

انفال كابتال

ANFAAL CAPITAL



ANNUAL REPORT

Financial Year Ending 31 December 2013

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BOARD OF DIRECTORS

As at 31 December 2013

Name	Classification
1. Khalid Al Aboodi	Chairman, Non-Executive
2. Alyas Al Meftah	Member, Non-Executive
3. Abdulwahhab Al Dahlawi	Member, Non-Executive
4. Farid Arshad Masood	Member, Non-Executive
5. Mohamad Yasin Abdullah ⁽²⁾	Member, Non-Executive
6. Dr. Abubaker Ali Bagabir ⁽¹⁾	Member, Independent
7. Abdul Hamid Sh Mohamed ⁽¹⁾	Member, Independent
8. Saud Al Sabhan ⁽¹⁾	Member, Independent

Note:

⁽¹⁾ Appointed with effect from CMA approval vide Circular dated 12.01.2013

⁽²⁾ Appointed with effect from CMA approval vide Circular dated 16.06.2013

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am delighted to share with you the performance of the Company for the financial year ending 31 December 2013.

The year 2013 has been both challenging and rewarding for Anfaal Capital. We began the year by installing new leadership in the Company – promoting the incumbent Chief Operating Officer to be the acting Chief Executive Officer – and consequently sanctioning an organization-wide restructuring. The focus of the restructuring was targeted towards increasing overall productivity and cost efficiency of the Company. While maintaining a healthy Saudization level of above 40% throughout, the Company managed to recruit new talents to strengthen the Company's distribution team and also its execution capabilities. Today, Anfaal Capital is gradually growing its reputation to be a specialist in the real estate fund space in the domestic market.

In addition to the recurring management fees from Alfareeda Fund, during the year, the Company managed to close an advisory and private placement mandate for Bidaya Home Finance Company ("Bidaya"). That apart, the management is working on two other real estate fund pipeline deals with a combined deal value of more than SAR 600 million which will see fruition in 2014.

With the introduction of the New Prudential Rules from 1 January 2013, tied with the low risk nature of the activities that the Company was mandated, the Board of Directors foresee no reason to maintain a large surplus of unutilized capital. As such, a Board decision was made to redeem the Subordinated Debt of SAR 5.44 million to shareholders upon its maturity in June 2013.

Another milestone achieved by the Company was the completion of the shareholders transfer exercise on 4 September 2013 between Maybank Investment Bank, Islamic Corporation for Development and Alnumu Real Estate Company upon receiving the approval from the Saudi Arabian General Investment Authority.

Operating Results

Overall revenue recorded an increase by 79% in 2013 from 2012 due to the Advisory fees collected from Bidaya and two pipeline real estate funds, in addition to the full year contribution from Alfareeda Fund's management fees. The Company's main source of revenue in 2013 was still from Alfareeda Fund, albeit a declining dependency from 97% recorded in 2012 to 80% of the total revenues generated in 2013.

Financial year ending 31 December (SAR, unless stated otherwise)	*2011	2012	2013	Change Y-o-Y
Total Revenues	12,557,500	7,710,960	13,769,831	+79 %
Total Expenses	25,724,599	12,908,230	10,881,251	-16 %
Profit/(Loss) from Operations	-13,167,099	-5,197,270	2,888,580	-156 %
Net Profit/(Loss) for the year	-12,495,326	-5,116,025	4,069,386	-180 %
Earnings/(Loss) per Share	-2.50	-1.02	0.81	-180 %

* FY2011 was a 21-month financial period starting from 23 March 2010 to 31 December 2011

Total expenses saw a reduction by 16% in 2013 from 2012: mainly due to reductions in Staff Salaries, Office Rent and all other expenses in general, as a result of a cost efficiency drive undertaken by the management.

Anfaal recorded its maiden profit during the financial year ending 31 December 2013 registering SAR 4.069 million in Net Profit for the Year: the first of many to come, God willing.

Investment Return & Productivity Measures

The productivity and cost efficiency drive undertaken by the Company in 2013 resulted in an improved metrics compared to the previous financial year. Overall shareholders' return on investment measured in terms of ROE and ROCE in 2013 were 9.72% and 5.08%, respectively.

Financial year ending 31 December (SAR, unless otherwise stated)	2012	2013	Change Y-o-Y
Net Profit/(Loss) after Zakat & Tax	-6,092,391	3,260,427	-154 %
Share Capital	50,000,000	50,000,000	
Sub Debt SAR 10 mil	10,000,000	10,000,000	
Sub Debt SAR 5.44 mil	5,440,000	0	
Shareholders Funding Account	1,499,950	1,499,950	
Total Capital Employed	66,939,950	61,499,950	-8 %
Return on Equity (ROE)	-17.43 %	9.72 %	-156 %
Return on Capital Employed (ROCE)	-9.10 %	5.08 %	-156 %
Revenue per Average Employee	371,057	679,574	+83 %
Average Remuneration per Employee	382,399	301,203	-21 %
Revenue generated per every Riyal of remuneration	0.97	2.26	+133 %

The improvement in both the ROE and ROCE came at the back of higher productivity: revenue generated per Riyal spent on employee remuneration in 2013 more than doubled to 2.26 compared to 0.97 recorded the previous year. Average remuneration per employee saw a reduction by 21% through the reorganization and restructuring exercise, while revenue booked per employee jumped by 83% to almost SAR 680,000.

Conclusion

In conclusion, on behalf of the Board of Directors, I wish to extend our gratitude and appreciation to the shareholders for their care and support concerning the Company's matters, and wish for the continuation of such support to achieve the objectives of the Company. Through the tireless dedication of the Board of Directors in providing guidance and the sincere efforts undertaken by the management team, the Company has been able to show a turnaround. By the grace of God, and the continued support from the shareholders, the Board of Directors expect the year 2014 will be a better year for the Company.

