



ANNUAL REPORT

Financial Year Ended 31 December 2019

CHAIRMAN'S STATEMENT

In the name of Allah, the Beneficent, the Merciful

Dear valued shareholders,

On behalf of the Board of Directors, I hereby share with you the Annual Report and Audited Financial Statement of Anfaal Capital ("Anfaal" or "the Company") for the year ended 31 December 2019.

1. Describing the main activities of the company: The three main pillars of Anfaal Capital's business activities are as follows:

Investment Banking (IB)

IB, through our Corporate Finance Department, is focused on arranging and advising innovative funding solutions to its clients within the spheres of both Islamic equity and debt markets. The range of services offered include: general financial advisory, merger and acquisition, arranging sukuk and arranging debt and equity syndications locally and internationally.

Asset Management (AM)

Our Asset Management Department offers fund type solutions to institutions and individuals seeking sharia compliant products based on their investment goals and objectives. AM also offers customized Discretionary Portfolio Management (DPM) services for institutional and high net-worth investors seeking discretionary portfolio management services.

Investment Coverage and Placement

Our origination, sourcing and distribution capabilities enable us to provide an outstanding value-added deals outreach to Sovereign Wealth Funds (SWF), Family Offices, and High Net worth Individuals (HNWI).

Custody and Dealing as Principle:

The company did not perform any trading activity for its own account during the year. As for the custody activity, as Anfaal Capital is not a 100% Saudi company, which limited the use of this activity and therefore it was difficult to hold any assets on behalf of other authorized persons.

Suspension of Licenses Given to Anfaal Capital

The CMA Board of Commissioners issued its resolution on 01/03/2020 to suspend the license granted to Anfaal Capital Company for securities to conduct Dealing as Principal, Investment Fund Management, Discretionary Portfolio Management, Arranging, Advising and Custody activities in the securities business for twelve months due to the company incapability to be fit and proper to carry out the securities business which it is authorised to carry out at all times, and to its violations of the Capital Market Law and its implementing regulations. The company was informed with this decision through the announcements of the CMA, knowing that the company did not receive officially from the authority informing us with the same, and therefore it is not known what violations are mentioned in the decision.



2. Board Members (BoD) and the names of other companies that constitute membership in their boards of directors and classification of their membership:

Current Anfaal BoD as at 31 December 2019:

#	Name	Classification
1	Dr. Ahmed Hussein Al attas	Chairman, Independent
2	Fawaz Arrar	Member, Non-Executive
3	Dato' Muzaffar Bin Hisham	Member, Non-Executive
4	Murtaza Ghulam	Member, Non-Executive
5	Mohamed Yassin Abdullah	Member, Non-Executive
6	Khalid Al Aboodi	Member, Non-Executive
7	Ali Abd Al Hadi	Member, Independent
8	Dr. Abo Baker Ali Bagabir	Chairman, Independent- resigned on 31/01/2019
9	Faisal Sabbagh	Member, Non- Executive- Did not renew his membership as at 06/06/2019

3. BOARD OF DIRECTORS' MEMBERSHIP IN OTHER JOINT STOCK AND PUBLIC COMPANIES

No	Name of Company	Country of Incorporation	Classification of Directorship		
			Executive	Non-Executive	Independent
Name : Dato' Muzaffar Bin Hisham					
1	Maybank Kim Eng Holdings Limited	Singapore		✓	
2	Maybank Asset Management Group Berhad	Malaysia		✓	
3	Maybank Investment Bank Berhad	Malaysia	✓		
Name: Khaled Al Aboodi					
1	Tatarstan International Investment Company	Russia		✓	
2	Southern Europe Investment Company	Bosnia		✓	
3	Al Wifaq Bank	Tunisia		✓	
4	Alinma Bank	Saudi Arabia			
5	Agricultural Development Fund	Saudi Arabia			
6	Saudi Grains Organization	Saudi Arabia			
7	Saudi Agricultural and Livestock Investment Company (SALIC)	Saudi Arabia			
8	North Cyprus Investment Company	Cyprus			
Name : Murtaza Ghulam					
1	Hungry Bunny limited	Saudi Arabia		✓	
2	Ewaan Global Company	Saudi Arabia		✓	
3	Margous Veletrgovina	Bosnia and Herzegovina		✓	
4	Al Fareeda Residential Fund	Saudi Arabia		✓	



4. Name of the subsidiaries of the licensed person, their capital, percentage of ownership of the licensed person, their main activity, the headquarters of their operations, and the country of incorporation.

Anfaal Capital has no subsidiaries.

