شركة الباحة الإستثمار والتنمية
AlBhaha Investment & Development co

The increase in capital through the issue of new stocks for the acquisition under this Prospectus is subject to the approval of the stockholders. An invitation was issued for the Extraordinary General Meeting of the Company to approve the issuance of the new stocks on 09/07/1438AH (corresponding to 06/04/2017). The stockholders are aware that if the stockholders' approval of the issue of the new stocks in this Prospectus is not obtained, the issue of the new stocks and the acquisition transaction will be suspended and this Prospectus will be deemed null and void, and in such case the stockholders will be notified accordingly.

A Saudi joint stock company was established under the decision of His Excellency the Minister of Commerce No. 600 dated 05/06/1413AH and under the Commercial Register No. 5800005960 issued on 19/07/1413AH (corresponding to 12/01/1993).

AlBhaha Investment & Development Co. issued 14.500.000 new ordinary stocks at nominal value against the acquisition of all the shares in the capital of Elegant Centers Co. Ltd (for further details on the acquisition, please see section "General Background on Acquisition" page 91). This will increase the capital of AlBhaha from 150.000.000 SR to 295.000.000 SR, and the number of stocks from 15.000.000 stocks to 29.500.000 stocks, with an increase of 49.15% of the company's capital after the increase (equivalent to 96.67% of the company's capital before the increase). AlBhaha owns 100% of shares of Elegant Centers. The new stocks subject matter of the request shall have all rights to existing stocks, including voting rights, rights to dividends, redemption or repurchase rights, or rights in surplus assets upon liquidation, dissolution or otherwise and other rights.

AlBhaha Investment & Development Co. (hereinafter referred to as "AlBhaha" or the "Company") is a Saudi joint stock company established under the decision of His Excellency the Minister of Commerce No. 600 dated 05/06/1413AH and Commercial Register No. 5800005960 issued at AlBaha city on 19/07/1413AH (corresponding to 12/01/1993). The Company's current capital is 150.000.000 SR (one hundred fifty million SR) divided into 15.000.000 stocks with a nominal value of 10 SR per stock (referred to individually as "Current Stock" and collectively as "Current Stocks") and all such stocks are paid in full. There are no senior stockholders who own 5% or more of the company's stocks within stockholders of AlBhaha Investment & Development Co.

Upon the resolution of the Extraordinary General Meeting held on 16 Rajab 1436AH (corresponding to 05 May 2015), which includes the acquisition of existing and unlisted companies through the issuance of stocks, AlBhaha announced the execution of an acquisition agreement on 11/10/1438AH (corresponding to 12/10/2016) of Elegant Centers Co. Ltd (hereinafter referred to as "Elegant Centers", "Centers", or "Elegant Centers Co.", a limited liability company (the target company) established under Commercial Register No. 1010428696 dated 18/02/1436AH (corresponding to 10/12/2014), whose headquarters is located in Riyadh City, AlOlayya Quarter, Wadi Al-Artawi St., with a capital of 50.000.000 SR (fifty million SR), divided into 5.000.000 five million shares of equal value of 10 SR each. (For further details on shares of partners of Elegant Centers Co., please see section "Shares and Partners", page (69)). AlBhaha aims to acquire the shares of Elegant Centers Co. in full maintaining it as a subsidiary (hereinafter referred to as "the Acquisition", the "Acquisition transaction" or "Transaction".

Under the terms of this Acquisition, AlBhaha will issue fourteen million five hundred thousand stocks (14.500.000) at a nominal value of 10 SR per stock for the owners of Elegant Centers Co. (hereinafter referred to as "New Stocks" or "Compensation Stocks").

After obtaining the approval of the Saudi Capital Market Authority (hereinafter referred to as "Capital Market Authority" or the "Authority") to publish this Prospectus and after obtaining the relevant regulatory approvals such as the approval of the Competition Council, the Company will invite the stockholders to attend the Extraordinary General Meeting to consider the following agenda: voting (approval or rejection) to increase the capital of the Company to acquire all the shares in the capital of Elegant Centers Co. and to authorize the independent directors (parties not related to the Transaction): Prince Fahd Bin Mishary Bin Abdulmuhsen Al-Saud, Mishal Mohammed Mufti, Ziad Mohammed Al-Umr, Dr. Hatim Abdullah Al-Ghamidi and Saad Hamad Bin Saif, to take all financial and regulatory actions related to the completion of the Acquisition, including the execution of all contracts and documents for the Acquisition and for the purposes of this Acquisition, including all financial fees to be paid to the relevant authorities, such as the fees for extracting the updated commercial register, and the voting (approval or rejection) to: (1) the approval of the Acquisition Contract between AlBhaha and Elegant Centers Co, (2) issuance of new stocks for partners of Elegant Centers Co. Ltd. in the capital of AlBhaha Investment & Development Co. in accordance with the Acquisition Agreement (For further details, please see section "Final Agreement", page (100)), and (3) amendment of the Articles of Association of the Company after the Acquisition to be consistent with the Acquisition. In addition, stockholders will vote (on approval or rejection) to reduce the company's capital. For more information about the Company's intention to reduce capital, please see the Company's Plans on page (i), page (19).

The Acquisition Contract was executed and signed after examining its terms, conditions and decision by the independent directors (non-related parties) mentioned above. On 29/11/1437AH (corresponding to 01/09/2016) the directors authorized two members of the Company's Rescue and Acquisition Committee to complete the negotiations, approve the Transaction and sign on behalf of the Company all documents related to the Transaction. These members are: Mr Ziad Al-Umr and Mr. Mishal Mufti. Upon the above Board's authorization, the two authorized members signed the Acquisition Contract on 12/01/1438AH (corresponding to 12/10/2016). All directors (after excluding the related parties) believe that the Transaction and its resolution are in the interest of the Company and the stockholders as a whole and that the Transaction would contribute to the Company's future success by improving its financial position and achieving its strategy of transforming from a losing company into a profitable company for its stockholders. Accordingly, the Board of Directors, other than the related parties, recommend to the stockholders to vote on the resolution to increase the capital of the Company to acquire the shares of the partners in Elegant Centers Co.at the Extraordinary General Meeting (see section 24.1 "Extraordinary General Meeting").

All stocks issued to the Company are of one class. Each stockholder (the "Stockholder") is entitled to attend the Extraordinary General Meeting of the Company (the "General Meeting") and to vote on its resolutions. No stockholder has any voting rights of preference.

The Company has submitted an application for registration and acceptance of the listing to the Capital Market Authority and the independent directors (directors other than non-related parties) acknowledge that all regulatory requirements for the Acquisition Transaction have been met, and notwithstanding to the approval of the Extraordinary General Meeting of the resolution related to the Transaction, all approvals related to this Prospectus and the Transaction have been obtained.

This Prospectus should be read in full and the "Important Notice" and "Risk Factors" sections, page (a) and page (3) respectively, should be carefully considered before voting at the Extraordinary General Meeting whether to approve or disapprove the resolution to increase the Company's capital to acquire full shares in the capital of Elegant Centers. This Prospectus is very important and requires the attention of stockholders. If any stockholder has any doubt about the content of this Prospectus or regarding the action to be taken, then such stockholder should obtain special financial advice from any independent financial advisor authorized by the Capital Market Authority (CMA).

Financial Advisor

مجموعة الدخيل المالية
A F G ALDUKHEIL FINANCIAL GROUP

This Prospectus contains information provided in accordance with the Registration and Listing Rules issued by the Saudi Capital Market Authority (referred to as "the Authority"). Directors whose names appear on page 28 solely and jointly bear full responsibility for the accuracy of the information contained in this Prospectus and, to the best of their knowledge and belief, confirm that, following all possible studies to the reasonable extent, there are no other facts inclusion of which in the Prospectus may make any statement contained therein misleading. The Authority and the Saudi Stock Exchange (Tadawul) shall not be liable for the contents of this Prospectus, nor give any assurance regarding its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss resulting from the contents of this Prospectus or reliance on any part thereof ".

This Prospectus was issued on 09/07/1438AH (corresponding to 06/04/2017)

Important Notice

AlBhaha Investment & Development Co. ("AlBhaha") prepared this Prospectus to provide information to its stockholders so that they can make informed resolution when voting on the recommendation of AlBhaha's Board of Directors to increase the Company's capital to acquire the full shares of the partners in Elegant Centers. AlBhaha will accordingly own the whole shares of Elegant Centers Co. while maintaining it as a subsidiary, by increasing the capital of AlBhaha from 150.000.000 SR to 295.000.000 SR by issuing 14.500.000 new stocks to the partners of Elegant Centers Co., thus increasing stocks of AlBhaha from 15.000.000 stocks to 29.500.000 stocks.

AlBhaha has applied to CMA to register and accept the listing of 14.500.000 new stocks on the official list.

This Prospectus ("Prospectus") provides detailed information about AlBhaha, Elegant Centers Co. and the Acquisition Transaction. When taking votes of stockholders registered on date of holding the Extraordinary General Meeting of AlBhaha held for such purpose, the voting stockholders will be treated on the basis that their resolution is based on the information contained in this Prospectus, copies of which can be obtained from the headquarters of AlBhaha or from AlDukheil Financial Group (Financial Advisor) or by visiting the AlBhaha website (www.albahacompany.com), the financial advisor's website (www.aldukheil.com.sa) or the CMA website (www.cma.org.sa).

The financial advisor and other advisors mentioned on pages (96) and (97) have been contracted to assist in completing the works required to complete the Acquisition.

The information contained in this Prospectus at the date of issue is subject to change. In particular, the financial position of the Company and the value of stocks can be adversely affected by future developments of economic factors such as inflation, etc. or political or other factors beyond the control of the Company (see Section 2 "Risk Factors"). The submission of this Prospectus or any oral or written information relating to the stocks to be issued may not be considered as confirmation, promise or acknowledgment of the achievement of any future revenues, results or events.

No person is authorized to give any information or clarifications not included in this Prospectus, and if information or clarifications are given, it should not be relied that such information is authorized by the Company or its Board of Directors.

The information contained in this Prospectus reflects the reality as at the date of its publication, unless otherwise stated. Although the Company has taken reasonable care to prepare this Prospectus and believes that the information contained therein is correct, this does not mean that all of the said information will remain valid after the date of publication of the Prospectus. In the event of any material differences, the financial position of AlBhaha or Elegant Centers Co. and the value of the stock may be adversely affected. In the event of a significant change in the material matters contained in this Prospectus or any document required by the Registration and Listing Rules issued by the Authority or the appearance of any significant matters that should have been included in this Prospectus prior to the Extraordinary General Meeting of the Company, the Company will provide supplementary Prospectus.

This Prospectus is not considered a recommendation by the financial advisor or any of the other advisors to vote in favor of increasing the capital of AlBhaha and issuing new stocks to the owners of Elegant Centers Co. in exchange for the acquisition by AlBhaha.

AlBhaha does not intend to take any action to register this Prospectus or the stocks to be issued in any other country except Saudi Arabia. The Company requests everyone who receives this Prospectus to observe these restrictions and takes them into account in accordance with the requirements of the Registration and Listing Rules issued by the Authority. The Company has submitted to the Authority an application for registration of the stocks to be issued and acceptance of their listing pursuant to this Prospectus in the Official Register of Stockholders. This shall come into force if the Extraordinary General Meeting of AlBhaha Company approves the increase of the Company's capital to acquire the full shares of the partners of Elegant Centers Co. as shown in this Prospectus.

The proposed increase in the capital through the issuance of new stocks in the Company for the purpose of acquiring all the shares of the partners in Elegant Centers Co. pursuant to this Prospectus depends on the approval of the stockholders. An invitation to hold the Extraordinary General Meeting of the Company to approve the issuance of the new stocks was issued on 09/07/1438AH (corresponding to 06/04/2017). The stockholders are aware that if the stockholders' approval of the issue of the new stocks in this Prospectus is not obtained, the issue will be suspended and the Acquisition Transaction will be discontinued, and thus this Prospectus will be deemed null and void and in such case the stockholders will be accordingly notified.

Sector and Market Data

The market data and some sector forecasts in this Prospectus are obtained from third-party market research, information publicly available to the public and special reports prepared for the market study conducted by Elegant Centers Co., which AlBhaha intends to enter. This is not contrary to the current activity of AlBhaha, where the investment activity in the commercial complexes is one of the investment fields that will be carried out by AlBhaha according to its activity mentioned in the Commercial Register. The Company believes that the information contained in this Prospectus has been taken from reliable sources without giving any assurance of accuracy or completeness of such information. Similarly, market studies, reports and research that the Company believes to be reliable and used in this Prospectus are not independently verified and the Company makes no representation as to the accuracy of such information. Sources of public sector and market data include:

مؤسسة النقد العربي السعودي
Saudi Arabian Monetary Agency

- Saudi Arabian Monetary Agency
  P.O. Box 2992 Riyadh 11169
  Kingdom of Saudi Arabia
  Tel.: +966 (11) 4633000
  Fax: +966 (11) 4662966
  Email: info@sama.gov.sa
  Website: www.sama.gov.sa

The Saudi Arabian Monetary Agency (SAMA) is the central bank of the Kingdom of Saudi Arabia. It was established in 1372AH (1952) to undertake a number of tasks, most importantly:
- Issuance of the national currency (Saudi Riyal).
- Act as a government bank and control commercial banks.
- Control of cooperative insurance companies and free professions companies related to insurance.
- Management of foreign exchange reserves.
- Managing monetary policy to maintain the stability of prices and exchange rates.
- Encouraging the growth of the financial and banking system and ensuring its safety.

The information from the SAMA report used in this Prospectus is publicly available and therefore no approval is required for the use of this information.

الهيئة العامة للإحصاء
المملكة العربية السعودية

- General Authority of Statistics (GaStat)
  Prince Abdulrahman Bin Abdulaziz Al Saud St.
  Riyadh-Almoraba' quarter
  P.O. Box: 3735 Postal Code 11481
  Kingdom of Saudi Arabia
  Tel.: +966 (11) 4014138
  Fax: +966 (11) 4059493
  E-mail: info@stats.gov.sa
  Website: www.stats.gov.sa

GaStat is the only official statistical reference for statistical data and information in the Kingdom of Saudi Arabia. It carries out all statistical work, in addition to technical supervision of the statistical sector, as well as supervising the implementation of the national strategy for statistical work. Information obtained from the General Authority of Statistics' reports used in this Prospectus is publicly available and therefore no approval is required for the use of this information.

Colliers INTERNATIONAL

- Colliers International
  Riyadh, Alfaisaleyah Towers
  P.O. Box 5678 Pstal code 11432
  Kingdom of Saudi Arabia
  Fax: +966 (11) 2737776
  E-mail: hani.tamimi@colliers.com
  Website: www.colliers.com/en-gb/saudiarabia

Colliers International is a global real estate services company. Colliers International has prepared a market study report and has been handed over to the management of AlBhaha and Elegant Centers Co. The report covers the activity market in which Elegant Centers works and the activity in which AlBhaha intends to concentrate in the future. Colliers International has agreed to use the information in its report as well as its name, statements and logo in this Prospectus.

ATKearney

- AT Kearney
  King Faisal Charity, South Tower, 7th floor
  King Fahd road, Alolayya quarter, Riyadh
  Kingdom of Saudi Arabia
  Tel.: +966 (11) 2905200
  Fax: +966 (11) 2061285
  Email: info@atkearney.com
  Website: www.atkearney.com/riyadh

AT Kearney is a leading global provider of management advisory services and is active in more than 40 countries around the world. The information from its report used in this Prospectus is publicly available and therefore no approval is required for the use of this information.

Financial Information

The audited financial statements of AlBhaha for the years ended 31 December 2014, 2015 and 2016 have been prepared. The financial statements of Elegant Centers Co. have been prepared for the period from the date of its establishment on 10 December 2014 to 31 December 2015 and the audited financial statements for the year ended 31 December 2016, which have been included in this Prospectus in accordance with the accounting standards issued by the Saudi Organization for Certified Public Accountants (SOCPA). The financial statements of AlBhaha for the years 2014 and 2015 were audited by Rodl & Partners - Othman Mohammed Al Tuwaijri, while the financial statements for the fiscal year ended 31 December 2016 were audited by Al Azem and Al Sudairy-Certified Public Acccountants-Member of Crowe Horwath International. The financial statements of Elegant Centers Co. for the year ended 31 December 2015 were audited by Al Azem and Al Sudairy-Certified Public Acccountants - Member of Crowe Horwath International. The financial statements for the year ended 31 December 2016 were audited by Al-Dar Audit Company (Abdullah Albusari & Partners). AlBhaha and Elegant Centers Co. issue their financial statements in Saudi riyals. In addition, Abdulqader Banqa & Partners-Unified Accountants (RSM) has audited the proforma consolidated financial statements of AlBhaha and Elegant Centers for the year ended 31 December 2016 for the purpose of comparing them with the audited financial statements of AlBhaha for 2016, which were prepared on the assumption that the acquisition took place on 01 January 2016, to disclose the financial impact of the transaction on AlBhaha. The proforma audited financial statements are included in this Prospectus.

Forecasts and forward-looking statements

The statements contained in this Prospectus, which do not reflect historical facts, are forecasts and forward-looking statements, including the market expectations, financial position and results of operations of AlBhaha and Elegant Centers Co., and also the expected effects of the acquisition. The forecasts contained in this Prospectus have been prepared on the basis of specific assumptions listed by AlBhaha. Future operating conditions may differ from those assumptions. Therefore, there is no guarantee or undertaking as to the accuracy or completeness of any of these forecasts. Some of the forecasts in this Prospectus represent "forward-looking statements". These forward-looking statements are evidenced by the use of words such as "plan", "estimate", "believe", "anticipate", "may", "will", "should", "expected", "be" or "assess" or the negates of these expressions and other similar or alike terms in meaning. These statements reflect the Company's current view of future events but are not a guarantee of future performance. There are also many factors that may affect the actual performance, achievements or results achieved by the Company and lead to a difference significantly from what was explicitly or implicitly expected in these forward-looking statements. The most significant risks or factors that could lead to such an impact have been reviewed in more detail in the Risk Factors section on page 3 of this Prospectus. If one or more of these risks or uncertainties are met or the inaccuracy of any of the assumptions relied upon is not proven, the actual results may differ materially from those described in this Prospectus.
Subject to the requirements of the Registration and Listing Rules, the Company is obliged to submit a supplementary prospectus to the CMA if at any time from the date of publication of the Prospectus and prior to listing, is aware of any of the following: (i) there is a significant change in the material matters contained in the Prospectus, or any document required under the Registration and Listing Rules or (ii) the appearance of any important matters that should have been included in the Prospectus. Except for the above mentioned cases, the Company does not intend to update or amend any information about the sector, market or forward-looking statements contained in this Prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the events and circumstances of the forecasts presented in this Prospectus may not occur in the manner expected by the Company or may not occur at all. Accordingly, stockholders should consider all forecasts in the light of these clarifications, and should not rely solely on these statements.

Representations of Directors of AlBhaha

AlBhaha directors hereby acknowledge:

- No commissions, discounts, brokerage fees or other non-monetary compensations were granted by AlBhaha during the three years immediately prior to the date of submitting the application for registration and acceptance of the listing in respect of issuing or offering any securities.
- The Company has fulfilled all the conditions specified for registration, listing and all other related requirements stipulated in the Capital Market Law and the Registration and Listing Rules.
- The Board of Directors has included all the information to be included in this Prospectus under the Registration and Listing Rules.
- The Board of Directors of AlBhaha has submitted or will submit to the Authority all the documents required under the Capital Market Law and the Registration and Listing Rules.
- There are no other facts that may affect the application for registration and acceptance to the listing not included in this Prospectus.
- There is no capital of the Company covered by an option.
- There are no mortgages, rights or pledges on the property of the Company other than those referred to on page 23 of this Prospectus.
- Notwithstanding what is stated on pages (60) and (61) of this Prospectus, no lawsuit or claim, including any action files or threatened to be filed, can materially affect the business of the Company.
- The Company does not intend to make any significant change in the nature of its activity. AlBhaha intends to focus on the market of Shopping Centers (Plaza), which represents the activity of Elegant Centers Co., which AlBhaha intends to acquire in full. This is not inconsistent with the current activity of AlBhaha where the investment activity in the commercial complexes is one of the investments that will be carried out by AlBhaha according to its activity mentioned in the Commercial Register.
- There is no contract or arrangement in force or to be concluded at the time of submission of the Prospectus in which the CEO, the Financial Manager, or any of the Directors or any relative of the above has a material interest that is important to the Company's business other than as expressly provided in this Prospectus.
- With the exception of the agreement with the partners of Elegant Centers Co. to compensate them for the acquisition of their shares therein and transactions with related parties on page (d) of this Prospectus, there is no agreement, arrangement or understanding including any compensation between AlBhaha or any person collaborating with it, and between any of the owners of Elegant Centers Co. or any relative thereof.
- The Directors acknowledge that an interruption in the Company's business has had a significant adverse effect on the financial position during the last 12 months prior to the date of this Prospectus. For further details, please see page 25 of this Prospectus.
- Notwithstanding what is stated on page 36 of this Prospectus, there has been no material adverse change in AlBhaha's financial and commercial position during the three years immediately prior to the date of submission of the application for registration and acceptance of listing, in addition to the period covered by the Accountant's Report until the approval of the Prospectus.
- The financial information included in this Prospectus has been extracted from the audited financial statements without any material amendment. The financial statements have been prepared and audited in accordance with the accounting standards issued by the Saudi Organization for Certified Public Accountants.

- There are no debt instruments issued by AlBhaha or authorized and not issued, in addition to the absence of any intention to issue debt instruments in the near future.
- AlBhaha does not have any commercial activity or substantial assets outside the Kingdom.
- There has been no change in AlBhaha's capital over the last three years.
- There have been no bankruptcies to any Director, Senior Executive Officer or Board Secretary of AlBhaha.
- There have been no insolvencies in the past five years for a company in which any Director, Senior Executive Officer or Board Secretary appointed by the insolvent company in an administrative or supervisory position.
- There are no direct or indirect interests of AlBhaha with any of the owners, senior executives or any of their relatives or dependents of Elegant Centers other than as expressly provided in this Prospectus.
- Notwithstanding what is stated on page (36) of this Prospectus, neither the directors nor any of their relatives have any stocks or interests of any kind in AlBhaha.
- When voting on increasing the capital of the Company to acquire the full shares of the partners of Elegant Centers Co., the votes of stockholders in AlBhaha, to whom new stocks will be issued as holders of shares in Elegant Centers Co. will not be counted and the votes of their first class relatives and any party dealing with them will also not be counted.
- There is no power to give a director or CEO of AlBhaha the right to vote on a contract or proposal in which he has a substantial interest.
- The articles of association or any other founding documents of AlBhaha does not contain any power that gives a director or the CEO the right to vote on remunerations granted to them. In accordance with the responsibilities of the Nomination and Remuneration Committee, it recommends to the Board of Directors a policy of compensations and remunerations for the directors and senior executives, on which the Board shall vote. However, when voting on the CEO's compensations, the CEO's vote is not counted.
- There is no power to authorize the directors or senior executives to borrow from the Company.
- AlBhaha received a written confirmation from the General Manager of Elegant Centers Co. that all the information contained in this Prospectus about Elegant Centers Co. is correct, fair, complete and not misleading.
- This Prospectus includes statements prepared by experts. The Company confirms that these experts have given their written consent to use their names and to publish their logos and statements in the Prospectus as stated therin and have not withdrawn such approval until the date of this Prospectus.
- AlBhaha Board of Directors acknowledges that there are no potential obligations or guarantees to the Company not included in this Prospectus, as set forth on page 54.
- AlBhaha Board of Directors acknowledges that AlBhaha will have no working capital sufficient for the twelve months following the date of this Prospectus.
- AlBhaha Board of Directors acknowledges that AlBhaha will have working capital sufficient to its operations in the twelve months following completion of the transaction and completion of the acquisition. AlBhaha, on its own and without completion of the acquisition, does not have sufficient working capital for the mentioned twelve months period.
- In addition to the above representations, the independent members of AlBhaha of not related parties referred to on page (2), section (1) of this Prospectus acknowledge that they have no direct or indirect interest in any of the stocks of AlBhaha or shares of Elegant Centers Co. or in the acquisition contract between the parties, and they assert their complete independence with respect to the acquisition transaction subject matter of this Prospectus.
-

Representations of management of Elegant Centers Co.

Elegant Centers Co. acknowledges the following:

- No commissions, discounts, brokerage fees or any non-monetary compensation have been granted by Elegant Centers Co. during the period from establishment until the date of submitting the registration application and acceptance of the listing in respect of issuing or offering any securities.
- There has been no material adverse change in the financial and commercial position of Elegant Centers Co. during the period from establishment until the date of submitting the registration application and acceptance of the listing, in addition to the period covered by the chartered accountant's report until the publication of the Prospectus.
- Notwithstanding what is stated on page (93) of this Prospectus, the owners of Elegant Centers Co. or any of their relatives have no stocks or interest of any kind in AlBhaha.

Company's Directory
Company's Directors

	Name	Title	Capacity	Nationality	Age	No. of stocks	Ownership percentage
1	Prince Fahd Bin Mishary Bin Abdulmuhsen Al Saud	Chairman	Non-executive/Independent	Saudi	53	1.000	0.007%
2	Abdulaziz Bin Saleh AlHammadi	Member	Non-executive/Independent	Saudi	41	1.143	0.008%
3	Mohammed Bin Saleh AlHammadi	Member	Non-executive/Independent	Saudi	45	10.000	0.067%
4	Ibrahim Bin Abdullah Bin Kulaib	Member	Non-executive/non-independent	Saudi	39	1.000	0.007%
5	Mishal Bin Mohammed Mufti	Director and Financial Manager	Executive/non-independent	Saudi	34	1.250	0.008%
6	Ziad Bin Mohammed Al-Umr	Director and CEO	Executive/non-independent	Saudi	36	1.000	0.007%
7	Dr. Hatim Bin Abdullah AlGhamidi	Member	Non-executive/Independent	Saudi	40	1.000	0.007%
8	Saad Bin Hamad Bin Saif	Director and Board Secretary	Non-executive/Independent	Saudi	45	1.000	0.007%

Source: AlBhaha Co
Note: No director has 5% or more of the Company's stocks

Company's address	Board secretary
AlBhaha Investment & Development Co. **Alfarsha** St., Industrial **leather** factory, Beljarshi city, AlBaha area P.O. Box 448 Beljarshi 22888 Kingdom of Saudi Arabia Tel.: +966-17-7223333 Fax: +966-17-7224445 Website: www.albahacompany.com E-mail: info@albahacompany.com	**Saad Hamad Bin Saif** Director and Member of Audit Committee P.O. Box 448 Beljarshi 22888 Kingdom of Saudi Arabia Tel.: +966-17-7223333 Fax: +966-17-7224445 E-mail: info@albahacompany.com

The 1st Company's representative	The 2nd Company's representative
Ziad Bin Mohammed Al-Umr Director, CEO and President of Rescue and Acquisition Committee P.O. Box 448 Beljarshi 22888 Kingdom of Saudi Arabia Tel.: +966-17-7223333 Fax: +966-17-7224445 E-mail: ziad@albahacompany.com	**Mishal Mohammed Mufti** Director, Financial Manager & Member of Rescue & Acquisition Committee P.O. Box 448 Beljarshi 22888 Kingdom of Saudi Arabia Tel.: +966-17-7223333 Fax: +966-17-7224445 E-mail: mishal@albahacompany.com

Address of Elegant Centers Co.
Elegant Centers Co. Ltd Wadi Alartawi St., AlOlayya quarter, Riyadh city P.O. Box 23102 Riyadh 11321 Kingdom of Saudi Arabia Tel.: +966-11-4885577 Fax: +966-11-2173661 E-mail: info@elegantcenters.com Website: www.elegantcenters.com

Stock Market
Saudi Stock Exchange (Tadawul) Altawoniya Towers, 700 King Fahd Road P.O. Box 60612, Riyadh 11555 Tel.: +966-11-2181200 Fax: +966-11-2181260 Website: www.tadawul.com.sa

Commercial banks dealing with AlBhaha Co.	
	Riyad Bank P.O. Box 22622 Riyadh 11612 Kingdom of Saudi Arabia Tel.: +966-11-4013030, Fax: +966-11-4042707 E-mail: customercare@riyadbank.com Website: www.riyadbank.com
	National Commercial Bank P.O. Box 355 Jeddah 21481 Kingdom of Saudi Arabia Tel.: +966-12-6464999, Fax: +966-12-6465892 E-mail: contactus@alahli.com Website: www.alahli.com

Commercial banks dealing with Elegant Centers Co.	
	Arab National Bank P.O. Box 56921 Riyadh 11564 Kingdom of Saudi Arabia Tel.: +966-11-4029000, Fax: +966-11-4027747 E-mail: info@and.com.sa Website: www.anb.com.sa

Financial advisors, real estate appraisers and chartered accountants	
	Aldukheil Financial Group Almoathar St. P.O. Box 2462, Riyadh 11451 Kingdom of Saudi Arabia Tel.: +966-11-4309800 Fax: +966-11-4787569 E-mail: info@aldukheil.com.sa Website: www.aldukheil.com.sa

Legal advisor of AlBhaha Co.	
SHEARMAN & STERLING LLP IN ASSOCIATION WITH DR. SULTAN ALMASOUD & PARTNERS	**Dr. Sultan AlMasoud & Partners-Lawyers & Advisors** **In association with Shearman & Sterling LLP** Kingdom Tower, King Fahd Road P.O. Box 90217, Riyadh 11613 Kingdom of Saudi Arabia Tel.: +966-11-2112000, Fax: +966-11-2112727 E-mail: info@sa.shearman.com Website: www.shearman.com

Financial Professional Care and Economic Feasibility Study Advisor of AlBhaha Co.	
	KPMG AlFouzan & Partners-Chartered Accountants & Auditors KPMG Tower, Salah Eddin AlAyyobi St. P.O. Box 92876, Riyadh 11633 Kingdom of Saudi Arabia Tel.: +966-11-8748500, Fax: +966-11-8748600 E-mail.: fsheikh@kpmg.com Website: www.kpmg.com/sa

Market Study Advisor of AlBhaha Co.	
	Colliers International AlFaisaleya Tower, King Fahd Road P.O. Box 5678 Riyadh 11432 Kingdom of Saudi Arabia Tel.: +966-11-2737775, Fax: +966-11-2737776 E-mail: hani.tamimi@colliers.com Website: www.colliers.com/en-gb/saudiarabia

Real Estate Assets Appraiser	
	Coldwell Banker Aljame'a Center, King Fahd Road P.O. Box 271118 Riyadh 11352 Kingdom of Saudi Arabia Tel.: +966-11-2102542, Fax: +966-11-2102543 E-mail: Mohamed.alsaad@cbriyadh.com Website: www.cbriyadh.com
	Real Estate National Group AlGhadir quarter-King Abdulaziz Road P.O. Box 220191 Riyadh 11311 Kingdom of Saudi Arabia Tel.: +966-11-2108800, Fax: +966-11-2740885 E-mail: Marketing@alwataniah-rng.com Website: www.alwataniah-rng.com

	Century 21 Saudi AlMulqa quarter-Anas Bin Malik Road P.O. Box 300374 Riyadh 11372 Kingdom of Saudi Arabia Tel.: +966-11-4000360, Fax: +966-11-2175582 E-mail: alaat@century21saudi.com Website: www.century21saudi.com

Advisor of Engineering Supervision of Commercial Complex of Elegant Centers Co.	
	Arabian Designer for Engineering Consultations King Abdulaziz Road P.O. Box 7324 Riyad 13315 Kingdom of Saudi Arabia Tel.: +966-11-2754455 E-mail.: ceo@arabian-designer.com Website: www.arabian-designer.com

Chartered Accountant of AlBhaha Co.	
	Rodl & Partners-Othman Mohammed Al Tuwaijri AlOlayya St. P.O. Box 5361, Riyadh 11593 Kingdom of Saudi Arabia Tel.: +966-11-4631273 Fax: +966-11-4625919 E-mail: info-riyadh@rodlme.com Website: www.rodlme.com
	Al Azem & AlSudairy Co.-Certified Public Accountants Member of Crowe Horwath International P.O. Box 10504 Riyadh 11443 Kingdom of Saudi Arabia Tel.: +966-11-2175000, Fax: +966-11-2176000 E-mail: a.alazem@crowehorwath.com.sa Website: www.crowehorwath.com.sa

Chartered Accountant of Elegant Centers Co.	
	AlAzem & AlSudairi Co.- Certified Public Accountants Member of Crowe Horwath International AlTahleya St. P.O. Box 10504 Riyadh 11443 Kingdom of Saudi Arabia Tel.: +966-11-2175000, Fax: +966-11-2176000 E-mail: a.alazem@crowehorwath.com.sa Website: www.crowehorwath.com.sa
	Aldar Audi Bureau (Abdullah AlBasri & partners)-Chartered Accountants-Member of Grant Thornton International AlOlayya public road P.O. Box 2195 Riyadh 11451 Kingdom of Saudi Arabia Tel.: +966-11-4630680, Fax: +966-11-4645939 E-mail: info@aldaraudit.com Website: www.aldaraudit.com

Chartered Auditor of consolidated proforma financial statements of AlBhaha Co.	
	Dr. Abdulqader Banqa & Partners-United Accountants RSM King Abdullah road P.O. Box 8246 Riyadh 12274 Kingdom of Saudi Arabia Tel.: +966-11-4562974, Fax: +966-11-4940587 E-mail: malnader@rsmsaudi.com Website: www.rsm.global.com

** All the advisors, real estate appraisers and chartered accountants listed above have submitted their written consent to include their names, logos and statements in the form and content contained in this Prospectus. None of them has withdrawn this approval until the date of this Prospectus. None of the advisors, real estate appraisers, chartered accountants or their employees or any of their relatives have any stocks or interest of any kind in AlBhaha or Elegant Centers as at the date of this Prospectus.*

Summary of Prospectus and Capital Increase

AlBhaha will increase its capital to acquire all the shares of Elegant Centers' partners in exchange for issuing new stocks in the Company as a compensation for the partners in Elegant Centers Co., after obtaining the necessary approvals to complete the transaction. AlBhaha will issue 14.500.000 new stocks, thus bringing the total number of stocks to 29.500.000 stocks, with an increase of 96.67% of the capital prior to the issuance of the stocks, i.e. its capital would be 295.000.000 SR after the acquisition. Elegant Centers Co. will be a 100% subsidiary of AlBhaha after the acquisition.
This Prospectus should be read in full and the "Important Notice" and "Risk Factors" sections stated in the Prospectus should be carefully considered before voting at the Extraordinary General Meeting whether to approve or disapprove the resolution to increase the Company's capital to acquire full shares in the capital of Elegant Centers.

Current position of AlBhaha Co.	
Establishment	The license to establish the company as a Saudi joint stock company was issued pursuant to the decision of the Minister of Commerce No. 720 dated 29/06/1412AH (corresponding to 05/01/1992). The establishment of the company was announced by the decision of the Minister of Commerce No. 600 dated 05/06/1413AH (corresponding to 30/11/1992).
Activity	The principal activities of the Company are: The establishment, management and operation of central markets, commercial and residential complexes, hotels, furnished apartments, restaurants, cafes, buffets, bakeries, desserts, cooked and uncooked rations, fuel stations, wholesale and retail trade of foodstuffs, wholesale and retail trade of building materials, iron and general contracting of buildings, electrical, electronic and mechanical works, management, maintenance and development of real estate and maintenance, operation and cleaning contracting, buying and renting land for the construction of buildings and investment by selling or rent for the benefit of the company. 2. Establishment of various industrial projects. 3. Owning and reclamation of agricultural lands for exploitation in the establishment of agricultural and livestock production projects. 4. Establish, invest, manage, operate and maintain leisure and tourism enterprises and projects. 5. Wholesale and retail trade for what is within the scope of the company's industrial, agricultural and tourist activities, and the establishment of cooling stores and repair and maintenance workshops. 6. Commercial agencies.
Senior stockholders	The stockholders of AlBhaha Investment & Development Co. have no senior stockholders who own 5% or more of the Company's stocks, as of the date of this Prospectus.
Authorized capital	150.000.000 SR
Paid up capital	150.000.000 SR
Total authorized stocks	15.000.000 stocks
Existing stocks class	Ordinary stocks
Nominal value of stock	10 SR
\stocks previously listed	15.000.000 stocks

Current position of Elegant Centers Co.	
Establishment	Elegant Centers Co was established as a limited liability company under Commercial Register No. 1010428696 dated 18/02/1436AH (corresponding to 10/12/2014) with a paid up capital of 100.000 SR. The capital of the Company was increased to 25.000.000 SR by virtue of the partners' resolution to amend the Memorandum of Association notarized by the Notary Public No. 361397085 dated 21/10/1436AH (corresponding to 07/08/2015). The capital was then increased to 50.000.000 SR by virtue of the partners' resolution to amend the Memorandum of Association notarized by the Notary Public No. 37353159 dated 09/03/1437AH (corresponding to 20/12/2015). The Memorandum of Association has been amended to be in line with the new companies' law and notarized by the Notary Public No. 371492631 dated 06/11/1437AH (corresponding to 09/08/2016).
Authorized capital	50.000.000 SR
Paid up capital	50.000.000 SR
Total authorized and issued shares	5.000.000 shares
Existing shares class	Cash shares
Nominal value of share	10 SR
Activity	Establishment and management of central markets, commercial and residential complexes, hotels, furnished apartments, fuel stations, wholesale and retail trade of foodstuffs, building materials and iron, purchase and lease of land for the construction of buildings and investment by sale or rent.

<table>
<tr>
<td>Partners and the number of shares and percentages of ownership before and after the issuance of stocks in Elegant Centers Co.</td>
<td>The following table shows the details of partners and the number of shares and percentage of ownership before and after the issuance of stocks in Elegant Centers Co.:
<table>
<tr><th rowspan="2">No.</th><th rowspan="2">Name</th><th rowspan="2">No. of shares</th><th rowspan="2">Proportion of ownership before issuance</th><th colspan="2">Proportion of ownership after issuance</th></tr>
<tr><th>Direct ownership</th><th>Indirect ownership</th></tr>
<tr><td>1</td><td>Mohammed Saleh AlHammadi</td><td>375.000</td><td>7.5%</td><td>0%</td><td>3.720%</td></tr>
<tr><td>2</td><td>Nada Mohammed AlRajhi</td><td>400.000</td><td>8.0%</td><td>0%</td><td>3.932%</td></tr>
<tr><td>3</td><td>Fahd Mohammed AlHammadi</td><td>400.000</td><td>8.0%</td><td>0%</td><td>3.932%</td></tr>
<tr><td>4</td><td>Abdulaziz Mohammed AlHammadi</td><td>400.000</td><td>8.0%</td><td>0%</td><td>3.932%</td></tr>
<tr><td>5</td><td>Khalid Mohammed AlHammadi</td><td>400.000</td><td>8.0%</td><td>0%</td><td>3.932%</td></tr>
<tr><td>6</td><td>Saleh Mohammed AlHammadi</td><td>400.000</td><td>8.0%</td><td>0%</td><td>3.932%</td></tr>
<tr><td>7</td><td>Abdulaziz Saleh AlHammadi</td><td>475.000</td><td>9.5%</td><td>0%</td><td>4.674%</td></tr>
<tr><td>8</td><td>Fahda Ahmed Aldahsh</td><td>475.000</td><td>9.5%</td><td>0%</td><td>4.669%</td></tr>
<tr><td>9</td><td>Abdullah Abdulaziz AlHamadi</td><td>475.000</td><td>9.5%</td><td>0%</td><td>4.669%</td></tr>
<tr><td>10</td><td>Saleh Abdulaziz AlHammadi</td><td>475.000</td><td>9.5%</td><td>0%</td><td>4.669%</td></tr>
<tr><td>11</td><td>Ahmad Abdulaziz AlHammadi</td><td>475.000</td><td>9.5%</td><td>0%</td><td>4.669%</td></tr>
<tr><td>12</td><td>Ibrahim Abdullah Bin Kolaib</td><td>250.000</td><td>5.0%</td><td>0%</td><td>2.460%</td></tr>
<tr><td colspan="2">Total</td><td>5.000.000</td><td>100%</td><td>0%</td><td>49.19%*</td></tr>
</table>
* Following the issuance of the new stocks, the indirect ownership percentage of all the partners of Elegant Centers Co. in AlBhaha will be 49.19%, which is higher than the 49.15% resulted from the issuance of new stocks only due to the ownership of Mr. Mohammed AlHammadi, Mr. Abdulaziz AlHammadi and Mr. Ibrahim Bin Kolaib for stocks in AlBhaha at the time being (before the issuance of new stocks).</td>
</tr>
<tr><td>Right in dividends</td><td>Each partner in Elegant Center Co. is entitled to a proportion of dividends according to his/her percentage of ownership therein.</td></tr>
<tr><td>Voting rights</td><td>Each partner in Elegant Centers Co. shall be entitled to vote on its decisions, according to the percentage of his/her ownership therein.</td></tr>
<tr><td>Restrictions imposed on shares</td><td>There are no restrictions imposed on the shares held by the partners in Elegant Centers Co.</td></tr>
</table>

Current position of AlBhaha Co. after the acquisition	
No. of stocks to be issued	14.500.000 stocks
Proportion of increase in the capital	49.15% after issuance and increase in capital, equivalent to 96.67% before the increase
Total number of stocks after the increase of the capital	29.500.000 stocks
Class of stocks to be issued	Ordinary stocks with equal value and identical in all respects
Issue price of each stock to be issued	10 SR
Nominal value of each stock to be issued	10 SR
Premium of each stock to be issued	None
Amount agreed upon per one share in Elegant Centers Co.	29 SR
Total amount of issue	145.000.000 SR
Total increase in capital	145.000.000 SR
Company's capital after increase	295.000.000 SR
Total premium related to increase in capital	None
Uses of stocks to be issued	In kind consideration, in exchange for the acquisition of all the shares of partners in Elegant Centers. There are no arrangements to finance the acquisition through cash consideration, which will be financed through the stocks to be issued.
No. of shares to be acquired	5.000.000 shares
Equation of exchange of shares and stocks	2.9 stocks of AlBhaha will be issued for each share of Elegant Centers Co.

Parties of exchange of stocks	The first party is AlBhaha and the second party is the partners in Elegant Centers Co. listed on page (92) of this Prospectus.
Percentage of ownership of AlBhaha in Elegant Centers Co. before the acquisition	None
Percentage of ownership of AlBhaha in Elegant Centers Co. after the acquisition	100%
Percentage of existing partners in AlBhaha before and after the acquisition	Percentage of ownership in AlBhaha before the acquisition of existing stockholders to whom new stocks will not be issued is 99.92%, and after the acquisition will be 50.81%. Percentage of ownership in AlBhaha before the acquisition of shareholders to whom new stocks will be issued is 0.08%, and after the acquisition will be 49.19%.
Rights of holders of stocks to be issued in dividends	Holders of stocks to be issued (partners of Elegant Centers Co.) will have all rights and all obligations to the existing stockholders included in AlBhaha's Articles of Association.
Right of stockholders in dividends	Holders of stocks to be issued (partners of Elegant Centers Co.) will have the right to these stocks from the company's full dividends for the fiscal year 2017 and beyond, should the company distribute any dividends to its stockholders. There are no preferential rights for the holders of new stocks, whether dividends are distributed or not.
Rights of current holders of stocks	There are no changes or amendments to existing stockholders' rights after the issuance of the stocks to be issued.
Voting rights	For existing stockholders, there will be no change in their voting rights after the issuance of new stocks. For holders of new stocks, their voting rights will be fully identical to the voting rights of existing stockholders.
Restrictions imposed on stocks	After completion of the transaction, Article (13) of the Merger and Acquisition Regulation will apply to the partners in Elegant Centers Co. as the stocks they hold after the issuance will exceed 30% of the total number of stocks and will together have more than 30% of the voting rights. The partners in Elegant Centers Co. do not intend to make an offer to buy the remaining stocks in AlBhaha. The selling partners, to whom the new stocks will be issued in Elegant Centers Co. Ltd, shall be subject to a two-year prohibition period in accordance with sub-paragraph c/2 of Article 13 of the Merger and Acquisition Regulation issued by the Capital Market Authority Council pursuant to Resolution No. 1-50-2007 dated 21/09/1428AH, corresponding to 03/10/2007, as amended by the Capital Market Authority Council Resolution No. 2-4-2012 dated 28/02/1433AH corresponding to 22/01/2012, as the selling partners chose not to submit an offer for the stocks they do not hold in AlBhaha. Accordingly, they may not - without the prior approval of the Capital Market Authority and under the terms determined thereby for a period of two years from the date of acquisition which called for the application of this Article - do any of the following: • To acquire other stocks in AlBhaha • To dispose of any of their stocks in AlBhaha • To cooperate with anyone else regarding an offer presented to AlBhaha This prohibition applies to all stocks they held before the acquisition or new stocks issued to them under this acquisition transaction.
Basic procedures required	The approval of the Capital Market Authority to convene an extraordinary general meeting of AlBhaha. Voting of AlBaha' stockholders at AlBhaha's extraordinary general meeting on the recommendation of the board of directors to increase the company's capital to acquire the full shares of partners in Elegant Centers Co., approve the capital increase for the purpose of the acquisition and approve the amendment of AlBhaha's Articles of Association regarding the capital. Transfer of ownership of the shares of Elegant Centers Co. to AlBhaha. Issuing and registering the new stocks in AlBhaha on behalf of the partners in Elegant Centers Co. Amend the Articles of Association and commercial register of AlBhaha. Any other legal requirements, if any. Stockholders should read this entire Prospectus carefully, including examining "Important Notice" and "Risk Factors" sections of this Prospectus before deciding to vote on the acquisition and increase capital.
Period expected to complete all required procedures	The acquisition will be complete and effective upon the approval of AlBhaha's Extraordinary General Meeting. The required procedures are expected to be completed after the approval of the Extraordinary General Meeting within 3 weeks as indicated on page 109 of this Prospectus in the timeline expected to complete the procedures of the acquisition.

Timeline expected to complete the procedures of the acquisition	
Event	Expected time
Publication of the Prospectus	09/07/1438AH (corresponding to 06/04/2017)
The approval of the Capital Market Authority to convene an extraordinary general meeting of AlBhaha (the first meeting, provided that the second meeting is held one hour after the end of the period specified for the first meeting - in the event of a quorum not present)	Within one week from the date of publication of the Prospectus
Invitation to the Extraordinary General Meeting of AlBhaha to vote on increasing the company's capital to acquire the full shares in the capital of Elegant Centers Co. (the first meeting, provided that the second meeting is held one hour after the end of the period specified for the first meeting - in the event of a quorum not present), and the announcement of the invitation on the website of the Stock Exchange "Tadawul" and published in a daily newspaper.	Within 3 days from the date of approval by the Capital Market Authority of the convening of the Extraordinary General Meeting and before date determined to convene the extraordinary general meeting of at least 20 days.
Availability of documents available for inspection	The first business day after the date of convening the Extraordinary General Meeting until the last business day before the date of the meeting (between 8:30 am to 4:30 pm Sunday to Thursday, excluding public holidays in the Kingdom of Saudi Arabia), provided that such period shall not less than 20 days.
The remote voting period for AlBhaha stockholders to vote on the capital increase of the company to acquire full shares in the capital of Elegant Centers Co.	Before the extraordinary general meeting until 11 am on the day of the meeting, provided that this period shall not be less than four days.
Extraordinary General Meeting of AlBhaha	At least 22 days after the date of approval by the Authority for the convening of the Extraordinary General Meeting.
AlBhaha's announcement of the results of the Extraordinary General Meeting, or announcement of the non-convening of the Meeting (in case of quorum not present)	The results of the meeting (in case of quorum is present) will be announced on the Saudi Stock Exchange (Tadawul) website upon completion.
Approval by the Capital Market Authority of convening a third meeting of the Extraordinary General Meeting (if the quorum is not present at the first and second meetings)	Within one week from the date of the application for the convening of the third Extraordinary General Meeting.
Invitation to the Third Extraordinary General Meeting of AlBhaha (in the event of a quorum is not present at the first and second meetings)	Within 3 days from the date of approval by the Capital Market Authority of the invitation to hold the third meeting of the Extraordinary General Meeting.
The third Extraordinary General Meeting of AlBhaha (in case of a quorum is not present at the first and second meetings)	At least 10 days after the invitation to hold the Extraordinary General Meeting is published in the daily newspaper.
AlBhaha announces the results of the 3rd Extraordinary General Meeting of the General Meeting (if held)	The results of the meeting will be announced on the Saudi Stock Exchange (Tadawul) website immediately upon completion.
Provide the Capital Market Authority with a copy of the minutes of the Extraordinary General Meeting	Within 10 days from the date of the Extraordinary General Meeting.
Publication of amendments to the Articles of Association in the Official Gazette before being officially amended by the Ministry of Commerce and Investment	Within one week from the date of the approval of the Extraordinary General Meeting to increase the capital of the company to acquire full shares in the capital of Elegant Centers Co.
Issuing and registering new stocks of AlBhaha	Within one week from the date of the approval of the Extraordinary General Meeting to increase the capital of the company to acquire full shares in the capital of Elegant Centers Co.
Amend AlBhaha's Articles of Association and Commercial Register	Within 3 weeks from the date of approval of the Extraordinary General Meeting to increase the capital of the company to acquire full shares in the capital of Elegant Centers Co.

Source: Management of AlBhaha

* Note: The dates shown in the table above are approximate dates, and any changes thereto will be announced on Tadawul website (www.tadawul.com.sa).

Questions and answers regarding the acquisition

Why is this Prospectus issued?

This Prospectus was issued in line with the Capital Market Authority's requirements. AlBhaha intends to increase its capital by issuing new stocks constituting 96.67% of the current capital, representing 49.15% of the share capital after issuing the stocks in exchange of acquisition of Elegant Centers Co. The registration and listing rules issued by the Authority require that a prospectus be prepared when the proposed increase in capital exceeds 10% of the capital prior to the increase.

What is an acquisition?

AlBhaha owns all the shares of the partners in Elegant Centers Co. in return for issuing new stocks in AlBhaha.

Why does AlBhaha want to acquire?

AlBhaha wants the acquisition because it is in line with its Board of Directors' plan to correct the financial position of the company by reducing the accumulated losses and finding profitable and stable sources of income that will ensure the continuity of the company's business in the future. There are some justifications that AlBhaha's board of directors considers for this process, including:

1. Pursuant to Article (150) of the Companies Law issued by the Ministry of Commerce and Investment, AlBhaha Co. held an Extraordinary General Meeting on 05/10/1437AH (corresponding to 10/07/2016). A recommendation was made in such meeting to keep AlBhaha and not to dissolute or to liquidate it before its expiry date. Also, voting at such meeting was made on the continuation of the company in the exercise of its work and authorization the Board of Directors to take the necessary action.
2. The future direction of AlBhaha will match the investment in the activity of the commercial complexes, specifically in the shopping centers (plaza), with the main activity of Elegant Centers Co.
3. Owning of commercial complex (University Plaza) by Elegant Centers Co. in a distinctive location in downtown Riyadh.
4. Some of the activities of Elegant Centers Co. such as construction and commerce and others support the activities of AlBhaha, especially those investment activities that require the existing of existing properties and construction and development thereon.
5. Reducing the percentage of accumulated losses on AlBhaha from its capital. The percentage of accumulated losses after the proposed increase will decrease from 123.58% to 62.84%.
6. AlBhaha expects that the acquisition will lead to improve most of its financial indicators from profitability, debt and other indicators by comparing these indicators based on the proforma financial statements (showing the effect of the acquisition) considering the acquisition will take place in 2016. It is expected that these indicators will be improved further in the coming years as the operations of Elegant Centers Co. will begin in 2017, and this is more evident in the economic feasibility study report prepared by KPMG Al-Fouzan & Partners, available within the documents available for inspection set out on page 111 of this Prospectus, but it is not possible to confirm the improvement of the indicators after the commencement of operations.
7. The company will be able to use the cash available at Elegant Centers Co. (after spending on the construction of the University Plaza) of about twenty five million riyals (25.000.000) in the payment of some of the debts and financial obligations described in this Prospectus.

Has the commercial complex (University Plaza) been completed?

Elegant Centers Co. signed a contract with Abdullah Fahd Al-Midian Est. on 18/04/1437AH, corresponding to 28/01/2016, under which a commercial complex (University Plaza) will be built in favor of Elegant Centers Co. with a construction period of 11 months, and a construction cost of 25.28 million. However, there was a delay in the delivery of some parts of the commercial complex (University Plaza) according to the terms of the contract, which led to the application of the penal conditions stipulated in the contract signed with Abdullah Fahd Al-Midian Est. where it was supposed to hand over shops on 09/10/2016 with a delay of 142 days. Therefore, the expected date for the delivery of the shops is 28/02/2017 which necessitated a fine of 142.000 SR. As for the supermarket area, the date of delivery was according to the contract on 09/11/2016, but there was a delay of 111 days. Therefore, the expected date of delivery of the above area according to the timeline prepared by the Engineering Consultant is 28/02/2017, with a fine of 111.000 SR. As a result, it is expected that the delivery of the public site will be delayed according to the timeline prepared by the Engineering Consultant from 09/01/2017 to 28/02/2017 i.e. a delay of 50 days, which requires the application of the fine provided for in the contract amounting to 50.000 SR.

Accordingly, the total amount of the fine applied to the Abdullah Fahd Al Midian Est. as of 08 January 2017 amounted to 303.000 SR. Elegant Centers Co. has deducted the financial penalties from the dues of the Abdullah Fahd Al Midian Est. based on the signed contract. Abdullah Fahad Al Midian Est. strives to ensure that there is no additional delay in order to avoid additional fines as per the contract signed with Elegant Centers Co., noting that there is no reason to extend the contract signed until the date of this Prospectus.

Will there be a change in the management of AlBhaha after the acquisition?

Yes, a dedicated full-time management staff will be appointed to manage the affairs of the company after the acquisition. All Directors individually and collectively will undertake to appoint a dedicated, full-time management staff to take over the management of AlBhaha after completing its acquisition of Elegant Centers Co.within a period not exceeding three months from the date of completion of the acquisition transaction. The staff is mainly the CEO, Financial Manager, and Director of Personnel and Stockholders.

How will the acquisition be funded?

The acquisition will be fully financed through the issuance of 14.500.000 new stocks at a nominal value of 10 SR per stock in AlBhaha for the acquisition of all the shares of the partners in Elegant Centers Co. It should be recalled that there is no monetary consideration for this acquisition. The capital of AlBhaha will be increased from 150.000.000 SR to 295.000.000 SR divided into 29.500.000 ordinary stocks. This increase represents 96.67% of the current capital or 49.15% of the capital after issuance of the stocks.

How will the acquisition affect AlBhaha's accumulated losses?

The accumulated loss percentage of AlBhaha after the acquisition will decrease from 123.58% of the capital to 62.84% as the accumulated losses amounted to 185.366.829 one hundred and eighty five million three hundred and sixty six thousand eight hundred and twenty nine riyals as of 31 December 2016. The capital of the company will increase from (150.000.000) one hundred and fifty million riyals to (295.000.000) two hundred and ninety five million riyals after the acquisition.

What are the plans of AlBhaha to reduce the accumulated losses to less than half of the capital after the completion of the acquisition?

On 05/10/1437AH (corresponding to 10/07/2016), AlBhaha held an Extraordinary General Meeting. It was recommended at this meeting to keep AlBhaha and not to dissolve or liquidate it prior to its expiry date. Also, voting was made on the continuation of the Company to exercise its business and authorization of the Board of Directors to take the necessary action. Accordingly, after obtaining the Authority's approval for the capital increase subject matter of this Prospectus, AlBhaha will apply for the reduction of its capital to the extent that accumulated losses fall below 50% of the capital. After the Authority approves the reduction application, the Company will immediately call an Extraordinary General Meeting to vote on the capital increase and reduction resolutions. The

Extraordinary General Meeting will be for the purpose of increasing the Company's capital through the issuance of compensation stocks to the partners of Elegant Centers Co. in exchange for the acquisition of all their shares, as well as the reduction of the capital to write off the accumulated losses to the extent that these losses fall below 50% of the capital. The Board of Directors of the Company, at its meeting held on 25/05/1438AH (corresponding to 22/02/2017), recommended reducing the Company's capital from 295.000.000 SR to 177.000.000 SR, i.e. a decrease of 40%. The number of stocks of the company will be decreased from (29.500.000) stocks to (17.700.000) stocks, which means that the reduction will be by (4) stocks for each (10) stocks owned before the reduction, assuming the approval of the Authority to first increase the capital subject matter of this Prospectus. The Company has announced the Board of Directors' recommendation to reduce its capital on Tadawul website on 25/05/1438AH (22/02/2017). The capital increase and reduction of the company's capital should be completed and in turn correction of the company's situations by reducing the accumulated losses to less than half of the capital before the end of the legal period granted by the Authority and the Ministry of Commerce and Investment to companies whose losses exceeded half of their capital. The legal period will end on 25/07/1438AH (corresponding to 22/04/2017).

What would be the legal status of Elegant Centers Co. after the acquisition?

AlBhaha will acquire Elegant Center Co. in full, which will become a wholly-owned subsidiary of AlBhaha, meaning that the status of Elegant Centers Co. will not be affected after the acquisition.

Are there any significant changes in the financial position of Elegant Centers Co. since the last balance of sheet?

Yes. Elegant Centers Co.'s capital was increased from 25.000.000 SR to 50.000.000 SR in accordance with the resolution of the partners to amend the Memorandum of Association notarized by the Notary Public No. 37353159 on 09/03/1437AH corresponding to 20/12/2015. The full amount was deposited in the account of Elegant Centers Co. at Arab National Bank on 27/05/1437AH (corresponding to 07/03/2016).

Will AlBhaha's existing stockholders subscribe to the stocks to be issued under this Prospectus?

No. The new stocks to be issued are only for the partners of Elegant Centers Co. in exchange for the acquisition of their full shares.

Will the number of stocks of AlBhaha's stockholders decline after the acquisition?

No. The number of stocks of AlBhaha's stockholders will not decline after the acquisition. However, the existing stockholders' percentage of ownership will fall from 99.92% to 50.81% after the acquisition.

What is the effect of the acquisition on earnings per share?

Assuming that the acquisition took place in 2016, some of AlBhaha's profitability indicators will be negatively impacted in 2016. But this is normal as a result of the absence of operations during 2016 for Elegant Centers Co. As for the indicators related to assets, liabilities and stockholders' equity, they will be positively affected during 2016. The positive impact on the earnings per share is expected to be fully reflected in 2017 and beyond after the start of operations for Elegant Centers Co. The effect of the acquisition on indicators of earnings per share is as follows:

Table of assumed effect of acquisition on some financial indicators of AlBhaha

	For the fiscal year ended 31 December 2016	
	AlBhaha	Consolidated proforma
Revenue Growth percentage (%)	60.84%	60.84%*
Turnover of assets (time)	0.090	0.036
Percentage of gross profit per earnings (%)	6.87%	6.87%
Total percentage of net profit per earnings (%)	0.32%	0.97%
Total return on equity (%)	0.72%	0.06%
Earnings per share of main operations (SR)	0.002	(0.008)
Earnings per share from net profit (SR)	0.002	0.003
Total liabilities-to-total-assets percentage	96.00%	39.48%
Total liabilities-to-total-stockholders' equity	2399.83%	65.24%

Source: Financial Advisor's analysis of the audited financial statements of AlBhaha and of Elegant Centers Co. for the fiscal year ended 31 December 2016 and the audited consolidated proforma financial statements of AlBhaha for the fiscal year ended 31 December 2016.

* Note: Revenue growth percentage in the consolidated proforma financial statements is consistent with AlBhaha's revenue growth percentage as Elegant Centers Co. did not achieve any revenues in 2016 as it is expected to commence operations during the first quarter of 2017.

Who are the partners in Elegant Centers Co.? How many stocks will be issued to each of them in AlBhaha when acquiring Elegant Centers Co.?

The following table details the direct and indirect ownership of the partners in Elegant Centers Co. before and after the acquisition and the number of stocks that will be granted to them in AlBhaha after the acquisition.

Stockholder's name		Ownership in Elegant Centers Co. (before acquisition)		No. of existing stocks in AlBhaha	Stocks to be issued by AlBhaha	Total stocks (existing and to be issued)	Ownership in Elegant Centers Co. after acquisition	
		No. of shares	Direct ownership percentage				Direct ownership	Indirect ownership
1	Mohammed Saleh AlHammadi	375.000	7.5%	10.000	1.087.500	1.097.500	0%	3.720%
2	Nada Mohammed AlHammadi	400.000	8%	0	1.160.000	1.160.000	0%	3.932%
3	Fahd Mohammed AlHammadi	400.000	8%	0	1.160.000	1.160.000	0%	3.932%
4	Abdulaziz Mohammed AlHammadi	400.000	8%	0	1.160.000	1.160.000	0%	3.932%
5	Khalid Mohammed AlHammadi	400.000	8%	0	1.160.000	1.160.000	0%	3.932%
6	Saleh Mohammed AlHammadi	400.000	8%	0	1.160.000	1.160.000	0%	3.932%
7	Abdulaziz Saleh AlHammadi	475.000	9.5%	1.143	1.377.500	1.378.643	0%	4.674%
8	Fahda Ahmed AlDahsh	475.000	9.5%	0	1.377.500	1.377.500	0%	4.669%
9	Abdullah Abdulaziz AlHammadi	475.000	9.5%	0	1.377.500	1.377.500	0%	4.669%
10	Saleh Abdulaziz AlHammadi	475.000	9.5%	0	1.377.500	1.377.500	0%	4.669%
11	Ahmed Abdulaziz AlHammadi	475.000	9.5%	0	1.377.500	1.377.500	0%	4.669%
12	Ibrahim Abdullah Bin Kolaib	250.000	5%	1.000	725.000	726.000	0%	2.460%
Total		5.000.000	100%	12.143	14.500.000	14.512.143	0%	49.19%

Source: Acquisition contract

The indirect ownership shown in the above table will be through the owning of selling partners of compensation stocks in AlBhaha in exchange for the acquisition of their full shares in Elegant Centers Co.

For the stockholders who will receive the new stocks, how much is their ownership in AlBhaha stocks prior to the acquisition, and how much will they reach?

Their ownership in AlBhaha prior to the acquisition is 0.08%, and after the acquisition, it will be 49.19%.

For stockholders who will not receive the new stocks, how much do they own in AlBhaha stocks before the acquisition, and how much will they reach?

Ownership percentage of existing stockholders to whom new stocks will be issued in AlBahha prior to the acquisition is 99.92%, and after the acquisition will be 50.81%.

What is the purpose of AlBhaha stockholders' access to this Prospectus?

The purpose of this Prospectus is to provide the necessary information to the stockholders of AlBhaha to enable them to make a decision on AlBhaha's Board of Directors recommendation to increase the Company's capital by issuing new ordinary stocks for the purpose of acquiring Elegant Centers Co. This Prospectus should be read carefully because of important information related to the acquisition.

What are the recommendations of the Board of Directors of AlBhaha regarding the stockholder vote?

Directors (other than the related parties of acquisition) have recommended voting for capital increase and issuance of new stocks for the acquisition of Elegant Centers Co., as this acquisition would benefit AlBhaha and its stockholders. Directors other than the related parties have unanimously decided to recommend to AlBhaha stockholders to vote in favor of the recommendations on the Extraordinary General Meeting's agenda attached to this Prospectus (see Annex 24-1: Invitation to Attend the Extraordinary General Meeting of the Stockholders of the Company).

What percentage of voting is required in the Extraordinary General Meeting for the purpose of approving the acquisition and increasing the capital?

Approval of at least 75% of the stocks represented at the Extraordinary General Meeting (Article 94 of the Companies Law, paragraph 4).

Will the existing stockholders and the board of directors of AlBhaha's, who are related parties for the acquisition transaction, and who are at the same time partners in Elegant Centers Co., vote on the acquisition in the Extraordnary General Meeting of AlBhaha?

As these stockholders and directors are related parties (namely: Mr. Mohammed Saleh AlHammadi, Mr. Abdulaziz Saleh AlHammadi and Mr. Ibrahim Abdullah Bin Kolaib), the Company shall not count their votes in all Extraordinary General Meeting items relating to the increase of the Company's capital to acquire the full shares of partners in Elegant Centers.

What is required to complete the acquisition?

1. Approval by the Capital Market Authority of convening an Extraordinary General Meeting of AlBhaha.
2. Approval of the Extraordinary General Meeting of AlBhaha on the recommendation of the Board of Directors to acquire Elegant Center Co. approval on the capital increase for the purpose of the acquisition, and approval on the amendment of AlBhaha's Articles of Association regarding the capital.
3. Transfer of ownership of all shares of Elegant Centers Co. to AlBhaha.
4. Issuing and registering the new stocks in AlBhaha in the names the partners in Elegant Centers Co.
5. Amending the articles of association and the commercial register of AlBhaha.
6. Any other legal requirements, if any.

What are the methods available to AlBhaha's stockholders to vote on increasing the company's capital to acquire the full shares of the partners in Elegant Centers Co.?

Voting may be made by any of the following: attending the Extraordinary General Meeting in person, or appointing another person who is not a Director of the Company or its employees, or e-voting.

If you wish to attend in person, the voting card prepared for this purpose should be used (see Appendix 24-2: Voting Card).

In the case of appointing of another person, such client should not be a director or the employee of the company or a person assigned to perform a permanent technical or administrative work for the company's account. The proxy form (Appendix No. 24-3) shall be completed and signed and the signature shall be approved by the Chamber of Commerce or of a local bank or the employer. The client will then attend the Extraordinary General Meeting and present the proxy form in order to be able to vote.

The e-voting is made through the electronic voting service provided in tadawulaty services provided by the Saudi Stock Exchange (Tadawul). After the adoption of the agenda of the General Meeting by the Capital Market Authority and the announcement of the date of the Meeting, Tadawul will allow remote voting on the agenda items of the Meeting held in this regard. Tadawul will send text messages by mobile to invite the stockholders of the company registered in tadawulaty service to sign in the service site and voting. The stockholder will see the "e-voting" in the main list of operations. The stockholder can register in tadawulaty service electronically through his stock trading account or visit his broker's branch. Registration in tadawulaty service and remote voting is available free of charge to all stockholders. For more information, please visit http://tadawulaty.tadawul.com.sa.

What will happen if I do not cast my vote?

The Board of Directors of AlBhaha urges all stockholders of the Company entitled to vote to participate in the decision-making process by casting their votes in connection with this Strategic Decision. Therefore, the absence of attendance at the extraordinary general meeting or the non-appointment of another person to attend and vote or not to vote electronically would result in the loss of opportunity of participation in the decision, and the votes represented in the meeting only would be counted.

Who is authorized to respond to my inquiry?

The entity authorized to answer all inquiries is AlBhaha, which can be reached at the following address:

AlBhaha Investment & Development Co., Al-Farsha St., Industrial Leather Factory Bldg., P.O. Box 448 Beljarshi 22888 Beljarshi governorate, AlBaha area, Kingdom of Saudi Arabia.

You can contact any of the following to obtain the appropriate answer for all inquiries:

Ziad Mohammed AlUmr **Director, CEO and President of Rescue and Acquisition Committee** **Tel.: +966-17-7223333** **Fax: +966-17-7224445** **Email: ziad@albahacompany.com**	**Mishal Mohhamed Mufti** **Director and Member of Rescue and Acquisition Committee** **Tel.: +966-17-7223333** **Fax: +966-17-7224445** **Email: mishal@albahacompany.com**

Summary of basic information

This summary is a summary of the information contained in the Prospectus and does not include all information that may be of interest to stockholders. Stockholders of the Company entitled to vote must read this Prospectus fully before making any decision whether to vote on increasing the Company's capital in order to acquire the full shares of the partners in Elegant Centers Co. or not, meaning that the Summary of Prospectus should not be read only. Some of the terms in this Prospectus are defined under the "Definitions and Terminology" section.

Company

AlBhaha Investment & Development Co. is a Saudi joint stock company which operates in Saudi Arabia under Commercial Register No. 5800005960 dated 19 Rajab 1413AH (corresponding to 12 January 1993). The address of its headquarters is AlBaha, Beljarshi, which is identical to its registered address in the Commercial Register. The company was established by virtue of the resolution of the Minister of Commerce No. 600 dated 05/06/1413AH corresponding to 30 November 1992.

Company Vision

To work on continuous development through the development of strategic objectives to improve the performance of the company, making AlBhaha one of the main companies in the multi-investment sector.

Company Message

To commit to work with high transparency, to continue to find the best investment opportunities and to increase the value of investments according to the capabilities possessed by the company.

Company activity

The principal activities of the Company are:

1. The establishment, management and operation of central markets, commercial and residential complexes, hotels, furnished apartments, restaurants, cafes, buffets, bakeries, desserts, cooked and uncooked rations, fuel stations, wholesale and retail trade of foodstuffs, wholesale and retail trade of building materials, iron and general contracting of buildings, electrical, electronic and mechanical works, management, maintenance and development of real estate and contracting of maintenance, operation and cleaning, buying and renting land for the construction and investment of buildings by selling or rent for the benefit of the company.
2. Establishment of various industrial projects.
3. Owning and reclamation of agricultural land for exploitation in the establishment of agricultural and livestock production projects.
4. Establish, invest, manage, operate and maintain leisure and tourism enterprises and projects.
5. Wholesale and retail trade for what is within the scope of the company's industrial, agricultural and tourist activities, and the establishment of cooling stores and repair and maintenance workshops.
6. Commercial agencies.

The Board of Directors confirms that there is no intention to make any material change in the nature of the activity. Investment activity in the commercial complexes is considered one of the investment fields that AlBhaha will undertake according to its activity in the commercial register.

The objectives of the company

The company strives to achieve the following objectives:

1. Enhance the company's capabilities and competitiveness.
2. Create continuous growth through diversification of the company's income sources.
3. Establish local alliances to diversify investment opportunities.
4. Adopt the best working methods in order to reach the desired goal.
5. Apply the principle of transparency in general.

Company plans

1. On 05/10/1437AH (corresponding to 10/07/2016), AlBhaha held an Extraordinary General Meeting. It was recommended at this meeting to keep AlBhaha and not to dissolve or liquidate it prior to its expiry date, and to also vote on continuation of the company in performing its activities and authorize the Board of Directors to take the necessary action. Accordingly, after obtaining the Authority's approval for the application for capital increase subject matter of the Prospectus, AlBhaha will submit an application to reduce its capital to the extent that accumulated losses fall below 50% of the capital. After the Authority approves the reduction application, the Company will immediately call an Extraordinary General Meeting to vote on the capital increase and reduction resolutions. The Extraordinary General Meeting will be for the purpose of increasing the Company's capital through the issuance of compensation stocks to the partners of Elegant Centers Co. in exchange for the acquisition of all their shares, as well as the reduction of the capital to write off the accumulated losses to the extent that these losses fall below 50% the capital. The Board of Directors of the Company, at its meeting held on 25/05/1438AH (corresponding to 22/02/2017), recommended reducing the Company's capital from 295.000.000 SR to 177.000.000 SR with a decrease of 40%. The number of stocks of the company will be decreased from (29.500.000) stocks to (17.700.000) stocks, which means that the reduction will be by (4) stocks for each (10) stocks held before the reduction, assuming the approval of the Authority to first increase the capital subject matter of this Prospectus. The Company has announced the Board of Directors' recommendation to reduce its capital on Tadawul website on 25/05/1438AH (corresponding to 22/02/2017). The capital increase and reduction should be competed and in turn correction of the company's situation by reducing the accumulated losses to less than half of the capital before the end of the legal period granted by the Authority and the Ministry of Commerce and Investment to companies whose losses exceeded half of their capital. This legal period will end on 25/07/1438AH (corresponding to 22/04/2017).
2. The company intends to apply to the Capital Market Authority to cancel the suspension of trading of the stocks of the company after completion of the capital increase and reduction, as the percentage of accumulated losses on the company will fall below 50% of the capital, which does not require suspension of trading of the stock.
3. Focus on the market of Shopping Centers (Plaza), which represents the activity of Elegant Centers Co., which AlBhaha intends to acquire in full. This is not inconsistent with the current activity of AlBhaha where the investment activity in commercial complexes is one of the investments that may be carried out by AlBhaha according to its activity mentioned in the Commercial Register.
4. Reconsider all the projects that are suspended from work and take the necessary measures towards these projects, which are as follows:
   - a- Industerial Leather Factory, which has been fully suspended since 2004.
   - b- Chairlifts Project: Suspended fully by the Board of Directors decision on 15/12/2014.

   The Company obtained the approval of the Extraordinary General Meeting on 16/07/1436AH (corresponding to 05/05/2015) to transfer the Company's dilapidated and suspended assets to assets intended for sale.
5. Structure the Company's financial obligations of receivables and prepayments with a balance of receivables amounting to 8.354.362 SR, while the balance of prepayments amounts to 253.250 SR as of 31 December 2016.
6. Claim the rights of the company to third parties. The following table provides additional details regarding these claims:

Claimed party	Amount (SR)	Current status of the claim
Former Chairman and Directors of AlBhaha	100.000.000	AlBhaha Investment & Development Co. filed a lawsuit registered under no. (1135) against the former chairman and directors on 24/08/1435AH (corresponding to 22/06/2014) before Jeddah Administrative Court, as a result of mistakes they committed in waiver of rights of stockholders of AlBhaha in the company's assets swap with Modern Bright and the consequent damages caused to the company and the stockholders and request to oblige them jointly to pay the company an amount of (100.000.000) one hundred million Saudi riyals. The Company has announced on Tadawul website dated 03/06/1438AH (corresponding to 02/03/2017) that a decision was issued by Jeddah Administrative Court on 02/06/1438AH (corresponding to 01/03/2017) requiring the former Chairman and Directors to pay jointly to AlBhaha the following: First: The amount of 68.695.441 riyals sixty eight million six hundred and ninety five thousand four hundred and forty one riyals. Second: An amount of 1.000.000 SR against the lawyer fees. Third: Dismiss other requests. Note that the date of receipt of the judgment is 17/06/1438AH (corresponding to 16/03/2017). It is worth mentioning that this judgment is an initial judgment subject to appeal within thirty days from the date of receipt of the copy of the notification of the judgment. The judgment shall have no financial effect on the company. (For more details on the company's asset swap with Modern Bright, please see page 20).
Expert Financial Co.	2.000.000	The company filed a lawsuit against Expert Financial Co.- Closed Shareholding Company-before the General Court of Beljarshi in case No. (4475/2 of 1430AH) to claim the return of the amount of (2.000.000) two million riyals. The company had agreed with Expert (defendant) to work on increasing the capital of the company in return of fees amounting to (5.000.000) five million riyals, the company paid of which an amount of 2.000.000 SR two million riyals as a down payment. In view of the company's decline in its decision to increase the capital and the failure of the defendant to return the above amount, the company filed the claim for the refund of the amount paid. The case remains pending with the CMA's Committee on the Settlement of Securities Disputes with the arbitrators. This case remains under consideration until the date of this Prospectus.
Modern Bright Co.	17.300.559	The company filed a lawsuit with the Board of Grievances claiming that Modern Bright refund the amount paid by the company in advance of 7.000.000 SR within the contract signed between AlBhaha and Modern Bright regarding the swap of assets. A final judgment was issued in the case by the Board of Grievances in Jeddah on 24/06/1434AH (corresponding to 04/05/2013) guaranteeing the approval of the initial judgment issued by Jeddah Administrative Court to complete the execution of the contract with Bright. On 29/10/1437AH (corresponding to 03/08/2016), AlBhaha received a court order from the Execution Departments of the General Court of Beljarshi to require the company to execute the entire executive document issued by Jeddah Administrative Court in favor of Modern Bright for Contracting Co., but it failed to execute the document until the date of this Prospectus. On 12/05/1438AH (corresponding to 09/02/2017) AlBhaha received a copy of the judgement of the Execution Department in the General Court of Beljarshi issued on 04/05/1438AH (corresponding to 01/02/2017) under No. 38160080, which includes that after reviewing the judgment issued by the Board of Grievances shows that the items to be implemented in terms of swap of assets. The judgment of the Execution Department concluded to stop execution until the judgment issued by the Board of Grievances is corrected so that the items to be executed are determined clearly and accurately for each item. Judgment of the Execution Department also provided for the right of objection to the parties to the execution within thirty days from the next day of date of receipt of the judgment copy. AlBhaha hereby confirms that it has no intention to object to the judgment but intends to execute it according to the details contained therein. Once the detailed decision has been made and the other party will not object thereto, AlBhaha will coordinate with Modern Bright to execute the provisions of the judgment by transferring ownership of all assets belonging to Modern Bright in AlBhaha and transferring ownership of assets belonging to AlBhaha in Modern Bright and guarantinng the completion of the court order in full. AlBhaha Board of Directors acknowledges that there are no subsequent provisions of the judgment issued on 04/05/1438AH (corresponding to 01/02/2017) and is not mentioned in this Prospectus in respect of the swap of assets with Modern Bright. Assuming that the actual value of the assets of Modern Bright is 17.300.599 SR, there will be no financial effect on AlBhaha as a result of the execution of the asset swap transaction because AlBhaha has already made a provision for the entire amount of the loss of this transaction amounting to 68.699.441 SR as the value of

		the contract signed for the assets swap amounted to 86.000.000 SR while the actual value of the assets of Modern Bight was 17.300.559 SR according to the due diligence report, which is the subject of such claim. In compliance with the judgment issued by the Court, AlBhaha will claim its rights from the assets of Bright based on the executive document. These assets include: 1. Transfer the ownership of all the crusher inclusions with all its equipment, vehicles, all movable and fixed assets and all the components of the Helocor project and its existing equipment (under construction) for installation. 2. Copies of Al-Suwailem contracts for Al-Haramain train project. 3. List of assets and documents of the Ready Cement Concrete Project and the Helocor Project (under construction). 4. Lease contract for municipal land. 5. Building permit. 6. Project layout. 7. Copy of the initial letter of approval for the Industrial Development Fund loan. 8. A waiver of the mineral wealth license. 9. General site map of the crusher. 10. Minutes of the receipt of the crusher with its equipment and assets, the location of the Helocor project (under construction) and its non-installed equipment. AlBhaha does not have any documents to clarify the details of the abovementioned assets. In addition, the due diligence report did not contain information on the value of the ready cement concrete project and the Halocor plant, since the referred to report stated the value of the crusher only. The current management of AlBhaha confirmed that it does not have any documents showing the value of the assets of Bright when signing the contract which amounted to 86.000.000 SR or any documents showing the actual value of each of these assets and how to reach 17.300.599 total of them according to the due diligence report, due to the fact that the swap of assets was carried out under the supervision of the Board of Directors of the former company and not the current, and the previous management of the company did not provide the current management any information or documents in this regard. Accordingly, AlBhaha will claim its rights from the assets of Modern Bright, as described in the judgment and executive document issued by Jeddah Administrative Court. However, the value of these assets cannot be verified, which is estimated by 17.300.599 SR, according to the due diligence report. If the actual value of these assets is less than the stated amount, this means that the provision for the loss of the asset swap that AlBahha has made in advance of 68.699.441 SR will not be sufficient to cover the full losses arising from this asset swap (please see the Company's risk of failure in entering into previous acquisitions on page (8) of this Prospectus).

Details of these cases and claims can be found in Section 8-13 of this Prospectus.

Strengths and competitive advantages of the company

In view of the current situation of AlBhaha, and suspension of its operations, accumulated losses and stocks, AlBhaha does not have any strengths or competitive advantages.

Elegant Centers Co.

Elegant Centers Co. Ltd is a limited liability company that operates in the Kingdom of Saudi Arabia under Commercial Register No. 1010428696 dated 18/03/1436AH (corresponding to 10/12/2014) with a capital of 100.000 SR one hundred thousand riyals. Capital of Elegant Centers increased to 25.000.000 SR under the partners' resolution to amend the Memorandum of Association notarized by the Notary Public No. 361397085 dated 21/10/1436AH (corresponding to 07/08/2015). The capital was then increased to 50.000.000 under the partners' resolution notarized by the Notary Public No. 37353159 dated 09/03/1437AH (corresponding to 20/12/2015). The company's headquarters are located in Riyadh- AlOlayya quarter - Wadi AlArtawi St.

Vision of Elegant Centers

Elegant Centers' vision is to become one of the best local companies in its field.

Mission of Elegant Centers

To provide high quality services that achieve added value to customers and create a distinctive mental image of Elegant Centers, in addition to promote fruitful partnerships with various stakeholders, by adopting the methods of credibility and transparency in all transactions.

Strategy of Elegant Centers

1. To continuously work to improve operational performance and management development, to work to achieve revenues from shopping centers of Elegant Centers, and to achieve high levels of work and reach the optimal mix of tenants.
2. Study and develop the new shopping centers projects of Elegant Centers to reach the highest levels in addition to the company's other activities.
3. Strategic investment and establishment of distinctive sites and in order to expand the business of Elegant Centers, including projects, and meet the growing demands of the market and customers (tenants).

Strengths and competitive advantages of Elegant Centers

As Elegant Centers is a newly established company that has not yet started its operation, it currently has no competitive advantages except the land for the University Plaza project, which is located in the center of Riyadh, on one of the dynamic streets, high density residential neighborhoods and high commercial traffic.

Overview of Shopping Centers (Plaza)

Since AlBhaha currently does not have any material operational activity and its operations and major activities have been discontinued since 2014, AlBhaha's target market is the Shopping Center (Plaza), which represents the activity of Elegant Centers in which AlBhaha intends to acquire the full shares of its partners, noting that AlBhaha has confirmed its intention to direct to this activity in the future.
The retail sector in Saudi Arabia is one of the world's most attractive markets for investment. Retail sales growth is expected to continue despite the decline in oil prices. The Kingdom has the largest retail sales in the region in 2014, exceeding 1.2 million dollars. Retail areas grew in the Kingdom by 5.6% to reach 2.1 million square meters in 2014, while sales raised by 6.4%, according to the report by AT Kearney, an international management consulting firm, which is a publicly available source. Therefore, no approval is required for the use of this information.

The retail sector in Saudi Arabia can be classified according to the following:

1. Store-based retail sector for the sale of consumptive and non-consumptive goods and specialized retail stores including international brand stores.
2. The non-shop-based retail sector, which includes online shopping and direct selling.

The shop-based retail sector can also be classified from a real estate development perspective into two main types:

1. Organized retail trade, which can be classified according to size into two categories: shopping centers (plaza) and commercial complexes.
2. Sporadic retail trade, which includes small shops scattered on the sides of roads and streets.

Regarding shopping centers (plaza), there are two main types: the traditional shopping centers - which represent the real market for Elegant Centers - and the shopping centers focused on specific products.

Traditional Shopping Centers:

The traditional shopping center consists of a main store and/or a semi-major store. The size of the store usually depends on the size of the retail complex, the land area and the tenant, which is often in the form of a supermarket, electronic shops or modern fashion shops. The main tenant acts as the main catalyst for the business movement within the center.
The second component of the traditional shopping center is the number of non-main shops, which are referred to as a "shop row" with a street facade or a courtyard. These stores offer food, beverage, electronics, pharmaceuticals and pharmacies.

Shopping centers focused on specific products:

Shopping centers that focus on specific products typically consist of a selection of shops, restaurants, cafes, and other shops to create a unique concept and target a specific segment of customers by offering product-focused offerings.

Summary of AlBhaha's Financial Information

Summary of AlBhaha's financial information below should be read in conjunction with the audited financial statements in this Prospectus:

Summary of balance sheet statement (SR)			
	For the fiscal year ended 31 December		
	2014	2015	2016
Total current assets	16.680.562	17.505.438	17.967.837
Total non-current assets	80.945.355	80.954.355	80.954.355
Total assets	97.625.917	98.459.793	98.922.192
Total current liabilities	93.205.194	93.962.656	94.881.430
Total non-current liabilities	568.325	568.325	83.603
Total liabilities	93.773.519	94.530.981	94.965.033
Total stockholders' equity	3.861.398	3.928.812	3.957.159

Source: Audited financial statements of AlBhaha for 2014, 2015 and 2016

Summary of income statement (SR)			
	For the fiscal year ended 31 December		
	2014	2015	2016
Revenues	-	5.521.890	8.881.221
Revenue cost	-	(4.912.470)	(8.271.420)
Gross profit	-	609.420	609.801
Net profit/loss before Zakat	(4.014.032)	69.143	29.074
Net income/loss after Zakat	(4.094.712)	67.414	28.347

Source: Audited financial statements of AlBhaha for 2014, 2015 and 2016

Summary of cash flows statement (SR)			
	For the fiscal year ended 31 December		
	2014	2015	2016
Net cash resulted from (used in) operational activities	(2.431.058)	817.009	(1.033.982)
Net cash resulted from (used in) investment activities	-	-	-
Net cash resulted from (used in) finance activities	-	-	-
Cash closing balance	916.234	1.733.243	699.262

Source: Audited financial statements of AlBhaha for 2014, 2015 and 2016

Summary of performance indicators of AlBhaha			
	For the fiscal year ended 31 December		
	2014	2015	2016
Revenue annual growth percentage (%)	N/A*	N/A	60.84%
Gross profit margin (%)	-	11.04%	6.87%
Net profit margin (%)	-	1.2%	0.32%
Asset turnover rate (time)	-	0.056	0.090
Return on assets (%)	(4.2%)	0.07%	0.03%
Earnings per share from profit/loss for the period (SR/Share)	(0.27)	0.004	0.002
Return on stockholders' equity (%)	(106.0%)	1.7%	0.72%

Source: Extracted from the audited financial statements of AlBhaha for 2014, 2015 and 2016

* This percentage cannot be calculated because of division by zero

Summary of financial information of Elegant Centers

Summary of the financial information of Elegant Centers listed below should be read in conjunction with the audited financial statements in this Prospectus.