We wish the Company's continued progress and success, by the grace of God.

With best regards,

Khalid Mohamed Nasser Al Aboodi

Chairman

CORPORATE GOVERNANCE STATEMENT

The Company is committed to adopt corporate governance practices in line with regulations issued by the authorities in the Kingdom of Saudi Arabia, and where possible, to embrace international standards and best corporate governance practices as well.

Corporate Governance Requirements Resolution No. 3-4-2011 dated 23 Jan 2011	Compliance Commitment Level		
	Non Committed	Semi Committed	Fully Committed
1. Restructure the Board of Directors of the Authorized Person to include independent members not fewer than two, or, one-third of the members of the Board, whichever is greater			✓
2. Issuing an Annual Report that includes:			
(a) Description of key business activities, plans and key decisions such as restructuring, expansion or suspension of operations;			✓
(b) Financial results of the Authorized Person and comments from the external auditors, if any;			✓
(c) Names of companies which the Board Member is a director, formation and composition of the Board of Directors and the classification of its members;			✓
(d) Brief description of the terms of reference of the Board Committees, its functions with the names of the chairman and members, and the number of meetings held;			✓
(e) Details of remuneration and compensation paid by the Authorized Person to the Board Members and 5 senior executives in the Company who received the highest total remuneration in addition to the CEO and the CFO;		✓	
(f) Any penalty, sanction or reserve restriction imposed on the Company by the CMA or any other supervisory, judiciary or regulatory authorities or in other jurisdictions; and			✓
(g) The results of the annual audit review of the effectiveness of internal control procedures of the company.			✓
3. Authorized Person to send a copy of Annual Report to CMA during the first quarter of the year following the fiscal year			✓
4. Authorized Persons should establish the governance structure necessary to develop a code of conduct of corporate governance to include the following:			
(a) Define procedures and restrictions for the membership of the Board of Directors of the Authorized Person and the responsibilities and basic functions;			✓
(b) Define the authorities of the Board of Directors and the executive management;			✓
(c) Develop the code of conduct for the employees of the Authorized Person; and			✓
(d) The formation of oversight committees.			✓

FORMATION OF THE BOARD OF DIRECTORS

Pursuant to the CMA Resolution No 3-4-2011 issued via Circular dated 23 January 2011, the Board of Directors of the Company was restructured to include at least two or one-third independent members. In 2013 the Board of Directors of the Company includes three (3) independent members from various backgrounds to ensure board effectiveness and balance.

MEMBERSHIP OF THE BOARD, NUMBER OF MEETINGS HELD IN 2013 AND ATTENDANCE RECORD

Name of Director Position	Membership Classification	Attendance Record	04.03.13 Meeting	06.05.13 Meeting	22.09.13 Meeting	02.12.13 Meeting
1 Khalid Al Aboodi	Non-Executive	4/4	✓	✓	✓	✓
2 Tengku Dato Zafrul Abdul Aziz ⁽¹⁾	Non-Executive	3/3	✓	✓	✓	
3 Alyas Al Meftah	Non-Executive	4/4	✓	✓	✓	✓
4 Abdulwahhab Al Dahlawi	Non-Executive	4/4	✓	✓	✓	✓
5 Farid Arshad Masood	Non-Executive	4/4	✓	✓	✓	✓
6 Mohamad Yasin Abdullah ⁽²⁾	Non-Executive	2/2			✓	✓
7 Dr. Abubaker Ali Bagabir ⁽³⁾	Independent	4/4	✓	✓	✓	✓
8 Abdul Hamid Sh Mohamed ⁽³⁾	Independent	3/4	✓	✓	--	✓
9 Saud Al Sabhan ⁽³⁾	Independent	3/4	✓	✓	✓	--

Note:

⁽¹⁾ Resignation was accepted by the Board on 2.12.2013

⁽²⁾ Appointed with effect from CMA approval vide Circular dated 16.06.2013

⁽³⁾ Appointed with effect from CMA approval vide Circular dated 12.01.2013

None of the members of the Board hold an executive position in the Company. Non-executive members of the Board are persons of calibre, credibility and have the necessary skill and experience to bring an independent judgement to bear on the issues of strategy, performance and resources; including key appointments and standards of conduct.

The next table highlights the directorships held by members of the Board in other Joint Stock Companies, Public Companies and Financial Institutions.

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 : Khalid Al Aboodi				✓	
1	Burj Bank	Pakistan		✓	
2	Tamweel Africa Company	Senegal		✓	
3	Tatarstan International Investment Company	Tatarstan		✓	
4	Al Majmoua Al Mouritania pou l'Investissement	Mauritania		✓	
5	Alinma Tokyo Marine Company	Saudi Arabia			✓
6	Ibdar Bank BSC	Bahrain			✓
Name : Alyas Al Meftah				✓	
1	Ewaan Global Residential Company	Saudi Arabia		✓	
2	TDB Solutions WLL	Bahrain	✓		
3	IIB France Investments	Bahrain		✓	
4	IIB KSA Investments	Bahrain		✓	
Name : Saud Al Sabhan					✓
1	Integration Company Capital	Saudi Arabia		✓	
2	Future Ceramics Company	Saudi Arabia			✓
3	Umm Al Qura Cement Company	Saudi Arabia			✓
Name : Abdul Hamid Sh Mohamed					✓
1	Symphony House Berhad	Malaysia	✓		
2	SILK Holdings Berhad	Malaysia			✓
3	MMC Corporation Berhad	Malaysia			✓
4	SCOMI Engineering Berhad	Malaysia			✓
5	POS Malaysia Berhad	Malaysia			✓
6	KFH Asset Management Sdn Bhd	Malaysia			✓
Name : Farid Arshad Masood				✓	
1	Caspian International Investment Company	Azerbaijan		✓	
2	JS Global Capital Limited	Pakistan			✓

