



Your Foundation **FOR SUCCESS**

Annual Report 2017

Table of Contents

Who We Are

Licensed by the Saudi Capital Market Authority (CMA License Number: 08116-37) in 2009, Sidra Capital is a Shari’ah compliant financial services company located in the Kingdom of Saudi Arabia which concentrates its efforts on asset management and corporate finance & advisory.



3	Core Achievements 2017	8	Economic Overview	25	Corporate Governance Report
4	Letter of Chairman	12	Business Overview	32	Financial Statements
6	CEO’s Message	18	Corporate Profile		

Navigation Icons



Indicates a page or note reference of information which can be found elsewhere in this report.

Core Achievements 2017

2017 Key Result

Continues to create award-winning products



The Asset Triple A Islamic Finance Awards 2017

- Best Islamic Commodity Trade Fund, for Sidra Mutajara Fund
- Best Islamic Asset Management House of the Year, Saudi Arabia

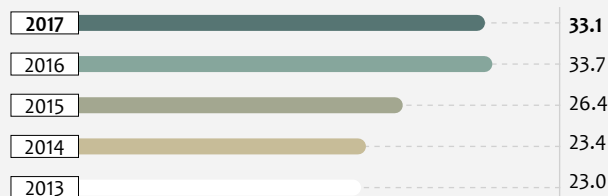
Global Islamic Finance Awards

- Best Islamic Fund for Islamic Structured Trade Finance 2017, for Sidra Mutajara Fund

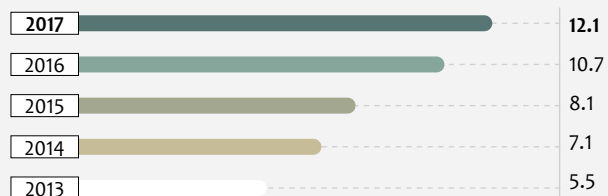
Global Finance

- Innovator in Islamic Finance
- Best Islamic Trade Finance Provider
- Best Real Estate Deal of the Year

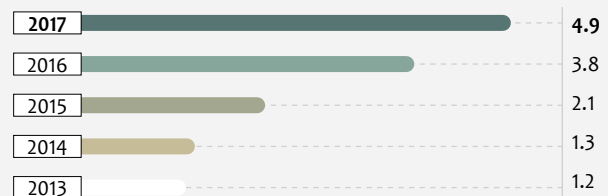
Income (SAR Million)



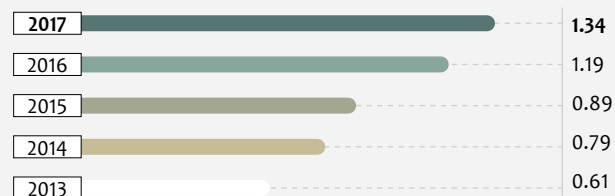
Net Income Before Zakat (SAR Million)



Assets Under Management (SAR Billion)



Earning Per Share (SAR)



Letter of Chairman



Ahmed Salem Bugshan
Chairman of the Board of Directors

2017 Highlights

- Expanded geographical reach by opening in Riyadh and London
- Reduced dependency on third parties and increase in-house capabilities
- Enhanced corporate governance and regulatory compliance capabilities



Sidra Capital has pushed forward with its geographical expansion and has now operational offices in London and Riyadh



بسم الله الرحمن الرحيم

Dear Shareholders,

It is with great pleasure that I present to you the Annual Report of Sidra Capital for the fiscal year 2017. Sidra Capital managed to consolidate its performance in 2017, which was not a given considering the economic circumstances.

In 2017, Saudi Arabia laid the groundwork for momentous change and in many ways the same applied to Sidra Capital. Set against this backdrop, we prepared for a new regulatory environment in the Kingdom and prepared to pro-actively embrace new business opportunities locally and internationally.

Earning Per Share



Letter of Chairman



Sidra Capital has pushed forward with its geographical expansion and has now operational offices in London and Riyadh. The London office oversees our operations in the UK and Europe and enhances our on the ground capabilities to source new investment opportunities in the respective markets for our investors. The opening of the Riyadh office was a necessary expansion to serve our clientele in Saudi Arabia's capital even better.

We have also invested heavily in our operational infrastructure in order to facilitate implementation of the new regulations such as the newly introduced VAT and IFRS requirements in KSA. Further, in order to ensure continuous growth, we have established a risk management and internal audit function to identify and manage potential risks.

In addition, we have invested in building our business units further, having recruited three seasoned professionals in Business Development, Corporate Finance and Advisory and Compliance & AML.

In closing, I would like to thank everyone at Sidra Capital for their hard work and dedication to the firm and congratulate them on contributing to another great year. I would like to express my appreciation and those of the Board to all our shareholders for their confidence and continued support. We are aware that this will be a long journey, but we are also mindful of the importance of not losing our focus along the way and we are confident that we will continue our growth story in our journey.

Best Regards,

Ahmed Salem Bugshan

Net Income before Zakat

PERFORMANCE COMPARED TO 2016

SAR 12.1 million in 2017
Increased by 13.3%

Growth Of Aum (YoY)

PERFORMANCE COMPARED TO 2016

SAR 4.9 billion in 2017
Increased by 29%

CEO's Message



Sidra Capital is committed to increase its corporate governance efforts to comply with the highest international standard and will remain focused on complying with the new laws and regulations that were introduced by the regulators.



Muhammad Currim Oozeer, Chief Executive Officer of Sidra Capital reviews the company's significant achievements in 2017 and outlines his expectations for 2018.

2017 was the start of Saudi Arabia's ambitious economic transformation plan whose objectives are linked to the interim targets of the National Transformation Program (NTP) for the year 2020 which is under the umbrella of the 2030 Vision.

The financial sector is also confronted with new regulations, where Authorized Persons in the Kingdom have to adjust their corporate governance and reporting standards. Sidra Capital is committed to increasing its corporate governance efforts to comply with the highest international standards and will remain focused on complying with the new laws and regulations that were introduced by the regulators such as the VAT and IFRS reporting standards.

Last year, we followed through with our strategy of geographical expansion by opening offices in Riyadh and London. The opening of our UK office was only a natural progression in the development of our company after having invested GBP 568million in UK to date with a strong focus on income-generating projects. The UK office allowed us to reduce dependency on third parties and increase in-house capabilities.

2017 was also a year when we were able to enjoy the fruits of all our hard work in previous years. We exited one of our innovative products leading GCC investors into Africa which generated in excess of 50% ROI.



Muhammad Currim Oozeer

Chief Executive Officer

2017 Highlights

- Received 6 awards for the excellent performance
- One of our innovative products generating in excess of 50% ROI
- Acquired 3 properties in the UK for a total of GBP 124million

CEO's Message



Maple Court is one of Sidra Capital's latest acquisitions



Towards the end of 2017 we have managed to invest SAR 850 million in real estate, a portfolio and private equity.



Our London developments on Chancery Lane and Aldwych Chambers, are expected to be exited in Q1 2018.

Towards the end of 2017 we have managed to acquire three properties in the UK for a total of GBP 124million. We continued to penetrate the US market by investing a total of USD 42million in 2017. We have also reshaped our Corporate Finance and Advisory division with the introduction of a new Head and by increasing the divisions capacity with two analysts.

With these developments, I am happy to announce that 2017 was a year of growth for us.

Sidra Capital's net income before Zakat and income tax, for the year ended 31 December 2017 increased by 13.3% from SAR 10.7 million to SAR 12.1 million. In line with Sidra Capital's expansion, operating costs grew by 3.9% due to the heavy investment into staff and operations.

The company's AUM grew by 29% from SAR 3.8billion in 2016 to SAR 4.9billion in December 2017.

Our efforts were also recognized by the industry and we received six awards for the excellent performance of our asset management team. We are very positive that we have paved the way for further growth in 2018. Our success is also evidenced by the fact that we have added institutional and sophisticated family offices to our client base.

We are also very happy to welcome the first two graduates from our Young Saudi Professional Trainee Program into the Sidra Capital family. The performance and progress of these two candidates have reaffirmed our commitment to this program in 2018 in order to continuously secure young Saudi talent.

Economic Overview

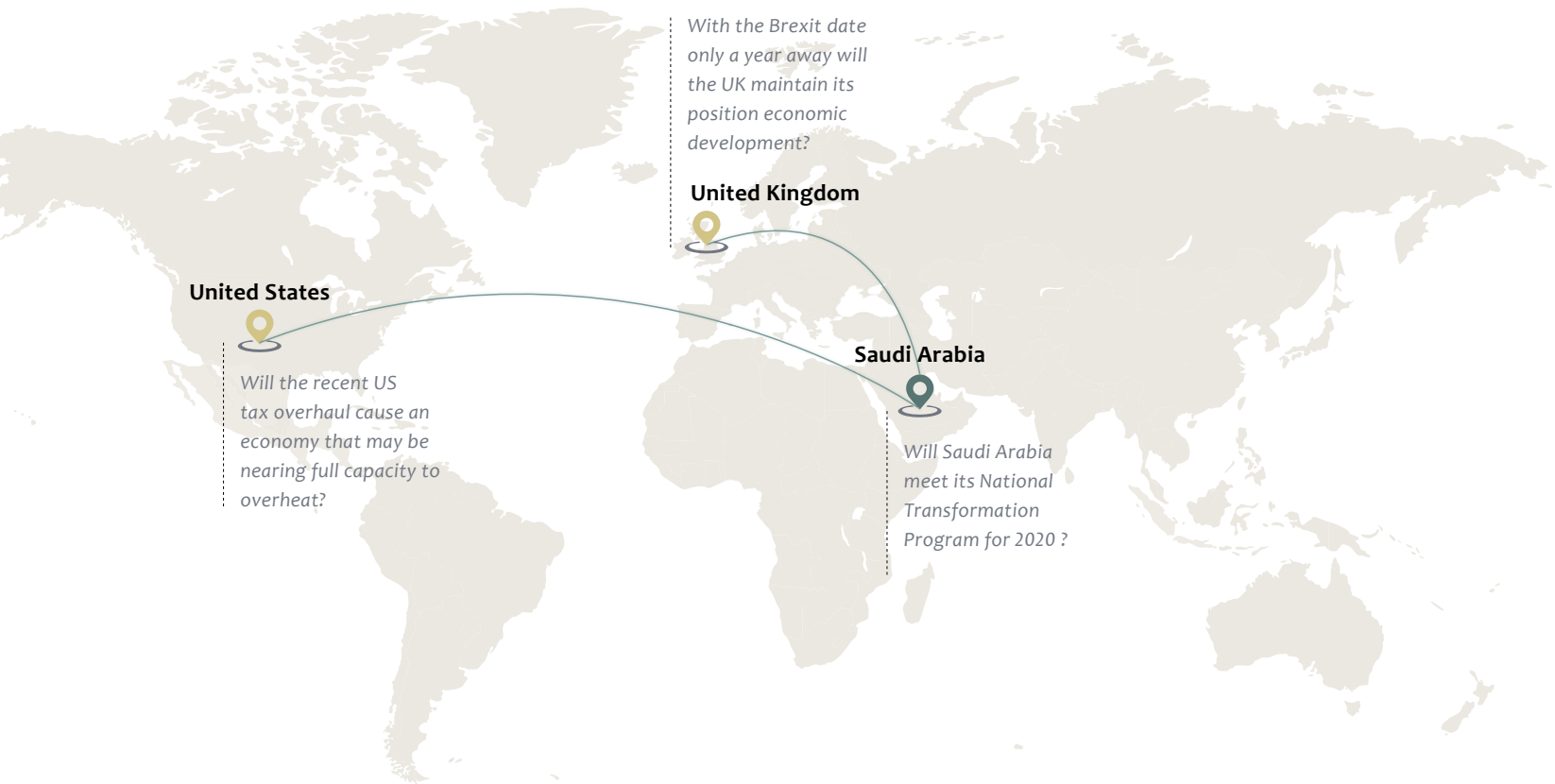
GLOBAL



2017 was a pleasant surprise for the global economy. The anticipated global economic slowdown as a result of the Brexit vote, expected deceleration in the Chinese economy and stunted economic activities due to high crude oil prices did not materialize.



