RAYA FINANCING COMPANY
(SAUDI CLOSED JOINT STOCK COMPANY)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT FOR THE PERIOD FROM INCEPTION (JANUARY 28, 2015) TO DECEMBER 31, 2015

RAYA FINANCING COMPANY
(SAUDI CLOSED JOINT STOCK COMPANY)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
FOR THE PERIOD FROM INCEPTION (JANUARY 28, 2015) TO DECEMBER 31, 2015

Deloitte.

Deloitte & Touche
Bakr Abulkhair & Co.
Public Accountants
P.O. Box 442
Jeddah 21411
Kingdom of Saudi Arabia

Tel: +966 (0) 12 657 2725
Fax: +966 (0) 12 657 2722
www.deloitte.com

License No. 96
Head Office: Riyadh

INDEPENDENT AUDITORS' REPORT

To the shareholders
Raya Financing Company
Dammam, Kingdom of Saudi Arabia

Scope of Audit:

We have audited the accompanying statement of financial position of Raya Financing Company (Saudi Closed Joint Stock Company) ("the Company"), as of December 31, 2015 and the related statements of profit or loss, cash flows and changes in shareholders' equity for the period from inception (January 28, 2015) to December 31, 2015 and the notes 1 to 14 which form an integral part of these financial statements. These financial statements are the responsibility of the Company's management and have been prepared by them in accordance with International Financial Reporting Standards and the provisions of Article 123 of the Regulations for Companies and submitted to us together with all the information and explanations. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the Kingdom of 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 misstatements. 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 principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable degree of assurance to enable us to express an opinion on the financial statements.

Unqualified Opinion:

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

1. Present fairly, in all material respects, the financial position of the Company as of December 31, 2015 and the results of its operations and its cash flows for the period from inception (January 28, 2015) to December 31, 2015 in accordance with International Financial Reporting Standards; and

2. Comply with the requirements of the Regulations for Companies and the Company's by laws as they relate to the preparation and presentation of these financial statements.

Emphasis of a Matter:

We draw attention to the fact that management has prepared these financial statements in accordance with International Financial Reporting Standards and not in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia as referred to in note 3 to the financial statements.

Deloitte & Touche
Bakr Abulkhair & Co.

Al-Mutahhar Y. Hamiduddin
License No. 296
24 Sha'ban, 1437
May 31, 2016

ديلويت آند توش
بكر أبو الخير وشركاهم
محاسبون قانونيون
ترخيص رقم ٩٦ Lic. 96
C.P.A
Deloitte & Touche
Bakr Abulkhair & Co.

RAYA FINANCING COMPANY
(SAUDI CLOSED JOINT STOCK COMPANY)

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2015

	Note	SR
ASSETS		
Current assets		
Cash and cash equivalents	5	**99,999,900**
Prepayments and other receivables	6	**150,253**
Total current assets		**100,150,153**
Non-current assets		
Property and equipment, net	7	**567,291**
TOTAL ASSETS		**100,717,444**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Due to a related party	11	**8,536,884**
Accrued expenses	8	**285,356**
Total current liabilities		**8,822,240**
Non-current liabilities		
End-of-service indemnities	9	**940,833**
Shareholders' equity		
Share capital	1	**100,000,000**
Loss for the period		**(9,045,629)**
Total shareholders' equity		**90,954,371**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**100,717,444**

The accompanying notes form an integral part of these financial statements

RAYA FINANCING COMPANY
(SAUDI CLOSED JOINT STOCK COMPANY)

STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD FROM INCEPTION (JANUARY 28, 2015) TO DECEMBER 31, 2015

	Note	SR
Pre-establishment expenses	11	**(4,203,899)**
General and administrative expenses	10	**(4,841,730)**
LOSS FOR THE PERIOD		**(9,045,629)**

The accompanying notes form an integral part of these financial statements

RAYA FINANCING COMPANY
(SAUDI CLOSED JOINT STOCK COMPANY)

STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM INCEPTION (JANUARY 28, 2015) TO DECEMBER 31, 2015

	SR
OPERATING ACTIVITIES	
Net loss	(9,045,629)
Adjustments for:	
Depreciation	166,284
End-of-service indemnities	119,494
Changes in operating assets and liabilities	
Prepayments and other receivables	(150,253)
Due to related party and accrued expenses	8,910,004
Cash used in operations	(100)
Net cash used in operating activities	(100)
FINANCING ACTIVITIES	
Share capital introduced	100,000,000
Net change in cash and cash equivalents	99,999,900
Cash and cash equivalents, January 28	-
CASH AND CASH EQUIVALENTS, DECEMBER 31	99,999,900
Non-cash transactions:	
End-of-service indemnities transfer in from a related party	821,339
Property and equipment transfer from a related party	733,575

The accompanying notes form an integral part of these financial statements

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM INCEPTION (JANUARY 28, 2015) TO DECEMBER 31, 2015

	Note	Share capital SR	Losses for the period SR	Total SR
Share capital introduced	1	100,000,000	-	100,000,000
Net loss for the period		-	(9,045,629)	(9,045,629)
December 31, 2015		100,000,000	(9,045,629)	90,954,371

The accompanying notes form an integral part of these financial statements

1. ORGANIZATION AND ACTIVITIES

Raya Financing Company ("the Company") is a Saudi closed joint stock company, registered on 8 Rabi II, 1436H corresponding to January 28, 2015 under the commercial registration number 2050104609. The share capital of the Company is SR 100 million divided into 10 million shares of SR 10 each as of December 31, 2015.

The shareholders of the Company and their respective shareholders as at December 31, 2015 are as follows:

Name	Amount	No. of Shares	Ownership percentage
Al Majdouie Motors Company Limited	20,000,000	2,000,000	20%
Al Majdouie Manufacturing Company Limited	20,000,000	2,000,000	20%
Majd Real Estate Development Company Limited	20,000,000	2,000,000	20%
Al Majdouie Logistics Company Limited	20,000,000	2,000,000	20%
Al Majdouie Education and Training Company Limited	20,000,000	2,000,000	20%
Total	100,000,000	10,000,000	100%

The principal activity of the Company is to participate in finance lease activities under the approval of the Saudi Arabian Monetary Agency (SAMA) in accordance with the regulations for companies, Implementing Regulation of the Finance Companies Control Law and SAMA regulations. The Company is operating under SAMA approval no. 351000153064 dated 25 Dhul Hijjah 1435.

As per the by laws of the Company, its first fiscal period is from inception (January 28, 2015) to December 31, 2015. As the Company has not yet received the license to conduct finance lease operations, there was no commercial activity undertaken during the period.

The Company's registered office is in Dammam, Kingdom of Saudi Arabia.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

2.1 New and revised IFRSs applied with no material effect on the financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2015, have been adopted in these financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Annual Improvements to IFRSs 2010 - 2012 Cycle that includes amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.

- Annual Improvements to IFRSs 2011 - 2013 Cycle that includes amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40.

- Amendments to IAS 19 Employee Benefits to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONTINUED)

2.2 New and revised IFRS in issue but not yet effective

The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to IAS 1 *Presentation of Financial Statements* relating to Disclosure initiative	1 January 2016
Amendments to IFRS 11 *Joint arrangements* relating to accounting for acquisitions of interests in joint operations	1 January 2016
Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* relating to clarification of acceptable methods of depreciation and amortization	1 January 2016
Amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture* relating to bearer plants	1 January 2016
Amendments to IAS 27 *Separate Financial Statements* relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements	1 January 2016
Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 28 *Investment in Associates and Joint Ventures* relating to applying the consolidation exception for investment entities	1 January 2016
Annual Improvements to IFRSs 2012 - 2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34	1 January 2016

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONTINUED)

2.2 New and revised IFRS in issue but not yet effective (Continued)

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS 9 Financial Instruments (revised versions in 2009, 2010, 2013 and 2014)	1 January 2018

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

- **Classification and measurement**: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

- **Impairment:** The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.