FUNCTIONS OF THE BOARD OF DIRECTORS

The Board of Directors of the Company is ultimately responsible for the stewardship of the Company. It does not actively manage but rather oversees the day-to-day management delegated to the CEO and the other officers of the Company. The principal responsibilities and functions of the Board, among others, is the following:

1. Reviewing, approving and supervising the adoption of the strategic plans of the Company;
2. Reviewing the adequacy and integrity of the Company's internal control systems including systems for compliance with applicable laws and regulations and the supervision of it;
3. Drafting a Corporate Governance Code for the Company, supervising and monitoring in general the effectiveness of the code and amending it whenever necessary;
4. Laying down specific and explicit policies, standards and procedures, for the membership of the Board of Directors and implementing them after they have been approved by the General Assembly;
5. Outlining a written policy that regulates the relationship with stakeholders with a view to protecting their respective rights; and
6. Deciding 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.

Without prejudice to the competences of the General Assembly, the company's Board of Directors shall assume all the necessary powers for the Company's management. The Board may set up Board Committees or delegate some of its powers to a third party; however, the ultimate responsibility for the Company will still rest with the Board of Directors.

BOARD OF DIRECTORS' COMMITTEES

EXECUTIVE, INVESTMENT & REMUNERATION COMMITTEE ("EXCOM")

The EXCOM oversees that the Business, Investment & Financial, and the Operational performances of the Company are in accordance with the approved strategic business plan and budget, and recommends changes to the Board as appropriate.

The EXCOM periodically reviews and provides views on the overall strategic business direction of the company; the financial and business performance of the company; and provides necessary advice thereto and where necessary; and advises the management on the day-to-day management activities of the company to ensure that the business of the Company is operating effectively for the long term creation of value for shareholders through financial and non-financial means.

Also, the EXCOM reviews and appraises performance of the investment portfolios and the investment managers and other investment professionals regularly, to ensure adherence to policy guidelines and to monitor progress towards achieving investment objectives. Where and when applicable, the committee also reviews and approves management's suggested investment strategy for the Company's own account and any underwriting exposure, including asset allocation, risk profile, exit strategy, investment horizon and other relevant considerations.

The scope of the EXCOM also covers that of a nomination and remuneration committee. EXCOM is responsible to develop the strategies and policies related to staff recruitment, reward, retention, motivation and career development.

The EXCOM is chaired by a non-executive member of the Board and all of the members of the committee are solely responsible to the Board of Directors.

The EXCOM consists of at least three (3) members appointed by the Board, two (2) of which are members of the Board, or, representatives of the members of the Board. The Board appoints one (1) of the Board members of the EXCOM to serve as its chairman and the chairman shall generally lead the direction of the EXCOM. The Board shall have the authority at any time to change the composition of the committee and to fill EXCOM vacancies. The EXCOM’s recommendations and actions shall be reported to the Board.

The EXCOM shall meet monthly except for the month when Board Meeting is being held or at any time upon request made by the Board of Directors or as the committee deems necessary. The EXCOM held ten (10) meetings throughout the financial year ended 31 December 2013.

The EXCOM Chairman may request any other member of management or other outside party to attend meetings and provide relevant information on the issues to be deliberated at the committee meetings.

MEMBERSHIP OF EXCOM, NUMBER OF MEETINGS HELD IN 2013 AND ATTENDANCE RECORD

Name of Member Position	Membership Status	Attendance	23.01.13	12.02.13	23.02.13	13.04.13	06.05.13	10.06.13	02.07.13	31.07.13	09.09.13	21.11.13
Farid Masood Chairman	Board Member	10/10	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Abdulwahhab Dahlawi Member	Board Member	10/10	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mohamad Yasin Member	Board Member	6/7				--	✓	✓	✓	✓	✓	✓
Saud Al Sabhan Member	Board Member	6/7				✓	✓	✓	✓	--	✓	✓
Ahmed Muzni Member	CEO	10/10	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

AUDIT, RISK & COMPLIANCE COMMITTEE (“ARCO”)

The ARCO scope of responsibility covers the following: reviewing the Company’s financial reporting process to ensure accuracy and sufficient disclosure; developing and maintaining programs that protect from unanticipated loss by providing systematic risk analysis and developing techniques to reduce potential exposure to loss; minimizing legal or regulatory risks and to demonstrate the Company’s commitment to follow all laws and regulations and to maintain the highest ethical standards.

The ARCO consists of at least five (5) members including the Compliance and Money Laundering Reporting Officer (MLRO). The members are appointed by the Board. Four (4) members of the Committee shall be a quorum.

Members of the ARCO must have at least a Director who has significant financial and business experience. The majority of the members of the ARCO shall be independent from the management and shall meet the requirements of the applicable law, rules and regulations. For clarity, Compliance and MLRO and Internal Audit Officer are reporting direct to the Board and they are classified as independent. The Board appoints a member

of the committee who is not from the management to serve as its chairman, who shall generally lead the direction of the ARCO. The Board shall have the authority at any time to change the membership of the ARCO and to fill vacancies on the Committee. The Committee's recommendations and actions shall be reported to the Board.

The ARCO shall meet at least quarterly in a calendar year to carry out its responsibilities. The Committee held four (4) meetings throughout the financial year ended 31 December 2013. Meetings may be called by the Chairman of the ARCO and the Chairman may request any other member of management or other outside party to attend meetings and provide relevant information on the issues to be deliberated at the meeting.