Summary of balance sheet statement (SR)		
For the fiscal year ended 31 December		
For the year of establishment starting from 10/12/2014 and ending on 31/12/2015		2016
Total current assets	24.977.800	31.330.684
Total non-current assets	95.238.921	115.981.653
Total assets	120.216.721	147.312.337
Total current liabilities	117.074	2.254.873
Total non-current liabilities	-	-
Total liabilities	117.074	2.254.873
Total Partners' equity	120.099.647	145.057.464
Total liabilities and Partners' equity	120.216.721	147.312.337

Source: Audited financial statements for the period from establishment until 31 December 2015, and for the fiscal year ended 31 December 2016 of Elegant Centers

Summary of income statement (SR)		
For the fiscal year ended 31 December		
For the year of establishment starting from 10/12/2014 and ending on 31/12/2015		2016
Administrative and general expenses	(118.091)	(27.784)
Other revenues	-	233.182
Depreciations	-	(4.581)
Loss for the period	(118.091)	(42.183)

Source: Audited financial statements for the period from establishment until 31 December 2015, and for the fiscal year ending 31 December 2016 of Elegant Centers

Summary of cash flows statement (SR)		
For the fiscal year ended 31 December		
For the year of establishment starting from 10/12/2014 and ending on 31/12/2015		2016
Net cash resulted from (used in) operational activities	(9.100)	(1.349.504)
Net cash resulted from (used in) investment activities	(22.900)	(20.747.313)
Net cash resulted from (used in) finance activities	25.000.000	25.000.000
Cash closing balance	24.968.000	30.570.191

Source: Audited financial statements for the period from establishment until 31 December 2015, and for the fiscal year ended 31 December 2016 of Elegant Centers

Summary of performance indicators of Elegant Centers (SR)		
Indicator	Financial period ended 31 December 2015 "Audited"	Financial period ended 31 December 2016 "Audited"
Revenue annual growth percentage (%)	N/A	N/A
Gross profit margin (%)	N/A	N/A
Net profit margin (%)	N/A	N/A
Asset turnover percentage (%)	N/A	N/A
Return on assets (%)	(0.03%)	(0.10%)
Earnings per share (SR/Shares)	(0.008)	(0.047)
Return on stockholders' equity (%)	(0.03%)	(0.10%)

Source: Extracted from the audited financial statements for the financial period ended 31 December 2015 and for the financial period ended 31 December 2016.

Summary of AlBhaha's consolidated proforma financial information after acquisition

AlBhaha's consolidated proforma financial information after acquisition should be read, which are set out below in conjunction with the audited consolidated proforma financial statements in this Prospectus. These consolidated proforma financial statements have been prepared to reflect the financial effect of the acquisition of AlBhaha in the fiscal year 2016 if the acquisition was made during 2016:

Balance sheet statement of AlBhaha and Elegant Centers and the consolidated proforma statement for both companies			
	For the fiscal year ended 13 December 2016		
	AlBhaha	Elegant Centers	Proforma Consolidated
Assets			
Total current assets	17.967.837	31.330.684	49.298.521
Total non-current assets	80.954.355	115.981.653	196.936.008
Total assets	98.922.192	147.312.337	246.234.529
Liabilities			
Total current liabilities	94.881.430	117.075	97.136.303
Total non-current liabilities	83.603	-	83.603
Total liabilities	94.965.033	117.075	97.219.906
Stockholders' equity			
Capital	150.000.000	50.000.000	295.000.000
Capital grants	39.323.988	-	39.323.988
Grants from partners	-	95.217.738	-
Accumulated losses	(185.366.829)	(160.274)	(185.309.365)
Total stockholders' equity	3.957.159	145.057.464	149.014.623
Total liabilities and stockholders' equity	98.922.192	147.312.337	246.234.529

Source: Audited financial statements of AlBhaha and Elegant Centers for the fiscal year ended 31 December 2016, and the audited consolidated proforma financial statements of AlBhaha for the fiscal year ended 31 December 2016.

Income statement of AlBhaha and Elegant Centers and the consolidated proforma statement for both companies			
	For the fiscal year ended 13 December 2016		
	AlBhaha	Elegant Centers	Proforma Consolidated
Revenues	8.8881.221	-	8.881.221
Revenue cost	(8.271.420)	-	(8.271.420)
Gross profit	609.801	-	609.801
Administrative and general expenses	(580.727)	(270.784)	(851.511)
Depreciations	-	(4.581)	(4.581)
Other revenues	-	233.182	332.829
Net profit/loss for the year before Zakat	29.074	(42.183)	86.538
Zakat	(727)	-	(727)
Net profits/losses for the year	28.347	(42.183)	85.811

Source: Audited financial statements of AlBhaha and Elegant Centers for the fiscal year ended 31 December 2016, and the audited consolidated proforma financial statements of AlBhaha for the fiscal year ended 31 December 2016.

Table of Contents

Index of Tables

1- Definitions and Terminology

Table (1-1): Definitions and Terminology	
AlBhaha, Company, Acquirer or Issuer	AlBhaha Investment & Development Co.
Centers, Elegant Centers, Elegant Centers Co., Target Company or Acquiree	Elegant Centers Co. Ltd
Both Companies	AlBhaha Investment & Development Co. and Elegant Centers Co. Ltd, unless the context indicates otherwise
Stocks	Ordinary stocks with a nominal value of 10 SR per stock in the capital of AlBhaha Investment & Development Co.
New Stocks	14.500.000 ordinary stocks of AlBhaha Investment & Development Co.
Management	Senior management and directors in senior management levels in AlBhaha Investment & Development Co., unless the context indicates otherwise
Official Gazette	Um Al Qura newspaper, the Official Gazette of Kingdom of Saudi Arabia
Government	Government of Kingdom of Saudi Arabia
Stock	Stock of AlBhaha paid in full with nominal value of 10 SR, unless the context indicates otherwise
Share	Share of Elegant Centers paid in full with nominal value of 10 SR, unless the context indicates otherwise
Financial Market "Tadawul"	Saudi Financial Market, the automated system of trading Saudi stocks
Person	Any natural or legal person approved by the laws of the Kingdom in such capacity
Financial Statements	Audited financial statements of AlBhaha Investment & Development Co., unless the context indicates otherwise, for the fiscal years ended 31 December 2014, 2015 and 2016, and audited financial statements of Elegant Centers Co, for the establishment year starting from 10 December 2014 and ending 31 December 2015 and for the fiscal year ended 31 December 2016
Stockholders	Holders of stocks at any time in AlBhaha Investment & Development Co., unless the context indicates otherwise
Partners	Holders of shares in Elegant Centers Co., unless the context indicates otherwise
Financial Advisor	Aldukheil Financial Group, appointed by AlBhaha Investment & Development Co. as a financial advisor regarding the acquisition
Kingdom	Kingdom of Saudi Arabia
Articles of Association	Articles of Association of AlBhaha Investment & Development Co., unless the context indicates otherwise
Ministry	Ministry of Commerce and Investment in the Kingdom of Saudi Arabia
Acquisition, Acquisition Transaction or Transaction	Owning by AlBhaha Investment & Development Co. for all partners' shares in Elegant Centers by increasing capital of AlBhaha Investment & Development Co. through issuing new stocks of partners in Elegant Centers Co.
Riyals or SR	Saudi Riyal, the current of Kingdom of Saudi Arabia
Registration and Listing Rules	The Registration and Listing Rules issued by the Capital Market Authority Board pursuant to Resolution No. 3-11-2004 dated 20/8/1425AH corresponding to 4/10/2004 under the Capital Market Law issued by Royal Decree No. M/30 dated 2/6/1424AH, amended pursuant to the Resolution by the Capital Market Authority No. 1-64-2016 dated 19/8/1437H corresponding to 26/5/2016.
Merger and Acquisition Regulation	The merger and acquisition regulation issued by the Capital Market Authority Board pursuant to Resolution No. 1-50-2007 dated 21/9/1428AH corresponding to 3/10/2007 under the Capital Market Law issued by Royal Decree No. M/30 dated 2/6/1424AH, amended pursuant to the Resolution by the Capital Market Authority No. 2-4-2012 dated 28/2/1433AH corresponding to 2/1/2012.
Board, Board of Directors or Directors	Board of Directors of AlBhaha Investment & Development Co., unless the context indicates otherwise.
Company's Consultants	Consultants of AlBhaha Investment & Development Co. in connection with the acquisition and are listed on page 96 of this Prospectus.
Prospectus	This Prospectus, prepared by AlBhaha Investment & Development Co., related to the increase of its capital through the issuance of new stocks in exchange for the acquisition of all the shares of partners in Elegant Centers Co.
Capital Market Authority or "Authority"	The Capital Market Authority of Saudi Arabia.
Capital Market Law	The Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424AH (corresponding to 31/07/2003).
Companies Law	The Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437AH (corresponding to 10/05/2015), which came into effect on 25/07/1437AH (corresponding to 02/05/2016).
Founding Stockholders	The stockholders who founded AlBhaha Investment & Development Co., unless the context indicates otherwise.
Gross Domestic Product "GDP"	Gross Domestic Product of the Kingdom of Saudi Arabia.
General Meeting	The General Meeting of the stockholders of AlBhaha Investment & Development Co. unless the context indicates otherwise.

Corporate Governance Regulation	The Corporate Governance Regulation in the Kingdom of Saudi Arabia issued by the Capital Market Authority Board pursuant to Resolution No. 1-212-2006 dated 21/10/1427AH corresponding to 12/11/2006 under the Capital Market Law issued by Royal Decree No. M/30 dated 2/6/1424AH and amended by the Resolution of the Capital Market Authority Board No. 1-10-2010 dated 30/3/1431AH corresponding to 16/3/2010.
Related Parties	This means: 1. Subsidiaries of the issuer. 2. Senior stockholders. 3. Directors and senior executives of the issuer. 4. Directors and senior executives for the subsidiaries of the issuer. 5. Directors and senior executives of the senior stockholders in the issuer. 6. Legal Consultant and Financial Advisor to the issuer. 7. Any relatives of the persons referred to in (1, 2, 3, 4 or 5) above. 8. Any company controlled by any person referred to in (1, 2, 3, 4, 5, 6 or 7).
Related Parties to the Acquisition	These are Mohammed Saleh AlHammadi, Abdulaziz Saleh AlHammadi, Ibrahim Abdullah Bin Kolaib, and their first-class relatives, and whoever represents any such persons or any person acting in agreement with them.
Selling Partners	Existing owners of Elegant Centers.
Prohibition Period	The period during which stockholders to new stocks in AlBhaha whom will be issued are prohibited from disposing of their stocks.
Capital Increase	Increase of the capital of AlBhaha from 150.000.000 SR one hundred fifty million Saudi riyals to 295.000.000 SR two hundred ninety five million Saudi riyals by issuing new stocks.
Competition Council	Competition Council in the Kingdom of Saudi Arabia.
Compensation Stocks	(14.500.000) fourteen million five hundred thousand new stocks, which will represent 49.15% of the total issued capital of the company following the capital increase, which will be issued at an agreed price of 10 SR per stock, with at a total value of 145.000.000 SR one hundred forty five million Saudi riyals.
Delivery Date of Compensation Stocks	The date on which the selleing partners in Elegant Centers Co. are listed as holders of compensation stocks in AlBhaha's e-stock registry at Tadawul.
Memorandum of Understanding	The non-binding memorandum of understanding concluded between AlBhaha and Elegant Centers Co. on 18 Rajab 1436AH corresponding to 07 May 2015, which includes the basic terms of the transaction, which was extended to 31 March 2017.
Acquisition Contract or Acquisition Agreement	The contract signed between AlBhaha and Elegant Centers Co. on 8 Rabee Al Awal 1438AH corresponding to 7 December 2016, under which AlBhaha will acquire Elegant Centers corresponding to the contract signed on 11/01/1438AH (corresponding to 12/10/2016). Except that penalty clauses were added to ensure that the partners of Elegant Centers Co. will not dispose of the assets of the company. This contract supersedes all prior agreements, and this procedure was not required to be announced by the company because there was no significant change in the contract.
Date of Registry	The closing date of the market on the day of the Extraordinary General Meeting to increase the Company's capital for the purpose stated in this Prospectus or any postponement thereof in the event that the quorum is not present at the first meeting.
First-Class Relatives	Father and mother, husband or wife, sons and daughters.
The Plaza or Plaza	Shopping centers.
Total Sample	All of the 69 shopping centers (Plaza) covered by the market study conducted by Colliers International
Concentrated Sample	23 shopping centers that Colliers International has covered in detail in its market study.
Modern Bright or Bright	Modern Bright for General Contracting Co.

2- Risk factors

Each stockholder of AlBhaha, before making its decision in the General Meeting of the Company regarding voting on the increase of the Company's capital to acquire the full shares of the partners of Elegant Centers Co., shall study all the information contained in this Prospectus, including the risk factors set forth below. Such information may not include all risks that the company may face. AlBhaha, its financial position, operating results and cash flows may be adversely affected in the event of a risk factor that the Board considers to be significant at the present time, or any other risk factors that the management cannot determine at present, or any risk factors the management believes at present are not substantial but later became substantial. The realization of one or more of these risks may result in a decrease in the price of the stock. The current stockholder of AlBhaha may lose part or whole of the value of its stocks. The existing stockholder of AlBhaha should realize and understand that the proposed increase in the company's capital and the issuance of the new stocks will be used to purchase all the shares of the partners in Elegant Centers Co., which will result in owning of AlBhaha of the entire shares of Elegant Centers after the acquisition. Elegant Centers may partake with AlBhaha in the face of certain risk factors, and may face its own risk factors. Any acquisition usually involves risk factors of its own. Accordingly, the stockholder of AlBhaha must understand that if the Extraordinary General Meeting approves the acquisition, despite the fact that this Prospectus stated the justification and the expected benefits of the acquisition, this process will also involve new risk factors as well as risk factors faced by AlBhaha and its stockholders prior to the acquisition.

AlBhaha’ Directors acknowledges that there are no other significant risk factors that may adversely affect the Company's activity and financial performance, which are not mentioned in this Prospectus.

2-1 General risks

2-1-1 Macroeconomic risks

AlBhaha's expected future performance depends on a number of factors related to the economic conditions in the Kingdom in general, such as inflation factors, GDP growth, average per capita income, etc. In general, the Saudi economy is largely dependent on oil and oil industries, with sales revenues accounting for a large proportion of the country's revenues and Saudi Arabia's GDP. The significant dependence of the economic wheel in the Kingdom on a single commodity makes it vulnerable to sudden fluctuations as a result of any fluctuations that may occur in the prices of that commodity in the global markets. As AlBhaha operates within the Saudi economy, the financial performance of the company and the results of its operations may be adversely affected by adverse fluctuations in oil prices or other factors affecting the indicators of the Saudi economy in general.

2-1-2 Political risks

The business sector is generally affected by the political and security situation in the region as a whole. Therefore, in the event of political or security unrest - God forbid - affects the internal stability of the Kingdom substantially; it will adversely affect AlBhaha's business, financial position and results of operations.

2-1-3 Exchange rate risks

Exchange rate risks are the risks that the value of financial investments will fluctuate due to changes in foreign exchange rates. Companies often face exchange rate risks when they have trade relations with international parties or suppliers of goods imported from abroad that require to deal with them in foreign currency. Although AlBhaha's operations are denominated in Saudi riyals, and if the company makes any payments in foreign currency, it will face the risk of fluctuating foreign exchange rates. Any unexpected large fluctuations in exchange rates will affect the company's financial performance and results of operations in such case.

2-2 Market and sector risks

2-2-1 Risks of demand for the real estate market

The decline in real estate prices will negatively affect AlBhaha's activity after acquiring Elegant Centers because Centers Co's assets are mostly real estate and related investments. As a result, the company will be affected by any possible fluctuations in real estate prices, rental rates, construction materials prices and construction costs directly because it will depend on land purchases or leasing and construction of new sites. On other hand, it will basically depend in revenues on returns of leasing available areas at its shopping center (University Plaza) to retailers, so the fundamental adverse changes in the real estate and construction sectors have a negative impact on the company's financial performance and the results of its operations.

2-2-2 Risks of the inability to liquidate real estate assets

Economic, social, political, security and regional conditions can negatively impact the real estate market. As the emergence of any obstacles and complications in the market or the economy as a whole may result in a slowdown in the sale of real estate if desired, and then Elegant Centers will face difficulty of liquidating its assets of real estate, which will adversely affect the financial position and thus on the financial position of AlBhaha and the results of operations after the transaction.

2-2-3 Risks of not keeping up with changes in customer tastes and low market share

If the company fails in its exercise of commercial real estate activity after the acquisition of Elegant Centers to keep up with changes in the tastes of customers and the rapid response to those changes when opening new complexes and commercial centers and selecting the quality of the tenants, it will result in a decrease in the percentage of visit to the company’s complexes and commercial centers and rental rate, and thus its market share, resulting in lower revenues and profits.

2-2-4 Risks of increased competition

Competition arises when other companies operate in the same business sector and offer similar or competitive products. The real estate and retail sectors are highly competitive. Therefore, there is no guarantee that the company competes with high efficiency. Any change in the competitive environment may result in price changes, lower margins or loss of market share, which will negatively affect the company's revenues, results of operations and profitability. This also applies on Elegant Centers, which the company intends to acquire the full shares of its partners.

2-2-5 Risks of growth opportunities

The company's ability to develop its business depends on its utilization of growth opportunities, which are heavily affected by, but not limited to, the level of competition in the market, the availability of material and human resources, the ability of its management team, legal laws and other factors to influence growth. There is no guarantee of maintaining a sustained level of growth, as the company may face difficulties in expanding its activity, developing its market share and increasing its sales. Therefore, if the company is not able to manage its growth positively, it will be affected by its ability to develop its activity and increase its profits and enhance returns to its stockholders, which means that the financial position of the company and the results of its operations will be adversely affected

2-2-6 Risks associated with the retail sector

The retail sector depends on the per capita expenditure in the Kingdom. The revenues of Elegant Centers, which AlBhaha intends to acquire the full shares of its partners, are generated by rents of shopping centers; any drop in per capita expenditure will negatively affect shop sales, which may reduce tenants' ability to continue renting stores, which will affect negatively and substantially on Elegant Centers' business, financial position and results of operations. This will have an effect on AlBhaha after the acquisition.

2-3 Risks related to the Company's activity and operations

2-3-1 Risks of failure of expansion strategy

The company's future growth depends on the success of its expansion strategy by opening new projects for its activities, specifically in its real estate and commercial activities, and in new locations throughout the Kingdom. The Company's inability to implement its expansion plans will adversely affect future growth opportunities, which will affect the Company's financial position and therefore the results of its operations.

2-3-2 Risks of facility aging, quality of construction and design of the building and keeping maintenance

The quality of the facilities receiving the public affects the rate of reception of these facilities. Although the facilities that will be built during the process of building the commercial center of Centers will be modern, the lack of maintenance for any reason or aging over time will affect the quality of facilities in the future and will lead to lack of public demand. Any defects in the design and quality of the building, or any disruption in the provision of public utilities, such as water, electricity and air conditioning, will require repairs and alterations by the company, which in turn will incur additional costs as well as the impact of these repairs on the progress of shops. If maintenance costs are higher than expected, due to several factors, including increased labor costs, contract costs with third parties, repair and maintenance costs, there will be a significant adverse impact on the business of Elegant Centers and therefore on AlBhaha's business, financial position and operating results after the acquisition.

2-3-3 Risks related to the maintenance of roads and constructions for government projects

One of the most important factors for the success of the commercial center (University Plaza), which will be established by Elegant Centers, which AlBhaha intends to acquire all of its partners' shares, is easy access by visitors. The city of Riyadh, as of the date of this Prospectus, witnesses many of the maintenance of roads and constructions for the King Abdul Aziz Public Transport Project in the city of Riyadh (Metro) and other large development and commercial projects, which may greatly reduce access to the University Plaza, and thus reduce the number of visitors, which limits the ability of Elegant Centers to raise or maintain the values of rents, which may have to reduce the rental rates to maintain tenants, which leads to the reduction of revenues and profitability of Elegant Centers, and affect negatively and significantly on the company’s business, financial position and results of its operations. Therefore, this factor will affect AlBhaha after completion of the acquisition.

2-3-4 Income concentration risks

The company's revenues are based on one major project, a commercial center (University Plaza)-under construction-in Riyadh, which will be owned by AlBhaha upon completion of the transaction. Therefore, the adoption of a large part of the revenues on this project means that the failure of the project for any reason will have a material adverse impact on the company's business, revenues and profitability.

2-3-5 Risk of low demand of the customers of the commercial complex

The expected lack of demand for the commercial center (University Plaza) project-under construction- of Elegant Centers, will reduce the chances of leasing the complex's stores and lead to a lower occupancy rate. Also, if visitors are dissatisfied with the goods and services provided to them by the tenants, the competitive position of the commercial complex may be adversely affected which would enter the company in a series of corrective actions that may require significant financial investments such as termination of certain shops or carry additional costs for marketing and other campaigns that negatively affect the Company's revenues and profitability.

2-3-6 Risks of the Company's inability to collect the due leases

The value of rents generated from rental of shops is the main source of revenues of Elegant Centers. Therefore, the inability of the company to collect these rents or delay in collection will negatively impact the company's business and financial position.

2-3-7 Risks related to failure in the management of the Commercial Complex

Elegant Centers will manage the commercial complex by itself, which its first project in this area, and therefore the potential for failure will result in a negative impact on the financial position and results of the operations of Elegant Centers, which AlBhaha intends to acquire the full shares of partners, thus this factor will affect AlBhaha after the acquisition.

2-3-8 Risks related to the defaults, delays and inability of tenants to pay rents

The income of Elegant Dcenters, which AlBhaha intends to acquire all the shares of its partners, is based mainly on rental income. Therefore, if some tenants are unable, delayed or in default in paying the due rents, this will have a negative and significant effect on the cash flows of Elegant Centers and thus its ability to fulfill its financial obligations and business continuity, with a significant adverse impact on the company's financial position and results of operations after completion of the acquisition.

2-3-9 Inability to rent shops or renew lease contracts

Elegant Centers' performance depends mainly on the ability to rent shops in the complex and good relations with the tenants. Therefore, there is no guarantee that the company will be able to rent vacant premises or lease them on good contractual terms, thus adversely and significantly affecting the revenues of Elegant Centers and its financial position and results of operations, and therefore this factor will affect the company after completion of the acquisition.

2-3-10 Risks of non-fulfillment of future capital liabilities

Either of the two companies may have obligations for possible capital expenditures or future investments, and there is no guarantee or assurance that any of the two companies will be able to secure or provide such expenses in a timely manner or on favorable terms, which affects the financial position of the Company and of Elegant Centers, and their results of operations and profitability.

2-3-11 Risks of maintaining reputation and quality

The absence of facilities from the defects of construction and finishing and quality is one of the essential elements in the rental and marketing of real estate and commercial complexes. In the event that these risks are not covered by the contractors or failure to meet the standards of construction and finishing of the commercial complexes, Elegant Centers that AlBhaha intends to acquire the full shares of its partners may have difficulty in marketing its real estate products, which negatively affects its reputation and revenue and financial performance, Therefore, this factor will affect the company after the acquisition is completed.

2-3-12 Risks of sources of funding

In order to finance or assist in financing the future expansion of the Company's operations, the Company relies on its ability to obtain loans from various financiers. If it is unable to obtain such financing in the future or fails to meet its future debt obligations, the company's operations, financial performance and ability to maintain its business and its expansions will be adversely affected.

2-3-13 Risks of Management Decisions

The results of the company's operations are based mainly on the ability of its management to make the right and appropriate decisions regarding its business and activities. If the company's management makes the wrong decisions regarding its business, this will negatively impact the company's performance, profitability and results of operations.

2-3-14 Risk of Employee Mistakes

Employee mistakes that may result in a breach of any applicable laws or regulations may result in financial sanctions or obligations on the Company or result in damage to the Company's reputation. The Company does not warrant the absence of such mistakes, which may include irregular activities, misuse of information or company resources, disclosure of confidential information or involvement in the dissemination of misleading information or non-compliance with internal controls. As the company cannot always prevent employee mistakes, it cannot guarantee that such mistakes will not adversely affect the company's performance and results of operations.

2-3-15 Risks of employee shortages

AlBhaha and Elegant Centers currently have a limited number of employees. Either or both companies may require more employees to complete future expansion plans. If either company cannot employ the required number of employees in a timely manner or with the required competencies, this will affect the completion of future plans and on their profitability and the results of their operations.

2-3-16 Risks of dependence on key employees

Both AlBhaha and Elegant Centers aim to attract and recruit qualified people to ensure the efficiency and quality of business through effective management and proper operation. As the success of the two companies in their future plans depends on their ability to attract and retain qualified employees, the loss of either of the two companies of important human elements or their inability to attract and retain them will negatively impact their business, profitability and results of operations.

2-3-17 Risks of inability to comply with Saudization requirements

The labor laws in the Kingdom of Saudi Arabia require all facilities and establishments to have a minimum percentage of Saudization. The Ministry of Labor may decide to impose stricter policies on companies with regard to the Saudization rate required in the future. In the event that AlBhaha or Elegant Centers do not comply with these laws of Saudization, they may face penalties such as suspending the issuance of the necessary labor visas, suspending the issuance of necessary approvals to transfer the sponsorship of non-Saudi employees, prohibiting participation in government tenders and preventing access to loans and other government incentives, which will adversely affect the operations and financial performance of the two companies.

2-3-18 Risks of contracts with third parties

Elegant Centers, which AlBhaha intends to acquire all of its partners' shares, will enter into agreements with the third party for the lease or construction of a commercial complex (University Plaza). Elegant Centers relies on the readiness and ability of parties to fulfill its obligations under the terms and conditions of the said agreements. No guarantees or assurances can be given that these parties will be at the level of expectations, which will adversely affect the financial position, results of operations and profitability of Elegant Centers in the event that these parties are unable to fulfill their obligations. Therefore, this factor will affect AlBhaha after the completion of the acquisition.

2-3-19 Long-term contracts are affected by changes in the market

Elegant Centers will enter into long term contracts with tenants in the commercial complex, including increases in rental value over the duration of the contract. These increases will be determined through several considerations such as the company's estimate of the expected rates of increase in prices in general and rental rates in particular and the importance of the tenant and his competitive position in the market.

Therefore, there is no guarantee that such increases determined by Elegant Centers at the time of the conclusion of the contract will be sufficient to compensate for the increase in operating costs or inflation rates or parallel to the rates of price increases. Therefore, if these increases are not sufficient or if the collected rental values are less than the fair rental value compared to the market, which Elegant Centers may not be able to negotiate with the tenants before the end of the contract period, this will adversely affect Elegant Centers' business, results of operations, financial position and future prospects. This factor will have an effect on AlBhaha after the completion of the acquisition.

2-3-20 Risks associated with granting exemptions and compensation to tenants as a result of extensions and renewals

Elegant Centers may be forced when undertaking expansion or renewals of the commercial complex, and may result in granting exemptions for some tenants to pay rent for a limited period or to compensate them for part of the rent paid as a result of the interruption of their work during the period of implementation of these works. Elegant Centers may also be forced to reduce the rent of some shops to compensate the tenants for the damage resulting from the implementation of these works according to the size of the work and its impact on the tenant, which reflects negatively on the financial position and the results of its operations of Elegant Centers, and thus this factor will affect AlBhaha after the completion of the acquisition.

2-3-21 Inability to renew development and operation agreements

Elegant Centers intends to manage and operate the commercial complex at the present time, but there is no guarantee that Elegant Centers will continue to manage the complex in the future and if the company decides to hand over management and operation of the commercial complex to another party, there will be risks of termination or non-renewal of agreements. This will lead to financial losses and have a negative impact on the financial position of and the results of operations Elegant Centers. Consequently, this factor will affect AlBahha after the completion of the acquisition.

2-3-22 Liquidity risks

The Company faces liquidity risks when it fails to provide funds to meet its financial obligations arising from operating activities and liabilities on time. The Company does not warrant the occurrence of any emergency or sudden events that may require immediate liquidity, which adversely affects the Company's operating performance, financial position and results of operations.

2-3-23 Credit risks

The Company faces credit risks when a party fails to fulfill a specific financial obligation. If the obligation is not fulfilled by any of the previous parties, this will adversely affect the Company and its financial position and the results of its operations.

2-3-24 Risks of legal cases against the Company

AlBhaha faces risks as a result of its exposure to certain legal claims and cases against it. In the event that judgments were issued obligating the Company to pay money to third parties or new cases have been filed against the Company, this will adversely affect the financial position of the Company and the results of its operations (for details, see Section 8.12: Lawsuits, Disputes and Claims). The following table summarizes the cases against the Company and its most important financial claims:

Name of Plaintiff	Amount of claim (SR)	Summary of the claim
Modern Bright for General Contracting Co.	3.000.000	As a result of the swap assets between the two companies, a court judgment was issued on 25/01/1434AH (corresponding to 08/12/2012) requiring AlBhaha to complete the swap of assets and pay the amount due (3.000.000 SR) three million Saudi riyals to Modern Bright for General Contracting Co. in addition to the completion of the swap, which includes: 1. The actual transfer of (134) plots of land located in Al-Mawrouj plot in Taif city, estimated at 12.000.000 SR according to the contract signed between AlBhaha and Bright. 2. Transfer of the land on which the poultry project is located in Al-Aqiq Governorate, estimated at 46.000.000 SR according to the contract signed between AlBhaha and Bright. 3. The share of AlBhaha in AlBaha National College for Sciences, estimated at 18.000.000 SR according to the contract signed between AlBhaha and Bright. On 29/10/1437AH (corresponding to 03/08/2016), AlBhaha received a court order from the Execution departments of the General Court of Belgarshi to require the Company to execute the entire executive document issued by Jeddah Administrative Court in favor of Modern Bright for General Contracting Co. But it failed to execute such document until the date of this Prospectus. On 12/05/1438AH (corresponding to 09/02/2017), AlBhaha received a copy of the judgment of the Execution Department in the General Court of Belgarshi issued on 04/05/1438AH (corresponding to 01/02/2017), under no. 38160080, which includes that after reviewing the judgment issued by the Board of Grievances shows that the items to be executed in terms of swap of assets are not determined. The judgment of the Execution Department decided to stop execution until the judgment issued by the Board of Grievances has been corrected so that the items to be executed are clearly and accurately determined for each item. The judgment also provided the right to object by the execution parties within thirty days from the date of next day of receipt of the judgment copy. The management of AlBhaha hereby confirms that it has no intention to object to the judgment, but intends to execute it according to the details contained therein. Once the detailed decision has been made and the other party will not object to it, AlBhaha will coordinate with Modern Bright to execute the provisions of the judgment by transferring ownership of all assets belonging to Bright in AlBhaha as well as transferring ownership of assets belonging to AlBhaha in Modern Bright and guaranteeing the completion of the court order in full. AlBhaha Board of Directors acknowledges that there are no subsequent provisions of the judgment issued on 04/05/1438AH (corresponding to 01/02/2017) and are not mentioned in this Prospectus in respect of the swap of assets with Modern Bright. There will be no financial impact on AlBhaha as a result of the swap of assets assuming that the actual value of the assets of Modern Bright amounts to 17.300.599 SR, as AlBhaha has already made provisions for the entire loss amount of this transaction of 68.699.441 SR as the value of the contract signed for the swap of assets amounted to 86.000.000 riyals while the actual value of the assets of Bright amounted 17.300.559 riyals according to the due diligence report.
Expert Financial Co.	3.000.000	Expert Financial filed a lawsuit against AlBhaha before Belgarshi Court, which was registered under no. (4297/2 for 1430AH) to claim the amount due from the agreed fees of (3.000.000) three million Saudi Riyals. The company agreed with Expert to increase the capital of the company against a fee of 5.000.000 SR (five million Saudi riyals), of which the company paid 2.000.000 SR two million Saudi riyals as a down payment, and because of the company's decline in its decision to increase the capital and the failure of Expert to return the above amount, the company filed the lawsuit to claim a refund. However, Expert then filed this case against AlBhaha to claim the remaining amount of the contract value of (3.000.000 SR) three million Saudi riyals. The case is still pending before the Committee on the Settlement of Securities Disputes at the Capital Market Authority.

Compensations of stockholders for stocks sold at the auction	10.886.424	The Company sold (984.032) nine hundred and eighty-four thousand and thirty-two stocks as of 31/12/2009 at (14.335.234) fourteen million three hundred and thirty five thousand and two hundred and thirty four Saudi Riyals according to the offers submitted in the auction, after obtaining the approval of the Capital Market Authority In this regard. The Company has already paid part of these compensations (claims) to its stockholders, and the amount mentioned here remains. AlBhaha may be claimed by the remaining stockholders at any time. Note that these compensations are due claims and not an existing case.
The General Authority for Zakat and Income	500.000	The General Authority for Zakat and Income approved that the company pay the amount of (1.500.000) one million five hundred thousand Saudi Riyals in six equal installments. Four installments were paid as of 19/11/1437AH (corresponding to 22/08/2016) upon letter No. 2750/16/1436 dated 21/04/1436AH (corresponding to 10/02/2015), which includes the approval of the installment of the remaining balance of Zakat differences for the years 1993 to 1999 in semi-annual installments with each installment of (250.000) two hundred and fifty thousand riyals. Note that the total difference is about (3.000.000) three million riyals. However, the General Authority for Zakat and Income has already taken half share from the company. It should be noted that this is a financial claim and not a case against the company.
The General Authority for Zakat and Income	1.849.347	Under the transaction No. 3482/16/1434AH with the General Authority for Zakat and Income and according to the letter issued by it on 29/05/1434AH (corresponding to 10/04/2013), it was found there are Zakat differences in the amount mentioned for the years from 2000 to 2010. The company has objected to the validity of the said amount, but the company has received another letter from the General Authority for Zakat and Income on 21/12/1436AH (corresponding to 04/10/2015) confirms the validity of the amount. The company also filed a list of objections to this claim within the legal period of sixty days from the date of receipt of the letter, and there was no response to the objection list in terms of acceptance or rejection until the date of this Prospectus. It should be noted that this is a financial claim and not a lawsuit against the company.

There are also cases against the company and financial claims but they are limited to stocks rather than cash, which is a part of the stocks of the stockholders who fail to pay the last installment of the value of the stock, which the company obtained the approval of the Capital Market Authority on 25/03/1430AH (corresponding to 22/03/2009) for the sale thereof to have the capital to be (150.000.000) SR fully paid. The total number of stocks is 16.290 stocks. Accordingly, the total cases against the Company, which are limited to stocks, may range from (32.580) thirty-two thousand five hundred and eighty Saudi riyals, and (219.915) two hundred and nineteen thousand nine hundred and fifteen Saudi riyals, taking into account the trades that got the stock off the platform where the total was calculated by taking into account the highest and minimum price for all trades carried out off the platform.

2-3-25 Risks of contingent liabilities

AlBhaha has several potential financial obligations that are due to the General Authority for Zakat and Income. The company received a letter from the General Authority for Zakat and Income on 21/12/1436AH corresponding to 04/10/2015 confirming the existence of Zakat differences of dues amounting to 16.85 million riyals for the years from 2000 to 2010 payable by the company. Although the Company has filed an objection to this claim within the legal period of sixty days from the date of the letter, if the objection is not fully accepted or partially accepted, the Company will be obliged to pay the amount in full or in part, which will affect the financial position of the company, in addition to the remaining amount of semi-annual installments for the Zakat differences for the years from 1993 to 1999 amounting to 500.000 SR, in addition to the existence of some other cases against the company, which may result in the issuance of judgments obligating the company to pay the value of the claim as described in the previous paragraph "Risks of legal procedures against the company", which would adversely affect the financial position of the company and the results of its operations. Note that the Company announced its financial and legal position on 22/05/1434AH, corresponding 03/04/2013 which indicated that its contingent liabilities exceed its assets, which will have a material adverse effect on them if these partially contingent liabilities are realized partly or wholly.

2-3-26 Risks of not having a zakat certificate

Due to the existence of zakat differences on AlBhaha and its follow-up with the General Authority for Zakat and Income Tax to finalize these differences, including the semi-annual installments paid for the years 1993-1999, it is not possible to obtain the Zakat Certificate until the completion of all the installments- two installments of 250.000 are remaining. In spite of the fact that there is a limited zakat certificate at AlBhaha issued by the General Authority for Zakat and Income, it may not be able to complete all its transactions under this certificate, and the validity of this limited certificate is for a short period which means that the certificate may not be renewed for any reason. It is impossible to emphasize that AlBhaha will pay the remaining two installments which will affect the Company's operations and financial results.

2-3-27 Risks related to non-obtaining, termination or non-renewal of necessary licenses, permits and certificates

The two companies shall obtain and maintain the necessary licenses, permits and regulatory approvals in respect of their activities and the exercise of their business. These licenses include, but are not limited to: Company registration certificates issued by the Ministry of Commerce and Investment, Chamber of Commerce membership certificate, trademark registration certificate, Saudization certificate, zakat certificate and certificate of social security. In addition, most of these licenses and permits are subject to conditions under which licenses, certificates, permits and approvals may be suspended or terminated if both companies fail to comply with these conditions, which will have a material adverse impact on the business and financial position of the two companies. Consequently, neither of the two companies will be able to renew the existing licenses or obtain any of the necessary licenses for their business, or if any of their licenses have been suspended or terminated, or if any of the licenses have been renewed on inappropriate terms or if either of the two companies is unable to obtain the additional licenses that may be required of them in the future. This may result in being discontinued, resulting in the disruption of the operations of the two companies and incurring additional costs, which will adversely affect the results of their operations and their financial position.

2-3-28 Continuity of the company risks

AlBhaha has accumulated losses and provisions exceeding the capital of the company, which makes uncertainty about the possibility of continuity. If the management fails in its plan to save the company and to continue its activity, the company may be discontinued and become subject to liquidation.

2-3-29 Risk of business interruption

There has been an interruption in the Company's business since 23/02/1436AH (corresponding to December 15, 2014) and up to the date of preparing this Prospectus, which has had a significant negative impact on the financial position of the Company and the results of its operations. The following is the business interruption occurred during the previous period:

- The activity of leather plant was fully suspended during the second quarter of 2004.
- The work of Athrab chairlift project was partially suspended at a rate of one month each year only on 21/04/2001. It was completely suspended by the Board of Directors on 15/12/2014 and approved by the Extraordinary General Meeting on 06/05/2015.

For further details, please see section (4.15) Business Iinterruption on page 25 of this Prospectus.

2-3-30 Risks associated with Management Information System (MIS)

AlBhaha currently owns the Discoverer Program for managing public accounts and does not have any other program to help it make financial, administrative and organizational decisions, making it difficult for senior management to make decisions. It should be noted that the absence of such programs may result in erroneous decisions that have a negative and material impact on the company, its financial position and the results of its operations.

2-3-31 The Company's reliance on transactions with related parties

The Board of Directors of AlBhaha comprises three members of the owners of Elegant Centers, i.e. they are related parties. Although the management of the company has taken all necessary measures and legal precautions to avoid any impact of this relationship on the decision of the Board to acquire Elegant Centers, and the structure and progress of the transaction, the management of the company does not ensure that there is no conflict of interest with these parties in the future, which will prone the company to the legal liability and has a material adverse effect on the financial position of the Company and the results of its operations.

2-3-32 Risks of the company failing to enter into previous acquisition transactions

The company entered into previous acquisition transactions, represented in the swap of assets with Modern Bright for General Contracting Co, which failed. On 3/3/1432AH (corresponding to 6/2/2011), the Company signed a contract with Bright stating that the following would be waived to AlBhaha:

1. Transfer the ownership of all the crusher inclusions with all its equipment, vehicles, all movable and fixed assets and all the components of the Helocor project and its existing equipment (under construction) for installation.
2. Copies of Al-Suwailem contracts for Al-Haramain train project.
3. List of assets and documents of the Ready Cement Concrete Project and the Helocor Project (under construction).
4. Lease contract for municipal land.
5. Building permit.
6. Project layout.
7. Copy of the initial letter of approval for the Industrial Development Fund loan.
8. A waiver of the mineral wealth license.
9. General site map of the crusher.
10. Minutes of the receipt of the crusher by its equipment and assets, the location of the Helocor project (under construction) and its non-installed equipment

For a total amount of 86.000.000 SR payable in kind and cash as follows:

1. The company pays 10.000.000 SR under certified checks in four installments, with a payment of 7 million in the first payment, and then one million riyals is paid in each of the other three payments.
2. The Company shall transfer its 50% share of the entire land in Al-Murooj plot, located in Al-Taif Governorate, owned by the Company under Deed No. 1/1/159/133, against 12.000.000 SR of the agreed transaction price.
3. The Company tranfers its share in the ownership of AlBaha National College for Science, amounting to 37% according to the memorandum of assciation, including the full indebtedness to the company owning the college and the amount of the debt is 25.000.000 SR, representing an in-kind share valued at 18.000.000 SR of the agreed transaction price .
4. The Company transfers the ownership of the entire land of the poultry project located in the Al-Aqeeq governorate in the AlBaha area in full of its fixed and movable assets and all its facilities without its financial liabilities and free of any mortgages or any financial claims owned by the Company under Deed No. 2 of 06 Rabee Al Thani 1425AH, representing in-kind share of 46.000.000 SR of the agreed transaction price.

However, after signing the final agreement with Modern Bright, AlBhaha contracted with a specialized office to make the due diligence report of the assets of Bright under the agreement and the Office issued a due diligence report on 17 September 2011 and valued those assets only at 17.300.559 SR.

On September 18, 2011, the company announced at Tadawul the results of the due diligence report on the valuation of Bright's assets. In view of the significant difference between the valuation of Bright's assets based on due diligence report of 17.3 million SR and the value of assets of AlBhaha offered for swap with the assets of Modern Bright of the sum of 86 million Saudi riyals, the management of AlBhaha discussed the results of the valuation with the management of Modern Bright. AlBhaha does not have any documents to clarify the details of the assets to be owned by AlBhaha as a result of the asset swap. In addition, the due diligence report did not contain information on the value of the ready cement concrete project and the Halocor plant, since the referred to report mentioned the value of the crusher only. The current management of AlBhaha confirmed that it does not have any documents showing the value of the assets of Bright at the signing of the contract which amounted to 86.000.000 riyals or any documents showing the actual value of each of these assets and how to reach 17.300.599 in total according to the due diligence report. Due to the fact that the swap of assets was carried out under the supervision of the former Board of Directors of the company and not the current, and the former management of the company did not provide the current management any information or documents in this regard. Accordingly, AlBhaha will claim its rights from the assets of Modern Bright, as described in the Judgment and executive document issued by the Jeddah Administrative Court. However, the value of these assets cannot be verified estimated at 17.300.599 riyals, according to the due diligence report. If the actual value of these assets is less than the stated amount, this means that the provision for the loss of the asset swap that AlBhaha had already made in the amount of 68.699.441 SR would not be sufficient to cover the full losses arising from the swap of assets.

The company announced at Tadawul on October 01, 2011 the results of its negotiations with Modern Bright, which resulted in the non-acceptance by Modern Bright of results of the due diligence report and also declined to return the amount of 7.000.000 Saudi riyals paid by the company in advance to Modern Bright as part of the contract. As a result, the company canceled the contract with Modern Bright, and the company filed a lawsuit with the Board of Grievances claiming Modern Bright to return the amount paid in advance of 7.000.000 SR. A final judgment was issued in the case from the Office of the Grievances in Jeddah on 24/06/1434AH, including the ratification of the initial judgment issued by Jeddah Administrative Court to complete the execution of the contract with Modern Bright and reject the lawsuit filed by AlBhaha against Modern Bright and oblige the parties to the lawsuit to complete the execution of the contract signed between them dated 06/02/2011. On 29/10/1437AH (corresponding to 03/08/2016) AlBhaha received a judicial decision from the Execution departments at the General Court of Belgarshi obligating the company to execute the entire executive document issued by Jeddah Administrative Court in favor of Modern Bright for General Contracting Co. But it failed to execute the document until the date of this Prospectus. On 12/05/1438AH (corresponding to 09/02/2017), AlBhaha received a copy of the judgement of the Execution Department in the General Court of Belgarshi issued on 04/05/1438AH (corresponding to 01/02/2017) under No. 38160080, which includes that after reviewing the judgment issued by the Board of Grievances, it was found that the items to be executed in relation to the swap of assets are not determined. The Execution Department decided to stop execution until the judgment issued by the Board of Grievances is corrected so that the items to be executed are determined clearly and accurately for each item and the Execution Department's judgment provides for the right of objection to the two parties of execution within thirty days from the next day date of receipt of the judgment copy. AlBhaha hereby confirms that it has no intention to object to the judgment but intends to execute it according to the details contained therein. Once the detailed decision has been made and the other party will not object to it, AlBhaha will coordinate with Modern Bright to execute the provisions of the judgment by transferring ownership of all assets belonging to Modern Bright in AlBhaha and transferring ownership of assets belonging to AlBhaha in Modern Bright and guarantying the completion of the judicial order in full. AlBhaha Board of Directors acknowledges that there are no subsequent provisions of the judgment issued on 04/05/1438AH (corresponding to 01/02/2017) and are not mentioned in this Prospectus in respect of the swap of assets with Modern Bright. There will be no financial impact on AlBhaha as a result of the swap of assets assuming that the actual value of the assets of Modern Bright amounts to 17.300.599 SR, as AlBhaha has already made provisions for the entire loss amount of this transaction at 68.699.441 Riyal, as the value of the contract signed for the swap of assets amounted to 86.000.000 riyals while the actual value of the assets of Bright Modern was 17.300.559 riyals according to the due diligence report, which is the subject of this claim.

Therefore, in the event of a repeat of the failure of the acquisition in relation to the acquisition transaction of Elegant Centers, this will have a material adverse impact on the company and its financial position and the results of its operations.

2-3-33 Risks of inadequate provision for losses related to the swap of assets with Modern Bright

AlBhaha has made a provision of 68.699.441 SR for losses arising from the swap of assets with Modern Bright where the assets of Modern Bright were valued at the signing of the contract between the parties amounting to 86.000.000 SR. However, AlBhaha then made the Due Diligence report and it was found that the actual value of the assets of Bright amounted to 17.300.599 riyals only. As the swap of assets was carried out under the supervision of the former Board of Directors of AlBhaha and not the current one, which did not provide the current Board of Directors any information or documents in this regard, it is not possible to confirm the actual value of the assets of Modern Bright that may be worth less than 17.300.599 SR. In this case, the provision for losses relating to the swap of assets with Bright may not be sufficient to cover all such losses, which will adversely affect AlBhaha's financial position and profitability. The financial impact cannot be determined definitively because it is not possible to determine whether or not the actual value is mentioned.

2-3-34 Risks of price pressures

Elegant Centers face price pressures as prices in real estate rental activity may fall in the near future due to unfavorable economic conditions and public expectations that real estate rental prices may fall as a result of the introduction of white land charges, The owners of these lands may pay to invest them and build residential and commercial properties that in turn lead to increased supply and lower prices. Therefore, income of Elegant Centers from its operations will be subject to pressure on prices, which will have a negative impact on the financial position of the company and the results of its operations after the completion of the acquisition in the event of these pressures.

2-3-35 Risks of bylaws failure

AlBhaha and Elegant Centers have defined the regulation governing the work of the bylaws in each of them. There is no guarantee from any of the two companies regarding the failure of these bylaws or the non-application of these regulations. If this occurs, there will be a negative impact on the financial position of the two companies and the results of their operations.

2-3-36 Risks of being unable to comply with the provisions of Article (150) of the Companies Law

In accordance with Article 150 of the Companies Law, under which the Board of Directors of the Company, whose losses are half of the paid up capital, shall invite the Extraordinary General Meeting to meet within forty-five days from the date of its knowledge of the losses, to decide either to increase or decrease the Company's capital to the extent that the percentage of accumulated losses fall below half of the capital, or dissolving the company before the period specified in its articles of association. AlBhaha held the Extraordinary General Meeting on 05/10/1437AH (corresponding to 10/07/2016) to dissolve the company before its expiry date, and continue in the exercise of its business and authorize the Board of Directors to take nessary measures with the competent authorities. Accordingly, and in view of the accumulated losses of AlBhaha, which accounted for 123.58% of the capital as of 31 December 2016, which is expected to decrease to 62.84% after the capital increase through the acquisition, the company will be subject to liquidation, unless the Company reduces the capital after obtaining the Authority's approval of the reduction application that the Company intends to submit to the Capital Market Authority upon obtaining the Authority's approval to increase the capital subject matter of this Prospectus. The Board of Directors of the Company, at its meeting held on 25/05/1438AH (corresponding to 22/02/2017), recommended reducing the Company's capital from 295.000.000 SR to 177.000.000 SR with a decrease of 40%. The number of stocks of the company will decrease from (29.500.000) to (17.700.000) stocks, which means that the reduction will be by (4) stocks for each (10) stocks owned before the reduction, assuming the approval of the Authority to first increase capital subject matter of this Prospectus. The company has announced its Board of Directors' recommendation to reduce its capital on Tadawul website on 25/05/1438AH (corresponding to 22/02/2017). All such procedures shall be carried out no later than 25/07/1438H (corresponding to 22/04/2017), otherwise the Company shall be subject to liquidation by force of the Law, regardless of all actions taken in advance.

2-3-37 Risks associated with the interruption of work in real estate projects due to scarcity of labor

As the commercial complex (University Plaza) is still under construction, Elegant Centers (and thus AlBhaha after the completion of the transaction) are at risk of halting the construction of the complex, due to the scarcity of labor in the construction sector. If this happens, Elegant Centers and AlBhaha will be affected and their financial position and results of operations will be adversely and significantly affected.

2-3-38 Risks of lack of experience in the management and development of real estate projects

AlBhaha faces the risk of lack of experience in the management and development of real estate projects, as this activity is a new activity for it as a company. Consequently, the Company will be subject to new challenges and changes that may adversely affect its financial position and results of operations after completion of the acquisition.

2-3-39 Risks of natural phenomena and disasters such as floods, earthquakes and other natural events

Natural disasters beyond the control of the two companies could greatly affect the facilities and infrastructure of the two companies in general. Any damage to the facilities of the two companies, whether from floods, earthquakes, storms or any other natural disaster, may cause the two companies to incur significant costs to correct the effects of these disasters, and will severely affect the ability of the two companies to exercise their operations and thus adversely affect the revenues of the two companies and their financial position.

2-3-40 Risks of inability to protect the trademark

Both AlBhaha and Elegant Centers registered their trademarks with the Trademark Department at the Ministry of Commerce and Investment. In the future, the competitive position of the two companies will depend, among other things, on their ability to protect their trademarks. Therefore, neither company's ability to prevent infringements of the rights of their trademarks and their misuse will negatively affect the two companies.

2-4 Risks related to the acquisition

2-4-1 Risks of not achieving the desired value of the acquisition

As most of the justifications for the acquisition is related to future expectations, it is not possible to confirm whether any of the desired results of the acquisition have been achieved. If the results of the acquisition are not achieved in whole or in part, this will affect the financial performance of the company and the results of its operations after the acquisition.

2-4-2 Risks of not achieving the estimated value of the target company

The number of new stocks to be issued by AlBhaha for the owners of Elegant Centers was determined after a financial evaluation of the two companies. Although the evaluation was prepared after the application of the necessary professional standards, the evaluation process used methods that depend on the assumptions and future estimates of the performance of AlBhaha and Elegant Centers. AlBhaha's management believes that the assumptions used are logical and reasonable. However, if there is a significant and negative difference between the future assumptions and the actual events associated with the evaluation of the target company, Elegant Centers will not achieve the financial results expected, which will have a negative impact on its fair value and the consolidated financial results and results of operations of AlBhaha and Centers after completion of the acquisition transaction.

2-4-3 Risks of the disposal of the selling partners of the assets of Elegant Centers during the Interim Period

Although the acquisition contract between the selling partners in Elegant Centers and AlBhaha has included a mechanism to preserve the rights of AlBhaha by preventing the selling partners from disposing of the assets of Elegant Centers during the interim period, in addition to having a penalty clause on them, amounting to 1.450.000 SR if the selling partners have disposed of the assets of Elegant Centers during the interim period, but it cannot be confirmed that this has not occurred, which would have a negative impact on AlBhaha's financial position and results of operations and thus the company's continuity.

2-4-4 Risks of noncompliance with existing regulations and laws and/or new regulations and laws

Like other companies operating in the Kingdom of Saudi Arabia, AlBhaha and Elegant Centers are subject to a number of laws and regulations that may be changed or updated by the competent authorities. New laws and regulations may also be issued by relevant official authorities from time to time. Elegant Centers has obtained the necessary licenses to start the construction of the commercial complex (University Plaza) and operation after the completion of the construction period, but the violation of the terms and conditions of those licenses may lead to cancellation or suspension or impose fines or the amendment or cancellation of the layout by the competent authorities may affect the work of real estate development in a negative way, since Elegant Centers and AlBhaha (after the completion of the transaction) should coordinate with the competent authorities such as the Riyadh municipality and other bodies periodically until the completion of the construction of the commercial complex (University Plaza). In the event of any modifications or errors in implementation, this will lead to additional costs which may adversely affect Elegant Centers. AlBhaha's business (after completion of the acquisition transaction) may be adversely affected in the event of any material change to any related laws or the promulgation of additional laws that have a direct impact on the performance and profitability of the commercial complexes.

2-4-5 Risks related to land valuation owned by Elegant Centers

AlBhaha has appointed Coldwell Banker, Century 21 and National Real Estate Group to value the land owned by Elegant Centers. Despite the experience of real estate appraisers in evaluating the property and the factors influencing its valuation, it is not possible to guarantee or confirm that the information obtained by appraisers and their opinions are fully correct or do not lack material information regarding the value of the property or that the value of the property will not be adversely affected by various real estate market factors.

2-5 Risks related to stocks

2-5-1 Risks of potential fluctuations in stock price

AlBhaha's stock price may fluctuate to a high degree of volatility and may not be stable due to several factors including but not limited to market conditions related to stocks, any regulatory changes in the sector, deterioration of the company's results, inability to execute future plans, entry of new competitors and buying and selling operations on the company's stocks.

2-5-2 Risks of selling a large number of stocks

The sale of a large number of stocks in the financial market after the acquisition or the expectation of such an operation will negatively affect the prices of these stocks in the market.

2-5-3 Risks of change in equity ratios

The acquisition will be carried out through an increase in the capital of AlBhaha. After the completion of the acquisition and the issuance of new stocks to the selling partners of Elegant Centers, the ownership percentage of the existing stockholders of AlBhaha will be reduced, as their ownership percentage after the acquisition will become 50.81%, while their ownership represents 99.92% before the acquisition, thereby reducing their ability to influence decisions requiring the approval of the Company's stockholders, including the selection of directors and other strategic decisions of the Company. There is no existing stockholder in AlBhaha holding more than 5% of the company's stocks. Ownership in AlBhaha by the selling partners in Elegant Centers who will have new stocks in AlBhaha will be increased, as it will represent 49.19%, which will increase their ability to influence decisions requiring the approval of the Company's stockholders, including the selection of directors and other important strategic decisions of the company.

2-5-4 Potential control of certain stockholders

After the completion of the transaction, the selling partners (the owners of Elegant Centers) will jointly hold 49.19% of the stocks of AlBhaha, so that they will be jointly able to influence the company's decisions, since they will jointly hold a percentage that may constitute the majority in AlBhaha General Meetings, thus they are able to control decisions, in particular the strategy, such as the appointment of directors or the modification of the company's capital or its merger. This may have a material adverse impact on the financial performance of the company and its profitability.

2-5-5 Sale of stocks in the future

The owners of Elegant Centers to whom new stocks in AlBhaha will be issued pursuant to Article 13 (c) of the Merger and Acquisition Regulation shall, for a period of two years from the date of acquisition of other stocks in AlBhaha, refrain or dispose of any of their stocks in the Company or cooperate with any another person for any offers to the stockholders of AlBhaha. The prohibition applies to all stocks of the selling partners, both those that they held prior to the acquisition or the new stocks issued to them under this acquisition transaction. However, the sale of large amounts of stocks by them after the prohibition period may have a negative impact on the stock price.

2-5-6 Earnings per share risks

It cannot be confirmed that Earnings per share expectations will occur in the future, as future events that were not foreseeable at the time of the acquisition transaction may result in the failure of results of the acquisition and thus negatively impacting the earnings per share. The acquisition will be through the issuance of new stocks in AlBhaha. Therefore, if the increase in profits after the acquisition is no more than or equal to the increase in the number of stocks, the earnings per share will decrease.

2-5-7 Risks of inability to distribute dividends

Any decision to distribute dividends in cash to the stockholders of the company shall be at the discretion of the Board of Directors and upon its recommendation, after taking into consideration the various factors that include the financial position of the company, its results of operations, growth opportunities and the need for internal financing. There is no assurance about the company's ability to distribute dividends in the future.

2-5-8 Risks of suspension of the Company's stocks

AlBhaha's stock in Tadawul had been suspended several times as follows:

- From 27/02/1426AH (corresponding to 06/04/2005) to 08/06/1426AH (corresponding to 14/07/2005) due to the non-publication of the Company's financial statements.
- From 23/05/1428AH (corresponding to 09/06/2007) to 08/06/1428AH (corresponding to 23/06/2007), due to the non-payment by the stockholders of the last installment of the Company's capital of 150.000.000 SR, in the framework of the sale of the outstanding stocks to supplement the company's capital of 150.000.000 SR.
- From 25/05/1434AH (corresponding to 06/04/2013) till now, due to the accumulated losses and the increase in its potential commitments on its assets. The accumulated losses amounted to 123.58% of the capital. The Company has established the following procedures for these losses:

First: Suspension of trading of the company's stocks in the market.

Second: Put a red mark next to the company's name on the website of the Saudi Stock Exchange.

Third: The stocks of the company may be traded during the suspension of trading of its stocks in accordance with the mechanism in force in the market through brokerage companies.

The company does not guarantee canceling of the suspension once the acquisition transaction is completed and the reasons for suspension are no longer existed. In addition, the company does guarantee that similar decision is made in the future. If this occurs, the Company's operations will be adversely and significantly affected.

3- Market Overview

Since AlBhaha currently has no major operational activity except construction and construction materials supply, which has been operating on a very limited scale and that its operations and activities have been discontinued since 2014, this section of the Prospectus will be covered as the future market targeted by AlBhaha is the market of shopping centers (Plaza), which represents the activity of Elegant Centers, which AlBhaha intends to acquire the full shares of its partners.

3.1 Data sources

AlBhaha appointed Colliers International to conduct a study on the retail sector in Saudi Arabia. The vast majority of the information was obtained from the market report prepared by Colliers.

Colliers International is a leading provider of real estate services. Colliers International was founded in 1976 and currently has more than 12.300 employees in 522 offices in 62 countries.

Some information has also been obtained from publicly available sources and is believed to be reliable. Although neither the Company nor any of its consultants have any reason to believe that such information is inaccurate in substance, the accuracy of this information has not been independently verified and no assurance can be made as to its accuracy or completeness. Other sources of information include:

Saudi Arabian Monetary Agency:

The Saudi Arabian Monetary Agency (SAMA) is the central bank of the Kingdom of Saudi Arabia. It was established in 1372AH (1952) to undertake a number of tasks, most importantly:

- Issuance of the national currency (Saudi Riyal).
- Act as a government bank and control commercial banks.
- Control of cooperative insurance companies and free profession companies related to insurance.
- Management of foreign exchange reserves.
- Managing monetary policy to maintain the stability of prices and exchange rates.
- Encouraging the growth of the financial and banking system and ensuring its safety.

The information from the SAMA report used in this Prospectus is publicly available and therefore no approval is required for the use of this information.

The General Authority for Statistics:

It is the only official statistical reference for statistical data and information in the Kingdom of Saudi Arabia, and implements all statistical work, as well as supervises the implementation of the national strategy for statistical work. Information obtained from the General Authority of Statistics' reports used in this Prospectus is publicly available and therefore no approval is required for the use of this information.

Standard & Poor's:

Standard & Poor's is a financial services company based in the United States, and it is a branch of McGraw Hill, which publishes financial research and analysis on stocks and bonds. It is also one of the top three credit rating agencies. There is no need to obtain any approval to use this information as it is publicly available.

AT Kearney:

AT Kearney is a leading global provider of management advisory services and is active in more than 40 countries around the world. The information from its report used in this Prospectus is publicly available and therefore no approval is required for the use of this information.

3-2 An overview of the economy

The initial estimates of the General Authority for Statistics indicate that the gross domestic product in 2015 has shown a decline in its value in current prices compared to the previous year, which decreased to 2.4 trillion riyals, or 13.35% compared to its value in 2014, which amounted to 2.8 trillion riyals. The per capita GDP of 2015 at current prices was 77.711 SR.

At constant prices for 2010, the value of gross domestic product in 2015 amounted to 2.51 trillion riyals compared to 2.43 trillion riyals in 2014, achieving a growth rate of 3.35%.

In terms of inflation, the cost of living index is one of the economic indicators for measuring inflation, as it reflects the extent of change in prices related to the direct cost of living of individuals and households. Initial estimates show that the cost of living index in 2015 was increased by 2.2% compared to the previous year.

Although Saudi Arabia's economy has been heavily dependent on oil, the Saudi economy has been resilient to any negative effects of lower oil prices over the past period as government spending remains a factor of stability. Standard & Poor's points out that, in view of the extra budget approved by the government recently, estimated at 110 billion riyals, which represents 4.5% of the gross domestic product spend between 2015 and 2017, the Kingdom will face a continuing deficit in its budget until 2018, but this deficit is expected to contract with the restoration oil prices to recover.

3-3 Key features of the population

The data released (estimates based on the initial results of the 2010 Census of Population and Housing) by the General Authority of Statistics regarding the Census of Population and Housing, indicate that the total population of the Kingdom of Saudi Arabia for the year 2015 reached 31.52 million compared to 30.77 million people and 29.99 million people for the years 2014 and 2013 respectively, with an increase of about 0.75 million for the year 2014 and 1.78 million for the year 2013 and a CAGR of 2.7% during the period from 2010 to 2015.

(3-1) Table: Population of Kingdom of Saudi Arabia				Increase	
	2013	2014	2015	2014	2015
Total population of Saudi Arabia	29.99	30.77	31.52	0.78	0.75

Source: General Authority for Statistics

The Saudi population is about 21.12 million people in the year 2015 compared to 18.97 million in 2010, with an increase of 2.15 million from 2010 and a compound annual growth rate of 2.18% since 2010. The Saudi population represents 67.03% of the total population of the Kingdom in 2015.

With regard to the nature of the population structure, it is noted that the majority of the population are youth and young age groups, with 73.5% of the population of the Kingdom under the age of 35 years, that is, the youth and young people constitute the largest proportion of the population.

3-4 Overview of the retail sector

Saudi Arabia's retail sector is one of the world's most attractive markets for investment. Retail sales growth is expected to continue despite the decline in oil prices. Saudi Arabia recorded the largest retail sales in the region in 2014, exceeding 102 billion dollars. Retail areas in the Kingdom increased by 5.6% to reach 2.1 million square meters in 2014 compared to 2013, while sales increased by 6.4% in 2014. The compound annual growth of retail sales during the period 2010-2014 was 7.7%.

3-4-1 Retail sector categories

The retail sector in Saudi Arabia can be classified according to the following:

1. Shop-based retail sector for the sale of consumptive and non-consumptive goods and specialized retail stores including international brand stores.
2. The non-shop-based retail sector, which includes online shopping and direct selling.

The shop-based retail sector can be classified from a real estate development perspective into two main types:

1. Organized retail trade, which can be classified according to size into two categories: shopping centers (Plaza) and commercial complexes.
2. Sporadic retail sector, which includes small shops scattered on the sides of roads and streets.

The characteristics and specifications of each organized retail secor are as follows:

1- Shopping centers (plaza):

This category includes two types:

Traditional Shopping Centers:

Rental aea

It is the rental area available for renting. The rental area for this type of retail sector ranges from 3.000 to 10.000 square meters in general.

Description:

A connected row of shops or service outlets managed as a connected retail facility, with parking on site usually located in front of shops. This type of center provides a limited range of personal goods and services for a limited commercial area.

Main Tenant: Supermarket.

Shopping centers focused on specific products:

Rental area

It is the rental area available for renting. The rental area for this type of retail sector ranges from 3.700 to 16.000 square meters in general.

Description:

The shopping center, which focuses on specific products in residential area, usually consists of a selection of shops, restaurants, cafes, and other shops to create a unique concept and target a specific segment of customers by offering product-focused offerings.

The main tenant: Often, focusing shopping centers do not have specific products on key tenants who help them increase their reputation by increasing demand, but rely on creating an idea that drives visitors looking for specific needs to visit them.

2- Commercial complexes

This category includes the following types:

Local Shopping Centers:

Rental area

In general, rental for this type of retail sector is less than 40.000 square meters.

Description:

- A wide range of clothing stores and other goods.

- Contains a greater diversity of shopping centers (Plaza).

The main tenant

Supermarket, department store, pharmacy, specialty stores, home appliance stores, large discount exhibitions.

Commercial complexes:

Rental area

The rental area for this type of retail sector ranges between 40.000 and 80.000 square meters.

Description:

- A set of opposite shops connected to common corridors.
- Most of them are fashion stores.

Main Tenant:

Large department store, discounted goods center, fashion stores, restaurants.

Mega shopping malls:

Rental area

In general, the rental area for this type of retail sector is more than 80.000 square meters.

Description:

This category is identical to the commercial complexes but it includes more numbers and options and a wider selection of shops located in commercial complexes.

Main Tenant:

Large department store, discounted goods center, fashion stores, restaurants, wholesale stores.

3-4-2 Overview of the shopping centers "The Plaza" (the target business sector of Elegant Centers)

Traditional shopping centers

The traditional shopping center consists of a main store and/or a semi-major store. The size of the store usually depends on the size of the retail complex, the land area and the tenant, which is often in the form of a supermarket, electronics shops or modern fashion shops. The main tenant acts as the main catalyst for the business movement within the center.

The second component of the traditional shopping center is the number of non-main shops, which are referred to as a "shop row" with a street facade or a courtyard. These stores offer food, beverage, electronics, pharmaceuticals and pharmacies.

Traditional shopping centers target the immediate vicinity (2-5 km from the shopping center or 5-7 minutes by car). These centers serve not only the people of the region but also serve the neighboring commercial areas and play an integral role for them.

One of the most important features to consider when designing traditional shopping centers is the ease of movement to and from the center with parking spaces. Since underground parking is not widely available and for visitors of those shopping centers prefer shopping quickly, parking on the ground floor is ideal.

Shopping centers focused on specific products

Shopping centers that focus on specific products usually consist of a selection of shops, restaurants, cafes, and other shops to create a unique concept and target a specific segment of customers by offering product-focused offerings.

This type of center lacks the well-known tenants who, through their reputation, help to increase the demand of shopping centers, but it is based on creating a general idea that drives visitors looking for specific needs to visit them. Therefore, these centers widely target the neighboring area (extending to about 10 km of the shopping center or 10-15 minutes by car).

These centers are typically part of a mixed-use layout that includes offices, residential units, hospitality developments, etc., designed to ensure easy access to all shops in the complex with dedicated walkway and seating areas, designed to provide a unique shopping experience.

Shopping centers that focus on specific products provide ground and underground parking to provide more rental space.

3-4-3 Factors Affecting Growth in Demand for Shopping Centers (Plaza)

According to the market study report prepared by Colliers International, there are four major factors contributing to the growth of demand for shopping centers (plaza) as shown below:

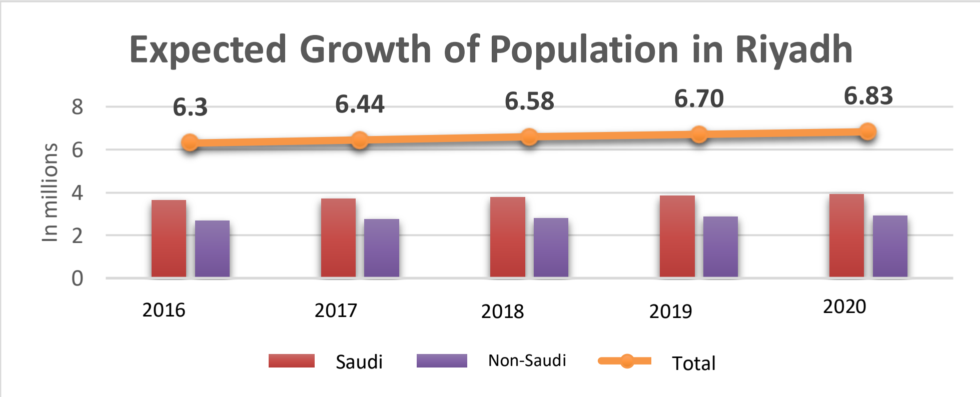
*Source: Market study prepared by Colliers International

Urbanization

The urban expansion of the city of Riyadh has extended in the north, north-east and west directions. The demand for housing in the new neighborhoods in Riyadh has gradually increased, with the general public accepting to change their residential areas and move to the outskirts of the city. Due to their distance from the traditional commercial areas in the city center and the lack of commercial centers that meet the daily and repeated needs of the inhabitants of these areas, the need for the establishment of shopping centers (plaza) has increased. As the expansion continues, the new neighborhoods will continue to be a major catalyst for this type of centers. Colliers International expects that the northern regions of Riyadh will contain 37% of the city's population in 2020, compared to only 29% in 1996.

Demographics

The demographics and growth rate of the city's population directly affect the need for retail centers. Riyadh's population is expected to increase from 6.3 million in 2016 to 6.8 million in 2020, with a CAGR of 2.04%. It is estimated that the expected growth in the Saudi population will be 1.78% compared to 2.26% for non-Saudis between 2016 and 2020. This will have a positive impact on the retail sector, as spending on retail purchases will increase and demand for leasing space will increase in this sector.
The following figure shows the expected growth of the population in Riyadh over the next five years:



Source: Market study prepared by Colliers International

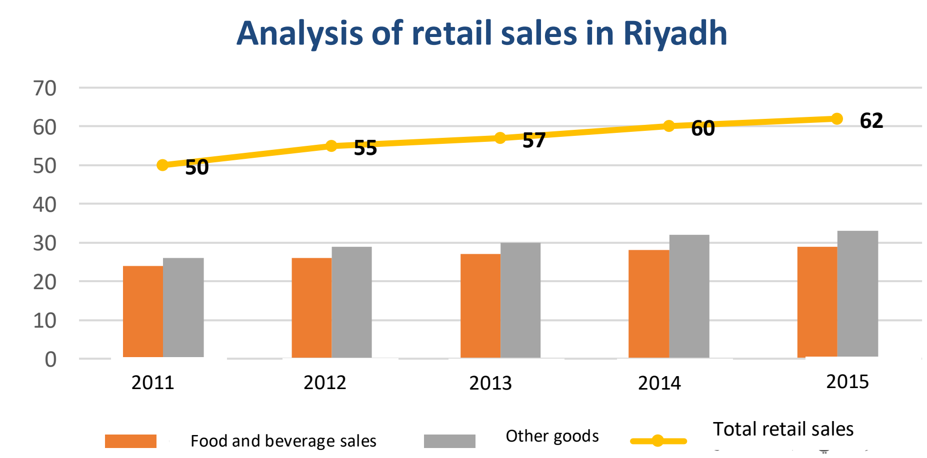
The demographics in the Kingdom are characterized by a high proportion of the population under the age of 35 years, with 67.4% of Saudis and 46% of non-Saudis falling into this category. According to a market study report prepared by Colliers International, 83.6 percent of the population is under the age of 55.
Of these referred to age group, 31% are more inclined to consume and spend more time shopping, and consider eating in out-of-home restaurants and shopping in malls to be a major source of entertainment, and thus are considered a main source of demand.

Consumer spending

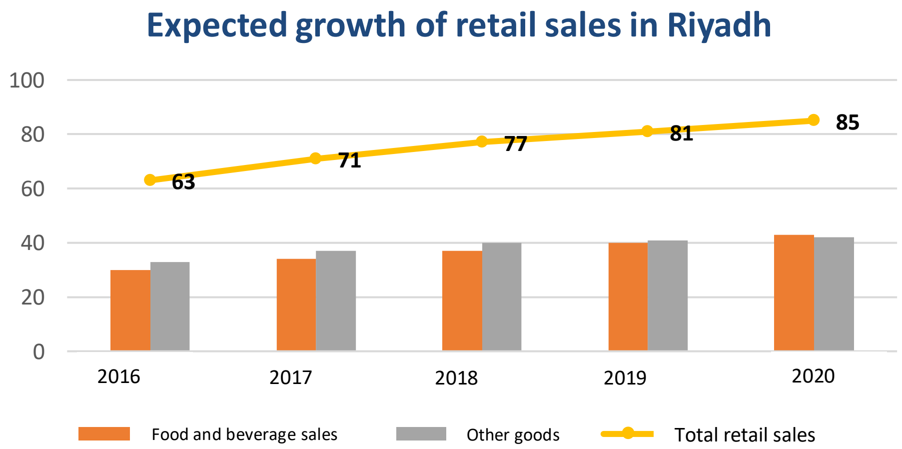
In addition to the growing population, improved education and lifestyle change are factors that boost consumer spending in the Kingdom. According to the market study report prepared by Colliers International, since 2012 income available for spending has risen at a higher rate than consumer spending and this trend is expected to continue in the future, unless oil prices continue to fall and this continued high level of spending may be affected. The retail market is expected to grow this year as a result of the rise in purchasing power revealed by the growing expansion of retail outlets in the various regions of Saudi Arabia, making it the largest retail market in the Middle East with an estimated value of 370 billion riyals.

Analysis of retail sales in Riyadh

The study by Colliers International shows that retail sales in Riyadh have grown significantly over the years 2011 to 2015, with retail sales rising from 50 billion SR in 2011 to 62 billion SR in 2015. Food and beverage sales sold at shops, supermarkets and other outlets accounted for most of the sales compared to other goods sold in the retail sector such as clothing, household items, and others. This is in line with the fact that it is the most consumer spending category, which indicates the importance of allocating food and beverage outlets in this type of shopping complexes. The following figure shows the analysis of retail sales in Riyadh during the years 2011 to 2015:



Growth is expected to continue during the forecast period from 2016 to 2020. It is expected that sales will increase from 63 billion riyals in 2016 to reach 85 billion riyals in 2020. Food and beverage sales will amount to 30 billion riyals in 2016 and 42 billion in 2020. The following figure shows the expected growth of retail sales in Riyadh:



It is worth mentioning that the market study was conducted between August and September 2016. Colliers did not conduct further research regarding the market outlook for the purpose of the study since that time. Since then, radical changes may occur which may have significant implications for the outcome of market valuation.

Easy shopping

The modern shopping centers seek to satisfy the daily needs of the consumer, and the successful commercial centers are designed to meet the desire of the shopper to satisfy his/her needs easily, through easy access from the neighboring areas, as well as the ease of movement within its buildings and facilities. Shopping centers should provide adequate parking to ensure that the shopping is smooth and easy and that nothing is bothering the shoppers. The developer, owner or investor must understand the needs of the residents in the area to get a variety of tenants suitable for shoppers without having to go to multiple places.

3-4-4 Important factors for the success of shopping centers (Plaza)

Location

The performance of shopping centers (Plaza) depends largely on location and population density in neighborhoods. Therefore, the best performing plaza centers are those located in densely populated areas or newly constructed or under-developed areas that have a lack of retail outlets capable of meeting the daily and recurring needs of the population.

In addition, the presence of other attractions such as offices, educational and health institutions and others near the Plaza leads to attracting a wide audience and thus increases the demand.

Easy access

The success of the shopping center requires easy access from neighborhoods. The ease of movement within the center is also important to maintain the attractions that the center benefits greatly.

Parking available

Shopping centers (Plaza) should provide ample parking space to ensure that the shopping process is easy and that nothing is bothering the shoppers.

Understanding the needs of the region

One of the most important factors of success is the understanding the needs of the neighboring region in terms of the needs of its population and visitors.

Selection of tenants

A good and clear understanding of the needs of the region and its residents helps the owner or developer to obtain a good selection of tenants that meet the needs of the region.

Developer experience

The complete construction and development of the Plaza requires a period of approximately eight to twelve months. During this period, the sales team rents out shops and trade fairs and finds the optimal tenant range that serves the region better. The developer's experience also has an effective impact on project management and coordination by easily communicating with prospective tenants.

3-5 Analysis of the demand levels of the shopping centers in Riyadh

The demand levels of the shopping centers in Riyadh can be analyzed by dividing them into the current demand levels of the existing shopping centers and the projected demand levels of shopping centers that will be ready in 2016 and 2017. Most of the shopping centers are located in the north and east of Riyadh, while south of Riyadh is the lowest in terms of availability of shopping centers. The following table shows the total rental area in each of Riyadh's regions:

(3-2) Table: Current levels of demand of existing shopping centers in each of Riyadh's regions as a total rental area

(Square Meters)	Traditional shopping centers	Shopping centers focused on specific products	Total
North	100.690	5.770	106.460
South	3.066	-	3.066
East	59.163	9.350	68.513
West	14.836	-	14.836
Center	31.063	-	31.063
Total	198.818	15.120	231.938

As for the expected demand levels of the shopping centers in Riyadh, which will be added to the current demand levels during 2016 and 2017, they are divided as follows:

(3-2) Table: Expected levels of demand of existing shopping centers in each of Riyadh's regions as a total rental area

(Square Meters)	Traditional shopping centers	Shopping centers focused on specific products	Total
North	27.209	61.754	88.936
South	15.924	-	15.924
East	17.680	25.000	42.680
West	25.884	21.000	46.884
Center	-	5.800	5.800
Total	86.697	113.554	200.251

Source: Market study prepared by Colliers International

3-6 Analysis of demand levels for shopping centers in Riyadh

The demand levels for the shopping centers in Riyadh can be analyzed considering the number of people in each of Riyadh's regions, their expected growth, and the total rental area per capita. In addition, income levels per area, population characteristics, land availability in each region, and current demand levels of shopping centers were taken into account. The following table shows the levels of demand for shopping centers in each of Riyadh's regions:

(3-4) Table: Demand level of shopping centers in each of Riyadh's regions as total rental area

North	2016	2017	2018	2019	2020
Population	362.081	414.932	474.236	540.573	614.540
Average demand	166.557	190.869	218.148	248.664	282.688
Demand levels	163.423	195.423	195.423	195.423	195.423
Total rental area per capita	0.45	0.47	0.41	0.36	0.32
Notes	Given the population growth and the tendency to move the north of Riyadh, this region will show high levels of demand for shopping centers. However, the opening of some of the region's mega shopping malls could lead to a reduction in future turnout rates.				
East	**2016**	**2017**	**2018**	**2019**	**2020**
Population	2.032.778	2.078.100	2.118.801	2.154.549	2.185.029
Average demand	935.078	955.926	974.649	991.093	1.005.114
Demand levels	83.513	111.193	111.193	111.193	111.193
Total rental area per capita	0.04	0.05	0.05	0.05	0.05
Notes	As in the north of Riyadh, the growth of the population and the tendency to move to the north-east of Riyadh lead to high levels of demand for shopping centers in this region. It should be noted that the main reason for the low rate of total rental space per capita is the high population in this region, despite the high levels of expected demand of shopping centers.				
West	**2016**	**2017**	**2018**	**2019**	**2020**
Population	1.599.281	1.632.075	1.661.126	1.686.194	1.686.194
Average demand	735.669	750.755	764.118	775.649	785.245
Demand levels	40.836	61.720	61.720	61.720	61.720
Total rental area per capita	0.03	0.04	0.04	0.04	0.04
Notes	It is expected that this region will show high demand levels because it is one of the densely populated areas where it is expected to be the second most populated area in the city of Riyadh by 2020. It is also inhabited by many high-income people, and that University of King Saud is near to this region, thus contributing to the increase in demand for shopping centers.				
Center and south	**2016**	**2017**	**2018**	**2019**	**2020**
Population	746.820	782.905	818.559	853.558	887.668
Average demand	343.537	360.136	376.537	392.637	408.327
Demand levels	34.129	55.853	55.853	55.853	55.853
Total rental area per capita	0.05	0.07	0.07	0.07	0.06
Notes	Demand levels are expected to be low in central Riyadh compared with other regions due to the presence of large numbers of commercial complexes and retail outlets, the low number of Saudi population and the scarcity of available land for development in the region. South Riyadh is also expected to experience limited demand for shopping centers due to the low income of the region's population and the presence of large numbers of retail outlets serving the needs of the population.				

Source: Market study prepared by Colliers International

3-7 Total rental area compared to land area of the concentrated sample covered by the market study

The total area of the shopping centers in the concentrated sample of the market study was 331.946 square meters, with a total rental area of 208.205 square meters, representing 62.72% of the total land area. The following table shows the division of land area and total rental area:

(3-5) Table: Total area of land of shopping centers and corresponding total rental area		
Type	Total area of land (square meters)	Total rental area (square meters)
Traditional shopping centers	242.051	142.755
Shopping centers focused on specific products	89.895	65.450
Total	331.946	208.205

Source: Extracted from the market study report prepared by Colliers International

3-8 Occupancy rates

Occupancy rates in the shopping centers (plaza) in Riyadh were 85% for traditional shopping centers and 70% for shopping centers focused on specific products for the total market study prepared by Colliers International. For the concentrated sample of the market study occupancy rates were 97% for traditional shopping centers and 71% for shopping centers focused on specific products. The following table details occupancy rates:

(3-6) Table: Occupancy rates				
Type	No. of shopping centers for total sample	No. of shopping centers for concentrated sample	Occupancy rates for total sample	Occupancy rates for concentrated sample
Traditional shopping centers	42	15	85%	97%
Shopping centers focused on specific products	27	8	70%	71%
Total	69	23	-	-

Source: Extracted from the market research report prepared by Colliers International

4- Information about Al-Bhaha Investment & Development Co.

Introduction

AlBhaha Investment & Development Co. is a Saudi public joint stock company which operates in Saudi Arabia under Commercial Register No. 5800005960 dated 19 Rajab 1413AH (corresponding to 12 January 1993). The address of its headquarters is AlBaha, Belgarshi and is identical to its registered address in the Commercial Register. The company was established by virtue of the decision of the Minister of Commerce No. 600 dated 05/06/1413AH corresponding to 30 November 1992. The number of stocks authorized for the company 15.000.000 stocks issued and paid in full.

The decision of the company's Board of Directors was issued on 17/07/1436AH (corresponding to 06/05/2015) by recommending the acquisition of Elegant Centers by increasing the capital of the company by issuing new stocks from AlBhaha to partners in Elegant Centers, which will result in an increase in the company's capital by 145.000.000 SR divided into 14.500.000 ordinary stocks and identical in all respects. Upon completion of the acquisition and increase of the company’s capital, the capital will become 295.000.000 SR divided into 29.500.000 ordinary stocks with a nominal value of (10) riyals per stock. It should be noted here that AlBhaha is not part of a group.

4-2 The Company's activities and purposes

The principal activities of the Company are:

1. The establishment, management and operation of central markets, commercial and residential complexes, hotels, furnished apartments, restaurants, cafes, buffets, bakeries, desserts, cooked and uncooked rations, fuel stations, wholesale and retail trade of foodstuffs, wholesale and retail trade of building materials, iron and general contracting of buildings, electrical, electronic and mechanical works, management, maintenance and development of real estate, contracting of maintenance, operation and cleaning, buying and renting land for the construction of buildings and investment by selling or rent for the benefit of the company.
2. Establishment of various industrial projects.
3. Owning and reclamation of agricultural lands for exploitation in establishing agricultural and livestock production projects.
4. Establish, invest, manage, operate and maintain leisure and tourism enterprises and projects.
5. Wholesale and retail trade for what is within the scope of the company's industrial, agricultural and tourism business, and the establishment of cooling stores and repair and maintenance workshops.
6. Commercial Agencies.

The company may, according to what is stated, undertake any work that is necessary or complementary to achieve these purposes.

The Board of Directors confirms that there is no intention to make any significant change in the nature of the activity, knowing that the management of the company has confirmed that the future market targeted by AlBhaha is the market of shopping centers (Plaza) and this falls within the nature of the company's activity as a multi-investment company.

AlBhaha does not have any commercial activity outside the Kingdom, nor does it have any assets outside the Kingdom, and all its existing assets and activities are located within the Kingdom.

4-3 Objectives of the Company

The company strives to achieve the following objectives:

1. To enhance the company's capabilities and competitiveness.
2. To create continuous growth through diversification of the company's income sources.
3. To establish local alliances to diversify investment opportunities.
4. To adopt the best working methods in order to achieve the desired goal.
5. To apply the principle of transparency in general.

4-4 Company Plans

1- On 05/10/1437AH (corresponding to 10/07/2016), AlBhaha held an Extraordinary General Meeting. It was recommended at this meeting to keep AlBhaha and not to dissolve or liquidate it prior to its expiry date, to vote on the continuation of the company in exercising its business and to authorize the Board of Directors to take the necessary action. Accordingly, after first obtaining the Authority's approval for the capital increase subject matter of this Prospectus, AlBhaha will apply for the reduction of its capital to the extent that accumulated losses fall below 50% of the capital. After the Authority approves the application for reduction, the Company will immediately call an Extraordinary General Meeting to vote on the capital increase and reduction decisions. The Extraordinary General Meeting will be for the purpose of increasing the Company's capital through the issuance of compensation stocks to the partners of Elegant Centers in exchange for the acquisition of all their shares, as well as the reduction of the capital to write off the accumulated losses to the extent that these losses fall below 50% the capital. The Board of Directors of the Company, at its meeting held on 25/05/1438AH (corresponding to 22/02/2017), recommended reducing the Company's capital from 295.000.000 SR to 177.000.000 SR with a decrease of 40%, thus the number of stocks of the company will decrease from (29.500.000) stocks to (17.700.000) stocks, which means that the reduction will be by (4) stocks for each (10) stocks owned before the reduction, assuming the approval of the Authority to First increase capital subject matter of this Prospectus. The Company has announced the Board of Directors' recommendation to reduce its capital on Tadawul website on 25/02/1438AH (corresponding to 22/02/2017). The capital increase and reduction should be completed and thus correcting the company's situation by reducing the accumulated losses to less than half of the capital before the end of the legal period granted by the Authority and the Ministry of Commerce and Investment to companies whose losses exceeded half of their capital. This legal period will end on 25/07/1438AH (corresponding to 22/04/2017).

2. The company intends to apply to the Capital Market Authority to cancel the suspension of trading of the stocks of the company after completion of the capital increase and reduction, as the proportion of losses accumulated on the company will fall below 50% of the capital, which does not require suspension of trading of the stock.

3. Focusing on the market of shopping centers (Plaza), which represents the activity of Elegant Centers, which AlBhaha intends to acquire in full. This is not inconsistent with the current activity of AlBhaha where investment activity in commercial complexes is one of the investment areas that may be carried out by AlBhaha according to its activity mentioned in the Commercial Register.

4. Reconsidering all the projects that are suspended from work and taking the necessary measures towards these projects, as follows:

a- Industerial leather factory which has been fully suspended since 2004.

b- Chairlift Project: Fully suspended by the decision of the Board of Directors on 15/12/2014.