The global Gross Domestic Product (GDP) to 3.7%, significantly above consensus as well as the previous year.



Economic Overview



The strength in global growth is broad-based across almost all major advanced and emerging economies, exceeding the post-crisis average growth level. Moreover, the aggregate unemployment rate in advanced economies has also been positive, falling almost back to pre-crisis levels where various advanced economies are viewed to be near full employment.

The global stock markets, observed through an MSCI index of bourses in 47 countries, increased by 22%. This is attributed to the growth among developed nations. In the US, President Trump's act to reduce taxes is expected to boost company profits and shareholders return in the world's largest economy, while in China, fears over a potential sharp slowdown has lessened as the country managed to maintain its rate of expansion. In Europe, the eurozone staged a recovery, partially due to the favorable monetary policy and fiscal stimulus implemented by the European Central Bank in 2017.

Despite the rosy picture, near-term risks to the global economic outlook are likely to be political, ranging from the future of North America Free Trade Agreement (NAFTA) bloc, the Italian election, the risk of a Korean military conflict and to discord in the Middle East.

A notable financial story for the year has been the cryptocurrency. Bitcoin has experienced a meteoric rise, starting the year at US\$908 per coin and ending the year at about US\$13,973. A large number of individuals and institutions believe the underlying blockchain technology will change the way the global economy works. Even the Chicago Board Options Exchange (CBOE) has also started offering bitcoin futures.



The strength in global growth is broad-based across almost all major advanced and emerging economies, exceeding the post-crisis average growth level.



SAUDI ARABIA

The Kingdom of Saudi Arabia has taken promising steps towards achieving the intermediate goal of the 2020 National Transformation Program and to build national capacity in order to ultimately realize its 2030 Vision of diversifying and boosting the contribution of non-oil sectors to the economy.

Increased investment opportunities for foreigners are expected to boost the economy. Qualification requirements for foreign investors to take part in the Saudi Stock Market have been eased and important steps have been implemented during the year to develop the capital markets. Foreign institutional investors will also be given access to invest in NOMU (parallel market), which was launched in February 2017, with minimal restrictions. Real

estate investment traded funds (REIT) regulations were issued in November 2016 followed by the listing of the first REIT within the same month. To date, nine REITs are listed on the Tadawul.

To diversify its economy and reduce dependence on the oil sector, Saudi Arabia aims to develop its non-religious tourism and leisure industry by allowing foreign visitors on tourist visas into the country, and this is only the first step to unlock the full potential of this sector, as announced this year. The Kingdom aims to have 30 million visitors per year by 2030 compared to 18 million recorded in 2016. Consequently, huge investments in the tourism sector have been earmarked for projects like The Red Sea project and the sports, culture and entertainment city (Qiddiya).



The government continues to support the economy with budgeted spending of SAR978 billion in 2018, compared to 2017's budget of SAR890 billion but not at a cost of a higher budget deficit. In fact, a substantial deficit reduction of 7.3% of GDP in 2018 is being projected compared to 8.9% and 12.8% in 2017 and 2016 respectively. The largest beneficiaries of the government's spending will be the military, security services, education, healthcare and natural resources sectors. The budget spending will be supported by expected revenues of SAR783 billion and the rest from public debt raising.

During the third quarter of 2017, the Public Investment Fund announced its goal to double its investment size by 2020 to reach US\$ 400 billion; in turn this is expected to create 20,000 direct domestic jobs and 256,000 construction jobs in the Kingdom via deployment of its funds in various domestic investment projects.



During the third quarter of 2017, the Public Investment Fund announced its goal to double its investment size by 2020 to reach US\$ 400 billion which in turn is anticipated to create 20,000 direct domestic jobs and 256,000 construction jobs in the Kingdom via deployment of its funds in various domestic investment projects.



Economic Overview

US & UK

The US and the UK continue to influence global economic growth despite the uncertainty resulting from Brexit vote and the Trump administration.

In the UK, FTSE 100 companies, majority of which earn a significant portion of their revenues in foreign currencies, benefited from the weak sterling since Brexit. The weak sterling has also contributed in a rise in the country's exports. This is evident from the UK Purchasing Managers' Index (PMI) remaining healthy; an indicator of the manufacturing sector, that showed output, new orders, and employment all increasing. Residential construction work remained a key engine of growth, expanding for the sixteenth consecutive month in December 2017. Negotiations on the terms of the UK's exit from the European Union (EU) are ongoing and continue to be a big question mark, but there have been no significant impact on the real estate sector. Market players who sat on the sidelines returned and the UK property investment market rebounded strongly from the uncertainty in the immediate aftermath of the EU referendum, with a surge in transaction volumes led by overseas investors; its robustness is anticipated to persist at around £60 billion in 2018.

The greenback and major US stock indices demonstrated strength in the aftermath of the presidential election with the expectation more domestic business-friendly policies will be introduced. The US has also just witnessed the largest tax reform in a generation, with the new tax laws significantly reducing taxes on real estate investments thereby boosting investor net returns. With the implied fiscal policy changes, it is expected that US growth will increase by approximately 0.4 percentage point in 2018 and 2019. On a 12-month basis, both overall inflation and core inflation have declined, running below 2 percent. However, the real GDP estimate by the Bureau of Economic Analysis increased to an annual rate of 3.2% in Q3 2017 as consumer spending and inventories were modestly higher than expected. Unemployment hit its 16-year record low to 4.1% in the final quarter of 2017, with thirteen states reaching the lowest level ever recorded since the federal government began keeping track of state-level data, more than four decades ago. The Federal Reserve raised short term interest rates for the third time in December 2017 with expectations of more hikes in 2018.



On a 12-month basis, both overall inflation and core inflation have declined, running below 2 percent. However, the real GDP estimate by the Bureau of Economic Analysis increased to an annual rate of 3.2% in Q3 2017 as consumer spending and inventories were modestly higher than expected.



Business Overview

About Us

Who We Are

Sidra Capital is a financial services provider with particular expertise in asset management, corporate finance and advisory services. Our asset management division specializes in alternative investment, predominantly in domestic and international real estate and global structured trade finance while our corporate finance and advisory division specializes in debt and equity arrangement, restructuring and mergers and acquisitions.

Established in 2009 and headquartered in Saudi Arabia – with offices in Jeddah, Riyadh and London and an international network of partners – we truly have a global outlook and reach. This allows us to constantly explore new avenues to provide diverse, pioneering and Shari’ah compliant opportunities and services for clients including high net worth individuals, family offices and institutions.

What We Do

Asset Management



Asset Management has witnessed one of its largest expansions to date. In 2017 much of the division’s attention was dedicated towards building the UK and the US transactions pipeline.



For more information about Asset Management, please go to page 14.

Corporate Finance & Advisory



Since 2009 Corporate Finance and Advisory has built a solid expertise across all industries and managed to complete 14 transactions mainly in debt raising and financial advisory.



For more information about Corporate Finance Advisory, please go to page 15.

Business Overview

About Us

Since we started, we have grown consistently through our ability to anticipate, adapt to and capitalize on changing market conditions, backed by strong corporate governance and an award-winning team. We are committed to working in genuine partnership with our clients, combining a personalized service with a flexible and agile approach. Our expert team listens to our clients' needs, forensically examines the options and identifies varied and original opportunities to meet their specific circumstances. Our unique combination of global insight, innovation, adaptability and expertise means we consistently exceed expectations and deliver value, while always acting with integrity, honesty and transparency.



We are committed to working in genuine partnership with our clients, combining a personalized service with a flexible and agile approach.



Corporate Social Responsibility



Hisham Al Ansari and Yahya Al-Rajhi are the first two graduates of Sidra Capital's Young Saudi Professional's Trainee Program. We sat down with them and asked them about their impressions.



For more information about Corporate Finance Advisory, please go to page 16.

VISION

Our vision is to consistently exceed clients' and shareholders' expectations by providing best in class asset management and corporate finance services which adhere to the highest values, ethics and standards.

MISSION

Our mission is to be known as the best niche financial products and services provider in the region for creating bespoke solutions for our clients.

Business Overview

Asset Management

Asset Management has witnessed one of its largest expansions to date. By the end of Q2 of last year the UK office was fully operational and we are happy to announce that our UK office had successfully completed three transactions before the end of 2017.

The opening of our London office reaffirms our confidence in the UK market. So far we have invested GBP 568million^[1] in the UK market with the majority being invested in income-generating projects. In Q4 2017 we added the Great Western Retail Park in Glasgow, which was acquired for GBP 57million, Maple Court, the Hilton EMEA HQ in Watford which was acquired for GBP 22million and 37 Esplanade in Jersey which was acquired for GBP 45million.

Another contributing factor in growing our AUM from SAR 3.8 billion to SAR 4.9 billion (YOY) by continuing our venture into the United States, investing USD 42million into a diversified US real estate portfolio, and we are looking to further increase our footprint in the US in 2018 and the years to come.

2017 was also a culmination of the hard work our asset management team has produced in previous years. We exited the Debt Conversion Fund (DECO) one of our innovative products leading GCC investors into Africa and generated in excess of 50% ROI. Our London developments on Chancery Lane and Aldwych Chambers, are expected to be exited in Q1 2018.



Our current developments were also successful, specifically garnering GBP 65million worth of sales that heralded the launch of Hamilton Drive in St John's Wood, one of the most profitable ultra-prime residential development to be unveiled in London in 2017.

We can confirm that there is a growing appetite for structured trade finance products among investors. Our Sidra Ancile Fund with a current AUM of USD 197 million is one of the largest of its kind globally and has continuously attracted interest from individual and institutional investors, as well as family offices. There are even regional SWFs who are now investing in this strategy. In terms of users, our target has primarily been SMEs as banks and other financial institutions are not interested in serving this segment of the economy.

It is true that our focus has been on Africa and Eastern Europe. With the Saudi Arabian government identifying SMEs as an essential pillar in diversifying its economy, we plan to take advantage of this by considering the introduction of Structured Trade Finance in Saudi Arabia over the next year or so.

2017 was a year of expansion and transition for our asset management division. One of the big shifts was witnessed in the middle of the year when the hitherto, Naim Azad Din, Deputy CEO took on additional responsibility as Acting Head of Investment Advisory Division. Arif Rahim, the Head of Investment Strategy was made the new acting Head of Asset Management.