MEMBERSHIP OF ARCO, NUMBER OF MEETINGS HELD IN 2013 AND ATTENDANCE RECORD

Name of Member Position	Membership Status	Attendance Record	04.03.13	06.05.13	22.09.13	02.12.13
Alyas Al Meftah Chairman	Board Member	4/4	✓	✓	✓	✓
Abubaker Bagabir Member	Board Member	3/3		✓	✓	✓
Abdul Hamid Sh Mohamad Member	Board Member	2/3		✓	--	✓
Mohamad Yasin Abdullah Member	Board Rep	1/1	✓			
Mohamed Kherooa Member	Board Rep	1/2		✓	--	
Ayman Bitar Member	Board Rep	1/1				✓
Abdullah Al Malki Member	Compliance MLRO	4/4	✓	✓	✓	✓
Ahmed Muzni Mohamed Member	CEO	4/4	✓	✓	✓	✓
Mir Ghouse Moenuddin Member	Head of Finance	4/4	✓	✓	✓	✓

REMUNERATION & COMPENSATION

No remunerations have been paid to Board Members for the Financial Year 2013, save the meeting allowances paid to independent members disclosed in the table below.

Name of Director	Annual Remuneration	Meeting Allowances	Total Payment for FY2013
1 Khalid Al Aboodi	--	--	--
2 Tengku Dato' Zafrul Tengku Abdul Aziz	--	--	--
3 Alyas Al Meftah	--	--	--
4 Abdulwahhab Al Dahlawi	--	--	--
5 Farid Arshad Masood	--	--	--
6 Mohamad Yasin Abdullah	--	--	--
7 Dr. Abubaker Ali Bagabir	--	SAR 8,000	SAR 8,000
8 Abdul Hamid Sh Mohamed	--	SAR 6,000	SAR 6,000
9 Saud Al Sabhan	--	SAR 6,000	SAR 6,000
Total Payment	--	SAR 20,000	SAR 20,000

Total remuneration paid by the Company to the top five executives (including the CEO and CFO) during the financial year 2013 is disclosed below.

Total Remuneration (FY2013)	SAR'000 960 - 720	SAR'000 720 - 360	SAR'000 360 - 240
1. CEO & Head of Asset Management	✓		
2. Head, Investments Coverage	✓		
3. Head, Business Support Group	✓		
4. Head, Asset Management - Real Estate		✓	
5. Head, HR, Admin and IT		✓	
6. Head, Finance & Accounting			✓

PUNISHMENT OR PENALTY IMPOSED BY THE CMA OR ANY OTHER SUPERVISORY, JUDICIAL OR REGULATORY AUTHORITY IN SAUDI ARABIA OR IN OTHER JURISDICTIONS

The Company has not been imposed any penalty or any punishment by the Capital Market Authority or any other supervisory, judicial or regulatory authority in Saudi Arabia or in other jurisdictions.

THE RESULTS OF THE ANNUAL AUDIT REVIEW OF THE ADEQUACY AND EFFECTIVENESS OF INTERNAL CONTROL PROCEDURES OF THE COMPANY

The Board is responsible for internal control in Anfaal Capital and for reviewing the adequacy and integrity of the control system, and its effectiveness. The Board ensures that the Company has appropriate policies and procedures, financial authority limits, a risk management system, as well as internal audit generally designed for safeguarding the shareholders' investment and the Company's assets against unauthorized use; for maintaining proper accounting records; and for the reliability and usefulness of financial information used within the business or for publication. The Board reviews the adequacy and effectiveness of the system of internal controls through the Audit Committee which oversees the work of the internal auditors and comments made by the external auditors in their management letter and internal audit reports.

During 2013, acknowledging the need for independent assessment on the adequacy and effectiveness of the existing internal control system in line with a growing business outlook, the Board decided to outsource the role of internal auditor to KPMG. Its role as internal auditor is to independently review the design effectiveness and operating efficiency of the internal control systems and policies established by both business line managers and by compliance & risk management functions to ensure that the Company is operating within its stated risk appetite and in compliance with the regulatory framework. The results of the audit findings are scheduled to be presented to the Audit Committee over the course of 2014.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

- That in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
- That the financial statement has been prepared correctly in accordance with recognized accounting standards and in accordance with the Company's circumstances in conformity with the Company's regulations and the Company's Articles of Association. Also the internal control system has been prepared on sound principles which were effectively implemented and there is no reasonable doubt regarding the Company's capability to carry out its activities;
- That the external auditor has given an unqualified opinion on the financial statements; and
- That the annual accounts have been prepared on a going concern basis.

The audited financial statements for the year ended 31 December 2013 and the independent auditors' report follows.

ANFAAL CAPITAL
(A Closed Joint Stock Company)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
AND INDEPENDENT AUDITORS' REPORT



INDEPENDENT AUDITORS' REPORT

February 26, 2014

To the Shareholders of Anfaal Capital:
(A Saudi Closed Joint Stock Company)

Scope of audit

We have audited the accompanying balance sheet of Anfaal Capital (the "Company") as of December 31, 2013 and the related statements of income, cash flows and changes in shareholders' equity for the year then ended, and the notes from 1 to 18 which form an integral part of the financial statements. These financial statements, which were prepared by the Company in accordance with Article 123 of the Regulations for Companies and presented to us with all information and explanations which we required, are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Unqualified opinion

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

- Present fairly, in all material respects, the financial position of the Company as of December 31, 2013 and the results of its operations and its cash flows for the year then ended in conformity with accounting standards generally accepted in Saudi Arabia appropriate to the circumstances of the Company; and
- Comply, in all material respects, with the requirements of the Regulations for Companies and the Company's By-laws with respect to the preparation and presentation of financial statements.