The Company obtained the approval of the Extraordinary General Meeting on 16/07/1436AH (corresponding to 05/05/2015) to transfer the Company's dilapidated and suspended assets to assets intended for sale.

5. Structuring the Company's financial obligations of receivables and prepayments with a balance of receivables amounting to 8.354.362 SR while the balance of prepayments amounts to 253.250 SR as of 31 December 2016.

6. Claiming the rights of the company to third parties. The following table provides additional details regarding these claims:

Party to the claim	Amount (SR)	The current status of the claim
Former chairman and directors of AlBhaha	100.000.000	AlBhaha Investment & Development Co. filed on 24/08/1435AH (corresponding to 22/06/2014) a claim before Jeddah Administrative Court under No. (1135) against the former chairman and directors for the mistakes and errors they made in waiving the rights of AlBhaha stockholders in the swap of the company's assets with Modern Bright and the consequent damages caused to the company and the stockholders and obliging them to jointly pay the company (100.000.000) one hundred million Saudi riyals. The Company has announced on Tadawul website dated 03/06/1438AH (corresponding to 02/03/2017) that a decision was issued by Jeddah Administrative Court on 02/06/1438AH (corresponding to 01/03/2017) that the former Chairman and Directors must jointly pay to AlBhaha the following: First: The amount of 68.695.441 riyals sixty-eight million and six hundred ninty five thousand and four hundred and forty-one riyals. Second: An amount of 1.000.000 SR against the lawyer fees. Third: Dismiss the other requests. Note that the date of receipt of the judgment is 17/06/1438AH (corresponding to 16/03/2017). It is worth mentioning that this judgment is an initial judgment subject to appeal within thirty days from the date of receipt of the copy of the notification of the judgment. The judgment shall have no financial effect on the company. For more details on the company's asset swap with Bright Modern, see page 20.
Expert Financial	2.000.000	The company filed an action against Expert Financial - Closed Joint Stock Company - before of the General Court of Belgarshi in case No. (4475/2 of 1430AH) to claim the return of the amount of (2.000.000) two million riyals. The company had agreed with Expert, the defendant to work on increasing the capital of the company in exchange of fees of (5.000.000) five million SR, of which a sum of 2.000.000 two million SR was paid as a down payment. In view of the company's decline in its decision to increase the capital and the failure of the defendant to return the above amount, the company filed the claim for the refund of the amount paid. The case remains pending with the CMA's Committee on the Settlement of Securities Disputes with the arbitrators. This issue remains under consideration until the date of this Prospectus.
Modern Bright Co.	17.300.559	The company filed a lawsuit with the Board of Grievances claiming that Modern Bright refund the amount paid by the company in advance of 7.000.000 SR within the contract signed between AlBhaha and Bright regarding the swap of assets. A final judgment was issued in the case by the Board of Grievances in Jeddah on 24/06/1434AH (corresponding to 04/05/2013) stating the approval of the initial judgment issued by Jeddah Administrative Court to complete the execution of the contract with Bright. On 29/10/1437AH (corresponding to 03/08/2016), AlBhaha received

		a court order from the Execution Departments of the General Court of Belgarshi, to require the company to execute the entire executive document issued by Jeddah Administrative Court in favor of the Modern Bright for General Contracting Co. But it failed to execute the document until the date of preparation of this Prospectus. On 12/05/1438AH (corresponding to 09/02/2017), AlBhaha received a copy of the judgment of the Execution Department in the General Court of Belgarshi issued on 04/05/1438AH (corresponding to 01/02/2017) under No. 38160080, which includes that after reviewing the judgment issued by the Board of Grievances it was shown that the items to be executed in terms of swap of assets are not determined, and the judgment of the Execution Department decided to stop execution until the judgment issued by the Board of Grievances is corrected so that the items to be executed are clearly and accurately determined for each item. The judgment of the Execution Department provided for the right of objection to the parties to the execution within thirty days from the next day of date of receipt of the judgment copy. The management of AlBhaha hereby confirms that it has no intention to object to the judgment, but intends to execute it according to the details contained therein. Once the detailed decision has been made and the other party will not object to it, AlBhaha will coordinate with Modern Bright to execute the provisions of the judgment by transferring ownership of all assets belonging to Modern Bright in AlBhaha and transferring ownership belonging to AlBhaha in Modern Bright, and guaranteeing to complete the court order in full. AlBhaha Board of Directors acknowledges that there are no subsequent provisions of the judgment issued on 04/05/1438AH (corresponding to 01/02/2017) and are not mentioned in this Prospectus in respect of the swap of assets with Modern Bright. There will be no financial impact on AlBhaha as a result of the swap of assets assuming that the actual value of the assets of Modern Bright amounts to 17.300.599 SR, as AlBhaha has already made provisions for the entire loss amount of this transaction at 68.699.441 Riyal, as the value of the contract signed for the swap of assets amounted to 86.000.000 riyals while the actual value of the assets of Bright was 17.300.559 riyals according to the due diligence report, which is the subject matter of this claim. In compliance with the judgment issued by the Court, AlBhaha will claim its rights from the assets of Bright based on the executive document. These assets include: 1. Transfer the ownership of all the crusher inclusions with all its equipment, vehicles, all movable and fixed assets and all the components of the Helocor project and its existing equipment (under construction) for installation. 2. Copies of Al-Suwailem contracts for Al-Haramain train project. 3. List of assets and documents of the Ready Cement Concrete Project and the Helocor Project (under construction). 4. Lease contract for municipal land. 5. Building permit. 6. Project layout. 7. Copy of the initial letter of approval for the Industrial Development Fund loan. 8. A waiver of the mineral wealth license. 9. General site map of the crusher. 10. Minutes of the receipt of the crusher with its equipment and assets, the location of the Helocor project (under construction) and its non-installed equipment. AlBhaha does not have any documents to clarify the details of these assets. In addition, the due diligence report did not contain information on the value of the concrete project and the Halocor plant, since the report referred to mentioned the value of the crusher only. The current management of AlBhaha has confirmed that it does not have any documents showing the value of the assets of Bright when signing the contract which amounted to 86.000.000 riyals or any documents showing the actual value of each of these assets and how to reach 17.300.599 total as per the due diligence report, due to the fact that the swap of assets was carried out under the supervision of the former Board of Directors of the company and not the current, and the former management of the company did not provide the current management any information or documents in this regard. Accordingly, AlBhaha will claim its rights from the assets of Modern Bright, as described in the judgment and executive document issued by Jeddah Administrative Court. However, the value of these assets cannot be verified at 17.300.599 riyals, according to the due diligence report. If the actual value of these assets is less than the stated amount, this means that the provision for the loss of the asset swap that AlBhaha had made in advance of 68.699.441 SR would not be sufficient to cover the full losses arising from this asset swap (please see the Company's risk of failure in entering into previous acquisitions on page (8) of this Prospectus).

4-5 Most important dates and developments

- The establishment of the company under the decision of the Minister of Commerce No. 600 dated 05/06/1413AH (corresponding to 30/11/1992) and under the Commercial Register No. 5800005960 dated 19/07/1413AH (corresponding to 12/01/1993).
- Suspension of the leather factory completely during the second quarter of 2004.
- Athrab chairlift project was partially suspended at a rate of one month only on 21/04/2001. It was completely suspended by the decision of the Board of Directors on 15/12/2014 and approved by the Extraordinary General Meeting on 06/05/2015.
- Since 2009 there has been a reservation by the legal auditor due to the absence of revenues for the company in some years and the accumulated losses exceeded the paid up capital of the company as well as the current liabilities exceeded the current assets, which requires uncertainty about the extent of their continuity.
- On 3/3/1432AH (corresponding to 6/2/2011), the Company signed a contract with Modern Bright for General Contracting Co. Under this contract, the following assets will be transferred to AlBhaha:
  1. Crusher of all its equipment, vehicles and all movable and immovable assets without its financial liabilities due to the operation of the crusher at the time of signing the contract.

2. Ready-made cement concrete project, with its movable and fixed assets (under construction), as well as the Halocor plant (under construction), as well as its non-installed equipment
3. Copies of Al-Suwailem contracts for Al-Haramain train project
4. Lease contract for municipal land.
5. Building permit.
6. Project layout.
7. Copy of the initial letter of approval for the Industrial Development Fund loan.
8. A waiver of the mineral wealth license.
9. General site map of the crusher.
10. Minutes of the receipt of the crusher with its equipment and assets, the site of the Al-Hallkor Project (under construction) and its non-installed equipment.

For a total amount of 86.000.000 SR payable in kind and cash as follows:

1. The company pays 10.000.000 SR under certified checks in four installments, with a payment of 7 million in the first payment, and then one million riyals is paid in each of the other three payments.
2. The Company shall waive its 50% share of the entire land in Al-Murooj plot, located in Al-Taif Governorate, owned by the Company under Deed No. 1/1/159/133, against 12.000.000 SR of the agreed transaction price.
3. AlBhaha waives its share in the ownership of AlBaha National College for Science, amounting to 37% according to the Memorandum of Association, in addition to 25.000.000 SR, which is owed to AlBhaha by the company owning the College. This represents an in-kind share valued at 18.000.000 SR from the transaction price agreed upon with Bright.
4. The Company shall relinquish the ownership of the entire land of the poultry project located in Al-Aqeeq Governorate in AlBaha area in full of its fixed and movable assets and its entire facilities without its financial assets and free of any mortgages or any financial liabilities owned by the Company under Deed No. 2 of 06 Rabee Al Thani 1425AH, representing in-kind share of 46.000.000 SR of the agreed transaction price.

However, the company has contracted with a specialized and authorized office to carry out the due diligence of the assets of Bright subject matter of the agreement. The office issued the due diligence report on 17 September 2011, valuing these assets only at 17.300.559 SR.

On September 18, 2011, the company announced on Tadawul the results of its due diligence report on the valuation of the assets of Modern Bright. Due to the significant difference between the valuation of the assets of Modern Bright based on the due diligence report of 17.300.559 SR and the value of AlBhaha Investment & Development offered for swap with the assets of Modern Bright of the sum of 86.000.000 Saudi Riyals, the management of AlBhaha Investment & Development discussed the results of the valuation with the management of Modern Bright, but there was no agreement between the parties on the reasons why this difference occurs, resulting in the filing of the case mentioned.

The company announced on October 01, 2011 the results of its negotiations with Modern Bright, which resulted in the non-acceptance of Modern Bright of results of the due diligence report and also declined to return the amount of 7.000.000 Saudi riyals paid by the company in advance to Modern Bright as part of the contract. Therefore, the company canceled the contract with Modern Bright, and the company filed a lawsuit with the Board of Grievances claiming Modern Bright to return the amount paid in advance of 7.000.000 SR. A final judgment was issued in the case by the Board of Grievances in Jeddah on 24/06/1434AH, which includes the ratification of the initial judgment issued by Jeddah Administrative Court to complete the execution of the contract with Modern Bright, and AlBhaha appealed to the Administrative Court of Appeal in the Western Region to review the Judgment. On 29/10/1437AH (corresponding to 03/08/2016), the Company received a judicial decision from the Execution Departments of the General Court of Belgarshi requiring the Company to execute the entire executive document issued by Jeddah Administrative Court for the benefit of Modern Bright for General Contracting Co., but it did failed to execute document until the date of this Prospectus. On 12/05/1438AH (corresponding to 09/02/2017), AlBhaha received a copy of the judgment of the Execution Department in the General Court of Beljarshi issued on 04/05/1438AH (corresponding to 01/02/2017) under number 38160080, which includes that after reviewing the judgment issued by the Board of Grievances, it was found that the items to be executed in respect of asset swap were not determined. The Execution Department's judgment decided the suspension of execution until the judgment issued by the Board of Grievances was rectified so that the items to be executed are clearly and accurately determined for each item. The Execution Department's judgment also provided the right of objection to the two parties of execution within thirty days from the next day of date of receipt of the judgment copy. The management of AlBhaha hereby confirms that it has no intention to object to the judgment, but intends to execute it according to the details contained therein. Once the detailed decision has been made and the other party will not object to it, AlBhaha will coordinate with Modern Bright to execute the provisions of the judgment by transferring ownership of all assets belonging to Modrn Bright in AlBhaha and transferring ownership of assets belonging to AlBhaha in Modern Bright and guaranteeing the completion of the judicial order in full. AlBhaha Board of Directors acknowledges that there are no subsequent provisions of the judgment issued on 04/05/1438AH (corresponding to 01/02/2017) and are not mentioned in this Prospectus in respect of the swap of assets with Modern Bright. There will be no financial impact on AlBhaha as a result of carrying out the asset swap transaction on the assumption that the actual value of Modern Bright assets is 17.300.599 SR. AlBhaha has already made provisions for the entire loss amount of 68.699.441 SR, that the value of the contract signed for the swap of assets amounted to 86.000.000 riyals while the actual value of the assets of Bright is 17.300.559 riyals according to the due diligence report. When Bright claimed the execution of the swap of assets, AlBhaha will claim rights from the assets of Bright according to the executive document, mentioned above. AlBhaha does not have any documents to clarify the details of the assets to be owned by AlBhaha as a result of this swap. In addition, the due diligence report did not contain information on the value of the ready cement concrete project and the Halocor plant, since the report referred to mentioned the value of the crusher only. The current management of AlBhaha confirmed that it does not have any documents showing the value of the assets of Bright when signing the contract which amounted to 86.000.000 riyals or any documents showing the actual value of each of these assets and how to reach 17.300.599 in total according to the due diligence report, due to the fact that the swap of assets was carried out under the supervision of the former Board of Directors of the company and not the current. The former management of the company did not provide the current management with any information or documents in this regard. Accordingly, AlBhaha will claim its rights from the assets of modern Bright, set out in the judicial order and executive document issued by Jeddah Administrative Court, but it cannot verify the value of these assets estimated at 17.300.599 riyals according to the due diligence report. If the actual value of these assets is less than the stated amount, this means that the provision for the loss of the asset swap that AlBhaha has made in advance of 68.699.441 SR will not be sufficient to cover the entire loss from this asset swap (see the Company's risk of failure in entering into previous acquisitions on page (8) of this Prospectus).

- AlBhaha Investment & Development announced the financial and legal position of the company on 22/05/1434AH corresponding to 03/04/2013 indicating that the company has potential liabilities exceeding its assets. These obligations are as follows:

- The amount of 1.875.000 riyals under deed of the General Court of Belgarshi No. 24/1 on 18/11/1432AH in the case filed by Ali bin Ahmed Al-Ajma.
- The amount of 3.000.000 SR remaining due to Expert with which the Company entered into a contract on 19/06/1428AH, amounting to 5.000.000 SR to arrange the increase of the Company's capital.
- A judgment from the Board of Grievances No. 142/D/T.C/2/2 for the year 1433AH on 14/10/1433AH in favor of Modern Bright for General Contracting Co. decided that AlBhaha pays and delivers Modern Bright the following:

1 - 3.000.000 riyals in cash and the rest from the amount of 10.000.000 riyals, of which the sum of 7.000.000 riyals has already been paid.
2- The ownership deed of the land owned by the company located in the small basin in Taif.
3. Certificate of ownership of the company's share in Al-Baha National College of Sciences with the college's debts for the company.
4- The ownership of the land of the poultry project and its facilities in Al-Aqeeq Governorate.

- The stock of AlBhaha Investment & Development was suspended on the Saudi Stock Exchange (Tadawul) on 25/05/1434AH (corresponding to 6 April 2013).
- On 29/05/1434AH (corresponding to 10/04/2013), letter of Zakat linkage was issued by the General Authority for Zakat and Income, which indicates Zakat differences of 16.849.347 SR for the period from 2000 to 2010.
- AlBhaha Investment & Development announced on 24/09/1435AH (corresponding to 21/07/2014) that its accumulated losses as of June 30, 2014 amounted to 122.4% of the paid-up capital. The accumulated losses amounted to 183.641.878 SR, while the paid-up capital amount 150.000.000 riyals in full.
- Tadawul Stock Exchange announced on 24/09/1435AH (corresponding to 21/07/2014) that as a result of AlBhaha Investment & Development announcing accumulated loss of (122.4%) of its capital, as this percentage of accumulated losses exceeds 100% of its capital, the Saudi Stock Exchange (Tadawul) will issue, according to the procedures and instructions of listed stocks of companies in the market whose accumulated losses amounted to 50% or more of its capital, as follows:

First: The continued suspension of trading of the company's stocks in the market.
Second: Put a red mark next to the company's name on the website of the Saudi Stock Exchange.
Third: The stocks of the company may be traded with during the suspension of trading of its stocks in accordance with the mechanism in force in the market through brokerage companies.
The Capital Market Authority announced on 21/11/2016 the amendment of the procedures and instructions of companies whose stocks are listed and have accumulated losses of 20% or more of their capital, with the commencement of the amended procedures as of 25/07/1438AH corresponding to 22/04/2017, according to which companies with losses of 20% or more of capital should:

1. When the cumulative losses of the company reach 20% or more and less than 35% of its capital

a) The Company shall immediately disclose to the public, without delay, a separate announcement when its accumulated losses reach 20% or more and less than 35% of its capital. The announcement shall include the amount of the accumulated losses and their percentage of the capital and the main reasons that led to these losses, with reference in the announcement that such procedures and instructions shall be applied thereon. In the event that the disclosure required in accordance with this paragraph coincides with the announcement of the initial or annual results, the Company shall be exempted from disclosing an independent announcement if it is included in the announcement of the initial or annual financial results.
b) The Market shall add a mark next to the Company's name on the Market website indicating that the accumulated losses of the Company are 20% or more and less than 35% of its capital immediately after the announcement referred to in paragraph (a) of this Article.
c) Upon obtaining a report from the Chartered Accountant stating its financial position, the Company shall disclose to the public immediately and without delay a separate announcement when the accumulated losses of 20% of its capital are reduced. The announcement shall include the measures taken by the Company to amend its position. And the announcement must be accompanied with the report of chartered accounted referred to in this paragraph.
d) The mark referred to in paragraph (b) of this Article shall be deleted by the Market immediately after the Company announces its correction of situation as referred to in paragraph (c) of this Article.

2. When the accumulated losses of the company reach 35% or more and less than 50% of its capital

a) The Company shall immediately disclose to the public, without delay, a separate announcement when its accumulated losses reach 35% or more and less than 50% of its capital. The announcement shall include the amount of the accumulated losses and their percentage of the capital, the main reasons for these losses and procedures made by the company. The announcement must indicate that such procedures and instructions will be applied thereon. If the disclosure required in accordance with this paragraph coincides with the announcement of the initial or annual financial results, the Company shall be exempted from disclosing in a separate announcement if it is included in the announcement of the results of the initial or annual results.
b) The Market shall add a mark next to the Company's name on the Market website indicating that the accumulated losses of the Company are 35% or more and less than 50% of its capital, immediately after the announcement referred to in paragraph (a) of this Article.
c) Upon obtaining a report from the Chartered Accountant stating its financial position, the Company shall disclose to the public immediately and without delay a separate announcement in case of a reduction of its accumulated losses of 35% of

its capital. The announcement shall include the measures taken by the Company to rectify its situation. And the announcement must be accompanied with the report of the chartered accountant referred to in this paragraph.
d) The mark referred to in paragraph (b) of this Article shall be deleted by the Market immediately after the Company announces correction of its situation as referred to in paragraph (c) of this Article.
e) When the accumulated losses of the company fall below 35% and at least 20% of its capital, the company shall apply the third article of these procedures and instructions.

3. When the accumulated losses of the company reach 50% or more of its capital

a) Disclose to the public immediately, and without delay, a separate announcement when its accumulated losses reach 50% or more of its capital.
b) The market adds a mark to the company's name on the Market website, which indicates that the accumulated losses of the company reached 50% of its capital immediately after the announcement.
c) Subject to the provisions of Article 150 of the Companies Law, the Company shall announce the recommendation of the Board of Directors to the Extraordinary General Meeting regarding its accumulated losses immediately after issuance, either by increasing or decreasing the Company's capital or dissolving the Company before the date specified in its Articles of Association. It is worth mentioning that AlBhaha held a Extraordinary General Meeting on 05/10/1437AH (corresponding to 10/07/2016), in which it was decided to approve the continuation of the company in the exercise of its business and not to dissolve it before its expiry date and to authorize the Board of Directors to take the necessary measures with the competent authorities.
d) Upon obtaining a report from the Chartered Accountant stating its financial position, the Company shall disclose to the public immediately and without delay a separate announcement in case of a reduction of its accumulated losses of 50% of its capital. The announcement shall include the measures taken by the Company to rectify its situation. And the announcement must be accompanied with the report of chartered accountant referred to in this paragraph.
e) The mark referred to in paragraph (b) of this Article shall be deleted by the Market immediately after the Company announces correction of its situation as referred to in paragraph (d) of this Article.

- When the accumulated losses of the company fall below 50% and at least 20% of its capital, Article III or Article IV of these procedures and instructions shall be applied to the company, as the case may be. The Company's accounts were frozen on 30/07/1435AH (corresponding to 29/05/2014) from the Saudi Arabian Monetary Agency due to non-payment of Zakat from 1993 to 1999 amounting to 3 million SR. The company contacted the General Authority for Zakat and Income and a solution was reached to pay half of the amount of one million five hundred thousand riyals a and pledge to pay the rest of the amount in installments under the letter issued by the General Authority for Zakat and Income on 21/04/1436AH (corresponding to 10 February 2015) and opening of accounts were allowed.
- On 26/01/1436AH corresponding to 19/11/2014 an Extraordinary General Meeting was held for stockholders. The subject of the meeting was to amend Article (16) of the Articles of Association and add new activities to Article (3) of the Company's activity. The results of the meeting were as follows:
    1- Approval of the amendment of Article (16) of the company’s articles of association, which was before amendment (The Company shall be managed by a Board of Directors composed of (9) members appointed by the Ordinary General Meeting for a period of (3) years. The term of office of the first Board of Directors shall commence from the date of the Ministerial Resolution issued under the announcement of the founding of the company). Article 16 became after amendment as follows: (The Company shall be managed by a Board of Directors composed of (8) members appointed by the Ordinary General Meeting for a period of three years and the term of the first Board of Directors shall commence from the date of the Ministerial Resolution issued under the announcement of the founding of the company).
    2- Approval of the addition of new activities to Article 3 of the basic activities of the Company as follows: Establishment, management, operation and maintenance of central markets, commercial and residential complexes, furnished apartments, restaurants, hotels, gas stations, cafes, buffets, bakeries, desserts, cooked and uncooked rations, wholesale and retail trade of foodstuffs, construction, iron, general contracting for buildings, electrical, electronic and mechanical works, management, maintenance and development of real estate, maintenance, operation, cleaning contracting, purchase and lease contracts for building and investing buildings by sale or lease for the benefit of the company.
- The Extraordinary General Meeting was held on 16/7/1436AH (corresponding to 5/5/2015) during which the acquisition of existing and unlisted companies through the issuance of stocks was approved.
- AlBhaha announced the signing of a memorandum of understanding on 18 Rajab 1436AH (corresponding to 07 May 2015) with Elegant Centers Co. Ltd to be acquired in full.
- On 28 Thul Qeda 1437AH (corresponding to 31 August 2016), AlBhaha announced the extension of the acquisition agreement for the acquisition of Elegant Centers to 31/03/2017.
- On 11/01/1438AH (corresponding to 12/10/2016), AlBhaha signed a contract to acquire Elegant Centers.
- The approval of the Competition Council for the request for economic concentration between AlBhaha Investment & Development Co. and Elegant Centers Co. Ltd by 22/2/1438AH (corresponding to 22/11/2016).
- On 08/03/1438AH (corresponding to 07/12/2016), AlBhaha signed a contract for the acquisition of Elegant Centers. This contract is in conformity with the contract signed on 11/01/1438AH. Except for the addition of penalty clauses to ensure that the partners of Elegant Centers do not disclose the assets of the company. This contract supersedes all previous agreements, and this procedure did not require the announcement by the company because there was no significant change in the contract.

4-6 Vision and Mission of the Company

4-6-1 Vision of the Company

"Working on continuous development through the development of strategic objectives to improve the performance of the company, which makes AlBhaha one of the main companies in the multi-investment sector."

4-6-2 Company Mission

The company is committed to working with high transparency and to continue to find the best investment opportunities and increase the value of investments according to the capabilities it possesses.

4-7 Loans and mortgages

The Board of Directors of AlBhaha hereby acknowledge that there are no loans, mortgages or other debts on the Company which are not included in this Prospectus, namely the Company's short-term debts of receivables and prepayments. The balance of receivables is 7.349.151 SR and the balance of prepayments is 129.099 SR referred to on pages 44 and 45 in addition to current liabilities and contingent liabilities that include:

4-7-1 Current liabilities incurred by the Company

- 500.000 SR due to the General Authority for Zakat and Income

The amount of 2.500.000 SR was paid to the General Authority for Zakat and Income from zakat amounts due for the period from 1993 to 1999 amounting to 3.000.000 SR after a solution was reached with the General Authority for Zakat and Income by paying half the amount of one million five hundred thousand riyals and a pledge to pay the rest of the amount in equal installments, each of which is 250.000 SR. As of 19/11/1437AH (corresponding to 22/08/2016), four installments have been paid. As a result, the Company's current dues to General Authority for Zakat and Income are 500.000 SR which will be paid in two installments according to the following schedule:

General Authority for Zakat		
installment	Date of payment	Amount
Fifth	1/05/1438AH	250.000SR
Sixth	1/11/1438AH	250.000SR

* Based on the statement of AlBhaha, it has coordinated with the General Authority for Zakat and Income on postponement of the payment of the fifth installment due on 01/05/1438AH, provided that payment is made during the first quarter of 2017.

- 3.000.000 Saudi Riyals due to Bright

As a result of the swap of assets between the two companies, a court judgment was issued on 25/01/1434AH (corresponding to 08/12/2012) requiring AlBhaha to complete the swap of assets and pay the amount due (3.000.000 SR) three million Saudi riyals to Modern Bright for General Contracting Co. In addition to the completion of the swap that includes the following:

1. The actual transfer of (134) plots of land located in Al-Mawrouj plot in Taif city, estimated at 12.000.000 SR according to the contract signed between AlBhaha and Bright.
2. The transfer of the land on which the poultry project is located in Al-Aqiq Governorate, estimated at 46.000.000 SR according to the contract signed between AlBhaha Company and Bright.
3. The share of AlBhaha Company in Al-Baha National College for Sciences, estimated at 18.000.000 SR according to the contract signed between AlBhaha and Modern.

On 29/10/1437AH (corresponding to 03/08/2016), AlBhaha received a court order from the Execution Department of the General Court of Belgarshi to require the Company to execute the entire executive document issued by Jeddah Administrative Court in favor of Modern Bright for General Contracting Co., but it failed to execute the document until the date of Prospectus. On 12/05/1438AH (corresponding to 09/02/2017), AlBhaha received a copy of the judgment of the Execution Department in the General Court of Belgarshi issued on 04/05/1438AH (corresponding to 01/02/2017) under no. 38160080, which includes that after reviewing the judgment issued by the Board of Grievances it was found that the items to be executed in terms of the asset swap were not determined, and the judgment of the Execution Department decided to stop execution until the judgment issued by the Board of Grievances is corrected so that the items to be executed are clearly and accurately determined for each item. The judgment of the Execution Department provided the right of objection to the parties to the execution within thirty days from the next day of date of receipt of the judgment copy. The management of AlBhaha hereby confirms that it has no intention to object to the judgment, but intends to execute it according to the details contained therein. Once the detailed decision has been made and the other party will not object to it, AlBhaha will coordinate with Modern Bright to execute the provisions of the judgment by transferring ownership of all assets belonging to Modern Bright in AlBhaha and transferring assets belonging to AlBhaha in Modern Bright and guarantying the completion of the court order in full. AlBhaha Board of Directors acknowledges that there are no subsequent provisions of the judgment issued on 04/05/1438AH (corresponding to 01/02/2017) and are not mentioned in this Prospectus in respect of the swap of assets with Modern Bright. There will be no financial impact on AlBhaha as a result of the swap of assets assuming that the actual value of the assets of Modern Bright amounts to 17.300.599 SR, as AlBhaha has already made provisions for the entire loss amount of this transaction at 68.699.441 SR as the value of the contract signed for the swap of assets amounted to 86.000.000 riyals while the actual value of the assets of Bright was 17.300.559 riyals according to the due diligence report.

- 10.886.424 SR stockholders' compensation on stocks sold at auction (as in the balance sheet statement for the financial period ended 31 December 2016)

The company obtained the approval of the Capital Market Authority on 25/03/1430AH (corresponding to 22/03/2009) on the sale of stocks not paid in full in order to collect the value of the last installment at 2.5 riyals per stock. The company started the sale on 28/06/2009 until 31/12/2009. Where 984.032 stocks were sold at 14.325.234 riyals according to the offers submitted in the auction and the total amount was collected in full, which is 2.5 riyals per stock representing 25% of the value of the remaining stocks and the use of 2.113.074 SR to complete the capital to become the company's capital of 150.000 SR paid in full. The rest of the amount of 12.212.160 SR will be refunded as surplus to the stockholders who have failed to pay the last installment and whose stocks have been sold at auction upon request by the Company. The company has paid a surplus of (643.451) six hundred and forty-three thousand four hundred and fifty-one in addition to 682.285 SR as expenses resulting from the sale and collection. It is possible that the remaining stockholders make a claim to AlBhaha at any time.

4-7-2 Potential liabilities

- 3.000.000 SR The amount of the case filed against the Company by Expert Financial

A claim from Expert Financial against the company claiming payment of its remaining balance for a contract concluded with the company to prepare a financial study for the capital increase plan against a fee of 5.000.000 SR, of which the company paid 2.000.000 SR as a down payment. The company declined its decision to increase the capital, and therefore Expert filed a lawsuit to claim the remaining balance of the contract, which amounts to (3.000.000) riyals.

- 16.849.347 Saudi Riyals Amount due to the General Authority for Zakat and Income

The Company received a letter from the General Authority for Zakat and Income on 29/05/1434AH (corresponding to 10/04/2013) stating that there are zakat differences in the amount of 16.849.347 SR for the fiscal years 2000 to 2010 payable by the Company. The company has objected to the validity of the said amount, but the company has received another letter from the General Authority for Zakat and Income on 21/12/1436AH (corresponding to 04/10/2015) confirms the validity of the amount. The company also filed an objection to this claim with the Tax Appeals Committee, one of the committees of the General Authority for Zakat and Income, which is formed to consider the decisions of the objection committees, noting that the company raised the objection within the legal period of sixty days from the date of receipt of the letter. A list of objections in terms of acceptance or rejection was not been answered until the date of this Prospectus.
The following table shows the total current and potential liabilities of AlBhaha.

Current and potential liabilities	
Party to the claim	Amount
General Authority for Zakat and Income	500.000
Modern Bright	3.000.000
Stockholders' compensations on stocks sold at the auction	10.886.424
Expert Financial	3.000.000
General Authority for Zakat and Income	16.849.347
Total	34.235.771

AlBhaha's Board of Directors acknowledges that there are no potential contingent liabilities on cash to the Company other than those mentioned above.
However, as stated on page 61, there are cases against the company and financial claims on it, but they are limited to stocks instead of cash. The total number of stocks is 16.290 stocks. The stock price is determined based on the stock price at the time of execution of the judgment. The last price per stock before the suspension of trading of the company's stocks was 13.50 SR as of 02/04/2013, while the stock price in the last transaction outside the platform (4 SR) as of 29/11/2016. Based on the two mentioned prices, the total number of cases against the Company, which are limited by stocks, may range from (65.160) sixty five thousand and one hundred and sixty riyals, and (219.915) two hundred nineteen thousand nine hundred and fifteen Saudi riyals.

4-8 Key suppliers

AlBhaha Investment & Development has no key suppliers due to the suspension of its operations.

4-9 Certificates and Credits

AlBhaha Investment & Development does not have professional or credit certificates or credits such as the ISO quality certificate.

4-10 Customers of the company

AlBhaha Investment & Development has no major customers due to its suspension of activity since the end of 2014.

4-11 Capital structure

The company's current capital is 150.000.000 SR divided into 15.000.000 ordinary stocks with a nominal value of 10 SR each paid in full. The founding stockholders have subscribed to a total of 299.200 stocks with a total value of 29.920.000 twenty nine million nine hundred twenty thousand stocks with nominal value of 100 SR per stock, while the remaining stocks were offered for public subscription. The company's Board of Directors issued a resolution on 17/07/1435AH (corresponding to 06/05/2015), recommending the acquisition of Elegant Centers by issuing stocks amounting to 145.000.000 SR one hundred forty five million Saudi riyals. Upon completion of the acquisition, the capital will be (295.000.000) two hundred ninety five million Saudi Riyals divided into 29.500.000 ordinary stocks with a nominal value of 10 SR per stock.

4-12 Founding stockholders and existing stockholders

- The number of founding stockholders of the company was 101 and none of them held more than 5% of the stocks of the company at the time of establishment.
- There are no existing stockholders holding more than 5% of the stocks of AlBhaha Investment & Development Co.

4-13 Products and Services

The company does not have any products or services currently provided due to the interruption of the industrial leather factory for more than ten years and the suspension of Athrab chairlift project in part since 2001 and fully in 2014.
However, there are a number of activities that have been recently added to the Company's Commercial Register, but have not yet been substantially implemented, as follows:
The establishment, management and operation of central markets, commercial and residential complexes, hotels, furnished apartments, restaurants, cafes, buffets, bakeries, desserts, cooked and uncooked rations, fuel stations, wholesale and retail trade of foodstuffs, wholesale and retail trade of building materials, iron and general contracting of buildings, electrical, electronic and mechanical works, management, maintenance and development of real estate, contracting for maintenance, operation and cleanliness, buying and renting of land for the construction and investment of buildings by selling or leasing for the benefit of the company.
These activities have not been implemented until the date of this Prospectus, except contracting and construction materials supply, which were operated very simply and do not constitute any actual operations. That is, they are not incompatible with the interruption of the company's business.

4-14 Information Technology

AlBhaha Investment & Development uses Dicoverer for Public Accounts system developed by Arab Discoverors for Information Systems, which contains the public accounts program and provides various accounting reports such as statement of account, analytical or group ledger, and final accounts.

4-15 business interruption

There has been an interruption in the company's business during the previous period, which has had a significant impact on the financial position of the company during the last two years. The following is the business interruption that occurred during the previous period:

- The leather factory fully suspended during the second quarter of 2004.
- Athrab chairlift project was partially suspended at a rate of one month only on 21/04/2001. It was completely suspended by the decision of the Board of Directors on 15/12/2014 and approved by the Extraordinary General Meeting on 06/05/2015.

By the suspension of the two activities above, the Company no longer has any material operations or activities as of 15/12/2014. However, there are some non-material operations which include contracting and construction materials, which have been operated on a very limited basis. Therefore, AlBhaha is not fulfilling Article 11, paragraph (b) of the Registration and Listing Rules stating that "When submitting an application for registration and acceptance of the listing, the issuer shall exercise directly or through one or more of its subsidiaries one main activity at least three financial years under the supervision of a management not been fundamentally changed in its entirety," and for this purpose the Company has submitted an application for exemption to the CMA to exempt it from the said Article.

There is a reservation by the legal auditor on the financial statements of the company since 2009 due to the absence of revenues for the company in some years and the accumulated losses exceeded the paid up capital of the company as well as the current liabilities exceeded current assets, which requires uncertainty about the extent of continuity.

4-16 Research and development policies for new products and methods of production over the past three fiscal years

The Company does not have any research or development policies, either for new products or to improve the methods of production over the three fiscal years preceding the date of this Prospectus, in view of the interruption of the business described in paragraph 4-15 above “Business interruption”.

5- Stocks and stockholders of AlBhaha

5-1 Capital

The Company's capital is 150.000.000 SR divided into 15.000.000 ordinary stocks with a nominal value of 10 SR per stocks paid in full. By a resolution of the Extraordinary General Meeting, the capital of the Company may be increased once or several times by issuing new stocks at the same nominal value of the original stocks, provided that the original capital has been paid in full. The capital shall not be paid in full if the unpaid part of the capital belongs to stocks issued in exchange for the conversion of debt instruments or financing instruments into stocks and the period for conversion into stocks has not yet expired.

In addition, a resolution of the Extraordinary General Meeting may reduce the capital of the company if it exceeds its need or if the company suffers losses. In the latter case alone, the capital may be reduced below the limits stipulated in Article 54 of the Companies Law.

5-2 Issuance of stocks

The stocks of the Company shall be nominal and shall not issue stocks below their nominal value, but may be issued higher than this value. In this latter case, the difference in value shall be added in a separate section under the stockholders' equity. They may not be distributed as dividends to stockholders, and the stocks are indivisible against the Company. If the stock is held by multiple persons, they must elect one of them as a representative for the use of the rights relating thereto, and such persons shall be jointly liable for the obligations arising from the holding of the stocks. Stocks of the Company may also be issued in cash or in kind.

5-3 Stockholders' meetings

5-3-1 Ordinary General Meeting

Except for the matters of the Extraordinary General meeting, the Ordinary General Meeting shall have all matters pertaining to the Company and shall be held at least once a year during the six months following the end of the fiscal year of the Company. Other Ordinary General Meetings may be convened whenever the need arises.

An Ordinary General Meeting shall not be valid unless attended by stockholders representing at least one quarter of the capital. If there is no quorum for convening this meeting, one of the two options shall be:

1. The second meeting shall be held one hour after the expiry of the period specified for the first meeting, provided that the invitation to convene the first meeting shall include the announcement of the possibility of convening such a meeting.
2. An invitation for a second meeting to be held within the thirty days following the previous meeting. Such invitation shall be published in the manner provided for in Article 30 of the Articles of Association of the Company.
   In all cases, the second meeting shall be valid regardless of the number of stocks represented therein.

5-3-2 Extraordinary General Meeting

The Extraordinary General Meeting shall have the right to amend the Articles of Association of the Company except for matters that are not subject to its amendment by law and may issue decisions in matters already included in powers of the Ordinary General Meeting under the same terms and conditions prescribed by the Ordinary General Meeting.

It shall also have the right in prolonging, shortening or dissolving the company before its expiry for any reason.

The Extraordinary General Meeting shall not be valid unless attended by stockholders representing 50% of the capital. If this quorum is not present at the first meeting, one of the two options shall be chosen:

1. The second meeting shall be held one hour after the expiry of the period specified for the first meeting, provided that the invitation to convene the first meeting shall include the announcement of the possibility of convening such a meeting.
2. Invitation for a second meeting, to be held in the same manner provided for in Article 30 of the Articles of Association of the Company.

In all cases, the second meeting shall be valid if attended by a number of stockholders representing at least one quarter of the capital.

If a quorum is not present at the second meeting, a third meeting shall be convened in the same manner provided for in Article 30 of this Law. The third meeting shall be valid regardless of the number of stocks represented therein after the approval of the competent authority.

5-4 Rights of stockholders

The Company has issued one class of issued stocks and there are no preferential rights for any stockholder in relation to the voting. Each subscriber, regardless of the number of stocks, has the right to attend the Constituent Meeting and has a vote for each stock in the Constituent Meeting. Each stockholder has the right to attend the Shareholders' Meetings. Any stockholder has one vote in the General Meetings and may appoint another person who is not a Director or the Company's employees to attend the General Meeting. The cumulative vote shall be used for the election of the Board of Directors. The company's articles of association do not include any clauses relating to the rights of redemption, repurchase or surplus assets upon liquidation.

5-5 Dividend distribution policy

The Company's annual net profits shall be distributed as follows:

- 10% of net profits shall be appropriated to form the statutory reserve of the Company. The Ordinary General Meeting may decide to discontinue such appropriation when the said reserve reaches 30% of the paid up capital.
- To the Ordinary General Meeting on the proposal of the Board of Directors to appropriate (10%) of net profit to form a general agreement reserve.
- The Ordinary General Meeting may decide to make other reserves, to the extent that it serves the interest of the company or ensures the distribution of fixed profits as much as possible to the stockholders. The said meeting may also set apart from the net profits amounts to establish social institutions for the company's employees or to assist the existing institutions.
- The remainder shall be distributed to the stockholders representing 5% of the paid up capital of the company.
- Subject to the provisions of article 20 of the Articles of Association of the Company and article 76 of the Companies Law, after the foregoing, 10% of the remainder shall be allocated to remuneration of the Board of Directors, provided that such remuneration is commensurate with the number of meetings attended by the director.

AlBhaha has not distributed any dividends in the last three years.

5-6 Statistical information on stocks and stockholders

The following is statistical information about stockss and stockholders in AlBhaha as of 27/9/2016 corresponding to (26 Thu al-Hijjah 1437AH)

(5-1) Table: Statistical information on stocks and stockholders of AlBhaha as of 27/09/2016		
Description	Number	Percentage
Number of stockholders	6.474	100%
Number of securities	15.000.000	100%
Number of stocks held by directors	17.393	0.12%
Number of stocks held by senior stockholders and their relatives	-	-
Number of stocks held by senior executives (non-directors)	-	-
Number of stocks held by other stockholders from the public	14.982.607	99.88%

Source: AlBhaha Investment & Development Co.

(5-2) Table: Information of number of stocks held by directors of AlBhaha as of 27/09/2016				
Ref.	Name	Title	No. of stocks	Ownership percentage
1	Prince Fahd Bin Mushari Al Saud	Chairman	1.000	0.007%
2	Mishal Mohmmed Hasan Mufti	Director and Financial Manager	1.250	0.008%
3	Saad Hamad Mohammed Bin Saif	Director and Board Secretary	1.000	0.007%
4	Ibrahim Abdullah Bin Kolaib	Director	1.000	0.007%
5	Ziad Mohammed Sultan Al-Umr	CEO and Director	1.000	0.007%
6	Abdulaziz Saleh AlHammadi	Director	1.143	0.008%
7	Dr. Hatim Abdullah Saad AlGhamdi	Director	1.000	0.007%
8	Mohammed Saleh Mohammed AlHammadi	Director	10.000	0.067%
Total stocks of directors			17.393	0.12%

Source: AlBhaha Investment & Development Co.

5-7 Existing senior stockholders

There are no senior stockholders in the Company where there are no existing stockholders holding more than 5% of the stocks of AlBhaha Investment & Development Co. as of the date of this Prospectus.

5-8 Statistical data for the stock price

AlBhaha stock price traded outside the platform are as follows:

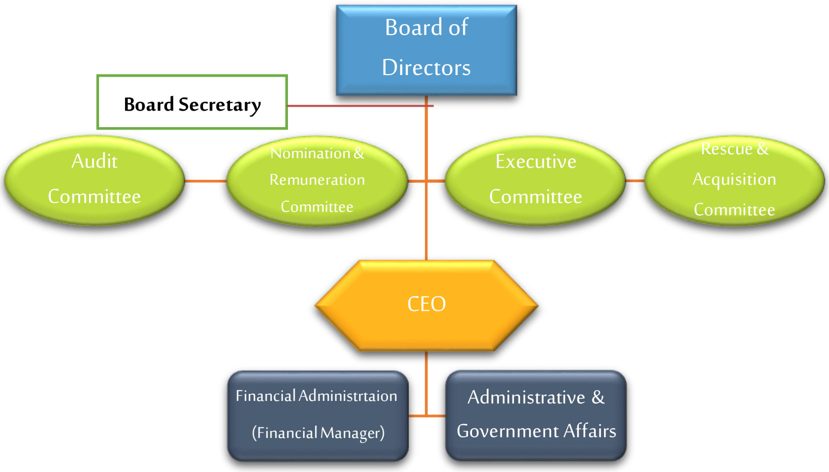
(5-3) Table: Stock price of AlBhaha traded outside the platform		
Date of transaction	No. of stocks sold	Sale price (SR)
25/11/2014	850 stocks	9 SR
22/12/2014	666 stocks	14 SR
24/05/2015	8.352 stocks	7 SR
07/06/2015	1.516 stocks	3 SR
30/07/2015	600 stocks	8 SR
12/10/2015	11.000 stocks	10 SR
14/10/2015	3.000 stocks	5 SR
02/11/2015	1.000 stocks	7 SR
27/12/2015	5.294 stocks	5 SR
25/04/2016	10.000 stocks	5 SR
03/05/2016	16.000 stocks	5 SR
16/06/2016	4.823 stocks	2 SR
22/06/2016	1.664 stocks	2 SR
29/11/2016	1.908 stocks	4 SR

Source: AlBhaha Investment & Development Co.

6- Management of AlBhaha

6-1 Organizational structure of the company

Due to the company's exceptional circumstances, AlBhaha's Board of Directors has developed a streamlined regulatory structure that ensures a common interaction in decision-making and the rapid flow of information. The following figure illustrates the company's current organizational structure



Source: AlBhaha Investment & Development Co

6-2 The company Board of Directors

The role of the Board of Directors of AlBhaha Investment & Development is to develop general strategies, key policies and financial objectives of the company's business. The Board approves all financial reserves and budgets, and supervises, abides by and achieves through its various committees the conduct of work in line with the objectives of the company. In addition, the Board of Directors protects the interests of stockholders by ensuring that all laws and regulations in force in the Kingdom are fully complied with the Memorandum of Association and the Company's Corporate Governance Regulations developed and applied by the Board.

The Board of Directors consists of eight members, all of whom have sufficient qualifications and experience. The Board of Directors at its current session has not changed from its previous session, and no director owns 5% or more of the stocks of AlBhaha Investment & Development Co.

Name	Title	Capacity	Nationality	Date of appointment	Age	No. of stocks	Ownership Percentage	A party to the acquisition transaction
Prince Fahd Bin Mushari Al Saud	Chairman	Non-executive/ Independent	Saudi	10/2/2016	53	1.000	0.007%	No
Abdulaziz Saleh AlHammadi	Director	Non-executive/ Independent	Saudi	10/2/2016	41	1.143	0.008%	Yes
Mohammed Saleh AlHammadi	Director	Non-executive/ Independent	Saudi	10/2/2016	45	10.000	0.067%	Yes
Ibrahim Abdullah Bin Kolaib	Director	Non-executive/ Non-independent	Saudi	10/2/2016	39	1.000	0.007%	Yes
Mishal Mohammed Mufti	Director and Financial Manager	Executive/ Non-independent	Saudi	10/2/2016	34	1.250	0.008%	No
Ziad Mohammad Al-Umr	Director and CEO	Executive/ Non-independent	Saudi	10/22016	36	1.000	0.007%	No
Dr. Hatim Abdullah AlGhamidi	Director	Non-executive/ Independent	Saudi	10/2/2016	40	1.000	0.007%	No
Saad Mohammed Bin Saif	Director and Board Secretary	Non-executive/ Independent	Saudi	10/2/2016	45	1.000	0.007%	NO

Source: AlBhaha Investment & Development

6-2-1 Resumes of Directors

The following are profiles of experiences and qualifications of the Directors:

Name	Prince Fahd Bin Mushari Bin Abdulmehsen Al Saud
Nationality	Saudi
Current title	Chairman of AlBhaha Investment & Development Co.
Date of appointment	10/2/2016
Academic qualifications	Graduated from Al-Jazira Secondary School in Riyadh, Saudi Arabia, 1983.
Practical experiences	General Manager of Najd Pearls for General Contracting since 1410AH to date, an individual institution engaging in general contracting, since 1410AH.
Memberships in other boards of directors	None

Name	Ziad Mohammed Sultan Al-Umr
Nationality	Saudi
Current title	CEO of AlBhaha Investment & Development Co.
Date of appointment	10/2/2016
Academic qualifications	Bachelor's degree in Media from King Saud University in Riyadh in Saudi Arabia, 2006.
Practical experiences	Director of Marketing of Fahd International Limited since 2008 to date, a limited liability company in Saudi Arabia, the nature of its work in military and security supplies.
Memberships in other boards of directors	None

Name	Mishal Mohammed Hasan Mufti
Nationality	Saudi
Current title	Director of AlBhaha Investment & Development Co.
Date of appointment	10/2/2016
Academic qualifications	Bachelor's degree in Business Administration - Financial Management from King Saud University in Riyadh, Saudi Arabia, 2004. Holds a marketing course from the University of Washington, USA, 2001. A course in management skills from Tufts University, Massachusetts, USA, 2002.
Practical experiences	CEO of Health Advisory Group since 2004 to date, a limited liability company in Saudi Arabia, engaging in supplying medical devices and supplies, medicines and quality health services. General Manager of Arab Hospital Company since 2004 to date, a limited liability company, in Saudi Arabia, engaging in supplying medical devices, supplies and furnishing. General Manager of Pharmaceutical Services Company Limited since 2002 to date, a limited liability company in Saudi Arabia, engaging in supplying medicines and medical devices. General Manager of the Specialized Clinics Complex since 2001 to date, a limited liability company in Saudi Arabia, engaging in providing medical care.
Memberships in other boards of directors	Partner in Health Advisory Group since 2004 to date. Partner in Arab Hospital Company since 2004 to date. Partner in Pharmaceutical Services Company Limited since 2002 to date. Partner in Specialized Clinics Complex since 2001 until now.

Name	Abdulaziz Bin Saleh Bin Mohammed AlHammadi
Nationality	Saudi
Current title	Director of AlBhaha Investment & Development Co.
Date of appointment	10/2/2016
Academic qualifications	Bachelor's degree in Medicine and Surgery from Al-Azhar University in Cairo, Egypt, 2004
Practical experiences	Director of Operations Department at AlHammadi Development & Investment Co. since 2010 to date, Saudi joint stock company engaging in establishing, maintaining, managing and operating hospitals and medical centers, wholesale and retail trade in medical equipment, wholesale and retail trade in foodstuffs, purchase and lease of land for the construction and investment of buildings by selling or leasing for the benefit of the company, establishment or participation in the establishment of industrial projects, construction, operation and maintenance of commercial centers, and contracting and maintenance of building works.
Memberships in other boards of directors	Director of AlHammadi Development & Investment Co. since 2010 to date. Partner in Elegant Centers Co. Ltd since 2014 to date.

Name	Mohammed Bin Saleh Bin Mohammed AlHammadi
Nationality	Saudi
Current title	Director of AlBhaha Investment & Development Co.
Date of appointment	10/2/2016
Academic qualifications	Bachelor's degree in Business Administration from Weber University, Florida, USA, 1996. Bachelor's degree in Marketing from Weber University, Florida, USA, 1996.
Practical experiences	Managing Director and CEO of AlHammadi Development and Investment Co. since 1996 to date, Saudi joint stock company engaging in establishing, maintaining, managing and operating hospitals and medical centers, wholesale and retail trade in medical equipment, wholesale and retail trade in foodstuffs, purchase and lease of land for the construction and investment of buildings by selling or leasing for the benefit of the company, establishment or participation in the establishment of industrial projects, construction, operation and maintenance of commercial centers, and contracting and maintenance of building works
Memberships in other boards of directors	Director of AlHammadi Development and Investment Co. since 1996 to date. Director of Wellspoon Middle East Pipe Manufacturing Company in Dammam, Saudi Arabia since 2010 to date, a limited liability company engaging in the steel pipe industry. Partner in Elegant Centers Co. Ltd since 2014 to date.
Name	Ibrahim Abdullah Rashid Bin Kolaib
Nationality	Saudi
Current title	Director of AlBhaha Investment & Development Co.
Date of appointment	10/2/2016
Academic qualifications	Bachelor's degree in Administrative Sciences from the University of Jordan in Amman in the Hashemite Kingdom of Jordan, 2004.
Practical experiences	Acting General Manager of AlBhaha Investment & Development Co. since 10/04/2014 until 31/07/2016. General Manager of Elegant Centers Co. Ltd since 2014 to date. General Manager of the Direct Vision Foundation for Publicity, Advertising and Public Relations since 2007 until 03/12/2015. It is an individual institution in the Kingdom of Saudi Arabia, engaging in advertising, public relations, and the management and organization of conferences. General Manager of the Fund Idea Agency for Public Relations Est. since 2008 until 02/12/2015, an individual institution in the Kingdom of Saudi Arabia engaging in public relations and media reporting. General Manager of the Office of Diwan Consulting Real Estate since 2015 to date, an individual institution in the Kingdom of Saudi Arabia engaging in the sale, purchase and rental of real estate.
Memberships in other boards of directors	Partner in Elegant Centers Co. Ltd since 2014 to date.

Name	Saad Hamad Mohammed Bin Saif
Nationality	Saudi
Current title	Director and Board Secretary of AlBhaha Investment & Development Co.
Date of appointment	10/2/2016
Academic qualifications	Graduated from Gulf Secondary School - Riyadh - Kingdom of Saudi Arabia, 1414AH.
Practical experiences	General Manager of Actel Trading Co. Ltd. since 1998 to date, a limited liability company located in Riyadh, Saudi Arabia, engaging in food, hygiene materials and supplies, import, export and marketing to others.
Memberships in other boards of directors	Member of the Audit Committee of AlBhaha Investment & Development Co. since 2016 to date.

Name	Dr. Hatim Abdullah AlGhamidi
Nationality	Saudi
Current title	Director of AlBhaha Investment & Development Co.
Date of appointment	10/2/2016
Academic qualifications	PhD in Commercial Law from the University of Rocheville in the UK, 2010. Master of Systems Studies, Institute of Public Administration, Riyadh, Saudi Arabia, 2005. Bachelor's degree in Sharia Law from the Islamic University of Madinah in Saudi Arabia, 1999.
Practical experiences	Vice President of Legal and Administrative Affairs at Boan Company from 2010 to 30 November 2015, a Saudi joint stock company that acts as a holding company for a group of companies whose main activities include the manufacture of a variety of metal, wood, concrete and electrical products.
Memberships in other boards of directors	None

6-3 Board Committees

The Board of Directors of AlBhaha Development and Investment has formed committees comprising Directors. Board committees include the following:

6-3-1 Executive Committee

The Executive Committee is formed by the Board of Directors to provide the Board's presence among its meetings and provide the ability to respond quickly in emergency situations, as well as to assist the Board in carrying out its supervisory functions efficiently and effectively, particularly in relation to the Company's strategic objectives and financial and operational priorities, and making recommendations of dividend distribution policies, as well as evaluating the long-term productivity of the company's operations. The committee also reviews and prepares recommendations for the Board of Directors regarding the company's productivity and its impact on the future of the company, to achieve desired goals to improve the quality of products and services.
The Executive Committee is composed of the members indicated in the following table:

(6-2) Table: Members of the Executive Committee	
Name	Title
Prince Fahd Bin Mushari Bin Abdulmehsen Al Saud	President
Mohammed Bin Saleh AlHammadi	Member
Hatim Bin Abdullah AlGhamidi	Member

Source: AlBaha Investment & Development Co.
The resumes of the members of the Executive Committee are presented on pages 29, 30 and 30.

6-3-2 Audit Committee

The main function of the Committee is to assist the Board of Directors in carrying out its oversight functions efficiently and effectively.

Committee responsibilities

With respect to financial reporting and accounting policies:
- The Committee shall follow up the preparation of the initial and final financial statements in order to ensure the accuracy of the financial information contained therein which the Company will disclose.
- Study the accounting policies used and recommend them to the Board of Directors.
- Identify and review accounting problems that affect the preparation of financial statements.
- Make recommendations to the Board of Directors regarding the Company's annual report.

With regard to risk management:
- Disclose the fundamental risks faced by the company.
- Make recommendations related to the establishment, improvement and dissemination of the internal control environment.
- Prepare a study for the internal control and risk management system.

With regard to the chartered accountant:
- Recommend to the Board of Directors to appoint chartered accountants.
- Conduct an annual review of the chartered accountant's performance.
- Work with the chartered accountant to coordinate the preparation and study of the annual audit plan and procedures and make observations thereon.
- Study and discuss the notes and findings of the chartered accountant, and the degree of management response to them.

With regard to internal audit:
- Oversee the internal audit department of the company, knowing that this department will be established after the completion of the acquisition transaction, in order to verify its effectiveness in carrying out thebusiness and tasks set by the Board of Directors.
- Study the internal audit reports and follow up the implementation of the corrective measures of the notes contained therein.

With respect to compliance with laws and regulations:
- Develop procedures for reviewing complaints related to internal control procedures, financial reporting and auditing.
- Prepare procedures that enable employees to submit complaints to ensure complete confidentiality.

Committee members

The Audit Committee shall consist of the members indicated in the following table:

(6-3) Table: Members of the Audit Committee	
Name	Title
Abdulaziz Saleh AlHammadi	President
Saad Bin Hamad Bin Saif	Member
Alaa Mohammad Tabaneyah Ahmad	Member from outside the board

Source: AlBhaha Investment & Development Co.
The resumes of Abdulaziz Saleh AlHmammadi and Saad Bin Hamad Bin Saif are presented on pages 29 and 30 respectively.

Resume of Mr. Alaa Mohammad Tabaneyah Ahmad, Member of the Audit Committee	
Name	Alaa Mohammad Tabaneyah Ahmad
Nationality	Egyptian
Current title	Internal Auditor and Financial Analyst of AlHammadi Investment & Development
Date of appointment	2016
Academic qualifications	Bachelor's degree in Commerce, Sohag University, Egypt, 2001. Postgraduate Diploma in Internal Auditing in 2005 from Sohag University - Egypt.
Practical experiences	Auditor of AlHammadi Development and Investment since 09/01/2009 to date. Internal Data Auditor and Financial Systems Analyst, Ministry of Finance, Egypt since 2002 till the end of 2008.
Memberships in other boards of directors	None

6-3-3 Nominations and Remuneration Committee

The Committee shall recommend to the Board of Directors to nominate for membership of the Board in accordance with the approved policies and standards stipulated in the Board of Directors' Regulations.

Committee responsibilities

With regard to the nomination of the Directors and the Executive Directors, the Committee shall:

- Recommend to the Board of Directors to nominate for membership of the Board in accordance with the approved policies and standards stipulated in the Board of Directors' Regulations.
- Review the structure of the Board of Directors and make recommendations regarding possible changes.
- Identify the weaknesses and strengths in the Board of Directors, and propose to address them in accordance with the interest of the company.
- Set criteria for determining the independence of the board member.
- Develop policies related to continuous improvement in the performance of employees at senior management levels.
- Continuous review of the appropriateness of the remuneration standards of the company against the performance of the company and its financial position and the basic trends in the labor market.

Committee members

The Nomination and Remuneration Committee is composed of three members, all of them are Directors.

(6-4) Table: Members of the Nomination & Remuneration Committee

Name	Title
Prince Fahd Bin Mushari Al Saud	President
Ibrahim Bin Abdullah Bin Kolaib	Member
Mohammed Bin Saleh AlHammadi	Member

Source: AlBhaha investment & Development Co.

The resumes of the members of the Nomination & Remuneration Committee are presented on pages 29, 30 and 30.

6-3-4 Rescue and Acquisition Committee

On the basis of the conditions experienced by AlBhaha Investment & Development Co., the Board of Directors, at its meeting held on 24/09/1435AH (corresponding to 21/07/2014), decided to establish a special rescue committee consisting of three members:

- Ibrahim Abdullah Bin Kolaib, President.
- Abdulaziz Saleh AlHammadi, Member.
- Mishal Mohammed Mufti, member.

The Committee has continued to carry out its duties since its appointment in 2014 to the beginning of 2015. The Board of Directors of AlBhaha decided in its meeting held on 01/07/1436AH (corresponding to 20/04/2015) to rename the rescue committee to become the Rescue and Acquisition Committee, and to restructure it for the presence of Ibrahim Bin Abdullah bin Kolaib, and Abdulaziz Saleh AlHammadi, who are parties related to the acquisition in the previous committee.

Committee members

The Rescue and Acquisition Committee shall consist of the following members:

(6-5) Table: Members of the Rescue & Acquisition Committee

Name	Title
Ziad Bin Mohammad Al-Umr	President
Mishal Bin Mohammed Mufti	Member
Dr. Hatim Abdullah AlGhamidi	Member

Source: AlBhaha Investment & Development Co.

The resumes of the members of the Rescue & Acquisition Committee are presented on pages 29, 29 and 30.

Committee responsibilities

The responsibilities of the Rescue and Acquisition Committee include the following:

1. Announcement once the accumulated losses of the company 100% with the inclusion in the announcement the main reasons that led to the achievement of these losses.
2. Prepare a plan to correct the company's conditions and announce them to the stockholders of the company.
3. Implement the plan regarding the correction of the conditions of the company and inform with the Board of Directors of the company the updates and developments.
4. Present to the Board on a quarterly basis the details that have been implemented for plan regarding the correction of the conditions of the company.
5. Disclose future quarterly and annual financial projections.
6. Description of the actual implementation of performance indicators.
7. Announcement at the end of each month on the statements prepared by the company's management.
8. Achieve operating profits.
9. Achieve positive operating cash flow for the last fiscal year.
10. Study the financial and administrative conditions of the company.
11. Find suitable solutions for the company to resume its activities.
12. Reduce administrative and general expenses of the company.
13. Discuss with the specialized consultants to restructure the company.
14. Study increasing or reducing the capital of the company commensurate with its current status.
15. Find suitable opportunities to merge with other companies or acquire those companies.

6-3-5 Governance Committee

The Governance Committee was formed upon the Board of Directors' decision at its meeting held on 17/07/1436AH (corresponding to 06/05/2015), to oversee the Company's governance processes and policies and to ensure compliance with the provisions therein. In view of the completion of the work of the Committee, the Board of Directors, at its meeting held on 07/01/1437AH (corresponding to 20/10/2015), decided to suspend the Committee.

Committee members

The Governance Committee consists of the following members:

(6-6) Table: Members of the Governance Committee	
Name	Title
Dr. Hatim Bin Abdullah AlGhamidi	President
Mohammed Bin Saleh AlHammadi	Member

Source: AlBhaha investment & Development Co.

The resumes of the members of the Governance Committee are presented on pages 30 and 30.

Committee responsibilities

The Governance Committee is responsible for:

1. Develop a corporate governance regulation.
2. Verify the company's compliance with the regulation.
3. Inform the Board of Directors of the latest developments in corporate governance.
4.

6-4 Senior management of the company

The Company's senior management is as follows:

(6-7) Table: The Company's senior management					
Name	Title	Nationality	Date of appointment	Age	No. of stocks
Ziad Bin Mohammed Al-Umr	CEO	Saudi	2016	36	1.000
Mishal Mohammed Mufti	Financial Manager	Saudi	2015	34	1.250

Source: AlBhaha Investment & Development Co.

6-5 Experience and qualifications of senior management of the company

Resume of Mr. Ziad Bin Mohammed Al-Umr: As mentioned in page (29)
Resume of Mr. Mishal Mohammed Mufti: as mentioned on page (29).

6-6 Corporate governance

The Company's management is committed to applying high standards complying with the requirements set forth in the Corporate Governance Regulations issued by the Capital Market Authority. The Board understands that effective management and oversight and control are critical to the success of the company. The Company's commitment to the highest standards of corporate governance and its implementation in order to ensure that the Board of Directors works to achieve the best interests of the stockholders and provide a true, clear and fair view of the Company's financial position and the results of its operations. The company has adopted a number of internal policies and regulations, including:

- Corporate governance.
- General Meeting Regulations for Stockholders.
- Board of Directors' Regulation.
- Nomination and Remuneration Committee Regulation.
- Audit Committee Regulation.
- Executive Committee Regulation.
- Information Disclosure Policy.
- Internal Control Regulation.
- Risk Management Policy Regulation.
- Dividend Distribution Policy.
- Policy to regulate stakeholder relationships.
- Conflict of interest policy.

It is worth mentioning that the regulations were adopted by the Board of Directors' resolution issued on 13/04/1436AH (corresponding to 02/02/2015), as approved by the Stockholders in the General Meeting of Stockholders held on 16/07/1436AH (corresponding to 05/05/2015), in accordance with the laws and regulations issued by the Capital Market Authority and in particular the Corporate Governance Regulations issued pursuant to the Authority Resolution No. 1-212-2006 dated 21/10/1427AH (corresponding to 12/11/2006) as amended by the Authority Resolution No. 1-10 2010, dated 30/03/1431AH (corresponding to 16/03/2010), and according to Article 1 (b) of the Regulation, which stipulates that: "This Regulation shall be indicative of all companies listed on the Stock Exchange unless otherwise provided by any other law or regulation of the Board of the Authority on the compliance of some provisions therein".

The Board of the Authority has issued a number of resolutions on various dates, including requiring companies listed on the Saudi Stock Exchange to the following articles:

(6-8) Mandatory sections in the corporate governance regulation		
Article of corporate governance regulation	Decision of obligation	Article correspondent in the Governance Law and governance regulations of the company
5	The Capital Market Authority Board issued resolution No. (3-40-2012) dated 17/2/1434AH (corresponding to 20/12/2012) obliging companies listed in the Saudi Stock Exchange (Tadawul) under paragraphs (i) and (j), Article (5) of the Corporate Governance Regulation, effective 1/1/2013.	Paragraphs (7-2) and (7-4) of Article 7 of the shareholders' general meeting regulation
9	The Capital Market Authority Board issued Resolution No. (1-36-2008) dated 12/11/1429AH (corresponding to 10/11/2008) obliging companies listed in the stock market under Article 9 of the Corporate Governance Regulations effective from the first report of the Board of Directors issued by the Company from the date of the said resolution of the Board of the Authority.	Paragraphs (19), (20), (21), (22), (23), (24) and (25) of Article 7 of the information disclosure policy
10	The Capital Market Authority Board issued Resolution (1-33-2011) dated 3/12/1432AH (corresponding to 30/10/2011) obliging companies listed in the Saudi Stock Exchange (Tadawul) under Article 10 (b) of the Corporate Governance Regulations, effective 1/1/2012. The Capital Market Authority Board issued Resolution No. (3-40-2012) dated 17/12/1434AH corresponding to 20/12/2012 obliging the companies listed in the Saudi Stock Exchange (Tadawul) under paragraphs (c) and (d) of Article 10 of the Corporate Governance Regulation, effective 30/6/2013.	Article 2 powers and functions of board of directors, and Article 4 policy for board membership standards and procedures of the board of directors regulation
12	The Capital Market Authority Board issued Resolution No. (1-36-2008) dated 12/11/1429AH (corresponding to 10/11/2008) obliging companies listed in the Saudi Stock Exchange (Tadawul) under paragraphs (c) and (e), Article 12, of the Corporate Governance Regulations effective 2009.	Article 3 of the board of directors regulation
12	Capital Market Authority Board issued Resolution No. (3/4/2012) dated 17/2/1434AH (corresponding to 30/12/2012) obliging companies listed in the Saudi Stock Exchange (Tadawul) under paragraph (g) of Article (12) of the Corporate Governance Regulation, effective 1/1/2013.	Paragraph (4-5-8) of Article 4 of the Board of Directors Regulation
14	The Capital Market Authority Board issued Resolution No. (1-36-2008) dated 12/11/1429AH (corresponding to 10/11/2008) obliging companies listed on the Saudi Stock Exchange (Tadawul) under Article 14 of the Corporate Governance Regulation effective 2009.	Articles 2 and 4 of the Audit Committee Regulation
15	The Capital Market Authority Board issued Resolution (1-10-2010) dated 30/3/1431AH (corresponding to 16/3/2010) obliging companies listed in the Saudi Stock Exchange (Tadawul) under Article 15 of the Corporate Governance Regulation effective 01/01/2011.	Articles 1 and 2 of the Nominations & Remuneration Committee Regulation

6-6-1 The Board of Directors

The Board of Directors consists of a number of qualified members. The Board of Directors is composed of eight members. The Company verifies periodically and through the Nomination and Remuneration Committee, the qualification and formation of the Board of Directors and the independence of its independent Directors as defined in the membership in the corporate governance regulation issued by the Board of Capital Market Authority dated 21/10/1427AH (corresponding to 12/11/2006) as amended by the CMA Board Resolution dated 30/3/1431AH (corresponding to 16/3/2010).

The Company is committed to the requirements of the Compmaies Law, including articles 71 and 72, relating to any interests of the Directors in the works and contracts which are made for the Company's account or to perform works that compete with the Company. The two Articles require that these works and contracts be licensed by the Stockholders' General Meeting. This license is renewed annually.

6-6-2 Stockholders' General Meeting

The Company seeks to keep stockholders informed of the major developments during the stockholders' general meetings and provides them with periodic financial reports in accordance with the Companies Law, the Capital Market Law and its Implementing Regulations, especially the rules for registration and listing and corporate governance regulation issued by the CMA.

6-7 Remuneration, compensation and in-kind benefits to the Board of Directors and senior executives

The following table shows the total remuneration, salaries and compensation received by the existing Board of Directors and senior executives:

(6-9) Table: Total remuneration, salaries and compensation paid to the existing Directors and senior executives, including the CEO and the Financial Manager				
	1st election session			2nd election session
	2013	2014	2015	To 31 December 2016
Existing Board of Directors	-	-	-	-
Existing senior executives	-	-	-	30.000*
Total	0	0	0	30.000

* These amounts represent the total salaries received by Mr. Ziad Mohammed Al-umr, CEO and Mr. Mishal Mohammed Mufti, Financial Manager from the date of appointment until 31 December 2016.

This indicates that the current Board of Directors does not receive any remuneration, allowances or in kind benefits since its nomination at its first session on 12/02/2013, as well as its second session on 10/02/2016.
The following table shows the total remuneration, salaries, compensation and in kind benefits received by former senior executives:

(6-10) Table: Total remuneration, salaries and compensation paid to the former Directors and senior executives, including the CEO and the Financial Manager

	2013	2014	2015
Former Board of Directors	-	-	-
Former senior executives (Saeed AlGhamadi, former CEO)	75.000	175.000	-
Total	75.000	175.000	0

6-8 Summary of employment contracts of directors and senior management

There are no employment contracts between the Company and Directors. However, employment contracts have been signed with the CEO and Financial Manager of the Company to work in part. All Directors undertake to appoint an integrated management staff with expertise and specialization within a period not exceeding three months from the date of completion of the acquisition transaction to manage the affairs of the company on a full time basis. The staff consists mainly of the CEO, Financial Manager, and Director of Personnel and Stockholders.

	Ziad Mohammed Al-Umr
Date of commencement of contract	26/10/1437AH (corresponding to 31/07/2016)
Job description	CEO
Contract term	Unlimited
Salary and remuneration	The employee shall receive a fixed base salary at the end of each month under the employment contract.
Annual leave	The employee is entitled to a paid annual leave of 21 days.
Medical insurance	The employee is entitled to comprehensive medical care in accordance with the provisions of the cooperative health insurance law, in the absence of medical insurance.
Contract termination	AlBhaha and the employee shall notify the other party in writing not less than sixty days prior to termination. The Company shall have the right to terminate the contract without remuneration, or to notify or compensate to the employee, provided that the employee has the opportunity to express his reasons for opposing the termination, in accordance with the cases mentioned in Article (80) of the Labor Law. The employee shall be entitled to leave the work and terminate the contract without notice to the first party while retaining the right to receive all his entitlements, in accordance with the cases mentioned in Article (81) of the Labor Law.

	Mishal Mohammed Mufti
Date of commencement of contract	26/10/1437AH (corresponding to 31/07/2016)
Job description	Financial Manager
Contract term	Unlimited
Salary and remuneration	The employee shall receive a fixed base salary at the end of each month under the employment contract.
Annual leave	The employee is entitled to a paid annual leave of 21 days.
Medical insurance	The employee is entitled to comprehensive medical care in accordance with the provisions of the cooperative health insurance law, in the absence of medical insurance.
Contract termination	AlBhaha and the employee shall notify the other party in writing not less than sixty days prior to termination. The Company shall have the right to terminate the contract without remuneration, or to notify or compensate to the employee, provided that the employee has the opportunity to express his reasons for opposing the termination, in accordance with the cases mentioned in Article (80) of the Labor Law. The employee shall be entitled to leave the work and terminate the contract without notice to the first party while retaining the right to receive all his entitlements, in accordance with the cases mentioned in Article (81) of the Labor Law.

6-9 Representations by the Directors

- The Directors acknowledge that any of them or any senior executives or the Board Secretary has not declared bankruptcy at any time and has not been subject to bankruptcy proceedings.
- The Directors acknowledge that any of them or any senior executives or the Board Secretary has not been appointed to an administrative or supervisory position in any insolvent company.
- In addition to the ownership of directors referred to in pages 27 and 55 of this Prospectus and as set out in the related party transactions, the Board of Directors acknowledge that there are no direct or indirect interests of any Director, Senior executives, Board Secretary and any of their relatives in the company's stocks.
- There is no contract or arrangement in force in which a director, senior executive officer, board secretary or any of their relatives or dependents have a direct or indirect interest.

- The Directors acknowledge that no commissions, discounts, brokerage fees or other non-monetary compensation have been granted by the Issuer during the three years immediately prior to the date of filing the application for registration and acceptance of the listing in connection with the issue or offering of any securities.
- Notwithstanding what is stated on page 36 of this Prospectus, there has been no material adverse change in the financial and commercial position of the Issuer during the three years immediately prior to the date of submission of the application for registration and acceptance of listing, in addition to the period covered by the Chartered Accountant's Report until the date of approval of the Prospectus.
- Notwithstanding what is stated on page (28) of this Prospectus, neither the directors nor any of their relatives has any stocks or interests of any kind in the Issuer.
- Independent Directors of AlBhaha, who are not related parties, acknowledge that they have no direct or indirect interest in any of the stocks of AlBhaha or the shares of Elegant Centers or in the acquisition contract between the parties and assert their complete independence with respect to the acquisition transaction subject matter of this Prospectus.
- The Directors acknowledge that there are no contingent liabilities on the Company that are not included in the loans and mortgages described in the Information section on AlBhaha Investment & Development Co., which appear on page 54, and the Risk section, specifically the risks of contingent liabilities, on page (7), and lawsuits, disputes and claims mentioned in the legal section of AlBhaha on page (60) and (61) of this Prospectus.
- The Directors acknowledge that an interruption in the Issuer's business has had a significant impact on the financial position during the past 12 months and can be found on page 25 for further details on the business interruption.
  The existing Directors of AlBhaha acknowledge that they do not receive any remuneration, allowances or in kind benefits since its nomination at its first session on 12/02/2013 and its second session on 10/02/2016. For further details, please see Section 6.7 (Remuneration and Compensation of Directors and Senior Executives).

6-10 Functions of corporate departments

Due to the limited operational and non-essential operations carried out by AlBhaha and due to its current position, the functions of the departments are limited to the following:

6-10-1 Financial Management

Its functions include:

- Preparation of financial statements
- Cash flow management
- Record daily operations in accounting books
- Management of bank accounts
- Preparation of salary orders
- Preparation of necessary financial reports

6-10-2 Management of administrative and governmental affairs

Its functions include:

- Follow-up of government departments
- Renewal of licenses and certificates
- Managing stockholders affairs
- Follow-up with control, supervisory and regulatory bodies such as Tadawul and the Capital Market Authority

6-11 Conflicts of Interest

In accordance with Article (71) of the Companies Law and Article (18) of the Corporate Governance Regulation, a Director without a license from the General Meeting renewing each year, may not have any direct or indirect interest in the business and contracts made for the Company's account. This is excludes general competition if the director is the best bidder. The Director shall inform the Board of his personal interest in business and contracts which are made for the Company's account. Such notification shall be recorded in the minutes of the meeting. A director of interest shall not participate in voting on the resolution issued in this regard. The Chairman of the Board of Directors shall inform the General Meeting at the time of its convening of the business and contracts for which a Director has a personal interest. A special report shall be attached to this notification by the Chartered Accountant. In accordance with Article (72) of the Companies Law and Article 18 (b) of the Corporate Governance Regulation, a Director may not, without a license from the General Meeting renewed every year, participate in any business that would compete with the Company or to be traded in one of the branches of the activity, otherwise the company may claim compensation or consider the operations initiated bu such director for its own account to have been performed on account of the company. In accordance with Article (73) of the Companies Law and Article 18 (c) of the Corporate Governance Regulation, the Company may not provide a monetary loan of any kind to the Directors or guarantee any loan made by one of them with others. The Chairman and the Directors may not vote on any resolution concerning their remuneration and allocations. The Company and its Board of Directors, and the members of its Senior Executive Management hereby fully comply with the provisions of Articles 71, 72 and 73 of the Companies Law and Article 18 of the Corporate Governance Regulation.

6-12 Continuing activity

There has been an interruption in the company's business during the previous period, which has had a significant impact on the financial position of the company during the last two years, and the following is the interruption in the work that occurred during the previous period:

- The activity of the leather factory fully suspended during the second quarter of 2004.
- The business of Athrab chairlift project was partially suspended at a rate of one month only on 21/04/2001 and was completely suspended by the Board of Directors decision on 15/12/2014 and approved by the Extraordinary General Meeting on 06/05/2015.

By the end of the two activities above, the Company no longer has any material activities or operations as of 15/12/2014. However, there are some non-material transactions which include contracting and construction materials, in a very limited manner. Accordingly, AlBhaha does not comply with paragraph (b) of Article 11 of the Registration and Listing Rules, which states that

"when submitting an application for registration and acceptance of the listing, the issuer shall carry out a main activity directly or or through one or more of its subsidiaries at least three financial years under the supervision of management not significantly changed in its entirety" and for this purpose the company submitted an application to the Authority for exemption from paragraph (b) of the said Article.
It should be noted that since 2009 there has been a reservation by the legal auditor due to the absence of revenues for the company in some years and the accumulated losses exceeded 50% or more of the paid up capital of the company as well as the current liabilities exceeded current assets which requires uncertainty in the extent of continuity. The percentage of accumulated losses of capital as of 31 December 2009 amounted to 58.327%

6-13 Employees

As of 19/11/1437AH (corresponding to 22/08/2016), the company's employees were five employees as shown in the table below:

(6-11) Table: Table of number of employees

	Saudi	Non-Saudi	Total
Company’s management	1	-	1
Financial managment	1	-	1
Administrative and government affairs managment	1	-	1
Security	1	-	1
Driver	-	1	1
Total	4	1	5

Source: AlBhaha Investment & Development Co.

6-14 Commitment to Saudization

According to the "Domains" program, corporate Saudization requirements compare companies operating in the same field. Companies are classified into four categories. The red category applies to companies that do not comply with the requirements of the "Domains" program. The yellow category applies to companies that do not comply with the requirements of the "Domains" program but have a high proportion of Saudi employees. The green category applies to companies that comply with the requirements of the "Domains" program and are divided into three classes: low green, medium green and high green, as the higher the percentage of Saudis in the company, it is directed into high green. The Platinum category applies to companies that comply with "Domains" program, which maintain a distinct Saudization rate compared to entities that carry similar economic activity of similar size. The company has been classified in its current status within the very small consolidated entities and is within the green range, where the percentage of Saudization achieved is 65.39%, and according to the Saudization certificate issued on 01/03/1438AH under No. (20001611043806) valid until 01/06/1438AH (corresponding to 28/02/2017), the company has achieved the required percentage of Saudization.

7- Discussion and Analysis of the Management of the financial position and results of operations of AlBhaha

The following id the Management's discussion and analysis of the financial position and operating results, which is an analytical audit of AlBhaha's operating performance and financial position during the fiscal years ended 31 December 2014, 2015 and 2016. They are based on – and should be read in light of - (the "Audited financial statements") which are the audited financial statements for the fiscal years ended 31 December 2014, 2015 and 2016. The financial statements of AlBhaha for the fiscal years ended 31 December 2014 and 2015 were audited by Rodl Altuwaijri, auditors and legal advisors, all of which are attached to this Prospectus. AlBhaha's financial statements for the year ended 31 December 2016 were audited by Al Azem and AlSudairy Certified Public Accountants.

All amounts stated are in Saudi Riyals, unless otherwise indicated, and any reference to a CAGR is for the fiscal years ended 31 December 2014, 2015 and 2016.

Rodal AlTuwaijri Accountants, Legal Auditors, Consultants and Al Azem and AlSudairy Certified Public Accountants-Member of Crowe Horath International do not or their relatives or dependents own shares or interests of any kind in AlBhaha. They have agreed and have not withdrawn their written consent to use their name, statements and logo in this Prospectus as auditors of AlBhaha for the fiscal years ended 31 December 2014, 2015 and 2016 respectively.

This discussion and analysis may include uncertain future prospects involving risks and uncertainties. The actual results of the Company may differ materially from those mentioned in any projections due to several factors, including what is discussed in this Prospectus, especially in the Risk Factors section.

7-1 Management's representations of financial information

- The Board of Directors acknowledges that the financial information presented in this Prospectus has been extracted from the audited consolidated financial statements without material modifications and includes financial information presented on a consolidated basis in a manner consistent with the financial statements approved by the Company annually and that the audited consolidated financial statements have been prepared in accordance with the Accounting Standards issued by the Saudi Organization for Certified Public Accountants.
- Except as disclosed in this section, the Board of Directors acknowedges that there has been no material change from one year to the other in the financial information over the previous three years.
- The Board of Directors of AlBhaha adds that there has been no significant adverse change in the financial or commercial position of AlBhaha during the fiscal years ended 31 December 2014, 2015 and 2016, and up to the date of this Prospectus in addition to the period covered by the accountant's report except what has been mentioned or indicated in this section and other sections of this Prospectus such as business interruption and the most important dates and developments in the section "Information on AlBhaha Investment and Development".
- AlBhaha Board of Directors acknowledges that AlBhaha will have no working capital sufficient for the twelve months following the date of this Prospectus.
- AlBhaha Board of Directors also agrees that AlBhaha will have sufficient working capital to operate in the twelve months following completion of the transaction and completion of the acquisition. AlBhaha, on its own and without completion of the acquisition transaction, does not have sufficient working capital for the twelve months Mentioned.
- The Board of Directors of AlBhaha, CEO, the Board Secretary, and senior executives acknowledge that they have not been exposed to bankruptcy or bankruptcy proceedings until the date of this Prospectus. AlBhaha's Board of Directors also acknowledges that there is no capital available to AlBhaha as an option on December 31, 2016.
- Except as disclosed in the Introduction to the Prospectus and in Section 2 Risk Factors and Section 8 Legal Information of AlBhaha, and in this section of the Prospectus, the Board of Directors of AlBhaha also acknowledges that there are no mortgages, rights or other pledges on Property of AlBhaha, except as mentioned or referred to in this section and other sections of this Prospectus.
- AlBhaha has not provided commissions, discounts, brokerage fees or non-monetary compensation to any of its directors, senior managers, marketers or experts in connection with the issue or sale of any securities during the three years immediately preceding the date of issue of this Prospectus.
- The Board of Directors also acknowledges that AlBhaha is not aware of any information related to any governmental, monetary, economic, financial, political or other factors that have affected or may have a direct or indirect effect on AlBhaha's operations.
- The Board of Directors also acknowledges that there are no mortgages, rights, expenses or pledges on AlBhaha Property as at the date of this Prospectus. As of the date of this Prospectus, the Board of Directors acknowledges that AlBhaha does not own any private property including contractual securities or other assets whose value is subject to price fluctuations or whose value is difficult to ascertain and which may materially affect the assessment of AlBhaha's financial position.
- The Board of Directors acknowledges that there are no issued, existing, approved, or not issued debt instruments or any term loans secured or unsecured by personal guarantee or secured, or unsecured by a pledge.
- Except as disclosed in this Prospectus, the Board of Directors also acknowledges that there are no loans or other debts, including overdraft of bank accounts, and acknowledges that there are no security obligations (including personal or non-covered personal guarantee), secured or unsecured by a pledge or obligations under acceptance, acceptance credit or lease purchase obligations. For more information about AlBhaha's liabilities, please see the Current Liabilities section, page 47, and non-current liabilities section, page 51.
- Except as disclosed in the Contingent Liabilities section, as described on page 54, the Board of Directors–to the best of knowledge and belief-acknowledges that there are no other contingent liabilities or guarantees that have not been disclosed to the date of this Prospectus.

7-2 Establishment and activity of the company

AlBhaha Investment & Development Co. is a Saudi Joint Stock Company which operates in Saudi Arabia under Commercial Register No. 5800005960 dated 19 Rajab 1413AH corresponding to 12 January 1993 and by Ministerial Decree No. 600 dated 05 Jumada II 1413AH (30 November 1992).

The Company is engaged in:

- Establishment, management and operation of central markets, commercial and residential complexes, hotels, furnished apartments, restaurants, cafes, buffets, bakeries, desserts, cooked and uncooked rations, fuel stations, wholesale and retail trade of foodstuffs, wholesale and retail trade of building and iron materials, general contracting of buildings, electrical, electronic and mechanical works, management, maintenance and development of real estate, contracting of maintenance, operation and cleanliness, purchase and lease of land for the construction and investment of buildings by selling or renting for the benefit of the company.
- Establishment of various industrial projects.
- Owning and reclamation of agricultural lands for the purpose of exploiting them in establishing agricultural and livestock production projects.
- Establish, invest, manage, operate and maintain leisure and tourism facilities and projects.
- Wholesale and retail trade of what is within the scope of the work of AlBhaha's industrial, agricultural and tourism business and the establishment of cold stores and repair and maintenance workshops thereto.
- Commercial Agencies

Stages of AlBhaha's convoying to International Accounting Standards

On August 21, 2016, AlBhaha announced the stages of convoying to companies listed in the Saudi Stock Exchange to become an international accounting standard. As of the date of this Prospectus, the level of readiness of AlBhaha for the transition to international accounting standards is as follows:

1. Baker Tele MKM was appointed as a consultant to assist in the implementation of the stages of the transition to international accounting standards plan on 16 November 2016.
2. AlBhaha Investment & Development prepared an integrated plan for the transition to international accounting standards (transition plan). The draft accounting policies were received on 28 December 2016 and the final draft was received on 3 January 2017 and was submitted by the Audit Committee to the Board of Directors for adoption. The accounting policies were adopted on 12 January 2017. The transition procedures were applied on time as of 1 January 2017. The financial manager of AlBhaha Investment & Development Company will be in contact with Baker Tele KMM, under the supervision of AlBhaha's Audit Committee, to implement the transition plan to international standards.
3. With regard to the steps of transition to international standards, AlBhaha Investment & Development has not encountered any difficulties in implementation until the date of this Prospectus.
4. In accordance with International Financial Reporting Standards (IFRS), the first financial statements are prepared for the first time in accordance with international standards as of 31 December 2015 and the opening balances as of 01 January 2016 in order to obtain comparative financial statements when applying the International Accounting Standards for the year ended 31 December 2017.