^[1] As of December 2017

Business Overview

Corporate Finance & Advisory

Since 2009 Corporate Finance and Advisory has built a solid expertise across all industries and managed to complete 14 transactions mainly in debt raising and financial advisory.



With our unique understanding of the changing operating climate coupled with experienced investment bankers we are ideally placed to create value added bespoke solutions to small-to-mid cap companies, high net worth individuals, and family offices.

Just as with Asset Management, our Corporate Finance and Advisory division, added resources to deepen its market presence in 2017. The new Head of Corporate Finance and Advisory joined Sidra Capital in Q2 2017, and an analyst team was added in Q1 2018. The first half of 2017 was spent on rebuilding the infrastructure in terms of business strategy and marketing process, while the second half was utilized in building a credible deal pipeline of fee income generating opportunities. Our biggest takeaway for 2017 was the increased level of business enquiries from our existing and potential clients.



Our biggest takeaway for 2017 was an increased level of business enquiries from our existing and potential clients.

Business Overview

Corporate Social Responsibility

Hisham Al Ansari and Yahya Al-Rajhi are the first two graduates of Sidra Capital's Young Saudi Professional's Trainee Program. The following are their impressions as pioneers of this program.



Yahya Al-Rajhi (Left), Hisham Al Ansari (Right)

A few words about themselves:

Hisham:

I'm currently a financial analyst in the Corporate Finance and Advisory division at Sidra Capital. Prior to joining the Saudi Young Professionals Trainee Program I obtained my Master's in Business Administration from the University of Louisiana in Monroe, USA. I always wanted to work in finance as it is a fast-paced environment and on a macro level the financial service industry plays a key role in maintaining the workings of an economy.

Yahya:

I graduated from the University of Ontario Institute of Technology in Canada with a Bachelor's degree in Commerce with a focus on finance. I have always had passion for the financial services sector in all its aspects, whether it be corporate, commercial or investment banking.

From an early stage in my life, I was exposed to the investment world. I worked for three years in my family's trading, contracting and real estate business where it was only natural to be exposed to investments and investment opportunities. I found this aspect of the business always interesting.

Business Overview

Corporate Social Responsibility

How they discovered the trainee program:

Hisham:

I had just returned from the USA after my studies and was applying for entry-level jobs. One of the companies I applied to was Sidra Capital. A couple of days later Sidra Capital's HR manager called me and told me about the program and asked me whether I was interested or not.

Their thoughts about the program:

Hisham:

It's a 12-month rotational program. What that means is at the beginning we determine how many divisions we would like to work in during our program which is usually a minimum of two and a maximum of four. I worked in Marketing, Asset Management, Business Development and Corporate Finance & Advisory. At the beginning of each rotation we sit with the department head and discuss our learning objectives and what they would like us to achieve during our time with them and we would review my performance monthly. The thing I appreciated was that we were thrown straight into the day-to-day business which helped us a lot to integrate into the respective teams. Thankfully, the seniors in the team were always very supportive and coached us as we went along.

Their reaction to getting hired right away:

Hisham:

At the beginning of the program it was made very clear to us that there was no guarantee that we would be hired if our performance was not according to Sidra Capital standards. Thank God, our hard work paid off.

Yahya:

Overall, I'm very happy with the outcome of the program. It gave me a very good overview into the day-to-day work of a financial services provider. It also gave me the chance to explore what I really want to do with my professional life.

Why they choose Sidra Capital:

Yahya:

I was very interested in the program. When you graduate you have something of an idea of what you want to do, but nothing beats the real experience. While I always saw myself in Asset Management I actually found my true calling in Corporate Finance and Advisory.

Yahya:

I also did my rotations in Asset Management, Marketing and Corporate Finance & Advisory. However, I chose to be placed in Corporate Finance instead of Business Development. It was a very steep learning curve. Luckily, Sidra Capital sent us for training. We both underwent training in preparation for CME part one examinations as well as two courses in financial modeling which were very beneficial.

Advice for other fresh graduates:

Hisham:

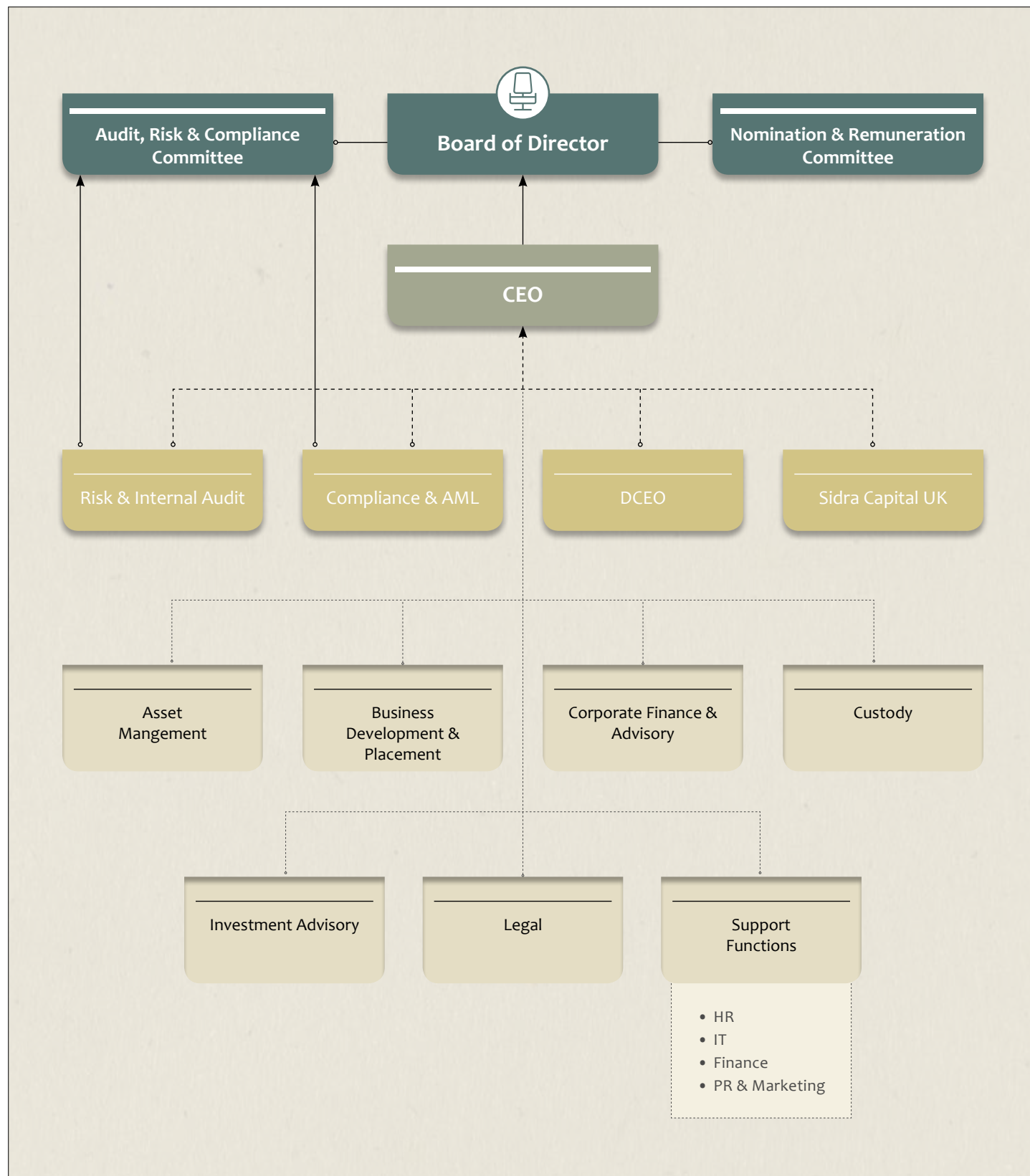
Saudi Arabia currently has a competitive job market and sometimes it's difficult to find a job as a fresh grad. Trainee programs like Sidra Capital's make it easier to enter the job market while still providing the chance to find your true calling.

Yahya:

I completely agree. Programs like these are a great opportunity and I would recommend that fresh graduates go after them whether with Sidra Capital or any other company.

Corporate Profile

Corporate Structure



Corporate Profile

Board of Directors



1

Ahmed Salem Bugshan

Chairman

Ahmed Salem Bugshan is presently the Chief Executive Officer of Saudi Industrial Projects Company, the manufacturer and bottler of Pepsi in the western region of Saudi Arabia. He is also the Vice Chairman of the International Investment Bank, Bahrain, and is the Chairman of Saudi Steel Profile Manufacturing Factory Company Ltd.

He obtained his Bachelor's Degree in Economics and Administration from King Abdulaziz University, Jeddah, in 1992. Following that, he went through practical training at Pepsi's operations in Greece. He also underwent banking training in portfolio management, trade finance and private banking with Banque Indosuez Switzerland.

2

Hani Othman Baothman

Vice Chairman

Hani Othman Baothman had extensive experience with prominent national and multinational public and private institutions, including the Islamic Development Bank (IDB), Saudi Economic and Development Company (SEDCO) and ABV Rock Group, a Saudi-Scandinavian joint venture contracting company.

He is a founding shareholder of Sidra Capital and was the Managing Director and Chief Executive Officer. He obtained his Bachelor's degree in Mechanical Engineering from the University of Reading, United Kingdom, and later received the Chevening Scholarship to study for his MBA at Imperial College, in London.

Corporate Profile

Board of Directors



3

**Ammar Farouq
Zahran**

Board Member

Ammar Farouq Zahran was Director of Bin Mahfouz Group until 2010. Prior to this, he was the Assistant Managing Director of Al Murjan Trading & Industrial Co., a position he held since 1996.

He obtained a Bachelor of Science degree in Manufacturing Engineering, from Boston University, United States, in 1993 and Master's degree in Engineering Management from Northeastern University, Boston, in 1996.

4

Shaukat Aziz

Board Member

His Excellency Shaukat Aziz was the Prime Minister of Pakistan from 2004 to 2007, following his position as Finance Minister from 1999 to 2004. After graduating from Gordon College, Rawalpindi in 1967, he obtained his MBA degree from the Institute of Business Administration, University of Karachi. An internship at Citibank marked the beginning of a 30 year career in global finance. As Executive Vice President, he held several senior management positions in Citibank, including head of institutional banking for Central Eastern Europe, the Middle East and Africa, and later, for Asia Pacific, followed by his promotion to become the Chief Executive of the bank's global wealth management business.

In 2014, he was appointed Senior Visiting Research Fellow at Green Templeton College, Oxford University, United Kingdom, where he also chairs their annual Emerging Markets Forum.

5

**Muhammad Currim
Oozeer**

Chief Executive Officer

A founding member of Sidra Capital, Muhammad Currim Oozeer joined in 2008 from HSBC Amanah, Malaysia. His last role there was as its Head of Asia Origination. Before this post, he was with the Islamic Corporation for the Development of the Private Sector, the private sector arm of Islamic Development Bank Group that is responsible for structured finance and syndication operations.

He obtained his Bachelor's degree in Economics & Business Finance from Brunel University and he then went on to complete his Masters in International Securities, Investment & Banking at ICMA Centre, University of Reading. He also has a PhD in Finance from ICMA Centre, University of Reading and is a CFA Charterholder.

