

**Investcorp Saudi Arabia Financial Investments Co.
(Closed Joint Stock Company)**

**BOARD OF DIRECTORS REPORT FOR
The financial year ended 06/30/2018**

Board of Director Annual Report

The Board of Directors is pleased to present the annual report and audited financial statements of Investcorp Saudi Financial Investments Company for the fiscal year ended 30 June 2018.

About Investcorp Saudi Arabia Financial Investments Co. (the “Company”):

Investcorp Saudi Arabia Financial Investments Co. is a Saudi closed joint stock company registered in Riyadh, Saudi Arabia under commercial registration number 1010254275 dated 1 Sha’aban 1429H (corresponding to 3 August 2008) and licensed by the Saudi Capital Market Authority (“CMA”) under license number 07088-36 dated 4 Dhul-Qadah 1428H (corresponding to 9 November 2007). The Company was authorised to commence business vide letter no 1227/6 dated 12 Rabi Al Awal 1430H (corresponding to 9 March 2009). The Company is licensed as an Authorized Person by the CMA to carry on Arranging, Advising, Managing and Custody Services (as defined by the CMA).

Board of Directors:

The main functions of the Board of Directors include the following:

- Approving the strategic plans and main objectives of the Company and supervising implementation of such plans and objectives;
- Reviewing and approving the organizational and functional structures of the Company on a periodical basis; and
- Approving policies and procedures to ensure the Company’s compliance with the laws and regulations, and the Company’s obligation to disclose material information to shareholders, creditors and other stakeholders.

• **Board of Directors and Board Directorship in other companies:**

Name	Designation in ISAFIC BoD	Board member in other companies:
Khalid Rashid Al Zayani	(Chairman)	<p>Khalid Al Zayani Family Co. WLL</p> <p>Midal Cables Ltd.</p> <p>Aluwheel WLL</p> <p>Metal Form WLL</p> <p>Gulf Closures WLL</p> <p>First Motors WLL</p> <p>Imerys Alzayani Fused Minerals WLL</p> <p>Al Baraka Islamic Bank</p> <p>Bahrain Chamber of Commerce and Industry</p> <p>Bahrain British Business Forum</p> <p>US-Bahrain Business Council</p> <p>American-Bahraini Friendship Society</p> <p>Bahrain-Moroccan Business Council</p> <p>CISI –Bahrain Advisory Council</p> <p>Bahrain British Business Council</p> <p>Bahrain Technology Transfer Society</p> <p>U.S. Bahrain Business Council</p> <p>American Bahraini Friendship Society</p> <p>Bahrain-Moroccan Business Council</p> <p>Food Technology</p>
Rashid Abdulrahim	Independent – Vice Chairman	<p>Member of the Board of CrediMax-Bahrain</p> <p>Member of the Board of Gulf Electronic Management Systems WLL</p> <p>Member of the Board of Takaful International Company B.S.C.</p>
Mohamed Hussain Bucheeri	Independent	<p>Board member and Chairman of Executive Committee at BBK</p> <p>Vice Chairman at Eskin Bank</p> <p>Board member and Chairman of Audit Committee of Gulf Union Insurance and Reinsurance Co.</p>
Walid Majdalani	Non-executive	Automak, Theeb, Leejam, NDT CCS and Bin Dawood

Tim Mattar	Non- executive	Investcorp Investments LLC, K Company
Mufeed Rajab	Non-executive	Investcorp Bank B.S.C., Arab Investment Resources Co. W.L.L., Investcorp Gulf Investments B.S.C. Closed, Investcorp Gulf Opportunity Fund Company 1 B.S.C. Closed, Investcorp Islamic Gulf Opportunity Fund Company 1 B.S.C. other spvs companies (SIPCO Limited,Investcorp Management Services Limited,CIP Limited,Investcorp Nominee Holder Limited,Investcorp Opportunity Fund Limited,Investcorp Single Manager Enterprises Limited,CIP-AMP Limited,Investcorp Investment Advisers Limited,Investcorp Interlachen Multi-Strategy Fund Limited,Investcorp Interlachen Multi-Strategy Master Fund Limited,SIPCO Holdings Limited,Blossom IAM Limited,Shallot IAM Limited,Investcorp Credit Manager Limited,Halo IAM Limited,Investcorp Waterloo Macro Fund Limited, Pharaoh IAM Limited,Investcorp G-BID Fund Limited,Poet IAM Limited,Investcorp Balanced Strategies Customized Fund SPC,Gobi IAM Limited,Investcorp Prop HF I Limited,IAM Mini-Fund 35 Limited,Investcorp Offshore "Seed" Fund GP Limited,Investcorp Real Estate Credit III GP Limited,Cardinal IAM Limited,Investcorp Emerging Alpha Fund SPC,IHFI Limited,IAM Mini-Fund 38 Limited,Investcorp KOMF SLP Limited,Special Opportunities Portfolio IV Holdings Limited,Special Opportunities Portfolio VI Holdings Limited,Investcorp Bridge Capital III GP Limited,Investcorp Bridge Capital III Investments Limited,,Gulf First Gemstone Holding W.L.L.,Gulf Second Gemstone Holding Company W.L.L.,Gulf Growth Gold Holding Company W.L.L.,Gulf Investors Gold Holding Company W.L.L.,Gulf Growth Gas Holding Company W.L.L.,Gulf Opportunities Gas Holding Company W.L.L.,Investcorp GOF Auto Holding 1 W.L.L.,Investcorp GOF Auto Holding 2 W.L.L.,Investcorp GOF 3 Co. W.L.L.,Investcorp GO Company 4 W.L.L.,Gulf Growth Holding Company 1 W.L.L.,Gulf Opportunities Holding Company 1 W.L.L.,GOF Skills Holding Company 1 W.L.L.,GOF Skills Holding Company 2 W.L.L.,Gulf Growth holding Company 2 W.L.L.,Gulf Opportunities Holding Company 2 W.L.L.,Growth Opportunities Trading Company LLC,Target Opportunities for Trading Company LLC,GOF Industrial Services Holding LLC,Commercial Growth Development Company LLC).