7-2-1 Significant accounting policies

The audited financial statements for the years ended 31 December 2014, 2015 and 2016 and the notes to these financial statements, which are included elsewhere in this Prospectus, have been prepared in accordance with the standards and regulations issued by the Saudi Organization for Certified Public Accountants and with the relevant provisions of the Companies Law and bylaws elated to preparation and presentation of financial statements. The Saudi Riyal is the basic measurement unit for the purpose of preparing the financial statements of AlBhaha.

AlBhaha's accounting policies are an integral part of the understanding of the results of operations, the financial position of the audited financial statements and the related notes. A summary of the significant accounting policies of AlBhaha is presented in note 2 of the notes to the financial statements for the years ended 31 December 2014, 2015 and 2016.

The preparation of the financial statements requires the management to make judgments, estimates and assumptions that affect the assets of the said amounts, liabilities, income and expenses during the reporting period. These estimates and judgments are based on management's knowledge of current events and procedures. In the opinion of the management of AlBhaha, the following significant accounting policies are important for understanding AlBhaha's financial statements due to judgments, estimates and assumptions in their application.

Accounting Custom

These initial financial statements have been prepared in accordance with the historical cost convention and the accrual accounting principle. These financial statements have been prepared in Saudi Riyals.

Use of estimates

The preparation of the initial financial statements, in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia, requires the use of estimates and assumptions that may affect the reported values of assets and liabilities and disclosure of the balances of assets and liabilities at the date of the initial financial statements and the amounts of revenues and expenses disclosed during the period in which they were prepared. Although these estimates are based on management's best estimates of current operations and events, the actual results may differ from these estimates.

Revenue recognition

Revenue is recognized when invoicing or performing services to the customer and obtaining the goods or service. They are recorded net of trade discounts.

Other revenue items are recognized when earned at the time the related services are rendered or on the terms of the contractual agreement for each activity.

Receivables

Receivables are stated at nominal value less provision for any doubtful amounts. The management determines this provision based on the periodic review of customers on an individual basis, current economic conditions, past experience and other relevant factors.

Capital grants

The absolute capital government grants given to AlBhaha without sacrificing any asset or bearing any obligations or restrictions in return for the grant are measured and recognized on the basis of the fair value of the assets granted and included in stockholders' equity.

Inventories

Inventories are valued at the lower of cost or net realizable sales value, whoever less. Cost of inventories of raw materials and spare parts is determined on a weighted average basis. The cost of inventories of total production includes its share of all indirect industrial costs as well as the cost of materials and direct wages. The inventory of production under operation includes the cost of materials and direct wages up to the last stage reached in addition to its share of indirect industrial costs.

Investments

- Investments in securities are classified based on the intention of the management of AlBhaha to use the securities.
- The investment is measured and recognized at acquisition, at the cost of the purchase price plus all the expense for the purpose of acquisition.
- Investments held for trading at the end of each financial period are evaluated at fair value and realized and unrealized gains or losses are recognized in the income statement.
- Available-for-sale investments are evaluated at the end of each financial period at fair value and the resulting differences are charged to the account of unrealized gains or losses on equity.
- Investment revenue in securities is recognized when dividends are declared.
- Investments are evaluated in accordance with the equity method in investments exceeding 20% of the invested capital of the investee companies, in addition to exerting significant influence on the financial and operating policies of AlBhaha, investee. The profits and losses are recognized from the net income (loss) of the investee companies by adjusting the investment balance accordingly.
- The present value of investments in securities is reduced against the non-temporary decline in the value of these investments.

Property and equipment

Property and equipment are stated at net book value, after deducting accumulated depreciation of the cost and impairment loss. AlBhaha follows the straight-line method to calculate the depreciation of property and equipment at the following annual rates:

Property and equipment	Depreciation rate
Buildings and constructions	3%-5%
Plant and machinery	5%-10%
Equipment and devices	15%
Vehicles	25%
Furniture	10%
Office equipment and supplies	15%

- Depreciation of property and equipment is started from the date the property and equipment are prepared for use.
- Maintenance and repair expenses incurred to maintain the expected future economic benefits of such property and equipment are charged to the income statement when incurred.

Impairment of assets

An initial assessment of each baance sheet of the company's financial assets is made to determine whether there is objective evidence that a group of specific financial assets may be impaired. If such evidence exists, any impairment loss is recognized immediately in the income statement and impairment is determined as follows:
- For assets carried at fair value, impairment is the difference between cost and fair value.
- For assets carried at cost, impairment is the difference between the cost and the present value of future cash flows discounted at the current market rate of return on a similar financial asset.

Reversal of impairment losses recognized in prior years are recorded when an indication that the impairment loss of the financial asset has not been recognized or impaired and the impairment can be reliably related to an event occurring after the impairment is recognized.

Payables

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

Employees' end of service benefits

Provision for end of service benefits payable to employees in the initial financial statements is made in accordance with the Saudi Labor Law, based on the length of service of the employee.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank and investments convertible into cash equivalents that mature within three months or less when purchased.

Sectoral information

A sector is an essential part of the Company that provides certain products or services (business sector), or provides products or services in a particular economic environment (geographical sector) and its profits and losses differ from the profits and losses of other sectors.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount is recognized in the initial balance sheet statement only when there is a legally enforceable right and when there is an intention to settle the assets with liabilities on a net basis or to realize the assets and settle the liabilities simultaneously. Revenues and expenses are not offset in the initial income statement unless they are required or permitted by the generally accepted accounting standards in the Kingdom of Saudi Arabia.

Provisions

A provision is recognized when AlBhaha has a present obligation (legal or constructive) as a result of a past event that may require an outflow of resources included in the economic benefits to settle the obligation. A reliable estimate of the amount of the obligation can be made. Provisions are audited and modified at the date of each balance sheet to show the best current estimate.

Statutory reserve

According to the Saudi Companies Law, the company must transfer 10% of the year's income to the statutory reserve. The Company may discontinue such transfer when the reserve totals 30% of the capital. This reserve is not available for distribution.

Foreign currency translation

Transactions in foreign currencies are translated into Saudi Riyal at the prevailing conversion rates at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Saudi Riyals at the rates of exchange prevailing at that date. Gains and losses arising on repayment or foreign currency translation are included in the initial income statement.

Expenses

Expenses are those related to management, which are not related to the cost of sales or direct operations of the Company in accordance with the accounting principles issued by the Saudi Organization for Certified Public Accountants.

Potential events

Contingent liabilities are not recognized in the financial statements and are disclosed only if the possibility of an outflow of resources involving economic benefits is not probable and contingent assets are not recognized and disclosed when economic benefits are probable.

7-3 Income statement

The following table shows the income statement for the years ended 31 December 2014, 2015 and 2016:

(7-1) Table: Income statement of AlBhaha Investment & Development Co.

SR	Fiscal year ended 31 December			Increase (Decrease)		CAGR %
	2014 audited	2015 audited	2016 audited	December 2015	December 2016	
Revenues	-	5.521.890	8.881.221	N/A	60.8%	N/A
Revenue cost	-	(4.912.470)	(8.271.420)	N/A	68.4%	N/A
Total profit	-	609.420	609.801	N/A	0.1%	N/A
General and administrative expenses	(1.844.958)	(540.277)	(580.727)	(70.7%)	7.5%	(43.9%)
Depreciation of property and equipment (administrative part)	(77.476)	-	-	(100%)	N/A	N/A
Depreciation of property and equipment not realizing revenue during the year	(2.023.768)	-	-	(100%)	N/A	N/A
Provision for end of service benefit	(67.830)	-	-	(100%)	N/A	N/A
Provision for claims	-	-	-	-	N/A	N/A
Losses of asset swap	-	-	-	-	N/A	N/A
Net income (loss) of the year-before Zakat	(4.014.032)	69.143	29.074	(101.7%)	(58.0%)	N/A
Zakat	(80.680)	(1.729)	(727)	(97.9%)	(58.0%)	(90.5%)
Net profit (loss) of the year	(4.094.712)	67.414	28.347	N/A	(58.0%)	N/A

Source: Audited Financial Statements

Note: The term "N/A" refers to percentages that do not make sense because a negative balance is divided by positive or divided by zero

Revenues

The following table shows the revenues of AlBhaha for the fiscal years ended 31 December 2014, 2015 and 2016:

(7-2) Table: Revenues

SR	Fiscal year ended 31 December			Increase (Decrease)		CAGR %
	2014 audited	2015 audited	2016 audited	December 2014	December 2015	
Revenue from contracting	-	836.100	316.285	N/A	(62.2)%	N/A
Revenue from wholesale and retail	-	4.610.790	8.564.936	N/A	85.5%	N/A
Revenue from real estate marketing	-	75.000	-	N/A	(100.0)%	N/A
Total	-	5.521.890	8.888.221	N/A	60.8%	N/A

Source: Audited Financial Statements

During the fiscal years ended 31 December 2014, 2015 and 2016, the projects owned by AlBhaha did not generate any revenues due to the discontinuation of AlBhaha's operations during the said fiscal years.

During the fiscal year ended December 31, 2009, the lease agreement with Fakih Poultry Company was terminated. The poultry farm did not operate until the date of this Prospectus. On May 4, 2013, the poultry project was transferred with full assets under the asset swap transaction to Modern Bright referred to in page (20).

During the second quarter of 2004, the leather factory was suspended completely upon the decision of the management, which decided to lease it on 23 February 2005, and the factory was not leased until 31 December 2016.

On April 21, 2001, the operation of the Athrab chairlift project was partially suspended at a rate of only one month per annum. During the fiscal year ended 31 December 2014, Athrab chairlift project was completely suspended by the Board of Directors on 15 December 2014, which approved by the Extraordinary General Meeting held on 06 May 2015.

From January 2015 to December 31, 2015, AlBhaha earned 5.521.890 SR from non-material activities. These activities include contracting, wholesale and retail trade, and real estate marketing. The revenues of these activities (as a percentage of total revenues) represented 15.1%, 83.5% and 1.4%, respectively.

As for the contracting activity, AlBhaha engaged in general contracting works, where three villas were finished by the use of a subcontractor to finish the villas mentioned. The revenues of these villas were realized by 836.100 SR during the fiscal year ended 31 December 2015. In addition to contracting, AlBhaha engaged in wholesale and retail trade, which consisted of buying and reselling iron and furniture to local customers to benefit from the difference in the price of selling and buying furniture and iron. The wholesale and retail trade in furniture amounted to 120.000 SR, resulting in buying and reselling one-time furniture to a single customer. In addition to the wholesale and retail trade in furniture, AlBhaha has engaged in wholesale and retail trade by buying and reselling iron. The purchase and re-sale of iron has been made on a monthly basis during the fiscal year ended 31 December 2015. AlBhaha earned from buying and reselling iron 4.490.790 SR. AlBhaha also has a third non-material activity, which is represented in real estate marketing. AlBhaha marketed one villa and had a commission of 75.000 SR during the fiscal year mentioed. During

the fiscal year ended 31 December 2015, the amount of revenue from wholesale and retail trade (mainly from the purchase and resale of iron) was relatively higher than the rest of the new non-material activities of AlBhaha due to the management's focus on wholesale and retail trade in iron during the fiscal year ended 31 December 2015 because the total iron profit is high compared to other non-material activities of the new company.
It is worth mentioning that AlBhaha buys iron for resale from a local supplier. The purchase is made after the customer receives the order. Accordingly, AlBhaha has no reserves of iron during the fiscal year ended 31 December 2015.
Revenues increased by 3.359.331 SR or 60.8% from 5.521.890 SR during the fiscal year ended 31 December 2015 to 8.881.221 SR during the fiscal year ended 31 December 2016. The increase in revenues is mainly attributable to higher wholesale and retail trade (mainly wholesale and retail trade in iron). Iroon wholesale and retail increased by 4.074.146 SR or 90.7% from 4.490.790 SR to 8.564.936 SR. The mentioned increase is attributable to the increase of sold iron to local customers during the fiscal year ended 31 December 2016.
The increase in revenue was against by lower revenues from wholesale and retail trade in furniture, from real estate marketing and from contracting. Revenues from wholesale and retail trade in furniture and from real estate marketing revenues declined to zero, due to the suspension of projects related to these non-material activities. In addition to these decreases, revenues from contracting decreased by 519.815 SR due to the suspension of contracting work in the projects.

Cost of revenue

The following table shows the cost of revenues of AlBhaha for the fiscal years ended 31 December 2014, 2015 and 2016:

(7-3) Table: Cost of revenue

SR	As of 31 December			Increase (Decrease)		CAGR %
	2014 audited	2015 audited	2016 audited	December 2015	December 2016	
Contracting expenses	-	667.539	100.269	N/A	(7.59)%	N/A
Wholesale and retail trade expenses	-	4.244.931	320.002.8	N/A	5.88%	N/A
Total	-	4.912.470	420.271.8	N/A	4.68%	N/A

Source: Management of AlBhaha Company
The cost of revenues refers to expenses directly attributable to the revenues of AlBhaha. During the fiscal year ended 31 December 2014, AlBhaha did not incur revenue due to the discontinuation of operations of AlBhaha's projects during the fiscal year mentioned in the income statement and as mentioned in the business interruption, on page 25.
During the fiscal year ended 31 December 2015, the cost of revenues balance amounted to 4.912.470 SR. This balance resulted in non-material operating activities carried out by AlBhaha. The contracting expenses were the cost of purchasing construction materials (by purchasing and delivering materials to the contractor of AlBhaha), while the wholesale and retail trade expenses in the cost of purchasing furniture and iron (by buying and reselling and taking advantage of the price difference). Contracting business expenses and wholesale and retail trade expenses represented (as a share of the total cost of revenues) 13.6% and 86.4% respectively during the fiscal year ended 31 December 2015.
The cost of revenues increased by 3.358.950 SR or 68.4% from 4.912.470 SR during the fiscal year ended 31 December 2015 to 8.271.420 SR during the fiscal year ended 31 December 2016. The increase in cost of revenues is attributed to the increase in wholesale and retail trade, which increased by 3.757.389 SR during the fiscal year ended 31 December 2016, as a result of the increase in the volume of iron sales during the fiscal year mentioned.

General and administrative expenses

The following table shows the general and administrative expenses for the fiscal years ended 31 December 2014, 2015 and 2016:

(7-4) Table: General and administrative expenses

SR	As of 31 December			Increase (Decrease)		CAGR %
	2014 audited	2015 audited	2016 audited	December 2015	December 2016	
Salaries and wages	652.954	146.845	159.000	(77.5%)	8.3%	(50.7)%
Social security	37.716	12.483	22.105	(66.9%)	77.1%	(23.4)%
Medical insurance	76.381	2.100	10.530	(97.2%)	401.4%	(62.9)%
Rentals	26.055	11.697	20.052	(55.1%)	71.4%	(12.3)%
Post, telephone, electricity and water	34.709	35.482	21.335	2.2%	(39.9)%	(21.6)%
Fuels and car maintenance	18.720	1.000	-	(94.7%)	(100.0)%	(100.0)%
Professional fees	46.615	45.000	63.750	(3.5%)	41.7%	16.9%
Advertising	87.830	-	60.845	(100%)	N/A	(16.8)%
Maintenance and repair	801	-	-	(100%)	N/A	(100.0)%
Government fees and legalizations	19.793	18.696	-	(5.5%)	(100.0)%	(100.0)%
Transportation expenses	50.310	-	-	(100%)	N/A	(100.0)%
Follow up Tadawul expenses	400.000	255.548	22.000	(36.1%)	(13.9%)	(25.8)%
Lawsuits and dispute resolution expenses	348.000	-	-	(100.0%)	N/A	(100.0)%
Miscellaneous	9.074	11.426	3.110	25.9%	(72.8)%	(41.5)%
Total	1.844.958	540.277	580.727	(70.7%)	7.5%	(43.9)%

Source: Audited financial statements

General and administrative expenses decreased by a CAGR of 43.9% from the fiscal year ended 31 December 2014 to the end of the fiscal year ended 31 December 2016. This was attributed to the termination of the services of a number of the Company's employees due to the total suspension of projects, resulting in decrease of their related expenses, from 767.051 SR during the fiscal year ended 31 December 2014 to 191.635 SR during the fiscal year ended 31 December 2016, representing a decrease of 575.416 SR or 75.0%. The decrease in total general and administrative expenses was the result of a decrease in salaries and wages by 493.954 SR, lawsuits and settlement of disputes expenses amounting to 384.000 SR and Tadawul follow-up expenses of 180.000 SR.

General and administrative expenses decreased by 1.304.681 SR or 70.7% from 1.844.958 SR during the fiscal year ended 31 December 2014 to 540.277 SR during the fiscal year ended 31 December 2015. Mainly due to a decrease in salaries and wages expenses by 506.109 SR, lower Tadawul follow-up expenses by 144.452 SR, a decrease in social security by 25.233 SR, lower medical insurance by 74.281 SR and lower rents by 14.358 SR. The decrease in salaries and wages, the decrease in social security and the decrease in medical insurance is attributed to a decrease in the number of employees during the fiscal year ended 31 December 2015, as mentioned above. The decrease in Tadawul follow-up expenses attributed to fewer meetings of the General Meeting during the fiscal year ended 31 December 2015 compared to the fiscal year ended 31 December 2014. The decrease in rents is attributed to the closure of AlBhaha projects as mentioned above.

During the fiscal year ended December 31, 2016, general and administrative expenses increased by 40.450 SR or 7.5%. The increase was mainly attributed to higher salaries and wages expenses of 12.155 SR, professional fees of 18.750 SR, and advertising expenses of 60.845 SR. The reason for the rise in salaries and wages expenses is the appointment of a Saudi liaison officer during the fiscal year ended December 31, 2016, which was the main reason for higher salaries and wages, higher medical insurance and higher social security expenses. The increase in professional fees is attributed to the appointment of Al Azem and Al Sudairy Certified Public Accountants-a member of Crowe Horath International as an external auditor of AlBhaha for 2016. The reason for the increase in advertising costs is the payment of 60.845 SR for the announcement of general meetings in local newspapers.

Depreciation of property and equipment (administrative part) and depreciation of property and equipment not recognized during the year

The depreciation item for the fiscal years ended 31 December 2014, 2015 and 2016 relates to property and equipment relating to management at its head office (administrative part) and property and equipment that have not been recognized in all the projects of AlBhaha.

Depreciation expense amounted to 2.101.244 SR during the fiscal year ended 31 December 2014. Following the decision of the Board of Directors on 15 December 2014 which was approved by the Extraordinary General Meeting on May 06, 2015, the depreciation of all the assets of AlBhaha was discontinued. Therefore, during the fiscal years ended 31 December 2015 and 2016, depreciation expenses were not recorded due to the non-use of the asset's head office, as well as the cessation of all material activities of AlBhaha's projects based on the management's decision to discontinue the use of fixed assets, depreciation of headquarters' assets expenses and all projects as referred to in the Property and Equipment Section, as shown on page 36.

Zakat expenses

Zakat expenses are recorded on annual net profits, taking into account zakat income and rights based on the rules of the Zakat and Income Tax Authority. The Zakat expense decreased at a CAGR of 90.5% from the fiscal year ended 31 December 2014 and until the end of the fiscal year ended 31 December 2016. The decrease in Zakat expense is due to the decrease in the balance of Zakat base due to the accumulated balance of the losses incurred during the mentioned fiscal years.

Zakat expenses decreased by 78.951 SR, or 97.9%, from 80.680 SR during the fiscal year ended 31 December 2014 to 1.729 SR during the fiscal year ended 31 December 2015, and decreased by 1.002 SR to 58.0% to 727 SR during the fiscal year ended 31 December 2016. The above decreases were attributed to the decrease in Zakat base balance during the above fiscal years due to the accumulated losses of AlBhaha. The accumulated losses amounted to 185.462.590 SR, 185.395.176 SR and 185.366.829 SR as of 31 December 2014, 2015 and 2016 respectively. It should be noted that AlBhaha has submitted the Zakat return for the fiscal years from 2011 to 2015. The Zakat return for the year 2016 was not submitted until the date of this Prospectus.

7-4 Balance sheet statement

The following table provides a summary of AlBhaha's balance sheet for the fiscal years ended 31 December 2014, 2015 and 2016:

(7-5) Table: Summary of the balance sheet statement

SR	As of 31 December			Decrease/Increase	
	2014 audited	2015 audited	2016 audited	December 2015	December 2016
Current assets	16.680.562	17.505.438	17.967.837	4.9%	2.6%
Non-current assets	80.954.355	80.954.355	80.954.355	-	-
Total assets	97.634.917	98.459.793	98.922.192	0.8%	0.5%
Current liabilities	93.205.194	93.962.656	94.881.430	0.8%	1.0%
Non-current liabilities	568.325	568.325	83.603	-	(85.3)%
Total liabilities	93.773.519	94.530.981	94.965.033	0.8%	0.5%
Total Stockholders' equity	3.861.398	3.928.812	3.957.159	1.7%	0.7%
Total liabilities and stockholders' equity	97.634.917	98.459.793	98.922.192	0.8%	0.5%

Source: Audited Financial Statements

Current assets accounted for an average of 21.5% of total assets during the period between 31 December 2014 and 31 December 2016. AlBhaha's current assets include cash at banks, receivables, prepayments, accounts receivable for sale of property and equipment, and inventories. Accounts receivable for sale of property and equipment and receivables accounted for an average of 92.3% of total current assets during the period from 31 December 2014 to 31 December 2016.

The average non-current assets accounted for 78.5% (as a percentage of total assets of AlBhaha) during the period from 31 December 2014 to 31 December 2016. Non-current assets include long-term investments, projects under construction, property and equipment and investment in Taif. Property and equipment accounted for an average of 66.2% of total non-current assets during the period from 31 December 2014 to 31 December 2016.

The total assets of AlBhaha Company increased by 824.876 SR during the fiscal year ended 31 December 2015 compared to the fiscal year ended 31 December 2014. This is mainly attributed to the increase in cash and cash equivalents, in addition to AlBhaha' realization of a net profit of 67.414 SR during the fiscal year ended 31 December 2015. The total assets of AlBhaha increased by 462.399 SR as of 31 December 2016 compared to the previous year, mainly attributed to higher net receivables and prepayments.
AlBhaha's total liabilities comprise mainly current liabilities, with an average of 99.6% (as a percentage of total liabilities) between 31 December 2014 and 31 December 2016. During the fiscal year ended 31 December 2015 compared to the fiscal year ended 31 December 2014, total liabilities increased by 757.462 SR mainly attributed to a rise in payables by 1.322.546 SR. This increase was against by a decrease in Zakat provision of 498.271 SR. As of 31 December 2016, total liabilities increased by 434.052 SR, mainly attributed to a higher balance of payables amounting to 1.378.469 SR, and accrued expenses and other payables of 44.903 SR.
The balance sheet statement of AlBhaha shows a negative working capital (i.e., current assets less current liabilities) of 76.524.632 SR as of 31 December 2014, 76.457.218 SR as of 31 December 2015 and 76.913.593 SR as of 31 December 2016, respectively.

Current assets

The following table shows the current assets for the fiscal years ended 31 December 2014, 2015 and 2016:

(7-6) Table: Current assets statement

SR	As of 31 December			Increase/Decrease	
	2014 audited	2015 audited	2016 audited	December 2015	December 2016
Cash at banks	916.234	1.733.243	262.699	89.2%	(7.59)%
Net receivables	7.065.865	7.097.865	362.354.8	0.45%	7.17%
Prepayments	37.500	13.367	250.253	(64.4)%	1794%
(Net) accounts receivable for sale of property and equipment	8.542.906	8.542.906	906.542.8	-	-
Net inventories	118.057	118.057	057.118	-	-
Total current assets	16.680.562	17.505.438	837.967.17	4.9%	6.2%

Source: Audited Financial Statements

Cash at banks consists of AlBhaha's balances with Riyad Bank and National Commercial Bank. Following the appointment of the new Board of Directors of AlBhaha, it was agreed to transfer all AlBhaha bank balances to one account at Riyad Bank, in order to tighten the control of the exchange through one bank account. During the fiscal year ended 31 December 2015, the balance of cash at banks increased by 817.009 SR compared to the fiscal year ended 31 December 2014, which resulted mainly from the net profit for the above fiscal year of 67.414 SR and the increase in the balance of payables by 1.322.546 SR. As of 31 December 2016 compared to 31 December 2015, the balance of cash at banks decreased by 1.033.981 SR mainly attributed to the payment of a former employee entitelments from the end of service benefit provision of 484.722 SR and the higher balance prepayments of 239.883 SR. This was against by an increase in receivables amounting to 1.256.497 SR.
The prepayments decreased from 37.500 SR on 31 December 2014 to 13.367 SR as of 31 December 2015, due to lower prepayments for the rental of AlBhaha headquarters and prepayments to AlBhaha Auditor (Rodl Al Tuwaijri Chartered Accountants, Auditors and Consultants) during the said fiscal year. As of 31 December 2016 compared to 31 December 2015, prepayments increased by 239.883 SR. The increase was mainly attributed to the prepayment to AlBhaha consultants associated with the acquisition transaction subject matter of this Prospectus, and follow up of the execution judgment of the asset swap with Modern Bright.
("Accounts receivable for sale of property and equipment") refers to receivables arising from the sale of the entire share of AlBhaha in Al Baha National College of Sciences to Modern Bright. It is worth noting that the swap of assets between AlBhaha and Modern Bright had not been made as shown on page (20) of this Prospectus, and accounts receivable for sale of property and equipment represent 49.2% (as a percentage of total current assets) on average, as of 31 December 2014, 2015 and 2016. The item did not show a rise or fall during the mentioned fiscal years.
The net inventories value amounted to 118.057 SR as of December 31, 2016. The net inventory consists of raw materials, spare parts and finished products. A provision for stagnant inventory of raw materials and finished goods is made at 1.228.272 SR. The inventory and provision did not show any increase or decrease during the fiscal years ended 31 December 2014, 2015 and 2016.

Net receivables

The following table shows the total receivables for the fiscal years ended 31 December 2014, 2015 and 2016:

(7-7) Table: Total receivables

SR	As of 31 December			Increase/Decrease	
	2014 audited	2015 audited	2016 audited	December 2015	December 2016
Customers	844.855	876.856	352.098.2	3.8%	3.139%
Receivables from employees	-	-	000.35	-	N/A
Miscellaneous debtors	7.294.836	7.294.836	836.294.7	-	-
Receivables to suppliers	34.576	34.576	576.34	-	-
Less: Provision for doubtful debts	(1.108.402)	(1.108.403)	(1.108.402)	-	-
Net receivables	7.065.865	7.097.865	8.354.362	0.45%	7.17%

Source: Audited Financial Statements

The balance of trade receivables ("customers") increased by 32.001 SR as of 31 December 2015 compared to 31 December 2014 due to the maturity of the management center of AlBhaha revenue from its non-material profit activities, namely furniture, iron and contracting. As of 31 December 2016 compared to 31 December 2015, the balance of receivables increased by 1.256.497 SR due to the purchase of iron by one of AlBhaha's contractors during the fourth quarter of 2016 from the Company. The amount hasn't been fully collected until the date of this Prospectus, and is expected to be collected during the first quarter of 2017.
The receivables from the employees represent two financial provisions that have been granted to the financial manager of AlBhaha and the Company's liaison officer to purchase the goods and assets of AlBhaha, which was granted in the fiscal year ended 31 December 2016 by 35.000 SR.

The balance of the miscellaneous debtors is a receivable from AlBhaha from non-commercial debtors such as Modern Bright, Bupa Insurance Company and Al-Baha United Company for Marketing. The balance of Modern Bright is an advance payment of 7.000.000 SR which is part of the asset swap transaction referred to on page 20. The balance of Bupa Insurance Company is related to the advance payment of medical insurance for AlBhaha employees. The balance of Al-Baha United Company for Marketing relates to the transaction between AlBhaha Poultry project and Al-Baha United Company for Marketing for marketing services provided to the said project. None of the balances have been settled as of the date of this Prospectus.

The balance of miscellaneous debtors as a percentage of net receivables represented 103.2% as of 31 December 2014, 102.8% as of 31 December 2015 and 87.3% as of 31 December 2016. The balance of miscellaneous receivables ("miscellaneous debtors") stood at 7.294.836 SR as of 31 December 2014, 2016 and 2016. During the said fiscal years, a provision of 7.000.000 SR has been made for miscellaneous debtors to meet the entire debtor balance of Bright. For more information about AlBhaha's transaction with Bright, please see page 20.

The balance of receivables to suppliers stood at approximately 34.576 SR as of 31 December 2014, 2015 and 2016.

AlBhaha has made a general provision for doubtful debts amounting to 1.108.403 SR. The balance has stabilized at the same level during the fiscal years ended 31 December 2014, 2015 and 2016.

Prepayments and other receivables

Prepayments and other receivables decreased from 37.500 SR on 31 December 2014 to 13.367 SR as of 31 December 2015, due to the decrease in payments to suppliers and goods received during the fiscal year ended 31 December 2015.

The prepayments and other receivables increased by 239.883 SR or 1794% from 13.367 SR as of 31 December 2015 to 253.250 SR as of 31 December 2016, mainly attributed to prepayments to AlBhaha lawyers to follow up the execution judgment of the swap of assets with the Modern Bright, in addition to the payment of advances to the consultants of AlBhaha associated with the acquisition transaction subject matter of this Prospectus.

Receivables from sale of property and equipment

The following table shows receivables from sale of property and equipment for the fiscal years ended 31 December 2014, 2015 and 2016:

(7-8) Table: Total receivables form sale of property and equipment

SR	As of 31 December			Increase/Decrease	
	2014 audited	2015 audited	2016 audited	December 2015	December 2016
Total indebtedness	25.000.000	25.000.000	25.000.000	-	-
Less:					
(Deferred) fixed assets sale profits	(7.914.187)	(7.914.187)	(7.914.187)	-	-
Indebtedness after deduction of sale profit	17.085.813	17.085.813	17.085.813	-	-
Less: Provision made	(8.542.907)	(8.542.907)	(8.542.907)	-	-
Total	8.542.906	8.542.906	8.542.906	-	-

("Receivables from sale of property and equipment") represents the net amount of the installments payable to AlBhaha at Al Baha National College of Sciences, after deducting the sale profit and the provision for losses from the asset swap "Provision made". AlBhaha leased from the Ministry of Finance during 2001 a land and established on this land construction. After the construction on this land, AlBhaha sold the construction and equipment within those constructions to the Saudi Educational Projects Company (which owns 100% of AlBaha National College of Sciences) in exchange of 35.000,000 SR and share of 37.0% of AlBaha National College of Sciences. AlBhaha agreed with the Saudi Educational Projects Company that of AlBaha National College of Sciences pay to AlBhaha an amount of 35.000.000 SR by paying 10.000.000 SR in cash (received on the date of the transaction) and to pay the rest of the amount of 25.000.000 SR on fifteen annual installments. On February 06, 2011, AlBhaha sold its entire shares in AlBaha National College of Sciences (37.0%) to Modern Bright, in addition to the entire amount owed by AlBaha National College for Sciences amounting to 25.000.000 SR, within the asset swap details of which are mentioned on page (20).

The balance of the outstanding debt of AlBaha National College of Sciences was classified under "receivables from sale of property and equipment". The item did not show increase or decrease during the fiscal years ended 31 December 2014, 2015 and 2016.

It should be noted that all of the said properties and equipment were sold by AlBhaha with the assets and liabilities of Modern Bright within the asset swap. The provision "provision made" of 8.542.907 SR was made to receivables from the sale of fixed assets (AlBaha National University of Science). The balance of 8.542.906 SR represents an amount expected to be collected after the date of this Prospectus.

Net inventory

The following table shows the net inventory for the fiscal years ended 31 December 2014, 2015 and 2016:

(7-9) Table: Net inventory

SR	As of 31 December			Increase/Decrease	
	2014 audited	2015 audited	2016 audited	December 2015	December 2016
Raw materials	1.198.194	1.198.194	1.198.194	-	-
Spare parts	147.748	147.748	147.748	-	-
Finished production	387	387	387	-	-
Less: Provision for stagnant inventory	(1.228.272)	(1.228.272)	(1.228.272)	-	-
Net inventory	118.0.57	118.057	118.057	-	-

Source: Audited Financial Statements

The inventory balance consists of raw materials, spare parts and finished products, and a provision for stagnant inventory of raw materials and finished goods was made of 1.228.272 SR. The inventory and provision did not show any increase or decrease during the fiscal years ended 31 December 2014, 2015 and 2016.

Investment of the land of Taif

AlBhaha bought half of the residential plot in Al-Mawrouj plot in Taif, Al-Waseelah quarter, deed No. 1/1/159/133, dated 19 Sha'ban 1431AH (31 July 2010) with a total value of nine million Saudi Riyals. AlBhaha made the payment on July 12, 2010. AlBhaha has made a provision of 12.000.000 SR for investment of Taif land. This amount is part of the provision for losses on the swap of assets. The investment and provision did not show any increase or decrease during the fiscal years ended 31 December 2014, 2016 and 2016. For more information on the provision for asset swap losses, please see the Asset Swap Losses Section on page 49.

Non-current assets

The following table shows non-current assets for the fiscal years ended 31 December 2014, 2015 and 2016:

(7-10) Table: Non-current assets

SR	As of 31 December			Increase/Decrease	
	2014 audited	2015 audited	2016 audited	December 2015	December 2016
Total long-term investments	17.136.823	17.136.823	17.136.823	-	-
Investment of Taif land	9.000.000	9.000.000	9.000.000	-	-
Net property and equipment	53.581.485	53.581.485	53.581.485	-	-
Projects under construction	1.236.047	1.236.047	1.236.047	-	-
Total	80.954.355	80.954.355	80.954.355	-	-

Source: Audited Financial Statements

As shown in the table above, there was no change in non-current assets during the fiscal years ended 31 December 2014, 2015 and 2016.

Total long-term investments

The following table shows the total long-term investments for the fiscal years ended 31 December 2014, 2015 and 2016:

(7-11) Table: Total long-term investments

SR	AlBhaha's ownership in investment	As of 31 December			Increase/Decrease	
		2014 audited	2015 audited	2016 audited	December 2015	December 2016
Al-Baha National College of Sciences	37%	17.136.823	17.136.823	17.136.823	-	-
Total long-term investments		17.136.823	17.136.823	17.136.823	-	-

Source: Audited Financial Statements

The share of AlBhaha in the results of the work of AlBaha National College of Science for the fiscal year ended 31 December 2012 amounting to 3.249.082 SR was recognized under "previous years' revenues" in the statement of changes in shareholders' equity. It is the share of AlBhaha from AlBaha National College of Science for 2012. A provision of 17.136.823 million SR was made for long-term investments (Al Baha National College of Science). In the fiscal years ended 31 December 2014, 2015 and 2016, AlBhaha did not recorded in its accounting records its share in the revenues of AlBaha National College of Science, because of the sale of this college including the assets and liabilities of Bright and the issuance of a final judgment to complete the sale in 2013. The investment balance did not show a significant increase or decrease during the fiscal years ended 31 December 2014, 2015 and 2016. Due to the inability to collect such revenues from AlBaha National College of Science, AlBhaha has created a provision to meet the value of the investment and the entire deferred revenues and recognize it as a loss. For further information on provision for asset swap losses, please see Asset Swap Losses Section on page 50.

Property and equipment

The following table shows the property and equipment for the fiscal years ended 31 December 2014, 2015 and 2016:

(7-12) Table: Property and equipment

SR	As of 31 December			Increase/Decrease	
	2014 audited	2015 audited	2016 audited	December 2015	December 2016
Lands	39.323.988	39.323.988	39.323.988	-	-
Buildings and constructions	10.291.639	10.291.639	10.291.639	-	-
Plants and machinery	3.869.369	3.869.369	3.869.369	-	-
Vehicles	15.969	15.969	15.969	-	-
Office equipment and supplies	22.431	22.431	22.431	-	-
Furniture	58.085	58.085	58.085	-	-
Equipment and devices	4	4	4	-	-
Total	53.581.485	53.581.485	53.581.485	-	-

Source: Audited Financial Statements

The value of land constituted 73.4% of the total value of property and equipment owned by the Company as of 31 December 2016. As a result of the stop depreciatation of these assets as of December 15, 2014 upon the Board of Directors' decision, property and equipment did not show any increase or decrease during the fiscal years ended 31 December 2014, 2015 and 2016.

AlBhaha does not have any fixed assets acquired through finance lease as of 31 December 2016. In addition, AlBhaha had no fixed assets, including leased assets as of 31 December 2016. There are also no significant fixed assets to be purchased or leased by the Company other than the assets arising from the acquisition transaction in this Prospectus.

Depreciation

In accordance with AlBhaha's depreciation policy, the depreciation expense of its fixed assets is calculated on a straight-line basis at the following annual rates:

Buildings and constructions	3%-5%
Plants and machinery	5%-10%
Vehicles	25%
Office equipment and supplies	15%
Furniture	10%
Equipment and devices	15%

Source: Audited Financial Statements

Projects under construction

The projects under construction represent a building owned by AlBhaha on which the AlBhaha chairlift project was built. The success of Athrab chairlift project in the early years was a reason for AlBhaha's management desire to expand this activity by opening the AlBhaha chairlift project. AlBhaha chairlift project building is located on land owned by Al Baha governorate. The land was used by AlBhaha to construct this project by means of the right to use the land only at no charge to be paid to the Al Baha governorate. The construction of this building was not completed until the date of this Prospectus. The Company has also approved the creation of a provision for projects under construction (AlBhaha chairlift) amounting to 1.236.047 SR during the Board of Directors meeting held on 11/10/2011.

Current liabilities

The following table shows the current liabilities for the fiscal years ended 31 December 2014, 2015 and 2016:

(7-13) Table: Current liabilities

SR	As of 31 December			Increase/Decrease	
	2014 audited	2015 audited	2016 audited	December 2015	December 2016
Payables	2.999.518	4.322.064	533.700.5	44.1%	9.31%
Accrued expenses and other payables	2.355.876	2.289.063	966.333.2	(2.8%)	0.2%
Auction shares (under settlement)	10.891.749	10.891.749	424.886.10	-	(0.05%)
Provisions	74.635.488	74.635.488	488.635.74	-	-
Provision for Zakat	2.322.563	1.824.292	019.325.1	(12.5%)	(4.27)%
Total	93.205.194	93.962.656	430.881.94	0.8%	0.1%

Source: Audited Financial Statements

The current liabilities item has not shown a significant increase or decrease in the balance during the fiscal years ended 31 December 2014, 2015 and 2016, and AlBhaha has not reported any significant difference in the total current liabilities during the said period.

It is worth noting that of the payables amount of 5.700.553 SR as of 31 December 2016, there is an amount of 1.554.958 SR representing amounts owed by AlBhaha paid by Mr. Mohammed Saleh AlHammadi (Director of AlBhaha), on behalf of the Company, in support of AlBhaha during the freezing of its accounts during previous years by SAMA under the instructions of the General Authority for Zakat and Income. These amounts are recorded in the payables to employees as amounts due to the partner (or director) until the date of Prospectus. It should be noted that this transaction is not considered as a transaction with a party related to the acquisition transaction subject matter of this Prospectus. For more details on the amounts due to the partner, please see Table 7-15, page (48).

During the fiscal year ended 31 December 2015 compared to 31 December 2014, payables increased by 1.322.546 SR and increased by 1.378.469 SR as of 31 December 2016. The above increases are mainly attributable to the increase in payables to suppliers due to the purchase of construction materials and iron from suppliers related to the Company's non-material activities.

The item of accrued expenses and other payables did not show a significant increase or decrease during the fiscal years ended 31 December 2014, 2015 and 2016.

The auction shares and provisions did not show any significant increase or decrease during the fiscal years ended 31 December 2014, 2015 and 2016.

Zakat provision decreased by 498.271 SR during the fiscal year ended 31 December 2015 and decreased by 499.273 SR as of 31 December 2016. The decrease in the balance during the said fiscal years is due to the payment by AlBhaha of the Zakat due. It should be noted that AlBhaha submitted the Zakat return for the fiscal years from 2011 to 2015. The return was not submitted during the fiscal year ended 31 December 2016 until the date of this Prospectus.

Provision for end of service benefits

Regular costs relating to the provision for end of service benefits are charged based on the number of years of service of the employees, based on their last withdrawn salaries. End of service benefits in the fiscal year ended 31 December 2016 were not charged because all employees were new and did not complete the period required for the benifit until 31 December 2016.

As of 31 December 2014 and until 31 December 2015, most of the provision for end of service benefits amounting to 568.325 SR was the balance of the end of service benefit of Mr. Saed AlGhamidi (former General Manager of AlBhaha), whose services expired on 1 April 2014. The provision for end of service benefits did not show increase or decrease during the fiscal year ended 31 December 2014 and 2015, due to the non-settlement of the provision of Mr. Saed Al-Ghamidi due to the filing of a lawsuit against AlBhaha. On 4 Thul al-Hijjah 1437AH (corresponding to September 5, 2016), the balance of Mr. Saed Al-Ghamidi was settled after the case ended in his favor, which led to a decrease in the provision balance, after full payment of the dues. After the said settlement, the provision for end of service benefits amounted to 83.603 SR. The balance of the provision did not show increase or decrease until 31 December 2016.

Provision for claims

AlBhaha increased the provision for claims of 3.000.000 SR during the fiscal year ended 31 December 2013 due to the case filed by Expert Financial for the rest of the value of a contract concluded with AlBhaha to prepare a financial study for the capital increase plan.

Provision for losses from the assets swap

AlBhaha has made a provision for the losses resulting from the swap of assets with Modern Bright in accordance with the final judgment issued by the Board of Grievances in Jeddah on 24 Jumada II 1434AH (corresponding to 24 May 2013), as noted in the section on the overview of provision for losses on the asset swap, as described on page 49. The loss expense was 68.699.441 SR in the amount of the provision. This expense was also included in the income statement for the fiscal year ended 31 December 2013.

Payables

The following table shows the payables for the fiscal year ended 31 December 2014, 2015 and 2016:

(7-14) Table: Payables

SR	As of 31 December			Increase/Decrease	
	2014 audited	2015 audited	2016 audited	December 2015	December 2016
Payables to suppliers	1.105.690	2.260.550	019.604.3	104.4%	4.59%
Miscellaneous creditors	403.627	487.047	047.487	20.7%	0.0%
Customers -Payables	8.343	8.343	343.8	-	0.0%
Payables to employees	1.481.858	1.566.124	124.601.1	5.7%	2.2%
Total	2.999.518	4.322.064	533.700.5	44.1%	9.31%

Source: Audited Financial Statements

During the fiscal year ended 31 December 2015 compared to the fiscal year ended 31 December 2014, the balance of payables to suppliers increased by 1.322.546 SR. The increase in payables to suppliers is attributed to the purchase of building materials from a supplier on the account, which relates to the Company's other non-material activities in the field of construction and wholesale and retail trade. During the fiscal year ended 31 December 2016, the balance of payables to suppliers increased by 1.343.469 SR due to the fact that AlBhaha did not make payments to one of its major suppliers of iron until 31 December 2016.

During the fiscal year ended 31 December 2015, the balance of miscellaneous payables ("miscellaneous creditors") increased by 83.420 SR. The increase was due to the fact that a subcontractor did not receive the value of its business until 31 December 2015. The item of miscellaneous payables did not show any increase or decrease during the fiscal year ended 31 December 2016.

The balance of payables to employees increased from 1.481.858 SR as of 31 December 2014 to 1.566.124 SR as of 31 December 2015 and increased to 1.601.124 SR as of 31 December 2016. The increase was due to Mr. Mohammed Saleh AlHammadi (a Director of AlBhaha) paying expenses of 1.554.958 SR on behalf of AlBhaha.

The following table shows the expenses paid by Mr. Mohammed Saleh AlHammadi on behalf of AlBhaha as of December 31, 2016, which appear in the payables to employees amounting to 1.554.958 SR and the item of expenses payable and other payables of 103.575 SR:

(7-15) Table: Details of payables paid by Mr. Mohammed Saleh AlHammadi

Item	Amount (SR)
Payment of Saudi Stock Exchange (Tadawul) fees	400.000
Attorney fees of AlBhaha attorney Ahmed Othman Al-Huqail	384.000
Liquidation of the entitlements of three former employees of AlBhaha (Angelito Solita, Roy Tabayuk Yok and Eduardo Laron)	210.088
Salaries Employees of AlBhaha	184.518
Announcement of the General Meetings in Al Balam and Umm Al Qura newspapers	134.700
Paying the electricity bills of the leather factory, management and chairlift of AlBhaha	82.157
Air tickets from Riyadh to AlBhaha and return of the Directors of the company	73.480
Repayment of the entitelements of Al Tuwaijri Accountants for 2013, 2014	72.000
Paying the social security of AlBhaha	56.801
Medical insurance for employees	27.473
Renewal of the Chamber of Commerce certificate	10.000
Renewal of worker stays	8.300
Payment of renewal fees and making some changes to the Commercial Register	6.400
Paying phone and fax bills of AlBaha	5.916
A custody was handed over to Abdul Wahab Al-Shaer	2.000
Booking a hotel in Riyadh two days for the accountant	400
Deposit a cash amount in the accounts of the company in Riyad Bank to activate the accounts	200
Authentication of letters of authorization from the Chamber of Commerce attending a General Meeting	100
Total	1.658.533

Source: AlBhaha Management

Accrued expenses and other payables

The following table shows the expenses payable by AlBhaha and other payables for the fiscal years ended 31 December 2014, 2015 and 2016:

(7-16) Table: Accrued expenses and other payables

SR	As of 31 December			Increase/Decrease	
	2014 audited	2015 audited	2016 audited	December 2015	December 2016
Accrued expenses	922.427	855.614	517.900	(7.2%)	2.5%
Other payables	1.433.449	1.433.449	449.433.1	-	-
Total	2.355.876	2.289.063	966.333.2	(2.8%)	0.2%

Source: Audited Financial Statements

The accrued expenses refer to expenses owed to the suppliers and contractors of AlBhaha and to the expenses due from the rental of the leather factory and to the follow up of Tadawul expenses and the expenses of the general meetings.

During the fiscal year ended 31 December 2015 compared to the fiscal year ended 31 December 2014, the balance of accrued expenses and other payables decreased by 66.813 SR due to the repayment of the leather factory rental and the rent of the headquarters of the management for the fiscal year and the preceding year. During the fiscal year ended 31 December 2016, accrued expenses and other payables increased by 44.903 SR. The increase was attributed to the maturity of employees' salaries for of December 2016, which was repaid in January 2017. No accrued expenses or other payables show any other increase or decrease during the fiscal year ended 31 December 2016.

Auction Shares (Under Settlement)

AlBhaha obtained the approval of the Capital Market Authority on 25 Rabee II 1430AH (corresponding to 22 March 2009) for the sale of the outstanding shares to collect the last installment value of 2.5 SR per stock (25% of the stock value). AlBhaha started the sale on 28 June 2009 until 31 December 2009, where 984.032 stocks were sold at 14.325.234 SR according to the offers made at the auction and the amount was fully collected. The amount of 2.113.074 SR was used to supplement the capital to become the fully paid-up capital of AlBhaha amounting to 150.000.000 SR, and the remaining amount of 12.212.160 SR will be refunded as a surplus to stockholders who have failed to pay the last installment and whose stocks have been sold at the auction. AlBhaha had paid (surplus) of 643.451 SR and paid 682.285 SR as expenses arising from the sale and collection. The item did not show a significant increase or decrease during the fiscal years ended 31 December 2014, 2015 and 2016. As of the date of this Prospectus, the remaining balance to be refunded to the stockholders claimed amounts to 10.886.424 SR. No date for this refund can be set, and AlBhaha will refund these amounts to the stockholders upon request.

Provisions

The following table shows the provisions for the fiscal years ended 31 December 2014, 2015 and 2016:

(7-17) Table: Provisions

SR	As of 31 December			Increase/Decrease	
	2014 audited	2015 audited	2016 audited	December 2015	December 2016
Provision for claims	4.700.000	4.700.000	4.700.000	-	-
Provision for projects under construction	1.236.047	1.236.047	1.236.047	-	-
Provision for asset swap losses	68.699.441	68.699.441	68.699.441	-	-
Total	74.635.488	74.635.488	74.635.488	-	-

Source: Audited Financial Statements

Overview of Provision for Claims

At the beginning of the fiscal year ended 31 December 2013, the provision for claims amounted to 1.700.000 SR. During the said fiscal year, AlBhaha increased the provision for claims by 3.000.000 SR in 2013 due to the case filed by Expert Financial for an amount of contract with AlBhaha to prepare a financial study for the capital increase plan. The provision did not show increase or decrease during the fiscal years ended 31 December 2014, 2015 and 2016.

Overview of projects under construction

Provision for projects under construction is accounted for AlBhaha chairlift project on a land owned by ABhaha. AlBhaha used the said land to establish AlBhaha chairlift project. AlBhaha's agreement with Al Baha governorate was that AlBhaha has the right to use the land only for free to be paid to Al Baha governorate. The project was not completed until 31 December 2016. At the Board of Directors' meeting held on 11 October 2011, AlBhaha approved the creation of a provision for projects under construction amounting to 1.236.047 SR relating to a building for AlBhaha chairlift project, as indicated in the projects under construction section, as shown on page 47. It should be noted that the Company has recorded a provision for projects under construction during the fiscal year ended 31 December 2011. This provision remains in effect until the date of this Prospectus.

Overview of the provision asset swap losses

AlBhaha has created a provision for the losses resulting from the swap of assets with Modern Bright in accordance with the final judgment issued by the Board of Grievances in Jeddah on 24 Jumada II 1434AH (corresponding to 04 May 2013). On 3 Rabee I 1432AH corresponding February 06, 2011, AlBhaha signed a contract with Modern Bright for General Contracting, whereby AlBhaha purchased the following:

a) A crusher with all its equipment and vehicles and all movable and immovable assets without its financial liabilities.
b) The cement concrete project and its movable and fixed assets without its financial liabilities.
c) Halocor plant (under construction) as well as equipment that has not been installed without its financial liabilities.

For a total amount of 86.000.000 SR payable in kind and cash as follows:

1. AlBhaha pays 10.000.000 SR under certified checks in four installments.
2. AlBhaha (actual transfer) waives its 50% share of the entire land in Al-Murooj plot in Al-Taif Governorate owned by AlBhaha for 12.000.000 SR of the selling price.
3. AlBhaha waives its share in the ownership of AlBaha National College for Sciences amounting to 37% according to the memorandum of association, including the full indebtedness of the company owning the college and the amount of the debt is 25.000.000 SR for to 18.000.000 SR of the selling price.
4. AlBhaha waives the ownership of the entire land of the poultry project located in Al-Aqeeq Governorate in Al-Baha area with all its fixed and movable assets and all its facilities without its financial liabilities and free of any mortgages or any financial claims owned by AlBhaha under Deed No. 2 dated 06 Rabee Al Thani 1425AH against 46.000.000 SR.

AlBhaha has contracted with an accredited specialized office to carry out the due diligence of the assets of bright subject matter of the agreement. The office issued the due diligence report on 17 September 2011, valuing these assets only at 17.300.559 SR.

AlBhaha announced on Tadawul on September 18, 2011, the results of the due diligence report on the valuation of the assets of Modern Bright, and due to the significant difference between the valuation result of the assets of Modern Bright upon the due diligence report of 17.300.559 SR and the value of assets AlBhaha Investment and Development Co., which is offered for swap with the assets of Modern Bright of the sum of 86.000.000 SR, the management of AlBhaha Investment & Development Co. discussed the results of the valuation with the management of Modern Bright.

AlBhaha announced on Tadawul on October 01, 2011 the results of its negotiations with Modern Bright, which resulted in the failure of Modern Bright to accept the results of the due diligent report of and also refrained from returning the amount of 7.000.000 Saudi riyals paid by AlBhaha in advance to Modern Bright as part of the contract. As a result, AlBhaha canceled the contract with Modern Bright, and AlBhaha filed a lawsuit before the Board of Grievances claiming that Modern Bright refund the advance amount of 7.000.000 SR. A final judgment was issued in the case by the Board of Grievances in Jeddah on 24 JumadaII 1434AH stating the approval of the initial judgment issued by Jeddah Administrative Court to complete the execution of the contract with Modern Bright, and the management of AlBhaha decided to make a provision covering the full losses of the operation of 68.699.441 million SR. On 29/10/1437AH (corresponding to 03/08/2016), the Company received a judicial decision from the Execution Departments of the General Court of Belgarshi requiring the Company to execute the entire executive document issued by Jeddah Administrative Court for the benefit of the Modern Bright for General Contracting, but it failed to execute the document until the date of this Prospectus. On 12/05/1438AH (corresponding to 09/02/2017), AlBhaha received a copy of the judgment of the Execution Department in the General Court of Belgarshi issued on 04/05/1438AH (corresponding to 01/02/2017) under number 38160080, which includes that after reviewing the judgment issued by the Board of Grievances, it was found that the items to be executed in respect of the asset swap were not determined. The Execution Department's judgment concluded the suspension of execution until the judgment issued by the Board of Grievances was rectified so that the items to be executed are clearly and accurately determined for each item. The Execution Department's judgment also provided the right of objection to the two parties of execution within thirty days from the next day of date of receipt of the judgment copy. AlBhaha Board of Directors acknowledges that there are no subsequent provisions of the judgment issued on 04/05/1438AH (corresponding to 01/02/2017) and are not mentioned in this Prospectus regarding the swap of assets with Modern Bright. The management of AlBhaha hereby confirms that it has no intention to object to the judgment, but intends to execute it according to the details contained therein. Once the detailed decision has been made and the other party will not object to it, AlBhaha will coordinate with Modern Bright to execute the provisions of the judgment by transferring ownership of all assets belonging to Bright in AlBaha and transferring ownership of assets belonging to AlBhaha in Modern Bright and guaranteeing the completion of the court order in full. There will be no financial impact on AlBhaha as a result of the swap of assets assuming that the actual value of the assets of Modern Bright amounts to 17.300.599 SR, as AlBhaha has already made provisions for the entire loss amount of this transaction of 68.699.441 SR as the value of the contract signed for the swap of assets amounted to 86.000.000 riyals while the actual value of the assets of Bright was 17.300.559 riyals in accordance with the due diligence report, and in accordance with the judgment issued by the court AlBhaha will claim its rights from the assets of Bright upon the executive document. These assets include:

1. Transfer of ownership of all crusher inclusions with all its equipment, vehicles, all movable and immovable assets, all Halocor components and equipment (under construction) intended for installation.
2. Copies of Al-Suwailem contracts for Al-Haramain train project.
3. List of the assets and documents of the concrete cement project and the Halocor project (under construction)
4. Lease contract for municipal land.
5. Building permit.
6. Project layout.
7. Copy of the initial letter of approval for the Industrial Development Fund loan.
8. A waiver of the mineral wealth license.
9. General site map of the crusher.
10. The receipt of the crusher with its equipment and assets, the site of the Halocor Project (under construction) and its non-installed equipment.

AlBhaha does not have any documents to clarify the details of these assets, because the swap of assets took place under the supervision of the former Board of Directors of the company and not the current one, and the current Board was unable to obtain any statement or documents in this regard. Accordingly, AlBhaha will claim its rights from the assets of Modern Bright, as described in the judgment and executive document issued by the Jeddah Administrative Court. However, the value of these assets cannot be verified at 17.300.599 riyals, according to the due diligence report. If the actual value of these assets is less than the stated amount, this means that the provision for the loss of the asset swap that AlBhaha had made in advance of 68.699.441 SR would not be sufficient to cover the full losses arising from this asset swap (please see the risk of legal cases against the Company listed on page (6) of this Prospectus).

Provision for Zakat

Provision for Zakat represents the liabilities of AlBhaha payables to the General Organization for Zakat and Income Tax under the issued regulations.

Years from the beginning of the activity until 1999

Zakat returnns have been submitted for those years and the zakat due is 5.656.482 SR with claims from the General Authority for Zakat and Income and a provision for the whole amount was made. The amount of 1.706.080 SR was paid on June 13, 2008. The company has received the approval of the General Authority for Zakat and Income to pay the remaining amount in six equal installments, four installments were paid and the remaining amount of 500.000 SR will be paid in two semi-annual installments.

The years from 2000 to 2010

Zakat returns were submitted for the fiscal years from 2000 to 2010, and Zakat was paid from the returns. After contacting the General Authority for Zakat and Income, the Zakat and Income Authority linked the value of 16.849.347 SR. Accordingly, AlBhaha submitted an appeal to the decision issued by the General Authority for Zakat and Income at Zakat Appeal Committee during the period allowed. The appeal has been accepted and the final Zakat balance due for the years mentioned has not yet been determined until the date of this Prospectus. According to the Zakat Consultant's opinion that there is no need to make a provision of the Zakat link amount, no provision has been made.

Years from 2011 to 2015:

Zakat return has been submitted for the fiscal years from 2011 to 2015. It should be noted that there are no Zakat differences for the fiscal years from 2011 to 2015, and there are no updates for these years as of the date of this Prospectus. The Zakat balance payable by AlBhaha from these years is zero Saudi Riyals, as AlBhaha has achieved losses in the fiscal years ended 31 December 2011, 2012, 2013 and 2014. The accumulated losses of 185.395.176 SR were the main reason for the non-accrual of Zakat for 2016, and there are no outstanding amounts for all of the said years.

Non-current liabilities

The following table shows the non-current liabilities for the fiscal years ended 31 December 2014, 2015 and 2016:

(7-18) Table: Non-current liabilities

SR	As of 31 December			Increase/Decrease	
	2014 audited	2015 audited	2016 audited	December 2015	December 2016
Provision for end of service benefits	568.325	568.325	83.303	-	(3.85%)
Total	568.325	568.325	83.603	-	(3.85%)

Source: Audited Financial Statements

Non-current liabilities of AlBhaha for the period from 31 December 2014 to 31 December 2016 consist of the employees' end of service benefits recorded in accordance with the Labor Law issued by the Ministry of Labor and Social Development. The provision for employees' end of service benefits decreased by 484.722 SR at the end of the fiscal year ended 31 December 2016 compared to the fiscal year ended 31 December 2015, due to the payment of end of service benefits due to the former General Manager of AlBhaha Company, Mr. Saed AlGhamidi, whose service ended on 1 April 2014 and his entitlements have been paid during the fiscal year ended 31 December 2016.

Stockholders' equity

The following table shows the stockholders' equity for the fiscal years ended 31 December 2014, 2015 and 2016:

(7-19) Table: Non-current liabilities

SR	As of 31 December			Increase/Decrease	
	2014 audited	2015 audited	2016 audited	December 2015	December 2016
Paid up capital	150.000.000	150.000.000	150.000.000	-	-
Capital grants	39.323.988	39.323.988	39.323.988	-	-
Accumulated lossess	(185.462.590)	(185.395.176)	(185.366.829)	(0.036%)	(0.015%)
Total	3.861.398	3.928.812	3.957.159	1.7%	(0.7%)

Source: Audited Financial Statements

Paid up Capital

The authorized capital of AlBhaha Company ("Paid up Capital") amounts to 150.000.000 SR as of 31 December 2014, 31 December 2015 and 31 December 2016, divided into 15.000.000 stocks at a par value of 10 SR per stock.

It should be noted that there are no changes in the issued capital during the three years immediately prior to the date of this Prospectus. The new board of directors has decided to raise the capital of AlBhaha to 295.000.000 SR through the issuance of compensation stocks to acquire Elegant Centers Co.

Capital grants

Capital grants represent the value of the land on which the poultry project is located in the Al-Aqeeq governorate in Al-Baha area. AlBhaha obtained it as a grant from the Ministry of Agriculture under a deed of the Ministry of Justice No. 2 dated 06 Rabee Thani 1425AH. The value of the land was stated under fixed assets at 39.323.988 SR based on market value at the time the grant was received. Capital grants item did not show increase or decrease during the fiscal years ended 31 December 2014, 31 December 2015 and 31 December 2016.

Accumulated losses

The accumulated losses represent net losses realized for the fiscal year to which they were incurred and for prior years. During the fiscal year ended 31 December 2015 compared to the fiscal year ended 31 December 2014, the accumulated losses decreased by 67.414 SR or 0.036% from 185.462590 SR as of December 31, 2014 to 185.395.176 SR. the decrease of losses is attributed to the Company's net income of 67.414 SR during the fiscal year ended 31 March 2015. The income generated during the fiscal year ended 31 March 2015 is attributable to the fact that AlBhaha generated revenue from its non-material profit activities in the field of construction, wholesale and real estate marketing. During the fiscal year ended 31 December 2016 compared to the fiscal year ended 31 December 2015, accumulated losses decreased by 28.347 SR (0.015%) from 185.395.176 SR as of 31 December 2015 to 185.336.829 SR. Losses decrease is attributable to the company's net income by the same amount.

7-5 Cash Flows Statement

The following table shows the cash flows statement for the fiscal years ended 31 December 2014, 2015 and 2016:

(7-20) Table: Cash flows statement

SR	Fiscal year ended 31 December			Increase/(Decrease)	
	2014 audited	2015 audited	2016 audited	December 2015	December 2016
Net profit (losses) for the year	(4.094.712)	67.414	28.347	101.7%	(58.0%)
Adjustments:					
Depreciations	2.101.244	-	-	(100%)	N/A
From provision of end of service benefits	67.830	-	-	(100%)	
Provisions	-	-	-	-	N/A
Previous years settlements	-	-	-	-	N/A
Zakat charged to the year	80.680	1.729	727	(97.8%)	(58.0%)
Operation losses before changes in operating loss	(1.844.958)	69.143	29.074	(103.7%)	(58.0%)
Changes in operating capital:					
Increase (decrease) in receivables	53.493	(32.000)	(1.256.497)	(159.8%)	3826%
Inventory	-	-	-	N/A	N/A
Decrease (increase) in prepayments	(25.609)	24.133	(239.883)	(194.2%)	(1.94%)
Increase in payables	1.441.808	1.322.546	1.378.469	(8.3%)	4.2%
Increase (decrease) in accrued expenses and other payables	20.252	(66.813)	44.902	(429.9%)	(167.2%)
Decrease in auction shares under settlement	-	-	(5.325)	-	N/A
Zakat paid	(1.500.000)	(500.000)	(500.000)	(66.7%)	-
Provision for end of service benefits	(576.044)	-	(484.722)	(100.0%)	N/A
Net cash flows used in operational activities	(2.431.058)	817.009	(1.033.982)	123.6%	(126657%)
Net cash flows from investment activities	-	-	-	N/A	N/A
Net cash flows from monies used in finance activities	-	-	-	N/A	N/A
Net (decrease) in cash during the year	(2.431.058)	817.009	(1.033.982)	(133.6%)	(226.6%)
Cash at the beginning of the year	3.347.292	916.234	1.733.244	(72.6%)	89.2%
Cash balance at the end of the year	916.234	1.733.243	699.262	89.2%	(59.7%)

Source: Audited Financial Statements

Note: The term "N/A" refers to percentages that do not make sense by dividing by zero

AlBhaha's cash flow for the fiscal years ended 31 December 2014, 2015 and 2016 consists of the cash flows of AlBhaha's operating activities excluding investment or finance activities. Net cash flows from operating activities during the said fiscal years are the only significant influence on the net cash flows of AlBhaha.

Adjustments to the net income (or loss) of AlBhaha (before Zakat) consist of additions or exclusions of non-monetary items: depreciation, provision for end of service benefits and other provisions, prior period adjustments and zakat calculation for the year.

During the fiscal year ended 31 December 2014, the net cash flows from operating activities resulted in a negative cash flow of 2.431.058 SR which resulted mainly from operating losses before working capital changes of 1.844.958 SR and Zakat paid to the General Authority for Zakat Income for the said fiscal year of 1.500.000 SR and decrease of the provision for end of service benefits by 576.044 SR due to payment of employee benefits. The aforementioned negative cash flows were against a rise in the balance of payables by 1.441.808 SR.

During the fiscal year ended 31 December 2015, net cash flows from operating activities resulted in a positive cash flow of 817.009 SR, which resulted mainly from the net profit for the said fiscal year of 67.414 SR and the increase in the balance of payables amounting to 1.322.546 SR. The said positive cash flows were against negative cash flows, the most important being the payment of zakat paid to the General Authority for Zakat and Income of 500.000 SR. During the fiscal year ended December 31, 2016, net cash flows from operating activities resulted in a negative cash flow of 1.033.982 SR. These negative flows resulted mainly from an increase of receivables of 1.224.497 SR and from the payment of the entitlements of the former general manager of AlBhaha by 484.722 SR and for Zakat paid during the year of 500.000 SR.

7-5-1 Performance Indicators for AlBhaha for the years 2014, 2015 and 2016

(7-21) Table: Performance Indicators for AlBhaha

SR	For the fiscal year ended 31 December		
	2014	2015	2016
Annual growth of revenues rate (%)	N/A	N/A	8.60%
Gross profit margin (%)	-	11.0%	9.6%
Net profit margin (%)	-	1.2%	3.0%
Asset turnover rate (%)	-	5.6%	0.9%
Return on asset (%)	(4.2%)	0.1%	03.0%
Earnings per share from profit/loss of the period (SR/share)	(0.27)	0.0045	0.0019
Return on stockholders' equity	(106.0%)	1.7%	0.7%

Source: AlBhaha Management

The annual sales growth rate was zero during the fiscal year ended 31 December 2014. This is due to the discontinuation of all activities of AlBhaha and its project activities during the fiscal year ended 31 December 2014 and the discontinuation remained since that time. Details of discontinuation of activities of AlBhaha and projects are stated in the revenue section, as shown on page (41). During the fiscal year ended 31 December 2015, AlBhaha commenced new non-material profit-making activities, including construction, wholesale and retail trade and real estate marketing, which generated high revenues during the said fiscal year, particularly revenues from wholesale and retail trade compared to other new non-material activities. During the fiscal year ended December 31, 2016, the annual growth rate increased by 60.8%, mainly due to the increase in wholesale and retail trade in iron during the said fiscal year, as the volume of sales increased during the year.

The gross profit margin increased from zero during the fiscal year ended 31 December 2014 to 11.0% during the fiscal year ended 31 December 2015, due to the fact that AlBhaha exercised its profit-making activities during the fiscal year ended 31 December 2015, which generated revenues for AlBhaha of 5.521.890 SR and a gross profit of 67.414 SR during the same period. Details of AlBhaha's profit-making activities are reported in the Revenue section, as shown on page (41). The gross profit margin decreased from 11.0% in the fiscal year ended 31 December 2015 to 6.9% during the fiscal year ended 31 December 2016. This is mainly due to the higher cost of sales resulting from the focus of AlBhaha's iron trading activities during the fiscal year ended 31 December 2016.

The improvement in the gross profit margin during the fiscal year ended 31 December 2015 was also reflected in the net profit margin. Net profit margin increased from zero during the fiscal year ended 31 December 2014 to 1.2% during the fiscal year ended 31 December 2015. The increase was due to the fact that AlBhaha exercised non-material profit-making activities during the fiscal year ended 31 December 2015 as mentioned above. As a result of the decrease in the gross profit margin during the fiscal year ended 31 December 2016, the net profit margin decreased from 1.2% during the fiscal year ended 31 December 2015 to 0.3% during the fiscal year ended 31 December 2016.

The turnover of assets increased from zero during the fiscal year ended 31 December 2014 to 5.6% during the fiscal year ended 31 December 2015, due to the profit during the fiscal year ended 31 December 2015 as mentioned above. Similarly, the turnover of assets increased from 5.6% during the fiscal year ended 31 December 2015 to 9.0% during the fiscal year ended 31 December 2016, as a result of increased revenues as mentioned above.

The rate of return on assets increased from 4.2% during the fiscal year ended 31 December 2014 to 0.1% during the fiscal year ended 31 December 2015, due to increased revenues. The rate of return on assets decreased from 0.1% during the fiscal year ended 31 December 2015 to 03.0% during the fiscal year ended 31 December 2016. This was due to the decrease in the net profit of AlBhaha due to the high cost of sales.

Similarly, earnings per share increased by 0.27 SR per share during the fiscal year ended 31 December 2014 to profit of 0.004 SR/share during the fiscal year ended 31 December 2015, due to a net profit of 67.414 SR during the fiscal year ended 31 December 2015, resulting in a profit per share attributable to a net profit for the year 2015. During the fiscal year ended December 31, 2016, earnings per share decreased to 0.0019 SR/share due to lower gross profit margin during the fiscal year ended 31 December 2016 due to higher cost of sales.

The rate of return on equity increased from 4.2% during the fiscal year ended 31 December 2014 to 0.1% during the fiscal year ended 31 December 2015 and increased to 03.0% during the fiscal year ended 31 December 2016. This was a result of increased revenues. Similarly, losses per share increased by 0.27 SR per share to profit of 0.004 SR/share during the fiscal year ended 31 December 2015 due to the net profit of 67.414 SR for the fiscal year ended 31 December 2015, which led to a higher rate of return on assets and earnings per share increased due to a net profit for the year 2015. During the fiscal year ended December 31, 2016, earnings per share decreased to 0.0019 SR/share due to lower gross profit margin during the fiscal year ended 31 December 2016 due to higher cost of sales.

The return on equity increased from 106.0% during the fiscal year ended 31 December 2014 to 1.7% during the fiscal year ended 31 December 2015 and then decreased to 0.7% during the fiscal year ended 31 December 2016. The said increase and decrease were in line with net income movement during the said fiscal years.

7-5-2 Current obligations incurred by the Company

The following table shows the current obligations of AlBhaha as at 31 December 2016:

(7-22) Table: Current obligations of AlBhah as of 31 December 2016

SR	As of 31 December 2016
Due to the General Authority of Zakat and Income from 1993 to 1999	500.000
Due to Modern Bright	3.000.000
Stockholders' compensations of stocks sold at the auction	10.886.424
Total	14.386.424

Source: AlBhaha Management

500.000 SR due to the General Authority for Zakat and Income

The amount of 2.500.000 SR was paid to the Zakat and Income Tax Authority from Zakat payments for the period from 1993 to 1999 amounting to 3.000.000 SR, after reaching an agreement with the General Authority for Zakat and Income to pay half of the sum of 1.500.000SR and pledge to pay the rest of the amount in six equal installments, each of which is 250.000 SR. As of 18/11/1437AH (corresponding to 22/08/2016), the first four installments were paid. As a result, the Company's current due amount to the General Authority for Zakat and Income Tax is 500.000 SR, to be paid in two installments according to the following table:

Date of payment	Amount	Installment
01/05/1438AH*	250.000	5th
01/11/1438AH	250.000	6th

* Based on the statement of AlBhaha, it has coordinated with the General Authority for Zakat and Income on postponement of the payment of the fifth installment due on 01/05/1438AH, provided that payment is made during the first quarter of 2017.

It should be noted that the Company has not made a provision for the said amount. It should also be noted that the Zakat balance was 1.325.019 SR as of 31 December 2016.

3.000.000 SR due to Modern Bright

As a result of the swap of assets between the two companies (for further details please see section "Information on AlBhaha Investment & Development Co.- The most important dates and developments" page 21. A judgment was issued on 25/01/1434AH (corresponding to 08/12/2012) obliging AlBhaha to complete the swap of assets and pay the amount due (3.000.000 SR) three million Saudi Riyals for Modern Bright for General Contracting, in addition to completing the swap process which includes:

1. The actual transfer of (134) plots of land located in Al-Mawrouj plot in Taif city, estimated at 12.000.000 SR according to the contract signed between AlBhaha and Bright.
2. Tranfer the land on which the poultry project is located in Al-Aqiq Governorate, estimated at 46.000.000 SR according to the contract signed between AlBhaha Company and Bright.
3. The share of AlBhaha in AlBaha National College for Sciences, estimated at 18.000.000 SR according to the contract signed between AlBhaha and Bright.

On 29/10/1437AH (corresponding to 03/08/201), AlBhaha received a court order from the Execution Department of the General Court of Belgarashi obliging the Company to execute the entire executive document issued by Jeddah Administrative Court in favor of the Modern Bright for Contracting Company, but it failed to execute the document until the date of this Prospectus. On 12/05/1438AH (corresponding to 09/02/2017) AlBhaha received a copy of the judgment of the Execution Department in the General Court of Beljarshi issued on 04/05/1438AH (corresponding to 01/02/2017.) under No. 38160080, which includes that after reviewing the judgment issued by the Board of Grievances shows that the items to be executed in terms of swap of assets are not determined, and the judgment of the Execution Department concluded to stop execution until the judgment issued by the Board of Grievances is corrected so that the items to be executed are clearly and accurately determined for each item, as the provision of the Execution Department provided for the right of objection to the parties to the execution within thirty days from the next day of date of receipt of the judgment copy. The management of AlBhaha hereby confirms that it has no intention to object to the judgment, but intends to implement it according to the details contained therein. Once the detailed decision has been made and the other party will not object to it, AlBhaha will coordinate with Modern Bright to execute the provisions of the judgment by transferring ownership of all assets belonging to Modern Bright in AlBhaha and transferring ownership of assets belonging to AlBhaha in Modern Bright and guaranteeing completion of the court order in full. AlBhaha Board of Directors acknowledges that there are no subsequent provisions of the judgment issued on 04/05/1438AH (corresponding to 01/02/2017) and are not mentioned in this Prospectus in respect of the swap of assets with Modern Bright. There will be no financial impact on AlBhaha as a result of the swap of assets assuming that the actual value of the assets of Modern Bright amounts to 17.300.599 SR, as AlBhaha has already made provisions for the entire loss amount of this transaction at 68.699.441SR. The value of the contract signed for the swap of assets amounted to 86.000.000 SR while the actual value of the assets of Bright was 17.300.559 SR according to the due diligence report. The 3.000.000 SR mentioned above is part of the entire provision.

10.886.424 SR stockholders' equity on stocks sold at auction (as in the balance sheet statement for the fiscal period ended 31 December 2016)

The company obtained the approval of the Capital Market Authority on 25/03/1430AH (corresponding to 22/03/2009) on the sale of stocks not paid in full in order to collect the value of the last installment at 2.5 riyals per stock. The company started the sale on 28/06/2009, until 31/12/2009, where 984.032 stocks were sold at 14.325.234 riyals according to the offers submitted in the auction and the total amount was collected, which is 2.5 riyals per stock representing 25% of the value of the remaining stocks and 2.113.074 SR was used to supplement the capital to become the company's capital of 150.000.000SR paid in full. The rest of the amount of 12.212.160 SR will be refunded as surplus to the stockholders who default on the last installment and whose stocks were sold in the auction when the company requested them to do so. The company paid 643.451 SR and paid 682.285 SR as a result of the sale and collection, in addition to refunding part of this surplus to the stockholders who contacted the company and requested their dues, until the current balance of these compensations amounted to 10.886.424 SR as of the date of this Prospectus. It should be noted that the balance of 10.886.424 SR as of 31 December 2016 is included in the current liabilities in the balance sheet statement.

7-5-3 Potential obligations

3.000.000 SR owed to Expert Financial

A claim by Expert Financial against the company requesting payment of the rest of the value of a contract concluded with the company to prepare a financial study for the plan to increase the capital by 3.000.000 SR. The provision for claims shows an amount of 3.000.000 SR as at 31 December 2016 for the potential liability balance of the case. These obligations have not been classified as current liabilities since they are contingent on the possibility of resolving the case in favor of AlBhaha or Expert Financial after the final judgment.

16.849.347 SR due to the General Authority for Zakat and Income

It should be noted that AlBhaha received a letter from the General Authority for Zakat and Income on 29/05/1434AH (corresponding to 10/04/2013) stating that there are zakat differences of 16.849.347 SR for the fiscal years 2000 to 2010 payable by the Company. The company has objected to the validity of the said amount, but the company has received another letter from the General Authority for Zakat and Income on 21/12/1436H (corresponding to 04/10/2015) confirms the validity of the amount. The company also filed a list of objections to this claim within the legal period of sixty days from the date of receipt of the letter, and there was no response to the objection list in terms of acceptance or rejection until the date of this Prospectus. It should be noted that the Company did not create a provision to meet the obligation of the said amount. It should also be noted that the Zakat balance was 1.325.019 SR as of 31 December 2016. Unlike the above, the Directors acknowledge that there are no contingent liabilities on the Company.

8- Legal information of AlBaha

8-1 The Company and the licenses and permits under which it operates

AlBhaha Investment & Development Co. is a Saudi public joint stock company established by the decision of His Excellency the Minister of Commerce No. (600) dated 05/06/1413AH (corresponding to 29/11/1992) and the Commercial Register No. 5800005960 issued by AlBaha City on 19/07/1413AH (corresponding to 12/01/1993) and its headquarters are located in the industrial leather factory building, Al-Farsha St., in the city of Belgarshi in Al-Baha area. The postal address is: P.O. Box 448 Belgarshi 22888 Saudi Arabia.

The Company's current capital is 150.000.000 SR (one hundred and fifty million Saudi Riyals) divided into 15.000.000 fifteen million stocks with a nominal value of 10 SR per stock (each referred to as "Current Stock" and collectively "Current Stocks") and all such stocks are paid in full. At the time of incorporation, the founding stockholders subscribed a total of (299.200) two hundred and ninety nine thousand two hundred stocks at a value of (29.920.000) twenty nine million nine hundred and twenty thousand Saudi Riyals at a nominal value of 100 SR per stock. The remaining stocks were put to public subscription. The number of the founding stockholders of the company is (101) one hundred and one stockholders and none of them has (5%) five percent or more of the company's stocks at the time of incorporation. Moreover, the company's capital has not been adjusted since its incorporation. AlBhaha Investment & Development does not currently have any major stockholders who own 5% or more of the company's stocks.

The company’s activity is establishment, management and operation of central markets and commercial and residential complexes, hotels, furnished apartments, restaurants, cafes, buffets, bakeries, desserts, cooked and uncooked rations, fuel stations, wholesale and retail trade of foodstuffs, wholesale and retail trade of building materials, iron, general contracting of buildings, electrical, electronic and mechanical works, management, maintenance and development of real estate, contracting of maintenance, operation, cleaning, purchase and lease of land for the construction and investment of buildings by selling or rent for the benefit of the company and the establishment of various industrial projects, owning and reclamation of agricultural lands for exploitation in the establishment of agricultural and livestock production projects and establish, invest, manage, operate and maintain leisure and tourism enterprises and projects, wholesale and retail trade for what is within the scope of the company's industrial, agricultural and tourist activities, and the establishment of cooling stores and repair and maintenance workshops, and commercial agencies. The company may also carry out any business necessary or complementary to the achievement of those purposes.

The Board of Directors of the Company recommended in its meeting on 11/01/1438AH corresponding to 12/10/2016 the acquisition of Elegant Centers Co. Ltd through the issue of stocks amounting to (145.000.000 SR) one hundred and forty-five million Saudi Riyals. Upon completion of the acquisition, the capital of AlBhaha will be (295.000.000) two hundred and ninety five million Saudi Riyals divided into (29.500.000) twenty nine million five hundred thousand ordinary stocks with a nominal value of 10 SR per stock.

The company has obtained all the necessary licenses to carry out its activities in accordance with the applicable laws as follows:

(8-1) Table: Necessary licenses obtained by the company to carry out its activities in accordance with the applicable laws

License type	Purpose	License No.	Issue date	Expiry date	Issuing authority
Commercial register of the head office	Registration of the company in the register of commercial companies (Joint stock companies)	580000596	19/07/1413AH (corresponding to 12/01/1993)	19/07/1438AH (corresponding to 16/04/2017)	Ministry of Commerce & Investment - Commercial Registry at Riyadh
Commercial register of Riyadh area branch	Registration of the company in the register of commercial companies (Joint stock companies)	1010384107	15/09/1434AH (corresponding to 23/07/2013)	15/09/1438AH (corresponding to 10/06/2017)	Ministry of Commerce & Investment - Commercial Registry at Riyadh
Social security certificate	The company's commitment to laws of the General Organization for Social Insurance	21983225	18/05/1438AH (corresponding to 15/02/2017)	18/06/1438AH (corresponding to 17/03/2017)	General Corporation for Social Security
Chamber of Commerce and industry membership certificate	The Company's commitment to the Commercial Register Law, which requires the company to participate in the Chamber of Commerce and Industry	703000116245	21/12/1436AH (corresponding to 04/10/2015)	19/07/1438AH (corresponding to 16/04/2017)	AlBaha Chamber of Commerce
Limited certificate by the General Authority for Zakat and Income	The purpose of the certificate is to conduct the activity of the company, contact all government authorities and complete all transactions of the company, which is an alternative to Zakat and final income certificate and officially approved. It was extracted due to the existence of Zakat pending amounts and was agreed to pay them as installments with the General Authority for Zakat and Income.	1110004863	06/04/1438AH (corresponding to 04/01/2017)	07/07/1438AH (corresponding to 04/04/2017)	General Authority for Zakat and Income
Trademark registration certificate	Protection of the trademark	1436015419	28/10/1436AH (corresponding to 13/08/2015)	16/07/1446AH (corresponding to 16/01/2025)	Ministry of Commerce & Investment - Trademark registration dept.
Saudization certificate	To be informed that the company is committed to the Saudization percentage required by Domains Program	20001611043806	01/03/1438AH (corresponding to 30/11/2016)	01/06/1438AH (corresponding to 28/02/2017)	Ministry of Labor - Labor office

Source: Management of AlBhaha

8-2 Board of Directors of the Company

The current Board of Directors of AlBhaha consists of the directors indicated in the following table indicating their nationalities and the number of stocks held by each of them in the Company:

(8-2) Table: Board of Directors of AlBhaha Investment & Development Co.

No.	Name	Title	Capacity	Nationality	Age	Stocks No.	Ownership percentage
1	Prince Fahd Bin Mushari Bin Abdulmehsen Al Saud	Chairman	Non-executive/Independent	Saudi	53	1.000	0.007%
2	Abdulaziz Saleh AlHammadi	Director	Non-executive/Independent	Saudi	41	1.143	0.008%
3	Mohammed Saleh AlHammadi	Director	Non-executive/Independent	Saudi	45	10.000	0.067%
4	Ibrahim Abdullah Bin Kolaib	Director	Non-executive/Independent	Saudi	39	1.000	0.007%
5	Mishal Mohammaed Mufti	Director and Financial Manager	Executive/Non-independent	Saudi	34	1.250	0.008%
6	Ziad Bin Mohammed Al-Umr	Director and CEO	Executive/Non-independent	Saudi	36	1.000	0.007%
7	Dr. Hatim Abdullah AlGhamidi	Director	Non-executive/Independent	Saudi	40	1.000	0.007%
8	Saad Hamad Bin Saif	Director and Board Secretary	Non-executive/Independent	Saudi	45	1.000	0.007%

Source: AlBhaha
Note: No member of the board of directors owns (5%) five percent or more of the company's stocks
The Corporate Governance Regulation defined the independent and non-executive director as follows:

8-2-1 Independent Director

Independent Director is a Director who enjoys full independence. The following are examples of some of the contrary to the complete independence according to the amendment issued by the Authority's Board Resolution No. 1-10-2010 dated 30/03/1431AH (corresponding to 16/03/2010):

1. To be the holder of (5%) five percent or more of the stocks of the company or any company of its group.
2. To be a representative of a person of legal status who holds 5% five percent or more of the stocks of the company or any company of its group.
3. To be senior executives during the last two years in the company or in any company of its group.
4. To have a first degree relationship with any of the directors of the company or any company in its group.
5. To have a first degree relationship with any of the senior executives in the company or in any company of its group.
6. To be a Director of any company within the group of the company nominated for membership of its Board of Directors.
7. To be an employee during the past two years with any of the parties associated with the company or any company of its group such as chartered accountants and major suppliers or to be the holder of control interests with any of these parties during the past two years.

It is therefore clear that the non-independent director is a director to which one of the above-mentioned cases applies.

8-2-2 Non-executive director

Non-executive director is a director who is not a full-time director of the company, or does not receive a monthly or yearly salary.
With regard to the composition of the Board and provided for in paragraphs 12 (c) and (e) of the Corporate Governance Regulation, the majority of the directors must be non-executive and the number of independent directors shall not be less than two or one third of the directors, whichever is greater, based on the total number of directors. The Company has complied with this article since the majority of the directors are non-executive and there are five independent directors.
In accordance with Article 22 of the Articles of the Association, the Board shall meet at the invitation of its chairman and when requested by two (2) directors. The invitation shall be by notification of the date, place and time of the meeting by the Board Secretary one week prior to the date of the meeting. In accordance with Article (6) of the above Board of Directors' regulation in the company's governance regulation, the Board shall meet at least four (4) times during the fiscal year. The minutes of the Board of Directors' meetings from 2013 until 31/12/2016 indicate that the Company is committed to these provisions:

(8-3) Table: Meetings of AlBhaha's Board of Directors

2013	2014	2015	2016
6	5	8	9

Source: Management of AlBhaha

8-3 Board Committees

In order to ensure optimal performance of the company's management, the company's Board of Directors formed the Audit Committee, the Nomination and Remuneration Committee, the Executive Committee, the Rescue and Acquisition Committee and the Corporate Governance Committee. The Committees have established rules defining their respective tasks and responsibilities. The committees shall submit reports and proposals to the Board of Directors.

8-3-1 Executive Committee

Article (4) of the regulation of the Executive Committee of the Company provides that the board of directors shall form an Executive Committee of three (3) members, all of which are Directors. The quorum of the meetings of the Executive Committee shall be attended by the majority of its members and shall issue its decisions or recommendations by a majority. The main functions of the Executive Committee are to provide recommendations to the Board of Directors on vital issues such as strategic plans and work and business plans, discuss and make decisions on emergency topics, contribute to the company's financial planning, and assess the long-term productivity of the company's operations.
The Executive Committee is composed of the members indicated in the following table:

(8-4) Table: Members of the Executive Committee	
Name	Title
Prince Fahd Bin Mishari Al Saud	President
Mohammed Bin Saleh AlHammadi	Member
Dr. Hatim Abdullah AlGhamidi	Member

Source: Management of AlBhaha

The table below shows the number of Executive Committee meetings during the years 2013-2016.

(8-5) Table: Meetings of the Executive Committee			
2013	2014	2015	2016
3	-	5	3

Source: Management of AlBhaha

8-3-2 Audit Committee

The Capital Market Authority Board was issued Resolution No. (1-36-2008) dated 12/11/1429AH (corresponding to 10/11/2008) obligating companies listed on the Saudi Stock Exchange (Tadawul) under Article (14) of the Corporate Governance Regulation to form a committee of non-executive members called (Audit Committee) starting from 2009.
The functions and responsibilities of the Audit Committee, according to the Corporate Governance Regulation, include the following:

- Oversee the internal audit department of the company, in order to verify its effectiveness in carrying out the tasks determined by the Board of Directors.
- Study the internal control system and make a written report on its opinion and recommendations.
- Study the internal audit reports and follow up the implementation of corrective measures for the notes contained therein.
- Recommend to the Board of Directors the appointment, dismissal and determination of fees of chartered accountants, subject to ensure their independence.
- Follow up the work of the chartered accountants and approve any work outside the scope of the audit work assigned to them during their audit work.
- Study the audit plan with the chartered accountant and make notes thereon.
- Study the chartered accountant's notes on the financial statements and follow up on any matters regarding thereto.
- Examine the initial and annual financial statements before presenting them to the Board of Directors and provide an opinion and recommendation thereon.
- Study the accounting policies adopted and express the opinion and recommend to the Board of Directors thereon.