Corporate Profile

Senior Management

1

Muhammad Currim Oozeer

Chief Executive Officer

A founding member of Sidra Capital, Muhammad Currim Oozeer joined in 2008 from HSBC Amanah, Malaysia. His last role there was as its Head of Asia Origination. Prior to that, he was with the Islamic Corporation for the Development of the Private Sector, the private sector arm of Islamic Development Bank Group responsible for structured finance and syndication operations.

He obtained his Bachelor's degree in Economics & Business Finance from Brunel University. He went on to complete his Masters in International Securities, Investment & Banking at ICMA Centre, University of Reading. He also has a PhD in Finance from ICMA Centre, University of Reading and is a CFA Charterholder.



2

Naim Azad Din

Deputy Chief Executive Officer and Acting Head of Advising Division

A founding member of Sidra Capital, Naim Azad Din joined in 2009 from HSBC Bank, Malaysia. His last role there was as its Global RM, Global Banking and Markets. Before that, he was with the Corporate Finance and Advisory team of Public Investment Bank, Malaysia, and he was responsible for numerous debt restructuring transactions after the 1997/1998 Asian financial crisis.

He holds a Bachelor of Commerce degree from the University of Auckland, New Zealand; he is a member of the Association of Chartered Certified Accountants (ACCA), the Malaysian Institute of Accountants (MIA), Chartered Professional in Islamic Finance (CPIF) Charterholder and Chartered Alternative Investment Analyst (CAIA) Charterholder.



3

Arif Rahim

Acting Head of Asset Management

Arif Rahim began his career in London at F&C Asset Management followed by Fauchier Partners, the leading hedge funds solutions group of BNP Paribas (now part of Permal). He moved to the Middle East from Skandinaviska Enskilda Banken (SEB), the leading Nordic Banking Group.

He has directed investment strategy across the region and has a wealth of expertise in origination, structuring and execution of transactions across multiple sectors and industries.



Corporate Profile

Senior Management

4

Asim Bashrullah

Head of Corporate Finance & Advisory

Asim Bashrullah spent almost 6 years in Abu Dhabi Islamic Bank in various leadership roles, the last one as Head of Commercial Bank. Before that he was the Head of Wholesale Bank in Egypt. Earlier, he was the founder member responsible for setting up and leading Corporate and Investment Bank for Al Rajhi Bank, Malaysia.

Before relocating to Malaysia, he spent nearly 6 years in Saudi Arabia, primarily with Samba Financial Group as Deputy Head of Loans Syndication and Co-Head of Debt Capital Markets. He started his career effectively with ABN Amro Bank in Pakistan and later in the UAE, where his last position was Assistant Vice President, Structured Finance, MEAR office in Dubai, UAE.

Asim has a bachelor of science degree in Business Administration with a concentration in finance and psychology from Wake Forest University, North Carolina, the USA.

5

Hassan Bahloul

Head of Investment Placement and Business Development

Hassan Bahloul joined Sidra Capital in October 2012 with 13 years of experience in sales and business development.

Before joining Sidra Capital, he was the Vice President of Sales in Damac Properties, Saudi Arabia, a post he held since 2007. He was also a Regional Manager at Showtime and shuttled between Dubai and Saudi Arabia from 1999 to 2005. He holds a Bachelor's degree in Business Administration from Ajman University and has completed various courses in Canada and the United Kingdom.

6

Thamer Bafel

Head of Compliance & AML

Thamer Bafel is a compliance specialist with 9 years' experience in the areas of Compliance, AML and Capital Markets. Prior to joining Sidra Capital, he headed heading the Compliance department at Alahli Takaful Company and before that he was an Inspection Officer at the Capital Market Authority.

He obtained a Bachelor's degree in General Accounting from King Abdul Aziz University Jeddah in 2007, Pre-MSc Foundation Course from Cass Business School, London in 2008, (MBA) from University of Wolverhampton UK in 2015, as well as professional qualifications of Capital Market (CME-1/CME-2/ CME-3).

Corporate Profile

Senior Management

7

Fahim Sonde

Head of Risk & Internal Audit

Fahim Sonde is a Governance, Risk, Compliance (GRC) & Internal Audit specialist with 15 years' experience in the areas of Risk Management, Corporate Governance, Compliance, AML and Internal Controls. Before joining Sidra Capital, he headed the Compliance department at Alpen and Capital Saudi Arabia Mulkia Investment and before that he was the Compliance Officer at Malaz Capital & Global Investment House Bahrain.

He is a "Certified Risk Analyst" (CRA) and "Certified Compliance Officer" (CCO) from (IABFM), Dubai. He is also a "Certified Risk and Compliance Management Professional" (CRCMP) and "Certified Stress Testing Expert" from (BCPA), USA. He is also a "Certified Islamic Finance Executive" (CIFE) from (Ethica).



8

Omar Al Habshi

Head of Finance

Omar Al Habshi joined Sidra Capital in September 2008 as Senior Accountant in the Finance Division.

In April 2010, he was promoted to Finance Manager. He obtained his Bachelor's degree in Accounting from Sana'a University in 2000. He brings with him over 5 years of experience in the field of accounting.



9

Sophian Seraj

Public Relations and Marketing

Before joining Sidra Capital in 2014, Sophian Seraj was the Head of Public Relations for Toyota at Abdul Latif Jameel (ALJ), where he supervised the company's sponsorship of the Saudi Professional League.

Due to his expertise in integrated strategic communications and issues management, he was soon made Head of Brand Reputation and was responsible for the conception and implementation of a high-level mitigation strategies.

Previously, his professional reputation led to his appointment as Country Manager for a global agency in Saudi Arabia. He has a Master's degree in Political Science and American Studies from J.W. Goethe University, Frankfurt in Germany.



Corporate Profile

Senior Management

10

Mohammed Al-Amoudi

IT Manager and Custody and Documentation Officer

Mohammed Al-Amoudi joined Sidra Capital in December 2007 as an Information Technology officer.

His considerable experience, along with his skills and educational background, qualified him to perform his current role within the company. He holds a Bachelor degree in Management Information Systems from Indiana University of Pennsylvania, USA.



11

Samah Bahamat

Human Resources

Samah Bahamat joined Sidra Capital in 2009 and is one of the longest serving staff members of the company.

Prior to joining Sidra Capital, she worked in sales and marketing, which also involved training employees and developing talent. She has a Bachelor's degree from the University of Science and Technology in Jeddah, Saudi Arabia.



12

Anwar Yasini

General Counsel

Anwar Yasini joined Sidra Capital in October 2014 from Shajjan and Associates where he was a Senior Legal Counsel.

Before that he was a member of the legal team of Shah Peerali in the US. He holds a Master's degree in comparative law from Harvard Law School and has 5 years of relevant experience working in the field of corporate and commercial law.



13

Abeer Bokhari

Custody

Abeer Bokhari joined Sidra Capital in August 2016. Her recent experience includes litigation and transactional work in a variety of banking and corporate matters and arrangements. She has worked for local and international law firms prior to joining Sidra Capital.

She holds a Master's degree in International & Comparative Law from The George Washington University, Washington, DC, US.



Corporate Governance Report

Introduction

Sidra Capital (“**Sidra**” or the “**Company**” or “**Authorized Person**”) Corporate Governance Report for the financial year ended 31 December 2017 (“**Report**”) has been prepared in compliance with Capital Market Authority (“**Capital Market Authority**” or the “**CMA**”) circular #519/6 dated 20/2/1432 H corresponding to 24/01/2011 G, CMA letter dated 03/05/1433 H corresponding to 26/03/2012 G, and CMA circular #16/19/6 dated 03/01/2016 G.

The Company is committed to adopting industry standard corporate governance practices, which are designed to be in line with the prevailing regulations issued by the relevant authorities in the Kingdom of Saudi Arabia (“**KSA**”). Sidra’s corporate governance objective, amongst others, is to uphold the interests of its shareholders and clients by operating in accordance with the rules and regulations of the CMA.

The Report has been prepared by Sidra’s management and reviewed by its Audit, Risk and Compliance Committee (“**ARCC**”) and Board of Directors (“**Board**”).

In addition, the Report has been submitted to the CMA as part of the Company’s annual report.

LICENSED ACTIVITIES OF THE COMPANY

The Company is licensed by the CMA to conduct the following activities as an Authorized Person:

- Dealing (principal and underwriter)
- Managing (IFM, DPM)
- Arranging
- Advising
- Custody

Sidra Capital continues to focus on Asset Management and Corporate Finance & Advisory.

ASSET MANAGEMENT DIVISION (“AMD”)

Our Asset Management Division is committed to creating innovative solutions and investment products that fulfil our clients’ needs, a commitment that has resulted in a specialty in alternative investments. Many of our products have been recognized and awarded internationally. Our current portfolio of investment products and activities focuses on domestic and international real estate investments and structured trade investments.

Our activities cover a wide spectrum of asset and investment management in various asset classes within the alternative investment universe. We have developed our expertise in the following asset classes/sector:

- 1) Real estate (UK, Europe and the US); and
- 2) Structured trade finance (Global).

Our services are currently being offered to institutional clients, High Net Worth Individuals (“**HNWI**”), and family offices by leveraging on our wide range of investment products and network.

CORPORATE FINANCE AND ADVISORY DIVISION (“CFA”)

Our Corporate Finance and Advisory Division offers specialized Shari’ah-compliant services that are tailor-made to fit our clients’ needs. Since its establishment, we have completed numerous transactions across a variety of different sectors. The following are the services offered by the CFA Division:

- 1) **Debt and Equity Arranging:** Assist companies in raising debt or equity funding.
- 2) **Restructuring:** Provide services to clients who need corporate restructuring that is pertaining to the ownership, debt, legal and/or operational structures of the business.
- 3) **Mergers & Acquisitions:** Provide corporate strategy and advising clients on the matter of buying, selling, dividing and combining different companies and entities that can help an enterprise grow rapidly in its sector and increase shareholder value.

Corporate Governance Report

INVESTMENT ADVISORY

Our Investment Advisory Division is another business division within the Company, which is operating under the advising license. The management seeks to strategically grow its business contributions to the overall performance of the Company going forward following the stabilization of other business divisions.

CUSTODY

Our Custody Division is another business division within the Company, which is operating under the custody license. The management seeks to strategically grow its business contributions to the overall performance of the Company going forward.

DETAILS OF NUMBER OF OFFICES & SUBSIDIARIES

The Company is operating from its main office in Jeddah, KSA with an office in Riyadh, KSA, and a subsidiary in London, United Kingdom ("UK").

Sidra Capital (UK) Limited was established in London, UK to enhance existing in-house capability in relation to investment into the UK and European real estate markets, with capital of £100,000 in which the Company owns 100%.