Board of Directors Committee and Executive Committee:

❖ Summary of Board of Directors Resolutions by Circulation, Meetings & Attendance for the period ending 30 June 2018:

The Board of Directors passed resolutions by circulation and held meetings. The following table shows the dates of those resolutions and meetings and the attendance record of members during the year:

Resolution by Circulation/Meeting	Date	Attendees
Meeting	12 July 2017	Khalid Al Zayani Rashid Abdulrahim Mohammed Hussain Bucheeri James Tanner Mufeed Rajab Timothy Mattar
Meeting	20 September 2017	Khalid Al Zayani Rashid Abdulrahim Mohammed Hussain Bucheeri Walid Majdalani Mufeed Rajab Timothy Mattar
Resolution were sent to all members for discussion	22 November 2017	Khalid Al Zayani Rashid Abdulrahim Mohammed Hussain Bucheeri Walid Majdalani Mufeed Rajab Timothy Mattar

Meeting	03 December 2017	<p>Khalid Al Zayani</p> <p>Rashid Abdulrahim</p> <p>Mohammed Hussain Bucheeri</p> <p>Walid Majdalani</p> <p>Mufeed Rajab</p> <p>Timothy Mattar</p>
Meeting	01 March 2018	<p>Khalid Al Zayani</p> <p>Rashid Abdulrahim</p> <p>Mohammed Hussain Bucheeri</p> <p>Walid Majdalani</p> <p>Timothy Mattar</p>
Meeting	30 May 2018	<p>Khalid Al Zayani</p> <p>Rashid Abdulrahim</p> <p>Mohammed Hussain Bucheeri</p> <p>Walid Majdalani</p> <p>Mufeed Rajab</p> <p>Timothy Mattar</p>

Board of Directors Committee:

The Board has formed three committees as follows:

❖ Audit Committee:

Messrs. Rashid Abdulrahim (Chairman), Mohamed Bucheeri and Walid Majdalani serve as members of the Audit Committee. The Audit Committee shall:

- be responsible to supervise the outsourced internal audit function to ensure its effectiveness;
- review internal audit procedures, prepare a report to the Board on such audit and make recommendations (if any) with respect to such audit;
- review the internal audit report and oversee the implementation of corrective measures in respect of the comments in the report;
- be responsible for the selection, appointment, remuneration, oversight and termination where appropriate of Company's external auditor, subject to ratification by the Board and the shareholders. The external auditor shall report directly to the Audit Committee,
- monitor rotation arrangements for audit engagement partners;
- supervise the activities of the external auditor and approve any proposed activity by the external auditor beyond the scope of the audit work assigned to it;
- review and discuss with the external auditor the scope and results of its audit, any difficulties the auditor encountered including any restrictions on its access to requested information and any disagreements or difficulties encountered with management;
- review and discuss with management and the external auditor the semi- annual and annual financial statements of Company including judgments made in connection with the financial statements; and
- review annual financial statements, focusing particularly on:
 - any changes in accounting policies and practices;
 - major judgmental areas;
 - significant adjustments resulting from the audit, if any;
 - the going concern assumption; and

- the external auditor's comments and follow up action taken in respect thereof.
- review the accounting policies in force and advise the Board of Directors of any recommendation regarding them.

Audit Committee Members:

Committee Members	Designation	Members Classification
Rashid Abdulrahim	Chairman	Independent Board Member
Mohammed Hussain Bucheeri	Member	Independent Board Member
Walid Majdalani	Member	Non- Executive Director

❖ Nomination and Remuneration Committee:

Messrs. Mohamed Bucheeri (Chairman), Rashed Abdulrahim and Walid Majdalani serve as members of the Nomination and Remuneration Committee.

When functioning as a Nomination Committee, it shall:

- make recommendations to the Board from time to time as to membership of the Board of Directors, changes NARC believes to be desirable to the size of the Board or any committee of the Board;
- agree the required skills and qualifications for membership to the Board of Directors and the time required to be dedicated for activities of the Board of Directors;
- review the structure of the Board of Directors , determine its strengths and weaknesses and recommend changes;
- identify persons qualified to become Chief Executive Officer and any other officers of COMPANY considered appropriate by the Board, with the exception of the appointment of the external auditor, which will be the responsibility of the Audit Committee;

- whenever a vacancy arises (including a vacancy resulting from an increase in the size of the Board), identify persons qualified to become members of the Board and recommend to the Board a person to fill the vacancy either through appointment by the Board or through shareholder election;
- make recommendations to the Board regarding candidates for Board memberships to be included by the Board on the agenda for the next annual shareholders meeting;
- in performing the above responsibilities, consider any criteria approved by the Board and such other factors as it deems appropriate. These may include judgment, specific skills, experience with other comparable businesses, the relation of a candidate's experience with that of other Board members, and other factors;
- consider all candidates for Board membership recommended by the shareholders and any candidates proposed by management;
- identify Board members qualified to fill vacancies on any committee of the Board and recommend to the Board that such person be appointed to such committee; and
- ensure on an annual basis the independence of the independent members and the absence of any conflict of interest if a Board member acts as a Board member of another company.

When functioning as a Remuneration Committee, it shall:

- consider and make specific recommendations to the Board of Directors regarding the Company's remuneration policies for the Board of Directors, the Chief Executive Officer, Finance Manager and the Compliance/MLRO which should be approved by the shareholders.
- consider, and make recommendations to the Board of Directors regarding, remuneration to be paid to Board of Directors based on the Board of Directors remuneration policies referred to above; and
- evaluate the Chief Executive Officer's performance in light of corporate goals, agreed strategy and objectives and business plans.

Nomination and Remuneration Committee Members:

Committee Members	Designation	Members Classification
Mohammed Hussain Bucheeri	Chairman	Independent Board Member-
Rashid Ali Abdulrahim	Member	Independent Board Member-
Walid Majdalani	Member	Non-Executive Director

❖ Compliance Committee:

Messrs. Rashed Abdulrahim (Chairman), Mohamed Bucheeri and Mufeed Rajab serve as members of the Compliance Committee of the Board.