Article (4) of regulation of the Audit Committee of the Company provides that the Board of Directors shall form an Audit Committee of at least three (3) members selected by the Board of Directors from among its non-executive members. The Board may appoint one or more non-members of the Board to be a member of the Committee. The quorum of the Executive Committee shall be attended by a majority of its members and its decision or recommendations shall be issued by a majority vote. The company has formed an audit committee consisting of three members; two members are directors and one outside the board. The main function of the committee is to assist the Board of Directors in carrying out its supervising functions efficiently and effectively. In particular, the Committee is responsible for ensuring the integrity and completeness of the Company's financial statements, internal control policies and procedures, the relationship with the chartered accountant, and internal audit policies and procedures.
The Audit Committee shall consist of the members indicated in the following table:

(8-6) Table: Members of the Audit Committee	
Name	Title
Abdulaziz Saleh AlHammadi	President
Saad Bin Hamad Bin Saif	Member
Alaa Mohammed Tabenah	Member outside the Board

Source: Management of AlBhaha

The resumes of the members of the Audit Committee are presented on pages (29), (30) and (32).
The table below shows the number of Audit Committee meetings during the years 2013-2016.

(8-7) Table: Meetings of the Audit Committee			
2013	2014	2015	2016
3	3	6	9

Source: Management of AlBhaha

8-3-3 Nominations and Remuneration Committee

The Board of Directors of the Capital Market Authority issued a resolution No. (1-10-201) dated 30/3/1431AH (corresponding to 16/3/2010) obligating companies listed in the Saudi Stock Exchange (Tadawul) under Article (15) of the Corporate Governance Regulation to form a committee called (the Nominations and Remuneration Committee) as of 1/1/2011.

The General Meeting of the Company shall issue upon the proposal of the Board of Directors the rules for the selection of the members of the Nomination and Remuneration Committee and the duration of their membership and the working method of the Committee.

The functions and responsibilities of the Nomination and Remuneration Committee in accordance with the Corporate Governance Regulation include the following:

- Recommend to the Board of Directors to nominate for membership of the Board in accordance with the approved policies and standards, taking into consideration that no person has been nominated for a crime that violates honor and honesty.
- Annual review of the required skills requirements for Board membership and preparation of a description of the capabilities and qualifications required for membership of the Board of Directors, including determining the time a member should devote to the work of the Board of Directors.
- Review the structure of the Board and make recommendations on possible changes.
- Identify weaknesses and strengths in the board of directors, and propose to address them in line with the company's interest.
- Ensuring annually the independence of independent members and the absence of any conflict of interest if the member fills the membership of the board of directors of another company.
- Establish clear compensation and remuneration policies for Board members and senior executives, subject to use of performance-related standards.

Article (4) of the regulation of the Nomination and Remuneration Committee of the Company stipulates the formation of the Nomination and Remuneration Committee of at least two (2) members, all are Directors. The quorum of the Nominations and Remuneration Committee shall be attended by a majority of its members and its decision or recommendations shall be issued by a majority.

The Nomination and Remuneration Committee of the members indicated in the following table shall consist of:

(8-8) Table: Members of the Nomination and Remuneration Committee

Name	Title
Prince Fahd Bin Mushari Bin Abdulmehsen Al Saud	President
Ibrahim Abdullah Bin Kolaib	Member
Mohammed Saleh AlHammadi	Member

Source: Management of AlBhaha

The resumes of the members of the Nomination & Remuneration Committee are presented on pages (29), (30) and (30).

The table below shows the number of meetings of the Nominations and Remuneration Committee during the years 2013-2016.

(8-9) Table: Meetings of the Nominations and Remuneration Committee

2013	2014	2015	2016
3	-	4	3

Source: Management of AlBhaha

8-3-4 Rescue and Acquisition Committee

Based on the circumstances of AlBhaha, the Board of Directors of the Company decided in its meeting on 24/09/1435AH (corresponding to 21/07/2014) to establish a special rescue committee consisting of three members:

- Ibrahim Bin Abdullah Bin Kolaib, President.
- Abdulaziz Saleh AlHammadi, member.
- Mishal Mohammed Mufti, member.

The Committee continued to carry out its duties from its appointment in 2014 until the beginning of 2015. At its meeting held on 17/07/1436AH (corresponding to 06/05/2015), the Board of Directors of AlBhaha decided to rename the Rescue Committee as the Rescue and Acquisition Committee, and to restructure it to ensure independence for the presence of Ibrahim Bin Abdullah Bin Kolaib and Abdulaziz Saleh AlHammadi, both parties involved in the acquisition of Elegant Centers. The committee was restructured according to the following:

(8-10) Table: Members of the Rescue and Acquisition Committee

Name	Title
Ziad Mohammaed Al-Umr	President
Mishal Mohammed Mufti	Member
Dr. Hatim Abdullah AlGhamidi	Member

Source: Management of AlBhaha

The resumes of the members of the Rescue and Acquisition Committee are presented on pages (29), (29) and (30).

(8-11) Table: Meetings of the Rescue and Acquisition Committee

2013	2014	2015	2016
-*	3	14	7

* The Committee was established in 2014 and therefore does not have any meetings during 2013

The functions of the Rescue and Acquisition Committee include:

- The announcement once the accumulated losses of the company reach 100% with the announcement of the main reasons that led to these losses.
- Prepare a plan to amend the company's conditions and announce them to the stockholders of the company.
- Implement the plan to amend the situation of the company with the knowledge of the Board of Directors of the company on the relevant developments.
- Present the details implemented in the Company's Amended Position Plan to the Board of Directors on a quarterly basis.
- Disclose future quarterly and annual financial projections.
- Describe the actual implementation of performance indicators.
- Announce at the end of each month on the statements prepared by the management of the company.
- Make operational profits.
- Work to achieve positive operational cash flow.
- Study the financial and administrative conditions of the company.
- Work to find suitable solutions to re-establish the company to carry out its activities in a substantial manner.
- Reduce the administrative and general expenses of the company.
- Consult with specialized consultants to restructure the company.
- Study to raise or reduce the capital of the company commensurate with its current status.
- Find suitable opportunities to merge or acquire.
-

8-4 Company branches and subsidiaries

The Company has a commercial register to establish a branch in Riyadh but has not established or opened the branch until the date of preparing this Prospectus.

8-5 Important property owned or leased by the Company

AlBhaha leased a land from the Municipality of Beljarshi on 14/11/1416AH (corresponding to 02/04/1996). It established a leather factory and its activity ceased during the second quarter of 2004 as described in section 4.15: Interruption of business), and a main building of the company on the same land leased, with an annual rent of (20.052) twenty thousand and fifty two Saudi riyals. The lease period of the land is 25 years renewable.

(8-12) Table: Important property owned or leased by AlBhaha

No.	Name of property	City	Area (in Sqm)	Ownership status
1	Main building	Beljarshi	13.027.69	The lad is leased and the buildings owned

Source: Management of AlBhaha

8-6 Service contracts of Directors and senior executives

(8-13) Table: Summary of contracts of senior executives

Name	Title	Date of appointment	Date of expiry of contract	Contract type
Ziad Mohammed Al-Umr	CEO	01/08/2016	31/07/2017	Renewed annually
Mishal Mohammed Mufti	Financial Manager	01/08/2016	31/07/2017	Renewed annually

Source: Management of AlBhaha

8-7 Assets outside Saudi Arabia

The Directors acknowledge that AlBhaha does not have any assets outside Saudi Arabia.

8-8 Substantial contracts

The substantial contracts are limited to the lease contract for the main building referred to above in paragraph 8-4 above "Important property owned or leased by the Company".

8-9 Related party transactions

AlBhaha does not have any related party transactions. However, with regard to the acquisition transaction in this Prospectus, AlBhaha directors Mr. Mohammed Saleh AlHammadi, Mr. Abdulaziz Saleh AlHammadi and Mr. Ibrahim Abdullah Bin Kolaib are partners in Elegant Centers. It should be emphasized that all decisions regarding the acquisition transaction of Elegant Centers Co. Ltd were made by voting without the votes of those members.
It should be noted that the expenses paid by the director Mohammed AlHammadi on behalf of the Company amounting to 1.658.533 SR and described in the "Management Discussion and Analysis of the Financial Situation and Operating Results of AlBhaha" section on page 48 do not constitute a transaction with parties related to the transaction, but paid for the purpose of assisting AlBhaha in light of the financial crisis where the bank accounts of AlBhaha were frozen at the time.

8-10 Auditors

The audited financial statements for the fiscal years 2014, 2015 and 2016, which are included in this Prospectus, have been prepared in accordance with the accounting standards issued by the Saudi Organization for Certified Public Accountants. The financial statements for the years 2014 and 2015 have been audited by Rodl Al Tuwaijri – Chartered Accountants, Auditors and Consultants. The financial statements for the fiscal year ended 31 December 2016 were audited by Al Azem and Al Sudairy – Certified Public Accountants - member of Crowe Horath International. The Company issues its statements in Saudi Riyals.

8-11 Continuation of activities

In accordance with the decision of the Authority on 25/05/1434AH (corresponding to 06/04/2013), the trading of the Company's stocks in the Saudi Stock Exchange (Tadawul) has been suspended since 25/05/1434AH (corresponding to 06/04/2013) due to its accumulated losses which amounted to 123.60% of the capital as of 31 December 2012.

There has been an interruption in the company's core business during the previous period, which has had a significant impact on the financial position of the company during the last two years. The interruption of the business during the previous period is as follows:

- The leather factory completely suspended during the second quarter of 2004.
- The work of Athrab chairlift project was partially suspended at a rate of one month only on 21/04/2001. It was completely suspended by decision of the Board of Directors on 15/12/2014 and approved by the Extraordinary General Meeting on 06/05/2015.

However, there are some limited non-material operations during the years 2015 and 2016, which include construction and construction materials, in a very limited manner, which means that they are not incompatible with the interruption of business. Therefore, AlBhaha does not comply with Article 11, paragraph (b) of the rules of registration and listing which states that "when submitting an application for registration and acceptance of the listing, the issuer shall exercise directly or through one or more of its subsidiaries a principal activity in at least three fiscal years under the supervision of a management that has not changed substantially in its entirety." For this purpose, the Company has provided an application for exemption to the Capital Market Authority to exempt them from the said article.

8-12 Trademarks and Intangible Assets

The Company uses a single trademark that relied upon in its activities normally, i.e., there is no significant reliance on it, as shown in the table below. The company registered this trademark with the Ministry of Commerce and Investment after obtaining its final approval in this regard under category (37), which is a drawing of arches in green and orange gradient, and inside these arches a drawing of three green leaves and below them the words "AlBhaha for Investment & Development Co." in Arabic letters and beneath AlBhaha Investment & Development Co with Latin letters and below a bold green line. The following table shows the company's trademark:

Drawing of the trade mark	Certificate No.	Date of registration	Beginning of protection	End of protection
شركة الباحة للإستثمار والتنمية AlBhaha Investment & Development co	1436015419	28/10/1436AH (corresponding to 13/08/2015)	17/07/1436AH (corresponding to 06/05/2015)	16/07/1446AH (corresponding to 16/01/2025)

Source: Management of AlBhaha

Unlike the trademark above, the Company has no intellectual property rights. The Company does not rely on intangible assets such as patents, copyrights or other intellectual property rights other than the trademark described above. The Company does not believe that the identity it has developed for itself has contributed to and greatly contributes to its business.

8-13 Lawsuits, disputes and claims

AlBhaha's Board of Directors affirms that there are no existing or potential litigation, cases, complaints, or investigation procedures that may have individually or collectively a material or significant impact on the Company, and that the Company has not been aware of any current or potential material disputes or facts that may result, individually or collectively, from an underlying risk of a material dispute, with the assurance that there may be some simple financial cases or claims that do not materially affect the Company's business.

The total value of the claims filed by the Company is (119.300.559) one hundred and nineteen million three hundred thousand five hundred and fifty nine Saudi Riyals. The following are details of these cases:

(8-14): Claims, legal actions and lawsuits filed by the company		
Party to the claim	Claimed amount	The current status of the claim
Former chairman and directors of AlBhaha	100.000.000	Pursuant to the ordinary general meeting of stockholders of AlBhaha Investment & Development Co. held on Tuesday 19/08/1435AH (corresponding to 17/06/2014) regarding the approval of filing a liability claim against the former directors and authorization of the current board of directors to take regulatory and legal measures to return rights of stockholders or authorize any third party, AlBhaha Investment & Development Co. filed on 24/08/1435AH (corresponding to 22/06/2014) a claim before Jeddah Administrative Court under No. (1135) against the former chairman and Directors for the mistakes and errors they made in waiving the rights of AlBhaha stockholders in the swap of the company's assets with Modern Bright and the consequent damages caused to the company and the stockholders and obliging them to jointly pay the company (100.000.000) one hundred million Saudi riyals representing the difference between the market value of the assets purchased by Modern Bright for Contracting and payment made by the company in execution of the sale contract of (70.000.000) seventy million SR, and the rest represents the compensation by the company for its loss of 68% sixty eight percent off its capital and the suspension of trading of its stocks in the Capital Market (Tadawul). The Company has announced on Tadawul website dated 03/06/1438AH (corresponding to 02/03/2017) that a decision was issued by Jeddah Administrative Court on 02/06/1438AH (corresponding to 01/03/2017) that the former Chairman and Directors must jointly pay to AlBhaha the following: First: The amount of 68.695.441 riyals sixty-eight million and six hundred ninty five thousand and four hundred and forty-one riyals. Second: An amount of 1.000.000 SR against the lawyer fees. Third: Dismiss the other requests. Note that the date of receipt of the judgment is 17/06/1438AH (corresponding to 16/03/2017). It is worth mentioning that this judgment is an initial judgment subject to appeal within thirty days from the date of receipt of the copy of the notification of the judgment. The judgment shall have no financial effect on the company.

Expert Financial	2.000.000	The company filed an action against Expert financial - Closed Joint Stock Company - before of the General Court of Belgarshi in case No. (4475/2 of 1430AH) to claim the return of the amount of (2.000.000) two million riyals. The company had agreed with Expert, the defendant to work on increasing the capital of the company in exchange of fees of (5.000.000) five million SR, of which a sum of 2.000.000 two million SR was paid as a down payment. In view of the company's decline in its decision to increase the capital and the failure of the defendant to return the above amount, the company filed the claim for the refund of the amount paid. The case remains pending with the CMA's Committee on the Settlement of Securities Disputes with the arbitrators. This issue remains under consideration until the date of this Prospectus.
Modern Bright for General Contracting Co.	17.300.559	The company filed a lawsuit with the Board of Grievances claiming that Modern Bright refund the amount paid by the company in advance of 7.000.000 SR within the contract signed between AlBhaha and Bright regarding the swap of assets. A final judgment was issued in the case by the Board of Grievances in Jeddah on 24/06/1434AH (corresponding to 04/05/2013) stating the approval of the inital judgment issued by Jeddah Administrative Court to complete the execution of the contract with Bright. On 29/10/1437AH (corresponding to 03/08/2016), AlBhaha received a court order from the Execution Departments of the General Court of Belgarshi, to require the company to execute the entire executive document issued by Jeddah Administrative Court in favor of the Modern Bright for General Contracting. But it failed to execute the document until the date of preparation of this Prospectus. On 12/05/1438AH (corresponding to 09/02/2017), AlBhaha received a copy of the judgment of the Execution Department in the General Court of Belgarchi issued on 04/05/1438AH (corresponding to 01/02/2017) under 38160080, which includes that after reviewing the judgment issued by the Board of Grievances it was shown that the items to be executed in terms of swap of assets are not determined, and the judgment of the Execution Department decided to stop execution until the judgment issued by the Board of Grievances is corrected so that the items to be executed are clearly and accurately determined for each item. The judgment of the Execution Department provided for the right of objection to the parties to the execution within thirty days from the next day of date of receipt of the judgment copy. The management of AlBhaha hereby confirms that it has no intention to object to the judgment, but intends to execute it according to the details contained therein. Once the detailed decision has been made and the other party will not object to it, AlBhaha will coordinate with Modern Bright to execute the provisions of the judgment by transferring ownership of all assets belonging to Modern Bright in AlBhaha and transferring ownership belonging to AlBhaha in Modern Bright, and guaranteeing to complete the court order in full. AlBhaha Board of Directors acknowledges that there are no subsequent provisions of the judgment issued on 04/05/1438AH (corresponding to 01/02/2017) and are not mentioned in this Prospectus in respect of the swap of assets with Modern Bright. There will be no financial impact on AlBhaha as a result of the swap of assets assuming that the actual value of the assets of Modern Bright amounts to 17.300.599 SR, as AlBhaha has already made provisions for the entire loss amount of this transaction at 68.699.441 Riyal, as the value of the contract signed for the swap of assets amounted to 86.000.000 riyals while the actual value of the assets of Bright was 17.300.559 riyals according to the due diligence report, which is the subject matter of this claim. In compliance with the judgment issued by the Court, AlBhaha will claim its rights from the assets of Bright based on the executive document. These assets include: 1. Transfer the ownership of all the crusher inclusions with all its equipment, vehicles, all movable and fixed assets and all the components of the Helocor project and its existing equipment (under construction) for installation. 2. Pictures of Al-Suwailem contracts for Al-Haramain train project. 3. Statement of assets and documents of the Ready Cement Concrete Project and the Helocor Project (under construction). 4. Lease contract for municipal land. 5. Building permit. 6. Project layout. 7. Copy of the initial letter of approval for the Industrial Development Fund loan. 8. A waiver of the mineral wealth license. 9. General site map of the crusher. 10. Minutes of the receipt of the crusher with its equipment and assets, the location of the Helocor project (under construction) and its non-installed equipment. AlBhaha does not have any documents to clarify the details of these assets. In addition, the due diligence report did not contain information on the value of the cement concrete project and the Halocor plant, since the report referred to mentioned the value of the crusher only. The current management of AlBhaha has confirmed that it does not have any documents showing the value of the assets of Bright when signing the contract which amounted to 86.000.000 riyals or any documents showing the actual value of each of these assets and how to reach 17.300.599 in total as per the due diligence report, due to the fact that the swap of assets was carried out under the supervision of the former Board of Directors of the company and not the current, and the former management of the company did not provide the current management any information or documents in this regard. Accordingly, AlBhaha will claim its rights from the assets of Modern Bright, as described in the judgment and executive document issued by Jeddah Administrative Court. However, the value of these assets cannot be verified at 17.300.599 riyals, according to the due diligence report. If the actual value of these assets is less than the stated amount, this means that the provision for the loss of the asset swap that AlBhaha had made in advance of 68.699.441 SR would not be sufficient to cover the full losses arising from this asset swap (please see the Company's risk of failure in entering into previous acquisitions on page (7) of this Prospectus).

Source: Management of AlBhaha

The value of the lawsuits and financial claims against the company is (34.235.771) thirty four million two hundred and thirty five thousand seven hundred and seventy-one Saudi riyals. The following is details of these lawsuits:

(8-15) Table: Claims, legal actions and lawsuits filed against the company		
Name of Plaintiff	Claimed amount	Summary of the claim
Modern Bright for General Contracting	3.000.000	As a result of the swap assets between the two companies, a court judgment was issued on 25/01/1434AH (corresponding to 08/12/2012) requiring AlBhaha to complete the swap of assets and pay the amount due (3.000.000 SR) three million Saudi riyals to Modern Bright for General Contracting in addition to: 1. The actual transfer of (134) plots of land located in Al-Mawrouj plot in Taif city, estimated at 12.000.000 SR according to the contract signed between AlBhaha and Bright. 2. Transfer of the land on which the poultry project is located in Al-Aqiq Governorate, estimated at 46.000.000 SR according to the contract signed between AlBhaha and Bright. 3. The share of AlBhaha in AlBaha National College for Sciences, estimated at 18.000.000 SR according to the contract signed between AlBhaha and Bright. AlBhaha appealed to the judgment before the administrative appeal court at the western area to reconsider the judgment. On 29/10/1437AH (corresponding to 03/08/2016), AlBhaha received a court order from the Execution departments of the General Court of Belgarshi to require the Company to execute the entire executive document issued by Jeddah Administrative Court, 2nd commercial department, in favor of Modern Bright for General Contracting. But it failed to execute such document until the date of this Prospectus. On 12/05/1438AH (corresponding to 09/02/2017), AlBhaha received a copy of the judgment of the Execution Department in the General Court of Belgarshi issued on 04/05/1438AH (corresponding to 01/02/2017), under no. 38160080, which includes that after reviewing the judgment issued by the Board of Grievances shows that the items to be implemented in terms of swap of assets are not determined. The judgment of the Execution Department decided to stop execution until the judgment issued by the Board of Grievances has been corrected so that the items to be executed clearly and accurately for each item. The judgment also provided the right to object by the execution parties within thirty days from the date of next day of receipt of the judgment copy. The management of AlBhaha hereby confirms that it has no intention to object to the judgment, but intends to execute it according to the details contained therein. Once the detailed decision has been made and the other party will not object to it, AlBhaha will coordinate with Modern Bright to execute the provisions of the judgment by transferring ownership of all assets belonging to Bright in AlBhaha as well as transferring ownership of assets belonging to AlBhaha in Modern Bright and guaranteeing the completion of the court order in full. AlBhaha Board of Directors acknowledges that there are no subsequent provisions of the judgment issued on 04/05/1438AH (corresponding to 01/02/2017) and are not mentioned in this Prospectus in respect of the swap of assets with Modern Bright. There will be no financial impact on AlBhaha as a result of the swap of assets assuming that the actual value of the assets of the Modern Bright amounts to 17.300.599 SR, as AlBhaha has already made provisions for the entire loss amount of this transaction of 68.699.441 SR as the value of the contract signed for the swap of assets amounted to 86.000.000 riyals while the actual value of the assets of Bright amounted 17.300.559 riyals according to the due diligence report.
Expert Financial Co.	3.000.000	Expert Financial filed a lawsuit against AlBhaha before Belgarshi Court, which was registered under no. (4297/2 for 1430AH) to claim the amount due from the agreed fees of (3.000.000) three million Saudi Riyals from among 5.000.000 SR five million Saudi riyals for the contract made with the company to increase the capital. The case is still pending before the Committee on the Settlement of Securities Disputes at the Capital Market Authority with arbitrators under No. 21/32 and the company applied for appointment of its arbitrator on 19/3/2014.
Mr. Ali Alajma*	1.875.000	Mr. Ali Alajma filed a lawsuit against AlBhaha on the 11 JumadaII 1432AH (corresponding to 14 May 2011) in of Beljarshi governorate, Saudi Arabia, in return for his fees in pleading AlBhaha in its case with AlBaha National College of Sciences. The final judgment was issued in favor of Mr. Ali Alajma against AlBhaha. The amount claimed of 1.875.000 SR was paid in 2013. Mr. Ali Alajma represented AlBhaha against AlBaha National College of Science to collect the dues of AlBaha against AlBaha National College of Science. As of 18 Thul Qeda 1432AH (corresponding to 16 October 2011), the final judgment was issued in favor of AlBaha National College of Sciences against AlBhaha (Deed No. 1/24).
Compensations of stockholders for stocks sold at the auction	10.886.424	The Company sold (984.032) nine hundred and eighty-four thousand and thirty-two stocks as of 31/12/2009 at (14.325.234) fourteen million three hundred and twenty five thousand and two hundred and thirty four Saudi Riyals according to the offers submitted in the auction, after obtaining the approval of the Capital Market Authority In this regard. The amount of 2.113.074 SR two million one hundred thirteen thousand seventy four Saudi riyals was used to repay the capital amount of 150.000.000 SR one hundred fifty million Saudi riyals. The remaining amount of 12.212.160 SR twelve million two hundred twelve thousand one hundred sixty Saudi riyals will be refunded as a surplus to stockholders who have failed to pay the last installment and whose stocks have been sold at the auction. The company had paid (surplus) of 643.451 SR six hundred forty three thousand four hundred fifty

		one Saudi riyals in addition to 682.285 SR six hundred eighty two thousand two hundred eighty five Saudi riyals as expenses arising from the sale and collection. AlBhaha may be claimed by the remaining stockholders at any time. Note that these compensations are due claims and not an existing case.
The General Authority for Zakat and Income	500.000	The General Authority for Zakat and Income approved that the company pay the amount of (1.500.000) one million five hundred thousand Saudi Riyals in six equal installments. Four installments were paid as of 19/11/1437AH (corresponding to 22/08/2016) upon letter No. 2750/16/1436 dated 21/04/1436AH (corresponding to 10/02/2015), which includes the approval of the installment of the remaining balance of Zakat differences for the years 1993 to 1999 in semi-annual installments with each installment of (250.000) two hundred and fifty thousand riyals. Note that the total difference is about (3.000.000) three million riyals. However, the General Authority for Zakat and Income has already taken half share from the company. It should be noted that this is a financial claim and not a case against the company.
The General Authority for Zakat and Income	1.849.347	Under the transaction No. 3482/16/1434AH with the General Authority for Zakat and Income and according to the letter issued by it on 29/05/1434AH (corresponding to 10/04/2013), it was found there are Zakat differences in the amount mentioned for the years from 2000 to 2010. The company has objected to the validity of the said amount, but the company has received another letter from the General Authority for Zakat and Income on 21/12/1436AH (corresponding to 04/10/2015) confirms the validity of the amount. The company also filed a list of objections to this claim within the legal period of sixty days from the date of receipt of the letter, and there was no response to the objection list in terms of acceptance or rejection until the date of this Prospectus. It should be noted that this is a financial claim and not a lawsuit against the company.

* Note: The value of the case filed by Mr. Ali Alajma on AlBhaha in the amount of 1.875.000 SR was not taken into consideration, since the amount claimed was fully paid in 2013.

There are also cases against the company and financial claims but they are limited to stocks rather than cash. The total number of stocks is 16.290 stocks. The value of the stocks is based on the stock price at the time of execution. The last stock price before the suspension of trading of the stocks was 13.50 SR as of 02/04/2013, while the last stock price of the last transaction outside the platform was 4 SR as of 29/11/2016. Based on the two stock prices, the total number of cases against the Company, which are limited to stocks, may range from (65.160) sixty five thousand and one hundred and sixty riyals, and (219.915) two hundred nineteen thousand nine hundred and fifteen Saudi riyals.

8-14 Summary of the Company's Articles of Association

8-14-1 Company name

AlBhaha Investment & Development Co., a Saudi public joint stock company.

8-14-2 Purposes of the company

The company undertakes the following activities:

1- The establishment, management, operation and maintenance of central markets, commercial and residential complexes, furnished apartments, restaurants, hotels, gas stations, cafes, buffets, bakeries, desserts, cooked and uncooked rations, wholesale and retail trade of foodstuffs, wholesale and retail trade of building materials, iron and general contracting of buildings, electrical, electronic and mechanical works, management, maintenance and development of real estate, contracting of maintenance, operation, cleaning, buying and renting land for the construction and investment of buildings by selling or leasing for the benefit of the company.
2- Establishment of various industrial projects.
3- Owning and reclamation of agricultural land for exploitation in the establishment of agricultural and livestock production projects.
4- Establish, invest, manage, operate and maintain leisure and tourism enterprises and projects.
5- Wholesale and retail trade for what is within the scope of the company's industrial, agricultural and tourism business and the establishment of cooling stores and repair and maintenance workshops for that.
6- Commercial agencies.

The Company may also undertake any work necessary or complementary to achieve such purposes. The company carries out its activities according to the established laws and after obtaining the necessary licenses from the competent authorities, if any.

8-14-3 Participation and ownership in companies

The Company may establish individual companies (limited liability or closed shareholding), provided that the capital shall not be less than (5) million Riyals. It may also own stocks and shares in other existing companies or merge with them and have the right to participate with others in the establishment of joint stock or limited liability companies after fulfilling the requirements of the laws and instructions in this regard. The Company may also act in such stocks or shares, provided that the same shall not include brokerage.

8-14-4 Head office of the company

The head office of the company is located in AlBaha city, and may have branches, offices or agencies inside or outside the Kingdom by a decision of the Board of Directors.

8-14-5 Duration of the Company

The duration of the company shall be ninety-nine Hijri years starting from the date of its entry into the Commercial Register, and it may always be extended by a decision issued by the Extraordinary General Meeting at least one year before its expiry.

8-14-6 The Company's capital

The Company's capital is set at 150.000.000 SR (one hundred and fifty million Saudi Riyals), divided into 15.000.000 fifteen million nominal stocks of equal value, each of 10 SR, all of which are ordinary cash stocks.

8-14-7 Subscription in stocks

The stockholders have subscribed to the entire stocks issued by the company amounting to (15.000.000) fifteen million stocks paid in full.

8-14-8 Sale of stocks not fully realized

The stockholder shall pay the stock value on the specified dates. If he fails to meet the due date, the Board of Directors may, after informing him through the newspapers or Tadawul website or notifying him by a registered letter of sale of the stocks in the public auction or securities market according to the conditions determined by the competent authority.

The Company shall collect the sale proceeds and the balance shall be credited to the stockholder. If the proceeds of sale fail to meet these amounts, the Company may recover the remainder of all the stockholder's funds.

However, the defaulting stockholder may, until the day of sale, pay the amount due, plus the expenses incurred by the company in this regard.

The Company shall cancel the sold stock in accordance with the provisions of this Article. The buyer shall give a new stock bearing the number of the canceled stock, and the stock register shall indicate the sale with the name of the new holder.

8-14-9 Issue of stocks

The stocks shall be nominal and shall not be issued less than their nominal value but may be issued higher than this value. In this latter case, the difference in value shall be added to a separate item in stockholders' equity and may not be distributed as dividends to the stockholders. The stocks are indivisible on the account of the company. If the stock is held by multiple persons, they must elect one of them for the use of the rights related thereto. These persons shall be jointly liable for the obligations arising from the stock ownership. The stocks may also be issued in cash or in kind.

8-14-10 Stock trading

Stock subscribed by the founders may not be traded until after the financial statements have been published for two fiscal years not less than twelve months from the date of incorporation of the company. The instruments of these stocks shall be indicated on the basis of their type, the date of incorporation of the company and the period in which they are prohibited from trading.

However, during the period of the prohibition, the ownership of the stocks may be transferred according to the provisions of the sale of rights from one of the founders to another founder or heirs of one of the founders in the event of his death to third parties or in the case of execution of the assets of the insolvent or bankrupt founder, provided that the preemptive right of such stocks shall devolve to the other stockholders.

The provisions of this Article shall apply to the entitlement of the founders in case of capital increase before the expiration of the period of the prohibition.

8-14-11 Stockholder Record

The Company's stock are traded in accordance with the provisions of the Capital Market Law.

8-14-12 Increase capital

1. The Extraordinary General Meeting may decide to increase the capital of the Company, provided that the capital has been paid in full. The capital is not required to be paid in full if the unpaid portion of the capital is attributable to stocks issued in exchange for the conversion of debt instruments or financing instruments into stocks and the period for conversion into stocks has not yet expired.
2. The extraordinary general meeting may, in all cases, allocate stocks issued upon the increase of the capital or part thereof to the employees of the company and the subsidiaries or some of them, or any of them. Stockholders may not exercise the preemptive right when the Company issues stocks to employees.
3. The stockholder holder of the stock at the time of the Extraordinary General Meeting's decision to approve the increase of capital, have preemptive right in the subscription of the new stocks issued in return for cash stocks. These shall be notified by publishing in a daily newspaper or by Tadawul or by means of registered mail of the capital increase decision and the subscription's terms, duration, and start and end date.
4. The Extraordinary General Meeting shall be entitled to suspend the preemptive right for the stockholders in the subscription to increase the capital in exchange for cash stocks or to give priority to non-stockholders in the cases it deems appropriate for the benefit of the company.
5. The stockholder has the right to sell or waive the preemptive right during the period from the time of the General Meeting's decision to approve the capital increase to the last day of subscription in the new stocks associated with these rights, in accordance with the regulations set by the competent authority.
6. Subject to the provisions of paragraph (4) above, the new stocks shall be distributed to the preemptive rights holders who applied for the subscription, in proportion to their preemptive rights of the total preemptive rights resulting from the capital increase, provided that they do not exceed what they have received from their new stocks. The rest of the new stocks will be distributed to the preemptive rights holders who have requested more than their share in the proportion of their preemptive rights from the total preemptive rights resulting from the capital increase provided they do not exceed what they have received from the new stocks. The remaining stocks will be offered to others unless otherwise decided by the Extraordinary General Meeting or the financial market law provides otherwise.
7. The General Meeting may decide to increase the capital by issuing new stocks in exchange for cash or in-kind shares.

8-14-13 Capital reduction

The Extraordinary General Meeting may decide to reduce the capital if it exceeds the need of the Company or if it suffered losses. In the latter case alone, the capital may be reduced below the limit stipulated in Article (54) of the Companies Law. The reduction decision shall be issued only after reading a special report prepared by the auditor on the reasons therefor and the obligations of the company and the impact of the reduction in these obligations.

If the capital reduction is a result of increasing the company's need, the creditors must be invited to submit their objections within sixty days from the date of publication of the reduction decision in a daily newspaper distributed in the area where the company is headquartered. If a creditor objects and submits its documents to the company on such date, the company must repay his debt if is present or provide him with sufficient security to meet if it is deferred.

8-14-14 Management

The Board of Directors shall be composed of eight (8) directors elected by the Ordinary General Meeting for a period not exceeding three years. The term of the first Board of Directors shall commence from the date of the Ministerial Resolution issued to announce the establishment of the Company. Each stockholder may nominate himself or another person or more for the Board of Directors membership within the limits of the proportion of ownership in the capital.

8-14-15 Termination of membership

Membership of the board shall be terminated by the expiry date of by the expiry of power of director in accordance with any law or instructions applicable in the Kingdom. However, the Ordinary General Meeting may at any time remove all Directors or any of them, without prejudice to the right of the removed director to the Company to claim compensation if the removal occurs for any unacceptable reason or at an inappropriate time and a director may be removed on condition that it be in a timely manner otherwise such director shall be liable before the company for the consequences of the damages from removal.

8-14-16 The vacant seat in the Board

If the position of a Director becomes vacant, the Board may appoint a temporary director in the vacant position in order to obtain the votes in the Meeting elected the Board, provided that those must have expertise and competence and the same shall be informed to the Ministry of Commerce and Investment and the Capital Market Authority within five working days from the date of appointment. The appointment shall be submitted to the General Meeting at its first meeting and the new director shall complete the term of his predecessor. If the necessary conditions are not met for the Board of Directors due to the shortage of its directors from the minimum stipulated in the Companies Law or this law, the rest of the directors shall call the Ordinary General Meeting to convene within sixty days to elect the necessary number of directors.

8-14-17 Powers of the Board

1. Subject to the competences of the General Meeting, the Board of Directors shall have the widest powers in the management of the Company to achieve its purposes and to manage its affairs. It may, for example, hold loans of any duration with government funds and institutions and hold commercial loans whose terms not more than duration of the company, mortgage and sell the company's property, sell or mortgage the commercial company's premises, and open withdraw and close documentary credits, bank guarantees and accounts, enter into tenders and bids required for the company's business and to consider and establish the offers submitted, the right of reconciliation, assignment, contracting, commitment and association in the name of and on behalf of the company, the right to buy, accept, pay the price, pledge, demortgage and tranfer and collect the price by checks in the name of the company, release the debtors of the company from their obligations and represent the company before notaries public. The board also has within its competence to delegate one or more of its directors or others to start a specific work or works.
2. The meeting of the Board shall not be valid unless attended by at least half of the directors, provided that the number of attendees shall not be less than four.
3. A Director may appoint other directors.
4. Decisions of the board shall be made by a majority vote of the directors present or represented therein. When the opinions are equal, the side to which the presiding chairman has voted will be the casting vote.
5. The Board of Directors may issue resolutions in urgent matters by presenting them to directors in a separate manner, unless a director requests - in writing - meeting of the board to deliberate. These decisions shall be submitted to the board at its first subsequent meeting.

In addition to the above powers, the Directors acknowledge the following:
- There is no power to give a director or CEO the right to vote on a contract or proposal of interest.
- There is no power to give a director or CEO the right to vote for bonuses.
- There is no power to allow directors or senior executives the right to borrow from the issuer.

18-14-8 Board remuneration

The remuneration of the Director shall be, if any, as estimated by the Ordinary General Meeting in accordance with the official resolutions and instructions issued in this regard and within the limits stipulated by the Companies Law and Regulations. The report of the Board of Directors to the ordinary general meeting shall include a comprehensive statement of all obtained by the Directors during the fiscal year including bonuses, expenses and other benefits, and shall also include a statement of what the directors have received as employees and administrators or the equivalent of technical, administrative or consulting works. It shall also include a statement of the number of meetings of the Board and the number of meetings attended by each director from the date of the last meeting of the General Meeting.

8-14-19 Meetings of the board

Meetings:

The Board of Directors shall meet at least four (4) meetings per year at the invitation of its Chairman. The invitation shall be made by notification of the directors of the date, place and time of the meeting by the board secretary. The agenda and information on the subjects included therein shall be attached and sent by registered mail or delivered to all directors and the chartered accountant, in case of their request to convene the Board, within a period not less than one week prior to the date of the meeting of the Board of Directors, and the chairman shall call the meeting when requested by two directors.

Quorum of the Board Meeting:

The meeting of the Board shall not be valid unless attended by at least half of the directors, provided that the number of attendees shall not be less than (4) four directors. A Director may delegate other directors to attend meetings of the Board according to the following rules:

1. A Director may not appoint more than one director for the same meeting.
2. The delegation must be recorded in writing.
3. With regard to the voice of the deputy, the deputy may not vote on decisions that the law prohibits the delegate from voting on them.

Decisions of the board shall be issued by a majority vote of the directors present or represented therein. When the opinions are equal, the side to which the presiding chairman has voted will be the casting vote.

The deliberations of the board:

The deliberations and decisions of the Board shall be recorded in minutes signed by the chairman, the Directors present and the Secretary. These records shall be recorded in a special register signed by the Chairman and the Secretary.

8-14-20 Attendance of meetings

Each stockholder shall have the right to attend the Constituent Meeting. Each stockholder shall have the right to attend the general meetings of the stockholders. The stockholder may appoint another person who is not a Director or the Company's employees in the presence of the General Meeting.

8-14-12 Functions of the Constituent Meeting
The Constituent Meeting shall be competent in matters referred to in Article 63 of the Companies Law.

8-14-22 Ordinary General Meeting
Except for the matters of the Extraordinary General Meeting, the Ordinary General Meeting shall have all matters pertaining to the Company and shall be held at least once a year during the six months following the end of the fiscal year of the Company. Other ordinary meetings may be invited whenever the need arises.

8-14-23 Extraordinary General Meeting
The Extraordinary General Meeting shall have the authority to amend the Articles of Association of the Company except those which are not subject to amendment by law. The Extraordinary General Meeting may issue decisions in matters already included in the authorities of the Ordinary General Meeting, subject to the same terms and conditions prescribed by the Ordinary General Meeting. The Extraordinary General Meeting shall also consider prolonging, shortening or dissolving the company before its expiry for any reason.

8-14-24 Invitation to Meetings
The General or Special Meetings of stockholders shall be convened upon the invitation of the Board of Directors in accordance with the Companies Laws and Regulations. The Board of Directors shall invite the Ordinary General Meeting, if requested by the Auditor, Audit Committee or a number of stockholders representing at least (5) five percent of the capital. The auditor may invite the Meeting to convene if the board does not invite the Meeting within thirty days from the date of the request of the Auditor. The invitation to hold the General Meeting shall be published in a daily newspaper distributed at the headquarters of the Company at least ten (10) days prior to the date specified to convening. However, it may be sufficient to direct the invitation to all stockholders in Tadawul website or registered letters, and a copy of the invitation and agenda shall be sent to the Ministry of Commerce and Investment and the Capital Market Authority within the period specified for publication.

8-14-25 Registers of meetings
Stockholders who wish to attend the General or Special Meeting shall register their names at the headquarters of the company at least three days prior to the time set for the Meeting.

8-14-26 Quorum of the Ordinary General Meeting
The Ordinary General Meeting shall not be valid unless attended by stockholders representing at least 25% of the capital. If this quorum is not present at the first meeting, one of the two options shall be chosen:

1. The second meeting shall be held one hour after the expiry of the period specified for the first meeting, provided that the invitation to hold the first meeting shall include the announcement of the possibility of holding such a meeting.
2. To convene a second meeting, to be held within the thirty days following the previous meeting, and shall be published in the manner provided for in Article (30) of this law.

In all cases, the second meeting shall be valid regardless of the number of stocks represented therein.

8-14-27 Extraordinary General Meeting Quorum
The Extraordinary General Meeting shall not be valid unless attended by stockholders representing half of the capital. If such quorum is not present at the first meeting, one of the two options shall be chosen:

1. The second meeting shall be held one hour after the expiry of the period specified for the first meeting, provided that the convening of the first meeting shall include the announcement of the possibility of holding such a meeting.
2. To convene a second meeting, to be held in the same manner as provided for in Article 30 of this law.

In all cases, the second meeting shall be valid if attended by a number of stockholders representing at least one quarter of the capital. If a quorum is not present at the second meeting, a third meeting shall be convened in the same manner provided for in Article (30) of this Law. The third meeting shall be valid regardless of the number of stocks represented therein after the approval of the competent authority.

8-14-28 Voting in meetings
Each subscriber shall have a vote for each stock he represents in the Constituent Meeting. Each stockholder shall vote for every stock in the General Meetings. The cumulative vote shall be used in the election of the Board of Directors.

8-14-29 Resolutions of the Meeting
Resolutions in the Constituent Meeting shall be made by an absolute majority of the stocks represented therein. The resolutions of the Ordinary General Meeting shall be issued by an absolute majority of the stocks represented at the meeting. The resolutions of the Extraordinary General Meeting shall be issued by a two-thirds majority of the stocks represented at the meeting unless the resolution relates to the increase or reduction of the capital or to the prolongation of the company's term or its dissolution before expiry date specified in its Articles of Association or merger with another company, then the resolution shall not be valid unless it was issued by a majority of three quarters of the stocks represented at the meeting.

8-14-30 Discussion in Meetings
Each stockholder shall have the right to discuss the matters on the agenda of the Meeting and to ask questions thereon to the Directors and the Auditor. The Board of Directors or the Auditor shall answer the stockholders' questions to the extent that the Company's interest is not prejudiced. If the stockholder considers that the answer to his question is unconvincing, he shall hold the Meeting and its resolution in this regard shall be deemed effective.

8-14-31 Chair of the Meetings
The General Meetings of stockholders shall be chaired by the Chairman of the Board or his Deputy in his absence or any delegate by the Board of Directors appointed from among its directors in the absence of the Chairman and Deputy-Chairman.
The minutes of the meeting shall include a record of the number of stockholders present, the number of stocks held in person or by proxy, the number of votes to be taken, the decisions taken, the number of votes approved or dissented, and a summary of the discussions held at the meeting. The minutes shall be recorded regularly following each meeting in a special register signed by the chairman of the meeting, its Secretary and the ballot scrutineer.

8-14-32 Audit Committee

Composition of the Committee
An Audit Committee shall be formed by a resolution of the Ordinary General Meeting composed of (3) members who are not executive Directors, whether stockholders or others, and shall specify in the resolution the tasks of the Committee, its working rules and the remuneration of its members.

Quorum of the meeting of the Committee

The majority of the members of the Audit Committee shall be present at the meeting of the Audit Committee. Decisions shall be taken by a majority of the members present. When votes are equal, the vote of the chairman shall be the casting vote.

Authority of the committee

The Audit Committee shall have the authority to monitor the Company's business and shall have the right to access its records and documents and to request any clarification or statement from the Directors or the Executive Management. It may request the Board of Directors to invite the General Meeting to convene if the board of directors hinders it business or the company suffers from damage or serious losses.

Reports of the Committee

The Audit Committee shall audit the Company's financial statements, reports and notes submitted by the Auditor, provide their views thereon, if any, and shall also prepare a report on their opinion on the adequacy of the Company's internal control system and its other activities within its jurisdiction. The Board of Directors shall submit sufficient copies of the present report at the company's head office at least ten days prior to the date of the General Meeting to provide each stockholder with a copy thereof. The report is read out during the Meeting.

8-14-33 Appointment of auditor

The Company shall have an auditor (or more) of the auditors authorized to operate in the Kingdom appointed by the Ordinary General Meeting annually and shall determine its remuneration and duration. The Meeting may also change the auditor at any time without prejudice to its right to compensation if the change occurs at an inappropriate time or for invalid reason.

8-14-34 Powers of the Auditor

The Auditor may at any time have access to the Company's books, records and other documents. He may request the data and notes he deems necessary. He may also verify the Company's assets, liabilities and other matters within its scope of work. The Chairman of the Board shall enable the auditor to perform his duty, and if the Auditor encounters difficulty in this regard, it shall be proved in a report to the Board of Directors. If the Board does not facilitate the work of the Auditor, the latter shall request the board of directors to invite the Ordinary General Meeting to consider the matter.

8-14-35 Fiscal Year

The Company's fiscal year starts from the first of January and ends at the end of December of each year, with the first fiscal year starting from the date of its registration in the Commercial Register and until the end of December of the following year.

8-14-36 Financial documents

1. The Board of Directors shall, at the end of each fiscal year, prepare the Company's financial statements and a report on its activities and financial position for the previous financial year. This report includes the proposed method of distributing dividends. The Board shall make such documents available to the Auditor at least 45 days before the date set for the General Meeting.
2. The Chairman of the Board of Directors of the Company, its CEO and its Financial Manager shall sign the documents referred to in paragraph (1) of this Article. Copies of which shall be deposited in the company's head office at the disposal of the stockholders at least ten days prior to the date set for the General Meeting.
3. The Chairman of the Board of Directors shall provide stockholders with the Company's financial statements, the Board of Directors' report and the Auditor's report, unless published in a daily newspaper distributed in the Company's head office. He shall also send a copy of these documents to the Ministry of Commerce and Investment, as well as to the Capital Market Authority, at least fifteen days before the date of the General Meeting.

8-14-37 Distribution of profits

The Company's annual net profits shall be distributed as follows:

1- (10%) of the net profit shall be appropriated to form the statutory reserve of the Company. The Ordinary General Meeting may decide to discontinue such appropriation when the said reserve reaches 30% of the paid up capital.

2- The Ordinary General Meeting may, on the proposal of the Board of Directors, appropriate (10%) of the net profits to form a general agreement reserve.

3- The Ordinary General Meeting may decide to make other reserves, to the extent that it serves the interest of the Company or ensures the distribution of fixed profits as much as possible to the stockholders. The said meeting may also deduct from the net profits amounts to establish social institutions for the company's employees or to assist the existing institutions.

4- The remainder shall be distributed to the stockholders representing 5% five percent of the paid up capital of the company.

5- Subject to the provisions of Article 20 of this Law and Article 76 of the Companies Law, and after the above, 10% of the balance shall be allocated to the Board of Directors' remuneration, provided that the maturity of remuneration shall be commensurate with the number of meetings attended by the Director.

8-14-38 Profit maturity

The stockholder shall be entitled to his share of the profits in accordance with the General Meeting resolution issued in this regard. The resolution shall indicate the maturity date and the date of distribution and the entitlement of profits to the stockholders registered in the stockholders' registers at the end of the day specified for the entitlement.

8-14-39 Losses of the Company

1- If the losses of the company reach half of the paid capital at any time during the fiscal year, any officer of the company or the auditor shall immediately inform the chairman of the board of directors. The chairman of the board of directors shall immediately notify the directors and the board of directors within fifteen days of notice shall invite to the Extraordinary General Meeting to meet within forty-five days from the date of knowledge of the losses, to decide whether to increase or to reduce the capital of the company in accordance with the provisions of the Companies Law to the extent that the losses rate falls below half of the paid capital, or dissolve the company before expiry date.

2- The company will be deemed dissolved by force of the Companies Law if the General Meeting does not meet within the period specified in paragraph (1) of this article, if it meets and is unable to issue a resolution on the subject, if it decides to increase the capital according to the conditions stipulated in this article and the subscription was not made in each capital increase within ninety days of the issuance of the Meeting's resolution to increase.

8-14-40 Liability claim

Each stockholder shall have the right to bring the company's liability claim against the directors if the mistake by them is to cause harm thereto. The stockholder may not bring the said claim unless the company's right to bring it remains. The stockholder must inform the company of its intention to bring the claim.

8-14-41 Expiry of the Company

The company shall under liquidation once the expiry is occurred and shall keep legal personality to the extent sufficient to liquidation. The resoloution of the voluntary liquidation shall be issued by the Extraordinary General Meeting, and shall include the appointment of the liquidator, the determination of his powers and fees, the restrictions imposed on his authorities and the period of time required for liquidation. The period of voluntary liquidation shall not exceed five years and shall not be extended for more than such period unless by court order. Authority of the board of directors shall expire once the company is dissolved. However, they remain in charge of the Company's management and are considered for others as the liquidators until the liquidator is appointed and the stockholders' meetings remain in place during the period of liquidation and its role is limited to the exercise of its authorities which do not conflict with the authorities of the liquidator.

8-14-42 Companies Law

The provisions of the Companies Law shall apply to all matters not provided for in this Law.

Publishing

This law shall be deposited and published in accordance with the provisions of the Companies Law and Regulations.

8-15 New equity rights subject matter to the application

The new stocks to be issued under this Prospectus will be identical to the existing stocks of AlBhaha in all respects. Such stocks will have all rights to existing stocks without increasing or decreasing, and there will be no special or additional rights that will distinguish new stocks from those existing. Accordingly, the new stocks will enjoy the same rights as existing stocks including voting rights, rights in dividends, rights of redemption or repurchase, rights in surplus assets at liquidation or dissolution or otherwise and other rights.

Furthermore, there are no changes or amendments to the rights of existing stockholders after issuance of the proposed stocks to be issued. The Company's Articles of Association did not contain any provisions governing the amendment of the rights or classes of stocks.

9- Information about Elegant Centers

9-1 Introduction

Elegant Centers Co. Ltd is a limited liability company that operates in Saudi Arabia under Commercial Register No. 1010428696 dated 18/02/1436AH (corresponding to 10/12/2014) with a capital of 100.000 SR one thousand Saudi riyals. The capital has been increased to 25.000.000 SR under the partners' resolution to amend the Memorandum of Association notarized by the Notary Public No. 361397085 dated 21/10/1436AH (corresponding to 07/08/2015), then the capital was increased to 50.000.000 by the partners' resolution notarized by Notary Public No. 37353159 dated 09/03/1437AH (corresponding to 20/12/2015), and the headquarters of the company is located in the city of Riyadh - Al-Olaya quarter– Wadi AlArtawi St..

The partners' resolution on 09/01/1438AH (corresponding to 10/10/2016) approved the acquisition of AlBhaha Investment & Development Co. of Elegant Centers in exchange for new stocks in AlBhaha, which are given to the selling partners in Elegant Centers. Accordingly, Elegant Centers becomes a wholly owned subsidiary of AlBhaha. It should be noted here that Elegant Centers is not part of a group.

Elegant Centers acknowledges that the company does not have any business or assets outside of Saudi Arabia.

9-2 Company activity

The main activity of the Company as in the Commercial Registry is the establishment and management of central markets, commercial and residential complexes, hotels, furnished apartments, fuel stations, wholesale and retail trade of foodstuffs, building materials and iron, purchase and lease of land for the construction and investment of buildings by sale or rent. Elegant Centers acknowledges that the company has no intention of making any material change in the nature of the Company's activity.

9-3 Most important dates and developments

- Establishing Elegant Centers as a limited liability company with a capital of 100.000 SR one hundred thousand Saudi riyals under Commercial Register No. 1010428696 dated 18/02/1436AH (corresponding to 10 December 2014).
- On 09/04/1436AH (corresponding to 29/01/2015) a land was granted in Al-Malaz quarter in Riyadh with an area of 14.379.29 for Elegant Centers under a donation deed from Mr. Mohammed Bin Saleh AlHammadi.
- On 21/10/1436AH (corresponding to 06/08/2015), capital of Elegant Centers was increased in cash to 25.000.000 SR twenty five million Saudi riyals to cover the costs of the potential projects of Elegant Centers, which represented at that time the establishment of the University Plaza Project.
- On 09/03/1437AH (corresponding to 20/12/2015) the capital of Elegant Centers was increased to 50.000.000 SR fifty million Saudi riyals.
- On 18/04/1437AH (corresponding to 28/01/2016), Elegant Centers signed a contract for the implementation of the commercial complex (University Plaza) with Abdullah Fahd Al-Midian Est. and the value of the contract is 25.28 million Saudi riyals.
- On 27/05/1437AH (corresponding to 07/03/2016), the amount of capital increase of Elegant Centers was deposited, and the paid up capital becomes (50.000.000) fifty million Saudi riyals.
- Amendment of the Memorandum of Association to be consistent with the new Companies Law and was notarized by the Notary Public under No. 371492631 dated 06/11/1437AH (corresponding to 09/08/2016).

9-4 Vision and Mission of the Company

9-4-1 Vision of the Company

The vision of Elegant Centers is to become one of the best local companies in its field.

9-4-2 Company's Mission

To provide high quality services that provide added value to customers and create a distinctive mental image of Elegant Centers, and to enhance the fruitful companies with different stakeholders, by adopting the methods of credibility and transparency in all transactions.

9-5 Objectives of the Company

Elegant Centers aims to achieve the following objectives:

1. Achieving encouraging and competitive returns.
2. Building a social pillar in the projects.
3. Providing innovative services.
4. Building a high-level professional reputation.
5. Integration and diversity in service delivery.

9-6 Company's Plans

Elegant Centers intends to establish several commercial centers at the level of cities and governorates in the Kingdom of Saudi Arabia.

9-7 The purposes of the Company

Establishment and management of central markets, commercial and residential complexes, hotels, furnished apartments, fuel stations, wholesale and retail trade of foodstuffs, building materials and iron, purchase and lease of land for the construction and investment of buildings by sale or rent.

9-8 Loans and mortgages

Elegant Centers acknowledges that there are no loans, debts, mortgages or contingent liabilities on Elegant Centers as at the date of this Prospectus.

9-9 Key suppliers

Elegant Centers does not have key suppliers due to its nature.

9-10 Certificates and Credits

Elegant Centers does not have any certificates or credits.

9-11 Property of the Company

Elegant Centers owns commercial and residential plots in Al-Malaz quarter on Al-Gama'a Street in Riyadh city under the deed No. 410123025944 with an area of 14.379.29 square meters. It has been appraised by three companies recognized by the Saudi Commission for Certified Appraisers in the field of real estate appraisal, as follows:

(9-1) Table: Evaluation results of real estate appraisers of the land owned by Elegant Centers			
Name of the appraiser company	Date of appraisal report	Land meter price (in SR)	Land value (in SR)
Century 21 Saudi	06/09/2016	6.500	93.465.385
Coldwell Banker	19/09/2016	6.766	97.284.518
National Real Estate Group	28/09/2016	6.600	94.903.314
Average		6.622	95.217.739

Resource: Appraisal report of each company

It is worth mentioning that the Elegant Centers started to implement the University Plaza project on the above mentioned land. As of December 31, 2016, 82% of the building was completed, while the paid amount accounted for 72.82% of the total value of the contract (25.286.640) SR.

9-12 Customers of the company

Elegant Centers does not have current customers, since the operations have not yet started, despite the receipt of a number of letters from various parties indicating the desire to rent shops in the complex of Elegant Centers (University Plaza under construction).

9-13 Information technology

Elegant Centers has an accounting program that was purchased from Decive Software, and Elegant Centers is currently using this program to prepare its reports and financial statements.

9-14 Business interruption

The company has not yet done any real activity, except to start developing the commercial complex (University Plaza) on the land it owns. There has been no interruption in its operations which could have affected or had a significant impact on its financial position from the date of its establishment until now. The complex is currently being constructed and is expected to be operational in the first quarter of 2017.

9-15 Research and Development Policy

Elegant Centers has no policies on the research and development of new products or methods of business development since its establishment until the date of this Prospectus.

9-16 Representations of Elegant Centers

Elegant Centers acknowledges that no commissions, discounts, brokerage fees or any non-monetary compensation have been granted by Elegant Centers during the period from the establishment of the company until the date of submitting the application for registration and the acceptance of the listing in respect of the issuance of compensation stocks by AlBhaha to owners of Elegant Centers for acquisition of their shares therein.

Elegant Centers acknowledges that there has been no significant adverse change in the financial and commercial position of Elegant Centers during the period from the establishment of the company until the date of submitting application for the registration and the acceptance of the listing in respect of the issuance of compensation stocks by AlBhaha to the owners of Elegant Centers, in addition to the period covered by the report of the chartered accountant until the adoption of this Prospectus.

In contrast to what is stated on page (94) of this Prospectus, neither the General Manager nor the owners of Elegant Centers nor any of their relatives have any stocks or interest of any kind in AlBhaha.

Elegant Centers acknowledges that there is no authority to give a partner or the manager of the company the right to vote for bonuses awarded to them.

Elegant Centers also acknowledges that there is no authority to authorize the General Manager or the partners to borrow from the Company.

Elegant Centers also acknowledges that there is no authority to give a partner or the general manager of Elegant Centers the right to vote on a contract or proposal in which he has an interest.

Elegant Centers also acknowledges that there are no seasonal factors or economic cycles related to the activity of Elegant Centers may have an impact on the business and financial position of Elegant Centers.

10- Shares and partners in Elegant Centers

10-1 Capital structure

The current capital of Elegant Centers is 50.000.000 SR divided into 5.000.000 cash shares with a nominal value of 10 SR per share, paid in full.

10-2 Partners in Elegant Centers

The following table shows the partners and their ownership in Elegant Centers:

(10-1) Table: Partners in Elegant Centers and their ownership

No.	Name	Percentage	Number of shares	Nominal value (SR)
1	Mohammed Saleh AlHammadi	7.5%	375.000	3.750.000
2	Nada Mohammed AlRajhi	8.0%	400.000	4.000.000
3	Fahd Mohammed AlHammadi	8.0%	400.000	4.000.000
4	Abdulaziz Mohammed AlHammadi	8.0%	400.000	4.000.000
5	Khalid Mohammed AlHammadi	8.0%	400.000	4.000.000
6	Saleh Mohammed AlHammadi	8.0%	400.000	4.000.000
7	Abdulaziz Saleh AlHammadi	9.5%	475.000	4.750.000
8	Fahda Ahmed AlDahsh	9.5%	475.000	4.750.000
9	Abdullah Abdulaziz AlHammadi	9.5%	475.000	4.750.000
10	Saleh Abdulaziz AlHammadi	9.5%	475.000	4.750.000
11	Ahmed Abdulaziz AlHammadi	9.5%	475.000	4.750.000
12	Ibrahim Abdullah Bin Kolaib	5.0%	250.000	2.500.000
Total		100%	5.000.000	50.000.000

Source: Elegant Centers

10-2-1 Capital

The capital of the Company is 50.000.000 SR divided into 5.000.000 ordinary shares with a par value of 10 per share SR, paid in full. The capital may be increased with the consent of all partners by raising the nominal value of the Partner Shares or by issuing new shares with requiring all partners to pay the value of the capital increase by the percentage of each of them.

The capital may be also reduced by a resolution of the partners' meeting if it exceeds its need or suffered losses less than half of the capital in accordance with the provisions of article (177) of the Companies Law.

10-2-2 Shares

The Partner may waive its share to one of the partners or to others in accordance with the terms and conditions of the Companies Law. However, if the Partner wishes to waive his or her share with or without a partner, the remaining partners shall be notified by the Manager of the Company of the terms of the assignment. In this case, each partner may request a refund of the share according to its fair value within thirty days from the date of such notification. If the right of redemption is used by more than one partner, this share or shares is divided among the redemption requesters by their respective share in the capital. The right of redemption provided for in this Article shall not apply to the transfer of ownership of shares by inheritance or by the will or transfer thereof by virtue of a decision of the competent judicial authority. If the period specified for the exercise of the right of redemption has expired without being used by one of the partners, the holder of the share has the right to assign it to third parties.

10-2-3 Participation and merger

The Company may establish its own companies (limited liability or closed shareholding provided that the capital is not less than 5 million SR). It may also own stocks and shares in other existing companies or merge with them and have the right to participate with others in the establishment of joint stock companies or limited liability after the fulfillment of the requirements of the laws and instructions followed in this regard The company may also act in these stocks or shares, not including mediation in the trading thereof.

10-2-4 General Meeting of Partners

The Limited Liability Company shall have a general meeting composed of all partners. The General Meeting shall convene at the invitation of the manager, to be held at least once a year during the four months following the end of the fiscal year of the Company. The General Meeting may be invited at any time at the request of the general manager, the supervisory board, the Auditor or a number of partners representing at least half of the capital. Minutes shall be prepared in summary of the General Meeting's discussions, and minutes and resolutions of the General Meeting or resolutions of partners shall be recorded in a special register prepared by the Company for this purpose.

The agenda of the General Meeting of the partners at its annual meeting shall include in particular the following items:

1- Hearing the general manager's report on the company's activity and financial position during the fiscal year, the report of the auditor and the report of the supervisory board, if any.
2- Discussion and approval of financial statements.
3- Determine the percentage of profit distributed to partners.
4- Appoint the general manager or the members of the Supervisory Board, if any, and determine their remuneration.
5- Appoint the auditor and determining his fees.

10-2-5 Partner resolutions

1- The resolutions of the partners shall be issued in the General Meeting. However, the manager of the Company may send to each Partner a written letter of the proposed resolutions to be voted upon by the Partner in writing.
2- The Company's Memorandum of Association may be amended with the consent of a majority of the partners representing at least three quarters of the capital.
3- The rest of the resolutions shall be issued with the consent of the partners representing half of the capital. If the majority mentioned in this paragraph is not available in the deliberation or in the first consultation, the partners shall be invited to meet with registered letters. Resolutions shall be issued at the said meeting, with the consent of majority of shares represented therein regardless of the proportion represented for the capital.

4- In exception to this, the company becomes a joint stock company if the partners who hold more than half of the capital so request, provided that all the shares of the company upon request of the transfer are owned by relatives even if the fourth degree.

10-2-6 Dividend distribution

The Company's annual net profit is distributed as follows:

a) Appropriate at least 10% of its net profits every year to form a statutory reserve. The General Meeting of the partners may decide to discontinue such appropriation when the said reserve reaches 30% of the company's capital.
b) The remainder shall be distributed to the partners in proportion to their respective shares in the capital unless the partners decide to form other reserves or to carry forward the balance of profits in whole or in part for the next fiscal year.
c) In the case of losses incurred by the partners in proportion to their respective shares in the capital or be carried forward for the next fiscal year and the profits will only be distributed after consumption of that loss. If the company's losses reach half of its capital, the company manager must register this incident in the commercial register and invite the partners to meet within ninety days from the date of their knowledge of reaching the loss in order to consider the continuation or dissolution of the company. The partners' resolution must be published whether the company continues or is dissolved in the manner stipulated in Article (158) of the Companies Law. The company is deemed dissolved by law if the managers of the company neglected to call partners or the partners could not make a resolution to continue or dissolve the company.

Elegant Centers has not distributed any dividends since its establishment as the company has not started to operate, as it will begin operations in the first quarter of 2017.

10-2-7 Statistical information on shares and partners

The following is statistical information on the shares of partners in Elegant Centers:

(10-2) Table: Shares of partners in Elegant Centers

Description	Number	Proportion
Number of holders of shares	12	100%
Number of cash shares	5.000.000	100%

Source: Elegant Centers

(10-3) Table: Shares held by the general manager of Elegant Centers

S.N.	Name	Title	Number of shares	Ownership percentage
1	Ibrahim Bin Abdullah Bin Kolaib	General manager	250.000	5%

Source: Elegant Centers

10-2-8 Partners and equity

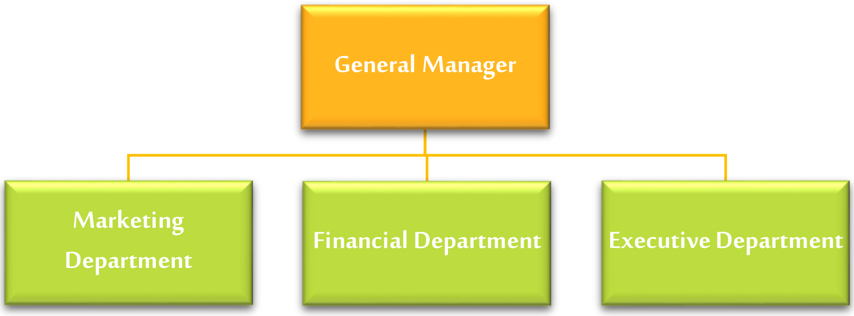
The following is information on the ownership of partners in Elegant Centers:

(10-4) Table: Partners' ownership in Elegant Centers

S.N.	Name	Percentage	Number of shares	Nominal value (SR)
1	Mohammed Saleh AlHammadi	7.5%	375.000	3.750.000
2	Nada Mohammed AlRjehi	8.0%	400.000	4.000.000
3	Fahd Mohammed AlHammadi	8.0%	400.000	4.000.000
4	Abdulaziz Mohammed AlHammadi	8.0%	400.000	4.000.000
5	Khalid Mohammed AlHammadi	8.0%	400.000	4.000.000
6	Saleh Mohammed AlHammadi	8.0%	400.000	4.000.000
7	Abdulaziz Saleh AlHammadi	9.5%	475.000	4.750.000
8	Fahda Ahmed AlDahsh	9.5%	475.000	4.750.000
9	Abdullah Abdulaziz AlHammadi	9.5%	475.000	4.750.000
10	Saleh Abdulaziz AlHammadi	9.5%	475.000	4.750.000
11	Ahmed Abdulaziz AlHammadi	9.5%	475.000	4.750.000
12	Ibrahim Bin Abdullah Bin Kolaib	5.0%	250.000	2.500.000
Total		100%	5.000.000	50.000.000

11- Management of Elegant Centers

11-1 Organizational structure of the company



Source: Elegant Centers

The current administrative structure of the company consists of the current manager of the company Mr. Ibrahim Abdullah Rashid Bin Kolaib and authorized by the partners with general powers to manage the company and sign and represent it before third parties. The company has financial department, but the financial manager is not part of the executive department. Its task is to prepare financial statements and audit. There is executive department and marketing department, both of which are currently vacant. The executive department is responsible for overseeing the company's operations and following up on its work. The task of marketing department is to identify the investment opportunities of the company. The management of Elegant Centers intends to appoint employees to vacate these departments and activate them as soon as operations begin.
As Elegant Centers is a limited liability company, it may appoint a general manager or board of directors. Elegant Centers appointed a general manager instead of appointing a board of directors. It also does not have supervisory committees, since there is no need for limited liability companies to establish supervisory committees under the Companies Law.

11-2 Resumes of senior management

Below are a brief overview of the general manager and a profile of the Financial Management Manager of Elegant Centers:

Name	Ibrahim Abdullah Rashid Bin Kolaib
Nationality	Saudi
Current title	General manger of Elegant Centers
Date of appointment	19/10/2014
Scientific qualifications	Bachelor degree in Administrative Sciences from University of Jordan, Amman, Jordan, 2004.
Practical experiences	General Manager in-charge of AlBhaha Investment & Development since 2014 until 31/07/2016. General Manager of Elegant Centers Co. Ltd since 2014 to date. General manager Direct Vision for Advertising and Public Relations since 2007 until 03/12/2015. It is an individual institution in the Kingdom of Saudi Arabia and engaging in advertising and public relations and the management and organization of conferences. General manager of Fund Idea of Public Relations Agency since 2008 and until 02/12/2015. It is an individual institution in the Kingdom of Saudi Arabia engaging in public relations and media reporting. General manager of the Office of Diwan Consulting Real Estate since 2015 to date. It is an individual institution in the Kingdom of Saudi Arabia engaging in the sale, purchase and rental of real estate.
Memberships in other boards of directors	Partner in Elegant Centers Co. Ltd since 2014 to date. Member of the Board of Directors of AlBaha Investment & Development since 2013.

11-3 Compensation and remuneration of the Company Manager

Elegant Centers Co. Ltd signed a contract with Mr. Ibrahim Bin Abdullah Bin Kolaib to work as a general manager. The term of this contract shall be one calendar year beginning on 01/07/2015 and shall be renewed automatically unless one of the other parties notifies the other in writing that it does not wish to renew the contract at least sixty days before the date of termination of the contract. Mr. Ibrahim Bin Abdullah Bin Kolaib is entitled to a monthly salary of 3000 SR three thousand Saudi riyals paid at the end of each calendar month, including housing allowance and transportation allowance. He is also entitled to medical insurance according to the provisions and rules of medical care for employees specified by Elegant Centers Co. Ltd. He is also entitled to annual leave of thirty (30) paid days for each year of service.

11-4 Senior Executive Management

There are currently no executive directors in Elegant Centers except for the General Manager Mr. Ibrahim Bin Abdullah Bin Kolaib. The powers and authorities of the General Manager include, but are not limited to: the right to sign the company in commercial, financial and administrative transactions and to represent it in Shari'a courts and notaries public, to sign memoranda of association and amendments of the company in companies that contribute, participate or merge with the company to increase or decrease the capital or any other amendments in any of the memoranda of association. He has the right to extract commercial records and represent the company in the companies in which the company is a shareholder, sign company contracts and in establishing companies in the name of the company and registering them with the Ministry of Commerce and Investment, the company management, the competent authorities, the notary public and the concerned officer, sign them and take all necessary measures to implement the procedures including publication, registering, extracting, canceling, renewing and receiving commercial records, to receive all documents related to the registration of the resolutions of the partners of the company and the subsidiaries and their stockholders, and to sign the resolutions of the partners in the companies and the resolutions to amend any item or article of memoranda of association or annexes. He has the right to represent the company in the boards of directors of companies and executive committees and attend the ordinary and extraordinary meetings and constituent meetings, and sign minutes and decisions, and has the right to claim, plead, defend, challenge, conciliate, acquiesce, accept or reject conciliation, accept or reject arbitration, acknowledge and deny, hear and respond to lawsuits, give briefs and waivers in Shari'a courts and committees related to resolving commercial and labor disputes, arbitration committees, commercial and financial papers committees, labor offices, primary and secondary committees for workers and the board of grievances, and to carry out all necessary legal procedures. He has the right to appoint arbitrators, chartered accountants and attorneys. He also has the right to buy, sell, transfer, and accept the real estate, land, and selling, buying, transferring the stocks, selling, buying, transferring the shares and all that for the company and the other subsidiaries, sign their contracts, handing over and receiving their prices, receiving and handing over deeds and guarantees related to the company's affairs. He has the right of receiving and mortgage and demortgage of movable and immovable property within the company's purposes and in its interest and in its name. He has the right to appoint employees in all their ranks and functions, and to determine their salaries, powers and removal. He has the right to sign governmental, civil and commercial contracts and has the right to sign industrial, real estate and agricultural development fund contracts and submitting offers to customers. He also represents the company in its relations with others and before the judiciary and in all matters, whether before clients or government authorities and departments. He has the right to contact the labor office and obtain the visas. He has the right to delegate others to the recruitment of workers or chartered accountants or lawyers and has the right to open accounts in banks on behalf of the company, receipt of cash, disbursement of checks, signing of checks, withdrawal, deposit, opening of credits, request of facilities, credit and bank guarantees in accordance with Shari'a regulations, amending and canceling and borrowing in accordance with Shari'a regulations, and sign contracts related thereto, accept guarantees and purchase of stocks and shares and real estate documents and the opening of branches of the company and registered the same with the competent authorities. He also has the right to delegate others and all what is stated inside and outside the Kingdom of Saudi Arabia and Saudi embassies, consulates and representations abroad and has the right to authorize others in pleading and defending on behalf of the company and delegate others in powers.

11-5 Summary of senior management contracts

(11-1) Table: Summary of senior executives contracts

Name	Title	Date of appointment	Contract term
Ibrahim Bin Abdullah Bin Kolaib	General manager	01/07/2015	Automatically renewed each year upon the desire of both parties

11-6 Corporate governance

Elegant Centers does not have a governance regulation at present because it is not required by law to pass a governance regulation. Its adoption by the Company remains optional and not mandatory.

11-7 The functions of the company's departments

Elegant Centers is in the process of developing its administrative structure through the formation of departments and divisions as follows:

Executive department, and its functions: Supervising business of Elegant Centers and follow-up the progress of its work.

Marketing department and its functions: the search and study investment opportunities.

11-8 Continuation of activity

The company has not yet done any real activity, except to start developing the commercial complex (University Plaza) on the land it owns. There has been no interruption in their work that could have affected or had had a significant impact on the financial situation from the date of its establishment until now. The commercial complex (University Plaza) is currently under construction and is expected to be operational in the first quarter of 2017. As of December 31, 2016, the completion rate of the entire building was 82%.

11-9 Employees and saudization of posts

The number of employees at Elegant Centers currently stands at only three employees, one of whom is the general manager of the company, Mr. Ibrahim Bin Kolaib (Saudi national) and the other is the financial manager, but not within the executive department. The third is a cleaner. Elegant Centers has been classified in its current status in the very small consolidated entities, as it is newly established and the number of employees until the date of this Prospectus is (3) three employees only. Thus, the company has achieved a saudization rate of (33.33%) and classified within the "green" range. The certificate of Saudization No. (20001611043795) issued on 01/03/1438AH (corresponding to 30/11/2016) indicates that it has achieved the required saudization percentages. This certificate is valid until 01/06/1438AH (corresponding to 28/02/2017).

12- Discussion and analysis of Elegant Centers' management of the financial position and the results of operations

The following discussion and analysis by the management of the financial position and results of the operations shows an analytical audit of the operational performance of Elegant Centers Co. Ltd ("Elegant Centers") and its financial position for the period from its establishment on 10 December 2014 to the end of the financial period ended 31 December 2015 ("The financial period ended 31 December 2015") and the fiscal year beginning from 1 January 2016 to 31 December 2016 ("the fiscal year ended 31 December 2016").

This audit is based on the financial statements of Elegant Centers in the financial period ended 31 December 2015 and the fiscal year ended 31 December 2016 and accompanying notes ("the audited financial statements"). The financial period ended 31 December 2015 was audited by the external auditor of Elegant Centers: Al Azem and Al Sudairy - Certified Public Accountants-Member of Crowe Horath International ("the Auditor"), while the fiscal year ended 31 December 2016 was audited by the External Auditor of Elegant Centers: AlDar Audit Bureau - Abdullah Al Basri & Partners. The financial statements should be read in the scope of those accounts and accompanying notes. The Saudi Riyal is the basic monetary unit of measurement, unless otherwise indicated, with balances rounded to the nearest SR.

This discussion and analysis includes future projections that may also involve risks and uncertainties. The actual results of Elegant Centers may differ materially from those mentioned in any future projections as a result of several factors, including what is discussed in Section 2: "Risk Factors" of this Prospectus.

12-1 Representations of Elegant Centers of the financial information

- Elegant Centers acknowledges that the financial information presented in this Prospectus has been extracted without material modifications to the audited financial statements for the financial period ended 31 December 2015 and for the fiscal year ended 31 December 2016. The information has been presented in accordance with the format followed in the audited financial statements of Elegant Centers and the audited financial statements are prepared in accordance with the accounting standards issued by the Saudi Organization for Certified Public Accountants.
- Elegant Centers acknowledges that it has not been exposed to bankruptcy or bankruptcy procedures until 31 December 2016, as is the case with all partners of Elegant Centers. It also acknowledges that there is no capital for Elegant Centers with an option as of December 31, 2016.
- Elegant Centers also acknowledges that Elegant Centers has working capital sufficient to operate its operations during the 12-month period immediately following the date of this Prospectus.
- Elegant Centers also acknowledges that there has been no significant change in the financial and commercial status of Elegant Centers from establishment until the date of submitting the application for registration and acceptance of the listing, as well as the periods covered by the auditor's reports until the adoption of this Prospectus.
- Elegant Centers also acknowledges that there are no mortgages, rights or other pledges on the property of Elegant Centers as at the date of this Prospectus. There are no commissions, discounts, brokerage fees or any non-cash compensation granted by Elegant Centers from establishment to submitting the application for registration and acceptance of the listing of AlBhaha for the acquisition of all the shares of partners in Elegant Centers.
- Elegant Centers acknowledges that there are no government monetary, economic, financial, political policies or other factors that have or may substantially have a direct or indirect effect on the operations of Elegant Centers.
- Up to the date of this Prospectus, Elegant Centers acknowledges that there is no special property for Elegant Centers, including contractual securities or other assets whose value is subject to fluctuation in price or difficult to ascertain, which may significantly affect the assessment of the financial position of Elegant Centers.
- The general manager of Elegant Centers, the selling partners and all those who are in managerial or supervisory positions in Elegant Centers acknowledge that they have not been exposed to insolvency in the five years preceding the date of this Prospectus.

12-2 Establishment and activity of the company

Elegant Centers Co. Ltd is a limited liability company operating in the Kingdom of Saudi Arabia under Commercial Register No. 1010428696 issued on 18 Safar 1436AH (corresponding to 10 December 2014). The company's activity is according to the data recorded in the Commercial Register in: Establishment and management of shopping complexes, shopping centers, residential and commercial real estate, hotels, furnished apartments, gas stations, wholesale and retail stores for foodstuffs, construction materials and iron shops, as well as buying and leasing land for establishment and investment of buildings by sale or rent.

12-2-1 Vision of Elegant Centers

Elegant Centers' vision is to become one of the best local companies in its field.

12-2-2 Elegant Centers' Mission

Providing high quality services that provide added value to customers and create a distinctive mental image of the company, in addition to enhancing the companies with different stakeholders by adopting the methods of credibility and transparency in all transactions.

12-2-3 Objectives of Elegant Centers

The objectives of Elegant Centers are to generate stimulating and competitive revenues, with strong social representation, innovative services, a high level of professional reputation, as well as integration and diversification of service delivery.

12-2-4 Property of Elegant Centers

Elegant Centers owns a plot of land in its name in accordance with the ownership deed No. 410123025944 issued by the Ministry of Justice on 15 Rabea II 1436AH (corresponding to 4 February 2015) with an area of 14.379.29 square meters. This plot is located in Al-Malaz quarter in Riyadh, Saudi Arabia. It is worth mentioning that Centers is currently constructing a commercial complex (University Plaza) on this land.

1- As mentioned in the grants section of the partners stated on page 79, on January 29, 2015, Mr. Mohammed Saleh AlHammadi and Centers signed an agreement to contribute to the land, stating that Mr. Mohammed Saleh AlHammadi relinquished the land and all his rights therein, and the value of the land amounted to 95.217.738 SR registered as additional capital. Based on an average valuation conducted by three independent real estate appraisers (Century 21, Coldwell Banker and National Real Estate Group), the land was evaluated on September 6, 2016, September 19, 2016 and September 28, 2016 by the independent experts mentioned above. Centers Co. is currently constructing a commercial complex (University Plaza) on this land. The contractor's work started on February 9, 2016. The contract of the contractor is expected to be completed on the date of receipt of the site on 28/02/2017. There has been a delay in the progress of the work leading to the application of the penal conditions stipulated in the contract signed with Abdullah Fahd Al-Midian Contracting Est., which is the institution that carries out the construction work of the University Plaza, where was supposed to hand over shops on 09/10/2016 according to the signed contract; however, there was a delay of 90 days. Therefore, the expected date for the delivery of the shops is 07/01/2017, which necessitated the imposition of a fine of 90.000 SR. As for the supermarket area, the date of hand-over was 09/11/2016, but there was a delay of 57 days. Therefore, the expected date of hand-over of the said area is 05/01/2017, which resulted in a fine of 57.000 SR. Thus, the hand-over of the public site was delayed from 09/01/2017 to 26/01/2017, i.e. a delay of 17 days and a fine of 17.000 SR. Accordingly, the total amount of the fine applied to the Abdullah Fahd Al-Midian as of October 30, 2016 amounted to 164.000 SR. There was an additional delay in the expected date of hand-over of the commercial complex (University Plaza). Details of the additional delay that occurred after the 2016 audited financial statements were noted in the Commercial complex (University Plaza) Profile section. There is no reason to extend the contract signed up to the date of this Prospectus. It should be noted that the amount of 164.000 SR was recognized in other revenues during the fiscal year ended 31 December 2016. It should also be noted that this amount has been deducted from the balance due to the contractor in the latest abstract received from him for the month of December 2016.

12-3 Key factors affecting the results of operations

Section (2) "Risk Factors" reviews the most important factors that have affected or are expected to affect the financial position and financial results of Elegant Centers.

12-3-1 Significant accounting policies

The audited financial statements for the financial period ended 31 December 2015 and the related notes and the financial statements for the fiscal year ended 31 December 2016 and the related notes were prepared in accordance with the standards and regulations issued by the Saudi Organization for Certified Public Accountants concerning the preparation and presentation of the financial statements. The financial statements mentioned in this Prospectus have been included. It should be noted that Elegant Centers Co. prepares its financial statements in Saudi Riyals.

The accounting policies of Elegant Centers are an integral part of the understanding of the results of operations and the financial position described in the audited financial statements for the financial period ended 31 December 2015, and the fiscal year ended 31 December 2016 and the notes for the two periods. A summary of the significant accounting policies of Elegant Centers has been presented in the audited financial statements for the financial period ended 31 December 2015 and for the fiscal year ended 31 December 2016.

The preparation of the financial statements requires the management of Elegant Centers to make judgments, estimates and assumptions that would affect the amounts of assets, liabilities, revenues and expenses included in the audited financial statements for the financial period ended 31 December 2015 and for the fiscal year ended 31 December 2016 covered by the Prospectus. These estimates and judgments are based on management's knowledge of the current events and procedures. The management of Elegant Centers confirms that the significant accounting policies, estimates and assumptions underlying these policies are necessary to understand the financial statements of Elegant Centers.

12-4 Income statement

The following table presents the income statement of Elegant Centers for the financial period ended 31 December 2015 and the fiscal year ended 31 December 2016:

(12-1) Table: Income statement of Elegant Centers

SR	Financial period ended 31 December 2015	Fiscal year ended 31 December 2016	Increase/(Decrease)
Administrative and general expenses	(116.374)	(270.784)	(132.7%)
Other revenues	-	182.233	N/A
Depreciations	(1.717)	(4.581)	166.8%
Loss of the period	(118.091)	(42.183)	64.3%

Source: Audited financial statements for the financial period ending 31 December 2015 and for the fiscal year ended 31 December 2016 of Elegant Centers

Note: The term "N/A" refers to percentages that do not make sense because a negative balance is divided by positive and vice versa or divided by zero.

During the fiscal year ended 31 December 2015 and 31 December 2016, Elegant Centers did not achieve actual revenues due to non-commercial activities until 31 December 2016. The management of Elegant Centers expects to realize the rental revenues of the commercial complex (University Plaza) once construction is completed and opened in the first quarter of 2017.

General and administrative expenses represented 98.5% of net loss for the financial period ended 31 December 2015 and 641.9% of net loss during the fiscal year ended 31 December 2016. General and administrative expenses increased by 154.410 SR representing 132.7% from 116.374 SR during the financial period ended 31 December 2015 to 270.784 SR during the fiscal year ended 31 December 2016. The increase in administrative and general expenses was mainly attributed to higher salaries of employees, professional expenses, rent of office, electricity and water expenses and miscellaneous licensing expenses.

During the fiscal year ended December 31, 2016, Elegant Centers achieved other revenues represented by revenues from the payment of 69.182 SR paid by one of the partners of Elegant Centers, Mr. Ibrahim Bin Kolaib, and fines imposed on the contractor who is constructing Commercial Complex (University Plaza): Abdullah Fahad Al Midian Contracting for 164.000 SR due to the delay of the said contractor.

The depreciation expense increased by 2.864 SR by 166.8% from 1.717 SR during the financial period ended 31 December 2015 to 4.581 SR during the fiscal year ended 31 December 2016. This is due to the calculation of partial depreciation of furniture and from the date of acquisition to those assets for the financial period ended December 31, 2015 for the period of use of approximately four months during the said period compared to the calculation of depreciation expense for a full year during the fiscal year ended 31 December 2016.

Losses for the period decreased by 75.908 SR by 64.3% from 118.091 SR during the financial period ended 31 December 2015 to 42.183 SR during the fiscal year ended 31 December 2016. The decline in losses for the period is mainly due to the fact that Elegant Centershas achieved other revenues.

12-4-1 General and administrative expenses

The following table shows the administrative and general expenses of Elegant Centers for the financial period ended 31 December 2015 and the fiscal year ended 31 December 2016:

(12-2) Table: General and administrative expenses

SR	Financial period ended 31 December 2015	Fiscal year ended 31 December 2016	Increase/(Decrease)
Employee salaries and benefits	34.635	88.686	156.1%
Licenses	5.620	24.220	331.0%
Professional and legal fees	27.000	67.500	150.0%
Rentals	23.013	39.200	70.3%
Banking commissions	5.115	261	(94.9%)
Utilities and electricity	900	30.539	3293.2%
Insurance	-	10.074	N/A
Contributions	2.220	-	(100.0%)
Advertising	7.640	-	(100.0%)
Stationery and office	2.921	5.010	71.5%
Miscellaneous	7.310	5.294	27.6%
Total general and administrative expenses	116.374	270.784	132.7%

Source: Audited Financial Statements

The following table shows the other revenues of Elegant Centers for the financial period ended 31 December 2015 and the fiscal year ended 31 December 2016:

(12-3) Table: Other revenues

SR	Financial period ended 31 December 2015	Fiscal year ended 31 December 2016
Expenses paid by a partner	-	69.182
Fines imposed on the contractor	-	164.000
Total	-	233.182

Source: Elegant Centers

(12-4) Table: Expenses paid by a partner

SR	Financial period ended 31 December 2015	Fiscal year ended 31 December 2016
Fees of government authorities liaison officer	-	15.000
General manager insurance "Boba" from 1/4/2016	-	13.432
Payment of electricity and telephone of the company's headquarters	-	1.200
Rental of the headquarters for 6 months	-	19.600
3-months salaries of the general manger, financial manager and the worker for months of 4, 5 and 6 of 2016	-	19.950
Total expenses paid by a partner	-	69.182

Source: Elegant Centers

Other revenues recorded by the Company during the fiscal year ended 31 December 2016 amounting to 233.182 SR represented 69.182 SR which was recorded as other revenues represented by expenses paid by one of the partners, Mr. Ibrahim Bin Kolaib on behalf of Elegant Centers, of 164.000SR relating to penalties imposed on the contractor responsible for the construction of the commercial complex (University Plaza). With regard to the expenses paid by Mr. Ibrahim Bin Kolaib, he agreed with the rest of the partners in Elegant Centers verbally to pay the amount of 130.848 SR on behalf of Elegant Centers, and has waived the amount of 69.182 SR, as mentioned. The balance was recorded as other revenues. The rest of the balance of 61.666 SR was credited to payables as due to related parties. For more information on payables due to related parties, please see page (78).