PricewaterhouseCoopers


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ANFAAL CAPITAL
(A Closed Joint Stock Company)

Balance sheet

(All amounts in Saudi Riyals unless otherwise stated)

	Note	As at December 31,	
		2013	2012
Assets			
Current assets			
Cash and cash equivalents	4	9,207,417	47,438,803
Short-term investment (wakala investment)	14	30,000,000	-
Accounts receivable	5	5,172,696	1,205,480
Accrued income	14	1,099,268	-
Prepayments and other receivables	6	843,329	943,154
		46,322,710	49,587,437
Non-current assets			
Property and equipment	7	1,303,337	388,762
Intangible assets (software)	8	2,401	83,684
		1,305,738	472,446
Total assets		47,628,448	50,059,883
Liabilities			
Current liabilities			
Subordinated loans	14	10,000,000	15,440,000
Accounts payable		112,972	327,585
Accrued and other liabilities	9	801,906	853,893
Zakat and income tax payable	10	1,045,508	1,212,915
		11,960,386	17,834,393
Non-current liabilities			
Employee termination benefits	11	496,856	314,711
Total liabilities		12,457,242	18,149,104
Shareholders' equity			
Share capital	12	50,000,000	50,000,000
Shareholders' funding account	14	1,499,950	1,499,950
Accumulated losses		(16,328,744)	(19,589,171)
Total shareholders' equity		35,171,206	31,910,779
Total liabilities and shareholders' equity		47,628,448	50,059,883
Commitments	18		

The notes on pages 19 to 29 form an integral part of these financial statements.

ANFAAL CAPITAL**(A Closed Joint Stock Company)****Income statement**

(All amounts in Saudi Riyals unless otherwise stated)

		Year ended December 31,	
	Note	2013	2012
Revenues			
Management fee		11,000,281	1,205,480
Arrangement fee and advisory services		2,769,550	6,505,480
Total revenues		13,769,831	7,710,960
Expenses			
Salaries and other benefits		6,827,133	8,241,043
Rent	18	921,250	1,210,000
Professional and consultant fees		1,270,897	1,266,555
Travel		526,689	635,485
Depreciation and amortization	7, 8	409,726	490,858
Insurance		212,347	176,019
Other expenses	15	713,209	888,270
Total expenses		10,881,251	12,908,230
Income / (loss) from operations		2,888,580	(5,197,270)
Other income			
Financial income		1,138,988	80,971
Gain on disposal of property and equipment		41,818	274
Net income / (loss) for the year		4,069,386	(5,116,025)
Basic earnings / (loss) per share:			
	17		
From operating income / (loss)		0.58	(1.04)
From net income / (loss)		0.81	(1.02)
Diluted earnings per share:			
	17		
From operating income / (loss)		0.56	-
From net income / (loss)		0.79	-

The notes on pages 19 to 29 form an integral part of these financial statements.

ANFAAL CAPITAL**(A Closed Joint Stock Company)****Cash flow statement**

(All amounts in Saudi Riyals unless otherwise stated)

	Note	Year ended December 31,	
		2013	2012
Cash flow from operating activities			
Net income / (loss) for the year		4,069,386	(5,116,025)
<u>Adjustments for non-cash items</u>			
Employee termination benefits provision	11	200,811	158,575
Depreciation and amortization	7,8	409,726	490,858
Gain on disposal of property and equipment		(41,818)	(274)
<u>Changes in working capital</u>			
Accounts receivable		(3,967,216)	807,256
Accrued income	14	(1,099,268)	-
Prepayments and other receivables		99,825	(489,741)
Accounts payable		(214,613)	30,166
Accrued and other liabilities		(51,987)	100,632
Employee termination benefits paid	11	(18,666)	(546,357)
Net cash utilized in operating activities		(613,820)	(4,564,910)
Cash flow from investing activities			
Short-term investment	14	(30,000,000)	-
Purchase of property and equipment	7	(1,405,997)	(14,341)
Proceeds from disposals of property and equipment		204,797	2,300
Net cash utilized in investing activities		(31,201,200)	(12,041)
Cash flow from financing activities			
Subordinated loan repaid to shareholders	14	(5,440,000)	-
Zakat paid	10	(976,366)	(692,551)
Net cash utilized in financing activities		(6,416,366)	(692,551)
Net change in cash and cash equivalents		(38,231,386)	(5,269,502)
Cash and cash equivalents at beginning of the year		47,438,803	52,708,305
Cash and cash equivalents at end of the year	4	9,207,417	47,438,803
Supplementary information for non-cash transaction			
Zakat and income tax charged to shareholders' equity accounts	10	808,959	976,366

The notes on pages 19 to 29 form an integral part of these financial statements.

ANFAAL CAPITAL
(A Closed Joint Stock Company)
Statement of changes in shareholders' equity
(All amounts in Saudi Riyals unless otherwise stated)

	Note	Saudi shareholders	Foreign shareholder	Total
Share capital				
December 31, 2011 and 2012		41,000,000	9,000,000	50,000,000
Sale of shares between the shareholders	12	(8,584,990)	8,584,990	-
December 31, 2013	12	32,415,010	17,584,990	50,000,000
Shareholders' funding account				
December 31, 2011 and 2012		1,229,950	270,000	1,499,950
Transfer of loan to the foreign shareholder	14	(270,000)	270,000	-
December 31, 2013	14	959,950	540,000	1,499,950
Accumulated losses				
December 31, 2011		(11,247,621)	(2,249,159)	(13,496,780)
Net loss for the year		(4,195,141)	(920,884)	(5,116,025)
Zakat	10.2	(976,366)	-	(976,366)
December 31, 2012		(16,419,128)	(3,170,043)	(19,589,171)
Net income for the year		2,976,406	1,092,980	4,069,386
Zakat	10.2	(655,412)	-	(655,412)
Income taxes	10.2	-	(153,547)	(153,547)
December 31, 2013		(14,098,134)	(2,230,610)	(16,328,744)
Total shareholders' equity				
December 31, 2013		19,276,826	15,894,380	35,171,206
December 31, 2012		25,810,822	6,099,957	31,910,779

The notes on pages 19 to 29 form an integral part of these financial statements.