THE BOARD OF DIRECTORS

The Company is managed by a Board comprising of 5 members elected by the shareholders for a period of 3 years. Each member can be re-elected after completing his/her term in accordance with

the Company's bylaws. The Board provides strategic guidance to the business and affairs of Sidra. One of the key responsibilities of the Board is to provide guidance towards enhancing Sidra's business viability, protecting, and enhancing the interests of the shareholders whilst managing the interests of other stakeholders. Other key roles of the Board include:

- Reviewing and guiding corporate strategy, major plans of action, risk appetite, annual budgets and business plan, setting performance objectives, monitoring implementation of corporate performance, overseeing major capital expenditures, acquisitions and divestitures;
- Monitoring the effectiveness of Company's governance practices and making changes as needed;
- Ensuring that appropriate policies and procedures are in place and in line with the overall corporate strategy;
- Reviewing and approving the organizational and functional structures of the Company;
- Monitoring and managing potential conflicts of interest of management, Board members and shareholders including misuse of Sidra's assets and abuse in related party transactions;
- Forming committees as required, with clearly defined tasks, rights, and obligations;
- Ensuring the integrity of Sidra's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, systems for risk management, financial and operational control and compliance with the law and relevant standards; and
- Overseeing the process of disclosure and communications.

ATTENDANCE RECORDS OF BOARD MEETINGS

For the financial year ended 31 December 2017, the following tabulates the attendance records of the Board members:

NO	NAME OF DIRECTOR	MEMBERSHIP CLASSIFICATION	POSITION	ATTENDANCE RECORD
1.	Ahmed Salem Bugshan	Non-Executive	Chairman	2/2
2.	Hani Othman Baothman	Non-Executive	Vice Chairman	2/2
3.	Shaukat Aziz	Independent	Board Member	2/2
4.	Ammar Farouq Zahran	Non-Executive	Board Member	2/2
5.	Muhammad Currim Oozeer	Executive	Board Member - Chief Executive Officer	2/2

Corporate Governance Report

BOARD MEMBER'S MEMBERSHIP IN OTHER COMPANIES

NO	NAME	CLASSIFICATION & POSITION	OTHER BOARD MEMBERSHIPS
1.	Ahmed Salem Bugshan	<i>Chairman (Non-Executive)</i>	Middle East & North Africa Beverages Manufacturing Company International Investment Bank Saudi Steel Company Ebtikar Entertainment Co., Ltd. Ahmed Salem Bugshan for Trading Co., Ltd. Ahmed Salem Bugshan for Iron Trading
2.	Hani Othman Baothman	<i>Vice Chairman (Non-Executive)</i>	Al Murjan Holding Company Limited Al Murjan International Holding Limited Alkhozama Management Company Altaif Investment and Tourism Company INOKS Capital Ltd Sidra Capital (UK) Limited
3.	Ammar Farouq Zahran	<i>Board Member (Non-Executive)</i>	Al Murjan Holding Company Limited Al Murjan International Holding Limited
4.	Muhammad Currim Oozeer	<i>Chief Executive Officer Board Member (Executive)</i>	INOKS Capital Ltd Sidra Capital (UK) Limited
5.	Shaukat Aziz	<i>Board Member (Independent)</i>	Saudi Cable Company*

* Resigned as of February 11, 2018

Corporate Governance Report

COMMITTEES OF THE BOARD OF DIRECTORS

Audit, Risk & Compliance Committee

The Audit, Risk & Compliance Committee (“ARCC”) is a subcommittee established by the Board with power only of recommendation to the Board for final decisions. The ARCC assists the Board in fulfilling its oversight responsibilities pertaining to:

- The Company’s financial statements and other financial information provided by the Company to its shareholders, the public and others.
- The Company’s compliance with legal and regulatory requirements.
- The performance of Company’s internal audit division (or external service provider) and independent auditors.
- The risk management, compliance and control activities of the Company.

Attendance Records of ARCC Meetings

For the financial year ended 31 December 2017, the following tabulates the attendance records of the ARCC members:

NO	NAME OF THE MEMBER	POSITION	ATTENDANCE RECORD
1.	Abdulelah Abdu Mukred	<i>Chairman</i>	4/4
2.	Ammar Farouq Zahran	<i>Member</i>	4/4
3.	Seedy Keita	<i>Member</i>	4/4

Nomination and Remuneration Committee

The Nomination and Remuneration Committee (“NRC”) is a subcommittee that has been established to outline the principles and parameters underlying the process of nominating and remunerating directors and senior management of the Company.

The NRC has been mandated to undertake the specific duties and responsibilities listed below:

- To review the composition of the Board and ensure that the Board has the appropriate mix of skills, experience and other factors required by the Company and the regulatory authorities to fulfill its responsibilities.
- To review and make recommendations to the Board in respect of the compensation arrangements for the directors and senior management.

Attendance Records of NRC meetings

For the financial year ended 31 December 2017, the following tabulates the attendance records of the NRC members:

NO	NAME OF THE MEMBER	POSITION	ATTENDANCE RECORD
1.	Ahmed Salem Bugshan	<i>Chairman</i>	1/1
2.	Ammar Farouq Zahran	<i>Member</i>	1/1
3.	Hani Othman Baothman	<i>Member</i>	1/1

Corporate Governance Report

REMUNERATION AND COMPENSATION OF BOARD MEMBERS AND TOP 5 SENIOR EXECUTIVES

The following is a detailed description of all expenses, remunerations and salaries paid to Board members and the top 5 senior executives including the Chief Executive Officer (“CEO”) and the Finance Manager for the financial year ended 31 December 2017.

STATEMENT	EXECUTIVE BOARD MEMBERS	NON-EXECUTIVE BOARD MEMBERS/ INDEPENDENT	5 OF THE SENIOR EXECUTIVE WHO RECEIVED HIGHEST COMPENSATION AND BONUSES, CEO AND FINANCE MANAGER INCLUDED
Salary & Compensation	-	-	4,382,634
Allowances	-	-	-
Periodic and Annual Bonuses	-	50,000	925,000
Incentive Plans	-	-	-
Any other Compensation or other benefits in-kind paid monthly or annually	-	-	-

RESULTS OF THE INTERNAL AUDIT OF THE EFFECTIVENESS OF THE COMPANY'S INTERNAL CONTROL PROCEDURES

The Company maintains robust internal control systems and has an independent Internal Audit Function reporting directly to the ARCC. The role of the Internal Audit Function is to assist the Board and management in achieving effective corporate governance, business risk management and internal control through the provision of objective, independent, professional and consultative services in line with the Company's values and internal audit profession's ethics and standards.

The Internal Audit Function is led by the Head, Risk and Internal Audit. PricewaterhouseCoopers (PwC) was appointed to provide the technical support and assist with the execution of the internal audit plan. Internal Audit Function has developed a 4 year internal audit plan based initially on inherent risk, with a view of converting it into residual risk-based plan following the successful execution of all the audits.

The Internal Audit Function has conducted audit of various divisions and observations and recommendations were presented to the ARCC and subsequently reported to the Board. A follow-up review shall be conducted in 2018 assess whether the observations were implemented.

The ARCC shall ensure that the results of the internal control reviews, with corrective measures are implemented within the agreed timeline discussed and agreed with the management. The management is responsible for establishing and maintaining an adequate and effective system of internal controls for implementing strategies and policies and procedures approved by the Board, and are subject to annual review.

In view of the above, we believe that the Company has reasonably sound and effective system of internal controls in force, both in design and implementation.

RISK MANAGEMENT

The diversified business activities require the Company to identify, measure, aggregate, monitor and manage risks effectively and to allocate capital among its businesses appropriately. Given the size of the Company and its operations, the Company has adequate risk management framework to identify and manage major risks. The Company has an Audit, Risk & Compliance Committee to assist the Board of Directors in fulfilling its oversight responsibilities of its risk management activities. The Company has an Internal Audit and Risk Division. The Internal Audit and Risk Division is responsible for implementing a continuous and planned risk-based internal audit on various aspects of the Company's operations and processes. This includes assessment, disclosure and make suggestions towards improving the Company's key operational and business risks and internal controls. The following are the major risks managed by the Company.

a) Credit Risk

Credit risk is one of the most important risks that the Company faces in its operations and it is the failure of one or more of its major counterparties. To mitigate this risk, the Company has diversified its banking relationships across several local Saudi and international banks. The Company uses the CMA Prudential rules to monitor the credit risk which is one of the component used to calculate the minimum capital requirement.

b) Market Risk

Market risk is the risk that the value of an investment will decrease due to movements in the market. After discussions with external auditor and considering that the Company does not have a trading book, the only market risk that is applicable to the Company is Foreign Exchange risk. The company uses the CMA Prudential rules to monitor the market risk which is one of the component used to calculate the minimum capital requirement.

Corporate Governance Report

c) Operational Risk

Operational Risk is defined as risk of loss resulting from inadequate or failed internal processes, people and systems as also the risk of loss arising from external events. The Company uses the CMA Prudential rules to monitor the operational risk which is one of the component used to calculate the minimum capital requirement. It uses the expenditure-based approach, which consists in applying a 25% risk charge to the prior year level of operating expenses.

The above-mentioned risks as well as the capital adequacy requirements calculated by the Capital Adequacy Model provided by the CMA are monitored on a monthly basis.

PENALTIES AND FINES IMPOSED ON THE COMPANY

The Company conducts its businesses in line with the highest standards of business ethics and in compliance with the relevant laws, regulations and regulatory directives issued by the supervisory and regulatory authorities in KSA. During the calendar year 2017 the Company was not subjected to any penalty or fines from any regulatory authority or from any government agency.

LOANS

The board confirms that, the Company does not have any loan outstanding as at 31 December 2017 as stated in the liabilities section of the financial statement.

RELATED PARTY TRANSACTIONS

Related Party Transactions are stated in Note 7 of the Notes to the Financial Statements for 2017. In the ordinary course of business, the Company also does business with deemed to be related parties. The following tabulates the related party transactions transacted during 2017, and the related parties comprise of Company's shareholders, affiliates, Board members and senior executives. The terms of those transactions are mutually agreed and approved by the management of the Company.

NAME	RELATIONSHIP	NATURE OF TRANSACTION	2017	2016
Talid Arabia Trading	Shareholder	Costs incurred on behalf of the related party	SAR 20,000	SAR 80,000
Al Murjan International Holding Limited	Affiliate	Services rendered to the related party	SAR 802,149	(SAR 19,377)
Al Murjan Holding Co. Limited	Shareholder	Services and costs incurred on behalf of the related party	SAR 138,775	(SAR 1,954,820)
Key Rent a Car Co. Limited	Affiliate	Car rental services	(SAR 8,004)	(SAR 3,724)

ANY BENEFITS, CONTRACTUAL SECURITIES, AND SUBSCRIPTION RIGHTS THE BOARD MEMBERS OR ANY RELATED PARTY IN RELATION TO THE SHARE OR DEBT INSTRUMENTS OF THE COMPANY OR ANY OF ITS SUBSIDIARIES, AND ANY CHANGES IN THESE BENEFITS OR RIGHTS DURING THE LAST FISCAL YEAR.

NO	NAME OF THE BOARD MEMBER	OWNERSHIP IN SIDRA CAPITAL
1.	Ahmed Salem Bugshan	Direct
2.	Hani Othman Baothman	Indirect

ANY BUSINESS OR CONTRACTS IN WHICH THE AUTHORIZED PERSON IS A PARTY THERETO AND A DIRECTOR, THE CHIEF EXECUTIVE OFFICER OR HEAD OF FINANCE OR ANY RELATED PERSON HAS AN INTEREST THEREIN

The Board also confirms that other than the above referred there are no other contracts to which the Company is a party and in which a Board member, the CEO, the Finance Manager or any related person has any interest.