It should be noted that the balance of other revenues resulting from expenses paid by a partner amounting to 69.182 SR has been recorded as other revenues based on a written waiver from Mr. Ibrahim Ben Kolaib.

Other revenues include 164.000 SR, which relates to fines imposed on the contractor of Elegant Centers in charge of the construction of the University Plaza (the Abdullah Fahad Al Maidian Contracting Est.) Due to delays in the details of the work progress of the said contractor, Elegant Centers applied the penal conditions stipulated in the contract signed between it and the said contractor. The contractor was delayed delivery of the shops for 90 days, causing a fine of 90.000 Saudi riyals. In addition to the aforementioned fine, the said contractor was delayed delivery of the supermarket area for 57 days, thus the contractor was fined 57.000 SR. The contractor was delayed delivery of the site for a period of 17 days, which necessitated an additional fine of 17.000 Saudi riyals, as shown by the audited financial statements for 2016. There was further delay in the contractor's progress, which caused imposing further fines by Elegant Centers under the contract signed between the two parties (See: Overview on the University Plaza project on page 88 of this Prospectus for the expected dates of delivery and additional fines).

(12-5) Table: Perforamce indicators of Elegant Centers		
Percent	Financial period ended 31 December 2015	Fiscal year ended 31 December 2016
Annual growth rate of revenues (%)	N/A	N/A
Gross profit margin (%)	N/A	N/A
Net growth margin (%)	N/A	N/A
Asset turnover rate (%)	N/A	N/A
Return on asset rate (%)	(0.10%)	(0.03%)
Earnings per share (SR/share)	(0.047)	(0.008)
Return on stockholders' equity (%)	(0.010%)	(0.03%)

Source: Extracted from the audited financial statements for the financial period ended 31 December 2015 and for the fiscal year ended 31 December 2016

As mentioned above, Elegant Centers did not achieve revenues due to non-commercial activities until 31 December 2016. Therefore, it is not possible to calculate the annual growth rate of revenues, gross profit margin, net profit margin and asset turnover during the fiscal year ended 31 December 2015, and the fiscal year ended 31 December 2016.

All other key indicators (return on assets, earnings per share and return on stockholders' equity) were negative due to a net loss of 118.091 SR during the fiscal year ended 31 December 2015 and a loss of 42.183 SR during the fiscal year ended 31 December 2016. This is due to the fact that Elegant Centers did not conduct business activities that generate revenues from major and significant activities during the said financial periods.

12-5 Balance sheet Statement

The following table presents the balance sheet of Elegant Centers as of 31 December 2015 and 31 December 2016:

(12-6) Table: Balance sheet statement			
SR	31 December 2015	31 December 2016	Increase/(Decrease)
Current assets	24.977.801	31.330.684	25.4%
Non-current assets	95.238.921	115.981.653	21.8%
Total liabilities	120.216.722	147.312.337	22.5%
Current liabilities	117.075	2.254.873	1826.0%
Total liabilities	117.075	2.254.873	1826.0%
Total equity	120.099.647	145.057.464	20.8%
Total liabilities and equity	120.216.722	147.312.337	22.5%

Source: Audited financial statements for the financial period ended 31 December 2015 and for the fiscal year ended 31 December 2016

Non-current assets accounted for 79.2% of the total assets of Elegant Centers as of 31 December 2015 and 78.7% as of 31 December 2016. Non-current assets are mainly comprised of land owned by Elegant Centers valued at 95.217.738 SR. The land is registered in the accounting records based on an average valuation performed by three independent appraisers.

It is worth noting that the land in question is owned by Elegant Centers by ownership, located in the city of Riyadh, in Al-Malaz quarter, on Al-Jama'a Street. It is also worth noting that Elegant Centers is currently constructing a commercial complex (University Plaza) on the land in question. The land was appraised by three experts in real estate appraisal, and the following are the results of the appraisal prepared by the experts.

(12-7) Table: Land appraisal by the real estate appraisers		
Name of the real estate appraiser	Date of appraisal	Amount in SR
Coldwell and Banker	19 September 2016	97.284.518
Real Estate National Group	28 September 2016	94.903.314
Century 21	6 Septmber 2016	93.465.385
Average		95.217.738

Source: Land appraisal Reports

In addition to the above-mentioned plot, non-current assets include constructions of 20.747.313 SR as of 31 December 2016, representing projects under construction for the construction of the commercial complex (University Plaza) assigned to the contractor (Abdullah Fahd Al Midian Est.). The total contract cost was 25.286.640 SR. 82.0% of the total building was completed and 18.415.105 SR was paid, representing 72.82% of the contract amount, as of 31 December 2016.

For more details on the University Plaza project, please see: Overview of the University Plaza Project on page 88 of this Prospectus.

The following are some details of the project as of 31 December 2016:

(12-8): Details of completion percentages of University Plaza project as of 31 December 2016			
Floor	Rental area	Estimated cost	Completion percentage as of 31 December 2016
Ground floor	6860 m2	13.575.381	88.0%
1st floor	3645 m2	7.839.768	82.0%
2nd floor	1800 m2	3.871.490	76.0%
Total	12.305	25.286.639	
Completion percentage of the construction	-	-	82.0%

Source: Management of Elegant Centers

12-5-1 Current Assets

The following table shows the current assets of Elegant Centers as of 31 December 2015 and 31 December 2016:

(12-9) Table: Current assets			
SR	31 December 2015	31 December 2016	Increase/(Decrease)
Cash at banks	24.968.000	30.570.191	22.4%
Prepayments and other assets	9.801	760.493	7660.1%
Total current assets	24.977.801	31.330.684	25.4%

Source: Audited financial statements for the financial period ended 31 December 2015 and for the fiscal year ended 31 December 2016

Current assets consist of cash at banks, prepayments and other assets. Current assets increased by 6.35.883 SR representing 25.4% from 24.977.801 SR as of 31 December 2015 to 31.330.684 SR as of 31 December 2016. The increase in the balance of current assets is attributed mainly to the increase in cash at banks amounting to 5.602.191 SR. The reason for the increase in cash at banks is mainly attributed to the deposit of the capital increase approved on December 16, 2015 by the partners of Elegant centers, where the capital was increased from 25.000.000 SR to 50.000.000 SR. Details of the capital increase were reported in the Capital section as shown on page 79. In addition to the increase in cash at bank balances, the balance of prepayments and other assets increased by 750.692 SR as of December 31, 2016 compared to 31 December 2015 due mainly to the acquisition expenses in this Prospectus incurred in advance of the fiscal year ended 31 December 2016. In addition, amount of participation in the chamber of commerce for five years as prepayments was paid and fees of consultants and auditor for the fiscal year ended 31 December 2015 during the fiscal year ended 31 December 2016 were paid.

12-5-2 Cash at banks

The cash at banks item refers to the balance of Elegant Centers in its account with Arab National Bank. The balance of cash at banks increased by 5.602.191 SR by 22.4% from 24.968.000 SR as of 31 December 2015 to 30.570.191 SR as of 31 December 2016. The increase in cash at banks is mainly attributed to the deposit of 25.000.000 SR by the partners as an increase in the capital of Elegant Centers and to the increase in payables which generated a net positive cash flow of 2.168.207 SR. This increase was against by a decrease in cash by 20.747.313 SR due to the use of cash in projects under construction for the construction of the commercial complex (University Plaza) on the land of Elegant Centers.

In addition, Elegant Centers achieved other revenues resulting from expenses paid by Mr. Ibrahim Abdullah Bin Kolaib on behalf of Elegant Centers by 69.182 SR, noting that Mr. Ibrahim Bin Kolaib is one of the partners in Elegant Centers. During the fiscal year ended 31 December 2016, the said partner was paid 130.848 SR as expenses and waived in writing an amount of 69.182 SR to Elegant Centers recorded as other revenues for Elegant Centers while the balance of 61.666 SR was credited to the payables account as a balance due to related parties. For more information on payments made by Mr. Ibrahim Bin Kolaib, please see the Other Revenues section as described on page 75.

12-5-3 Prepayments and other assets

Prepayments and other assets increased by 750.692 SR or 7660.1% from 9.801 SR as of 31 December 2015 to 760.493 SR as of 31 December 2016. The increase in prepayments and other assets is mainly attributable to higher acquisition costs in this Prospectus from zero as of 31 December 2015 to 710.500 SR as of 31 December 2016. These are expenses paid to the financial advisor, the legal professional care advisor, and the auditor who prepared the proforma consolidated financial statements, and other expenses related to the acquisition. All prepayments paid during the fiscal year ended 31 December 2016 were not paid during the financial period ended 31 December 2015, which explains the increase in prepayments and other assets in 2016.

12-5-4 Non-current assets

The table below presents non-current assets of Elegant Centers as of 31 December 2015 and 31 December 2016:

(12-10) Table: Non-current assets			
SR	31 December 2015	31 December 2016	Increase/(Decrease)
Lands	95.217.738	95.217.738	0.0%
Projects under construction	-	20.747.313	N/A
Furniture, net	21.183	16.602	(21.6%)
Total non-current assets	95.238.921	115.981.653	(21.8%)

Source: Audited financial statements for the financial period ended 31 December 2015 and for the fiscal year ended 31 December 2016

Non-current assets consist mainly of a 14.379.29 square meter plot of land owned by Elegant Centers located in Al-Malaz quarter in Riyadh, Saudi Arabia. The land was appraised by three property appraisers, and the land was registered in the accounting records of 95.217.738 SR based on the average valuation. From the date of registration of the land in the accounting records as of December 31, 2016, the value of the land has not decreased and there are no land-related burdens.

As of 31 December 2016, the balance of projects under construction amounted to 20.747.313 SR, i.e., the completion rate of the project amounted to 82%. This was due to the cost of building works for the construction of the commercial complex (University Plaza) on the land of Elegant Centers located in the Al-Malaz quarter in Riyadh.

Non-current assets include furniture at a historical cost of 22.900 SR purchased during the financial period ended 31 December 2015. Elegant Centers has a straight-line method of calculating depreciation of furniture over five years (20.0% of historical cost). As above, the depreciation expense on furniture was calculated at 1.717 SR during the financial period ended 31 December 2015 and 4.581 SR during the fiscal year ended 31 December 2016. The depreciation policy of Elegant Centers remained unchanged until 31 December 2016.

The depreciation expense increase is due to the policy of depreciation of the fixed assets of Elegant Centers. The depreciation expense is payable every six months from the date of acquisition of the asset. Accordingly, the depreciation expense was calculated from the date of acquisition of furniture until the end of the financial period ended 31 December 2015. Depreciation expense is calculated for the fiscal year ended 31 December 2016.

There are no significant fixed assets to be purchased or leased by Elegant Centers except assets belonging to the construction of the commercial center (University Plaza), value of which are entered within the value of the construction contract at 25.286.640 SR as previously mentioned.

12-5-5 Current Liabilities

(12-11) Table: Current liabilities			
SR	31 December 2015	31 December 2016	Increase/(Decrease)
Payables	-	2.193.207	N/A
Due to related party	117.074	61.666	(47.3%)
Total	117.074	2.254.873	1826.0%

Source: Audited financial statements for the financial period ended 31 December 2015 and for the fiscal year ended 31 December 2016

Current liabilities accounted for 100.0% of the total liabilities of Elegant Centers as of 31 December 2015 and 2016, respectively. The current liabilities increased by 2.137.799 SR or 1826.0% from 117.074 SR as of 31 December 2015 to 2.254.873 SR as of 31 December 2016. The increase in the current liabilities balance is due mainly to higher payables, as payables balance increased at 2.193.207 SR or 100.0% from zero as of 31 December 2015 to 2.193.207 SR as of 31 December 2016. The increase in payables is attributable to the increase in the balance of payables due to the commercial center project owner (Abdullah Al-Midian Contracting Est.) resulting from the contractor's work during the financial period ended 31 December 2016 and higher balance of payables due to the Auditor of Elegant Centers (AlDar Audit Bureau Abdullah Al Basri & Partners) due to non-payment of half of the Auditor's fees for the financial year ended 31 December 2016.

The balance of payables to a related party of 61.666 SR as of December 31, 2016, represented outstanding balance due on Elegant Centers to Mr. Ibrahim Bin Kolaib (one of the partners of the said company) due to payment of amounts on behalf of Elegant Centers and the amounts paid did not incur interest to Mr. Ibrahim Abdullah Bin Kolaib. The amount due to the said partner is expected to be paid after completion of the acquisition subject matter of this Prospectus.

The following is a table detailing the amounts due to the partner:

(12-12) Table: Amounts paid through the partner due on Elegant Centers until 31 December 2016	
Item	SR
Total salaries of the general manger, financial manager and the worker for the months 7, 8, 9, 10, 11, and 12 of 2016	39.900
Rental of the head office for six months	19.600
Telephone and electricity expenses of the company's head office for the months 7, 8, and 9 of 2016	1.193
Telephone and electricity expenses of the company's head office for the months 10, 11, and 12 of 2016	973
Total balance due to the partner	61.666

Source: Elegant Centers

It should be noted that Elegant Centers and the said partner agreed orally that the said partner would pay 130.848 SR on behalf of Elegant Centers. Subsequently, the said partner submitted a written waiver to waive the amount of 69.182 SR to Elegant Centers. The balance mentioned was recorded as other revenues, while the rest of the balance of 61.666 SR was credited to payables as due to a related party.

Current liabilities also include the balance of payables due to suppliers and contractors. The balance of payables due to suppliers and contractors increased due to payments due to the contractor Abdullah Fahad Al Midian Contracting Est.

It is worth mentioning that the value of the contract between Elegant Centers and Abdullah Fahad Al-Midian Contracting Est. is paid in installments, based on the contract with the said contractor and Elegant Centers. No payment has been delayed by Elegant Centers.

The following is a table showing payments to the contractor mentioned until 31 December 2016:

(12-13) Table: payments made until 31 December 2016	
Date of payment	Payment (in SR)
1/2/2016	50.000
24/04/2016	500.000
25/04/2016	60.000
17/05/2016	500.000
7/6/2016	500.000
25/07/2016	500.000
27/07/2016	500.000
6/8/2016	500.000
8/8/2016	500.000
8/8/2016	100.000
8/8/2016	400.000
14/08/2016	491.595
30/09/2016	3.362.053
31/10/2016	2.000.000
30/11/2016	2.551.595
31/12/2016	5.899.862
Total payments	18.415.105

Source: Elegant Centers

In order to establish the commercial complex (University Plaza) on the land of Elegant Centers located in Al-Malaz quarter in Riyadh, in addition to government expenses due related to Elegant Centers. In addition, the increase in payables due to suppliers and contractors is attributable to higher payables due to the Auditor of Elegant Centers (AlDar Audit Bureau Abdullah AlBasri & Partners), as a result of the non-payment of half of the Auditor's fees for the fiscal year ended 31 December 2016.

12-5-6 Stockholders' Equity

The table below presents stockholders' equity as of 31 December 2015 and 31 December 2016:

(12-14) Table: Stockholders' equity

SR	31 December 2015	31 December 2016	Increase/(Decrease)
Capital	25.000.000	50.000.000	100.0%
Grants from partners	95.217.738	95.217.738	0.0%
Accumulated loss	(118.091)	(160.274)	(35.7%)
Total partners' equity	120.099.647	145.057.464	20.8%

Source: Audited financial statements for the financial period ending 31 December 2015 and for the fiscal year ended 31 December 2016 of Elegant Centers

12-5-7 Capital

Elegant Centers was established with a capital of 100.000 SR from 12 stockholders. As previously mentioned, the capital was increased to 25.000.000 SR on 21 Shawwal 1436AH (corresponding to 06 August 2015), which was paid in full by the partners as cash deposited in the bank account of Centers on August 3 2015.

On 05 Rabe' I 1426AH (corresponding to December 16, 2015), the partners of Elegant Centers decided to increase the capital of Elegant Centers to 50.000.000 SR divided into 5.000.000 shares, the value of each 10 SR share. The amount was not deposited until 31 December 2015, so that the balance of capital and number of stocks has not changed until 31 December 2015.

During the fiscal year ended December 31, 2016, the total capital increase of 25.000.000 SR was deposited in the Elegant Centers Co's account in installments of 5.800.000 SR on February 28, 2016, 17.500.000 SR on March 3, 2016 and 1.700.000 SR on March 7, 2016 respectively.

12-5-8 Grants from partners

Grants from partners item represents additional capital contributed by a partner. On January 29, 2015, Mr. Mohammed Saleh AlHammadi and Centers signed a donation deed to contribute land owned by the title deed No. 410123025944 issued by the Ministry of Justice on 15 Rabe II 1436AH (corresponding to 4 February 2015) located in the Malaz quarter, Riyadh. This agreement provides that Mr. Mohammed Saleh AlHammadi has relinquished the land to Elegant Centers without any compensation or fees borne by Elegant Centers, including all actual and legal guarantees. Mr. Mohammed Saleh AlHammadi also acknowledges that the land is free of in-kind rights of all types (mortgage, state right, franchise, or usufruct). The value of the land amounted to 95.217.738 SR as indicated in the audited financial statements of Elegant Centers attached to this Prospectus. The item did not show any increase or decrease as of 31 December 2015 and 31 December 2016.

12-5-9 Loss for the period

The accumulated loss represents the balance of the net loss arising from the Company's operations in the period ended 31 December 2015 and during the fiscal year ended 31 December 2016. The balance of accumulated losses of 160.274 SR as of 31 December 2016 is attributable to administrative and general expenses. Details of the said expenses are mentioned in the administrative and general expenses section shown on page (75).

12-5-10 Contingency expenditure and commitments

There is no contingency expenditure from the beginning of the financial period ended 31 December 2015 to 31 December 2016.

12-6 Cash Flows Statement

The following table presents the cash flow statement of Elegant Centers as of 31 December 2015 and 30 June 2016:

(12-15) Table: Cash flow statement

SR	Financial period ended 31 December 2015	Fiscal year ended 31 December 2016	Increase/(Decrease)
Cash flows from operational activities			
Income net for the year/period	(118.091)	(42.183)	(64.3%)
Adjustments to:			
Depreciation	1.717	4.581	166.8%
Changes in operational assets and liabilities:			
Prepayments and other receivables	(9.800)	(750.692)	N/A
Due from related party	117.074	(55.409)	(147.3%)
Payables	-	2.168.207	N/A
Accrued expenses	-	25.000	N/A
Net cash flow from (used in) operational activities:	(9.100)	1.349.504	N/A
Cash flows from investment activities:			
Procurement of fixed assets	(22.900)	-	(60.0%)
Projects under construction	-	(20.747.313)	N/A
Cash used in investment activities	(22.900)	(20.747.313)	N/A
Cash flows from finance activities			
capital	25.000.000	-	(100.0%)
Increase in capital	-	25.000.000	N/A
Cash flow from finance activities	25.000.000	25.000.000	0.0%
Increase/decrease in cash and cash equivalents	24.968.000	5.602.191	(77.6%)
Cash and cash equivalents in beginning of the period	-	24.968.000	N/A
Cash and cash equivalents at the end of the period	24.968.000	30.570.191	22.4%

Source: Audited financial statements for the financial period ended 31 December 2015 and for the fiscal year ended 31 December 2016.

12-6-1 Cash used in operational activities

During the financial period ended 31 December 2015, Elegant Centers achieved a net loss of 118.091 SR resulting mainly from general and administrative expenses paid during the said financial period. The negative cash flow mentioned in part was against the payment by a partner of Elegant Centers of 117.074 SR, resulting in net negative cash flow from operating activities amounting to 9.100 SR.

During the fiscal year ended December 31, 2016, net cash used in operating activities amounted to 1.349.504 SR. This positive cash flow resulted mainly from higher payables which generated a positive net cash flow of 2.168.207 SR, as a result of non-payment of amounts due on Elegant Centers. One of the most important dues are due to the commercial complex (University Plaza) project contractor and the auditor and the amounts due to Mr. Ibrahim Bin Kolaib (a partner of Elegant Centers) as a result of the company's having incurred payments to consultants and auditors, and fees of the Chamber of Commerce.

12-6-2 Cash used in investment activities

During the financial period ended 31 December 2015, Elegant Centers purchased furniture valued at 22.900 SR, resulting in a negative cash flow of the same value at the end of the financial period.

During the fiscal year ended December 31, 2016, Elegant Centers spent 20.747.313 SR on projects under construction to build the commercial complex (University Plaza) on the land of Elegant Centers.

12-6-3 Cash flow from finance activities

Elegant Centers was established on 10 December 2014 with a capital of 100.000 SR paid by 12 stockholders. The capital was increased to 25.000.000 SR on 06 August 2015, which was paid in full by the partners of Elegant Centers and deposited in the account of Elegant Centers.

During the fiscal year ended 31 December 2016, the capital of Elegant Centers was increased and an amount of 25.000.000 SR was deposited, thus the capital of Elegant Centers became 50.000.000 SR, in three installments on 28 February 2016, 3 March 2016 and 07 March 2016. The capital increase has produced a positive cash flow equal to the deposit value.

12-6-4 Non-cash transactions

During the financial period ended 31 December 2015, a partner of Elegant Centers, Mr. Mohammed Saleh AlHammadi, granted a plot of land with a market value of 95.217.738 SR as a donation to the Company. The title of the land was transferred to the name of Elegant Centers.

13- Legal information of Elegant Centers Co. Ltd

13-1 Summary of the Memorandum of Association of t Elegant Centers Co. Ltd

13-1-1 Company Name
Elegant Centers Co. Ltd
13-1-2 Purposes of the Company
The main activity of Elegant Centers is construction, finance, business and other services, social, collective and personal services and trade. The company carries out its activities in accordance with laws in force and after obtaining the necessary licenses from the competent authorities.
13-1-3 The Company's Head Office
The head office of Elegant Centers is located in Riyadh and the company may transfer its head office to any other city in the Kingdom.
13-1-4 Term of the Company
The term of the company is 99 ninety nine calendar years starting from the date of registration in the commercial register. The term of the company may be extended for another period before expiry by a resolution issued by the General Meeting from any number of partners holding half of the shares representing the capital or from the majority of the partners. If the resolution was not issued and the company continued to perform its work, the contract shall be extended for a similar period under the same conditions as stated in the Memorandum of Association. The partner may withdraw from the company if he does not wish to continue therein, and his shares shall be denominated in accordance with the provisions of Article 161 of the Companies Law, and the extension is implemented only after the sale of the partner's share to partners or third parties as the case may be and payment made thereto, unless the withdrawn partner agrees otherwise with the rest of the partners.
13-1-5 The Company's capital
The company's current capital is 50.000.000 SR fifty million Saudi riyals divided into 5.000.000 five million shares with a nominal value of 10 SR per share, all of which are fully paid.
13-1-6 Management of the Company
The company is managed by Mr. Ibrahim Abdullah Rashid Bin Kolaib and has all the powers and authorities necessary for the management of the company, including the right to sign for the company in commercial, financial and administrative transactions and represent the company in the Shari'a courts and notaries public, and sign memoranda of association and amendments to the company in companies that contribute, participate or merge with the company to increase or decrease the capital or any other amendments in any of the memoranda of association. He has the right to extract commercial registers and represent the company in the companies in which the company contributes, sign corporate contracts and the establishment of companies on behalf of the company and registration with the Ministry of Commerce and companies department, competent authorities and before the notary public and the employee concerned, sign all necessary to implement the procedures, including publication, registration and extraction of commercial registers and cancellation, renewal and receipt the same and receipt of all documents relating to the registration of resolutions of the partners of the company and its subsidiaries and their stockholders, sign resolutions of partners in companies and resolutions of amendment of any clause or article of memorandum of association or annexes, and he has the right to represent the company in the boards of directors of companies and executive committees and attend meetings, ordinary and extraordinary general meetings and constituent meetings, and sign minutes and resolutions, he also has the right to claim, plead, defame, challenge, accept, reconcile, accept or reject the conciliation, accept or reject arbitration, acknowledge and deny, hear and respond to cases, give briefs and waivers in Shari'a courts and committees related to resolving commercial and labor disputes, arbitration committees, commercial and financial papers committees, labor offices, first instance and higher committees of laborers, board of grievances, and make all regulatory actions required thereto. He also has the right to appoint arbitrators, chartered accountants and lawyers, and has the right to purchase, sell, transfer and accept property, land, and sale, buy and transfer of stocks, sell, buy and transfer shares and all of such to the company in the other subsidiaries, sign their contracts, deliver and receive their prices, receive and hand over deeds and guarantees related to the affairs of the company and has the right to receive, mortgage and demortgage of movable and immovable property within the purposes of the company in its interest and in its name. He also has the appoint employees with all their degrees and functions and determine their salaries and powers and remove them, and has right to sign the governmental, civil and commercial contracts. He has the right to sign the contracts of industrial, real estate and agricultural development funds and present offers to customers. He also represents the company in its relationship with others and before judiciary and in all matters, whether before customers or governmental authorities or departments, contact labor office and extract visas, and the right to appoint others in recruiting labor, charters accountants or lawyers. He also has the right to open accounts in banks on behalf of the company and to receive cash, check payments and sign checks, withdraw, deposit, open credits and apply for facilities, credits and bank guarantees in accordance with the Shariah rules, and amend and cancel the same, borrow in accordance with the Shariah rules, sign the relevant contracts, grant, accept guarantees, buy stocks and shares and real estate bonds, and open branches of the company and register the same at competent authorities and has the right to hire a third party, and all of such inside and outside Saudi Arabia, and Saudi embassies, consulates and diplomatic missions abroad and has the right of appoint others in the proceedings and advocacy on behalf of the others and delegate others in the powers.
13-1-7 Increase or decrease capital
With the approval of all partners, the capital of the Company may be increased by raising the nominal value of the shares of the partners or by issuing new shares, with all partners being obliged to pay the increase in the capital by the percentage of their respective shares. The General Meeting of the partners may decide to reduce the capital of the company if it exceeds the need or suffers losses not reaching half the capital, in accordance with the provisions of Article 177 of the Companies Law.
13-1-8 Shares
The Partner may waive its share to one of the partners or to others in accordance with the terms and conditions of the Companies Law. However, if the Partner wishes to waive his or her share with or without compensation to person not a partner, the remaining partners shall be notified by the manager of the Company of the terms of the assignment. In this case, each partner may request redemption of the share according to its fair value within thirty days from the date of such notification. If the right of redemption is used more than one partner, such share or shares are divided among the redemption requesters by their respective share in the capital. The right of redemption provided for in this Article shall not apply to the transfer of ownership of shares by inheritance or by the

will or transfer thereof by virtue of a decision of the competent judicial authority. If the period specified for the exercise of the right of redemption has expired without being used by one of the partners, the holder of the share has the right to assign it to third parties.

13-1-9 Partner Meetings

The Limited Liability Company shall have a general meeting composed of all partners. The General Meeting shall convene at the invitation of the manager, to be held at least once a year during the four months following the end of the fiscal year of the Company. The General Meeting may be invited at any time at the request of the General Manager, the Supervisory Board, the Auditor or a number of partners representing at least half of the capital. Minutes shall be prepared in summary of the General Meeting's discussions, and minutes and resolutions of the General Meeting or resolutions of partners shall be recorded in a special register prepared by the Company for this purpose.

The agenda of the General Meeting of the partners at its annual meeting shall include in particular the following items:

1- Hearing the General Manager's report on the company's activity and financial position during the fiscal year, the report of the auditor and the report of the supervisory board, if any.
2- Discussion and approval of financial statements.
3- Determining the percentage of profit distributed to partners.
4- Appointing the manager or members of the supervisory board, if any, and determining their remuneration.
5- Appointing the auditor and determining his fees.

13-1-10 Partner Resolutions

Resolutions of partners shall be issued in the General Meeting. However, the manager of the Company may send to each Partner a written letter of the proposed resolutions to be voted upon by the Partner in writing. The Company's Memorandum of Association may be amended with the consent of a majority of the partners representing at least 3/4 of the capital.

The rest of the resolutions shall be issued with the consent of the partners representing half of the capital. If the majority mentioned in this paragraph is not available in the first deliberation or in the consultation, the partners shall be invited to meet with registered letters. The resolutions shall be issued at the said meeting with the consent of the majority of the shares represented therein, regardless of the percentage represented in the capital.

In exception, the company becomes a joint stock company if the partners holding more than half of the capital so request, provided that all the shares of the company upon request of the transfer are owned by relatives even if the fourth degree.

13-1-11 Auditors

The Company shall have one or more auditors from among the auditors authorized to operate in the Kingdom, appointed by the General Meeting of Partners, and shall determine their remuneration and duration of work. The Meeting may also change it at any time without prejudice to its right to compensation if the change occurs at an inappropriate time or for an illegal reason.

13-1-12 Fiscal year

The fiscal year of the Company shall commence from the date of its registration in the Commercial Register (18/02/1436AH corresponding to 11/12/2014) and end on 20/03/1437AH corresponding to 31/12/2015 and each fiscal year shall thereafter be twelve months.

The Manager of the Company shall prepare for each fiscal year the financial statements of the Company and a report on the Company's activity, financial position and proposals regarding the distribution of profits within three months of the end of the fiscal year. The manager shall send to the Ministry of Commerce and Investment and to each partner a copy of these documents and a copy of the report of the Supervisory Board, if any, and a copy of the auditor's report within one month from the date of preparing the said documents. Each partner may request the manager to convene the meeting of the General Meeting of Partners to discuss the said documents.

13-1-13 Profits and losses

The Company's annual net profit is distributed as follows:

a) Appropriate at least 10% of its net profits every year to form a statutory reserve. The General Meeting of the partners may decide to discontinue such appropriation when the reserve amounts to (30%) of the company's capital.
b) The remainder shall be distributed to the partners in proportion to their respective shares in the capital unless the partners decide to form other reserves or to carry forward the balance of profits in whole or in part for the next fiscal year.
c) In the case of losses incurred by the partners in proportion to their respective shares in the capital or be carried forward for the next fiscal year and the distribution of profits only after consumption of that loss. If the company's losses reach half of its capital, the company manager must register this incident in the commercial register and invite the partners to meet within ninety days from the date of their knowledge of reaching the loss in order to consider the continuation or dissolution of the company. The partners' resolution must be published whether the company continues or is dissolved in the manner stipulated in Article (158) of the Companies Law. The company shall be deemed dissolved by law if the managers of the company neglected to call partners or the partners could not make a resolution to continue or resolve the company.

13-1-14 Expiry of the Company

The Company term shall be expired with one of the reasons for the expiration stipulated in Article 16 of the Companies Law and the provisions of this memorandum and by expiry it enters into liquidation, in accordance with the provisions of Part 10 of the Companies Law. Subject that in the case of voluntary liquidation, the following is required:

1- Preparation of a balance sheet for the company at the date of issuance of partners' resolution to dissolve and liquidate the company, certified by a licensed accountant licensed to work in the Kingdom of Saudi Arabia, proves the company's ability to fulfill its obligations and debts to others.
2- Payment of all the rights of creditors or the conclusion of a reconciliation with them, if this is failed, the company may be liquidated only after a decision by the competent judicial authority with declaration of bankruptcy of the company at the request of the creditors or the company in accordance with the law.

It should be noted that the Memorandum of Association did not provide for any clause that grants the manager of the company the right to vote on a contract or proposal in which he has an interest and did not provide any rights to the manager to borrow from the company or to vote on the bonuses given to him, knowing that the manager receives a salary of (3.000) three thousand Saudi Riyals in accordance with the employment contract signed with him. The Company asserts that as of the date of this Prospectus, no contract has been signed in which the manager has a direct or indirect interest and the Company has not granted him any loan or advance.

13-2 The Company and the licenses and permits under which it operates

Elegant Centers is a Saudi limited liability company established according to the Companies Law under the Commercial Register No. (1010428696) issued by the city of Riyadh on 18/02/1436AH (corresponding to 10/12/2014) and its capital amounted upon establishment to (100.000) one hundred thousand riyals divided into (10.000) ten thousand shares with nominal value of (10) ten riyals per share, all paid in full. The memorandum of association was registered with the notary public in charge at the Ministry of Commerce No. (36228000), dated 12/02/1436AH corresponding to 04/12/2014.

On of 21/10/1436AH (corresponding to 06/08/2015), the capital of the company was increased to twenty five million SR (25.000.000). The value of the increase amounted to 24.900.000 SR twenty four million nine hundred Saudi riyals and the total number of shares in the company is (2.500.000) two million five hundred thousand shares.

The increase is paid in cash according to the bank certificate confirming the deposit of the amount of the increase, according to the amended Article (6) of the Memorandum of Association.

The capital of the company was increased to 50.000.000 SR fifty million Saudi riyals on 09/03/1437AH (corresponding to 20/12/2015), with an increase amounted to (25.000.000) twenty five million Saudi riyals, and accordingly number of shares is (5.000.000) five million shares. The increase is paid in cash according to the bank certificate confirming the deposit of the amount of the increase, according to the amended Article (6) of the Memorandum of Association. The Commercial Register of the Company has been amended according to the amendment to the Memorandum of Association to refer to the value of the increase in capital.

The Company's Memorandum of Association was amended in accordance with the issuance of the Companies Law promulgated by Royal Decree No. M/3 dated 28/01/1437AH (in accordance with the provisions of Article 224 of the Law in particular) and in accordance with the Memorandum of Association of Limited Liability Company approved by the Ministry of Commerce and Investment. The amended memorandum of association was confirmed at the notary public at the Ministry of Commerce and Investment No. (371492631), 1437H on 06/11/1437AH (corresponding to 09/08/2016).

Elegant Centers Co. Ltd has obtained the necessary licenses to carry out its activities in accordance with the laws in force as follows:

(13-1) Table: Necessary licenses obtained by the company to carry out its activity in accordance with laws in force

Type of license	Purpose	License No.	Date of issue	Expiry date	Issuing authority
Commercial register	Registration of the company in the register of commercial companies (Limited liability companies)	1010428696	18/02/1436AH (corresponding to 10/12/2014)	18/02/1442 (corresponding to 05/10/2020)	Commercial Register Ministry of Commerce and Investment - Commercial Registry Office in Riyadh
Certificate of Membership at Chamber of Commerce and Industry	The Company's commitment to the Commercial Register Law, which requires the Company to participate in the Chamber of Commerce and Industry	10100097879 (1st degree)	06/04/1437AH (corresponding to 16/01/2016)	18/02/1442AH (corresponding to 05/10/2020)	Chamber of Commerce and Industry in Riyadh
Trademark registration certificate	Protection of trademark	1436011815	06/09/1436AH (corresponding to 23/06/2015)	29/05/1446AH (corresponding to 01/12/2024)	Ministry of Commerce and Investment - Trademark department
Municipality license	Activity in the Head Office	34012	03/01/1438AH (corresponding to 04/10/2016)	07/01/1439AH (corresponding to 27/09/2017)	Ministry of Municipal and Rural Affairs - Municipality of Riyadh - Municipality of Olayya
Social security certificate	The Company's commitment to the laws of the General Corporation for Social Security	21983101	18/05/1438AH (corresponding to 15/02/2017)	18/06/1438AH (corresponding to 17/03/2017)	General Corporation for Social Security
Certificate of Zakat and Income *	To report that the company submitted its annual return and committed to pay zakat	3013732685	22/06/1437AH (corresponding to 31/03/2016)	04/08/1438AH (corresponding to 30/04/2017)	The General Authority for Zakat and Income
Saudization certificate	To report that the company is committed to the Saudization percentage required by the domains program	20001611043795	01/03/1438AH (corresponding to 30/11/2016)	01/06/1438AH (corresponding to 28/02/2017)	Ministry of Labor and Social Development (Labor Office)
Civil Defense permit **	Compliance with safety and protection of fire regulations	203/DQ	01/08/1436AH (corresponding to 19/05/2015)	01/08/1437AH (corresponding to 08/05/2016)	Ministry of Interior - General Directorate of Civil Defense
Permit to build a commercial center	License to build a commercial building	8491/1437	13/05/1437AH (corresponding to 22/02/2016)	13/05/1440AH (corresponding to 19/01/2019)	Riyadh Municipality - Building Permits Department

Source: Management of Elegant Centers

* The certificate is not valid for submission to the competent governmental authority for the disbursement of (1) ordinary dues, which are ongoing extracts paid in accordance with what is accomplished in the government contracts and (2) final dues, which are the final extracts paid at the completion of the project. This certificate is issued to the taxpayer at the beginning of the practice of work and registration in the General Authority for Zakat and Income and the opening of a file.

** The license expired on 01/08/1437AH (corresponding to 08/05/2016), and the owner of the building in which Elegant Centers rented its main office is currently making procedures for renewing the civil defense permit are being completed. If not renewed, Elegant Centers will lease another office instead of the current office.

13-2-1 Ownership structure of Elegant Centers Co. Ltd

According to the Company's Memorandum of Association, the number of partners in Elegant Centers was twelve (12) partners. The shares were distributed among them as follows:

(13-2) Ownership of the partners of Elegant Centers				
S.N.	Partners	Number of shares	Share amount (SR)	Total (SR)
1	Mohammed Saleh Mohammed AlHammadi	375.000	10	3.750.000
2	Nada Mohammed Abdullah AlRjehi	400.000	10	4.000.000
3	Fahd Mohammed Saleh AlHmammadi	400.000	10	4.000.000
4	Abdulaziz Mohammed Saleh AlHammadi	400.000	10	4.000.000
5	Khalid Mohammed Saleh AlHmmadi	400.000	10	4.000.000
6	Saleh Mohammed Saleh AlHammadi	400.000	10	4.000.000
7	Abdulaziz Saleh Mohammed AlHammadi	475.000	10	4.750.000
8	Fahda Ahmed Othman AlDahesh	475.000	10	4.750.000
9	Abdullah Abdulaziz Saleh AlHammadi	475.000	10	4.750.000
10	Saleh Abdulaziz Saleh AlHammadi	475.000	10	4.750.000
11	Ahmed Abdulaziz Saleh AlHammadi	475.000	10	4.750.000
12	Ibrahim Abdullah Rashid Bin Kolaib	250.000	10	2.500.000
Total		5.000.000	10	50.000.000

Source: Management of Elegant Centers

13-2-2 Management of the Company

Currently, Mr. Ibrahim Abdullah Rashid Bin Kolaib is managing Elegant Centers Co. Ltd, according to Commercial Register data. The partners have delegated him general powers to manage the company, sign for it and represent it to others based on the memorandum of association. Elegant Centers Co. Ltd has signed a contract with Mr. Ibrahim bin Abdullah Bin Kolaib to work as a general manager. The term of this contract shall be one calendar year commencing from of 01/07/2015 and shall be automatically renewed unless one of the parties has notified the other in writing not to renew it at least sixty days before the date of termination of the contract. Mr. Ibrahim Bin Abdullah Bin Kolaib is entitled to a salary of 3.000 SR three thousand Saudi riyals per month for the end of each month, including housing allowance and transportation allowance. He is also entitled to medical insurance according to the provisions and rules of medical care for employees specified by Elegant Centers Co. Ltd. He is also entitled to annual leave of thirty (30) paid days for each year of service.

The company also has a financial department, headed by financial department Manager Mr. Fawzi Mohammed Jawali. Elegant Centers Co. Ltd signed a contract with the financial department manager on 02/07/2015 for a period of 24 months, and shall be automatically renewed unless one of the parties has notified the other in writing not to renew it at least sixty days before the date of termination of the contract. Mr. Fawzi Mohammed Jawali is entitled to a monthly salary of 3.000 SR for the end of each calendar month, including housing allowance and transportation allowance. He is also entitled to medical insurance according to the provisions and rules of medical care for employees specified by Elegant Centers Co. Ltd. He is also entitled to annual leave of thirty (30) paid days for each year of service.

The company is in the process of developing its administrative structure and developing (1) an executive department whose task is to supervise the company's business and follow up its business process and (2) a marketing department whose task is to identify investment opportunities for the company.

13-2-3 Company branches and subsidiaries

Elegant Centers Co. Ltd has no branches or subsidiaries in or outside the Kingdom of Saudi Arabia.

13-2-4 Important property owned by Elegant Centers Co. Ltd

Elegant Centers Co. Ltd owns land in the Al-Malaz quarter, Riyadh, under the deed No. 410123025944. The ownership of this property has been transferred by donation by Mr. Mohammed Bin Saleh AlHammadi, as mentioned in the deed of land donation signed on 09/04/1436AH (corresponding to 29/01/2015). The table below summarizes the most important details of this land deed.

(13-3) Table: Important properties owned by Elegant Centers Co. Ltd		
Deed no.	410123025944	
Date of issue of deed	15/04/1436AH (corresponding to 04/02/2015)	
Land area	14.379.29 m2 (fourteen thousand three hundred seventy nine meters and twenty nine cm) only	
Land borders and lengths	North	A street with a width of 40 m and length of (101.9) one hundred one meters and ninety centimeters
	South	A street with a width of 15 m and length of (141.6) one hundred and forty-two meters and sixty centimeters
	East	A street with different width of 15 m 17 m and length of (118) one hundred and eighteen meters
	West	A street with a width of 30 m (124) and length of one hundred and twenty-four meters

The following are the most important details of the donation deed:

(13-4) Table: Details of the land donation declaration	
Date of donation deed	Thursday 09/04/1436AH (corresponding to 29/01/2015)
Parties to donation	Mr. Mohammed Bin Saleh AlHammadi "First Party-Doner" and Messrs Elegant Centers "Second Party-Donated"
Subject of donation	The first party grants by virtue of the donation deed and waives without compensation with all the actual and legal guarantees to the second party who accepted the donation of the plot of land located in Al-Malaz quarter in Riyadh city owned by the first party under deed no. 717/8 and volume 3 on 03/12/1399AH.
Statements of parties	The first party acknowledges that the donated land is free of all in-kind rights of any kind such as mortgage, jurisdiction, privilege and usufruct rights.

The land was evaluated by three companies based on the study of the real estate market in general and the area in which the land is located. The result of the appraisal was as follows:
On 05/12/1437AH (corresponding to 06/09/2016), Century 21 Saudi valued the land at (93.465.385) ninety three million and four hundred and sixty five thousand three hundred and eighty five riyals.
On 18/12/1437AH (corresponding to 19/09/2016), Coldwell Banker valued the land at (97.284.518) ninety seven million two hundred and eighty four thousand five hundred and eighteen riyals.
On 27/12/1437AH (corresponding to 28/09/2016), National Real Estate Group valued the land at (94.903.314) ninety four million nine hundred and three thousand three hundred and fourteen riyals.
The partners agreed to evaluate the three companies under the partners' resolution issued on 27/12/1437AH (corresponding to 29/09/2016).

13-2-5 Assets outside Saudi Arabia

Elegant Centers Co. Ltd has no assets outside Saudi Arabia.

13-3 Substantive Contracts

13-3-1 The properties leased by Elegant Centers Co. Ltd

Up to the date of this Prospectus, Elegant Centers Co. confirms that it has not leased its real estate in Al-Malaz quarter, Riyadh to any other party.

13-3-2 The properties leased by Elegant Centers Co. Ltd

On 01/01/1437AH (corresponding to 14/10/2015), the company signed with Mr. Turki Fahd Alhowaishel a lease of its office in Riyadh, Wadi Al-Artawi Street, after its former office was moved from Riyadh city, west pulp quarter, south of the North Ring due to the expiry of Contract. The Company has made necessary adjustments to the Commercial Register Certificate to show details of the new address. The contract shall be valid for a period of one year commencing on 02/01/1437AH (corresponding to 15/10/2015). The contract ends on 02/10/1438AH (corresponding to 03/10/2016) and the contract is renewed automatically for a similar period. The total annual value of the contract is (39.200) thirty nine thousand and two hundred riyals. The contract was renewed until 02/01/1439AH (corresponding to 22/09/2017) under the same terms and value under the letter of renewal signed by the parties on 25/10/1437AH (corresponding to 30/07/2016).

13-3-3 Consulting contracts

- Contract of the External Auditor (AlDar Audit Bureau, Al-Basri & Partners)

On 03/12/1437AH (corresponding to 04/09/2016), Elegant Centers Co. Ltd has signed an audit contract with AlDar Audit Bureau (Abdullah Al Basri & Partners). The scope of the work includes auditing the financial statements of the Company represented in the balance sheet as of 30/06/2016 and income, cash flows and changes in equity statements for the period from 01/01/2016 to 30/06/2016, in addition to the audit of the financial statements for the fiscal year ended 31/12/2016. The financial statements are prepared in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia and provide professional opinion as to whether the financial statements have determined the company’s balance sheet and whether they are consistent with the accounting records of the Company. The accounts report is issued based on all data available to AlDar Audit Bureau, Al-Basri & Partners. The fees of AlDar are 50.000 SR fifty thousand riyals per annum, which is paid in two installments (50%) upon approval at the signing of the letter of appointment and 50% upon the delivery of the final report of the financial statements. Any other expenses or payments incurred by AlDar shall be added to this amount in the context of its implementation of the scope of work. This contract ends after the final financial statements report for the fiscal year ended 31/12/2016.

13-3-4 Service contracts

- Contracting contract with Abdullah Fahd Al-Midian Contracting Est.

On 18/04/1437AH (corresponding to 28/01/2016), the Company signed a contract with the Abdullah Fahad Al Midian Contracting Est. ("the Contractor") for the construction of a commercial center (University Plaza) in the city of Riyadh (Malaz quarter) on a plot of land 14.379.29 m2 (fourteen thousand three hundred seventy nine square meter and twenty nine square centimeters), according to the drawings and the bills of quantities. The scope of the contract also covers the provision of materials, equipment and workers, as well as additional and complementary temporary works and alterations required by the company. The Company has obtained a building permit in this regard from the Riyadh Municipality, No. 8491/1437 dated 13/05/1435AH corresponding to 14/03/2014.
Under this contract, the contractor undertakes to execute and complete all the works specified in the contract and deliver them approved by the consultant within (11) eleven months from the date of receipt of the site under a letter of receipt signed by the contractor and the consultant (Arabian Designer for Architectural Engineering). The record of the receipt of the site was signed on 30/04/1437AH (corresponding to 09/02/2016), where the location of the site was examined and no material observation was found.
The Contractor shall guarantee the safety of the construction work subject matter of the contract for the period of ten years from the date of final receipt, and shall guarantee the insulation works provided by a company specialized in insulation works for a period of ten years from the date of initial receipt and the guarantee shall be transferred in the name of owner. The contractor provides all guarantees for pumps (water, fire), air conditioning equipment, elevators, vinyl works, electricity and all other guarantees from the project agent and supplier, in addition to providing a one year guarantee for all other elements of the project from the date of initial receipt of the project.
The total value of the contract (25.286.640) twenty five million two hundred and eighty-six thousand and six hundred and forty riyals for the implementation of the project. This value is subject to increase and decrease according to the bills of quantities and what has been implemented in the project. The contractor is not entitled to claim any difference in prices due to the increase in prices of materials, labor and the like.
Payments are made according to the following mechanism:
- Within twenty-one days from the date of signing the contract, Elegant Centers shall pay the advance payment (20% of the value of the contract) an amount of (4.551.595) four million five hundred and fifty one thousand five hundred and ninety five Saudi Riyals and shall be disbursed against a check issued by the company and certified by valid signature and a letter of pledge of the same value recovered after the initial delivery of the project has been approved against the final payment and shall be deducted in accordance with the percentage of completion.

- The contractor shall prepare monthly extracts according to what has been completed and according to the prices stated in the bills of quantities at the end of each month (calculated as 10% as a deferred payment). The extracts shall be distributed by the owner within 15 working days from the date of receipt of the extract. If the owner delays the discharge of the extract from (15) days, the number of days of delay shall be added to the period of implementation of the project. The fees of the Arabian Designer of Architectural Engineering as the consultant responsible for the project works assigned by the Company shall be deducted from this contract. The value of the supervision contract shall be fixed at 1.250.000 one million two hundred fifty thousand SR.
- The contractor shall submit a final extract after the completion of the initial delivery work, after deducting the actual quantities executed on the ground, and shall be paid after the receipt of the initial receipt and deducting the delay fines, if any, and the first party shall refund the check and the pledge letter of the advance payment.
- Retained payment (10% of the value of the contract) is divided into two installments. The first payment (5% of the contract value) is refunded after the completion of the initial delivery procedures accompanied by approved initial receipt by the consultant on the project and the first party and the second payment (5% of the contract value) after the final receipt and receipt of the certificate of completion of construction.

There are no amendments to the contract signed with the contractor due to delayed delivery, as it is sufficient to stipulate the contract penalties for delay to be applied in case of delay in the contractor to deliver the project in accordance with the following cases:
- A delay fine (1.000) one thousand Saudi riyals for each day of delay if the contractor delays completion of the work and delivering it in full on the dates specified for the initial delivery of the project according to the period specified in the contract. These fines shall not exceed 10% maximum of the value of the contract.
- Delay fine (1.000) one thousand Saudi riyals for each day of delay if the contractor delays delivery of the supermarket area during (9) months and deducted from the monthly extracts.
- Delay fine (1.000) one thousand Saudi riyals for each day of delay if the contractor delays delivery of shops and offices during (8) eight months and deducted from the monthly extracts. (For further details regarding fines applicable to the Contractor, see page 75)

This contract shall be subject to the laws in force in the Kingdom of Saudi Arabia and shall be interpreted, implemented and settled in accordance therewith.

- ❖ Contract of supervision of implementation of project to build a shopping center (University Plaza) with Arabian designer for Architectural Engineering:

On 18/04/1437AH (corresponding to 28/01/2016) Elegant Centers signed a contract to supervise the implementation of the project of building a shopping center (University Plaza) with the Arabian Designer for Architectural Engineering ("Office").

Under this contract, the Office supervises the stages of implementation of the project until it is delivered to the Company. The office shall assign four (4) full time engineers (civil engineer, architect, mechanic and electrician engineer) and shall establish a mechanism of work for the contractor to allow the monitoring of the accuracy of the implementation of the work, including:
- Schedule visits by the supervisor engineer.
- Prepare daily reports according to the specific formula of the supervising engineer.
- Determine the instructions for pouring concrete and issuing its own permissions.
- Approval of materials submission permissions.
- Approving the permissions of the emergency amendments to the works and determining whether they are with or without compensation.
- Monitor the quality of the work and ensure that the implementation is in accordance with the schedule.
- Prepare monthly reports.

The Office undertakes to execute and complete all the works specified in the contract within (11) eleven months from the date of signing the contract. The Company shall pay the Office for the execution of the works a total amount of (1.250.000) one million two hundred and fifty thousand riyals. This amount shall be deducted from the entitlements of the contractor Abdullah Fahad Al Midian Contracting Est. and are repaid according to the following:

1- The first installment of (250.000) two hundred and fifty thousand Saudi Riyals to be paid in conjunction with the payment of the first installment of the contract signed with the Abdullah Fahad Al-Midian Contracting Est. (i.e. twenty-one days from the date of signing the contract signed on 18/04/1437AH (corresponding to 28/01/2016)).
2- The rest of the payments shall be paid by deducting them from the monthly contractor's extracts by 10% of the value of the extract due to him, provided that the value of the single payment allocated to the consultant shall not exceed 100.000 one hundred thousand Saudi riyals.

If the project duration exceeds twelve months for any reason, the Company shall continue to pay the amount of 100.000 one hundred thousand Saudi riyals to the consultant and shall be deducted from the contractor's account until the issuance of the initial receipt certificate.

This contract shall be subject to the laws in force in the Kingdom of Saudi Arabia and shall be interpreted, implemented and settled in accordance therewith.

13-3-5 **Information Technology Agreements**

- ❖ License agreement using Dexef software

On 01/11/1436AH (corresponding to 16/08/2015), Elegant Centers Co. Ltd signed a licensing agreement using Dexef software with Dexef Software, the owner of the ownership and distribution rights for these programs, whereby the Dexef erp program is installed on one main device in Elegant Centers. The amount of this contract is (800) eight hundred US dollars (equivalent to 3000 three thousand Saudi riyals). Dexef is committed to delivering and installing the licensed software and to providing Elegant Centers Co. Ltd with upgrades, updates and modifications, and correcting any errors in the software. Elegant Centers Co. Ltd is also provided with information on the new versions and prices, and training of a number of employees on the use of the software. Dexef guarantees that programs are free from known viruses at the time of their delivery, and that they do not contain any programs that will invalidate or interfere with their work or cause them to stop working under certain conditions. Dexef is solely responsible for the provision of services related to the repair of defects and errors in the Software, at no additional cost to Elegant Centers Co. Ltd, within a reasonable period of time. Defects or errors mean in this regard only - any difference in technical specifications specified for licensed programs. Dexef provides free technical support for renewal of the annual subscription, which is 15% of the value of the contract. Technical support for the first year is free. Elegant Centers Co. Ltd also committed to pay the license fees due in accordance with this agreement and the company is not entitled to negotiate the value of the agreement after signing. Elegant Centers Co. Ltd undertakes to notify

Dexef immediately upon its knowledge of any unauthorized use by any third party. The Company may not waive the license or license any other party to the subcontractor or assign rights to third parties the rights to use the license, in whole or in part. Either party may terminate this Agreement by notifying the other party by written notice if either of them has breached any of its fundamental obligations under this Agreement and has not correct the violation within 30 days of receiving written notice if it can be remedied. Dexef may terminate the agreement if Elegant Centers Co. Ltd is late to pay the outstanding license fees.

13-3-6 Insurance contracts

The Company has insured its employees with the Commercial Union Cooperative Insurance Company. The insurance covers medical care coverage for all employees of the company within the network of approved hospitals and dispensaries in the Kingdom. The following table summarizes the type and scope of insurance coverage of the insurance documents kept by the company:

(13-5) Table: Insurance contracts

S.N.	Insurance company	Insurance policy no.	Risks	Annual amount (SR)	Commencement date	Expiry date
1	Commercial Union Cooperative Insurance Company	67819/2016/IIED/65/TU and 67819/2016/MED/65/TU	Medical insurance for company's employees	(766) seven hundred sixty six SR	19/11/1437AH (corresponding to 22/08/2016)	30/11/1438AH (corresponding to 22/8/2017)
2	Bopa Arab	41886000	Medical insurance for company's manager	(13.432) Thirteen thousand four hundred thirty two SR	22/06/1437AH (corresponding to 31/03/2016)	03/07/1438AH (corresponding to 31/03/2017)

Source: Elegant Centers

13-3-7 Credit facilities and loans

Up to the date of this Prospectus, Elegant Centers Co Ltd does not have issued, outstanding or authorized debt instruments or any term loans secured or unsecured by personal guarantee, or secured or unsecured by pledge.

Elegant Centers Co Ltd does not have any other loans or indebtedness, including overdrafts from bank accounts, obligations under acceptance, completion of acceptance or rental purchase obligations, and Elegant Centers Co Ltd does not have any loans or indebtedness that are covered or not covered by a personal guarantee, or secured not secured by a pledge.

13-3-8 Other loans

As of the date of this Prospectus, Elegant Centers Co Ltd has not provided a cash loan of any kind to the current manager or employees of the Company, nor has it provided any guarantees for any loans to the manager or its employees with third parties. No bank credits have been made opened in this regard.

13-3-9 Related party transactions

On 09/04/1436AH (corresponding to 29/01/2015), Mr. Mohammed Bin Saleh Bin Mohammed AlHammadi signed a deed donating Elegant Centers Co Ltd a plot of land in Al-Malaz quarter, Riyadh under the deed No. 410123025944 dated 15/04/1436AH (corresponding to 04/02/2015). The value of the land ranged between (93.465.385) ninety three million and four hundred and sixty-five thousand three hundred and eighty-five riyals and (97.284.518) ninety-seven million two hundred and eighty-four thousand and five hundred and eighteen riyals, according to reports of real estate companies that evaluated the land. Mr. Mohammed Bin Saleh Bin Mohammed AlHammadi is a partner in Elegant Centers Co Ltd and owns 7.5% of the capital.

The Companies Law did not require the partners' meeting of Limited Liability Companies to agree to the relevant parties' contracts but there is no objection to putting this issue before the Meeting for a vote, with Mr. Mohammed Bin Saleh Bin Mohammed AlHammadi excluded from voting. The issue of inclusion of the donation approval clause remains voluntary and non-mandatory. It should be noted that the partners agreed to accept the land donation under the partners' resolution dated 29/03/1437AH (corresponding to 09/01/2016) and agreed to the evalution of the land referred to above in accordance with the partners' resolution issued on 27/12/1437AH (corresponding to 29/09/2016) and Mr. Mohammed Bin Saleh Bin Mohammed AlHammadi was excluded from voting on both resolutions.

Elegant Centers Co. acknowledges that there are no other contracts or transactions with related parties other than the donation contract referred to above.

13-3-10 Mortgages, rights and pledges

Up to the date of this Prospectus, Elegant Centers Co Ltd does not have any mortgages, rights or pledges on its property, nor does it have any obligations, contingent indebtedness or collateral.

13-3-11 Trademarks and Intangible Assets

Elegant Centers Co Ltd registered its logo as a trademark with the Ministry of Commerce and Investment in order to preserve the use of its trademarks and protect its intellectual property rights. The company depends on its trademark to succeed in its business and to support its competitive position in the market, especially in the context of its activity and future business development. Therefore, the inability of the company to protect its trademark or having to take legal action necessary to protect it will negatively affect its ability to use it and will reflect on its business processes and results.

The following table shows the trademark of Elegant Centers Co Ltd:

Trademark shape	Certificate no.	Registration date	Start of protection	End of protection
	1436011815	06/09/1436AH (corresponding to 23/06/2015)	01/06/1436AH (corresponding to 21/03/2015)	29/05/1446AH (corresponding to 01/12/2024)

Source: Management of Elegant Centers

Ownership by Elegant Centers Co Ltd of the trademark is confirmed under the registration certificate no. (1436011815) issued by the Ministry of Commerce and Investment - Trademark Department for a period of ten years and was registered in category 37 thirty seven. The trademark is (E Latin circled with curved lines, small circles and ornaments, and the color of the trademark is violet). Protection includes building construction, repair, and installation and assembly services.
The protection shall commence on 01/06/1436AH (corresponding to 21/03/2015) and end on 29/05/1446H (corresponding to 1/12/2024) and may be renewed for a similar period or periods at the request of the Company, in accordance with the provisions of the Trademark Law and its Executive Regulations.
Unlike the trademark above, the Company has no intellectual property rights. The company does not rely on intangible assets such as patents, copyrights or other intellectual property except for the trademark described above.

13-4 Disputes and litigation

Up to the date of this Prospectus, Elegant Centers Co Ltd affirms that it is not a party to any lawsuit filed by, against or likely to be filed by or against it that may have a material impact on its business.

14- Overview of the University Plaza Project

Elegant Centers is currently establishing a commercial center in the city of Riyadh in Malaz quarter University Street on the land owned by the company under deed No. 410123025944 dated 15/04/1436AH with an area of 14379.29 m2. The center consists of 3 floors with a total area of 13.063 square meters. The ground floor area is 7.031 square meters including 18 showrooms with a total area of 3.175, a supermarket with an area of 3.685 square meters, and corridors of 153 square meters. The first floor area is 4.050 square meters divided to commercial offices with different areas, in addition to the upper extensions floor with an area of 2.000 square meters divided to 33 commercial offices with different areas. Total rental areas of the commercial center are 12.305 square meters, and the total cost of construction is estimated at 25.286.640 SR inclusive engineering supervision costs. The following tables show the details of the project.

Type of project	**Commercial office**
City	Riyadh
Location	University St., Prince Fahd Bin Ibrahim Al Saud St. section
Land area (m2)	14.379.29
Building surfaces area (m2)	13.063
Rental area of supermarket (m2)	3.685
Rental area of showrooms (m2)	3.175
Rental area of offices of 1st floor (m2)	3.645
Rental area of offices of upper extensions (m2)	1.800
Parking area (m2)	7.366
Total rental area (m2)	12.305
Date of end of project	28/01/2017
Date of operation of project	February 2017
Cost of project	25.286.640 SR
Floors number	3 floors
Showrooms number	18 showrooms
Supermarket number	1 supermarket
Offices number	23 offices
Parking capacity	139 parking
Land ownership	Owned
Owner’s name	Elegant Centers Co. Ltd

The following are details and type of unit areas:

Ground floor		
No.	Area	Unit type
1	204	Showroom
2	142	Showroom
3	240	Showroom
4	3.685	Supermarket
5	155	Showroom
6	152	Showroom
7	125	Showroom
8	190	Showroom
9	190	Showroom
10	122	Showroom
11	142	Showroom
12	156	Showroom
13	156	Showroom
14	156	Showroom
15	156	Showroom
16	288	Showroom
17	300	Showroom
18	150	Showroom
19	150	Showroom
Total area of ground floor	6.860	-
1st floor		
1	1875	Office
2	102	Office
3	60	Office
4	54	Office
5	62	Office
6	112	Office
7	65	Office
8	70	Office
9	80	Office
10	145	Office
11	102	Office
12	60	Office
13	60	Office
14	60	Office
15	60	Office
16	61	Office
17	61	Office
18	171	Office
19	145	Office
20	60	Office
21	60	Office
22	60	Office
23	60	Office
Total area of 1st floor	3.645	-
Upper extensions floor		
1	633	Office
2	50	Office
3	82	Office
4	82	Office
5	52	Office
6	62	Office
7	71	Office
8	121	Office
9	91	Office
10	141	Office
11	160	Office
12	104	Office
13	121	Office
Total area of upper extensions floor	1.800	-

A contract was signed with Abdullah Fahd Al Midian Contracting Est. for the construction work. The contract was set for a total period of completion and delivery of the construction work approved by the consultant of the project Arabian Designer Office within eleven months from the date of receipt of the site. The two parties also agreed to hand over the entire supermarket area within a maximum period of nine (9) months according to the layouts and specifications and to deliver the shops and offices within a maximum period of eight (8) months from the date of receipt of the site. The contract also provides for delay fines to be applied if the contractor delays delivery of the project according to the following cases:
- A delay fine of (1.000) one thousand Saudi Riyals for each day of delay if the contractor delays completion and delivery of the work in full on the dates specified for the initial delivery of the project according to the period specified in the contract. These fines shall not exceed 10% of the value of the contract.
- A delay fine of (1.000) one thousand Saudi Riyals for each day of delay if the contractor delays delivery of the supermarket area during nine (9) months and deducted from the monthly extracts.
- A delay fine of (1.000) one thousand Saudi Riyals for each day of delay if the contractor delays delivery of shops and offices during eight (8) months and deducted from the monthly extracts.

The contractor did not comply with the timetable for the stages of implementation where he delayed in the implementation and delivery of the areas of supermarkets and shops according to the two reports of the engineering supervision consultant of the Elegant Centers on 23/10/2016 and 08/01/2017.

1- The Supermarket area: The contractor was delayed for a period of (111) one hundred and eleven days, which was supposed to be delivered on 09/11/2016. Therefore, the work is expected to be completed and delivered on 28/02/2017. The total fines applied for the delay period amounted to (111.000) one hundred and eleven thousand Saudi riyals.
2- The area of the shops and offices: The contractor was delayed for a period of (142) one hundred and forty-two days, which was supposed to be delivered on 09/10/2016. Therefore, the work is expected to be completed and delivered on 28/02/2017. The total fines applied for the delay period amounted to (142.000) one hundred and forty-two thousand Saudi Riyals.
3- General Location: The contractor was delayed for fifty (50) days, where it was supposed to be delivered on 09/01/2017. Therefore, the work is expected to be completed and delivered in full on 28/02/2017. The total fines applied for the delay period amounted to (50.000) fifty thousand Saudi Riyals.

Thus, the total fines imposed on the contractor due to the delay in the delivery of all areas of the commercial complex (University Plaza) amounted to 303.000 SR three hundred and three thousand Saudi Riyals.

Based on the report issued by the engineering supervision consultant Arabian Designer for Architectural Engineering office on 08/01/2017, 82% of the building was completed. The following table shows in detail the percentage of completion for each floor:

Floor	Completion percentage as of 30 December 2016
Ground floor	88%
1st floor	82%
Upper extensions floors	76%

Source: Report issued by the engineering supervision consultant

14-1 Management of the Commercial Complex (University Plaza)

Elegant Centers will manage and supervise the commercial complex (University Plaza), while it may use marketing companies to market shops, if needed, although it currently does not need to. It has received many letters of desire to rent shops and showrooms from well-known companies and shops. These include, but are not limited to:

- Rental of the supermarket area: Carrefour - Al Sadhan markets.
- Rental of shops and offices: Arab Oud Company, Daraa Trading Company (Daraa Perfumes), Hossam Holding Company (Optics Department), International Concepts Company Limited (Kababji Restaurant, Sushi Art Restaurant, Tortilla Restaurant), and Sail Food Company (Torta & Moore) .
- Rental of the ATM site: National Commercial Bank and Riyad Bank.

14-2 Target group of tenants

Elegant Centers aims to rent shops and offices to a major tenant and to well-known companies and shops for several reasons, the most important of which is the frequent letters of desire to lease, which makes the company a strong choice in terms of good customers with well-known public names, in addition to the distinctive and unique location of University Plaza, which facilitates the task of renting shops. The following table shows the expected revenues of the commercial complex and its proportion of total revenues:

Type	Area (m2)	Revenues per square meter (SR)	Occupancy percentage	Total revenues expected (SR)	Proportion from total revenues
Supermarket	3.685	700	100%	2.579.500	20.84%
Showrooms at the ground floor	3.175	1.600	95%	4.826.000	38.99%
Offices at the 1st floor	3.645	700	95%	2.423.925	19.58%
Offices of the upper extensions floor	1.800	700	95%	1.197.000	9.67%
ATM	-	-	-	250.000	2.01%
Service fees	-	-	-	1.102.643	8.91%
Total revenues expected	-	-	-	12.379.068	100%

Source: Economic feasibility study prepared by KPMG Al Fouzan & Partners

14-3 Competitive Advantages

1- A vital location in downtown Riyadh.
2- There is no shopping center (Plaza) near the University Plaza.
3- Lack of available land in the surrounding area, which reduces the possibility of opening shopping center (Plaza) competitor in the near term.
4- There are not enough restaurants, cafes and markets to sell food (supermarket) and meet the needs of residents of the surrounding area.
5- High population density in the surrounding area.
6- Near the commercial complex of King Abdullah Park, Prince Faisal Bin Fahd Stadium, Equestrian Club, General Authority of Sport, Ministry of Justice, King Saud University - Departments of Science and Medical Studies.
7- Design of a modern and distinctive architecture.
8- Targeting the quality of distinguished customers because of the frequent desire to rent shops.

14-4 Weaknesses

1- There is no previous experience of Elegant Centers in the management of shopping centers.
2- The presence of construction work in the surrounding area of the project of King Abdul Aziz Public Transport in Riyadh (metro), which impedes traffic and restricts access to the University Plaza.

15- General background on acquisition

15-1 Introduction

AlBhaha Investment & Development Co. has set up several projects in various industrial fields, established tourism facilities as well as animal production project. However, the failure of these projects and for various reasons put the company in a tight financial position during the last period, and because AlBhaha is experiencing difficulties in cash liquidity, it was not possible to spend on the continuity of existing projects as required. Therefore, due to the relationship of the relevant parties in both the Board of Directors of AlBhaha and the owners of Elegant Centers, and since Mr. Mohammed AlHammadi, Mr. Abdulaziz AlHammadi and Mr. Ibrahim Bin Kolaib are directors of AlBhaha and at the same time are within partners of Elegant Centers, the idea of acquisition by AlBhaha of Elegant Centers was developed.

AlBhaha Investment & Development Co. (PSC) will acquire the shares of the partners in Elegant Centers Co. Ltd (Limited Liability Company) in return for the issuance of compensation stocks to the partners. AlBhaha will issue 14.500.000 new ordinary stocks worth 145.000.000 SR, raising the number of its stocks to 29.500.000 stocks, i.e. its capital will be 295.000,000 SR after issuing the stocks to the partners in Elegant Centers in exchange for the acquisition of their entire shares. The issue price will be identical to the nominal value of the stock of (10) riyals per stock. The increase will amount to 96.67% of the capital prior to the acquisition, equivalent to 49.15% of the capital after the acquisition. Elegant Centers will be a wholly owned subsidiary of AlBhaha after the acquisition. There will be no change to the name of AlBhaha. AlBhaha's headquarters will remain at the city of Belgarshi in the AlBaha area. There will be no change in the composition of the Board of Directors.

Elegant Centers owns a land area of more than 14.000 square meters, which is currently building a commercial complex (University Plaza). The company will operate, manage and lease the complex after completion of construction, as the construction has already begun and is expected to start operations on 28/02/2017. The land has been evaluted by three licensed real estate appraisers: Century 21, Coldwell Banker and National Real Estate Group. The average value of the land based on the three appraisals was 95.217.739 riyals. In addition to this land, the capital of Elegant Centers is 50 million SR, of which about 25 million are used for the construction of the commercial complex, while the other half remains cash with the company. All of these assets will be devolved to AlBhaha after the acquisition. For more details, please see section: Overview of the University Plaza project on page 88.

In view of the fact that parties involved in the acquisition hold stocks in AlBhaha and at the same time hold shares in Elegant Centers, these parties have been neutralized in respect of any decision taken by AlBhaha regarding the acquisition. The Board of Directors of AlBhaha has taken all decisions relating to the acquisition without voting of any of the parties involved in the acquisition. All the studies related to the acquisition, including the evaluation and inspection, were prepared by independent parties not related to the acquisition. Moreover, voting on increasing the Company's capital to acquire the full shares of the partners in Elegant Centers in the extraordinary general meeting of AlBhaha will be permitted only to the stockholders who are not related to the acquisition, meaning that votes of the parties involved in the acquisition will not be calculated by AlBhaha. These parties are: Mr. Mohammed AlHammadi, Mr. Abdulaziz AlHammadi and Mr. Ibrahim Bin Kolaib.

The Company has submitted an application for registration and acceptance of the listing to the Authority. Independent directors (non-related parties) acknowledge that all regulatory requirements for the acquisition have been met. Except to the Extraordinary General Meeting's approval of the Transaction Resolution, all approvals related to this Prospectus and to the Transaction have been obtained.

This Prospectus and the available documents show all the information about the acquisition that stockholders need to make a decision to vote based on the knowledge and understanding of the Extraordinary General Meeting to increase the company's capital to acquire the full shares of partners in Elegant Centers.

In order to complete the procedures of transferring their shares sold to AlBhaha, all owners of Elegant Centers undertake to: Follow up the activities of Elegant Centers in a normal manner and in accordance with the usual practice, submit all necessary reports and documents to the governmental authorities and comply with all regulations, licenses and permits related the operations of Elegant Centers or any of its assets, execute or follow up the implementation of the Company's obligations with customers or suppliers in accordance with the terms of their contracts or applications. They also undertake and confirm that they or Elegant Centers will not perform any of the following actions without the prior written consent of AlBhaha: Increase or decrease capital, make any changes to the capital structure, write off or discharge any debt or suit to Elegant Centers or sell or transfer of any assets, including the real estate of Elegant Centers, especially the plot of land owned by Elegant Centers on which the commercial complex will be built, make any payments or conclude any contracts, or commit with any party or seller or any party related to the owners of Elegant Centers, except paying salaries of Elegant Centers employees and fees of the other parties including professional fees for consultants, expenses and government fees incurred by Elegant Centers in respect of the transfer of shares sold to AlBhaha and the payments due for the construction of the commercial complex (University Plaza), lease or approve to lease or share ownership or ownership of part or all of the properties owned by Elegant Centers (and, in particular, the plot of land on which the Commercial Complex is to be built), purchase, lease or accept the acquisition of any property, give any guarantees for compensation by Elegant Centers, and undertake or approve the undertaking of any capital obligations, loans or obligations arising outside the normal course of business of the Company, terminate any contract, arrangement or understanding, assign material rights, initiate or settle any legal proceedings or arbitral claims, or make any settlement thereof, establish or approve the establishment of any mortgage or insurance on sold shares or assets of Elegant Centers or its properties, announce distribution or payment of any profits, amend the Memorandum of Association, approve any partner resolution affecting the sold shares, the capital or any of the assets of Elegant Centers, and take any action that may substantially affect or reduce any assets, property or value of the shares sold to AlBhaha. The owners of Elegant Centers also undertake to pay in cash all amounts or compensation to AlBhaha arising from the losses, claims, expenses or amounts incurred by AlBhaha as a result of the violation of the owners of Elegant Centers of all mentioned. AlBhaha will also have the right to terminate the contract under written letter given to owners of Elegant Centers.

Under Article 13 of the Merger and Acquisition Regulation, and as the owners of Elegant Centers will jointly hold more than 30% of the stocks of AlBhaha after the completion of the acquisition transaction in this Prospectus and thus jointly hold more than 30% of the voting rights in AlBhaha, they may make an offer, in accordance with the relevant provisions of the Merger and Acquisition Regulation, to the owners of any quantity of the share capital of AlBhaha, and an equal offer shall be made to the different categories of capital shares and the Authority shall be consulted in advance. However, the owners of Elegant Centers will not bid for buying any additional stocks in AlBhaha. Under Article 13, paragraph (c) of the said regulation, if the owners of Elegant Centers choose not to make an offer, they may not - without the prior approval of the Authority and under the terms determined thereby for a period of two years from the date of the acquisition requiring the application of this Article –any of the following:

a. Acquire of other stocks in AlBhaha.
b. Dispose of any of their stocks in AlBhaha.
c. Cooperate with anyone else regarding an offer to AlBhaha.

15-2 The parties to the acquisition

Acquiring Company: AlBhaha Investment & Development Co.

Acquiree Company: Elegant Centers Co. Ltd

Selling Partners: These are the partners who will transfer their shares in Elegant Centers in exchange for new stocks in AlBhaha issued for this purpose. These selling partners are:

(15-1) Table: Selling partners of Elegant Centers

S.N.	Name	Percentage	Share number	Nominal value (SR)
1	Mohammed Saleh AlHammadi	7.5%	375.000	3.750.000
2	Nada Mohammed AlRjehi	8%	400.000	4.000.000
3	Fahd Mohammed AlHammadi	8%	400.000	4.000.000
4	Abdulaziz Mohammed AlHammadi	8%	400.000	4.000.000
5	Khalid Mohammed AlHammadi	8%	400.000	4.000.000
6	Saleh Mohammed AlHammadi	8%	400.000	4.000.000
7	Abdulaziz Saleh AlHammadi	9.5%	475.000	4.750.000
8	Fahda Ahmed AlDahesh	9.5%	475.000	4.750.000
9	Abdullah Abdulaziz AlHammadi	9.5%	475.000	4.750.000
10	Saleh Abdulaziz AlHammadi	9.5%	475.000	4.750.000
11	Ahmed Abdulaziz AlHammadi	9.5%	475.000	4.750.000
12	Ibrahim Abdullah Bin Kolaib	5%	250.000	2.500.000
Total		100%	5.000.000	50.000.000

Source: Elegant Centers

AlBhaha currently (i.e. before acquisition) has no shares in Elegant Centers.

15-3 The justifications and positives of the acquisition

The acquisition is in line with AlBhaha's strategic objectives as the company strives to achieve a shift through the acquisition in terms of financial capabilities and potential for future expansions. The justifications for the acquisition and its expected positives of AlBhaha are as follows:

- AlBhaha is taking advantage of the acquisition of Centers to reactivate its activities as AlBhaha has stopped all its existing projects.
- Contributing to the conversion of AlBhaha from a losing company to a company that will make profits in the future.
- Elegant Centers owns assets of land of 14.379 square meters with a commercial complex under construction at a cost of 25.28 million riyals. AlBhaha will benefit from the rent of the shops if it operates the complex or takes full advantage of the rental income of the complex to another operator. The company also has full discretion to dispose of the complex, including the sale of it in part or in full.
- After AlBhaha has made future financial projections for the performance of the two companies, AlBhaha's earnings per share is expected to increase according to the revenues of the Commercial Complex (University Plaza) in the event of completion of the acquisition compared to the situation in case the acquisition is not completed, which will increase value added for stockholders of AlBhaha.
- AlBhaha expects the acquisition to result in a lower commitment to its stockholders' equity, which will improve its ability to provide additional financing in the future.
- The acquisition provides a direct cash flow that will benefit AlBhaha to focus on the activity of commercial complexes, specifically what is known as Shopping Centers (Plaza).
- The acquisition by increasing the capital of AlBhaha will result in a reduction in the accumulated loss of capital. As of December 31, 2016, AlBhaha's accumulated loss ratio is 123.58%, while the ratio will decrease to 62.84% after the acquisition transaction.
- The relationship of some of AlBhaha's directors' ownership in Centers is expected to increase from the management harmony between the two companies, which will improve the chances of the acquisition success and achieve the complementary value between them.
- The below financial indicators may improve from 2017 onwards, after the start of the operations of Elegant Centers.

(15-2) Table: Assumed effect of acquisition on some financial indicators of AlBhaha

	For the fiscal year ended 31 December 2016	
	AlBhaha	Proforma Consolidated
Revenues growth rate (%)	60.84%	60.84%*
Asset turnover rate (time)	0.090	0.036
Gross profit to revenues rate (%)	6.87%	6.87%
Net profit to revenues rate (%)	0.32%	0.97%
Revenue on equity rate (%)	0.72%	0.06%
Earnings per share from main operations (SR)	0.002	(0.008)
Earnings per share from net profit (SR)	0.002	0.003
Total liabilities to total assets rate	96.00%	39.48%
Total liabilities to total stockholders' equity share	2399.83%	65.24%

Source: Analysis of the Financial Advisor of the audited financial statements of AlBhaha for the fiscal year ended 31 December 2016 and the audited proforma consolidated financial statements of AlBhaha for the fiscal year ended 31 December 2016

* The growth rate of revenues in the proforma consolidated financial statements complies with AlBhaha's revenue growth rate, considering that Elegant Centers did not achieve any revenues in 2016 as it is expected to start its operations during the first quarter of 2017.

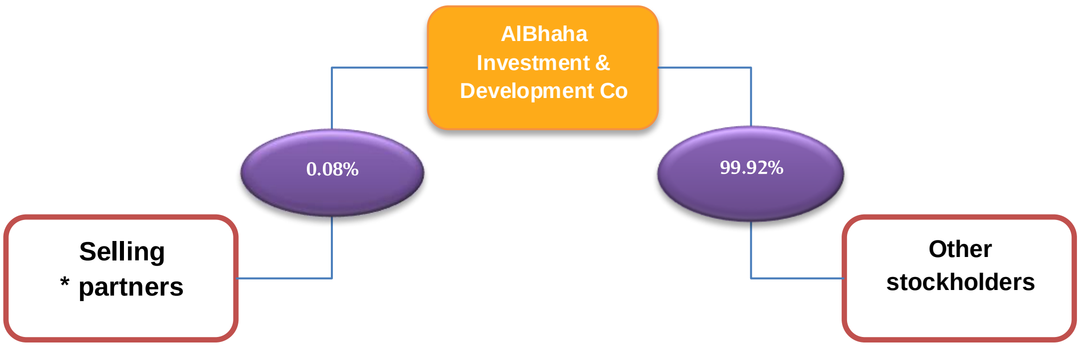
15-4 Negatives of the acquisition

In spite of the expected positives of the acquisition, which encouraged AlBhaha's Board of Directors to undertake this transaction, this acquisition may not be without some potential negatives that may affect the Company or its current stockholders such as:

- Reduced ability of existing stockholders, other than those related to the acquisition, to affect the Company's resolutions to be voted in the General Meetings as a result of increasing the number of stocks of the Company as a whole by 14.500.000 stocks, with no change of number of stocks held by these stockholders amounting to 14.982.607 stocks, leading to a 99.92% decline in their ownership prior to the acquisition to 50.81% after the acquisition. The new issued stocks will be all used to compensate the owners of Elegant Centers against acquisition.
- AlBhaha is exposed to the business risks of Elegant Centers (see Risk Factors section).
- Lack of previous experience with Elegant Centers in the management of shopping centers (Plaza).
- It is not possible to guarantee or confirm that the information obtained by the property appraisers who have evaluated the land owned by Elegant Centers and their opinions is entirely correct or lacking substantial information regarding the value of the property or that the value of the property will not be adversely affected by various real estate market factors.
- AlBhaha risks the failure of the acquisition to achieve its objectives for any reason, as the expected positives are related to the future, both with regard to the ability of Centers to succeed in its current business or to succeed in future expansions, and other factors that cannot be ascertained at the moment.

15-5 Ownership structure of AlBhaha before acquisition

The following figure shows the ownership structure of AlBhaha:



Source: Stockholders' Register of AlBhaha

* Selling partners are the partners in Elegant Centers, namely: Mohammed Saleh AlHammadi, Nada Mohammed AlRajhi, Fahd Mohammed AlHammadi, Abdulaziz Mohammed AlHammadi, Khalid Mohammed AlHammadi, Saleh Mohammed AlHammadi, Abdulaziz Saleh AlHammadi, Fahdah Ahmed AlDahash, Abdulla Abdulaziz AlHammadi, Saleh Abdul Aziz AlHammadi, Ahmed Abdulaziz AlHammadi, and Ibrahim Abdullah Bin Kolaib.

The following table details the ownership proportions before the acquisition:

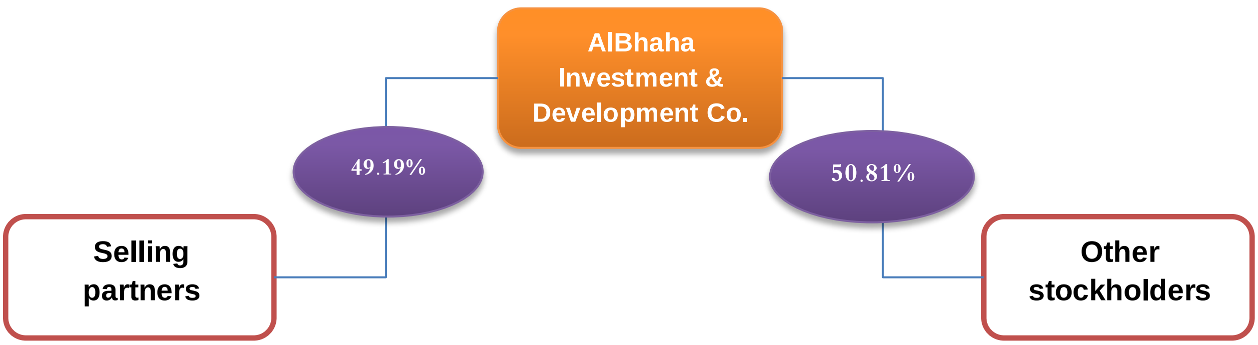
(15-3) Table: Ownership structure of AlBhaha before acquisition

S.N.	Name	Number of stocks	Ownership proportion
1	Mohammed Saleh Mohammed AlHammadi	10.000	0.67%
2	Abdulaziz Saleh AlHammadi	1.143	0.008%
3	Ibrahim Abdullah Bin Kolaib	1.000	0.007%
4	Other stockholders	14.987.857	99.92%
Total		15.000.000	100%

Source: Stockholders' Register of AlBhaha

15-6 The ownership structure of AlBhaha after the acquisition

The following figure shows the ownership structure of AlBhaha after the acquisition:



Source: Stockholders' Register of AlBhaha and the acquisition contract

The following table details the ownership proportions of AlBhaha after the acquisition:

(15-4) Table: Ownership structure of AlBhaha after acquisition:

S.N.	Name	Number of stocks before transaction	Number of new stocks	Total stocks	Ownership proportion
1	Mohammed Saleh AlHammadi	10.000	1.087.500	1.097.500	3.720%
2	Nada Mohammed AlRajhi	0	1.160.000	1.160.000	3.932%
3	Fahd Mohammed AlHammadi	0	1.160.000	1.160.000	3.932%
4	Abdulaziz Saleh AlHammadi	0	1.160.000	1.160.000	3.932%
5	Khalid Mohammed AlHammadi	0	1.160.000	1.160.000	3.932%
6	Saleh Mohammed AlHammadi	0	1.160.000	1.160.000	3.932%
7	Abdulaziz Saleh AlHammadi	1.143	1.377.500	1.378.643	4.674%
8	Fahdah Ahmed AlDahash	0	1.377.500	1.377.500	4.669%
9	Abdulla Abdulaziz AlHammadi	0	1.377.500	1.377.500	4.669%
10	Saleh Abdulaziz AlHammadi	0	1.377.500	1.377.500	4.669%
11	Ahmed Abdulaziz AlHammadi	0	1.377.500	1.377.500	4.669%
12	Ibrahim Abdullah Bin Kolaib	1.000	725.000	726.000	2.460%
	Other stockholders	14.987.857	-	14.987.857	50.81%
Total		15.000.000	14.500.000	29.500.000	100%

Source: Stockholders' Register of AlBhaha and the acquisition contract

15-7 Acquisition costs

The cost of the acquisition, which includes the fees of the financial advisor, the legal advisor, the professional financial care advisor, the chartered accountants and other consultants, as well as all the costs and expenses of obtaining the regulatory approvals related to the acquisition and completion of all the procedures is estimated at three million SR (3.000.000). The two parties agreed to pay the costs equally between them, provided that Elegant Centers shall pay the advance payments and dues related to the consultants during the period of signing the memorandum of understanding until the completion of the transaction, considering the lack of liquidity in AlBhaha before the acquisition and that AlBhaha shall pay the other half of the transaction costs after completion and available liquidity in the accounts of the company.