5. Important plans and decisions of the company related to it, for example regarding the option of restructuring, expanding or suspending operations and future business expectations:

The Company's operations were suspended according to the directions of the Board of Directors in the year 2018, pending a possible restructuring. As a result of the failure to correct the capital situation, the Board decided at its meeting held on 20 June 2018 to recommend to the General Assembly to liquidate the company, despite knowing that Anfaal Capital was qualified to do new businesses.

6. MEMBERSHIP OF THE BOARD, NUMBER OF MEETINGS HELD IN 2016 AND ATTENDANCE RECORD

Name of Director Position	Attendance Record	18.03.2019 Meeting	26.08.2019 Meeting
Current Members			
1 Dr. Ahmed Al Attas	2/2	✓	✓
2 Murtaza Ghulam	2/2	✓	✓
3 Fawaz Arrar	2/2	✓	✓
4 Mohamad Yasin Abdullah	2/2	✓	✓
5 Dato' Muzaffar Bin Hisham	2/2	✓	✓
6 Khalid Al aboodi	0/2	--	--
7 Ali Abd Alhadi	2/2	✓	✓
Resigned			
1 Dr. Abo baker Bagabir ⁽¹⁾	0/2	na	na
2 Faisal Sabagh ⁽²⁾	1/2	✓	na

Note:

⁽⁵⁾ Resigned on 31/01/2019.

⁽⁶⁾ Has not renew his membership in the BoD dated 06/06/2019.

7. Brief description of the functions and tasks of the council's committees, with names of the Chairman and other members, and the number of meetings held:

Board Committees	Key Functions
Audit, Risk and Compliance Committee	Audit Committee Compliance Committee Risk Committee

AUDIT, RISK & COMPLIANCE COMMITTEE (ARCO)

Audit, Risk Management and Compliance Committee:

The Audit, Risk Management and Compliance Committee assists the Board in fulfilling its supervisory responsibilities, and its tasks include the following:

1. Review the company's financial reporting process,
2. Dealing with the external auditor's observations, and following up on the implementation of the corrective procedures for those notes.
3. Ensuring that the company and its business comply with the laws and regulations of the Capital Market Authority and the regulations in force in the Kingdom of Saudi Arabia.
4. Evaluating the efficiency of internal control policy and frameworks and risk management.
5. Dealing with problems connected to related party dealings and conflicts of interest.
6. Recommend to the Board of Directors to appoint the chartered accountant and ensure his independence.
7. Evaluate the accounting policies used in the financial statement to ensure that they are in accordance with the generally accepted Saudi Accounting Principles (GAAP)
8. Review the quarterly interim financial reports issued by the administration.
9. Review the annual audited financial statements and present them with the results of the audit and related matters to the Board of Directors.

The detailed items of the committee's terms of reference can be found in the current Corporate Governance Manual - the Board of Directors Committee's Supplement.

MEMBERSHIP OF ARCO, NUMBER OF MEETINGS HELD IN 2019 AND ATTENDANCE RECORD

Name of Member Position	Attendance Record	Notes
Ali Abd Al Hadi (Chairman)	0/0	The committee was formed with its current members on 8/26/2019. No meeting was held during 2019
Mohammad Rafique Bin Mohamed	0/0	
Fawaz Arrar	0/0	

There is only one committee, which is for audit, risk management and compliance due to the lack of activities currently for the company and all managed funds were closed except for Al Fareeda Residential Fund (under liquidation), and this is why the Board of Directors saw no need for the sub-committees except for those that the companies law demanded to be committed to which is the ARCO committee.

8. Compensations and bonuses for members of the Board of Directors and executives by reference to the below table:

A fixed sum of SAR 50,000 is paid per year for each Director spread over the number of meetings in a calendar year. The allowance is payable to a Director that attends the meeting either physically or via telephone conference call.

However, for Non-Independent Directors an affirmative approval during a properly convened shareholders' General Assembly with sufficient quorum is required before any payment shall be made.



No remunerations have been paid to Board Members for the financial year 2019, save the meeting allowance and reimbursed expenses as disclosed in the following table.

Description	Five senior executives including the CEO and CFO	Non-Executive and Independent Directors
Salaries and compensation	SAR 1,243,690	--
Allowances *	--	SAR 62,500
Discretionary Bonus	--	--
Motivational plans	--	--
Any compensation and other benefits in kind paid on a monthly or yearly basis	--	--
Total Payment	SAR 1,243,690	SAR 62,500

Note: * The Remuneration paid are included in the report, while the financial statements include the amounts paid and due, as the company is obliged to spend the remuneration of the independent members after each meeting while the rest of the members are paid in the following year after the approval of the General Assembly.

9. A statement of any arrangements or agreement whereby a member of the company's board of directors or a senior executive waives any rewards or compensation.