ANFAAL CAPITAL

(A Closed Joint Stock Company)

Notes to the financial statements for the year ended December 31, 2013

(All amounts in Saudi Riyals unless otherwise stated)

1 General information

Anfaal Capital (the "Company") is a Closed Joint Stock Company incorporated on February 24, 2010 through ministerial resolution and commenced its business from the date of ministerial resolution No.122 dated March 23, 2010 announcing the incorporation of the Company. The Company is involved in the business of Managing, Custody, Advising and Arranging of securities. The Company is an Authorized Person licensed by Capital Market Authority of Saudi Arabia. (License No. 09140-36) and the Saudi Arabian General Investment Authority (License No. 112031016038-01). The registered address of the Company is P.O. Box 126575, 1st floor Aster Center, Al Khaldiyyah District, Prince Mohammed bin Abdulaziz Road, Jeddah 21352, Kingdom of Saudi Arabia.

The accompanying financial statements were authorized for issue by the Company's Board of Directors on February 16, 2014.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1 Basis of preparation

The accompanying financial statements have been prepared under the historical cost convention on the accrual basis of accounting, and in compliance with accounting standards promulgated by Saudi Organization for Certified Public Accountants.

2.2 Critical accounting estimates and judgments

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of certain critical estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

2.3 Foreign currency translations

(a) Reporting currency

The financial statements of the Company are presented in Saudi Riyals which is the reporting currency of the Company.

(b) Transactions and balances

Foreign currency transactions are translated into Saudi Riyals using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Such exchange adjustments were not significant for the years presented.

2.4 Cash and cash equivalents

Cash and cash equivalents include cash in hand and with banks and other short-term highly liquid investments with maturities of three months or less from the purchase date.

2.5 Short-term investment

Short-term investment represents placements (wakala investment) with financial institutions with original maturities of more than three months but not more than one year from the purchase date.

2.6 Accounts receivable

Accounts receivable are carried at original invoice amount less provision for doubtful accounts. A provision against doubtful accounts is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Such provisions are charged to income statement. When an account receivable is uncollectible, it is written-off against the provision for doubtful accounts. Any subsequent recoveries of amounts previously written-off are credited in the income statement.

2 Summary of significant accounting policies (continued)

2.7 Property and equipment

Property and equipment are carried at cost less accumulated depreciation. Depreciation is charged to the income statement, using the straight-line method, to allocate the costs of the related assets to their residual values over the following estimated useful lives:

	Number of years
• Furniture and fixtures	5
• Leasehold improvements	7
• Computers and accessories	3
• Office equipment	5

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the income statement.

Maintenance and normal repairs which do not materially extend the estimated useful life of an asset are charged to the income statement as and when incurred. Major renewals and improvements, if any, are capitalized and the assets so replaced are retired.

2.8 Intangible assets

Intangible assets are carried at cost less accumulated amortization. Expenditure to acquire intangible assets having future benefits is capitalized and amortized using the straight-line method over their useful lives. The Company's intangible assets comprise of computer software that is amortised over 3 years.

2.9 Impairment of non-current assets

Non-current assets 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 asset exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-current assets other than intangible assets 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 income statement. Impairment losses recognized on intangible assets are not reversible.

2.10 Accounts payable and accruals

Liabilities are recognized for amounts to be paid for goods and services received, whether or not billed to the Company.

2.11 Provisions

Provisions are recognized when; the Company has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

2.12 Zakat and taxes

In accordance with the regulations of the Department of Zakat and Income Tax ("DZIT"), the Company is subject to zakat attributable to the Saudi shareholders and to income taxes attributable to the foreign shareholder. Provisions for zakat and income taxes are charged to the equity accounts of the Saudi and the foreign shareholders, respectively. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined.

2 Summary of significant accounting policies (continued)

Deferred income taxes are recognized on all major temporary differences between financial income and taxable income during the period in which such differences arise, and are adjusted when related temporary differences are reversed. Deferred income tax assets on carry forward losses are recognized to the extent that it is probable that future taxable income will be available against which such carry-forward tax losses can be utilized. Deferred income taxes are determined using tax rates which have been enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax asset arising out of such temporary differences were not recorded as of December 31, 2013 and 2012 as the recovery of such asset is not probable in the near future.

The Company withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

2.13 Employee termination benefits

Employee termination benefits required by Saudi Labor and Workman Law are accrued by the Company and charged to the income statement. The liability is calculated at the current value of the vested benefits to which the employee is entitled, should the employee leave at the balance sheet date. Termination payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the laws of Saudi Arabia.

2.14 Borrowings

Borrowings are recognized at the proceeds received, net of transaction costs incurred, if any. Borrowing costs are charged to the income statement.

2.15 Revenues

Revenues are recognized on the performance of the service based on the contractual terms. Arrangement and management fee is recognized based on contractual terms and conditions as agreed with counter parties.

2.16 General and administrative expenses

General and administrative expenses include direct and indirect costs not specifically part of costs of revenues as required under generally accepted accounting principles.

2.17 Operating leases

Rental expenses under operating leases are charged to income statement over the period of the respective lease.

2.18 Segment reporting

The Company does not have any business or geographical segments. Accordingly, the disclosures related to segment reporting are not required.

2.19 Reclassification

For better presentation, certain reclassifications are made in 2012 corresponding figures to conform to 2013 presentation.

3 Financial instruments and risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risks and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by senior management under policies approved by the board of directors. The most important types of risk are credit risk and cash flow interest rate risks.

3 Financial instruments and risk management (continued)

Financial instruments carried on the balance sheet include cash and cash equivalents, short-term investment, accounts receivable, other receivable, accounts payable, accrued and other liabilities and subordinated loans from shareholders. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial asset and liability are offset and net amounts reported in the financial statements, when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

3.1 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's transactions are principally in Saudi Riyals and US Dollars. Since Saudi Riyal is pegged with US Dollar, there is no significant currency exchange exposure to the Company.