The duties and responsibilities of the Compliance Committee are as follows:

- oversee the development and updating of policies and procedures to comply with applicable laws and regulations, including those of the Capital Market Authority of the Kingdom of Saudi Arabia, the Ministry of Commerce and Industry and the Saudi Arabian General Investment Authority;
- review the Compliance Officer's Report to the Board and oversee the implementation of corrective measures to remedy any deficiencies noted in that Report ;
- oversee the implementation of the Compliance Monitoring Program by the Compliance Officer;
- oversee Company's compliance with legal and regulatory requirements, codes and business practices, and ensure that Company communicates with shareholders and relevant stakeholders (internal and external) openly and promptly, and with substance of compliance prevailing over form; and
- investigate reported or suspected violations of policies and procedures.

Compliance Committee Members:

Committee Members	Designation	Members Classification
Rashid Abdulrahim	Chairman	Independent Board Member
Mohammed Hussain Bucheeri	Member	Independent Board Member
Mufeed Rajab	Member	Non-Executive Director

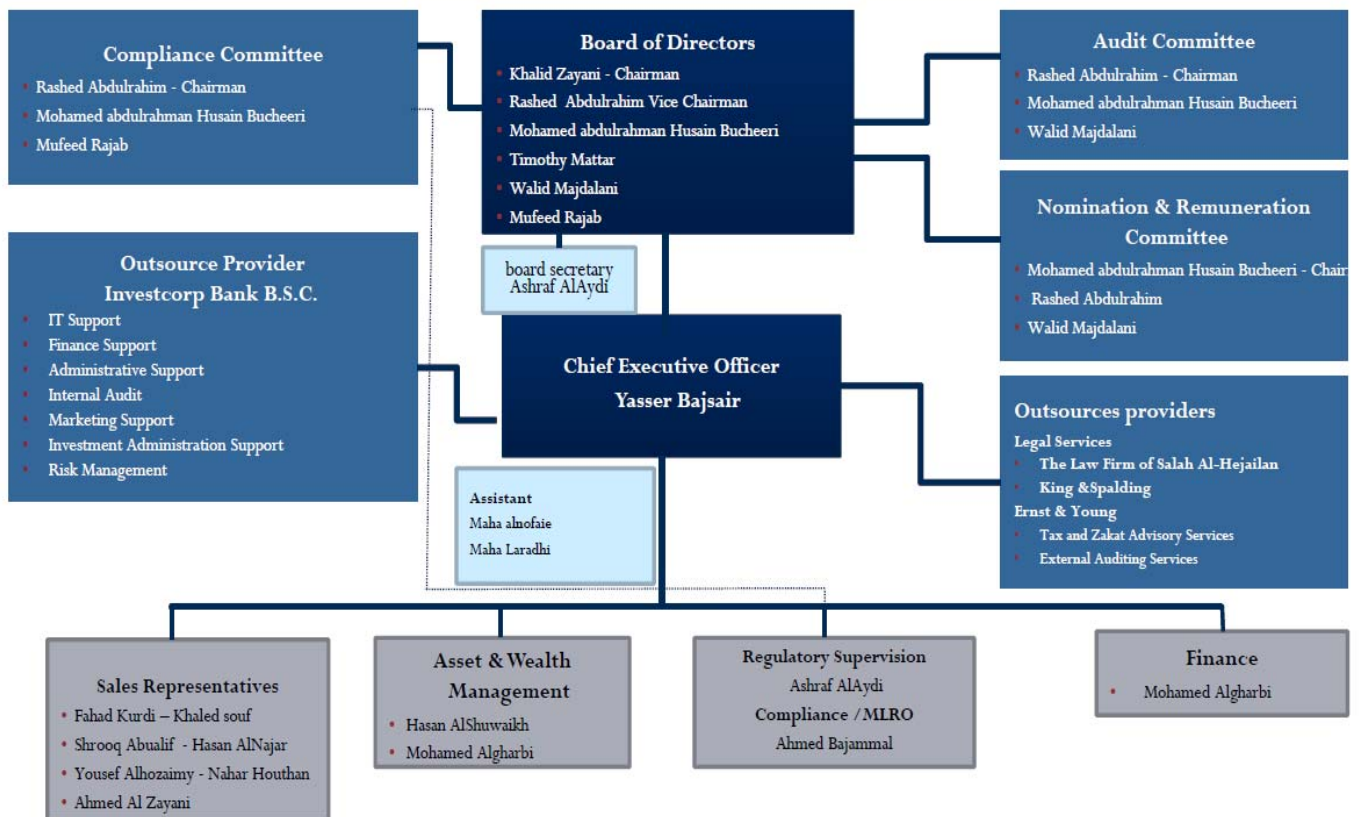
Summary of Executive Committee Meetings & Attendance held during the fiscal year 2018:

Resolution Committees by Circulation/Meeting	Date	Attendees
Audit Committee – Compliance Committee - Remuneration & Nomination Committee	12 July 2017	All members of each Committee attended the meeting
Audit Committee – Compliance Committee - Remuneration & Nomination Committee	20 September 2017	All Members of each committees attended the meeting
Audit Committee – Compliance Committee - Remuneration & Nomination Committee	22 November 2017	Resolutions were sent to all members for discussion
Audit Committee – Compliance Committee - Remuneration & Nomination Committee	03 December 2017	All Members of each committees attended the meeting
Audit Committee – Compliance Committee - Remuneration & Nomination Committee	01 March 2018	All Members of each committees attended the meeting and Mr. Mufeed Excused
Audit Committee – Compliance Committee -	30 May 2018	All Members of each committees attended the meeting