CONCLUSION

The Board extend their thanks and appreciation to all the staff of the Company whose dedicated services has played a vital role in the achievements and the progress of the Company.

Shari'ah Advisor Report

SID-AD-26-02-18



بسم الله الرحمن الرحيم

Shari'a Advisor's Report to the Shareholders of Sidra Capital

Praise be to Allah, Lord of the worlds, and peace and blessings be upon Mohammed, the leader of Prophets and Messengers, and upon his family and companions, and upon those who follow his Guidance Until the Day of Judgment.

It is our pleasure to present you the Shari'a Advisor's Report for Sidra Capital (hereinafter 'Company').

In compliance with the letter of appointment we the undersigned have reviewed the Company's businesses & activities for the period from 1st of January 2017 to 31st December 2017.

We have reviewed all transactions, investment and pertinent documentation adopted by the Company. Our review was conducted to form an opinion as to whether the Company has complied with Shari'a rules and principles and also with the directives and guidelines issued by AAOIFI. We planned and performed our review so as obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Company has not violated Shari'a rules and Principles.

The prime responsibility for ensuring compliance with Shari'a standards and rules in all activities and business operations lie with the Company management. It is our responsibility to present an independent opinion of the Company's operations and to communicate it to the shareholders.

In our opinion the reviewed transaction, related documentation & processes, business activities and dealings entered into by the Company during the year ended 31st December 2017 are in compliance with the Islamic Shari'a Rules and Principles.

May Allah bless us with the best Tawfeeq to accomplish His cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.

On behalf of Shariyah Review Bureau W.L.L.
26 /02/ 2018



SHARIYAH REVIEW BUREAU
THE CENTRAL BANK OF KUWAIT

www.shariyahreviewbureau.com

Financial Statements



33 Independent Auditors' Report

35 Balance Sheet

36 Statement of Income

37 Statement of Cash Flows

38 Statement of Changes in Shareholders' Equity

39 Notes to the Financial Statements

55 Pillar III Disclosure



For more information about our Financial Statements, please log on to <http://www.sidracap.com/?q=who-we-are/annual-reports>

Independent Auditors' Report



KPMG Al Fozan & Partners
Certified Public Accountants
 Zahran Business Centre, 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

To the Shareholders of
Sidra Capital
Jeddah, Kingdom of Saudi Arabia

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Sidra Capital ("the Company") (and its subsidiary ("the Group")) which comprise the consolidated balance sheet as at 31 December 2017, the consolidated statements of income, cash flows and changes in shareholders' equity for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with generally accepted accounting standards as issued by Saudi Organization for Certified Public Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements.

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting standards as issued by SOCPA, the applicable requirements of the Regulations for Companies, Company's Bylaws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

KPMG Al Fozan & Partners Certified Public Accountants, a registered company in the Kingdom of Saudi Arabia, and a non-partner member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.

Independent Auditors' Report



Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of **Sidra Capital and its subsidiary ("the Group")**.

For KPMG Al Fozan & Partners
Certified Public Accountants

Nasser Ahmed Al Shutairy
License No. 454

Jeddah on Rajab 11, 1439H
Corresponding to March 28, 2018



Balance Sheet

As at December 31, 2017

(Expressed in Saudi Arabian Riyals)

	Notes	2017	2016
ASSETS			
Current assets:			
Cash and cash equivalents	4	27,634,966	26,085,373
Murabaha deposits	5	9,683,897	--
Accounts receivables	6	8,577,520	12,295,756
Prepayments and other current assets	8	3,014,509	5,093,254
Total current assets		48,910,892	43,474,383
Non-current assets:			
Property and equipment	9	2,283,375	2,891,470
Available for sale investments	10	52,964,826	39,812,952
Investment properties	11	4,616,632	13,950,137
Total non-current assets		59,864,833	56,654,559
Total assets		108,775,725	100,128,942
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	12	17,194	4,127,560
Accrued expenses and other current liabilities	13	1,571,187	686,155
Accrued Zakat and Income tax	14	5,399,700	3,848,639
Total current liabilities		6,988,081	8,662,354
Non-current liability:			
Employees' end of service benefits	15	2,967,524	2,344,869
Total liabilities		9,955,605	11,007,223
SHAREHOLDERS' EQUITY			
Share capital	16	90,000,000	90,000,000
Statutory reserve	17	873,924	--
Foreign currency translation reserve		80,878	--
Retained earnings / (accumulated losses)		7,865,318	(878,281)
Total shareholders' equity		98,820,120	89,121,719
Total liabilities and shareholders' equity		108,775,725	100,128,942

The accompanying notes 1 through 26 form an integral part of these consolidated financial statements

Statement of Income

For the year ended December 31, 2017
(Expressed in Saudi Arabian Riyals)

	Notes	2017	2016
Revenue:			
Management services		29,520,301	27,815,454
Arrangement and advisory services		800,097	3,224,226
Operational investments		2,815,924	2,669,637
		33,136,322	33,709,317
Operating expenses:			
Employee related costs		(14,923,915)	(13,130,719)
Marketing and promotion expenses		(1,044,200)	(1,240,772)
General and administrative expenses	18	(6,959,144)	(5,282,246)
Reversal / (loss) of the impairment on investment properties	11.1	416,632	(925,000)
Impairment loss on available for sale in investments	10.2	--	(1,085,245)
		(22,510,627)	(21,663,982)
Operating income		10,625,695	12,045,335
Other income		714,004	1,002,538
Foreign currency gain / (loss)	19	795,402	(2,342,199)
Net income before Zakat & Income tax		12,135,101	10,705,674
Zakat and income tax	14.2	(2,517,578)	(2,163,465)
Net income for the year		9,617,523	8,542,209
Weighted average number of shares outstanding at December 31		9,000,000	9,000,000
Earnings per share from:	24		
Net income for the year		1.069	0.949
Operating income		1.181	1.338

The accompanying notes 1 through 26 form an integral part of these consolidated financial statements

Statement of Cash Flows

For the year ended December 31, 2017
(Expressed in Saudi Arabian Riyals)

	Notes	2017	2016
Cash flows from operating activities:			
Net income before Zakat and Income tax		12,135,101	10,705,674
Adjustments for:			
Depreciation	9	725,733	344,159
Property and equipment directly written off		--	432,323
Accounts receivables written off	6.1	60,000	525,000
Project recoverable cost written off		--	89,100
Provision for employees' end of service benefits	15	651,656	815,177
(Reversal) / loss of the impairment on investment property	11.1	(416,632)	925,000
Impairment loss on available for sale investments	10.2	--	1,085,245
Gain on disposal of property and equipment		(3,094)	--
		13,152,764	14,921,678
Changes in operating assets and liabilities:			
Decrease / (increase) in accounts receivables		6,011,806	(7,945,725)
Decrease in prepayments and other current assets		2,078,745	1,818,049
(Decrease) / increase in accounts payable		(4,110,366)	4,052,440
Increase / (decrease) in accrued expenses and other current liabilities		885,032	(610,527)
		18,017,981	12,235,915
Employees' end of service benefits paid	15	(29,001)	(251,679)
Zakat paid	14.2	(966,517)	(918,700)
Net cash generated from operating activities		17,022,463	11,065,536
Cash flows from investing activities:			
Investment made during the year		(17,473,060)	(57,933,516)
Investment in murabaha deposits		(9,683,897)	--
Proceeds from sale of investments		4,321,187	55,818,440
Collection in respect of cancellation of purchase of investment property		8,167,920	--
Additions to investment property		(771,353)	(9,750,137)
Additions in property and equipment	9	(140,358)	(2,682,844)
Proceed from disposal of property and equipment		27,150	40,714
Net cash used in investing activities		(15,552,411)	(14,507,343)
Net change in cash and cash equivalents		1,470,052	(3,441,807)
Effect of currency exchange rates on cash and cash equivalents		79,541	--
Cash and cash equivalents at beginning of year		26,085,373	29,527,180
Cash and cash equivalents at end of year	4	27,634,966	26,085,373

The accompanying notes 1 through 26 form an integral part of these consolidated financial statements

Statement of Changes in Shareholder's Equity

For the year ended December 31, 2017
(Expressed in Saudi Arabian Riyals)

	Share capital	Statutory Reserve	Foreign currency translation reserve	(Accumulated losses) / retained earnings	Total
Balance at January 1, 2016	90,000,000	--	--	(9,420,490)	80,579,510
Net income for the year	--	--	--	8,542,209	8,542,209
Balance at December 31, 2016	90,000,000	--	--	(878,281)	89,121,719
Net income for the year	--	--	--	9,617,523	9,617,523
Effect of translation	--	--	80,878	--	80,878
Transfer to statutory reserve	--	873,924	--	(873,924)	--
Balance at December 31, 2017	90,000,000	873,924	80,878	7,865,318	98,820,120

The accompanying notes 1 through 26 form an integral part of these consolidated financial statements

Notes to the Financial Statements

For the year ended December 31, 2017
(Expressed in Saudi Arabian Riyals)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Sidra Capital (“the Company”) is a Saudi closed joint stock company registered in Jeddah, Kingdom of Saudi Arabia under Commercial Registration No. 4030187025 on February 25, 2009, corresponding to 30/2/1430H. The Company commenced its operation as per the resolution of Ministry for Commerce and Industry, dated January 24, 2009, corresponding to 27/1/1430H.

The Company’s principal activities are dealing as principal, underwriting, managing, arranging, advising and custody services with respect to the securities business as per the license issued by the Capital Market Authority (CMA) number 08116-37 on July 1, 2016.

The registered office of the Company is located at the following address:

Al Murjanah Tower, Al Rawdah District, 3rd Floor,
PO Box 118528,
Jeddah 21312,
Kingdom of Saudi Arabia.

These consolidated financial statements include the financial statements of the Company and the following subsidiary (collectively referred to as “the Group”):

Company	Country of incorporation	Ownership percentage		Principal activities
		2017	2016	
Sidra Capital (UK) Limited	England and Wales	100%	--	Management and advisory services

During the year ended December 31, 2017 the Company has established a new fully owned subsidiary in United Kingdom.

2. BASIS OF PREPARATION

(a) Statement of compliance

The accompanying consolidated financial statements have been prepared in accordance with the generally accepted accounting standards in Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants (SOCPA).

As required by Saudi Organization for Certified Public Accountants (SOCPA), all unlisted companies are required to transition to International Financial Reporting Standards (“IFRS”) as endorsed by SOCPA effective 1 January 2018 for preparation of their financial statements. In preparing the first set of IFRS financial statements, the Group will analyze the impact of the first time adoption of IFRS on current and prior year financial statements and will accordingly incorporate the necessary adjustments in its first set of IFRS financial statements.

(b) Basis of measurement

The accompanying consolidated financial statements have been prepared on historical cost convention except for available for sales investments which are measured at fair value, unless a reliable measurement of the fair value is not available (note 2(d)(i)), using the accrual basis of accounting and the going concern assumption.

(c) Functional and presentation currency

These accompanying consolidated financial statements are presented in Saudi Arabian Riyals (SAR), which is the functional currency of the Group. All amounts have been rounded to the nearest Riyal, unless otherwise stated.