3.2 Cash flow interest rate risks

Cash flow interest rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial positions and cash flows. The Company's management monitors such exposures and believes the exposure is not significant to the Company.

3.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company has concentration of credit risk as it has short-term investment in one financial institution. The risk of concentration is mitigated since the investment is with a reputable financial institution. Cash is placed with banks with sound credit ratings. Accounts receivable, principally due from related parties, are carried net of provision for doubtful accounts.

3.4 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 an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet any future commitments.

3.5 Price risk

The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Company is not exposed to equity securities price risk.

3.6 Fair value

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. Management believes that the fair values of the Company's financial assets and liabilities are not materially different from their carrying values.

4 Cash and cash equivalents

	2013	2012
Cash in hand	-	56
Cash at bank	9,207,417	12,438,747
Short-term investment (Time deposit)	-	35,000,000
	<u>9,207,417</u>	<u>47,438,803</u>

5 Accounts receivable

	Note	2013	2012
Trade		-	56,250
Less: provision for doubtful debts		-	(56,250)
		-	-
Related parties	14	5,172,696	1,205,480
		5,172,696	1,205,480

Movement in provision for doubtful debts is as follows:

	2013	2012
Opening balance	56,250	56,250
Write-off	(56,250)	-
Ending balance	-	56,250

6 Prepayments and other receivables

	2013	2012
Security deposits	230,600	74,000
Prepaid insurance	170,168	324,361
Cost recoverable from funds under incorporation	150,575	-
Other prepayments	105,139	215,263
Advances to employees	97,802	63,900
Prepaid rent	73,333	264,000
Other receivable	15,712	1,630
	843,329	943,154

7 Property and equipment

	January 1, 2013	Additions	Disposal	December 31, 2013
Cost				
Furniture and fixtures	253,694	416,242	(253,694)	416,242
Leasehold improvements	71,240	955,165	(71,240)	955,165
Computers and accessories	874,714	28,790	-	903,504
Office equipment	68,644	5,800	(29,078)	45,366
	1,268,292	1,405,997	(354,012)	2,320,277
Accumulated depreciation				
Furniture and fixtures	(124,676)	(68,697)	145,819	(47,554)
Leasehold improvements	(24,843)	(83,838)	29,083	(79,598)
Computers and accessories	(696,535)	(164,946)	-	(861,481)
Office equipment	(33,476)	(10,962)	16,131	(28,307)
	(879,530)	(328,443)	191,033	(1,016,940)
	388,762			1,303,337

7 Property and equipment (continued)

	January 1, 2012	Additions	Disposal	December 31, 2012
Cost				
Furniture and fixtures	253,694	-	-	253,694
Leasehold improvements	71,240	-	-	71,240
Computers and accessories	866,953	14,341	(6,580)	874,714
Office equipment	68,644	-	-	68,644
	<u>1,260,531</u>	<u>14,341</u>	<u>(6,580)</u>	<u>1,268,292</u>
Accumulated depreciation				
Furniture and fixtures	(73,937)	(50,739)	-	(124,676)
Leasehold improvements	(14,666)	(10,177)	-	(24,843)
Computers and accessories	(420,452)	(280,637)	4,554	(696,535)
Office equipment	(19,747)	(13,729)	-	(33,476)
	<u>(528,802)</u>	<u>(355,282)</u>	<u>4,554</u>	<u>(879,530)</u>
	<u>731,729</u>			<u>388,762</u>

8 Intangible assets (software)

	2013	2012
Cost		
Opening and ending balance	<u>406,729</u>	406,729
Accumulated amortization		
Opening balance	(323,045)	(187,469)
Additions	(81,283)	(135,576)
Ending balance	<u>(404,328)</u>	(323,045)
Net book value at December 31	<u>2,401</u>	<u>83,684</u>

9 Accrued and other liabilities

	2013	2012
Accrued expenses	441,906	502,427
Commission	360,000	-
Accrued vacation pay	-	351,466
	<u>801,906</u>	<u>853,893</u>

10 Zakat and income tax matters

10.1 Components of zakat base

The significant components of the zakat base of the Company attributable to the Saudi shareholders, which are subject to adjustment under zakat and income tax regulations, are as follows:

	2013	2012
Share capital at beginning of the year	50,000,000	50,000,000
Provisions at beginning of the year less paid during the year	370,961	212,386
Property and equipment, as adjusted	(1,448,884)	(682,736)
Zakat base of the Company	48,922,077	49,529,650
Saudi shareholders share of zakat base at 64.83002% (2012: 82%)	31,716,192	40,614,313
Adjusted net income / (loss) for the year attributable to Saudi shareholders	3,322,899	(3,888,534)
Subordinated loans from Saudi shareholders	6,400,000	12,110,000
Saudi shareholders' funding account	959,950	1,229,950
Saudi shareholders share in beginning accumulated loss	(16,419,128)	(11,247,621)
Zakat provision	236,549	236,549
Adjusted zakat base attributable to Saudi shareholders	26,216,462	39,054,657

Zakat is payable at 2.5 percent of the higher of the approximate zakat base and the adjusted net income attributable to the Saudi shareholders. Certain adjustments under income tax and zakat regulations are made to arrive at the adjusted net income / (loss) for the year.

10.2 Provision for zakat and income taxes

	Zakat	Income taxes	Total
January 1, 2013	1,212,915	-	1,212,915
Provision	655,412	153,547	808,959
Payments	(976,366)	-	(976,366)
December 31, 2013	891,961	153,547	1,045,508
January 1, 2012	929,100	-	929,100
Provision	976,366	-	976,366
Payments	(692,551)	-	(692,551)
December 31, 2012	1,212,915	-	1,212,915

Income tax is calculated at 20% of the adjusted net income attributable to the foreign shareholder adjusted for carry forward losses to the extent of 25% of adjusted net income attributable to the foreign shareholder.