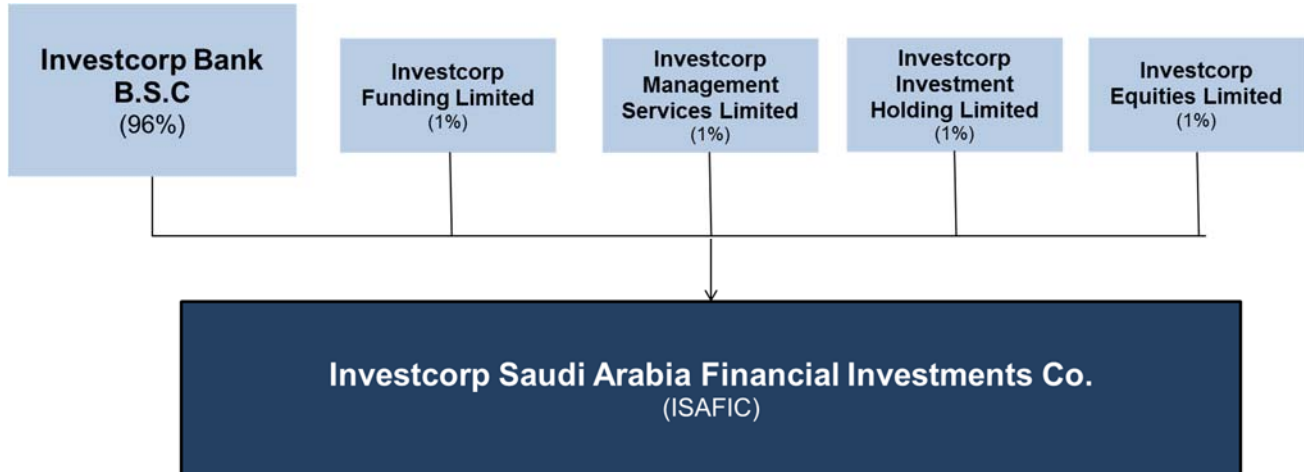
Organization Structure of Investcorp Saudi Arabia Financial Investment Company:

INVESTCORP Saudi Arabia Financial Investments Co

Organizational chart 10 April 2018



Investcorp Saudi Arabia Financial Investment Company Ownership Structure:



Financial Results:

The Financial position of Investcorp Saudi Arabia Financial Investments Co. as of 30th of June 2018 is reflected on the Balance Sheet.

The Company was established with a paid-up capital of 50,250,000 SAR. During the Fiscal year ending 30 June 2011, the Company had increased its paid-up capital to 55,876,000 SAR. The increase of the paid-up capital was distributed among the shareholders proportionally. The amount of total assets is 64,536,633 SAR, which consist basically of cash & cash equivalents of SAR 63,246,372. On the other hand, the amount of current liabilities is 5,469,952 including Zakat, Taxes, and other expenses. The Company accomplished a net profit amount of 1,096,713 SAR (Excluding Zakat & Taxes) as of 30 June 2018. The revenue of the Company for the Fiscal year ending on 30 June 2018 consist of private commissions of SAR 10,561,942, Clients Relationship Management and Placement fees of SAR 8,522,293, and Management fees of SAR 360,384. While, the primary expenses of the Company related to staff cost and professional fee expenses that amounted to SAR 14,894,959.

Below is a Summary of Financial Results as of 30 June 2018:

Paid-up capital	SAR55,876,000
Total Assets	SAR 64,536,633
Net Profit Before Zakat & Income Tax	SAR 1,096,713
Other Commissions	SAR 721,600

Board of Directors Remuneration:

Timothy Mattar, Walid Majdalani and Mufeed Rajab are employees of Investcorp Bank B.S.C. and as per Investcorp Group's policy no remuneration was paid to them during FY 2018 for their service as directors of the Company. However, Messrs. Kalid Zayani, Mohamed Bucheeri and Rashid Abdulrahim received a total remuneration of SAR 225,000

Following are details of expenses, bonuses and salary paid to board members and senior executives, including the CEO and CFO:

Statement	Board of members Executive	Members of the Board	Five senior *executives
Salaries and compensations	-	225,000 Saudi riyals equivalent to US \$ 60,000	SAR2,171,875 equivalent to US\$579,166.67
Allowances	-	-	-
bonuses Periodic and yearly	-	-	SAR168,502.04 equivalent to US\$44,933.88
motivation plans	-	-	-
Any Compensations or other benefits paid in monthly or yearly	-	-	-

*NOTE: Currently the company is considered to have only 3 senior executives which are the Chief Executive Officer, the Regulatory Supervision Manager and the Finance Manager.

Annual Internal Audit Review:

The internal audit department of Investcorp Bank B.S.C. conducts an internal audit of the Company and reports to the Audit Committee on an annual basis. The review evaluates the internal control framework covering the Company's operations with a focus on compliance with the requirements of Regulations. During fiscal year 2018, the audit noted satisfactory compliance with the regulatory requirements with one medium risk findings that are defined as having insignificant impact on achieving company objectives. Where the report covered the observation and the corrective actions plan.

Penalties imposed on the company by the regulatory during the year 2018:

No penalties or fines were imposed on the company by any regulatory during the fiscal year. If any, will be discussed in the Board meeting, and corrective actions are taken to ensure that they are not repeated in the future.

Directors' Representation FY2018:

The Directors represent that during fiscal year 2018 they do not have any personal interest in transactions or contracts made for the account of the Company and do not participate in any business competitive with that of the Company.

External Auditor's Report FY2018:



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Investcorp Saudi Arabia Financial Investments Company (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Investcorp Saudi Arabia Financial Investments Company

Opinion

We have audited the financial statements of Investcorp Saudi Arabia Financial Investments Company (the "Company"), which comprise the statement of financial position as at 30 June 2018, and the statement of income, statement of cash flows and statement of changes in shareholders' equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2018, and its financial performance and its cash flows for the year then ended in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia.

Basis for Opinion

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

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia and the provisions of Companies' Law and the Company's by-laws, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Investcorp Saudi Arabia Financial Investments Company (continued)

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

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

For Ernst & Young

Fahad M. Al-Toaimi
Certified Public Accountant
License No. 354



Riyadh: 17 Muharram 1440H
(27 September 2018)

Balance Sheet as at 30 June 2018:

**Investcorp Saudi Arabia Financial Investments Company
(A Saudi Joint Stock Company)**

BALANCE SHEET

As at 30 June 2018

	Notes	2018 SR	2017 SR
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	63,246,372	61,616,027
Due from related parties	14	547,871	74,068
Prepayments and other receivables	5	689,461	869,962
TOTAL CURRENT ASSETS		64,483,704	62,560,057
NON-CURRENT ASSET			
Property and equipment	6	52,929	353,507
TOTAL ASSETS		64,536,633	62,913,564
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accruals	7	4,295,182	3,094,649
Zakat and income tax	8	1,174,770	1,370,439
TOTAL CURRENT LIABILITIES		5,469,952	4,465,088
NON-CURRENT LIABILITY			
Employees' terminal benefits		854,582	807,422
TOTAL LIABILITIES		6,324,534	5,272,510
SHAREHOLDERS' EQUITY			
Share capital	9	55,876,000	55,876,000
Statutory reserve	10	606,517	496,846
Retained earnings		1,729,582	1,268,208
TOTAL SHAREHOLDERS' EQUITY		58,212,099	57,641,054
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		64,536,633	62,913,564