- **Hedge accounting**: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

- **Derecognition**: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONTINUED)

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS 7 *Financial Instruments: Disclosures* relating to disclosures about the initial application of IFRS 9	When IFRS 9 is first applied
IFRS 7 *Financial Instruments: Disclosures* relating to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	When IFRS 9 is first applied
IFRS 15 *Revenue from Contracts with Customers*	1 January 2018

In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONTINUED)

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS 16 *Leases*	1 January 2019
IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.	
Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely

Management anticipates that these new and revised standards, interpretations and amendments will be adopted in the Company's financial statements for the year beginning 1 January 2016 or as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 9 and IFRS 15, may have no material impact on the financial statements of the Company in the period of initial application.

Management anticipates that IFRS 15 and IFRS 9 will be adopted in the Company's financial statements for the annual year beginning 1 January 2018. The application of IFRS 15 and IFRS 9 may have significant impact on amounts reported and disclosures made in the Company's financial statements in respect of revenue from contracts with customers and the Company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of effects of the application of these standards until the Company performs a detailed review.

3. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance
The management prepared these financial statements in accordance with International Financial Reporting Standards and not in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia.

Basis of preparation
The financial statements are prepared under the historical cost convention.

3. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional and presentational currency
The financial statements are presented in Saudi Arabian Riyals being the functional currency of the Company.

Pre-establishment expenses
Expenses incurred before the establishment of the Company were born by a shareholder and transferred to the Company during the year.

Expenses
Operating expenses include direct and indirect expenses of the Company incurred for the purpose of administration. Expenses incurred before the start of commercial operations are expensed in the period these are incurred.

Cash and cash equivalents
Cash and cash equivalents include cash and bank balances, demand deposits and highly liquid investments with original maturity of three months or less.

Property and equipment
Property and equipment are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed, while expenditure for improvements is capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight line method. Leasehold improvements are amortized over the shorter of the estimated useful life or the remaining term of lease.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of operations.

The estimated useful lives are as follows:

	Years
Furniture, fixtures and appliances	10
Computer and equipment	3

Foreign currency translation
Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of comprehensive income.

Impairment of financial assets
Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been affected. If such evidence exists, the estimated recoverable amount of the asset is determined and any impairment loss recognized for the difference between the recoverable amount and the carrying amount. Impairment losses are recognized in the statement of comprehensive income.

3. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial assets
The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the carrying amount of financial assets derecognized and the sum of the consideration received and receivable is recognized in profit or loss.

Zakat
The Company is subject to the Regulations of the Department of Zakat and Income Tax ("DZIT") in the Kingdom of Saudi Arabia. Zakat provided on an accrual basis and charged to the statement of comprehensive income. The zakat charge is computed on the Saudi shareholder's share of zakat base. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

Provisions
A provision for incurred liabilities is recognized when the Company has a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

End-of-service indemnities
End-of-service indemnities, required by Saudi Arabian labor law, are provided in the financial statements based on the employees' length of service.

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 3, management is required to make estimates and assumptions about the carrying amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of property and equipment

The Company's Directors determine the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the assets and physical wear and tear. Residual values and useful lives are reviewed annually and future depreciation charge will be adjusted when the useful lives differ from previous estimates.

5. CASH AND CASH EQUIVALENTS

As at December 31, 2015, cash and cash equivalents consist entirely of cash and bank balances.