Notes to the Financial Statements

For the year ended December 31, 2017
(Expressed in Saudi Arabian Riyals)

2. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgments

The preparation of the consolidated financial statements requires management to make judgment, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. 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 future periods affected.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognized in the consolidated financial statements 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 estimate, unquoted available for sale investments are carried at cost, less impairment losses, if any.

ii. Impairment in available for sale investments equity investments

The Company exercises judgment to consider impairment on the available for sale equity investments. This includes determination of a significant or prolonged decline in the fair value below cost. The determination of what is 'significant' or 'prolonged' requires judgment. In addition, the Company considers impairment appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows. The Company considers 30% or more, as a reasonable measure for significant decline below cost, irrespective of the duration of the decline, and is recognized in the statement of income as provision for impairment in investments. Prolonged decline represents decline below cost that persists for 1 year or longer irrespective of the amount and is, thus, recognized in the consolidated statement of income as impairment in investments.

iii. Impairment in financial assets

The Company recognizes an impairment loss on a financial asset 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

Non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss, if any, is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-current assets other than intangible assets and that suffered impairment are reviewed for possible reversal of impairment at each reporting date. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the assets or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately in the consolidated statement of income. Impairment losses recognized on intangible assets and available for sale securities are not reversible.

Notes to the Financial Statements

For the year ended December 31, 2017
(Expressed in Saudi Arabian Riyals)

2. BASIS OF PREPARATION (CONTINUED)

d) Use of estimates and judgments (continued)

v. *Going concern*

The management has made an assessment of the Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been consistently applied by the Group for the preparation of these consolidated financial statements. Certain comparative amounts have been reclassified to conform with the current year's presentation.

a) Basis of consolidation

These consolidated financial statements include the financial statements of the Company and its subsidiary as set out in note 1.

i) *Subsidiaries*

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries, which are prepared for the same reporting period as the Parent Company using consistent accounting policies, are included in the consolidated financial statements from the date that control commences until the date control ceases.

All intra-group balances and financial transactions resulting from transactions between the Company and the subsidiaries and those arising between the subsidiaries are eliminated in preparing these consolidated financial statements. Also, any unrealized gains and losses arising from intra-group transactions are eliminated on consolidation.

b) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash with banks and other short-term highly liquid investments, if any, with original maturities of three months or less, which are available to the Group without any restrictions.

c) Short term Murabaha deposits

Short term bank deposits include Murabaha placements with banks and other short-term highly liquid investments with original maturities of more than three months and less than one year from the placement date.

Notes to the Financial Statements

For the year ended December 31, 2017
(Expressed in Saudi Arabian Riyals)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Financial investments

All investment securities are measured at fair value, including acquisition charges associated with the investment at that date (acquisition date) except for those transaction charges related to investments held for trading, which are not added to the cost at initial recognition and are charged to the statement of income. Premiums and discounts on investments (excluding those classified as held for trading) are amortised using the effective interest rate method and recognised in the statement of income.

For securities that are traded in organised financial markets, the fair value is determined by reference to exchange quoted market bid prices at the close of the business on the reporting date.

For securities where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument, which is substantially the same, or is based on the expected cash flows or the underlying Net Asset Value (NAV) which is reflective of the fair value of these securities.

The subsequent period end accounting treatment for each class of investments are determined on the basis as set out in the following paragraphs:

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 interest 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. Any unrealised gains or losses arising from changes in fair value are recognized directly in statement of changes in equity under "other reserves" until the investments are derecognized or impaired whereupon any cumulative gains or losses previously recognized in equity are reclassified to statement of income for the period and are disclosed as gains/(losses) on non-trading investments.

e) Impairment of financial assets

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the statement of income. For available-for-sale investments carried at fair value, impairment loss, which is the difference between cost (net of any principal payment and amortisation) and current fair value, less any impairment loss previously recognised in the statement of income, is transferred from the statement of changes in equity to the statement of income. Reversals in respect of equity instruments classified as available-for-sale are not recognised in the consolidated statement of income.

Notes to the Financial Statements

For the year ended December 31, 2017
(Expressed in Saudi Arabian Riyals)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Impairment of financial assets (continued)

Impairment is determined as follows:

- a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the profit and loss;
- b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
- c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Financial assets are written off only in circumstances where all possible means of recovery have been exhausted.

f) Accounts receivable

Trade receivables are stated at original invoice amount less provisions made for doubtful debts. A provision against doubtful debts is established when there is objective evidence that the Group will not be able to collect the amounts due according to the original terms of receivables. Bad debts are written off when identified.

g) Property and equipment

Property and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses, if any. Land is not depreciated. Costs includes expenditure that is directly attributable to the acquisition of the asset. Finance costs on borrowings to finance the construction of the assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property and equipment. All other expenditure is recognized in the consolidated statement of income when incurred.

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the date of each consolidated statement of financial position.

Depreciation is charged to the consolidated statement of income on a straight-line basis over the estimated useful lives of individual item of property and equipment. The estimated useful lives of assets will be depreciated as follow:

	Years
Leasehold improvements	Shorter of lease term or useful life of 5 years
Furniture and fixtures	10
Computer equipment	2 – 4

Upon disposal of an item of property and equipment, the resulting gain or loss, measured as the excess or shortfall between the selling price and carrying value respectively, is recognised in the statement of income.

Property and equipment are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Notes to the Financial Statements

For the year ended December 31, 2017
(Expressed in Saudi Arabian Riyals)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Investment properties

Investment properties are non-current assets held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of operations, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at cost less accumulated depreciation and impairment losses, if any. Investment property represented by land is not depreciated.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the statement of income. When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Investment properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the investment property exceeds its recoverable amount which is the higher of its fair value less cost to sell and value in use.

For the purpose of assessing impairment, investment properties are grouped at lowest levels for which there are separately identifiable cash flows (cash-generating units). Where an impairment loss subsequently reverses, the carrying amount of the investment property or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the investment property or cash generating unit in prior periods. A reversal of an impairment loss is recognized as income immediately in the consolidated statement of income.

i) Trade payables and accruals

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

j) Employees' end of service benefits

Employees' end of service benefits, calculated in accordance with Saudi Arabian labour regulations, are accrued and charged to the consolidated statement of income. The 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.

For companies operating outside the Kingdom of Saudi Arabia, employees' end of service benefits, calculated in accordance with labour regulations of the countries of incorporation of the Group member companies, are accrued and charged to the consolidated statement of income.

k) Zakat and Income Tax

The Company is subject to Zakat and income tax in accordance with the regulations of the General Authority of Zakat and Income Tax in Saudi Arabia ("GAZT"). The foreign subsidiaries are subject to tax regulations in their respective countries of incorporation. Zakat and income tax are charged to consolidated statement of income. Additional amounts, if any, that may become due on finalization of an assessment are accounted for in the year in which assessment is finalized.

Notes to the Financial Statements

For the year ended December 31, 2017
(Expressed in Saudi Arabian Riyals)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Foreign currencies

Transactions and balances

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

Foreign subsidiaries

The results and financial position of a foreign subsidiary and an associate having reporting currencies other than functional currency of the Company, are translated into the functional currency. Cumulative adjustments resulting from the translations are reported as a separate component of equity.

When investment in a foreign subsidiary and associate is partially disposed off or sold, currency translation differences that were recorded in equity are recognized in consolidated statement of income as part of gain or loss on disposal or sale.

Dividends received from foreign associate are translated at the exchange rate in effect at the transaction date and related currency translation differences are realized in the consolidated statement of income.

m) Operating lease

Leases are classified as capital leases whenever the terms of the lease transfer substantially all of its risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental payables under operating leases are charged to income on a straight-line basis over the term of the operating lease.

n) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below must also be met before the revenue is recognized.

- (i) Revenue from management and advisory services are recognized when the corresponding services are rendered.
- (ii) Arrangement fees are recognized when the deal is finalized with the client and the right to receive the arrangement fee is established.
- (iii) Retainer fee, which is fixed at inception, is recognized over the expected period of the deal.

Notes to the Financial Statements

For the year ended December 31, 2017
(Expressed in Saudi Arabian Riyals)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o) Expenses

All expenses are classified as operating expenses unless another classification is consistent with the nature of the item of expense and circumstances of the Group.

p) Offsetting

Financial assets and financial liabilities are offset and reported net in the consolidated balance sheet when there is a legally enforceable right to set off the recognised amounts and when the Group intends to settle on a net basis, or to realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under accounting standards generally accepted in Kingdom of Saudi Arabia, or for gains and losses arising from a group of similar transactions.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at December 31, comprise the following:

	2017	2016
Cash in hand	2,486	2,425
Cash at bank on current accounts – local currency	2,412,002	6,710,876
Cash at bank on current accounts – foreign currency	25,220,478	19,372,072
Total cash and cash equivalents	27,634,966	26,085,373

4.1 During the year ended December 31, 2017, the Group incurred foreign exchange gain / loss amounting to SAR 0.29 million (2016: SAR 2.3 million) on account of translation of foreign currency denominated monetary assets into Group's functional currency, including cash at bank in foreign currency accounts.

4.2 In addition to the cash at bank disclosed above, the Group has certain bank accounts wherein client money is being held in the fiduciary capacity.

5. MURABAHA DEPOSITS

	2017	2016
Murabaha deposits	9,683,897	--

Murabaha deposits are placed with local commercial banks having maturity of more than three months. Murabaha deposits yield financial income at prevailing market rates.

Notes to the Financial Statements

For the year ended December 31, 2017
(Expressed in Saudi Arabian Riyals)

6. ACCOUNTS RECEIVABLES

Accounts receivables at December 31, comprise the following:

	2017	2016
Accounts receivables – others (Note 6.1)	7,616,596	12,215,756
Accounts receivables – related parties (Note 7 (a))	960,924	80,000
	8,577,520	12,295,756

6.1 During the year ended December 31, 2017, accounts receivables amounting to SAR 60,000 (2016: SAR 525,000) were written off.

7. RELATED PARTY TRANSACTIONS

During the current and prior year, the Group transacted with the following related parties in respect of transactions mentioned below at mutually agreed terms approved by the management of the Group:

Name	Relationship	Nature of transaction
Key Rent a Car Company Limited	Affiliate	Services
Ahmed Salem Bugshan Real Estate Development Company	Affiliate	Costs incurred on behalf of the Services
Al Murjan International Holding	Affiliate	Costs incurred on behalf of the related party
Talid Arabia Trading	Shareholder	Services and costs incurred on behalf of the related party
Al-Murjan Holding Company Limited and Group	Shareholder	Services and costs incurred on behalf of the related party

Notes to the Financial Statements

For the year ended December 31, 2017
(Expressed in Saudi Arabian Riyals)

7. RELATED PARTY TRANSACTIONS (CONTINUED)

Amount of transactions with related parties during the year and balances arising there from are as follows:

a) Due from related parties (classified under trade receivable)

	Amount of transaction		Balance as at December 31,	
	2017	2016	2017	2016
Talid Arabia Trading	--	--	20,000	80,000
Al Murjan International Holding	1,637,759	--	802,149	--
Ahmed Salem Bugshan Real Estate Development Company	--	1,043,336	--	--
Al-Murjan Holding Company Limited and Group	2,574,836	--	138,775	--
			960,924	80,000

b) Due to related parties (classified under accounts payable)

	Amount of transaction		Balance as at December 31,	
	2017	2016	2017	2016
Al Murjan International Holding	--	6,718,634	--	19,377
Key Rent a Car Company	29,617	35,166	8,004	3,724
Al-Murjan Holding Company Limited	--	4,779,013	--	1,954,820
			8,004	1,977,921

8. PREPAYMENTS AND OTHER CURRENT ASSETS

	2017	2016
Project recoverable costs (Note 8.1)	60,972	1,214,695
Advances, prepayments and deposits	2,480,244	1,547,286
Accrued income	473,293	2,331,273
	3,014,509	5,093,254

8.1 These represent incorporation costs such as professional fees, registration fees etc. incurred primarily in connection with the development of investment fund structures.