10.3 Status of final assessments

The Company filed the zakat and tax return for the long period ended December 31, 2011 and the year ended December 31, 2012, and obtained the unrestricted zakat and tax certificates. The Company has not received any assessment from DZIT for such period.

10 Zakat and income tax matters (continued)

10.4 Temporary and permanent differences

	2013	2012
Net income / (loss) for the year	4,069,386	(5,116,025)
Temporary differences:		
- Employee termination benefits	182,145	158,575
- Provision for doubtful debts	(56,250)	-
- Depreciation	121,204	183,015
- Gain on disposal of property and equipment	(41,818)	(274)
Permanent differences:		
- Repairs and maintenance	63,761	27,549
- Other	8,120	5,045
Adjusted net income / (loss) for the year	4,346,548	(4,742,115)

11 Employee termination benefits

	2013	2012
Opening balance	314,711	702,493
Provision	200,811	158,575
Payments	(18,666)	(546,357)
Ending balance	496,856	314,711

12 Share capital

The share capital of the Company as of December 31 was comprised of 5,000,000 shares stated at Saudi Riyals 10 per share owned as follows:

Shareholder	Nationality	2013	2012
Islamic Corporation for the Development of Private Sector (ICD)	Saudi Arabia	37.82998%	37%
Maybank Investment Bank Berhad (MIB)	Malaysia	35.16998%	18%
Alnumu Real Estate Company Limited (AREC)	Saudi Arabia	0.00004%	18%
Mr. Abed Abdulrasool Abdulnabi AlZeera	Bahrain	18.00000%	18%
Mr. Khalid Mohamed Nasser Al-Aboodi	Saudi Arabia	9.00000%	9%
		100%	100%

During the year AREC sold its 858,499 shares to MIB and 41,499 shares to ICD. Legal formalities for such transfers were completed during the year 2013.

13 Statutory reserve

In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia, the Company transfer 10% of the net income for the year to a statutory reserve, after absorbing the accumulated losses, until such reserve equals 50% of its share capital. The Company did not transfer any amount to the statutory reserve during the year due to accumulated deficit balance.

14 Related party matters

14.1 Related party transactions

Significant transactions with related parties in the ordinary course of business included in the financial statements are summarized below:

	2013	2012
Short-term investment	30,000,000	-
Management fee	11,000,281	1,205,480
Arrangement fee and advisory services	2,599,550	6,405,480
Financial income	1,099,268	-

14.2 Related party balances

Significant year end balances arising from transactions with related parties are as follows:

	2013	2012
(i) Short-term investment	30,000,000	-

It represents a wakala investment in ICD having a maturity of one year and yields financial income at 3.8% per annum. The investment was liquidated on its maturity subsequent to the year end in January 2014.

	2013	2012
(ii) Receivable from related parties		
ICD (for services rendered)	2,400,000	-
Alfareeda Residential Fund	2,772,696	1,205,480
	5,172,696	1,205,480

	2013	2012
(iii) Accrued income on wakala investment	1,099,268	-

It represents accrued income on wakala investment in ICD having a maturity of one year and yields financial income at 3.8% per annum.

	2013	2012
(iv) Subordinated loans from shareholders		
ICD	3,700,000	6,845,000
MIB	3,600,000	3,330,000
AREC	-	1,800,000
Mr. Abed Abdulrasool Abdulnabi AlZeera	1,800,000	1,800,000
Mr. Khalid Mohamed Nasser Al-Aboodi	900,000	1,665,000
	10,000,000	15,440,000

This represents two interest free subordinated loans from the Company's shareholders amounting to Saudi Riyals 10 million and Saudi Riyals 5.44 million. Both the loans were repayable in 2012. The repayment period of the loan of Saudi Riyals 5.44 million was extended during 2012 to May 2013 and was paid during 2013. During 2013 the repayment period of the loan of Saudi Riyals 10 million was extended to February 2014.

14 Related party matters (continued)

(v) Shareholders' funding account

<u>Shareholder</u>	2013	2012
ICD	555,000	555,000
MIB	540,000	270,000
AREC	-	270,000
Mr. Abed Abdulrasool Abdulnabi AlZeera	269,950	269,950
Mr. Khalid Mohamed Nasser Al-Aboodi	135,000	135,000
	1,499,950	1,499,950

These represent subordinated interest free convertible loans which are not redeemable at the option of the shareholders. The loans are convertible into shares at the option of the shareholders. As a consequence of sale of shares between the shareholders (see Note 12), AREC's share in the shareholders' funding account was assigned to MIB.

15 Other expenses

	2013	2012
Subscription and registration fees	286,004	276,058
Information technology	173,923	179,150
Utilities	75,041	71,157
Repairs and maintenance	20,976	5,792
Marketing	-	210,370
Miscellaneous	157,265	145,743
	713,209	888,270

16 Assets under management

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

The assets under management outstanding at the end of the year for a real estate mutual fund amounted to Saudi Riyals 643.19 million (2012: Saudi Riyals 550 million).

17 Earnings / (loss) per share

Earnings / (loss) per share for the years ended December 31, 2013 and 2012 have been computed by dividing the operating and net income / (loss) by weighted average number of shares outstanding during the years.

The Company has convertible loans amounting to Saudi Riyals 1,499,950. The effect of their conversion was anti-dilutive for the year 2012 and, accordingly, diluted earnings per share were not disclosed.

18 Operating leases

The Company has its office space under an operating lease. Rental expense for the year ended December 31, 2013 amounted to Saudi Riyals 921,250 (2012: Saudi Riyals 1,210,000). Future rental commitments at December 31 are as follows:

Years ending December 31:	2013	2012
2013	-	744,333
2014	403,333	484,000
2015	484,000	484,000
2016	80,667	80,667
	968,000	1,793,000