Statement of Income for the year ended 30 June 2018:

**Investcorp Saudi Arabia Financial Investments Company
(A Saudi Joint Stock Company)**

STATEMENT OF INCOME

For the year ended 30 June 2018

	Notes	2018 SR	2017 SR
INCOME			
Placement fees	14	10,561,942	12,086,616
Client relationship maintenance fees	14	8,522,293	8,010,498
Management fees	14	360,384	-
		<u>19,444,619</u>	<u>20,097,114</u>
EXPENSES			
Employees cost		(14,287,102)	(13,620,124)
Rent and premises		(1,214,028)	(1,272,017)
Other expenses	12	(3,695,299)	(5,026,751)
		<u>(19,196,429)</u>	<u>(19,918,892)</u>
INCOME FROM MAIN OPERATIONS		248,190	178,222
Special commission income	14	721,600	453,816
Other income	11	126,923	434,116
		<u>1,096,713</u>	<u>1,066,154</u>
NET INCOME FOR THE YEAR		1,096,713	1,066,154
EARNINGS PER SHARE			
From main operations	18	<u>0.04</u>	<u>0.03</u>
From net income	18	<u>0.20</u>	<u>0.19</u>

Statement of Cash Flows for the year ended 30 June 2018:

**Investcorp Saudi Arabia Financial Investments Company
(A Saudi Joint Stock Company)**

STATEMENT OF CASH FLOWS

For the year ended 30 June 2018

	Notes	2018 SR	2017 SR
OPERATING ACTIVITIES			
Net income for the year		1,096,713	1,066,154
Adjustments for:			
Depreciation	6	356,592	530,943
Provision for employees' terminal benefits, net		399,719	243,628
		<u>1,853,024</u>	<u>1,840,725</u>
Changes in operating assets and liabilities:			
Due from related parties		(473,803)	69,404
Prepayment and other receivables		180,501	(238,767)
Accounts payable and accruals		1,200,533	541,560
		<u>2,760,255</u>	<u>2,212,922</u>
Cash from operations			
		<u>2,760,255</u>	<u>2,212,922</u>
Zakat and income tax paid		(721,337)	(504,448)
Employees' terminal benefits paid		(352,559)	(97,898)
		<u>1,686,359</u>	<u>1,610,576</u>
Net cash from operating activities			
		<u>1,686,359</u>	<u>1,610,576</u>
INVESTING ACTIVITY			
Purchase of property and equipment	6	(56,014)	-
		<u>(56,014)</u>	<u>-</u>
Cash used in investing activity			
		<u>(56,014)</u>	<u>-</u>
INCREASE IN CASH AND CASH EQUIVALENTS		1,630,345	1,610,576
Cash and cash equivalents at the beginning of the year		61,616,027	60,005,451
		<u>61,616,027</u>	<u>60,005,451</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	4	63,246,372	61,616,027
		<u><u>63,246,372</u></u>	<u><u>61,616,027</u></u>

Statement of changes in Shareholders' Equity for the year ended 30 June 2018:

**Investcorp Saudi Arabia Financial Investments Company
(A Saudi Joint Stock Company)**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 30 June 2018

	<i>Share capital SR</i>	<i>Statutory reserve SR</i>	<i>Retained earnings SR</i>	<i>Total SR</i>
Balance at 30 June 2016	55,876,000	390,231	1,730,224	57,996,455
Net income for the year	-	-	1,066,154	1,066,154
Provision for zakat and income tax (note 8)	-	-	(1,421,555)	(1,421,555)
Transfer to statutory reserve (note 10)	-	106,615	(106,615)	-
Balance at 30 June 2017	55,876,000	496,846	1,268,208	57,641,054
Net income for the year	-	-	1,096,713	1,096,713
Provision for zakat and income tax (note 8)	-	-	(525,668)	(525,668)
Transfer to statutory reserve (note 10)	-	109,671	(109,671)	-
Balance at 30 June 2018	<u>55,876,000</u>	<u>606,517</u>	<u>1,729,582</u>	<u>58,212,099</u>

Notes to the Financial Statement for the Fiscal Year 30 June 2018:

1 ACTIVITIES

Investcorp Saudi Arabia Financial Investments Company (the “Company”) is a Saudi joint stock company registered in Riyadh, Saudi Arabia under commercial registration number 1010254275 dated 1 Sha’aban 1429H (corresponding to 3 August 2008) and licensed by the Capital Market Authority (“CMA”) under license number 07088-36 dated 4 Dhul-Qadah 1428H (corresponding to 9 November 2007). The Company was authorised to commence business vide letter no 1227/6 dated 12 Rabi Al Awal 1430H (corresponding to 9 March 2009). The objectives of the Company are to engage in management, advisory, arranging and custodial services.

2 BASES OF PREPARATION

According to the transition plan to International Accounting Standards approved by the board of the Saudi Organization for Certified Public Accountants (SOCPA), effective 1 January 2018, the Company’s financial statements for the year ending 30 June 2019 will be prepared in accordance with International Financial Reporting Standards (“IFRS”) that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements that are issued by SOCPA. Upon IFRS adoption, the Company will be required to comply with the requirements of IFRS 1 - First-time Adoption of International Financial Reporting Standards which require the Company to analyze the impact of adopting IFRS and incorporate certain adjustments on the comparative figures and its opening balances.

3 SIGNIFICANT ACCOUNTING POLICIES

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

Accounting convention

The financial statements are prepared under the historical cost convention.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Although these

estimates and judgments are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Revenue recognition

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

Placement fees and client relationship maintenance fees

Placement fees are recognised upon subscription of the investor to the investments.

Fees charged for managing client relationships are recognised as revenue rateably as the services are provided.

Special commission income

Special commission income is accrued on an effective yield basis.

Management fee

Fees are charged for managing the Fund are recognised as revenue rateably as the services are provided.

Cash and cash equivalents

For the purposes of the statement of cash flow, cash and cash equivalents consist of bank balances, cash on hand, and deposits that are readily convertible into known amounts of cash and have an original maturity of three months or less when placed.