15-8 AlBhaha stock performance

The below is AlBhaha stock price traded outside the platform as follows:

(15-5) Table: AlBhaha stock price traded outside the platform

Date of transaction	Number of sold stocks	Sale price (SR)
25/11/2014	850 stocks	9 SR
22/12/2014	666 stocks	14 SR
24/05/2015	8.352 stocks	7 SR
07/06/2015	1.516 stocks	3 SR
30/07/2015	600 stocks	8 SR
12/10/2015	11.000 stocks	10 SR
14/10/2015	3.000 stocks	5 SR
02/11/2015	1.000 stocks	7 SR
27/12/2015	5.294 stocks	5 SR
25/04/2016	10.000 stocks	5 SR
03/05/2016	16.000 stocks	5 SR
16/06/2016	4.823 stocks	2 SR
22/06/2016	1.664 stocks	2 SR
29/11/2016	1.908 stocks	4 SR

Source: AlBhaha Investment & Development Co.

15-9 Change in stock price due to capital increase

As the Company's stock is suspended from trading, the change in stock price cannot be calculated as a result of the capital increase. In general, the change in stock price depends on several factors, including but not limited to: the company's activity, profitability, transactions, inflation rates, overall performance of the economy, and the performance of the competitors, as well as the supply and demand equations of the stock.

The method of calculation of stock price after capital increase is as follows:

First: The market value of the company is calculated at closing on the extraordinary general meeting day, which is the number of stocks at the end of the day of the meeting multiplied by the closing price of the company's stocks on the day of the meeting.

Second: The stock price expected in the opening day of the day following the meeting day is the product of dividing the market value of the company at closing on the day of the meeting plus the value of the new stocks, on the number of stocks at the end of the day of the meeting plus the number of new stocks.

For example, if AlBhaha stock is not suspended, assuming that the stock price at closing at the end of the Extraordinary General Meeting is 15 SR, the stock price is expected to reach 12.54 SR in the opening of the next day, and change represents a decline in stock price of 16.38%.

16- Exemptions

AlBhaha filed an application for exemption to the Capital Market Authority in respect of Article 11, paragraph (b), of the Rules for Registration and Listing, which states that "upon submission of the application for registration and acceptance of the listing, the Issuer must be in person directly or through one or more of its subsidiaries exercise a major activity in at least three fiscal years under the supervision of a management that has not changed substantially in its entirety." Considering AlBhaha did not conduct a major activity during three fiscal years under the supervision of a managment that did not change in its entirety. The Board of Directors was re-elected in February 2016. The general manager Mr. Ibrahim Bin Kolaib submitted his resignation and Mr. Ziad AlUmro was appointed as CEO of the company in August 2016. In addition, the company has not conducted any major activity during the past three years.
The Company also filed an exemption request to the Capital Market Authority in respect of Article 11, paragraph (f) of the Rules for Registration and Listing, which stipulates that "the Issuer shall have, individually or in partnership with its subsidiaries, a working capital sufficient for 12 months immediately following the Prospectus", as the Company has no working capital sufficient for 12 months immediately following the date of publication of the Prospectus, as there are no significant operations and no sufficient income to cover working capital, unless after completion of the acquisition subject matter of the application.

17- Evaluation and consultancy work

17-1 Advisory work

AlBhaha has appointed the following consultants to execute the acquisition business:

- Al-Dukheil Financial Group, to act as financial advisor to AlBhaha, and arrange the acquisition and conduct an independent financial assessment for AlBhaha and Elegant Centers.
- Dr. Sultan Al Masoud and Associates Lawyers and Consultants in association with Sherman and Sterling LLP, to act as legal counsel to AlBhaha in the acquisition, as well as to conduct due diligence for Elegant Centers.
- KPMG Al Fouzan & Partners., to conduct the feasibility study for the University Plaza project, conduct due dilegence of Elegant Centers, review the financial projections, prepare the working capital report of AlBhaha and calculate the integrative value of the acquisition.
- Dr. Abdulqader Banqa & Partners-United Accountants (RSM) as legal auditor to audit the consolidated financial statements of the two companies after the acquisition.
- Colliers International, to conduct a market study.
- Century 21 Saudi, to conduct an independent real estate appraisal of the land owned by Elegant Centers.
- Coldwell Banker, to conduct an independent real estate appraisal of the land owned by Elegant Centers.
- National Real Estate Group, to conduct an independent real estate appraisal of the land owned by Elegant Centers.
- Arabian Designer of Architectural Engineering, for the supervision engineering of the project of the commercial complex (University Plaza) of Elegant Centers.

17-1-1 Al-Dukheil Financial Group (Financial Advisor to AlBhaha)

The team of Al-Dukheil Financial Group, which participated in the financial consultation of the acquisition, consists of members registered with the Capital Market Authority. Some of them hold master's degrees in finance, others have professional certificates specializing in finance, and each has practical experience in the same field. Al Dukheil Financial Group, its stockholders, its team, or any of their relatives do not own any stocks, shares, or interests of any kind in AlBhaha or Elegant Centers. Al Dukheil Financial Group gave its written consent to publish its statement, name and logo in this Prospectus and did not withdraw such consent at the date of the Prospectus.

17-1-2 Dr. Sultan Al-Masoud and Partners Lawyers and Consultants in collaboration with Sherman and Sterling LLP (Legal Advisor to AlBhaha)

The team of Dr. Sultan Al-Masoud and Partners Lawyers and Consultants in collaboration with Sherman and Sterling LLP, who provided legal advice on the acquisition, consists of members with higher degrees in law and regulations, each with practical experience in the same field. Dr. Sultan Al Masoud and Partners, its owners, team or any of their relative do not own stocks, shares or interests of any kind in AlBhaha or Elegant Centers. Dr. Sultan Al-Masoud and Partners also gave its written consent to publish its statement, name and logo in this Prospectus and have not withdrawn such consent at the date of the Prospectus.

17-1-3 KPMG Al Fouzan & Partners (Financial Professional Care Advisor)

The team of KPMG Al Fouzan & Partners, which has prepared the Feasibility Study, as well as the Financial Examination Services for the acquisition, consists of members with academic and professional degrees in accounting and auditing, each with practical experience in the same field. KPMG Al Fouzan & Partners, its owners, its team or any of their relatives do not own any stocks, shares or interests of any kind in AlBhaha or Elegant Center. KPMG Al Fouzan & Partners has given its written consent to publish its statement, name and logo in this Prospectus and has not withdrawn such consent at the date of the Prospectus.

17-1-4 Dr. Abdul Qader Banqa & Partners - United Accountants (RSM) (Legal Auditor of the Consolidated Proforma Financial Statements)

The team of the United Accountants Company, which participated in the examination of the proforma financial statements of the acquisition, consists of members with academic and professional qualifications in the field of accounting and auditing, and each of them has practical experience in the same field. United Accountants, its owner, its team, or any of their relatives, do not own stocks, shares or interests of any kind in AlBhaha or Elegant Centers. United Accountants also gave its written consent to publish its statement, name and logo in this Prospectus and did not withdraw such consent.

17-1-5 Colliers International (Market Study Consultant)

The team of Colliers International, which was involved in the preparation of the market study, consists of members with academic and professional degrees in market studies, each of whom has practical experience in the same field. Colliers International, its owner, its team, or any of their relatives, do not own stocks, shares, or interests of any kind in AlBhaha or Elegant Centers. Colliers International has given its written consent to publish its statement, name and logo in this Prospectus and has not withdrawn such consent at the date of the Prospectus.

17-1-6 Century 21 Saudi (Real Estate Appraiser)

The team of Century 21 Saudi, which participated in the evaluation of the real estate of Elegant Centers, consists of members of university degrees and have an appraisal membership of the Saudi Organization of Accredited Appraisers of Saudi Arabia and each have practical experience in the same field. Century 21 Saudi, its owner, its team, or any of their relatives, do not own stocks, shares, or interests of any kind in AlBhaha or Elegant Centets. Century21 Saudi also gave its written consent to publish its statement, name and logo in this Prospectus and did not withdraw such consent at the date of the Prospectus.

17-1-7 Coldwell Banker (Real Estate Appraiser)

The team of Coldwell Banker, who is involved in the real estate appraisal of land of Elegant Centers, consists of members with university degrees and an appraisal membership from the Saudi Organization for Accredited Appraisers of Saudi Arabia, each of whom has practical experience in the same field. Coldwell Banker, its owner, its team or any of their relatives do not own any stocks, shares, or interests of any kind in AlBhaha or Elegant Centers. Coldwell Banker also gave its written consent to publish its statement, name and logo in this Prospectus and did not withdraw such consent.

17-1-8 National Real Estate Group (Real Estate Appraiser)

The team of National Real Estate Group, which is involved in conducting the real estate appraisal of the land of Elegant Centers, is composed of members with university degrees, and an appraisal membership from the Saudi Organization for Accredited Appraisers of Saudi Arabia and each has practical experience in the same field. National Real Estate Group, its owner, its team or any of their relatives do not own any stocks, shares, or interests of any kind in AlBhaha or Elegant Centers. National Real Estate Group also gave its written consent to publish its statement, name and logo in this Prospectus and did not withdraw such consent on the date of the Prospectus.

17-1-9 Arabian Designer of Architectural Engineering (Engineering Consultant)

The team of Arabian Designer of Architectural Engineering, who supervised the progress of the work to execute and complete the construction of the commercial complex (University Plaza) located on the land of Elegant Centers, consists of members holders of appropriate scientific certificates, and each have practical experience in the same field. Arabian Designer Architectural Engineering, its owner, its team, or any of their relative, do not own stocks, shares, or interests of any kind in AlBhaha or Elegant Centers. Arabian Designer of Architectural Engineering also gave its written consent to publish its statement, name and logo in this Prospectus and did not withdraw such consent on the date of the Prospectus.

17-1-10 Evaluation of real estate appraisers of the land of Elegant Centers

Century21 Saudi, Coldwell Banker and National Real Estate Group have carried out an appraisal of the land owned by Elegant Centers located in Riyadh, according to the accepted professional standards. The result of the final valuation was as shown in the following table:

(17-1) Table: Results of appraisal of the real estate appraisers of land owned by Elegant Centers

Name of the appraisal company	Date of appraisal report	Square meter price (SR)	Value of land (SR)	Methodology of valuation
Coldwell Banker	19/09/2016	6.766	97.284.518	Calculate the cost value The remaining method Analyze and segment the land financially Market comparison
Century21 Saudi	06/09/2016	6.500	93.465.385	Comparison method index
National Real Estate Group	28/09/2016	6.600	94.903.314	According to the following principles: The importance of the site Current market prices The estimated value is subject to a standard deviation of up to 10% by increasing or decreasing
Averege		6.622*	95.217.739	

Source: Real Estate Appraisal Reports

* The price per square meter was rounded to the nearest integer

The following is a detailed methodology for reaching the value of the land by each of the three real estate appraisers mentioned above:

- **Coldwell Banker:**

The land was appraised in four ways:

1. Method of cost calculation: This method is based on the cost of land and construction to reach the value of the property estimated. The cost of the land and the building is estimated and the depreciation ratio of the building is deducted from the total value, in addition to the consideration of the maintenance work and the repairs made to the building during the operating periods.

This method is based on an appraisal of the value of the plot of land in which the property is located as vacant land and according to current market prices at the time of valuation. The cost of constructing an alternative building corresponding to the appraised building/valuation is calculated according to current costs. We refer here that methods of estimating the alternative building are numerous and the most appropriate method is determining the cost of building a square meter in the construction market, then this cost is multiplied by the total area of construction. The depreciation rate is then estimated if the building in question is one year old or more. The depreciation factor is then deducted from the estimated cost of the alternative building, after which the cost of the construction is added to the estimated value of the land, the total of which is the cost of the appraised property. Given the nature of real estate, some realtors consider that a profit margin should be added to the above sum in order to reach a realistic market value for the appraised property, provided that the appraiser estimates this profit margin according to market conditions.

Based on this method, the value of the land was estimated at 97.545.509 SR or 6.784 SR per square meter.

2. Method of residual value: divided into two parts, the first of which is the development value and the second is the development cost calculation. Through these two parts the price per square meter of land is reached. The method of residual value depends on the assumption of the best project to be held on the site or land to be evaluated so that the project is authorized by the competent governmental authorities concerned and be a real estate project. All numbers used in this method must be completed from the real estate market or directly related economic and commercial entities. According to this method, the value of the land is 96.813.195 SR, i.e. at a price of 6.733 riyals per square meter.

3. Analyzing and segmenting the land financially: The method of financial analysis of the site depends on the actual data and the knowledge of the local market where all selling prices are determined by the neighboring sites and their percentages are determined according to the classification of the competent authorities such as the municipality and the municipalities, calculation of future development value of the site, services and waste percentage, and determination of the actual value before and after development and then reach the specified price of the site to be evaluated. Based on this method, the total value of the land amounted to 97.359.776 SR, which means that the price per square meter is 6.771 SR.
4. Market comparison: The method of market comparison depends on the choice of sold properties so that the comparison between these properties and the property to be valued provided that these are similar properties in the same area or neighborhood and be close to the specifications and uses of the property to be valued and to be compared in the different elements between the two properties. Similar properties must have been sold a short time ago. It is noted here that there is no precise definition of the period during which the comparative properties were sold but generally one to three years is considered an appropriate period. If it is difficult to have a property similar to the property to be evaluated, the strengths, weaknesses and other characteristics of both properties should be considered so that the evaluation process is fair. This method can be used to evaluate the built-up properties as well as the land space.
The value of the land according to this method is estimated at 97.060.208 SR i.e. 6.750 SR per square meter.
After calculating the value of land according to one of the above methods, different relative weights were chosen as follows: value of the property by cost calculation (35%), the value of the property in the residual value method (20%), the value of the property by analysis and land segmentation (35%), and the value of the property by market comparison (10%). As a final result, the value of the land according to Coldwell Banker's valuation was 97.284.518 SR or 6.766 SR per square meter.
Based on this evaluation, the value of Elegant Centers will be: 147.124.244 riyals, which is the value of the land mentioned in addition to the capital of 50.000.000 SR and less accumulated losses as of 31 December 2016 which is 160.274 riyals.

- **Century 21:**

The price level of real estate in the surrounding area was studied and the current prices offered to these properties were used. A field survey and survey of recent selling prices were recently conducted for plots of land and land space prices were extracted from the values of the properties sold, and these prices were then taken as indicators of value. To reach the land value, the average of these prices was taken. The fair market value of the land according to the appraisal of Century 21 was about 93.465.385 SR, i.e., the price of 6.500 riyals per square meter, where the price per square meter of commercial land on the university street ranges from 7000 to 8000 riyals per square meter.
Based on this valuation, the value of Elegant Centers will be: 143.305.111 SR which is the value of the land mentioned in addition to the capital of 50.000.000 SR and less the accumulated losses as of 31 December 2016 which is 160.274 SR.

- **National Real Estate Group:**

As mentioned above, the method of market comparison depends on the choice of properties sold so that these properties are compared with the property to be valued provided that these similar properties in the same area or neighborhood and be close in their specifications and uses of the property to be valued and to be compared in different elements between the two properties. Similar properties must have been sold a short time ago. It is noted here that there is no precise definition of the period during which the comparative properties were sold but generally one to three years is considered an appropriate period. If it is difficult to have a property similar to the property to be evaluated, the strengths, weaknesses and other characteristics of both properties should be considered so that the evaluation process is fair. This method can be used to evaluate the built-up properties as well as the land space.
According to National Real Estate Group, the value of the land is 94.903.314 SR or 6.600 SR per square meter.
Based on this valuation, the value of Elegant Centers will be 144.743.040 SR, which is the value of the land mentioned above plus the capital of 50.000.000 SR, less the accumulated losses as of 31 December 2016, namely 160.274 SR.
The following is an aerial image of the land owned by Elegant Centers, which is located on the university street in Malaz quarter, Riyadh:

17-2 Evaluation of the Financial Advisor

Al Dukheil Financial Group reviewed the results of the market study, due diligence and reports of real estate appraisers, and reviwed the financial prospects of Elegant Centers prepared by Elegant Centers management and reviewed by KPMG Al Fouzan & Partners Co and Al Dukheil Financial Group to make sure of the reasonableness and adjusted as necessary, note that Elegant Centers management remains responsible for those prospects. And then the Al Dukheil Financial Group made financial assessment of the work of Elegant Centers as of 31 December 2016 in accordance with generally accepted professional standards. Where Elegant Centers were evaluated based on the company's net asset value method, due to the lack of start of operations of the company and the lack of income at the moment.

According to this valuation method, it became clear through the study and analysis of the financial statements of Elegant Centers that the company has current assets amounting to 31.330.684 SR and non-current assets amounting to 115.981.653 SR, and the current liabilities amounting to 2.254.873 SR.
Based on all the above, the value of the company's assets are 147.312.337 riyals and total liabilities 2.254.873 riyals. Thus, the fair value of the company according to the method of net asset value is (145.057.464) SR only. The following table details the financial valuation of Elegant Centers and the value agreed between the parties to the acquisition:

(17-2) Table: Fair market value of Elegant Centers (SR)	
Cash at banks	30.570.191
Other receivables	760.493
Total current assets	31.330.684
Property and equipment	16.602
Lands	95.217.738
Construction	20.747.313
Total non-current assets	115.981.653
Total assets	147.312.337
Total liabilities	2.254.873
Value of Elegant Centers as a whole	145.057.464
Value of Elegant Centers agreed to between the two parties	145.000.000
Value of one share (SR/share)	29

Source: Audited financial statements of Elegant Centers as of 31 December 2016 and Al Dukheil Financial Group analyses
It should be noted that, despite its investigation of the professional standards recognized in the evaluation process, Al Dukheil Financial Group has not independently verified (and has no responsibility or obligation to undertake any independent investigation) of such information or to determine its accuracy or completeness. Consequently, it disclaims any liability that may arise from the inaccuracy or incompleteness of such information.
The net asset value method was used as Elegant Centers did not yet start operations, as it is expected to happen in the first quarter of 2017.
It is worth mentioning that Elegant Centers uses a large part of its cash balance with the bank 25.286.640 to build the commercial complex (University Plaza).

17-2-1 Value of Elegant Centers based on the analysis of the financial advisor to evaluate each property appraiser:

The following table shows the value of Elegant Centers based on the analysis of the financial advisor to evaluate each real estate appraiser as well as their value based on the financial advisor's assessment and the number of stocks to be issued in the light of each assessment and the rate of increase in the resulting capital:

(17-3) Table: Value of Elegant Centers based on the analysis of the financial advisor to evaluate each real estate appraiser

	Coldwell Banker	Century21	National Real Eastate Group	Al Dukheil Financial Group
Land value	97.284.518*	93.465.385**	94.903.314***	95.217.738****
Capital	50.000.000	50.000.000	50.000.000	50.000.000
Accumulated losses as of 31 December 2016	160.274	160.274	160.274	160.274
Total value of Elegant Centers (representing equity to be acquired)	147.124.244	143.305.111	144.743.040	145.057.464
Number of stocks to be issued	14.712.424	14.330.511	14.474.304	14.505.746
Increase percentage in the company’s capital before acquisition	98.08%	95.54%	96.50%	96.70%
Increase percentage in the company’s capital after acquisition	49.52%	48.86%	49.11%	49.16%
Book value duplicate (time)	1	1	1	1

Source: Real Estate Valuation Reports and Al Dukheil Financial Group Analysis.

* Land value based on the valuation of Coldwell Banker.
** Land value based on Century 21 valuation.
*** Land value based on the valuation of National Real Estate Group.
**** Average land value based on the valuation of each real estate appraiser and based on the audited financial statements of Elegant Centers

18- Final agreement

18-1 Agreed value for Elegant Centers

After the independent members of the acquisition of AlBhaha Investment & Development Co. reported on the results of the valuation by Al Dukheil Financial Group and other related reports, namely the three land valuation reports, these independent members began negotiating with the owners of Elegant Centers to reach the final value of the acquisition. After the negotiation process, the two parties agreed that the value of the shares of Elegant Centers would be set at 29 SR per share. For further clarification, the acquisition takes into account the total value of Elegant Centers as an establishment rather than as a land value only. The value of Elegant Centers was calculated as follows:
1- Land value: 95.217.738 SR.
2- Capital: 50.000.000 SR.
3. Accumulated losses as of 31 December 2016: (160.274 SR)
Accordingly, the total value of Elegant Centers is 145.057.464 SR, but the final agreement between the two parties is that the value of the Elegant Centers is 145.000.000 SR. The following table details the agreed value of Elegant Centers:

(18-1) Table: Agreed value of Elegant Centers	
Total number of shares of Elegant Centers (share)	5.000.000
Value per share (SR/share)	29
Value of the company as a whole (SR)	145.000.000

Source: Acquisition Contract

Based on this agreed value, the profitability duplicate of Elegant Centers becomes as follows:

(18-2) Table: Profitability duplicate of Elegant Centers based on the agreed share value		
	2016	2017*
Agreed value per share (SR)	29	29
Return on share (SR)	(0.01)	1.13
Profitability duplicate (time)	N/A*	25.62

Source: Acquisition Contract and Financial Advisor Analysis.

* Since the number is negative, it has no meaning as profitability duplicate and therefore does not apply.
** The current situation as of 31 December 2016 was compared to the future situation of 2017 because Elegant Centers will start operating in 2017 and therefore 2016 data may not reflect the true picture of returns and profitability duplicate.
The following is the book value duplicate based on the agreed value of Elegant Centers:

(18-3) Table: Book value duplicate of Elegant Centers based upon the agreed share value		
Description	2016	2017*
Agreed value per share (SR)	29	29
Book value per share (SR)	28.97	30.27
Book value duplicate (time)	1.00	0.96

Source: Acquisition Contract and Financial Advisor Analysis.

* The current situation as of 31 December 2016 was compared to the future situation of 2017 because Elegant Centers will start operating in 2017 and thus 2016 data may not reflect the true picture of returns and profitability duplicate.

18-2 The agreed value of AlBhaha and the rate of exchange of stocks

Due to the discontinuation of the trading of AlBhaha's stocks and the absence of its operations, there is no official market price to establish the value of AlBhaha. Therefore, the financial advisor evaluated the company based on the net asset value as of 30 September 2016 due to the absence of operations and the lack of income at the current time. The company was valued at 6.194.574 SR, equivalent to 0.41 SR per stock, because the total liabilities exceed the total assets owned by the company. After the negotiation process, and since new stocks cannot be issued by AlBhaha at a price lower than the nominal value of the stock, it was agreed between the two parties that the value of AlBhaha's stock price will be determined at the nominal value per stock of 10 SR per stock.

(18-4) Table: Agreed value of AlBhaha	
Total number of stocks of AlBhaha (stock)	15.000.000
Value of stock (SR/stock)	10
Value of the company as a whole (SR)	150.000.000

Source: Acquisition Contract and Financial Advisor Analysis
The average stock exchange rate between AlBhaha and Elegant Centers is 2.9 stocks in AlBhaha per share in Elegant Centers, bringing the total number of stocks to each stockholder to the nearest number.
The following is a table summarizing the agreed value per stock in AlBhaha and per share in Elegant Centers and stock exchange rate:

(18-5) Table: Stock exchange rate between ABhaha and Elegant Centers	
Agreed value per share in Elegant Centers (SR)	29
Agreed value per stock in AlBhaha (SR)	10
Stock exchange rate (number of stocks issued in AlBhaha for each share of Centers)	2.9

Source: Acquisition Contract and Financial Advisor Analysis

18-3 Stocks to be issued

The following table summarizes how to calculate the value of the acquisition as a whole and the number of stocks to be issued:

(18-6) Table: Value of acquisition	
a) Total number of shares of Elegant Centers (share)	5.000.000
b) Stock exchange rate (number of stocks issued in AlBhaha for each share of Centers)	2.9
c) Number of stocks to be issued by AlBhaha (stock)=(a*b)	14.500.000
d) Stock issue price of AlBhaha (SR/stock)	10
e) Total value of stocks to be issued by AlBhaha (SR)=(c*d)	145.000.000

Source: Acquisition Contract and Financial Advisor Analysis

The new stocks will be issued as follows:

- All new stocks arising from the increase in the capital of AlBhaha will be used as an in-kind consideration for owners of Elegant Centers for acquisition by AlBhaha.
- There is no cash transaction for this new issue of stocks.
- All stocks to be issued shall be of ordinary class with a nominal value of 10 SR per stock. The issue price of the stock will be identical to the nominal value of the stock with (10) Saudi riyals per stock.
- AlBhaha Capital will be increased by 145.000.000 SR representing the nominal value of the stocks to be issued.
- The current capital of the company is 150.000.000 SR and the capital of the company will become 295.000.000 SR after the increase, with an increase of 145.000.000 SR. The number of stocks currently being issued is 15.000.000 stocks. The number of issued stocks will be 29.500.000 fully paid, with an increase of 14.500.000 stocks representing 96.66% of the stocks currently being issued (i.e. before the acquisition). This increase represents 49.15% of the total issued stocks after the capital increase. Thus, the current stocks (before the acquisition) represent approximately 50.85% of the total number of stocks issued after the capital increase.
- The holders of stocks to be issued will have all the rights and obligations of all existing stockholders included in the Company's Articles of Association prior to the acquisition without modification.
- After completion of the acquisition, all stockholders of AlBhaha will have the right to the full profits of Elegant Centers of 2017 and beyond. Similarly, the holders of the new stocks to be issued will have the right to share of these stocks from AlBhaha's profits for 2017 and beyond.
- The cost of arranging the acquisition and issuance of new stocks amounted to approximately 3 million SR represented in the fees of consultants, real estate appraisers, accountants, stock issuance fees and other administrative expenses.

(18-7) Table: Percentage of current and new stocks in AlBhaha after completion of the acquisition		
Description	Number of stocks	Ownership percentage after capital increase *
Current stocks	15.000.000	50.85%
Stocks to be issued for selling partners in Centers	14.500.000	49.15%
Total	29.500.000	100%

Source: Acquisition Contract and Financial Advisor Analysis

* Note: All percentages mentioned in the table above are rounded

18-4 The assumued effect of the acquisition on AlBhaha's financial results

Dr. Abdulqader Banqa and Partners-United Accountants (RSM) has audited the proforma consolidated financial statements to reflect the possible material impact on the financial statements of AlBhaha for the fiscal year 2016 if the acquisition took place on January 01, 2016, in accordance with the accounting standards approved by the Saudi Organization for Certified Public Accountants (please see Annex No. 23-3 of this Prospectus). AlBhaha's acquisition of Elegant Centers in 2016 is assumed in return for an increase in the capital by 145.000.000 SR. Accordingly, the capital of AlBhaha after acquisition is 295.000.000 riyals. The following table shows the balance sheet as of 31 December 2016 of AlBhaha and Elegant Centers, as well as the audited consolidated proforma balance sheet statement for the same year:

(18-8) Table: Balance sheet statement of AlBhaha and Elegant Centers and the consolidated proforma statements of both companies			
	For the fiscal year ended 31 December 2016		
	AlBhaha	Elegant Centers	Consolidated proforma
Assets			
Total current assets	17.967.837	31.330.684	49.298.521
Total non-current assets	80.954.355	115.981.653	196.936.008
Total assets	98.922.192	147.312.337	246.234.529
Liabilities			
Total current liabilities	94.881.430	117.075	97.136.303
Total non-current liabilities	83.603	-	83.603
Total liabilities	94.965.033	117.075	97.219.906
Stockholders' equity			
Capital	150.000.000	50.000.000	295.000.000
Capital grants	39.323.988	-	39.323.988
Grants from partners	-	95.217.738	-
Accumulated losses	(185.366.829)	(160.274)	(185.309.365)
Total stockholders' equity	3.957.159	145.057.464	149.014.632
Total liabilities and stockholders' equity	98.922.192	147.312.337	246.234.529

Source: Audited financial statements of AlBhaha and Elegant Centers for the fiscal year ended 31 December 2016, and the audited consolidated proforma statements of AlBhaha for the fiscal year ended 31 December 2016

The following table shows the income statement as of December 31, 2016 for AlBhaha and Elegant Centers as well as the consolidated proforma income statement of for the same year:

(18-9) Table: Income statement of AlBhaha and Elegant Centers and the consolidated proforma statements of both companies			
	For the fiscal year ended 31 December 2016		
	AlBhaha	Elegant Centers	Consolidated proforma
Revenues	8.881.221	-	8.881.221
Revenue cost	(8.271.420)	-	(8.271.420)
Total profit	609.801	-	609.801
General and administrative expenses	(580.727)	(270.784)	(851.511)
Depreciations	-	(4.581)	(4.581)
Other revenues	-	233.182	332.829
Net profit/loss of the year before zakat	29.074	(42.183)	86.538
Zakat	(727)	-	(727)
Net profits/losses of the year	28.347	(42.183)	85.811

Source: Audited financial statements of AlBhaha and Elegant Centers for the fiscal year ended 31 December 2016, and the audited consolidated proforma statements of AlBhaha for the fiscal year ended 31 December 2016

The table below shows a comparison of certain financial indicators based on the audited financial statements for the fiscal year ended 31 December 2016 for AlBhaha and Elegant Centers, as well as the consolidated proforma statements for the same year:

(18-10) Table: Assumued effect of acquisition on certain financial indicators of AlBhaha		
	For the fiscal year ended 31 December 2016	
	AlBhaha	Proforma consolidated
Growth revenue rate (%)	60.84%	60.84%*
Asset turnover rate (time)	0.090	0.036
Gross profit to revenues rate (%)	6.87%	6.87%
Net profit to revenues rate (%)	0.32%	0.97%
Return on equity rate (%)	0.72%	0.06%
Earnings per share from main operations (SR)	0.002	(0.008)
Earnings per share from net profit (SR)	0.002	0.003
Total liabilities to total assets rate	96.00%	39.48%
Total liabilities to total stockholders' equity rate	2399.83%	65.24%

Source: Analysis of the Financial Advisor of the audited financial statements of AlBhaha for the fiscal year ended 31 December 2016 and the audited consolidated proforma financial statements of AlBhaha for the fiscal year ended 31 December 2016

*Note: Revenue growth rate in the consolidated proforma financial statements is consistent with AlBhaha's revenue growth rate as Elegant Centers did not achieve any revenues in 2016 as it is expected to commence operations during the first quarter of 2017.

As shown in the above table, the acquisition will improve some of AlBhaha's financial indicators in 2016 assuming that the acquisition took place on 01 January 2016. All financial indicators of AlBhaha are expected to improve significantly in 2017 and subsequent years due to the fact that the operations of Elegant Centers will begin during the first quarter of 2017. However, there is no assurance of this happening. The following is a brief explanation of the improvement and decline in some of these indicators:

18-4-1 Revenue growth rate

It is worth mentioning that there was no impact of Elegant Centers on AlBhaha's revenues on the assumption that the acquisition took place in 2016, as Elegant Centers has not yet started operations. Operations of Elegant Centers are expected to start on 28 February 2017.

18-4-2 Net profit to revenues rate

The improved net profit to revenues rate for the year 2016 is reflected in the table of performance indicators, as AlBhaha has achieved a net profit of 85.811 SR in 2016 assuming that the acquisition took place during 2016. Other revenues increased by 332.829 SR as a result of other revenues generated by Elegant Centers in 2016 and revenues generated from the acquisition. This is expected to increase in 2017 as a result of revenues and expected profitability of Elegant Centers by the end of this year.

18-4-3 Asset turnover rate

It is noted that the turnover of assets during the year 2016 is decreased, assuming that the acquisition took place during 2016, from 0.09 times to 0.04, as a natural result because the increase in the assets of Elegant Centers acquired was not against an increase in revenues as Elegant Centers did not commenced its operations and therefore has not generated any revenues during the year. However, after the start of operations of Elegant Centers, it is expected to improve the turnover of assets in 2017.

18-4-4 Earnings per share of main operations

Earnings per share will be negatively impacted on the assumption that the acquisition took place in 2016 due to the losses suffered by Elegant Centers during this year. Earnings per share from main operations are expected to improve significantly in 2017 when the company starts operating the commercial complex (University Plaza).

18-4-5 Earnings per share from net profit

In contrast to the earnings per share of the main operations, it is noticeable that the earnings per share from the net profit increased assuming that the acquisition took place in 2016 as a result of the net profit achieved by the company after the acquisition of Elegant Centers during this year. Earnings per share are expected to improve significantly in 2017 and beyond years after the operation of Elegant Centers.

18-4-6 Total liabilities to total assets rate

It is noted that total liabilities to total assets rate has improved on the assumption that the acquisition took place in 2016, which will decrease from 96.0% to 39.5% during 2016, where AlBhaha will benefit from the assets of Centers to improve its financial position.

18-4-7 Total liabilities to total stockholders' equity rate

Due to the accumulated losses of AlBhaha in previous years, total liabilities rate exceeds total stockholders' equity. It is noticeable that this rate has improved on the assumption that the acquisition took place in 2016 and will fall to 65.24% during 2016. The decline is expected to continue in 2017 due to the improved status of the company's assets, as well as improved net income for the company in 2017 and beyond.

18-5 Board of Directors Resolution

The Board of Directors of AlBhaha issued a resolution on 11/01/1438AH (after excluding the parties involved in the acquisition, namely: Mr. Mohammed AlHammadi, Mr. Abdulaziz AlHammadi and Mr. Ibrahim Bin Kolaib) by recommendation to the Extraordinary General Meeting to approve the full acquisition of Elegant Centers, to approve the capital increase by issuing 14.500.000 ordinary stocks with a nominal value of 10 riyals per stock to complete the acquisition, and to approve the amendment to Article (7) of the Company's Articles of Association for capital determination (Please see Annex No. 24-1: Invitation to attend Extraordinary General Meeting to stockholders of the Company). The vote on this resolution was limited to AlBhaha's Board of Directors on the independent parties for the acquisition:

(18-11) Table: Directors of AlBhaha who voted on the acquisition

S.N.	Name
1	Prince Fahd Bin Mushari Bin Abdulmehsen Al Saud
2	Mishal Mohammed Mufti
3	Ziad Mohammed Al-Umr
4	Dr. Hatim Abdullah AlGhamidi
5	Saad Hamad Bin Saif

Source: Minutes of Board of AlBhaha

18-6 Distribution of new stocks

Following the completion of the capital increase and the issuance of the stocks to be issued, the issued stocks will be distributed to the stockholders of Elegant Centers each according to its ownership in that company in return for AlBhaha's acquisition of Elegant Centers in full. The following are tables with the number of stocks that will be issued to each selling stockholder in Elegant Centers when the acquisition is completed:

(18-12) Table: Distribution of new stocks to partners of Elegant Centers

Existing stockholders of Elegant Centers	Number of current shares in Elegant Centers	Ownership percentage in Elegant Centers	Number of compensation stocks issued by AlBhaha
Mohammed Saleh AlHammadi	375.000	7.5%	1.087.500
Nada Mohammed AlRajhi	400.000	8%	1.160.000
Fahd Mohammed AlHammadi	400.000	8%	1.160.000
Abdulaziz Mohammed AlHammadi	400.000	8%	1.160.000
Khalid Mohammed AlHammadi	400.000	8%	1.160.000
Saleh Mohammed AlHammadi	400.000	8%	1.160.000
Abdulaziz Saleh AlHammadi	475.000	9.5%	1.377.500
Fahdah Ahmed AlDahesh	475.000	9.5%	1.377.500
Abdullah Abdulaziz AlHammadi	475.000	9.5%	1.377.500
Saleh Abdulaziz AlHammadi	475.000	9.5%	1.377.500
Ahmed Abdulaziz AlHammadi	475.000	9.5%	1.377.500
Ibrahim Abdullah Bin Kolaib	250.000	5%	725.000
Total	5.000.000	100%	14.500.000

Source: Acquisition Contract and Analysis of Financial Advisor

Under Article 13 of the Merger and Acquisition Regulation, and as the owners of Elegant Centers will jointly hold more than 30% of the stocks of AlBhaha after the completion of the acquisition transaction in this Prospectus and thus jointly hold more than 30% of the voting rights in AlBhaha, they have the right to make an offer, in accordance with the relevant provisions of the Merger and Acquisition Regulation, to the owners of any quantity of the capital shares of AlBhaha Company, and an equal offer shall be made to the different categories of capital shares and the Authority shall be consulted in advance. However, the owners of Elegant Centers will not make an offer for any additional stocks in AlBhaha. Under Article 13, paragraph (c) of the said regulation, if the owners of Elegant Centers choose not to make an offer, they may not - without the prior approval of the Authority and under the terms determined by them for a period of two years from the date of the acquisition requiring the application of this Article - any of the following:

a) Acquire other stocks in AlBhaha.
b) Dispose any of their stocks in AlBhaha.
c) Cooperate with any other person in respect of an offer to AlBhaha

18-7 Summary of the acquisition contract

On Wednesday, 08/03/1438AH (corresponding to 07/12/2016), the acquisition contract was signed between the partners of Elegant Centers (referred to as the sellers) and AlBhaha (referred to as the buyer) and represented in the signing of this contract by Mr. Ziad Al-Umr, Director, CEO and President of the Rescue and Acquisitions Committee – and Mr. Mishal Mufti - Director, Member of the Rescue and Acquisition Committee and Financial Manager – being authorized by the Board of Directors. The following is a summary of the main clauses of the acquisition contract:

Introduction:

(a) Sellers hold all of the shares in Elegant Centers Co. Ltd., a limited liability company established in the Kingdom of Saudi Arabia under the Commercial Register in Riyadh No. 1010428696 dated 18/02/1436AH and its head office in Riyadh. (Hereinafter referred to as "the Company").

(b) In accordance with the terms of this Contract, each Seller of Centers wishes to sell its shares referred to in Table 15-1 and the Buyer wishes to purchase such shares. The shares of the partners of Elegant Centers sold under the terms of this contract will be referred to collectively as "sold shares" and individually as "sold share".

Therefore, the Parties, in their full capacity, have agreed to conclude this contract in accordance with the following conditions:

1- Preamble

The Preamble and Annexes shall be an integral part of this Contract.

2- Sale and purchase of shares

2-1 In accordance with the terms and conditions of this contract, the sellers sold the sold shares referred to in Table 18-12 and the buyer agreed to buy the sold shares free of any mortgages with their rights and liabilities on the date of this contract or any subsequent date.

The sale and purchase are effective from the date of this contract.

2-2 Each seller undertakes, warrants and confirms that:

(a) he has the right to sell the shares;

(b) he shall at his own expense undertake all necessary procedures for the transfer of ownership of his shares sold to the Buyer free of any mortgage or obligation, provided that the sold shares are transferred with their rights on the date of this contract or any subsequent date;

(c) Shares sold are free of any mortgage or obligation.

2-3 Mortgage or Obligations mean any mortgage, pledges or financial or credit liabilities or liability, transfer of rights by way of security, title acquisition by way of security, title, preemptive right of, set-off right, claims, other security right, restrictions or any other agreement that gives or leads to mortgages or obligations.

2-4 Each Seller waives his preemptive right to Sold Shares and waives any other rights, which have been given to him under the Memorandum of Association or the Companies Law or under a contract or otherwise, that preclude the transfer of ownership of the Sold Shares. In accordance with the terms of his powers, each seller undertakes to sign all documents and decisions to waive his preemptive right in accordance with the Memorandum of Association or the Companies Law or under contract or otherwise.

3- Pay the purchase value

3-1 The Buyer will pay the Sellers in return of Sold Shares, in accordance with the terms of this Contract, an amount of 145.000.000 SR (hereinafter referred to as the "Purchase Value"), provided that the purchase price is paid in full by issuing fully paid up stocks in the capital of the Buyer to each Seller to be free from any mortgage or obligation, as specified in Table 15-4. The new stocks of the buyer's capital are collectively referred to as the "New Stocks" and individually as the "New Stock".

4- Seller undertakings before completing the procedures

4-1 From the date of this Contract until the completion of the procedures for the transfer of Sold Shares to the Buyer in accordance with Article 6 thereof, Sellers shall:

(a) Follow the activities of the Company in a normal manner;

(b) Submit all necessary reports and documents to government authorities and comply with all regulations, licenses and permits for the operations of the company or any of its assets;

(c) Fulfill and follow up the fullfilment of the Company's obligations with customers or suppliers in accordance with the terms of their contracts or applications.

4-2 From the date of this Contract until the completion of the procedures for the transfer of Sold Shares to the Buyer pursuant to Article 6, the Sellers shall undertake and confirm that they have not performed or the company has performed any of the following actions without the prior written consent of the Buyer:

(a) Increase or decrease capital or make any adjustments to the capital structure;

(b) Discharge or write off any debt or claim of the Company or sell or transfer any assets including the Company's properties (especially the land owned by the Company under deed No. 410123025944) dated 15/04/1436AH;

(c) Make any payments or conclude any contracts, or commit with any party, seller or any party related to the Sellers except:

1- Paying salaries of employees of the company.

2- Fees of other parties (including the fees of the financial advisor, the professional care legal advisor, the professional financial care advisor, the market study consultant, the feasibility study consultant, and the chartered accountants) and the governmental fees and charges incurred by the company in relation to the transfer of Sold Shares to the buyer;

3- Payments due to Abdullah Fahd Al-Midian Contracting Est., which is paid in accordance with the terms of the contract of contracting concluded with the company on 28/01/2016);

4- Lease or approve the lease or participate in the possession or ownership of part or all of the properties owned by the Company (especially the land owned by the Company under deed No. 410123025944 dated 15/04/1436AH) or purchase, lease or accept the possession of any properties.

5- Give any guarantee or guarantees for compensation by the company;

6- Approve the assumption of any capital obligations, loans, obligations or obligations outside the ordinary course of business of the Company;

7- Terminate any contract, obligation, understanding or waiver of material rights;

8- Initiate or settle any claims or arbitral claims;

9- Establish or approve the establishment of any mortgage or obligation on the sold shares or the assets or property of the company;

10- Declare or distribute the payment of any dividends;

11- Amend the Company's Memorandum of Association;

(a) Approve any resolution of partners or managers having an effect on the sold shares, capital or any of the company's assets; and

(b) Perform any act that may substantially affect or reduce any asset, property or goodwill of the company or the value of the sold shares;

4-3 The Sellers shall be responsible for:
(a) All tax and zakat costs for prior periods up to the date of transfer of shares sold in accordance with Article 6 of this Contract; and
(b) All tax and zakat costs incurred by sellers as a result of the disposal of the sold shares and which are owed by the company in the event that the sellers do not pay them;
4-4 The Sellers undertake to pay in cash all amounts or damages to the Buyer arising from losses, claims, expenses or amounts incurred by them or incurred by the Company as a result of the Sellers' breach of their obligations under Articles 2, 4-1, 4-2, and 4-3 of this Contract.
4-5 Without prejudice to Buyer's rights set out in Article 4-4 of this Contract, if:
(a) Any seller has breached its obligations under the contract;
(b) Any seller sold, disposed or transferred by any of the sold shares to another party; or
(C) The Company sold, transferred or disposed of in any of its assets or property, including the land owned by the Company under deed No. 410123025944 dated 15/04/1436 H.
Sellers will pay the buyer as a result thereof a fine of 1.450.000 SR payable upon request.
4-6 If the Buyer finds that, between the date of this Contract and the date of completion of the procedures for transferring sold shares to the Buyer in accordance with Article 6 below, the sellers or any of them are in breach of their obligations set out in articles 4-1 and 4-2, the Buyer shall have the right to terminate the Contract by written notice to the sellers and retain his rights as set out in paragraph 4-4 of this Contract.
4-7 If this Contract is terminated in accordance with Article 4-6 or 6-2, the Parties shall have no additional obligations (financial or otherwise) or the right to bring claims against each other under this Contract except Seller's obligations specified in Articles 4-4 and 4-5 of this Contract.

5- Regulatory approvals
5-1 Sellers shall obtain all necessary regulatory approvals for the transfer of the sold shares to the buyer, including the approval of the Ministry of Commerce and Investment ("the Ministry").
5-2 The Buyer shall obtain all necessary regulatory approvals for the issuance and listing of new stocks to Sellers, including the approval of the Ministry, the Capital Market Authority ("the Authority") and the Saudi Stock Exchange ("Tadawul").

6- Complete the procedures for transferring the sold shares
6-1 The procedures for the transfer of sold shares to the buyer shall be completed by the Notary Public in charge at the Ministry in Riyadh, in accordance with the date specified by the notary in charge at the Ministry in Riyadh and in accordance with what is agreed between the parties. Upon completion of the procedures, all parties will sign the partners' resolution according to the agreed formula and according to the amendments determined by the Ministry.
6-2 The Sellers and the Buyer have agreed that, if the transfer of the sold shares by 03/07/1438AH (corresponding to 31/03/2017) or any subsequent date agreed by the parties in writing is not completed, this Contract shall be terminated immediately without the need for notice.

7- Issue of new stocks
The issue of the new stocks to the sellers will be completed and listed in Tadawul after:
(a) Obtaining all necessary regulatory approvals from the Ministry, the Authority and Tadawul;
(b) Obtaining all necessary regulatory approvals for the Extraordinary General Meeting of the Buyer's stockholders to approve the acquisition of the sold shares and increase the capital to issue the new stocks to the Sellers; and
(c) Completing the procedures for the transfer of sold shares to the buyer, which confirmed by the resolution of the partners duly authenticated by the notary public in accordance with article 6 of this contract.

8- Assets and liabilities
8-1 The Parties agree that the Buyer will buy the sold shares including all the assets with the rights and the related liabilities.
8-2 The sellers acknowledge and confirm to the buyer that:
(a) Elegant Centers does not have any undisclosed assets or liabilities; and
(b) There are no judgments, orders, executive decisions or decrees issued by a government department or authority or arbitral tribunal pending execution or issuance by any seller or Elegant Centers and having a negative impact on them.

9- Notices
All notices, claims or communications under this Contract shall be in writing and duly presented on the day of receipt and at the place of delivery when delivered by hand, delivered by prepaid certified or registered mail, provided that in all cases it shall be addressed to the party concerned at the address indicated in the Preamble to this contract.

10- Applicable law
This contract is subject to the laws applicable in the Kingdom of Saudi Arabia and shall be interpreted accordingly. The parties agree that courts in Saudi Arabia shall have exclusive jurisdiction to consider any dispute arising out of or relating to this contract.

11- The universality of the contract
This contract constitutes the entire agreement between its parties regarding its subject matter and supersedes all previous agreements, correspondence and understandings, either orally or in writing.

12- Conclusion of counterparts
This contract may be concluded by the parties in any number of counterparts, each of which shall be considered as an original copy of the contract and shall constitute one contract.

13- Amendments
This contract may only be modified by written agreement signed by the parties to the contract.

14- Costs
Each Party shall bear the costs related to the drafting, discussion and signing of this Contract.

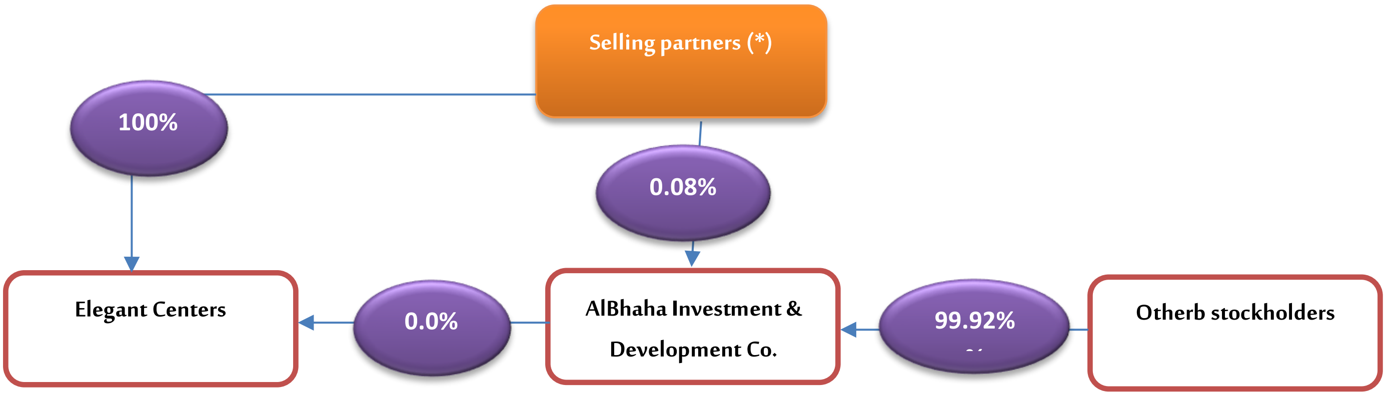
15- Waiver of contract
No party may waive any of its rights under this contract without the prior written consent of the other party.

16- Contract language
This contract has been made in English and Arabic. If there is any conflict between the two texts, the Arabic version will prevail over the English version.

19- Ownership structure

19-1 Ownership structure prior to acquisition

The following figure shows the ownership structure of AlBhaha and Elegant Centers prior to the acquisition. This figure illustrates ownership of selling partners in Elegant Centers to whom new stocks in AlBhaha are issued and ownership of other stockholders in AlBhaha to whom new stocks will not be issued:



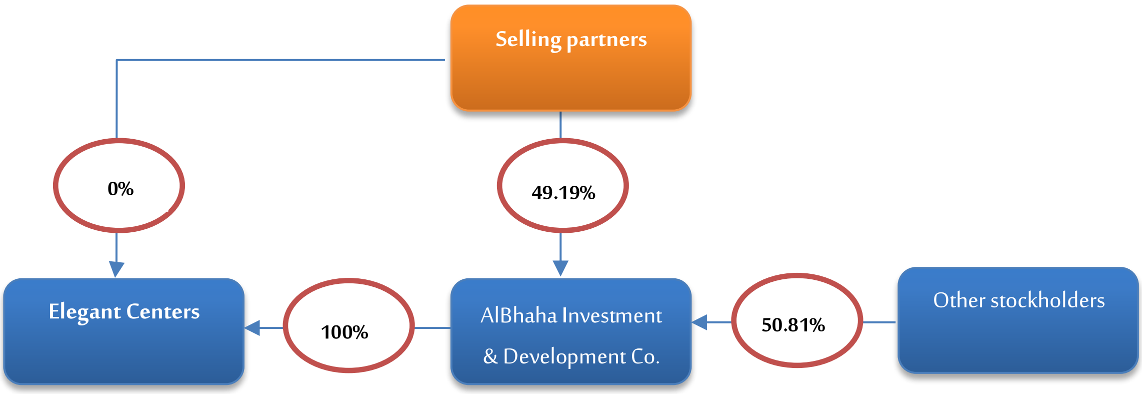
Source: Equity statements of the two companies

It is evident from the previous figure that the ownership percentage of AlBhaha's selling partners prior to the acquisition is 0.08%, while the remaining partners hold 99.92% of the stocks of the company. The figure shows that AlBhaha does not have any share in Elegant Centers.

* The selling partners are Mohammed Saleh AlHammadi, Nada Mohammed AlRajhi, Fahad Mohammed AlHammadi, Abdulaziz Mohammed AlHammadi, Khalid Mohammed AlHammadi, Saleh Mohammed AlHammadi, Abdulaziz Saleh AlHammadi, Fahdah Ahmed Al Dahash, Abdullah AAbdulaziz AlHammadi, Saleh Abdulaziz AlHammadi, Ahmed Abdulaziz AlHammadi, and Ibrahim Abdullah Bin Kolaib.

19-2 Ownership structure after acquisition

The following figure shows the ownership structure of AlBhaha and Elegant Centers after the acquisition, showing the direct ownership of selling partners in Elegant Centers to whom new stocks in AlBhaha will be issued and the ownership of other stockholders in Al-Baha to whom new stocks will not be issued:



Source: Equity statements of the two companies and the acquisition contract

The following figure illustrates the indirect ownership structure of Elegant Centers' partners in Elegant Centers after the acquisition:

Source: Equity statements of the two companies and the acquisition contract

It is evident from the two previous figures of ownership structure after the acquisition that the selling partners will not have any direct ownership in Elegant Centers, while they will indirectly own 49.19%, which is identical to their direct ownership in AlBhaha. As for the other stockholders of AlBhaha, they will not have direct ownership in Elegant Centers after the acquisition, while their indirect ownership will be 50.81% of the total shares of Elegant Centers. This is identical to their direct ownership in AlBhaha

20- Change in stock price due to capital increase

As the Company's stock is suspended from trading, the change in stock price cannot be calculated as a result of the capital increase. In general, the change in stock price depends on several factors, including but not limited to: the company's activity, profitability, transactions, inflation rates, overall performance of the economy, and the performance of the competitors, as well as the supply and demand equations of the stock.

The method of calculation of stock price after capital increase is as follows:

First: The market value of the company is calculated at closing on the extraordinary general meeting day, which is the number of stocks at the end of the day of the meeting multiplied by the closing price of the company's stocks on the day of the meeting.

Second: The stock price expected in the opening day of the day following the meeting day is the product of dividing the market value of the company at closing on the day of the meeting plus the value of the new stocks, on the number of stocks at the end of the day of the meeting plus the number of new stocks.

For example, if AlBhaha's stock is not suspended, assuming that the stock price at the end of the Extraordinary General Meeting is 15 SR, the stock price is expected to reach 12.54 SR in the next day's opening, and the change represents a decline in stock price of 16.38%.

This means that ownership in AlBhaha of the stockholders of AlBhaha who are other stockholders to whom new stocks will not be issued due to the increase in the capital issue subject matter of this Prospectus, will be reduced and they will be subject to a loss due to the decrease in the stock price resulting from this increase, if the company's stock is not suspended from trading.

The following table shows the calculation of AlBhaha's expected stock price on the assumption that the Company's stocks are not suspended and assuming that the stock price at closing at the end of the Extraordinary General Meeting is 15 SR per stock:

(20-1) Table: Expected price for the change in stock price of AlBhaha as a result of capital increase	
Number of stocks at the end of the extraordinary general meeting (a)	15.000.000 stocks
Assumed price for stock closing at the end of the extraordinary general meeting (b)	15SR per stock
Market value of AlBhaha on closing of the extraordinary general meeting (c) = (a) x (b)	225.000.000 SR
Value of new stocks (d)	145.000.000 SR
Number of new stocks (e)	14.500.000 stocks
Stock price expected at the opening of the day following the extraordinary general meeting (f) = {(c) + (d)} ÷ {(a) + (e)}	12.54SR/stock
Change (decrease) in stock price percentage	-16.38%

Source: Analysis of the financial advisor based on the assumption that the stocks of AlBhaha will not be suspended and the assumption that the stock price at the end of the extraordinary general meeting is 15 SR per stock

21- Next steps

21-1 Remaining procedures to complete the acquisition

To complete the acquisition of AlBhaha Investment & Development Co. of Elegant Centers Co. Ltd, the following procedures must be completed:

1- Offering a detailed prospectus for the issuance by AlBhaha of 14.500.000 new stocks in exchange for the acquisition of Elegant Centers after the approval of the Capital Market Authority on the prospectus.
2- The approval of the Capital Market Authority to convene an Extraordinary General Meeting of AlBhaha.
3- The Extraordinary General Meeting's vote on AlBhaha's recommendation to the Board of Directors to increase the capital for the purpose of the full acquisition of Elegant Centers and vote on the amendment of Article 7 of AlBhaha's Articles of Association regarding the determination of the capital.
4- Transfer of the ownership of the shares of the partners of Elegant Centers from the selling partners to the name of AlBhaha by 100%.
5- Issuing and registering the new stocks in AlBhaha in the names of the partners in Elegant Centers according to the number of shares agreed with them as mentioned in this Prospectus.
6- Amend the articles of association and commercial register of AlBhaha and other legal requirements, if any.

The acquisition is expected to be completed within 3 weeks of the approval of AlBaha's extraordinary general meeting for the acquisition and capital increase. After the acquisition the company's name will remain as is: AlBhaha Investment & Development Co., and AlBhaha's board of directors is expected to continue following the acquisition. The company's head office will remain in the city of Belgarshi in AlBaha area and has the same current address.

21-2 Timetable expected to complete the acquisition procedures

The following is the expected timetable of key events related to the acquisition. The dates in this table are approximate and any changes made to them will be announced via Tadawul website (www.tadawul.com.sa).

(21-1) Table: Timetable expected to complete the acquisition procedures	
Publication of the Prospectus	09/07/1438AH (corresponding to 06/04/2017)
The approval of the Capital Market Authority to convene an extraordinary general meeting of AlBhaha (the first meeting, provided that the second meeting is one hour after the end of the period specified for the first meeting - in the event of a quorum not present)	Within one week from the date of publication of the Prospectus
Invitation to the Extraordinary General Meeting of AlBhaha to vote on increasing the company's capital to acquire the full shares in the capital of Elegant Centers Co. (the first meeting, provided that the second meeting is one hour after the end of the period specified for the first meeting - in the event of a quorum not present), and the announcement of the invitation on the website of the Stock Exchange "Tadawul" and published in a daily newspaper.	Within 3 days from the date of approval by the Capital Market Authority of the convening of the Extraordinary General Meeting and before date determined to convene the extraordinary general meeting of at least 20 days.
Availability of documents available for inspection	The first business day after the date of convening the Extraordinary General Meeting until the last business day before the date of the meeting (between 8:30 am to 4:30 pm Sunday to Thursday, excluding public holidays in the Kingdom of Saudi Arabia), provided that such period shall not less than 20 days.
The remote voting period for AlBhaha stockholders to vote on the capital increase of the company to acquire full shares in the capital of Elegant Centers Co.	Before the extraordinary general meeting until 11 am on the day of the meeting, provided that this period shall not be less than four days.
Extraordinary General Meeting of AlBhaha	At least 22 days after the date of approval by the Authority for the convening of the Extraordinary General Meeting.
AlBhaha's announcement of the results of the Extraordinary General Meeting, or announcement of the non-convening of the Meeting (in case of quorum not present)	The results of the meeting (in case of quorum is present) will be announced on the Saudi Stock Exchange (Tadawul) website upon completion.
Approval by the Capital Market Authority of convening a third meeting of the Extraordinary General Meeting (if the quorum is not present at the first and second meetings)	Within one week from the date of the application for the convening of the third Extraordinary General Meeting.
Invitation to the Third Extraordinary General Meeting of AlBhaha (in the event of a quorum is not present at the first and second meetings)	Within 3 days from the date of approval by the Capital Market Authority of the invitation to hold the third meeting of the Extraordinary General Meeting.
The third Extraordinary General Meeting of AlBhaha (in case of a quorum is not present at the first and second meetings)	At least 10 days after the invitation to hold the Extraordinary General Meeting is published in the daily newspaper.
AlBhaha announces the results of the 3rd Extraordinary General Meeting (if held)	The results of the meeting will be announced on the Saudi Stock Exchange (Tadawul) website immediately upon completion.
Provide the Capital Market Authority with a copy of the minutes of the Extraordinary General Meeting	Within 10 days from the date of the Extraordinary General Meeting.
Publication of amendments to the Articles of Association in the Official Gazette before being officially amended by the Ministry of Commerce and Investment	Within one week from the date of the approval of the Extraordinary General Meeting to increase the capital of the company to acquire full shares in the capital of Elegant Centers Co.
Issuing and registering new stocks of AlBhaha	Within one week from the date of the approval of the Extraordinary General Meeting to increase the capital of the company to acquire full shares in the capital of Elegant Centers Co.
Amend AlBhaha's Articles of Association and Commercial Register	Within 3 weeks from the date of approval of the Extraordinary General Meeting to increase the capital of the company to acquire full shares in the capital of Elegant Centers Co.

Source: Management of AlBhaha

* Note: The dates shown in the table above are approximate dates, and any changes thereto will be announced on Tadawul website (www.tadawul.com.sa).

21-3 Required from stockholders

Existing stockholders to complete the acquisition shall:

1- Meet the invitation of the Board of Directors of AlBhaha Investment & Development Co. to hold the Extraordinary General Meeting (see Appendix No. 24-1: Invitation to attend the Extraordinary General Meeting of the stockholders of the Company) and complete the quorum for the meeting, which is completed by the attendance of number of stockholders representing 50% of the capital at least, and if it is not possible for the first time then by a number of stockholders representing at least 25% of the capital for the second time. However, the second meeting may be held one hour after the end of the period specified for the first meeting, provided that the invitation to hold the first meeting includes the announcement of the possibility to hold such meeting. If failed then an invitation is made for a third meeting, which shall be deemed to be valid regardless of the number of stocks represented therein, pursuant to Article (94) of the Companies Law. In case of non-attendance, another person other than the Company's Directors or its employees or who in charge to perform a technical or administrative work all the times on behalf of the Company shall be authorized by filling out the proxy form attached to this Prospectus (see Appendix No. 24-3: proxy form) and sign the same and approve the signature from the Chamber of Commerce or a bank or employer. In addition, the stockholders can vote remotely without having to attend the General Meeting through electronic voting service (tadawulaty) services system provided by Tadawul by sending SMS messages via mobile phone to invite the registered stockholders registered in tadawulaty service to access the service and voting site, where the stockholder will see the "electronic voting" service in the main menu of operations. The stockholder can register in the tadawulaty service electronically through his own stock trading account or visit his broker's branch. The registration on Tadawulaty website and the remote voting is available free of charge to all stockholders. For more information, visit http://tadawulaty.tadawul.com.sa.
2- Vote on the recommendation of the Board of Directors to increase the capital by 145.000.000 SR for the purpose of acquiring the full shares of the partners in Elegant Centers.
3- Vote on the amendment of Article 7 of the company's Articles of Association for the determination of capital to become 295.000.000 riyals instead of 150.000.000 Saudi riyals. (See Appendix 24-2: Voting Card)
4-

21-4 Management procedures after the acquisition

AlBhaha's management plans to undertake several internal procedures:

1. Review contracts with other parties for necessary amendments.
2. Carry out any other tasks that would make the best use of AlBhaha stockholders from the acquisition.
3. Appoint a full-time specialized administrative staff to manage the affairs of the company after the acquisition, represented by the CEO, Financial Manager, Director of Personnel and Stockholders.

22- Docuements available for inspection

The following documents will be available for inspection by the stockholders at the Company's head office at the Industrial Leather Factory Building, Al Farsha Street, Belgarshi, AlBaha area during official business days from Sunday to Thursday from 8:30 am to 4:30 pm, from the first business day after the date of the convening of the Extraordinary General Meeting until the last business day before the date of the Extraordinary General Meeting of the Company, provided that this period shall not be less than 20 days:

1. AlBhaha's articles of association and amendments thereto.
2. Commercial Register of AlBhaha.
3. The commercial register of Elegant Centers.
4. AlBhaha's Memorandum of Association.
5. Memorandum of Association of Elegant Centers and the amendments thereto.
6. AlBhaha Board of Directors' recommendation to increase the capital from 150.000.000 SR to 295.000.000 SR for the purpose of acquiring Elegant Centers.
7. Announcement by the Capital Market Authority.
8. Approval by the Capital Market Authority of the Extraordinary General Meeting of AlBhaha for approval of the capital increase.
9. The Extraordinary General Meeting of AlBhaha approval of the issue of stocks to increase capital for the purpose of acquisition.
10. AlBaha's Evaluation Report prepared by Al Dukheil Financial Group.
11. Evaluation Report of Elegant Centers prepared by Al Dukheil Financial Group.
12. Evaluation of the real estate assets study of Elegant Centers prepared by Coldwell Banker.
13. Evaluation of the real estate assets study of Elegant Centers prepared by National Real Estate Group.
14. Evaluation of the real estate assets study of Elegant Centers prepared by Century 21 Saudi.
15. Market study report prepared by Colliers International.
16. Economic feasibility study for the University Plaza project prepared by KPMG Al Fouzan & Partners.
17. Professional financial care report for Elegant Centers prepared by KPMG Al Fouzan & Partners.
18. Professional Legal Care Report for Elegant Centers prepared by Dr. Sultan Al Masoud & Partners Lawyers & Consultants in collaboration with Sherman & Sterling LLP.
19. Progress report on the commercial complex project of Elegant Centers, prepared by Arabian designer of Architectural Engineering.
20. Reports of the Board of Directors of AlBhaha.
21. The audited financial statements of AlBhaha for the years 2014, 2015 and 2016.
22. Report of the Chartered Accountant of AlBhaha Investment & Development Co. (Annex No. 6 of the Registration and Listing Rules).
23. The audited financial statements of Elegant Centers from the establishment until 31 December 2015 and for the year ended 31 December 2016.
24. The audited consolidated proforma statements of AlBhaha and Elegant Centers of 2016.
25. AlBhaha Capital Working Capital Sufficiency Report after acquisition prepared by KPMG Al-Fouzan & Partners.
26. The acquisition contract between AlBhaha and Elegant Centers.
27. Declarations of waiver of owners of Elegant Centers.
28. Letter of approval of the Competition Council.
29. Letters of consent for the inclusion of the name, logo and statement in this Prospectus by each of the following advisers:

a- Financial Advisor: Al Dukheil Financial Group.
b- Legal Counsel Sultan Al Masoud & Partners - Lawyers & Consultants in association with Sherman & Sterling LLP.
c- Professional Financial Care Consultant KPMG Al Fouzan & Partners.
d- Market Study Consultant Colliers International.
e- Real estate appraisers.
f- The engineering supervision consultant of the commercial complex of Elegant Centers.
g- Chartered Accountant of AlBhaha
h- Chartered Accountant of Elegant Centers.
i- Legal auditor of the consolidated proforma financial statements.

AlBhaha management will also be present and available to answer stockholders' questions during the provision of the above-mentioned available documents.

23- Chartered Accountant Report

23-1 Annex 1

Audited financial statements of AlBhaha Investment & Development Co.
Financial statements and the auditor's report for the fiscal year ended 31 December 2016
Crowe Horwath
A conservative opinion:
In our opinion, except for the effect of the order referred to in the above reservation clause, the financial statements referred to above:
1) The balance sheet of **AlBhaha Investment & Development Co.** (a Saudi Joint Stock Company) as of December 31, 2016, and the results of its operations and its cash flows for the year then ended, are fairly presented in all material respects in light of the presentation and disclosure of the information contained in the financial statements and in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia and appropriate to the conditions of the company.
2) Consistent with the requirements of the Companies Law and the Company's Articles of Association with respect to the preparation and presentation of the financial statements.
Attention:
With no other reservation in our opinion, we draw attention to Note 19 regarding the financial statements, which indicates that the Company has been subject to a final judgment in its case against Bright Modern as detailed in the Note.
Upon such decision, the Company has made a provision for meeting the losses arising from the asset swap agreement with Bright Modern amounting to 68.699.441 SR due to the issuance of the final judgment referred to by the Board of Grievances in Jeddah which approved the initial judgment issued by the Administrative Court in Jeddah, 2nd Commercial Department to dismiss the lawsuit filed by the company against Modern Bright and oblige the parties to the lawsuit to complete the execution of the contract concluded between them dated 6 February 2011.

Al Azem & Al Sudairy
Certified Public Accountants
(Signed and sealed)
Salman Bandar Al Sudairy
License No. (283)
2 Jumada I 1438AH (30 January 2017)
Riyadh, Kingdom of Saudi Arabia

Balance sheet statement as of 31 December 2016			
	Note	2016	2015
Assets			
Current assets			
Cash and cash equivelant	3	699.262	1.733.243
Receivables, net	4	8.354.362	7.097.865
Accounts receivable for property and equipment sale, net	5	8.542.906	8.542.906
Inventory, net	6	118.057	118.057
Prepayments and other receivables		253.250	13.367
Total current assets		17.967.837	17.505.438
Non-current assets			
Long-term investment, net	7	17.136.823	17.136.823
Taif land investment	8	9.000.000	9.000.000
Projects under construction	9	1.236.047	1.236.047
Property and equipement, net	10	53.581.485	53.581.485
Total non-current assets		80.954.355	80.954.355
Total assets		98.922.192	98.459.793
Liabilities and stockholders' equity			
Current liabilities			
Payables	11	5.700.533	4.322.064
Accrued expenses and other payables		2.333.966	2.289.063
Auction shares under settlement	12	10.886.424	10.891.749
Provisions	13	74.635.488	74.635.488
Zakat provision	14	1.325.019	1.824.292
Total current liabilities		94.881.430	93.962.656
Non-current liabilities			
Provision for employee end of service benefit	15	83.603	568.325
Total non-current liabilities		83.603	568.325
Total liabilities		94.965.033	94.530.981
Stockholders' equity			
Capital	16	150.000.000	150.000.000
Capital grants		39.323.988	39.323.988
Accumulated losses		(185.366.829)	(185.395.176)
Total stockholders' equity		3.957.159	3.928.812
Total liabilities and stockholders' equity		98.922.192	98.459.793

The accompanying notes from 1 to 22 are considered an integral part of these financial statements

Income statement for the fiscal year ended 31 December 2016			
	Note	2016	2015
Revenues		8.881.221	5.521.890
Revenue cost		(8.271.420)	(4.912.470)
Total profit		609.801	609.420
Expenses			
General and administrative expenses	17	(580.727)	(540.277)
Net income before zakat		29.074	69.143
Zakat	14	(727)	(1.729)
Net income for the year		28.347	67.414
Earnings per share from net income of the year		0.0019	0.0045

The accompanying notes from 1 to 22 are considered an integral part of these financial statements

Cash flows statement for the fiscal year ended 31 December 2016		
	2016	2015
Operational activities		
Net income for the year	28.347	67.414
Changes in operational assets and liabilities:		
Receivables	(1.256.497)	(32.000)
Prepayments and other payables	(239.883)	24.133
Payables	1.378.469	1.322.546
Accrued expenses and other payables	44.902	(66.813)
Auction shares under settlement	(5.325)	-
Zakat charged for the year	727	1.729
	(49.260)	1.317.009
Zakat paid	(500.000)	(500.000)
End of service benefit	(484.722)	-
Net cash (used in) collected from operational activities	(1.033.982)	817.009
(Decrease) increase in cash and cash equivelants	(1.033.982)	817.009
Cash and cash equivelants at beginning of the year	1.733.244	916.234
Cash and cash equivelants at the end of the year	699.262	1.733.243

The accompanying notes from 1 to 22 are considered an integral part of these financial statements

Changes in stockholders' equity statement for the fiscal year ended 31 December 2016				
	Capital	Capital grants	Accumulated losses	Total
Balance as of 31 December 2014	150.000.000	39.323.988	(185.462.590)	3.861.398
Net income for the year	-	-	67.414	67.414
Balance as of 31 December 2015	150.000.000	39.323.988	(185.395.176)	3.928.812
Net income for the year	-	-	28.347	28.347
Balance as of 31 December 2016	150.000.000	39.323.988	(185.366.829)	3.957.159

The accompanying notes from 1 to 22 are considered an integral part of these financial statements

Notes to the financial statements for the fiscal year ended 31 December 2016

1- Activities

AlBhaha Investment & Development Co. (the Company) is a Saudi Joint Stock Company which operates in the Kingdom of Saudi Arabia under the Commercial Register No. 5800005960 dated 19 Rajab 1413AH corresponding to 12 January 1993 and by Ministerial Decree No. 600 dated 5 Jumada II 1413AH (30 November 1992). The registered company's address is P.O. Box 448, AlBaha 22888.

The company is engaged in the establishment, management, operation and maintenance of central markets, commercial and residential complexes, furnished apartments, restaurants, hotels, gas stations, cafes, buffets, bakeries, desserts, cooked and uncooked rations, wholesale and retail trade of foodstuffs, wholesale and retail trade of building materials, iron and general contracting of buildings, electrical, electronic and mechanical works, management, maintenance, and operation of real estate, contracting of maintenance, operation and cleaning, purchase and lease of land for the construction and investment of buildings by selling or leasing for the benefit of the company, establishment of different industrial projects, owning and reclamation of agricultural lands for exploitation in the establishment of agricultural and livestock projects, establishment, investment, management, operation and maintenance of recreational and tourist projects, wholesale and retail trade of what within the scope of the company's industrial, agricultural, recreational and tourism work, establishment of cold stores, repair and maintenance workshops, and commercial agencies. The company may also undertake any work necessary or complementary to achieve these purposes. The Company shall carry out its activities in accordance with the applicable laws and after obtaining the necessary licenses from the competent authorities, if any.

2- Basis of preparation and significant accounting policies

These financial statements have been prepared in accordance with the accounting standards issued by the Saudi Organization for Certified Public Accountants. The significant accounting policies used in the preparation of these financial statements are as follows:

a) Accounting Standard
- These financial statements have been prepared on the historical cost basis and the accrual basis.
- These financial statements have been prepared in Saudi Riyals.

b) Receivables

Receivables are stated at nominal value less provision for any doubtful amounts. The management determines this provision based on the periodic review of customers on an individual basis, current economic conditions, past experience and other relevant factors.

c) Inventories

Inventories are valued at the lower of cost or net realizable value and the cost of inventories of raw materials and spare parts is determined on a weighted average basis. The cost of inventories of total production includes its share of all indirect industrial costs as well as the cost of materials and direct wages. The inventory of production under operation includes the cost of materials and direct wages up to the last stage reached in addition to its share of indirect industrial costs.

d) Investments

- Investments in securities are classified based on the intention of the Company's management to use the securities.
- Investment is measured and recognized when acquired at the cost of the purchase price plus all the expense for the purpose of acquisition.
- Investments held for trading at the end of each financial period are measured at fair value and gains or losses realized and unrealized are recognized in the income statement.
- Available-for-sale investments are valued at the end of each financial period at fair value and the resulting differences are charged to unrealized gains or losses on equity.
- Investment income in securities is recognized when dividends are declared.
- Investments are evaluated in accordance with the equity method in investments exceeding 20% of the invested capital of the investee companies in addition to exerting significant influence on the financial and operating policies of the investee company. The profits and losses are recognized from the net income (loss) of the investee companies by adjusting the investment balance accordingly.
- The present value of investments in securities is reduced against the non-temporary decline in the value of these investments.

e) Property and equipment

Property and equipment are stated at net book value after deducting the accumulated depreciation of the cost and impairment loss. The Company uses the straight-line method to calculate depreciation of property and equipment at the following annual rates:

Buildings and construction	3%-5%
Machinery and plants	5%-10%
Vehicles	25%
Office equipment and supplies	15%
Furniture	10%
Equipment and devices	15%

- Depreciation of property and equipment is started from the date the property and equipment are prepared for use.
- Maintenance and repair expenses incurred to maintain the expected future economic benefits of such property and equipment are charged to the income statement when incurred.

f) Impairment of financial assets

An assessment of the company’s assets is made at each reporting date to determine whether there is objective evidence that a group of specific financial assets may be impaired. If such evidence exists, any impairment loss is recognized immediately in the income statement and impairment is determined as follows:
- For assets carried at fair value, impairment is the difference between cost and fair value.
- For assets carried at cost, impairment is the difference between the cost and the present value of future cash flows discounted at the current market rate of return on a similar financial asset.
- Reversal of an impairment loss recognized in prior years is recorded when an indication that the impairment loss has not been recognized or impaired and that the decrease can be objectively related to an event occurring after the impairment is recognized.

g) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are audited at each reporting date for the purpose of determining whether there is any objective evidence of impairment. If this evidence is available, the recoverable amount of the asset is estimated and the impairment loss is recognized in the income statement when the asset's carrying amount exceeds its recoverable amount.

Reversal of impairment losses recognized in prior years is recognized as income if there is an indication that the impairment loss previously recognized no longer exists or has decreased.

h) Payables

Payables are stated at nominal value.

i) Provision for end of service benefits

The employees' end of service benefits accrue to the Company is recognized under the Labor and Laborer Law of the Kingdom of Saudi Arabia.

j) Provisions

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of a past event that may require an outflow of resources included in the economic benefits to settle the obligation. A reliable estimate of the amount of the obligation can be made. Provisions are audited at each reporting date to reflect the best current rating.

k) Capital grants

The absolute capital grants granted by the Company without sacrificing any asset or bearing any obligations or restrictions in return for the grant are measured and recognized on the basis of the fair value of the assets granted at the time of acquisition and are recognized in stockholders' equity.

l) Cash flow statement

The cash flow statement is prepared in an indirect method and for the purpose of presenting the cash flows statement. Cash and cash equivalents include cash and call deposits in banks and other short-term and high-liquidity investments with original maturities of three months.

m) Revenue recognition

Revenue is recognized when invoicing or performing services to the customer and obtaining the goods or service. They are recorded at net of trade discounts.

Other income items are recognized when earned at the time the related services are rendered or on the terms of the contractual agreement for each activity.

n) General and administrative expenses

They are those related to management that do not relate to the cost of sales or direct operations of the Company in accordance with the accounting principles issued by the Saudi Organization for Certified Public Accountants.

o) Foreign currencies

Transactions denominated in foreign currencies are translated into Saudi Riyal at the rate of exchange prevailing at the time of the transaction and the assets and liabilities denominated in foreign currencies at the end of the period are translated into Saudi Riyal at the rates prevailing at the end of the period. Any gain or loss on such transfers is recognized in the income statement.

p) Provision for Zakat

In accordance with the Financial Accounting Standard for Zakat in Saudi Arabia., the company calculates and recognizes Zakat at the end of each fiscal year on an accrual basis seperately. Zakat is settled in the fiscal year during which the final linkage is approved. Any difference between the Zakat provision and the final linkage is recognized in accordance with the requirements of the General Presentation and Disclosure Standard relating to accounting changes. The provision for Zakat is included in a separate item in the income statement.

q) Potential events

Contingent liabilities are not recognized in the financial statements and disclosed only if the possibility of an outflow of resources involving economic benefits is not probable and the potential assets are not recognized and disclosed when economic benefits are probable.

3- Cash and cash equivalents

Cash and cash equivalents at 31 December consist of the following:

	2016	2015
Cash at banks	699.262	1.733.243
	699.262	1.733.243

4- Receivables, net

Receiables at 31 December consist of the following:

	2016	2015
Customers	2.098.352	876.855
Miscellaneous accounts receievable	7.294.836	7.294.836
Payments by suppliers	34.576	34.576
Employees entitlements	35.000	-
	9.462.764	8.206.267
(Less)		
Doubtful provisions	(1.108.402)	(1.108.402)
	8.354.362	7.097.865

5- Accounts receiable for property and equipment sale, net

Accounts receivable for property and equipment sale of 31 December consist of the following:

	2016	2015
Total indebtedness	25.000.000	25.000.000
(Deferred) fixed asset sale profits	(7.914.187)	(7.914.187)
Provision for doubtful debts	(8.542.907)	(8.542.907)
	8.542.906	8.542.906

This item represents the net amount of the installments due to AlBaha National College for Science (after deducting the profit from sale and provision), which purchased the entire construction of the company on the land leased by the company from the Ministry of Finance and National Economy during 2001, in return for 35.000.000 SR, provided that AlBhaha will invest 10.000.000 SR in the establishment of AlBaha College of Science and the remaining 25.000.000 SR to be paid in fifteen installments per year.

6- Invesntories, net

Inventories as of 31 December consist of the following:

	2016	2015
Raw materials	1.198.194	1.198.194
Spare parts	147.748	147.748
Completed production	387	387
	1.346.329	1.346.329
(Less)		
Provision of slow moving goods	(1.228.272)	(1.228.272)
	118.057	118.057

7- Long-term investments, net

	Contribution percentage	2016	2015
AlBaha National College for Science	37%	17.136.823	17.136.823
		17.136.823	17.136.823

The Company's share in the results of the work of AlBaha National College for Science for the year ended 31 December 2012 amounting to 3.249.082 SR was recognized in the changes in stockholders' equity statement, representing the Company's share of the profits of AlBaha College for the year 2012.

8- Investment of the land of Taif

The company purchased half of the residential plot in Taif, Al Waseliyah quarter, deed No. 133/159/1/1 with a total value of 9 million SR and the company paid the amount.

9- Projects under implementation

It is a project (AlBhaha chairlift) located on land not owned by the company, and has not been completed until the date of issuance of the financial statements.

10- Property and equipment, net

	Lands	Buidlings and construction	Machinery and equipment	Vehicles	Office equipment and supplies	Furniture	Equipment and devices	Total 2016	Total 2015
Cost:									
At beginning of the year	39.323.988	24.792.458	34.382.005	1.741.048	2.992.315	841.489	173.371	104.246.674	104.246.674
For additions	-	-	-	-	-	-	-	-	-
At end of the year	39.323.988	24.792.458	34.382.005	1.741.048	2.992.315	841.489	173.371	104.246.674	104.246.674
Depreciation:									
At beginning of the year	-	14.500.891	30.512.636	1.725.079	2.969.884	783.404	173.367	50.665.189	50.665.189
For the year	-	-	-	-	-	-	-	-	-
At end of the year	-	14.500.891	30.512.636	1.725.079	2.969.884	783.404	173.367	50.665.189	50.665.189
Net book value									
31 December 2016	39.323.988	10.291.639	3.869.369	15.969	22.431	58.085	4	53.581.485	
31 December 2015	39.323.988	10.291.639	3.869.369	15.969	22.431	58.085	4		53.581.485

11-Payables

Payables as of 31 December consist of the following:

	2016	2015
Suppliers	3.604.019	2.260.550
Employees entitlements	1.601.124	1.566.124
Miscellaneous accounts payable	487.047	487.047
Customers	8.343	8.343
	5.700.533	4.322.064

12- Auction shares under settlement

The company obtained the approval of the Capital Market Authority on 25/03/1430AH corresponding to 22/03/2009 on the sale of outstanding stocks to collect the value of the last installment by (2.5 riyals) per stock. The company started the sale on 28/06/2009. As of December 31, 2009, 984.032 stocks were sold for 14.325.234 SR according to the offers at the auction, which was collected in full, and the amount is 2.5 SR, representing 25% of the value of the remaining stocks. 2.113.074 was used SR in completing the capital, to become 150.000.000 million SR paid in full. The rest of the amount of 12.212.160 SR will be refunded to the stockholders who defaulted on the last installment and whose stockss were sold by auction. The Company paid a surplus of 643.451 SR and the payment of 682.285 SR as expenses resulting from the sale and collection.

13- Provisions

	2016	2015
Provision for claims	4.700.000	4.700.000
Provision for projects under construction	1.236.047	1.236.047
Provision for losses from asset replacment	68.699.441	68.699.441
	74.635.488	74.635.488

The Company increased the provision for claims by 3.000.000 SR in 2013 due to the case filed by Expert for trading in investment and finance for the rest of its due for a contract with the Company to prepare a financial study for the capital increase plan.

The Company approved the formation of a provision for projects under construction (AlBhaha Chairlift) under construction during the Board of Directors meeting held on 11/10/2011 at 1.236.047 SR.

The Company has made a provision for losses of asset swap with Bright in accordance with the judgment issued by the Board of Grievances in Jeddah on 24/06/1434AH, as explained in note 19 of the important events.

14- Zakat Provision:

Zakat position

a. The years from the beginning of the establishment until 1999

Zakat returns were presented for those years and the zakat receivable amounted to 5.656.482 SR with claims from the General Authority for Zakat and Income and a provision was created for the whole amount. The amount of 1.706.080 SR was paid on September 13, 2008. The company has obtained the approval of the General Authority for Zakat and Income to pay the remaining amount in seven installments, five installments of them were paid and the remaining amount of 500.000 SR will be paid in two semi-annual installments.

b. The years 2000 to 2010

Zakat returns were submitted for these years and Zakat was paid from the fact of the returns. After the review of the Zakat and Income Authority, the Zakat by Income Authority was linked to the value of 16.849.347 SR. Accordingly, the Company filed its appeal with a decision issued by the Zakat and Income Tax Authority before the Zakat Appeal Committee, and based on the opinion of the Zakat Consultant and the Company's management, there is no need to create a provision for the value of the zakat linkage and no provision has been made.

c. The years from 2011 to 2015

Zakat returns have been presented for the fiscal years ended 31 December 2011, 31 December 2012, 31 December 2013, 31 December 2014 and 31 December 2015.

d. Provision movement during the year

The Zakat provision movement during the year was as follows:

	2016	2015
Balance at the beginning of the year	1.824.292	2.322.563
Paid during the year	(500.000)	(500.000)
Made during the year	727	1.729
Balance at the end of the year	1.325.019	1.824.292

15- Provision of end of service benefit

Provision for end of service benefit is made as of 31 December as follows:

	2016	2015
Balance at the beginning of the year	568.325	568.325
Paid during the year	(484.722)	-
Balance at the end of the year	83.603	568.325

16- Capital

The authorized capital of the Company is 150.000.000 SR divided into 15.000.000 stocks and the value of each stock is 10 SR and has been fully paid.

17- Administrative general expenses

	2016	2015
Tadawul follow up expenses	220.000	255.548
Employee salaries and benefits	159.000	146.845
Professional fees	63.750	45.000
Post, telephone, electricity and water	21.335	35.482
Rentals	20.052	11.697
Social security	22.105	12.483
Advertising	60.845	-
Medical insurance	10.530	2.100
Government and legalizations fees	-	18.696
Others	3.110	12.426
Balance at the end of the year	580.727	540.277

18- Sectoral activity

The company consists of the following sectors:

Head office	Poultry farms	Leather factory	Chairlift project

The assets, liabilities, revenues, operating costs and business results of these sectors as of 31 December 2016 consist of the following:

Description	Head office	Poultry farms	Leather factory	Chairlift project	Total
Net property and equipment	58.811	43.762.601	2.595.160	7.164.913	53.581.485
Total assets	45.222.461	43.762.601	7.154.913	2.782.217	98.922.192
Total liabilities	94.200.783	589.452	125.021	49.777	94.965.033
Net profit	28.347	-	-	-	28.347

- Production in the leather factory was suspended during the second quarter of 2004. The Board of Directors decided to lease the factory on February 23, 2005 and the factory has not yet been leased. On May 05, 2015, the Extraordinary General Meeting approved the conversion of the industerial leather factory and the Athrab chairlift to assets intended for sale.
- Depreciation of buildings, construction, machinery and equipment related to the Chairlift project has not been weighted by operating periods since 2001 by a decision of the Board of Directors on April 21, 2001, for failure to operate the project only during seasons.

The claim for collection of AlBaha College's total balances of 17.085.813 has been discontinued due to a final judgment against the Company (a provision of 8.542.907 SR) and the balances are as follows:

Description	Head office
Accounts receivable for property and equipment sale	17.085.813
Provision	(8.542.907)
	8.542.906

19- Important events

On 3 RabeI 1432AH corresponding to February 6, 2011, the Company signed a contract with Modern Bright for General Contracting, whereby the Company purchased:

(a) Crusher with full equipment, vehicle and all movable and immovable assets without its financial liabilities.

(b) The cement concrete project and its movable and fixed assets without their financial liabilities.

(c) Halocor plant (under construction) as well as equipment that has not been installed without its financial liabilities.