6. PREPAYMENTS AND OTHER ASSETS

	SR
Prepaid expenses	71,926
Employees receivables	78,327
	150,253

7. PROPERTY AND EQUIPMENT, NET

	Vehicles SR	Furniture and fixtures SR	Computer and office equipment SR	Total SR
Cost				
Transfer from a related party	108,535	569,555	55,485	733,575
December 31, 2015	108,535	569,555	55,485	733,575
Depreciation				
Charge for the year	63,312	94,499	8,473	166,284
December 31, 2015	63,312	94,499	8,473	166,284
Net book value				
December 31, 2015	45,223	475,056	47,012	567,291

8. ACCRUED EXPENSES

	SR
Accrued – staff tickets	58,331
Accrued – staff vacation	227,025
	285,356

9. END-OF-SERVICE INDEMNITIES

	SR
Transfer from a related party	821,339
Provision for the year	119,494
December 31	940,833

10. GENERAL AND ADMINISTRATIVE EXPENSES

	SR
Employee cost	1,954,197
Professional fees	1,391,003
Rent	337,714
Governmental fees	398,100
Depreciation	166,284
Others	594,432
	4,841,730

11. RELATED PARTY TRANSACTIONS

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

Name	Relationship
Al Majdouie Motors Company Limited	Shareholder

During the year, the Company's significant transactions and the related approximate amounts are as follows:

	SR
Transfer of pre-establishment expenses	4,203,899
Expenses paid by a related party	4,841,730
End-of-service indemnities transferred	821,339
Property and equipment transferred	733,575

Due to a related party

	SR
Al Majdouie Motors Company Limited	8,536,884

12. ZAKAT

No provision for zakat has been made as the Company has not yet completed one full year of operations as of December 31, 2015.

13. FAIR VALUES OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments consist of financial assets and financial liabilities. Accounting policies for financial assets and liabilities are set out in Note 3.

Capital risk management
The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balances.

The capital structure of the Company consists entirely of equity comprising issued share capital. The Company is debt free.

Capital requirements are set and regulated by the Saudi Arabian Monetary Agency. These requirements are put in place to ensure sufficient solvency margins. Further objectives are set by the Company to maintain healthy capital ratios in order to support its business objectives and maximize shareholders' value.

The Company manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in market conditions and risk characteristics of the Company's activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue shares.

Categories of financial instruments

A summary of financial assets and liabilities is as follows:

	SR
Financial assets	
Cash and cash equivalents	99,999,900
Financial liabilities	
Accrued expenses and due to a related party	8,822,240

The risk associated with financial instruments and the Company's approaches to managing such risks are described below:

Market risk
Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and other changes in market prices will affect the Company's results or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company's activities do not significantly expose it to the financial risks of changes in interest rates and other changes in market prices.

Interest rate risk management
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed to interest rate risk as it does not hold any financial instrument which bears interest.

13. FAIR VALUES OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Interest rate sensitivity analysis
There was no floating interest bearing borrowing as at December 31, 2015.

Credit risk management
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 does not have any significant credit risk exposure to any single counterparty or any Company of counterparties having similar characteristics. The Company defines counterparties as having similar characteristics if they are related entities. The Company seeks to limit the credit risk through dealing with good reputable banks.

The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk.

The Company has not obtained collateral of any kind.

Liquidity risk management
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. To mitigate the risk, management has diversified funding sources and assets are managed with a liquidity approach, maintaining a healthy balance of cash and cash equivalents. The Company manages the maturities of the Company's financial assets and liabilities in way to be able to maintain an adequate liquidity.

Liquidity and interest risk table
The following table details the Company's expected maturity for its financial liabilities. The table below has been drawn up based on the undiscounted contractual maturities of the financial liabilities.

Financial liabilities

2015

	Less than 12 months SR	More than 12 months SR	Total SR
Accrued expenses and due to a related party	**8,822,240**	-	**8,822,240**

Currency risk management
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company is not exposed to foreign currency risk as it does not hold any foreign currency financial assets or liabilities at December 31, 2015.

13. FAIR VALUES OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Fair value of financial instruments
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Directors consider that the fair value of the Company's financial instruments carried at amortized cost approximate their carrying value. There are no financial assets or financial liabilities measured at fair value as at the reporting date.

14. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements have been approved by the management on May 31, 2016.