Property and equipment

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

Expenditure for repair and maintenance are charged to income. Betterments that increase the value or materially extend the life of the related assets are capitalised.

Expenditure for repair and maintenance are charged to the income as incurred. Improvements that increase the value or materially extend the life of the related assets are capitalised.

Accounts payable and accruals

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

Provisions

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-current assets

The Company reviews the carrying amounts of their non-current tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which that asset belongs.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

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 so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash generating unit in prior periods. A reversal of an impairment loss is recognised as income immediately.

Zakat and income tax

Zakat and income tax are provided for in accordance with Saudi Arabian fiscal regulations. The related provision is charged to the statement of changes in shareholders' equity. Accordingly, amounts reimbursable by the partners of such zakat and income tax are credited to retained earnings. Additional amounts, if any, that may become due on finalization of an assessment are recorded in the year in which the assessment is finalized.

Employees' terminal benefits

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

Foreign currencies transactions

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

4 CASH AND CASH EQUIVALENTS

	2018	2017
	SR	SR
Cash in hand	308	2,783
Cash and bank balances	16,665,859	15,641,220
Time deposits with an original maturity of less than three months	46,580,205	45,972,024
	—	—
	63,246,372	61,616,027

Special commission income recognized in the statement of income relates to the above time deposits. The effective special commission rate on time deposits as at 30 June 2018 was 2.3% (2017: 1%) per annum.

5 PREPAYMENTS AND OTHER RECEIVABLES

	2018	2017
	SR	SR
Prepaid expenses	523,448	771,142
Rent deposit	98,820	98,820
Other receivables	67,193	-
	-----	-----
	---	---
	689,461	869,962
	=====	=====

6 PROPERTY AND EQUIPMENT

The cost of property and equipment is depreciated on a straight-line basis over the following estimated useful lives:

Office equipment	3 - 6 years
Office furniture & fixtures	5 years
Computer hardware & software	6 years
Leasehold improvements	Period of lease or 6 years whichever is shorter

	<i>Office</i>				Total	<i>Total</i>
	<i>Office equipment</i>	<i>furniture & fixtures</i>	<i>Computer hardware & software</i>	<i>Leasehold improvements</i>	2018	<i>2017</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	SR	<i>SR</i>
Cost:						
At the beginning of the year	28,999	288,990	111,116	2,286,350	2,715,455	2,715,455
Additions	-	-	56,014	-	56,014	-
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At the end of the year	28,999	288,990	167,130	2,286,350	2,771,469	2,715,455
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Depreciation:						
At the beginning of the year	28,999	222,771	52,471	2,057,707	2,361,947	1,831,005
Charge for the year (note 10)	-	66,219	61,730	228,643	356,592	530,943
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At the end of the year	28,999	288,990	114,201	2,286,350	2,718,540	2,361,948
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Net book amounts:

At 30 June 2018	-	-	52,929	-	52,929
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At 30 June 2017	-	66,219	58,645	228,643	353,507
	-----	-----	-----	-----	-----
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7 ACCOUNTS PAYABLE AND ACCRUALS

	2018	2017
	SR	SR
Payable to a shareholder (note 12)	3,835,461	2,489,099
Accrued expenses	459,721	605,550
	4,295,182	3,094,649

All liabilities are expected to be settled within a period not exceeding twelve months.

6 ZAKAT AND INCOME TAX

i) Zakat

Zakat charge for the year

Zakat charge for the year consists of the current year provision amounting to SR 423,406 (2016: SR 247,943) and consist of the following:

	2018	2017
	SR	SR
Charge for the year	251,472	252,207
Charge for prior years	-	171,199
	251,472	423,406

6 ZAKAT AND INCOME TAX (continued)

The current year's provision is based on the following:

	2018	2017
	SR	SR
Equity	57,641,054	57,996,455
Provisions	807,422	661,692
Book value of long term assets	(1,663,204)	(1,804,507)
	<hr/>	<hr/>
	56,785,272	56,853,640
Zakatable income for the year	1,354,949	1,742,647
	<hr/>	<hr/>
Zakat base	58,425,362	58,596,287
	<hr/> <hr/>	<hr/> <hr/>
Share of Saudi and other GCC national shareholder in the		
Zakat base @ 17.2166% (2017: 17.2166%)	10,058,861	10,088,288
	<hr/> <hr/>	<hr/> <hr/>
Zakat charge for the year @ 2.5%	251,472	252,207
	<hr/> <hr/>	<hr/> <hr/>

The differences between the financial and zakatable results are mainly due to provisions which are not allowed in the calculation of zakatable income.

6 ZAKAT AND INCOME TAX (continued)

i) Zakat (continued)

Movements in provision during the year

	2018	2017
	SR	SR
At the beginning of the year	423,554	247,943
Provided during the year	251,472	423,408
Payments during the year	(417,691)	(247,797)
At the end of the year	257,335	423,554

ii) Income tax

Income tax charge for the year

Income tax charge for the non-Saudi partner amounting to SR 998,149 (2016: SR 275,843) has been provided for based on the estimated taxable profit at the rate of 20% and consist of the following:

	2018	2017
	SR	SR
Charge for the year	274,196	237,630
Charge for prior years	-	760,519
	274,196	998,149

8 ZAKAT AND INCOME TAX (continued)

Movements in provision during the year

	2018	2017
	SR	SR
At the beginning of the year	946,885	205,389
Provided during the year	274,196	998,149
Payments during the year	(303,646)	(256,653)
	<hr/>	<hr/>
At the end of the year	917,435	946,885
	<hr/> <hr/>	<hr/> <hr/>

iii) Status of assessment

The Company had submitted the tax/zakat declarations for the years 2009 through 2014 with the General Authority of Zakat & Tax ("GAZT"). The GAZT had initially assessed an additional tax/zakat of SR 2.6 million for the years from 2009 to 2014. This is principally due to disallowance of certain salaries and benefits by the GAZT. The Company provided required documentation to GAZT and subsequently GAZT revised the initial assessment resulting in a reduction of the additional tax/zakat liability from SR 2.6 million to SR 830 thousand.