None

10. Punishment or penalty imposed by the CMA or any other supervisory, judicial or regulatory authority in Saudi Arabia or in other jurisdictions.

None

11. The results of the annual audit review of the adequacy and effectiveness of internal control procedures of the company.

The Board of Directors reviews the adequacy and effectiveness of the internal control system through the Audit and Review Committee, and it was found satisfactory in relation to the size and nature of the company's operations.

12. Information related to any risks faced by the authorized person (whether operational or financing risks or market risks) and the policy of managing and controlling these risks.

Market Risks

Market risk is the risk of loss arising from movements in market variables, such as interest rates, credit spreads, commodity prices, equity prices, risks related to investment funds and foreign exchange rates. Market risk can be segregated into traded market risk and non-traded market risk.

Credit Risks

Credit risk refers to the risk that the customer or counterparty may default on its contractual obligation resulting in a loss to Anfaal. At present, our biggest credit risk is only from our managed Alfareeda Fund. Worth notice, that the Fund period has ended and is currently under liquidation.

Liquidity Risks

Liquidity risk is the risk that Anfaal is unable to maintain sufficient liquid assets to meet its financial commitments and obligations when they fall due. The efficient management of liquidity risk starts continuous liquidity monitoring, measuring and reporting. As Anfaal Capital did not perform any operational activity during the year 2019, it did not face this type of risk.

13. Financial results of the authorized person and comments made by the external auditors if any:

The company did not achieve any operating revenue during the fiscal year 2019 as a result of stopping its activities according to the instructions of the board of directors to suspend all operational activities of the company and the board made a recommendation to the company's shareholders to issue a decision to liquidate the company, This was the reason that the external auditor refrained from expressing his opinion on the results of the company's business and put that in his report within the basic clause of refraining from expressing an opinion.

Please refer to the related paragraph on the audited financial statements and the external auditor's report.

14. The Company's assets and liabilities and the results of its work during the last 5 years:

Financial year ending 31 December (SAR, unless stated otherwise)	2015	2016	2017	2018	2019
Total Assets	42,716,992	39,262,612	18,753,398	10,494,353	5,525,722
Total Liabilities	3,530,435	3,000,101	3,025,745	2,471,683	1,666,592
Total Revenues	11,066,466	11,264,415	3,572,239	118,408	104,049
Total Expenses	-15,993,021	-14,579,404	-23,679,373	-7,515,191	-3,936,908
Profit/(Loss) from Operations	-4,926,555	-3,314,989	-20,107,134	-7,396,783	-3,832,859
Loss for the year	-4,481,700	-3,187,094	-20,534,858	-7,704,983	-4,071,619
Earnings/(Loss) per Share	-0.73	-0.52	-3.27	-1.25	-0.66

15. The main differences in the operating results from the results of the previous fiscal year, or any expectations announced by the authorized person:

Financial year ending 31 December (SAR, unless stated otherwise)	2017	2018	2019	Change Y-o-Y
Total Revenues	3,572,239	118,408	104,049	-12%
Total Expenses	-23,679,373	-7,515,191	-3,936,908	-48%
Profit/(Loss) from Operations	-20,107,134	-7,396,783	-3,832,859	-48%
Loss for the year	-20,534,858	-7,704,983	-4,071,619	-47%
Earnings/(Loss) per Share	-3.27	-1.25	-0.66	

The reason for the noticeable decrease in operating losses for the year 2019 compared to the previous fiscal year is due to the decrease in expenses incurred during the year compared to the previous year.

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16. Any interest, contract securities, or rights provided to the members of the board of directors of the authorized person and any related person (as defined in the list of terms used in the regulations and rules of the Capital Market Authority) in shares, debt instruments of the authorized person or any of its subsidiaries and any change in those interests or rights during the past fiscal year.

Mr. Khaled Al-Aboodi, a member of the Board of Directors, is a shareholder in Anfaal Capital, with 9% of the company's capital.

17. Information related to any loans to the company (whether payable upon request or otherwise), a statement of the total debt of the company and its subsidiaries, any amounts paid in settlement of the loans during the fiscal year, the amount of the loan, the name of the granting entity, the loan duration, and the remaining amount.

None

18. Any transaction between the company and any related person (as defined).

None, except as disclosed in the audited financial statements for the year ended 31 December 2019.

19. Information related to any business or contracts to which the company is a party, or in which it was of interest to a member of the board of directors, senior executives or any person related to any of them, including the names of those involved in the business or contracts, the nature of these works or contracts, their terms, duration, amount, and in the case of absence of any such business or contracts, the company must submit a declaration thereof.

None

Dr. Ahmad Hussain Alattas
Chairman

Date: 25/03/2020