<u>(192,492)</u>
Intimaa Real Estate Services Company	Office rent and other services	<u>960,262</u>	<u>960,262</u>	--	--
Al Jazirah Equipment Company (Autoworld)	Transportation expenses	<u>129,826</u>	<u>157,323</u>	<u>(6,150)</u>	<u>(8,900)</u>
Due to related parties balance				<u><u>(4,239,688)</u></u>	<u><u>(11,591,228)</u></u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2016

(Expressed in Saudi Riyals)

19. EMPLOYEES' END OF SERVICE BENEFITS

Movement in employees' end of service benefits during the year ended December 31, is as follows:

	<u>2016</u>	<u>2015</u>
Balance at beginning of the year	11,032,641	8,876,121
Charge for the year	2,595,778	2,156,673
Payment during the year	(364,111)	--
Other adjustments	--	(153)
Balance at end of the year	<u>13,264,308</u>	<u>11,032,641</u>

20. OPERATING LEASE ARRANGEMENTS

	<u>2016</u>	<u>2015</u>
Payments under operating leases recognized as an expense during the year.	<u>1,150,262</u>	<u>1,150,262</u>
Obligation under operating lease due within one year from the balance sheet date	<u>1,192,118</u>	<u>1,150,262</u>

These represent payments made under rental agreement in respect of head office, which is renewed annually.

21. FINANCIAL INSTRUMENT AND RISK MANAGEMENT

The Company's activities expose it to certain financial risks. Such financial risk emanate from various factors that include, but are not limited to market risk, credit risk and liquidity risk.

The Company currently finances its operations through equity and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk. Company's risk management policies and objectives are as follows:

Market risk

This is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

Market risk comprises of currency risk, interest rate risk and other price risk.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's transactions are principally in Saudi Arabian Riyals, United States Dollars and Great Britain Pounds. As at the reporting date, the Company is exposed to currency risk in cash and cash equivalents, accounts receivable and financial investments. The Company manages currency risk by regular monitoring of exposures and by the use of appropriate financial instruments where required.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2016

(Expressed in Saudi Riyals)

21. FINANCIAL INSTRUMENT AND RISK MANAGEMENT (continued)

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. As at the reporting date, the Company's exposure to interest rate risk is represented by murabaha and held to maturity investments which bear floating interest rate. The Company manages interest rate risk by monitoring interest rate exposures and mismatches between interest bearing financial assets and liabilities on a regular basis.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or the factors affecting similar financial instruments traded in the market. As at the reporting date, the Company is exposed to other price risk with respect to public available for sale investments whereby a 10% change in market values would have affected the shareholder's equity for the year by + / - 0.92 million.

Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. As at the balance sheet date, the Company's maximum exposure to credit risk is represented by the respective carrying values of cash at bank, murabaha investment, accounts and other receivables and held to maturity investments. Cash and bank and murabaha investment have been placed with reputable banks while held to maturity investments and accounts and other receivables pertain to counter parties having sound credit ratings.

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 the inability to sell a financial asset quickly at an amount close to its fair value. To guard against the risk, assets are managed with liquidity in perspective, maintaining a healthy balance of cash and cash equivalents. Moreover, the maturity profile of financial assets and liabilities is monitored on a regular basis to identify mismatches.

22. FAIR VALUES

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 accompanying financial statements are prepared under the historical cost method, differences may arise between the book values and the fair value estimates. Management believes that at the balance sheet date, the fair values of the Company's financial assets and liabilities are not materially different from their carrying values.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2016

(Expressed in Saudi Riyals)

23. BASIC EARNINGS PER SHARE

The earnings per share from net income have been calculated by dividing the net income by the weighted average number of shares outstanding at the year end.

The earnings per share from continuing operations have been calculated by dividing the income from operations after its share of Zakat by the weighted average number of shares outstanding at the year end.

The earnings per share from other operations have been calculated by dividing the loss from other operations over the weighted average number of shares outstanding at the year end.

24. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to comply with the capital requirements set by the Capital Market Authority (CMA) to safeguard the Company's ability to continue as a going concern and to maintain a strong capital base.

During the year ended December 31, 2013, new Prudential Rules (the "rules") were introduced by the CMA pursuant to its Resolution Number 1-40-2012 dated 17/2/1434H corresponding to 30/12/2012G. The rules state that an authorised person shall continually possess a capital base which corresponds to not less than the total of the capital requirements as prescribed under Part 3 of Prudential Rules.

	<u>2016</u>	<u>2015</u>
<i>Capital base:</i>		
Tier I capital	271,490,480	246,910,767
Tier II capital	--	--
Total	<u>271,490,480</u>	<u>246,910,767</u>
<i>Minimum capital requirement:</i>		
Credit Risks	94,294,139	98,359,543
Market Risks	11,790,676	5,524,884
Operational Risks	23,933,000	21,625,426
Total	<u>130,017,815</u>	<u>125,509,853</u>
Total capital ratio	2.09	1.97
Surplus in Capital	<u>141,472,665</u>	<u>121,400,914</u>

25. FIDUCIARY ASSETS

As at the balance sheet date, the Company's fiduciary assets (represented by assets under management and advisory) amounted to SR 17.72 billion (2015: SR 17.64 billion).

SAUDI ECONOMIC AND DEVELOPMENT SECURITIES COMPANY (SEDCO CAPITAL)
(Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2016

(Expressed in Saudi Riyals)

26. COMPARATIVES

Certain corresponding figures have been reclassified, wherever necessary, for the purpose of conforming to current year presentation.

27. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved and authorized for issue on ____.

Chairman

Chief Executive Officer

Chief Financial Officer