The Company appealed against the revised assessment to the Preliminary Appeal Committee ("PAC") and an appeal hearing was conducted in May 2016. A ruling was issued 31 August 2016 by PAC on the appeal filed by the Company. The Company has decided to pay the additional income tax (including delay fines) and zakat liability and accordingly has made appropriate provision in the financial statements during the year ended 30 June 2017.

The Company had filed its zakat and income tax returns for the years ended 30 June 2015 through 2017. The assessment has not yet been raised by GAZT.

9 SHARE CAPITAL

The Company's share capital amounts to SR 55,876,000 divided into 5,587,600 shares (2017: 5,587,600 shares) of SR 10 each. Share capital of the Company is distributed as follows:

	<i>Percentage of shareholding</i>	<i>2018 SR</i>	<i>2017 SR</i>
Investcorp Bank B.S.C	96%	53,640,960	53,640,960
Investcorp Funding Limited	1%	558,760	558,760
Investcorp Management Services Limited	1%	558,760	558,760
Investcorp Investment Holding Limited	1%	558,760	558,760
Investcorp Equities Limited	1%	558,760	558,760
	100%	55,876,000	55,876,000

10 STATUTORY RESERVE

In accordance with Saudi Arabian Regulations for Companies, the Company must set aside 10% of its income in each year until it has built up a reserve equal to 30% of the capital. This reserve is not available for distribution.

11 OTHER INCOME

Other income represents income from sublease arrangement of the office premises of the Company.

12 OTHER EXPENSES

	2018	2017
	SR	SR
Travel & business development	1,534,144	2,487,095
Professional fees	607,857	669,382
Depreciation (note 4)	356,592	530,943
Management fee (note 14)	282,603	-
Communication expenses	268,869	406,842
Directors' remuneration (note 12)	225,015	225,015
Government fees	156,941	174,390
Withholding tax	87,807	73,401
Others	175,471	459,686
	3,695,299	5,026,751

13 FAIR VALUES OF FINANCIAL INSTRUMENTS

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. The Company's financial assets consist of cash and cash equivalents and receivables. Its financial liabilities consist of payables and accrued expenses.

The fair values of financial instruments are not materially different from their carrying values.

14 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders, directors and key management personnel of the Company, and entities controlled or significantly influences by such parties. Following is the list of related parties of the Company:

<i>Name of related party</i>	<i>Nature of relationship</i>
Investcorp B.S.C	Shareholder
Investcorp Management Services Limited	Shareholder
Investcorp Investment Holding Limited	Shareholder
Investcorp Funding Limited	Shareholder
Investcorp Equities Limited	Shareholder
Saudi Care Sector fund	Fund managed by the company

The transactions with related parties are as follows:

		<i>Amount of transaction</i>	
<i>Related party</i>	<i>Nature of transaction</i>	2018	2016
		SR	SR
Investcorp			
Bank B.S.C	Expenses paid by shareholders (note 14a)	150,000	150,000
	Special commission income received (note 14c)	721,600	453,816
	Expense recharges (note 14f)	3,854,163	2,489,099
	Management fee expense (note 14e)	282,603	-
Investcorp	Placement fees income (note 14b)	10,561,942	12,086,616
Management	Client relationship maintenance fees income (note 14b)	8,522,293	8,010,498
Services	Director's remuneration (note 10)	225,012	225,012
Limited			

- a) Expenses comprising salaries of seconded employees are incurred also by Investcorp Bank B.S.C, the shareholder, and recharged to the Company. The Company has entered into an agreement with the shareholder, where the shareholder may finance the Company's working capital requirements.

14 RELATED PARTY TRANSACTIONS AND BALANCES

- b) As per the agreement between the Company and Investcorp Management Services Limited ("IMSL"), the latter will pay 0.3% p.a fee for any investments arranged and maintained by the Company. The Company has sourced investments with a total value of SR 1,197,672,788 (2017: SR 1,342,957,286) for an affiliate during the year.
- c) The Company placed time deposit of SR 46,580,205 (2017: 45,972,024) and current account of SR 16,424,577 (2017: 15,147,719) with the shareholder. The time deposit yields special commission at market rates.
- d) The Company provides management services to Saudi Care Sector Fund. The Fund will pay the fund manager an annual management fee of 0.5% per annum of aggregate subscription amounts of the Fund.
- e) The Company provides management services to Saudi Care Sector Fund. The Fund will pay the fund manager an annual management fee of 0.5% per annum of aggregate subscription amounts of the Fund.
- f) Investcorp Bank B.S.C. pays on behalf of the Company employee bonuses, relationship manager's travel expenses, and withholding taxes. On a quarterly basis, these payables are settled.

The breakdown of amounts due from related parties are as follows:

	2018	2017
	SR	SR
Investcorp Bank B.S.C	187,487	74,068
Investcorp Management Services Limited	360,384	-
	547,871	74,068

The breakdown of amounts due to related parties are as follows:

	2018	2017
	SR	SR
Investcorp Bank B.S.C	3,854,163	2,489,099

15 RISK MANAGEMENT

Special commission rate risk

Special commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market interest rates. The Company is subject to special commission rate risk on its interest-bearing assets, which primarily comprise bank deposits. The Company manages its exposure to commission rate risk by continuously monitoring movements in commission rates.

Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. At the balance sheet date, no significant concentrations of credit risk were identified by management.

With respect to credit risk arising from the other financial assets of the Company, including cash and cash equivalents, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Company seeks to manage its credit risk with respect to financial institutions by only dealing with reputable financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company is not exposed to significant liquidity risk. Deposits are generally placed for a period of one to three month to manage the Company's liquidity requirements. All liabilities on the Company's balance sheet, other than end of service benefits, are contractually payable on a current basis.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company is not subject to fluctuations in foreign exchange rates in the normal course of its business. The Company did not undertake significant transactions in currencies other than Saudi Riyals during the year.