Notes to the Financial Statements

For the year ended December 31, 2017
(Expressed in Saudi Arabian Riyals)

9. PROPERTY AND EQUIPMENT

The movement in property and equipment during the year ended December 31, 2017 is analysed as follows:

	Leasehold improvement	Furniture & fixtures	Computer Equipment	Total
Cost:				
Balance as at January 1, 2017	1,529,803	1,804,445	1,190,960	4,525,208
Additions during the year	--	50,579	89,779	140,358
Effect of translation	--	954	737	1,691
Disposals during the year	--	(44,575)	(54,471)	(99,046)
Balance as at December 31, 2017	1,529,803	1,811,403	1,227,005	4,568,211
Depreciation:				
Balance as at January 1, 2017	76,489	750,630	806,619	1,633,738
Charge for the year	382,451	194,796	148,486	725,733
Effect of translation	--	199	156	355
Disposals during the year	--	(32,374)	(42,616)	(74,990)
Balance as at December 31, 2017	458,940	913,251	912,645	2,284,836
Net book value:				
Balance as at December 31, 2017	1,070,863	898,152	314,360	2,283,375
Balance as at December 31, 2016	1,453,314	1,053,815	384,341	2,891,470

10. AVAILABLE FOR SALE INVESTMENTS

These represent investments in the following private equities:

	2017	2016
Private investment fund (Note 10.1)	22,024,812	19,375,996
Private equity (Note 10.2)	30,940,014	20,436,956
	52,964,826	39,812,952

10.1 At the reporting date, the investee funds comprises of trade finance and real estate funds Domiciled in Jersey.

10.2 This represents Company's investment in private equity via equity injection and additional funding in the form of shareholder loan that does not carry a fixed repayment or return. The Company does not intend to call the additional funding in the foreseeable future. The entities have been established as part of structures for onward investment in real estate properties held for income generation and development.

10.3 As at the balance sheet date, available for sale investments have been carried at cost less impairment in accordance with the accounting policy stated in note 3(b). During 2016, there was an instance of prolonged decline in one of the investments against which management had booked the impairment loss of SAR 1.09 million.

Notes to the Financial Statements

For the year ended December 31, 2017
(Expressed in Saudi Arabian Riyals)

11. INVESTMENT PROPERTIES

These represent real estate properties acquired for capital appreciation purposes. As at the reporting date investment properties comprise of the following:

	2017	2016
Undeveloped land (Note 11.1)	4,616,632	4,200,000
Properties under development (Note 11.2)	--	2,112,147
Developed property (Note 11.2)	--	7,637,990
	4,616,632	13,950,137

11.1 During 2016, undeveloped land was written down by SAR0.93 million due to decline in market value. During the year ended December 31, 2017, previously recognised impairment loss amounting to SAR0.42 million was reversed on account of increase in market value. As at December 31, 2017 undeveloped land is stated at cost less accumulated impairment losses of SAR0.51 million (2016: SAR0.93 million).

11.2 During the year ended December 31, 2017, the agreement to purchase a property (comprising of 4 villas) was cancelled and terminated by the Company on account of non-compliance of certain clauses of sale and purchase agreement and advance amounting to SAR 8.2 million was repaid to the Company. As at December 31, 2017, an amount of SAR 2.3 million is outstanding as receivable from the seller.

12. ACCOUNTS PAYABLE

Accounts payable at December 31, comprise of the following:

	2017	2016
Accounts payable – others	9,190	2,149,639
Accounts payable - related parties (Note 7 (c))	8,004	1,977,921
	17,194	4,127,560

13. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	2017	2016
Employee related accruals	309,450	282,769
Accrued professional fees	538,299	254,750
Payable to tax authority (Note 13.1)	408,855	--
Deferred income	88,231	63,381
Others	226,352	85,255
	1,571,187	686,155

13.1 This represents amount payable to UK tax authority in respect of value added tax at the rate of 20% on gross revenue.

Notes to the Financial Statements

For the year ended December 31, 2017
(Expressed in Saudi Arabian Riyals)

14. ZAKAT AND INCOME TAX

14.1 The principal elements of the Zakat base are as follow:

	2017	2016
Non-current assets	59,864,833	56,654,559
Non-current liabilities	2,967,524	2,344,869
Opening shareholders' equity	89,121,719	80,579,510
Adjusted net income	12,135,101	8,542,209

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

14.2 The movement in Zakat provision during the year ended December 31, is as follows:

	2017	2016
Zakat:		
Balance as at January 1,	3,848,639	2,603,874
Payments during the year	(966,517)	(918,700)
Charge for the year – current and prior (Note 14.4)	2,505,161	2,163,465
Balance as at December 31	5,387,283	3,848,639

14.3 The Company has filed Zakat return up to and including the year 2016. Assessments have been finalised for the period from 2010 – 2013, requiring an additional Zakat and tax payment of SAR 4.4 million. The Company has appealed against the additional charge. As at the reporting date as per the advice of the Company's Zakat advisor, the management has recognised a prior year charge representing the Company's minimum exposure. Company has also paid amount of SAR 0.8 million towards the above mentioned appeal.

14.4 The provision for income tax during the year ended December 31, is as follows:

	2017	2016
Tax:		
Charge for the year and balance as at December 31	12,417	--

Notes to the Financial Statements

For the year ended December 31, 2017
(Expressed in Saudi Arabian Riyals)

15. EMPLOYEES' END OF SERVICE BENEFITS

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

	2017	2016
Balance as at January 1	2,344,869	1,781,371
Charge for the year	651,656	815,177
Paid during the year	(29,001)	(251,679)
Balance as at December 31	2,967,524	2,344,869

16. SHARE CAPITAL

As at December 31, the share capital of the Company amounting to SAR 90,000,000 (2016: SAR 90,000,000) is divided into 9,000,000 shares (2016: 9,000,000 shares) of SAR 10 each (2016: SAR 10 each) is as follows:

	2017			2016		
	No. of shares	%	Amount	No. of shares	%	Amount
Al-Murjan Holding Company Limited	8,229,600	91	82,296,000	8,229,600	91	82,296,000
Ahmed Salem Bugshan	500,400	6	5,004,000	500,400	6	5,004,000
Abdulrahman K. Bin Mahfouz	90,000	1	900,000	90,000	1	900,000
Sultan K. Bin Mahfouz	90,000	1	900,000	90,000	1	900,000
Talid Arabia Trading	90,000	1	900,000	90,000	1	900,000
Total	9,000,000	100	90,000,000	9,000,000	100	90,000,000

17. STATUTORY RESERVE

In accordance with the Company's Bylaws the Company is required to sets aside 10% of its net income each year as statutory reserve until such reserve equals to 30% of the share capital. This reserve is currently not available for distribution to the shareholders of the Company.

Notes to the Financial Statements

For the year ended December 31, 2017
(Expressed in Saudi Arabian Riyals)

18. GENERAL AND ADMINISTRATIVE EXPENSES

	2017	2016
Office rent, utilities and repairs	1,708,877	1,185,985
Professional fees	3,200,387	1,530,402
Depreciation (Note 9)	725,735	344,159
Travelling	529,302	351,826
Insurance	181,410	311,347
Property and equipment directly written off	--	432,323
Accounts receivable written off (Note 6.1)	60,000	525,000
Project recoverable cost written off	--	89,100
Others	553,433	512,104
	6,959,144	5,282,246

19. FOREIGN CURRENCY GAINS / (LOSS)

During the year, Group has recognized the foreign currency gains / (losses) on cash and cash equivalents, available for sale investments and accounts receivables.

20. CONTINGENCIES AND COMMITMENTS

In addition to Zakat and tax contingency matters as disclosed in Note 14, the Company has the following contingencies and commitments:

As at December 31, the Group has Capital Commitments amounting to SAR Nil (2016: SAR 0.77 million) for the development of investment property.

21. OPERATING LEASE

The Group has operating lease in respect of the head office premises. Lease payments are fixed rentals. Rental expenses for the year ended December 31, 2017 amounted to SAR 458,742 (2016: SAR 356,050).

At 31 December, the Group's obligations under non-cancellable operating leases are aggregated as follows:

	2017	2016
Payable within one year	499,180	311,798
Payable over one year and less than five year	767,974	1,247,192
	1,267,154	1,558,990

Notes to the Financial Statements

For the year ended December 31, 2017
(Expressed in Saudi Arabian Riyals)

22. FINANCIAL INSTRUMENT AND RISK MANAGEMENT

The Group'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 Group 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. Group'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 Group's exposure to foreign currency risk is primarily represented by investments in GBP and USD. The Group seeks to manage its currency risk by means of appropriate financial instruments including the use of derivatives if required.

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. The Group manages interest rate risk by monitoring interest rate exposures and mismatches between interest bearing financial assets and liabilities on a regular basis. As at the reporting date, the Group is not exposed to any significant interest rate risk.

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 Group is not exposed to any significant other price risk since the available for sale investments are carried at cost less provision for impairment (note 3(c)).

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 Group 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 Group's maximum exposure to credit risk is represented by the respective carrying values of cash and cash equivalents and accounts and other receivables. Cash at banks are placed with reputable banks having sound credit rating while accounts and other receivables pertain to credit worthy counter parties.

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.

23. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to comply with the capital requirements set by the Capital Market Authority ('CMA') to safeguard the Group'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.

Notes to the Financial Statements

For the year ended December 31, 2017
(Expressed in Saudi Arabian Riyals)

23. CAPITAL MANAGEMENT (CONTINUED)

Description	2017 SAR'000'	2016 SAR'000'
Capital base:		
Tier I capital	98,820	89,122
Total	98,820	89,122
Minimum capital requirement:		
Credit Risks	38,395	43,505
Market Risks	5,985	6,541
Operational Risks	5,628	6,002
Total	50,008	56,048
Total capital ratio	1.98	1.59
Surplus in Capital	48,812	33,074

24. 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 consolidated 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 Group's financial assets and liabilities are not materially different from their carrying values.

25. 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 operating income have been calculated by dividing the income from operations by the weighted average number of shares outstanding at the year-end.

The calculation of diluted earnings per share is not applicable to the Group.

26. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved for issuance by the Board of Directors on Rajab 3, 1439H, corresponding to March 20, 2018.

Pillar III Disclosure

Please visit the company website at

<http://www.sidracap.com/>

to review the published Pillar III disclosure



SIDRA CAPITAL

Level 3, Al Murjanah Tower
Prince Sultan Street
PO Box 118528
Jeddah 21312, Saudi Arabia

Tel: +966 (12) 6029988
Fax: +966 (12) 2611102

www.sidracap.com