16 CAPITAL REGULATORY REQUIREMENTS AND CAPITAL ADEQUACY RATIO

The capital base, minimum capital requirement and capital adequacy ratio of the Company as per the CMA's Prudential Rules are as follows:

	2018	2017
	SR	SR
Capital base:		
Tier 1 Capital	58,212,099	57,641,054
	_____	_____
Total Capital base	58,212,099	57,641,054
	_____	_____
Minimum capital requirement:		
Credit risk	4,807,905	4,811,320
Operational risk	4,799,107	4,979,723
	_____	_____
Total minimum capital required	9,607,012	9,791,043
	_____	_____

Capital adequacy ratio:

Total Capital ratio (times)	6.06	5.89
	_____	_____
Tier 1 Capital ratio (times)	6.06	5.89
	_____	_____
Surplus in the Capital	48,605,087	47,850,011
	_____	_____

16 CAPITAL REGULATORY REQUIREMENTS AND CAPITAL ADEQUACY RATIO (continued)

- a) The capital base consists of Tier 1 capital (which includes share capital and audited retained earnings). The Company does not have Tier 2 capital as per article 4 and 5 of the Prudential Rules. The minimum capital requirements for market, credit and operational risk are calculated as per the requirements specified in part 3 of the Prudential Rules.
- b) The Company manages its capital base in light of Pillar I and Pillar II of the Prudential Rules - the capital base should not be less than the minimum capital requirement.
- c) The Company's business objectives when managing capital adequacy is to comply with the capital requirements set forth by the CMA to safeguard the Company's ability to continue as a going concern, and to maintain a strong capital base.
- d) The minimum capital base required as per Article 6(g) of the Authorised Persons regulations issued by the Capital Market Authority in the Kingdom of Saudi Arabia in respect of the licensed activities of the Company is SR 50 million.

- e) The Company is required to disclose on annual basis certain information as per Pillar III of the Prudential Rules for public on the Company's website. However, these are not subject to review or audit by the external auditors of the Company.

17 SEGMENT INFORMATION

The Company operates in only one business segment (i.e. placement income) in the Kingdom of Saudi Arabia.

18 EARNINGS PER SHARE

The earnings per share amount is calculated by dividing income from main operations / net income for the year by the weighted average number of ordinary shares outstanding during the year. The weighted average number of shares for 2018 is 5,587,600 shares (2017: 5,587,600 shares).

19 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements have been approved by the Board of Directors on 14 Muharram 1440H corresponding to 24 September 2018.

Risk Management:

Company is subject to certain balance sheet risks, operational risks (including legal risk) and reputational risks. In addition, Company is subject to regulatory capital requirements as well as requirements to (i) ensure that it has sufficient capital to support all of the material risks to which it is exposed by its business and (ii) integrate capital planning and capital management into its overall risk management culture and approach. To mitigate the key balance sheet risks, Company has adopted risk limits for the bank which are approved by the Board of Directors of Company.

➤ Counterparty Credit Risk and Concentration Risk -

Company has counterparty credit risk exposure to any bank with which it has any deposit arrangement and faces concentration risk through any single exposure or group of exposures with the potential to produce losses large enough to threaten the Company's financial health or ability to maintain its core operations.

To mitigate these risks, Company has adopted counterparty credit risk limits approved by the Board of Directors. Company's Finance Manager monitors and reports the counterparty credit risk limits to the Board of Directors.

➤ Funding Liquidity Risk

Funding liquidity risk for Company is the inability to meet both expected and unexpected cash flow requirements without adversely affecting its daily operations or its financial condition. To mitigate that risk, Company has entered into a Revolving Credit Agreement with Investcorp, pursuant to which Company can obtain short term loans from Investcorp to fund its operating expenses if there is a shortfall in its revenues. Company's Finance Manager Monitors Company's liquidity gap and reports to the Board of Directors and seek its approval for any corrective action in the event that the positive liquidity gap falls below a minimum gap level.

➤ Market Price Risk

a) Foreign Currency Exchange Rate Risk

Foreign currency exchange rate risk is the risk of an adverse effect on Company's financial condition arising from changes in the Saudi Arabian Riyal / US Dollar exchange rate. Company currently does not have any foreign currency exchange rate risk on its cash flows because the Saudi Arabian Riyal exchange rate is pegged to the US Dollar. Company does not engage in any FX transactions that may result in currency risk.

b) Interest Rate Re-Pricing Risk

Interest rate re-pricing risk is the risk that Company will be adversely affected by re-setting of interest rates. Company does not currently have any interest rate re-setting risk because it does not have any interest-bearing assets or liabilities. Company does not engage in any derivative transactions that may result into interest rate risk.

➤ **Operational and Reputational Risk**

Operational risk is defined as the risk of loss arising from inadequate or failed internal processes, people and systems or from external events (such as natural disasters, changes in regulation or outsourcing of operations). Company includes legal risk in this definition, but it does not include reputational risk in this definition. However, a failure to manage operational risk effectively can give rise to events that cause severe reputational risk. Consequently, effective management of operational risk also contributes to effective management of reputational risk.

➤ **non-compliance with Capital Market Authority laws**

Company strives to mitigate and manage operational risk through the various policies and procedures. To ensure compliance with these policies and procedures documents and the laws and regulations applicable to Company, the Board of Directors has approved a Compliance Monitoring Program which specifies a number of specific procedures required to be undertaken, primarily by Company's Compliance Officer, at intervals ranging in frequency from bi-weekly to quarterly and annually to provide assurance that Company is complying with these policies and procedures and the CMA's regulations.

Loan and Facilities related information:

There are no existing loans taken by the Company.

Prudential Rules and Capital Adequacy Assessment Process:

Capital Adequacy Ratio:

According to the CMA instructions, the Authorized person must maintain minimum capital requirements and adequate financial resources in accordance with the Rules issued by the CMA. The Company has financial adequacy and capital that are above the CMA minimum capital requirements.

Pillar III Prudential Capital Disclosure:

To meet with regulatory requirements the report has been published on our website www.isafic.com, for more detailed information about Investcorp Saudi Arabia Financial Investment Co. Pillar III Prudential Capital Disclosure.

Affiliated Companies to Investcorp Saudi Arabia Financial Investment Company:

There are no affiliated companies owned by Investcorp Saudi Arabia Financial Investment Co.

Plans and Decisions:

The Company has not undergone any business expansion or change in operations during the financial year. Meanwhile there is no interruption in the Company's operations. In the event of a change in the regulatory rules of the licenses granted to the Company , the Company shall provide the Capital Market Authority with the addition of licenses to continue providing them and the existing services and products to its customers.however the Company has plans to expand the operations in the coming years.

Sincerely,