For a total amount of 86.000.000 SR payable in cash and in kind as follows:

1. The Company shall pay the amount of 10.000.000 SR under certified checks in four installments.
2. The Company shall waive (actual transfer) its 50% share of the entire land in Al-Murooj layout in Taif Governorate, which is owned by the Company under deed No. 133/159/1/1 for 12.000.000 SR of the selling price.
3. The company waives its ownership share in AlBaha National College of Science amounting to 37% according to the memorandum of association, including the full indebtedness of the company owning the college and the amount of the debt is 25.000.000 SR for the price of 18.000.000 SR of the sale price.
4. The Company shall relinquish the ownership of the entire land of the poultry project located in Al-Aqeeq Governorate in AlBaha area in full of its fixed and movable assets and all its facilities without financial liability and free of any mortgages or any financial claims owned by the Company under deed No. 2 dated 6 Rabee II 1425AH against 46.000.000 SR.

According to the minutes of the second ordinary general meeting of AlBhaha held on 22 Jumada I 1432AH corresponding to April 26, 2011, in which the vote on the asset swap agreement with the Modern Bright for General Contracting was postponed to another meeting after the required reports and studies were completed.

The company has contracted with an authorized specialized office to carry out the due diligence of the assets of Bright subject matter of the agreement. The office issued the due diligence report on 17 September 2011, valuing these assets only at 17.300.559 SR. On September 18, 2011, the company announced at Tadawul the results of its due diligence report on the valuation of the assets of Modern Bright. In view of the significant difference between the valuation of the assets of Modern Bright based on the due diligence report of 17.3 million SR and the value of AlBhaha Investment & Development Co. offered for swap with the assets of Modern Bright of the sum of 86 million Saudi riyals, the management of AlBhaha Investment & Development Co. discussed the results of the evaluation with the management of Modern Bright.

The company announced at Tadawul on October 1, 2011 the results of its negotiations with Modern Bright, which resulted in the non-acceptance of Modern Bright to the results of the due diligence report and refrained from returning the amount of 7.000.000 Saudi Riyals paid by the company in advance to Modern Bright as part of the contract. As a result, the company canceled the contract with Modern Bright, and the company filed a lawsuit with the Board of Grievances claiming that Modern Bright return the amount paid in advance of 7.000.000 SR. A final judgment was issued in the case by the Board of Grievances in Jeddah on 24/6/1434AH, stating the ratification of the initial judgment issued by the Administrative Court in Jeddah to complete the execution of the contract with Modern Bright, and the management of the company decided to create a provision covering the full losses of such process by 68.699.441SR.

20- Statutory reserve

The Saudi Companies Law and the Company's Memorandum of Association require that 10% of the annual net profit be transferred to the statutory reserve and that such transfer continues until this reserve reaches 30% of the capital. This reserve is not available for distribution to stockholders.

21- Financial instruments and risk management

Financial instruments included in the balance sheet statement include mainly cash and cash equivalents, accounts receivable, other assets, accounts payable, accrued liabilities and other non-current liabilities.

a) Credit risk:

Credit risk represents the inability of a party to meet its obligations resulting in financial losses to the other party. The Company seeks to minimize credit risk by periodically monitoring any outstanding receivables.

b) Liquidity risk:

It is the risk that an entity will not be able to provide the liquidity required to meet the liability for financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly and at a value close to its fair value. The Company manages liquidity risk by ensuring that the necessary funding is available in the company when needed.

c) Currency risk:

It is the risk of change in the value of financial instruments due to changes in foreign exchange rates. The Company's principal transactions are in Saudi Riyals. The management believes that currency risk is not material.

d) Fair value:

It is the amount by which an asset can be exchanged or a liability settled between knowledgeable and willing parties in an arm's length transaction. The Company's financial statements have been prepared under the historical cost convention, which may result in differences between the carrying amount and the estimated fair value. The management believes that the fair values of the Company's financial assets and liabilities are not materially different from their carrying values.

22- Approval of Financial Statements

The financial statements were approved by the Board of Directors on 30 January 2017.

Financial Statements and Auditors' Report for the fiscal year ended 31 December 2015
Rodl
AL TUWAIJRY C.P.A.
To Stockholders
AlBhaha Investment & Development Co.
(A Saudi joint stock company)
AlBaha-Kingdom of Saudi Arabia

Auditor's Report

Scope of audit

We have audited the balance sheet of AlBhaha Investment & Development Co. (a Saudi joint stock company) as of 31 December 2015 and the income statement, cash flows statement and change in stockholders' equity statement for the year then ended, and Note (1) to (22) as considered part of these financial statements prepared by the company in accordance with Article 123 of the Companies Law and submitted to us with all the information and data that we requested. Our audit was in accordance with the auditing standards generally accepted in the Kingdom of Saudi Arabia, which require that we plan the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. The audit procedures include sample-based evidence testing in support of the amounts and disclosures in the financial statements. These procedures also include an assessment of the accounting principles used and significant estimates made by the management and the overall presentation of the financial statements. We believe that our procedures provide a reasonable basis for our conviction that we are able to express an opinion on the financial statements.

Reservations

First: As explained in Note (21) regarding important events, the Company has been subject to a final judgment in its lawsuit against Bright Modern as detailed in the note.

The Company has made a provision to meet the losses arising from the asset swap contract with Modern Bright in the amount of 68.699.441 SR due to the issuance of the stated final judgment by the Board of Grievances in Jeddah, which approved the initial judgment issued by the Administrative Court in Jeddah, 2nd Administrative Department to dismiss the lawsuit filed by the company against Modern Bright and oblige the two parties to the lawsuit to complete the execution of the contract concluded between them dated 6 February 2011.

The accumulated losses amounted to 185.395.176 SR. The accumulated losses exceeded the paid up capital by 35.395.176 SR and the current liabilities exceeded the current assets by 76.457.218 SR, which confirms the existence of doubt about the company's continuity, which requires the Directors to convene the Extraordinary General Meeting to consider the continuity or dissolution of the company before expiry date, in accordance with Article (43) of the Articles of Association of the company.

In accordance with the minutes of the Extraordinary Meeting of the Board of Directors of the Company on 15/12/2014, the Board of Partners approved the cessation of the depreciation of the unused fixed assets (the leather factory - chairlft - poultry farm) until the availability of the appropriate buyer according to the minutes. The company closed the depreciation account in general to all other asset items in the financial statements. At the date of issue of our report, the appropriate buyer of the unused assets has not been found.

Conservative Opinion:

Except for the reservations referred to in the reservation clause above, the financial statements as a whole:

1. Fairly shows the balance sheet of AlBhaha Investment & Development Co. (a Saudi Joint Stock Company) as of 31 December 2015, and the results of its operations, cash flows and changes in stockholders' equity for the fiscal year then ended in the light of the presentation and disclosure of the information contained in the financial statements in accordance with generally accepted accounting standards appropriate to the conditions of the company and applied similarly.
2. Consistent with the requirements of the Companies Law and the Company's Articles of Association regarding the preparation and presentation of financial statements.

6 Rabee' II 1437AH
15 January 2016
Rodl
AL TUWAIJRY C.P.A.
(Signed and selaed)
Othman Mohammed AL Tuwaijry
Lisence-184

Balance sheet statement for the fiscal year ended 31 December 2015 (SR)			
	Note No.	2015	2014
Assets			
Current assets			
Cash at banks	4	1.733.243	916.234
Receivables, net	5	7.097.865	7.065.865
Prepayments		13.367	37.500
Accounts receivable for property and equipment sale (net)	6	8.542.906	8.542.906
Inventory (net)	7	118.057	118.057
Total current assets		17.505.438	16.680.562
Current liabilities			
Payables	9	4.322.046	2.999.518
Accrued expenses and other payables	10	2.289.063	2.355.876
Auction shares under settlement	11	10.891.749	10.891.749
Provisions	12	74.635.488	74.635.488
Zakat provision	13	1.824.292	2.322.563
Total current liabilities		93.962.656	93.205.194
Operating capital		(76.457.218)	(76.524.632)
Non-current assets			
Long-term investment (net)	14	17.136.823	17.136.823
Investment being transferred (half of Al Taif residential plot)	8	9.000.000	9.000.000
Projects under construction	15	1.236.047	1.236.047
Property and equipement (net)	16	53.581.485	53.581.485
Total non-current assets		80.954.355	80.954.355
Total investment		4.497.137	4.429.723
Non-current liabilities			
Provision for employee end of service benefit	17	568.325	568.325
Total non-current liabilities		568.325	568.325
Stockholders' equity			
Authorized paid up capital	18	150.000.000	150.000.000
Capital grants		39.323.988	39.323.988
Accumulated losses		(185.395.176)	(185.462.590)
Total stockholders' equity		3.928.812	3.861.398
Total non-current liabilities and stockholders' equity		4.497.137	4.429.723

The accompanying notes from 1 to 22 are considered an integral part of these financial statements

Income statement for the fiscal year ended 31 December 2015 (SR)			
	Note No.	2015	2014
Revenues		5.521.890	-
Less:			
Revenue cost		(4.912.470)	-
Total activity profit		609.420	-
(Less):			
General and administrative expenses	19	(540.277)	(1.844.958)
Depreciation of property and equipment (administrative part)		-	(77.476)
Depreciation of property and equipment not recognized during the year		-	(2.023.768)
Provision for end of service benefit		-	(67.830)
Net profit/loss for the year- before zakat		69.143	(4.014.032)
Zakat	13	(1.729)	(80.680)
Net profits/(losses) for the year		67.414	(4.094.712)
Earnings per share from net profit/(loss) of the year		0.004	(0.27)

The accompanying notes from 1 to 22 are considered an integral part of these financial statements

Cash flows statement for the fiscal year ended 31 December 2015 (SR)		
	2015	2014
Cash flows from operational activities:		
Net profit/(loss) for the year	67.414	(4.094.712)
Adjustments:		
Depreciations	-	2.101.244
Component made from end of service provision	-	67.830
Zakat charged for the year	1.729	80.680
Operational profits/(losses) before changes in working capital	69.143	(1.844.958)
Changes in working capital:		
Receivables	(32.000)	53.493
Prepayments	24.133	(25.609)
Payables	1.322.546	1.441.808
Accrued expenses and other payables	(66.813)	20.252
Zakat paid	(500.000)	(1.500.000)
Provision for end of service benefit	-	(576.044)
Net cash flows from (used in) operational activities	817.009	(2.431.058)
Increase (decrease) in cash during the year	817.009	(2.431.058)
Cash at beginning of the year	916.234	3.347.292
Cash at the end of the year	1.733.243	916.234

The accompanying notes from 1 to 22 are considered an integral part of these financial statements

Changes in stockholders' equity statement for the fiscal year ended 31 December 2015 (SR)				
	Paid up capital	Capital grants(*)	Accumulated losses	Total
Balance as of 31 December 2013	150.000.000	39.323.988	(181.367.878)	7.956.110
Net loss for the year	-	-	(4.094.712)	(4.094.712)
Balance as of 31 December 2014	150.000.000	39.323.988	(185.462.590)	3.861.398
Net profits for the year	-	-	67.414	67.414
Balance as of 31 December 2015	150.000.000	39.323.988	(185.395.175)	3.928.813

The accompanying notes from 1 to 22 are considered an integral part of these financial statements

(*) This amount represents the value of the land on which the poultry farms were established, which the company obtained as a grant from the Ministry of Agriculture under a deed of the Ministry of Justice No. (2) dated 06/04/1425AH. The value of the land was included in the fixed assets, and the land was valued at the market value upon obtaining the grant.

Notes to the financial statements for the year ended 31 December 2015

1- Establishment of the company and its activities

AlBhaha Investment & Development Co. is a Saudi Joint Stock Company which operates in Saudi Arabia under Commercial Register No. 5800005960 dated 19 Rajab 1413AH corresponding to 12 January 1993 and by Ministerial Decree No. 600 dated 05 Jumada II 1413AH (corresponding to 30 November 1992).

The Company is engaged in:

- Establishment of various industrial projects.
- Owning and reclamation of agricultural lands for the purpose of exploiting them in the establishment of agricultural and livestock production projects.
- Establish, invest, manage, operate and maintain recreational and tourism facilities and projects.
- The wholesale and retail trade of what is within the scope of the company's industrial, agricultural and tourism business, and the establishment of cold stores, repair and maintenance workshops. The company may also perform any necessary or complementary work to achieve these purposes. The company carries out its purposes after obtaining the necessary licenses from the competent authorities and according to the laws.

The registered company's address is P.O. Box 448, AlBaha 22888.

2- Principles of preparation

These initial financial statements have been prepared in accordance with the accounting standards issued by the Saudi Organization for Certified Public Accountants.

3- Significant accounting policies

The principal accounting policies used in the preparation of these financial statements are as follows:

3-1 Accounting Custom

These initial financial statements have been prepared on the historical cost convention using the accrual principle.

These initial financial statements have been prepared in Saudi Riyals.

3-2 Receivables

Receivables are stated at nominal value less provision for any doubtful amounts. The management determines this provision based on the periodic review of customers on an individual basis, current economic conditions, past experience and other relevant factors.

3-3 Inventories

Inventories are valued at cost or net realizable value, whichever is less, and the cost of inventories of raw materials and spare parts is determined on a weighted average basis. The cost of inventories of total production includes its share of all indirect industrial costs as well as the cost of materials and direct wages. The inventory of production under operation includes the cost of materials and direct wages up to the last stage reached in addition to its share of indirect industrial costs.

3-4 Investments

Investments in securities are classified based on the intention of management of the company to use the securities.

- The investment is measured and recognized at acquisition, at the cost of the purchase price plus all the expense for the purpose of acquisition.
- Investments held for trading at the end of each financial period are measured at fair value and gains or losses realized and unrealized are recognized in the income statement.
- Available-for-sale investments are valued at the end of each financial period at fair value and the resulting differences are charged to unrealized gains or losses on equity.
- Investment revenue in securities is recognized when dividends are declared.
- Investments are evaluated in accordance with the equity method in investments exceeding 20% of the invested capital of the investee companies in addition to exerting significant influence on the financial and operating policies of the investee company. The profits and losses are recognized from the net income (loss) of the investee companies by adjusting the investment balance accordingly.
- The present value of investments in securities is reduced against the non-temporary decline in the value of these investments.

3-5 Property and equipment

Property and equipment are stated at net book value after deducting the accumulated depreciation of the cost and impairment loss. The Company uses the straight-line method to calculate depreciation of property and equipment at the following annual rates:

Property and equipment	Net
Buildings and construction	3%-5%
Machinery and plants	5%-10%
Equipment and devices	15%
Vehicles	25%
Furniture	10%
Office equipment and supplies	15%

- Depreciation of property and equipment is started from the date the property and equipment are prepared for use.
- Maintenance and repair expenses incurred to maintain the expected future economic benefits of such property and equipment are charged to the income statement when incurred.

3-6 Impairment of financial assets

An assessment of the company’s assets is made at each reporting date to determine whether there is objective evidence that a group of specific financial assets may be impaired. If such evidence exists, any impairment loss is recognized immediately in the income statement and impairment is determined as follows:
- For assets carried at fair value, impairment is the difference between cost and fair value.
- For assets carried at cost, impairment is the difference between the cost and the present value of future cash flows discounted at the current market rate of return on a similar financial asset.

Reversal of an impairment loss recognized in prior years is recorded when an indication that the impairment loss has not been recognized or impaired and that the decrease can be objectively related to an event occurring after the impairment is recognized.

3-7 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are audited at each reporting date for the purpose of determining whether there is any objective evidence of impairment. If this evidence is available, the recoverable amount of the asset is estimated and the impairment loss is recognized in the income statement when the asset's carrying amount exceeds its recoverable amount.

Reversal of impairment losses recognized in prior years is recognized as income if there is an indication that the impairment loss previously recognized no longer exists or has decreased.

3-8 Payables

Payables are stated at nominal value.

3-9 Provision for end of service benefits

The employees' end of service benefits accrue to the Company is recognized under the Labor and Laborer Law of the Kingdom of Saudi Arabia.

3-10 Provisions

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of a past event that may require an outflow of resources included in the economic benefits to settle the obligation. A reliable estimate of the amount of the obligation can be made. Provisions are audited at each reporting date to reflect the best current rating.

3-11 Capital grants

The absolute capital grants granted by the Company without sacrificing any asset or bearing any obligations or restrictions in return for the grant are measured and recognized on the basis of the fair value of the assets granted at the time of acquisition and are recognized in stockholders' equity.

3-12 Cash flow statement

The cash flow statement is prepared in an indirect method and for the purpose of presenting the statement of cash flows, cash and cash equivalents include cash and call deposits in banks and other short-term and high-liquidity investments with original maturities of three months and show less banks widrawals.

3-13 Revenue recognition

Revenue is recognized when invoicing or performing services to the customer and obtaining the goods or service. They are recorded at net of trade discounts.

Other income items are recognized when earned at the time the related services are rendered or on the terms of the contractual agreement for each activity.

3-14 General and administrative expenses

They are those related to management that do not relate to the cost of sales or direct operations of the Company in accordance with the accounting principles issued by the Saudi Organization for Certified Public Accountants.

3-15 Foreign currencies

Transactions denominated in foreign currencies are translated into Saudi Riyal at the rate of exchange prevailing at the time of the transaction and the assets and liabilities denominated in foreign currencies at the end of the period are translated into Saudi Riyal at the rates prevailing at the end of the period. Any gain or loss on such transfers is recognized in the income statement.

3-16 Provision for Zakat

In accordance with the Financial Accounting Standard for Zakat in Saudi Arabia, the company calculates and recognizes Zakat at the end of each fiscal year on an accrual basis. Zakat is settled in the fiscal year during which the final linkage is approved. Any difference between the Zakat provision and the final linkage is recognized in accordance with the requirements of the General Presentation and Disclosure Standard relating to accounting changes. The provision for Zakat is included in a separate line item in the income statement.

3-17 Potential events

Contingent liabilities are not recognized in the financial statements and disclosed only if the possibility of an outflow of resources involving economic benefits is not probable and the potential assets are not recognized and disclosed when economic benefits are probable.

4- Cash at banks

	2015	2014
Riyad Bank-Beljarshi H/1	0	778
Riyad Bank-Beljarshi H/1	1.733.243	107.645
National Commercial Bank-Installments	0	807.811
	1.733.243	916.234

5- Receivables, net

	2015	2014
Customers	876.856	844.855
Miscellaneous accounts receivable	7.294.836	7.294.836
Suppliers receivables	34.576	34.576
	8.206.268	8.174.267
(Less):		
Provision for doubtful debts	(1.108.403)	(1.108.402)
	7.097.865	7.065.865

6- Accounts receivable for property and equipment sale, net

This item represents the net amount of the installments due to AlBaha National College for Science (after deducting the profit from sale and provision), which purchased the entire construction of the company on the land leased by the company from the Ministry of Finance and National Economy during 2001, in return for 35.000.000 SR. AlBhaha will invest 10.000.000 SR in the establishment of AlBaha College of Science and the remaining 25.000.000 SR to be paid in fifteen installments per year.

	2015	2014
Total indebtedness	25.000.000	25.000.000
Less:		
Profits of (deferred) fixed assets	(7.914.187)	(7.914.187)
Indebtedness after deducting sale profit	17.085.813	17.085.813
Less: Provision made	(8.542.908)	(8.542.908)
	8.542.905	8.542.905

7- Inventories, net

	2015	2014
Raw materials	1.198.194	1.198.194
Spare parts	147.748	147.748
Completed production	387	387
	1.346.329	1.346.329
Less: Provision for stagnant inventory	(1.228.272)	(1.228.272)
	118.057	118.057

8- An investment being transferred

The company bought half of the residential plot in Taif, Al Waseliyah quarter, deed No. 133/159/1/1 with a total value of 9 million SR. The company paid the amount and the legal procedures for the transfer of ownership are being completed.

9- Payables

	2015	2014
Suppliers	2.260.550	1.105.690
Miscellaneous accounts payable	487.047	403.627
Customers-payable	8.343	8.343
Employee entitlements-payable	1.566.124	1.481.585
	4.322.064	2.999.518

10- Accrued expenses and other payables

	2015	2014
Accrued expenses	855.614	922.427
Other payables	1.433.449	1.433.449
	2.289.063	2.355.876

11- Auction shares under settlement

The company obtained the approval of the Capital Market Authority on 25/03/1430AH corresponding to 22/03/2009 on the sale of outstanding stockss to collect the value of the last installment by (2.5 riyals) per stock. The company started the sale on 28/06/2009. As of December 31, 2009, 984.032 stocks were sold for 14.325.234 SR according to the offers at the auction, which was collected in full, and the amount is 2.5 SR, representing 25% of the value of the remaining stocks. 2.113.074 SR was used in completing the capital, to become 150.000.000 million SR paid in full. The rest of the amount of 12.212.160 SR will be refunded to the stockholders who defaulted on the last installment and whose stocks were sold by auction. The Company paid a surplus of 11.298 SR and the payment of 682.285 SR as expenses resulting from the sale and collection.

12- Provisions

	1Jan2015	Made during the year	Used during the year	31Dec2015
Provision for claims*	4.700.000	-	-	4.700.000
Provision for projects under construction**	1.236.047	-	-	1.236.047
Provision for losses from asset swap***	68.699.441	-	-	68.699.441
	74.635.488			74.635.488

*The Company increased the provision for claims by 3.000.000 SR in 2013 due to the case filed by Expert for trading in investment and finance for the rest of its due for a contract with the Company to prepare a financial study for the capital increase plan.
**The Company approved the formation of a provision for projects under construction (AlBhaha Chairlift) under construction during the Board of Directors meeting held on 11/10/2011 at 1.236.047 SR.
***The Company has made a provision for losses of asset swap with Bright in accordance with the judgment issued by the Board of Grievances in Jeddah on 24/06/1434AH, as explained in note 21 of the important events.

14- Zakat:

Zakat position
The years from the beginning of the activity until 1999
Zakat returns for these years were presented and zakat due for those years amounted to 5.656.482 SR, with claims from the Zakat and Income Authority and a provision with the whoe amount was made. The amount of 1.706.080 SR was paid on June 13, 2008.
The years 2000 to 2011
Zakat returns were submitted for these years and Zakat was paid from the fact of the returns, and linkage has not been made by the General Authority for Zakat and Income for those years to date.
2012, 2013 and 2014
Zakat returns have not been presented for the fiscal years ended 31 December 2012 and 31 December 2013 and accordingly linkage has not been made by the General Authority for Zakat and Income for those years to date.

13-1 Provision for zakat

	2015	2014
Balance1/1	2.322.563	3.741.883
Support of zakat provision	1.729	80.680
Paid for zakat	(500.000)	(1.500.000)
Balance 31/12	1.824.292	2.322.563

13-2 Zakat for 2015

1- Adjusted net profit/(loss) is calculated as follows	2015	2014
Net profit/(loss) for the year-before zakat	69.143	(4.014.032)
Provisions made during the year	-	-
Adjusted net loss/profit	69.143	(4.014.032)
2- Zakat base is calculated as follows	2015	2014
Adjusted net profit/(loss)	69.143	(4.014.032)
Added:		
Capital	150.000.000	150.000.000
Capital grants	39.323.988	39.323.988
Revolving provisions	87.905.957	88.325.277
	277.299.088	273.635.233
Less:		
Long-term investments	(17.136.823)	(17.136.823)
Property and equipment, net	(53.581.485)	(53.581.485)
Investment being transferred (half of Al Taif residential plot)	(9.000.000)	-
Projects under construction	(1.236.047)	(1.236.047)
Accounts receivable for asset sale	(17.085.813)	(17.085.813)
Accumulated losses	(185.462.590)	(181.367.878)
	(283.502.757)	(270.408.046)
	(6.134.526)	3.227.186
	0	80.680

14- Long-term investments, net

	Contribution percentage	2015	2014
AlBaha National College for Science	37%	17.136.823	17.136.823
		17.136.823	17.136.823

-The Company's share in the results of the work of AlBaha National College for Science for the year ended 31 December 2012 amounting to 3.249.082 SR was recognized in the changes in stockholders' equity statement, representing the Company's share of the profits of AlBaha College for the year 2012.
- The Company's share in the results of the work of AlBaha National College of Science for the year ended 31 December 2013, 2014 and 2015 has not been recognized as no audited financial statements have been issued as at the date of preparation of these financial statements.

15- Projects under construction

It is a project (AlBhaha chairlift) located on land not owned by the company, and has not been completed until the date of issuance of the financial statements.

16- Property and equipment, net

	Lands	Buidlings and construction	Machinery and equipment	Vehicles	Office equipment and supplies	Furniture	Equipment and devices	Total
Cost:								
Asset cost as of 1 Jan 2015	39.323.988	24.792.458	34.382.005	1.741.048	2.992.315	841.489	173.371	104.246.674
Additions during the year	-	-	-	-	-	-	-	-
Asset cost as of 31 Dec2015	39.323.988	24.792.458	34.382.005	1.741.048	2.992.315	841.489	173.371	104.246.674
Accumulated depreciation:								
Accumulated depreciation as of 1Jan2015		14.500.819	30.512.636	1.725.079	2.969.884	783.404	173.367	50.665.189
Depreciation for the year	-	-	-	-	-	-	-	-
Accumulated depreciation as of 31Dec2015		14.500.819	30.512.636	1.725.079	2.969.884	783.404	173.367	50.665.189
Net book value								
As of 31Dec2015	39.323.988	10.291.639	3.869.369	15.969	22.431	58.085	4	53.581.485
As of 31Dec2014	39.323.988	10.291.639	3.869.369	15.969	22.431	58.085	4	53.581.485

17- Provision of end of service benefit

	2015	2014
Balance 1/1	568.325	1.076.539
Suuport	0	67.830
Use	0	(576.044)
Balance 31/12	568.325	568.325

18- Capital

18-1 The authorized capital of the Company is 150.000.000 SR divided into 150.000.000 stocks and the value of each stock is 10 SR and has been fully paid.

18-2 On the recommendation of the Board of Directors of the Company in the minutes of the Board of Directors Meeting No. (5) dated 23/12/1432AH corresponding to 19/11/2011 to reduce the Company's capital from 150.000.000 SR to 48.000.000 SR. The company has not received the approval of the Saudi Arabian Capital Market Authority (Tadawul) to date. The company has submitted a work plan with a request to reduce its capital summarized as follows: (sale of some current assets and investment of sale value in projects with high economic feasibility in real estate and education activity. The company owns a land with an area of 1million m2 in Albaha, and it being planned and sold, as well as a plot at Al Taif to be sold. It is expected to achieve profits and revenues of more than (12) million Saudi riyals. In addition, the company will receive a sum of 13 million Saudi riyals half the value of debt on the AlBaha National College of Sciences from the value of buildings of College sold by the company as a down payment.)

19- Administrative general expenses

	2015	2014
Salaries and wages	146.845	652.954
Social security	12.483	37.716
Medical insurance	2.100	76.381
Rentals	11.697	26.055
Post, telephone, electricity and water	35.482	34.709
Car fuels and maintainance	1.000	18.720
Professional fees	45.000	46.615
Advertising	0	87.830
Maintenance and repair	0	801
Government and legalizations fees	18.696	19.793
Transportation expenses	0	50.310
Tawadul follow up expenses	255.548	400.000
Lawsuit and dispute settlement expenses	0	384.000
Miscellaneous	11.426	9.074
	540.277	1.844.958

20- Sectoral activity

20-1The Company consists of the following sectors:

-Head office
- Poultry farms
- Leather factory
-Chairlift project

20-2The assets, liabilities, revenues, operating costs and business results of these sectors as of 31 December 2016 consist of the following:

Description	Head office	Poultry farms	Leather factory	Chairlift project	Total
Net property and equipment	58.811	43.762.601	2.595.160	7.164.913	53.581.485
Total assets	44.076.062	43.762.601	7.154.913	2.782.217	98.459.793
Total liabilities	93.766.773	589.452	125.021	49.777	94.531.023
Net profit	67.372	-	-	-	67.372

20-3 Production in the leather factory was suspended during the second quarter of 2004. The Board of Directors decided to lease the factory on February 23, 2005 and the factory has not yet been leased.

20-4 Depreciation of buildings, construction, machinery and equipment related to the Chairlift project has not been weighted by operating periods since 2001 by a decision of the Board of Directors on April 21, 2001, for failure to operate the project only during seasons.

The Company's legal counsel concluded a study of the position of collection of some of the receivables amounting to 17.085.813 SR (a provision of 8.542.907 SR). The study was not completed until the date of the initial financial statements and the statement of such receivables is as follows:

Description	Head office
Accounts receivable for property and equipment sale	17.085.813
Less:	
Provision made	(8.542.907)
Total after deducting the provision made	8.542.906

21- Important events

On 3 Rabe I 1432AH corresponding to February 6, 2011, the Company signed a contract with Modern Bright for General Contracting, whereby the Company purchased:

(a) Crusher with full equipment, vehicle and all movable and immovable assets without its financial liabilities.

(b) The cement concrete project and its movable and fixed assets without their financial liabilities.

(c) Halocor plant (under construction) as well as equipment that has not been installed without its financial liabilities.

For a total amount of 86.000.000 SR payable in cash and in kind as follows:

1. The Company shall pay the amount of 10.000.000 SR under certified checks in four installments.
2. The Company shall waive (actual transfer) its 50% share of the entire land in Al-Murooj layout in Taif Governorate, which is owned by the Company under deed No. 133/159/1/1 for 12.000.000 SR of the selling price.
3. The company waives its ownership share in AlBaha National College of Science amounting to 37% according to the memorandum of association, including the full indebtedness of the company owning the college and the amount of the debt is 25.000.000 SR for the price of 18.000.000 SR of the sale price.
4. The Company shall relinquish the ownership of the entire land of the poultry project located in Al-Aqeeq Governorate in AlBaha area in full of its fixed and movable assets and all its facilities without financial liability and free of any mortgages or any financial claims owned by the Company under deed No. 2 dated 6 Rabee II 1425AH against 46.000.000 SR.

-According to the minutes of the second ordinary general meeting of AlBhaha held on 22 Jumada I 1432AH corresponding to April 26, 2011, in which the vote on the asset swap agreement with the Modern Bright for General Contracting was postponed to another meeting after the required reports and studies were completed.

-The company has contracted with an authorized specialized office to carry out the due diligence of the assets of Bright subject matter of the agreement. The office issued the due diligence report on 17 September 2011, valuing these assets only at 17.300.559 SR.

-On September 18, 2011, the company announced at Tadawul the results of its due diligence report on the valuation of the assets of Modern Bright. In view of the significant difference between the valuation of the assets of Modern Bright based on the due diligence report of 17.3 million SR and the value of AlBhaha Investment & Development Co. offered for swap with the assets of Modern Bright of the sum of 86 million Saudi riyals, the management of AlBhaha Investment & Development Co. discussed the results of the evaluation with the management of Modern Bright.

-The company announced at Tadawul on October 1, 2011 the results of its negotiations with Modern Bright, which resulted in the non-acceptance of Modern Bright to the results of the due diligence report and refrained from returning the amount of 7.000.000 Saudi Riyals paid by the company in advance to Modern Bright as part of the contract. As a result, the company canceled the contract with Modern Bright, and the company filed a lawsuit with the Board of Grievances claiming that Modern Bright return the amount paid in advance of 7.000.000 SR. A final judgment was issued in the case by the Board of Grievances in Jeddah on 24/6/1434AH, stating the ratification of the initial judgment issued by the Administrative Court in Jeddah to complete the execution of the contract with Modern Bright, and the management of the company decided to create a provision covering the full losses of such process by 68.699.441SR.

22- General

a-The results included in the initial financial reports may not be an accurate indicator of annual operating results.

b- Some of the classifications of financial statements of the comparative years have been restated to conform to the presentation and disclosure of the current year.

Financial statements and the Auditor’s Report for the fiscal year ended 31 December 2014

Rodl
AL TUWAIJRY C.P.A.
To Stockholders
AlBhaha Investment & Development Co.
(A Saudi joint stock company)
AlBaha-Kingdom of Saudi Arabia

Auditor's Report

Scope of audit

We have audited the balance sheet of AlBhaha Investment & Development Co. (a Saudi joint stock company) as of 31 December 2014 and the income statement, cash flows statement and change in stockholders' equity statement for the year then ended, and Note (1) to (22) as considered part of these financial statements prepared by the company in accordance with Article 123 of the Companies Law and submitted to us with all the information and data that we requested. Our audit was in accordance with the auditing standards generally accepted in the Kingdom of Saudi Arabia, which require that we plan the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. The audit procedures include sample-based evidence testing in support of the amounts and disclosures in the financial statements. These procedures also include an assessment of the accounting principles used and significant estimates made by the management and the overall presentation of the financial statements. We believe that our procedures provide a reasonable basis for our conviction that we are able to express an opinion on the financial statements.

Reservations

First: As explained in Note (21) regarding important events, the Company has been subject to a final judgment in its lawsuit against Bright Modern as detailed in the note.
The Company has made a provision to meet the losses arising from the asset swap contract with Modern Bright in the amount of 68.699.441 SR due to the issuance of the stated final judgment by the Board of Grievances in Jeddah, which approved the initial judgment issued by the Administrative Court in Jeddah, 2nd Administrative Department to dismiss the lawsuit filed by the company against Modern Bright and oblige the two parties to the lawsuit to complete the execution of the contract concluded between them dated 6 February 2011.
The accumulated losses amounted to 185.462.590 SR. The accumulated losses exceeded the paid up capital by 35.462.590 SR and the current liabilities exceeded the current assets by 67.524.632 SR, which confirms the existence of doubt about the company's continuity, which requires the Directors to convene the Extraordinary General Meeting to consider the continuity or dissolution of the company before expiry date, in accordance with Article (43) of the Articles of Association of the company.
Second: The Company's share in the results of operations of AlBaha National College of Sciences is not recognized, which is classified as long-term investments for the reasons explained in Note (14) to the financial statements.

Conservative Opinion:

Except for the reservations referred to in the reservation clause above, the financial statements as a whole:
1. Fairly shows the balance sheet of AlBhaha Investment & Development Co. (a Saudi Joint Stock Company) as of 31 December 2014, and the results of its operations, cash flows and changes in stockholders' equity for the fiscal year then ended in the light of the presentation and disclosure of the information contained in the financial statements in accordance with generally accepted accounting standards appropriate to the conditions of the company and applied similarly.
2. Consistent with the requirements of the Companies Law and the Company's Articles of Association regarding the preparation and presentation of financial statements.

15 Rabee' I 1436AH
6 January 2015

Rodl
AL TUWAIJRY C.P.A.
(Signed and selaed)
Othman Mohammed AL Tuwaijry

Balance sheet statement as of 31 December 2014 (all amounts are in SR)			
	Note No.	2014	2013
Assets			
Current assets			
Cash at banks	4	916.234	3.347.292
Receivables, net	5	7.065.865	7.119.358
Prepayments		37.500	11.891
Accunts receivable for property and equipment sale (net)	6	8.542.906	8.542.906
Inventories (net)	7	118.057	118.057
Investment being transferred	8	9.000.000	9.000.000
Total current assets		25.680.562	28.139.504
Current liabilities			
Payables	9	2.999.518	1.557.710
Accrued expenses and other payables	10	2.355.876	2.335.624
Auction shares under settlement	11	10.891.749	10.891.749
Provisions	12	74.635.488	74.635.488
Zakat provision	13	2.322.563	3.741.883
Total current liabilities		93.205.194	93.162.454
Operating capital		(67.524.632)	(65.022.950)
Non-current assets			
Long-term investment (net)	14	17.136.823	17.136.823
Projects under construction	15	1.236.047	1.236.047
Property and equipement (net)	16	53.581.485	55.682.729
Total non-current assets		71.954.355	74.055.599
Total investment		4.429.723	9.032.649
Non-current liabilities			
Provision for employee end of service benefit	17	568.325	1.076.539
Total non-current liabilities		568.325	1.076.539
Stockholders' equity			
Authorized paid up capital	18	150.000.000	150.000.000
Capital grants		39.323.988	39.323.988
Accumulated losses		(185.462.590)	(181.367.878)
Total stockholders' equity		3.861.398	7.956.110
Total non-current liabilities and stockholders' equity		4.429.723	9.032.649

The accompanying notes from 1 to 22 are considered an integral part of these financial statements

Income statement for the fiscal year ended 31 December 2014 (all amounts are in SR)			
	Note No.	2014	2013
Revenues		-	-
Less:			
Revenue cost		-	-
(Less):			
General and administrative expenses	19	(1.844.958)	(4.188.599)
Depreciation of property and equipment (administrative part)	16	(77.476)	(77.947)
Depreciation of property and equipment not recognized during the year	16	(2.023.768)	(2.028.419)
Provision for end of service benefit	17	(67.830)	(195.607)
Provision for claims		-	(3.000.000)
Loss from asset swap		-	(68.699.441)
Net loss for the year- before zakat		(4.014.032)	(78.190.085)
Zakat	13	(80.680)	(93.338)
Net loss for the year		(4.094.712)	(78.283.423)
Earnings per share from net loss of the year		(0.27)	(5.22)

The accompanying notes from 1 to 22 are considered an integral part of these financial statements

Cash flows statement for the fiscal year ended 31 December 2014 (all amounts are in SR)		
	2014	2013
Cash flows from operational activities:		
Net (losses) for the year	(4.094.712)	(78.283.423)
Adjustments:		
Depreciations	2.101.244	2.106.438
Component made from end of service benefit provision	67.830	195.607
Provisions	-	71.699.441
Previous years settlements	-	(30.000)
Zakat charged for the year	80.680	93.338
Operational losses before changes in working capital	(1.844.958)	(4.218.599)
Changes in working capital:		
Increase (decrease) in receivables	53.493	(4.020)
Decrease (increase) in prepayments	(25.609)	24.825
Increase in payables	1.441.808	16.246
Increase (decrease) in accrued expenses and other payables	20.252	50.459
Decrease in auction shares under settlement	-	(13.212)
Zakat paid	(1.500.000)	-
Provision for end of service benefit	(576.044)	-
Net cash flows used in operational activities	(2.431.058)	(4.144.301)
Net (decrease) in cash during the year	(2.431.058)	(4.144.301)
Cash at beginning of the year	3.347.292	7.491.593
Cash at the end of the year	916.234	3.347.292

Changes in stockholders' equity statement for the fiscal year ended 31 December 2014 (all amounts are in SR)				
	Paid up capital	Capital grants(*)	Accumulated losses	Total
Balance as of 31 December 2012	150.000.000	39.323.988	(106.303.537)	83.020.451
Previous years settlements	-	-	3.219.082	3.219.082
Net profits for the year	-	-	(78.283.423)	(78.283.423)
Balance as of 31 December 2013	150.000.000	39.323.988	(181.367.878)	7.956.110
Net losses for the year	-	-	(4.094.712)	(4.094.712)
	150.000.000	39.323.988	(185.462.590)	3.861.398

The accompanying notes from 1 to 22 are considered an integral part of these financial statements
The accompanying notes from 1 to 22 are considered an integral part of these financial statements

(*) This amount represents the value of the land on which the poultry farms were established, which the company obtained as a grant from the Ministry of Agriculture under a deed of the Ministry of Justice No. (2) dated 06/04/1425AH. The value of the land was included in the fixed assets, and the land was valued at the market value upon obtaining the grant.

Notes to the financial statements for the year ended 31 December 2014

1- Establishment of the company and its activities

AlBhaha Investment & Development Co. is a Saudi Joint Stock Company which operates in Saudi Arabia under Commercial Register No. 5800005960 dated 19 Rajab 1413AH corresponding to 12 January 1993 and by Ministerial Decree No. 600 dated 05 Jumada II 1413AH (corresponding to 30 November 1992).

The Company is engaged in:

- Establishment of various industrial projects.
- Owning and reclamation of agricultural lands for the purpose of exploiting them in the establishment of agricultural and livestock production projects.
- Establish, invest, manage, operate and maintain recreational and tourism facilities and projects.
- The wholesale and retail trade of what is within the scope of the company's industrial, agricultural and tourism business, and the establishment of cold stores, repair and maintenance workshops. The company may also perform any necessary or complementary work to achieve these purposes. The company carries out its purposes after obtaining the necessary licenses from the competent authorities and according to the laws.

The registered company's address is P.O. Box 448, AlBaha 22888.

2- Principles of preparation

These initial financial statements have been prepared in accordance with the accounting standards issued by the Saudi Organization for Certified Public Accountants.

3- Significant accounting policies

The principal accounting policies used in the preparation of these financial statements are as follows:

3-1 Accounting Custom

-These initial financial statements have been prepared on the historical cost convention using the accrual principle.
-These initial financial statements have been prepared in Saudi Riyals.

3-2 Receivables

Receivables are stated at nominal value less provision for any doubtful amounts. The management determines this provision based on the periodic review of customers on an individual basis, current economic conditions, past experience and other relevant factors.

3-3 Inventories

Inventories are valued at cost or net realizable value, whichever is less, and the cost of inventories of raw materials and spare parts is determined on a weighted average basis. The cost of inventories of total production includes its share of all indirect industrial costs as well as the cost of materials and direct wages. The inventory of production under operation includes the cost of materials and direct wages up to the last stage reached in addition to its share of indirect industrial costs.

3-4 Investments

-Investments in securities are classified based on the intention of management of the company to use the securities.
- The investment is measured and recognized at acquisition, at the cost of the purchase price plus all the expense for the purpose of acquisition.
- Investments held for trading at the end of each financial period are measured at fair value and gains or losses realized and unrealized are recognized in the income statement.
- Available-for-sale investments are valued at the end of each financial period at fair value and the resulting differences are charged to unrealized gains or losses on equity.
- Investment revenue in securities is recognized when dividends are declared.
- Investments are evaluated in accordance with the equity method in investments exceeding 20% of the invested capital of the investee companies in addition to exerting significant influence on the financial and operating policies of the investee company. The profits and losses are recognized from the net income (loss) of the investee companies by adjusting the investment balance accordingly.
- The present value of investments in securities is reduced against the non-temporary decline in the value of these investments.

3-5 Property and equipment

Property and equipment are stated at net book value after deducting the accumulated depreciation of the cost and impairment loss. The Company uses the straight-line method to calculate depreciation of property and equipment at the following annual rates:

Property and equipment	Net
Buildings and construction	3%-5%
Machinery and plants	5%-10%
Equipment and devices	15%
Vehicles	25%
Furniture	10%
Office equipment and supplies	15%

- Depreciation of property and equipment is started from the date the property and equipment are prepared for use.
- Maintenance and repair expenses incurred to maintain the expected future economic benefits of such property and equipment are charged to the income statement when incurred.

3-6 Impairment of financial assets

An assessment of the company's assets is made at each reporting date to determine whether there is objective evidence that a group of specific financial assets may be impaired. If such evidence exists, any impairment loss is recognized immediately in the income statement and impairment is determined as follows:
- For assets carried at fair value, impairment is the difference between cost and fair value.
- For assets carried at cost, impairment is the difference between the cost and the present value of future cash flows discounted at the current market rate of return on a similar financial asset.
- Reversal of an impairment loss recognized in prior years is recorded when an indication that the impairment loss has not been recognized or impaired and that the decrease can be objectively related to an event occurring after the impairment is recognized.

3-7 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are audited at each reporting date for the purpose of determining whether there is any objective evidence of impairment. If this evidence is available, the recoverable amount of the asset is estimated and the impairment loss is recognized in the income statement when the asset's carrying amount exceeds its recoverable amount.
Reversal of impairment losses recognized in prior years is recognized as income if there is an indication that the impairment loss previously recognized no longer exists or has decreased.

3-8 Payables

Payables are stated at nominal value.

3-9 Provision for end of service benefits

The employees' end of service benefits accrue to the Company is recognized under the Labor and Laborer Law of the Kingdom of Saudi Arabia.

3-10 Provisions

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of a past event that may require an outflow of resources included in the economic benefits to settle the obligation. A reliable estimate of the amount of the obligation can be made. Provisions are audited at each reporting date to reflect the best current rating.

3-11 Capital grants

The absolute capital grants granted by the Company without sacrificing any asset or bearing any obligations or restrictions in return for the grant are measured and recognized on the basis of the fair value of the assets granted at the time of acquisition and are recognized in stockholders' equity.

3-12 Cash flow statement

The cash flow statement is prepared in an indirect method and for the purpose of presenting the statement of cash flows, cash and cash equivalents include cash and call deposits in banks and other short-term and high-liquidity investments with original maturities of three months and show less banks widrawals.

3-13 Revenue recognition

Revenue is recognized when invoicing or performing services to the customer and obtaining the goods or service. They are recorded at net of trade discounts.
Other income items are recognized when earned at the time the related services are rendered or on the terms of the contractual agreement for each activity.

3-14 General and administrative expenses

They are those related to management that do not relate to the cost of sales or direct operations of the Company in accordance with the accounting principles issued by the Saudi Organization for Certified Public Accountants.

3-15 Foreign currencies

Transactions denominated in foreign currencies are translated into Saudi Riyal at the rate of exchange prevailing at the time of the transaction and the assets and liabilities denominated in foreign currencies at the end of the period are translated into Saudi Riyal at the rates prevailing at the end of the period. Any gain or loss on such transfers is recognized in the income statement.

3-16 Provision for Zakat

In accordance with the Financial Accounting Standard for Zakat in Saudi Arabia, the company calculates and recognizes Zakat at the end of each fiscal year on an accrual basis. Zakat is settled in the fiscal year during which the final linkage is approved. Any difference between the Zakat provision and the final linkage is recognized in accordance with the requirements of the General Presentation and Disclosure Standard relating to accounting changes. The provision for Zakat is included in a separate line item in the income statement.

3-17 Potential events

Contingent liabilities are not recognized in the financial statements and disclosed only if the possibility of an outflow of resources involving economic benefits is not probable and the potential assets are not recognized and disclosed when economic benefits are probable.

4- Cash at banks

	2014	2013
Riyad Bank-Beljarshi H/1	778	292.480
Riyad Bank-Beljarshi H/1	107.645	347.030
National Commercial Bank-Installments	807.811	2.307.811
Development Bank-Jeddah	-	399.970
	916.234	3.347.292

5- Receivables, net

	2014	2013
Customers	844.855	844.855
Employee entitlements	-	57.108
Miscellaneous accounts receivable	7.294.836	7.291.221
Suppliers receivables	34.576	34.576
	8.174.267	8.227.760
(Less): Provision for doubtful debts	(1.108.402)	(1.108.402)
	7.065.865	7.119.358

6- Accounts receivable for property and equipment sale, net

This item represents the net amount of the installments due to AlBaha National College for Science (after deducting the profit from sale and provision), which purchased the entire construction of the company on the land leased by the company from the Ministry of Finance and National Economy during 2001, in return for 35.000.000 SR. AlBhaha will invest 10.000.000 SR in the establishment of AlBaha College of Science and the remaining 25.000.000 SR to be paid in fifteen installments per year.

	2014	2013
Total indebtedness	25.000.000	25.000.000
Less:		
Profits of (deferred) fixed assets	(7.914.187)	(7.914.187)
Indebtedness after deducting sale profit	17.085.813	17.085.813
Less: Provision made	(8.542.907)	(8.542.907)
	8.542.906	8.542.906

7- Inventories, net

	2014	2013
Raw materials	1.198.194	1.198.194
Spare parts	147.748	147.748
Completed production	387	387
	1.346.329	1.346.329
Less: Provision for stagnant inventory	(1.228.272)	(1.228.272)
	118.057	118.057

8- An investment being transferred

The company bought half of the residential plot in Taif, Al Waseliyah quarter, deed No. 133/159/1/1 with a total value of 9 million SR. The company paid the amount and the legal procedures for the transfer of ownership are being completed.

9- Payables

	2014	2013
Suppliers	1.105.690	1.105.690
Miscellaneous accounts payable	403.627	403.627
Customers-payable	8.343	8.343
Employee entitlements-payable	1.481.858	40.050
	2.999.518	1.557.710

10- Accrued expenses and other payables

	2014	2013
Accrued expenses	922.427	902.175
Other payables	1.433.449	1.433.449
	2.355.876	2.335.624

11- Auction shares under settlement

The company obtained the approval of the Capital Market Authority on 25/03/1430AH corresponding to 22/03/2009 on the sale of outstanding stocks to collect the value of the last installment by (2.5 riyals) per stock. The company started the sale on 28/06/2009. As of December 31, 2009, 984.032 stocks were sold for 14.325.234 SR according to the offers at the auction, which was collected in full, and the amount is 2.5 SR, representing 25% of the value of the remaining stocks. 2.113.074 was used SR in completing the capital, to become 150.000.000 million SR paid in full. The rest of the amount of 12.212.160 SR will be refunded to the stockholders who defaulted on the last installment and whose stocks were sold by auction. The Company paid a surplus of 511.298 SR and the payment of 682.285 SR as expenses resulting from the sale and collection.

12- Provisions

	1Jan2014	Made during the year	Used during the year	31Dec2014
Provision for claims*	4.700.000	-	-	4.700.000
Provision for projects under construction**	1.236.047	-	-	1.236.047
Provision for losses from asset swap***	68.699.441	-	-	68.699.441
	74.635.488			74.635.488

*The Company increased the provision for claims by 3.000.000 SR in 2013 due to the case filed by Expert for trading in investment and finance for the rest of its due for a contract with the Company to prepare a financial study for the capital increase plan.

**The Company approved the formation of a provision for projects under construction (AlBhaha Chairlift) under construction during the Board of Directors meeting held on 11/10/2011 at 1.236.047 SR.

***The Company has made a provision for losses of asset swap with Bright in accordance with the judgment issued by the Board of Grievances in Jeddah on 24/06/1434AH, as explained in note 21 of the important events.

13- Zakat:

Zakat position

The years from the beginning of the activity until 1999

Zakat returns for these years were presented and zakat due for those years amounted to 5.656.482 SR, with claims from the Zakat and Income Authority and a provision with the whoe amount was made. The amount of 1.706.080 SR was paid on June 13, 2008.

The years 2000 to 2011

Zakat returns were submitted for these years and Zakat was paid from the fact of the returns, and linkage has not been made by the General Authority for Zakat and Income for those years to date.

2012, 2013

Zakat returns have not been presented for the fiscal years ended 31 December 2012 and 2013 and accordingly linkage has not been made by the General Authority for Zakat and Income for those years to date.

13-1 Provision for zakat

	2014	2013
Balance1/1	3.741.883	3.648.545
Support of zakat provision	80.680	93.338
Paid for zakat	(1.500.000)	-
Balance 31/12	2.322.563	3.741.883

13-2 Zakat for 2014

	2014	2013
1- Adjusted net loss is calculated as follows		
Net loss for the year-before zakat	(4.014.032)	(78.190.085)
Provisions made during the year	-	71.699.441
Adjusted net loss/profit	(4.014.032)	(6.490.644)
2- Zakat base is calculated as follows		
Adjusted net loss	(4.014.032)	(6.490.644)
Added:		
Capital	150.000.000	150.000.000
Capital grants	39.323.988	39.323.988
Revolving provisions	88.325.277	18.345.105
	273.635.233	201.178.449
Less:		
Long-term investments	(17.136.823)	(17.136.823)
Property and equipment, net	(53.581.485)	(55.682.729)
Projects under construction	(1.236.047)	(1.236.047)
Accounts receivable for asset sale	(17.085.813)	(17.085.813)
Accumulated losses	(181.367.878)	(106.303.537)
	(270.408.046)	(197.444.949)
	3.227.186	3.733.500
	80.680	93.338

14- Long-term investments, net

	Contribution percentage	2014	2013
AlBaha National College for Science	37%	17.136.823	17.136.823
		17.136.823	17.136.823

-The Company's share in the results of the work of AlBaha National College for Science for the year ended 31 December 2012 amounting to 3.249.082 SR was recognized in the changes in stockholders' equity statement, representing the Company's share of the profits of AlBaha College for the year 2012.

- The Company's share in the results of the work of AlBaha National College of Science for the year ended 31 December 2013 and 2014 has not been recognized as no audited financial statements have been issued as at the date of preparation of these financial statements.

15- Projects under construction

It is a project (AlBhaha chairlift) located on land not owned by the company, and has not been completed until the date of issuance of the financial statements.

16- Property and equipment, net

	Lands	Buidlings and construction	Machinery and equipment	Vehicles	Office equipment and supplies	Furniture	Equipment and devices	Total
Cost:								
Asset cost as of 1 Jan 2014	39.323.988	24.792.458	34.382.005	1.741.048	2.992.315	841.489	173.371	104.246.674
Additions during the year	-	-	-	-	-	-	-	-
Asset cost as of 31 Dec2014	39.323.988	24.792.458	34.382.005	1.741.048	2.992.315	841.489	173.371	104.246.674
Accumulated depreciation:								
Accumulated depreciation as of 1Jan2014	-	13.785.803	29.219.660	1.661.203	2.959.816	764.096	173.367	48.563.945
Depreciation for the year	-	1.148.372	859.620	63.876	10.068	19.308	-	2.101.244
Accumulated depreciation as of 31Dec2014	-	14.934.175	30.079.280	1.725.079	2.969.884	783.404	173.367	50.665.189
Net book value								
As of 31Dec2014	39.323.988	9.858.283	4.302.725	15.969	22.431	58.085	4	53.581.485
As of 31Dec2013	39.323.988	11.006.655	5.162.345	79.845	32.499	77.393	4	55.682.729

17- Provision of end of service benefit

	2014	2013
Balance 1/1	1.076.539	880.932
Support	67.830	195.607
Use	(576.044)	-
Balance 31/12	568.325	1.076.539

18- Capital

18-1 The authorized capital of the Company is 150.000.000 SR divided into 15.000.000 stocks and the value of each stock is 10 SR and has been fully paid.

18-2 On the recommendation of the Board of Directors of the Company in the minutes of the Board of Directors Meeting No. (5) dated 23/12/1432AH corresponding to 19/11/2011 to reduce the Company's capital from 150.000.000 SR to 48.000.000 SR. The company has not received the approval of the Saudi Arabian Capital Market Authority (Tadawul) to date. The company has submitted a work plan with a request to reduce its capital summarized as follows: (sale of some current assets and investment of the sale value in projects f high feasibility in the activity of real estate and educatin. The company owns a land with an area of 1 million m2 in Albaha, and it being planned and sold, as well as a plot at Al Taif to be sold. It is expected to achieve profits and revenues of more than (12) million Saudi riyals. In addition, the company will receive a sum of 13 million Saudi riyals half the value of debt on the AlBaha National College of Sciences from the value of buildings of College sold by the company as a down payment.)

19- Administrative general expenses

	2014	2013
Salaries, wages and equivalents	652.954	1.490.743
Social security	37.716	53.152
Medical insurance	76.381	76.324
Rentals	26.055	51.855
Post, telephone, electricity and water	34.709	45.551
Car fuels and maintainance	18.720	26.068
Professional fees	46.615	45.510
Advertising	87.830	29.800
Maintenance and repair	801	23.440
Government and legalizations fees	19.793	29.150
Transportation expenses	50.310	24.135
Tawadul follow up expenses	400.000	220.000
Lawsuit and dispute settlement expenses	384.000	1.875.000
Audit committee and directors allowances	-	6.000
Consultations and studies of projects	-	165.000
Miscellaneous	9.074	26.871
	1.844.958	4.188.599

20- Sectoral activity

20-1The Company consists of the following sectors:

Head office	Leather factory
Poultry farms	Chairlift project

20-2The assets, liabilities, revenues, operating costs and business results of these sectors as of 31 December 2014 consist of the following:

Description	Head office	Poultry farms	Leather factory	Chairlift project	Total
Net property and equipment	58.811	43.762.601	2.595.160	7.164.913	53.581.485
Total assets	43.935.186	43.762.601	7.154.913	2.782.217	97.634.917
Total liabilities	93.009.270	589.452	125.021	49.777	93.773.520
Net profit	(1.806.992)	(413.193)	(949.680)	(924.847)	(4.094.712)

20-3 Production in the leather factory was suspended during the second quarter of 2004. The Board of Directors decided to lease the factory on February 23, 2005 and the factory has not yet been leased.

20-4 Depreciation of buildings, construction, machinery and equipment related to the Chairlift project has not been weighted by operating periods since 2001 by a decision of the Board of Directors on April 21, 2001, for failure to operate the project only during seasons.

20-5 The Company's legal counsel concluded a study of the position of collection of some of the receivables amounting to 17.085.813 SR (a provision of 8.542.907 SR). The study was not completed until the date of the initial financial statements and the statement of such receivables is as follows:

Description	Head office
Accounts receivable for property and equipment sale	17.085.813
Less:	
Provision made	(8.542.907)
Total after deducting the provision made	8.542.906

21- Important events

On 3 RabeI 1432AH corresponding to February 6, 2011, the Company signed a contract with Modern Bright for General Contracting, whereby the Company purchased:

(a) Crusher with full equipment, vehicle and all movable and immovable assets without its financial liabilities.
(b) The cement concrete project and its movable and fixed assets without their financial liabilities.
(c) Halocor plant (under construction) as well as equipment that has not been installed without its financial liabilities.

For a total amount of 86.000.000 SR payable in cash and in kind as follows:

1. The Company shall pay the amount of 10.000.000 SR under certified checks in four installments.
2. The Company shall waive (actual transfer) its 50% share of the entire land in Al-Murooj layout in Taif Governorate, which is owned by the Company under deed No. 133/159/1/1 for 12.000.000 SR of the selling price.
3. The company waives its ownership share in AlBaha National College of Science amounting to 37% according to the memorandum of association, including the full indebtedness of the company owning the college and the amount of the debt is 25.000.000 SR for the price of 18.000.000 SR of the sale price.
4. The Company shall relinquish the ownership of the entire land of the poultry project located in Al-Aqeeq Governorate in AlBaha area in full of its fixed and movable assets and all its facilities without financial liability and free of any mortgages or any financial claims owned by the Company under deed No. 2 dated 6 Rabee II 1425AH against 46.000.000 SR.

According to the minutes of the second ordinary general meeting of AlBhaha held on 22 Jumada I 1432AH corresponding to April 26, 2011, in which the vote on the asset swap agreement with the Modern Bright for General Contracting was postponed to another meeting after the required reports and studies were completed.

-The company has contracted with an authorized specialized office to carry out the due diligence of the assets of Bright subject matter of the agreement. The office issued the due diligence report on 17 September 2011, valuing these assets only at 17.300.559 SR.

-On September 18, 2011, the company announced at Tadawul the results of its due diligence report on the valuation of the assets of Modern Bright. In view of the significant difference between the valuation of the assets of Modern Bright based on the due diligence report of 17.3 million SR and the value of AlBhaha Investment & Development Co. offered for swap with the assets of Modern Bright of the sum of 86 million Saudi riyals, the management of AlBhaha Investment & Development Co. discussed the results of the evaluation with the management of Modern Bright.

The company announced at Tadawul on October 1, 2011 the results of its negotiations with Modern Bright, which resulted in the non-acceptance of Modern Bright to the results of the due diligence report and refrained from returning the amount of 7.000.000 Saudi Riyals paid by the company in advance to Modern Bright as part of the contract. As a result, the company canceled the contract with Modern Bright, and the company filed a lawsuit with the Board of Grievances claiming that Modern Bright return the amount paid in advance of 7.000.000 SR. A final judgment was issued in the case by the Board of Grievances in Jeddah on 24/6/1434AH, stating the ratification of the initial judgment issued by the Administrative Court in Jeddah to complete the execution of the contract with Modern Bright, and the management of the company decided to create a provision covering the full losses of such process by 68.699.441SR.

22- General

Some of the classifications of financial statements of the comparative years have been restated to conform to the presentation and disclosure of the current year.

23-2 Annex No. (2)

Audited fianancial statements of Elegant Centers Co. Ltd
Financial statements and auditors' report for the fiscal year ended 31 December 2016
AlDar Audit Bureau
Abdullah AlBasri & Partners
Chartered Accountants
Professional General Partnership
Member of Granth Thornton International
1697/100/T

Auditor's Report

Messrs. Partners
Elegant Centers Co. Ltd
(A Limited Liability Company)

We have audited the accompanying the balance sheet statement of **Elegant Centers (Limited Liability** Company) as of 31 December 2016 and the income statement, the cash flows statement and the statement of changes in partners' equity for the year then ended, including notes 1 to 14, which are considered an integral part of the financial statements.

Responsibility of the Company's management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia in accordance with Article 175 of the Companies Law and the Company's Memrandum of Association. This responsibility includes: designing, implementing and maintaining appropriate internal control to prepare and present financial statements that are fair and free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances of the Company.

The management has provided us with all the information and notes that we have requested to audit the financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing accepted in the Kingdom of Saudi Arabia. Those standards require that we comply with the requirements of the profession and plan the audit to obtain a reasonable degree of certainty that the financial statements are free from material misstatement.

The audit includes evidence testing supporting the amounts and notes in the financial statements. The procedures selected depend on our judgment, including our assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. Taking into account the internal control system for the preparation and presentation of fair financial statements of the Company in order to design audit procedures appropriate to the Company's circumstances. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates used by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to be relied upon as a basis for our opinion.

Head office- Riyadh
Al-Musa Commercial complex
4th Tower, 7th floor
AlOlayya Public Road
P.O. Box 2195 Riyadh 11451
Kingdom of Saudi Arabia
Tel.: 680-463-011(7 lines)
Fax: 011 464 5939
E-mail: infor@aldaraudit.com
www.aldaraudit.com
Branches: Jeddah-Kobar

Opinion

In our opinion, the financial statements:

- All significant aspects of the balance sheet of **Elegant Centers Co. Ltd** as of December 31, 2016 and its financial performance and its cash flows for the year then ended in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia.
- Consistent with the requirements of the Companies Law and the Company's Memorandum of Association regarding the preparation and presentation of the financial statements.

AlDar Audit Bureau
Abdullah AlBasri & Partners
(Signed and sealed)
Abdullah Bin Mohammed AlBasri
(Chartered Accountant- License No. 171)

Riyadh on 14 Rabe' II 1438AH
Corresponding to 14 January 2017

Balance sheet statement as of 31 December 2016			
	Note	2016	2015
Assets			
Current assets			
Cash	3	30.570.191	24.968.000
Other receivables	4	760.493	9.801
Total current assets		31.330.684	24.977.801
Non-current assets			
Property and equipement	5	16.602	95.238.921
Projects under construction:			
Lands		95.217.738	---
Construction		20.747.313	---
Total projects under construction	6	115.965.051	---
Total non-current assets		115.981.653	95.238.921
Total assets		147.312.337	120.216.722
Liabilities and partners' equity			
Current liabilities			
Payables and accrued expenses	7	2.193.207	---
Accrued amounts to related parties	8	61.666	117.075
Total liabilities		2.254.873	117.075
Partners' equity			
Capital	9	50.000.000	25.000.000
Grants from partners	10	95.217.738	95.217.738
Accumulated losses		(160.274)	(118.091)
Partners' equity, net		145.057.464	120.099.647
Total liabilities and Partners' equity		147.312.337	120.216.722

The accompanying notes from 1 to 14 are considered an integral part of these financial statements and shall be read therewith

Income statement for the fiscal year ended 31 December 2016			
	Note	2016	For the period from 11 December 2014 to 31 December 2015
Administrative and general expenses	11	(27.784)	(116.374)
Other revenues	12	233.182	---
Depreciations	5	(4.581)	(1.717)
Net loss for the year/period		(42.183)	(118.091)

The accompanying notes from 1 to 14 are considered an integral part of these financial statements and shall be read therewith

Cash flows statement for the fiscal year ended 31 December 2016			
	Note	2016	For the period from 11 December 2014 to 31 December 2015
Cash flows from operational activities			
Net loss for the year/period		(42.183)	(118.091)
Adjustments:			
Depreciations	5	4.581	1.717
Changes in working capital			
Other receivables		(750.692)	(9.800)
Accrued amounts to related parties		(55.409)	117.074
Payables		2.168.207	---
Accrued expenses		25.000	---
Net cash flows from (used in) operational activities		1.349.504	(9.100)
Cash flows from investment activities			
Property and equipment purchase	5	---	(22.900)
Projects under construction		(20.747.313)	---
Net cash flows from investment activities		(20.747.313)	(22.900)
Cash flows from finance activities			
Capital paid		---	25.000.000
Increase in capital		25.000.000	--
Net cash flows from finance activities		25.000.000	25.000.000
Cash and cash equivalents during the year/period		5.602.191	24.968.000
Cash and cash equivalents at the beginning of the year/period		24.968.000	---
Cash at the end of the year/period		30.570.191	24.968.000
Non-monetary transactions			
Real estate properties and grants from partners		---	95.217.738

The accompanying notes from 1 to 14 are considered an integral part of these financial statements and shall be read therewith

Changes in partners' equity statement for the fiscal year ended 31 December 2016				
	Capital	Grants from partners	Accumulated losses	Net partners' equity
Capital issued	25.000.000	95.217.738	---	120.217.738
Net loss for the period from 11 December 2014 to 31 December 2015	---	---	(118.091)	(118.091)
Balance as of 31 December 2015	25.000.000	95.217.738	(118.091)	120.099.647
Increase in capital	25.000.000	---	---	25.000.000
Net loss for the year	---	---	(42.183)	(42.183)
Balance as of 31 December 2016	50.000.000	95.217.738	(160.274)	145.057.464

The accompanying notes from 1 to 14 are considered an integral part of these financial statements and shall be read therewith

Notes to the financial statements for the year ended 31 December 2016

1- History of the Establishment:

Elegant Centers Co. Ltd (Limited Liability Company) operates under Commercial Register No. (1010428696) issued by the city of Riyadh on 18 Safar 1436AH corresponding to 10 December 2014. The main activity of the establishment is the establishment and management of central markets, commercial and residential complexes, hotels, furnished apartments, fuel stations, wholesale and retail of food, building materials, iron, buying and renting land for establishing and investing buildings by selling or renting. The duration of the company shall be 99 years.

2- Significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below.

Principles of preparation

The accompanying financial statements have been prepared on the historical cost basis in accordance with the accrual accounting principle and in accordance with accounting standards issued by the Saudi Organization for Certified Public Accountants. These financial statements should be read in conjunction with the financial statements for the period ended 31 December 2015.

Use of estimates

The preparation of financial statements in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia requires the use of estimates and assumptions that affect the amounts of assets and liabilities, disclosure of potential assets and liabilities as at the balance sheet date, and the estimation of amounts of revenues and expenses during the fiscal year. Estimates and assumptions are continually evaluated and are based on past experience and other factors that include projections of future events that are appropriate to the circumstances. The Company makes estimates and assumptions relating to the future which, as defined, are rarely equal to actual results.

Cash and cash equivalents

Cash and cash equivalents and balances in current accounts include maturities of less than or equal to three months.

Accounts receivable and other receivables

Accounts receivable are presented in the balance sheet statement at the net realizable value after deducting provision for doubtful debts, the estimated amount of which is reviewed based on studies of the recoverable amounts of the accounts receivable at the end of the year for the financial statements.

Property and equipment

Property and equipment are stated at cost less accumulated loss except the land recorded at cost. Repair and maintenance expenses are recognized as revenue expenses. Improvements expenses are considered capital expenses and are depreciated on a straight-line basis at the following depreciation rates:

Furniture	20%

Accounts payable and accrued expenses

Liabilities are recognized for future amounts owed for goods or services received, whether or not invoiced by suppliers at the balance sheet date.

Provisions

Provisions are recognized when the establishment has an obligation (legal or constructive) arising from past events and the costs of payment of these obligations are probable and can be reliably measured.

Revenue

Revenue is recognized when the invoice is issued and the goods are delivered to the customer. Other revenues are recognized when received.

Administrative and general expenses

Administrative and general expenses include direct and indirect expenses that are not directly related to revenue costs in accordance with generally accepted accounting standards, and the expenses, if necessary, are distributed between administrative and general expenses and selling and marketing expenses on an ongoing basis.

Zakat:

The establishment is subject to the instructions of Saudi Zakat and Income Department, The Zakat is recognized on accrual basis and the zakat provision is calculated on zakat base. Any differences between the provision and the final linkage are recorded when the final linkage is approved and the provision is closed.

Foreign currency conversions

a- Major currency

The Company's financial statements are presented in Saudi Riyal, which is the Company's functional currency.

b- Transactions and balances

Transactions denominated in foreign currencies are translated into Saudi Riyals at the rates of exchange ruling at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recorded at the rates prevailing at the end of the year in the income statement.

3- Cash:

	2016	2015
Arab National Bank	30.570.191	24.968.000

4- Other receivables

Other receivables for the fiscal year/period ended 31 December are as follows:

	2016	2015
Prepayments	741.158	9.801
Membership of chamber of commerce	19.335	---
Total	760.493	9.801

5- Property and equipment

	Furniture	Lands	Total
Cost			
Balance as of 31 December 2015	22.900	95.217.738	95.240.638
Transferred to projects under construction during the year	---	(95.217.738)	(95.217.738)
Additions during the year	---	---	---
Balance as of 31 December 2016	22.900	---	22.900
Total accumulated depreciation			
Balance as of 31 December 2015	1.717	---	1.717
Depreciations during the year	4.581	---	4.581
Balance as of 31 December 2016	6.298	---	6.298
Net book value			
As of 31 December 2016	16.602	---	16.602
As of 31 December 2015	21.183	95.217.738	95.238.921

6- Projects under construction

Projects under construction for the fiscal year/period ended 31 December are as follows:

	2016	2015
Lands	95.217.738	---
Constrcution	20.747.313	---
Total	115.965.051	---

7- Payables and accrued expenses

Payables and accrued expenses for the year/period ended 31 December 2016 are as follows:

	2016	2015
Abdullah Fahd Al-Midian for Contracting and Communication Est.	2.168.207	---
Accrued expenses	25.000	---
	2.193.207	---

8- Transactions with related parties

The related parties represent the transactions that have been made with the principal and administrative partners of the Company and which control in whole or in part or mainly affect those parties.

Pricing and terms related to these transactions are approved by the Company's management.

The following is a summary of the transactions with related parties that appear in the balance sheet statement:

	2016	2015
Amounts due to related parties		
Mr. Ibrahim Bin Abdullah Bin Rashid Bin Kolaib	61.666	117.075

9- Capital

The Company's capital is set at 50.000.000 SR fifty million Saudi riyals divided into (5.000.000) shares of equal value. The value of each share is (10 SR) and distributed to the partners is as follows:

Partner's name	Number of shares	Share value	Total
Mohammed Saleh Mohammed AlHammadi	375.000	10	3.750.000
Nada Mohammed Abdullah AlRajhi	400.000	10	4.000.000
Fahd Mohammed Saleh AlHammadi	400.000	10	4.000.000
Abdulaziz Mohammed Saleh AlHammadi	400.000	10	4.000.000
Khalid Mohammed Saleh AlHammadi	400.000	10	4.000.000
Saleh Mohammed Saleh AlHammadi	400.000	10	4.000.000
Abdulaziz Saleh Mohammed AlHammadi	475.000	10	4.750.000
Fahdah Ahmed Othman AlDahesh	475.000	10	4.750.000
Abdullah Abdulaziz Saleh AlHammadi	475.000	10	4.750.000
Saleh Abdulaziz Saleh AlHammadi	475.000	10	4.750.000
Ahmed Abdulaziz Saleh AlHammadi	475.000	10	4.750.000
Ibrahim Abdullah Rashid Bin Kolaib	250.000	10	2.500.000
Total	5.000.000		50.000.000

10- Grants from partners

They are a plot of land located in Malaz quarter in Riyadh with an area of (14.379.29) fourteen thousand three hundred and seventy-nine square meters and twenty-nine square centimeters only, where the ownership is transferred by donation to the company on 15 Rabie II 1436AH (corresponding to 4 February 2015).

11- Administrative and general expenses:

The administrative and general expenses for the fiscal year/period ended 31 December are as follows:

	2016	For the period from 11 December 2014 to 31 December 2015
Employee salaries and benefits	88.686	34.635
Licenses	24.220	5.620
Professional and legal fees	67.500	27.000
Rentals	39.200	23.013
Banking commissions	261	5.115
Utilities and electricity	30.539	900
Insuarnce	10.074	---
Subscriptions	---	2.220
Advertising	---	7.640
Stationery and office	5.010	2.921
Miscellaneous	5.294	7.310
Total	27.784	116.374

12- Other revenues

Other revenues represent expenses paid by a partner on behalf of the Company and has surrendered its recoveries in favor of the Company as follows:

	2016	For the period from 11 December 2014 to 31 December 2015
Salaries of the general manager and the accountant	19.950	---
Rentals	19.600	---
Health insuarance for the general manager	13.432	---
Liasion officer fees	15.000	---
Electricity and telephone expenses	1.200	---
Financial fines on project contractors	164.000	---
Total	233.182	---

13- Financial instruments and risk management

Financial instruments included in the balance sheet statement include cash, accounts receivable and accounts payable. The applicable methods of accounting for these items are disclosed in their respective accounting policies. Financial assets and liabilities are offset and net is recognized in the financial statements when the Company has a legal right to set-off and intends either to settle on a net basis or to state the assets and liabilities at the same time. The Company's activities are exposed to various financial risks. These risks include:

Credit risk:

It is the inability of party to meet its obligations causing the other party to incur a financial loss. The establishment has no material impact on credit risk. The Company's management seeks to reduce credit risk by periodically monitoring any outstanding receivables.

Fair value:

Fair value is the amount used to swap assets and liabilities between knowledgeable and willing parties to complete the transaction in equal circumstances. As the financial statements are prepared on a historical cost basis, differences may arise between carrying amount and fair value estimates. The management of the establishment believes that fair value is not materially different from carrying amount.

Liquidity risk:

It is the risk that the establishment will not be able to make the necessary funds to meet its financial instrument obligations. Liquidity risk arises when the asset cannot be sold quickly and at an approximate fair value. Liquidity is managed by monitoring it on an ongoing basis to ensure sufficient liquidity to meet future liabilities of the establishment.

Currency Risk:

The risks arising from the fluctuation of the value of financial instruments are the result of changes in foreign exchange rates. The establishment's principal transactions are denominated in Saudi Riyals. Currency risk is managed on a regular basis. Based on the management experience of the establishment, it believes that the establishment is not at high risk of exchange rate fluctuations.

14- Comparative figures:

Certain comparative figures for the financial statements for the period from establishment to 31 December 2015 have been reclassified to conform to the presentation of the financial statements for 2016. The reclassification has not had any impact on balance sheet and results of the Company for the period 2015.

Financial Statements and Auditors' Report for the period from establishment until 31 December 2015

Crowe Horwath
Al Azem & Al Sudairy
Certified Public Accountants
Member of Crowe Horwath
License No.: 323/11/148
P.O. Box: 10504 Riyadh 11443
Kingdom of Saudi Arabia
Tel: (011 217 5000
Fax: (011) 217 6000
www.crowehorath.com
Email: ch@crowehorath.com.sa

Auditor's Report

To Partners:
Elegant Centers Co. Ltd
(Saudi Limited Liability Company)

Scope of audit: We have audited the accompanied balance sheet statement of **Elegant Centers Co. Ltd (Saudi Limited Liability Company)** as at 31 December 2015 and the income statement, cash flow statement and changes in the partners' equity for the period from establishment to 31 December 2015 and the notes 1 to 8 which are considered an integral part of these financial statements prepared by the management of the company submitted to us with all the information and data that we requested. The preparation of the financial statements is of the responsibility of the management of the company.
We conducted the audit in accordance with the generally accepted auditing standards in the Kingdom of Saudi Arabia. These standards require that the purpose of our planning and implementation of the audit is to obtain a reasonable degree of certainty that the financial statements do not contain material misstatement. The audit procedures included examining the accounting records and a test examination of the supporting documents for the amounts and information included in the financial statements. It also included an assessment of the accounting principles used and significant estimates made by management, as well as an assessment of the presentation of the financial statements in general. We believe that our audit is a reasonable basis for our opinion.
Absolute opinion: In our opinion, the financial statements mentioned above:
1) fairly present, in all material respects, the balance sheet of **Elegant Centers Co. Ltd (Saudi Limited Liability Company)** as of 31 December 2015 and the results of its operations and cash flows from establishment until 31 December 2015 in light of the presentation and disclosure of the information contained in the financial statements and in accordance with generally accepted accounting standards in Saudi Arabia appropriate for the company's circumstances.
2) Consistent with the requirements of the Companies Law and the Company's Memorandum of Association regarding the preparation and presentation of the financial statements.

We would like to draw attention to the following:
- The financial statements for the period from establishment until 31 December 2015 are the first financial statements prepared for the Company.

Al Azem & Al Sudairy
Certified Public Accountants
(Signed and sealed)
Abdullah Mohammed Al Azem
License No. (335)

8 Rabe' II 1437AH (18 January 2016)
Riyadh, Kingdom of Saudi Arabia

Salman Bandar Al Sudairy
License No. (283)

Audit/Tax Consultants/Consultations

Abdullah Mohammed Al Azem
License No. (335)

Balance sheet statement from establishment until 31 December 2015	
Assets	
Current assets	
Cash at banks	24.968.000
Prepayments and other assets	9.800
Total current assets	24.977.800
Property and equipement (Note 3)	95.238.921
Total non-current assets	95.239.252
Total assets	120.216.721
Liabilities	
Due to related party (Note 4)	117.074
Total liabilities	117.074
Partners' equity	
Capital (Note 1)	25.000.000
Grants from partners (Note 5)	95.217.738
Loss for the period	(118.091)
Total partners' equity	120.099.647
Total liabilities and partners' equity	120.216.721

The accompanying notes from 1 to 8 are considered an integral part of these financial statements

Income statement from establishment until 31 December 2015	
Administrative and general expenses	(118.091)
Loss for the period	(119.091)

The accompanying notes from 1 to 14 are considered an integral part of these financial statements

Cash flows statement from establishment until 31 December 2015	
Cash flows from operational activities:	
Net loss for the period	(118.091)
Adjustments for settlement of net loss to net cash used in operational activities	
Depreciations	1.717
Changes in assets and liabilities	
Prepayments and other assets	(9.800)
Due from related party	117.074
Net cash used in operational activities	(9.100)
Cash flow from investment activities	
Property and equipment purchase	(22.900)
Net cash used in investment activities	(22.900)
Cash flow from finance activities:	
Capital	25.000.000
Net cash realized from finance activities	25.000.000
Net increase in cash balances in banks	
Cash balances in bank-beginning of period	-
Cash balances in bank-end of period	24.968.000
Non-monetary transactions:	
Real estate properties and grants from partners	95.217.738

The accompanying notes from 1 to 8 are considered an integral part of these financial statements

Changes in partners' equity statement from establishment until 31 December 2015	
Capital (Note 1)	
Balance at beginning of period	-
Movement during the period	25.000.000
Balance at the end of period	25.000.000
Grants from partners (Note 4)	
Balance at beginning of period	-
Movement during the period	95.217.738
Balance at the end of period	95.217.738
Loss for the period	
Balance at the beginning of period	-
Loss for the period	(118.091)
Balance at the end of period	(118.091)
Total partners' equity	120.099.647

The accompanying notes from 1 to 8 are considered an integral part of these financial statements
Source: Audited financial statements

Notes to the financial statements for the period from establisment until 31 December 2015

1- Composition and activity

Elegant Centers Co. Ltd is registered in Saudi Arabia as a Saudi limited liability company under Commercial Register No. 1010428696 dated 18/2/1436AH corresponding to 11/12/2014, with a capital of 100.000 SR of 10 SR each.

On 18 Shawwal 1436AH corresponding to 03 August 2015, the partners decided to amend the Company's Memorandum of Association by increasing the Company's capital to 25.000.000 SR divided into 2.500.000 shares of 10 SR each.

On 05 Rabee I 1436AH corresponding to December 16, 2015, the partners decided to amend the Company's Memorandum of Association by increasing the Company's capital to 50.000.000 SR divided into 5.000.000 shares of 10 SR each. The increase of 25.000.000 SR had not been deposited in the company's account and accordingly a bank certificate for the company's account by deposit had not been issued until the date of preparation of the financial statements.

Establishment and management of markets, commercial centers, commercial and residential complexes, hotels, furnished apartments, fuel stations, wholesale and retail trade of foodstuffs, building materials and iron, purchase and lease of land for the construction and investment of buildings by selling or renting.

2- Summary of significant accounting policies

The following is a summary of the significant accounting policies adopted by the Company's management:

a) Use of estimates

The preparation of the financial statements in accordance with generally accepted principles requires the use of estimates and assumptions that may affect the value of the recorded assets and liabilities, disclosures of the potential assets and liabilities at the reporting date, and the amounts of revenues and expenses disclosed for the period for which the financial statements are prepared. Although the preparation of these assumptions and estimates is based on the best and most recent information available to management at the date of issue of the financial statements, the actual final results may differ materially from those estimates.

b) Cash on hand and at banks

Cash on hand and at banks include bank balances and deposits convertible into specific cash amounts with maturities of three months or less from the date of purchase.

c) Receivables

Receivables are stated at the original amount of the invoice or the lease maturity less provision for any uncollectible amounts. Doubtful debts are written off when determined and approved by the Board of Directors.

d) Estimated Zakat

Estimated Zakah is an obligation on the Company and is recognized in the financial statements by being charged to the income statement in accordance with the Zakat Standard issued by the Saudi Organization for Certified Public Accountants. The zakat is calculated on accrual basis. The difference between the provision and the final linkage is processed in the year in which the linkage is received.

e) Revenue realization

Revenue is recognized when the invoice is issued and the goods are delivered to the customer. Other revenues are charged upon receipt.

f) Expenses

Expenses are recognized and measured as expenses for the period in accordance with the accrual basis and are charged to the accounting period in which they are incurred. Administrative and general expenses used by more than one accounting period are allocated to these periods on a time basis using their historical cost.

g) Real estate properties

The Company owns real estate assets (land) for the purpose of retaining to achieve capital returns, and are stated at cost.

3- Property and equipment, net

Property and equipment as at 31 December comprise the following:

Cost	Lands	Furniture	Total
Balance at beginning of period	-	-	-
Additions during the period	95.217.738	22.900	95.240.683
Balance at end of period	95.217.738	22.900	95.240.983
Depreciations			
Balance at beginning of period	-	-	-
Additions during the year	-	1.717	1.717
Balance at end of period	-	1.717	1.717
Net book value			
31 December 2015	95.217.738	21.183	95.238.921

- Property and equipment depreciation amounted to 1.717 SR for the period from establishment until 31 December 2015.
- The value of land is calculated at fair value.

4- Due to a related party

An account payable to a related party with a balance of 117.074 SR as of 31 December 2015 represents expenses paid by a partner on behalf of the Company.

5- Grants from partners

It is a plot of land located in Malaz quarter in the city of Riyadh with an area of (14.379.29) fourteen thousand three hundred and seventy-nine square meters and twenty-nine square centimeters only, where the ownership was transferred by donation to the company on 15/04/1436AH (corresponding to 04/02/2015).

6- Administrative and general expenses

Administrative and general expenses for the period from establishment until 31 December 2015 consist of the following:

Description	Amount
Employee salaries and benefits	32.600
Rentals	23.013
Advertising	7.640
Miscellaneous	54.838
	118.091

7- Financial instruments and risk management

Financial instruments included in the balance sheet statement include mainly cash and cash equivalents and real estate properties.

Credit risk:

Credit risk represents the inability of a party to meet its obligations, resulting in financial losses to the other party. The Company's management seeks to reduce credit risk by periodically monitoring any outstanding receivables.

Liquidity risk:

It is the risk that an establishment will not be able to secure the liquidity required to meet the liability for financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly and at a value close to its fair value. The management of the company manages the liquidity risk by ensuring that the necessary funding is available in the business unit when needed.

Currency Risk:

It is the risk of change in the value of financial instruments due to changes in foreign exchange rates. The core business unit transactions are denominated in Saudi Riyals. The management believes that currency risk is not material.

Fair value:

Represents the fair value at which an asset is exchanged or a liability settled between willing parties and on fair terms. Since the statements have been prepared under the historical cost convention, they can result in differences between the book value and the estimated fair value. The management believes that the fair values of financial assets are not significantly different from their book values.

8- General

Figures in the financial statements are rounded to the nearest Saudi Riyals.

23-3 Annex No. 3

Proforma consolidated financial statements
AlBhaha Investment & Development Co.
Proforma consolidated financial statements for the fiscal year ended 31 December 2016

RSM United Accountants
Dr. Abdulqader Banqa & Partners
King Abdullah Road
Alsaif center-3rd floor
P.O. Box 2227 Riyadh 12252-7749
Tel.: +966114562974
Fax: +966114940587
Kingdom of Saudi Arabia
www.rsmksa.com

Assurance Examination Report

To Management of AlBhaha Investment & Development Co.
Riyadh-Kingdom of Saudi Arabia

Scope of audit

We have audited the consolidated proforma adjustments that reflect the assumptions set out in Note 20 and are applied to historical amounts in the consolidated proforma balance sheet statement of AlBhaha Investment & Development Co., a Saudi Joint Stock Company ("the Company") as of 31 December 2016, the consolidated proforma income statement and consolidated proforma change in stockholders' equity statement for the year then ended and the consolidated profroma notes 1 to 21 which are considered an integral part of these consolidated proforma financial statements. These consolidated proforma financial statements have been derived from the historical financial statements of AlBhaha Investment & Development Co. ("the Company") for the year ended 31 December 2016 and audited by another auditor who issued a conservative opinion on 30 January 2017, and Elegant Centers Co. Ltd (the acquiree company) for the year ended 31 December 2016 audited by another auditor who issued an absolute opinion on 12 January 2017. The proforma adjustments have been prepared based on the management assumptions described in Note 20 and in accordance with the accounting policies set out in Note 2. The preparation of these consolidated proforma financial statements is the responsibility of the Company's management. Our responsibility is to express an opinion on the proforma adjustments of the historical amounts in the consolidated proforma financial statements based on our audit.
We have made our audit in accordance with assurance examination standard by the Saudi Arabian Organization of Certified Public Accountants. The audit includes procedures that we considered necessary to establish a reasonable degree of conviction that would enable us to express our opinion.
The purpose of the consolidated proforma financial statements is to reflect the possible material effects on the historical financial statements if the acquisition described in Note 20 is made in previous date.

The audit result

In our opinion, the proforma adjustments by the management described in Note 20 provide a reasonable basis for presenting the significant effects of the acquisition described in Note 20 and reflect an appropriate effect on the management's assumptions on the historical financial statements prepared in accordance with generally accepted accounting standards in Saudi Arabia, and are reflected in the consildated proforma balance sheet statement as of 31 December 2016 and the consolidated proforma income statement and consolidated proforma changes in stockholders' equity statement for the year ended 31 December 2016.

RSM United Accountants
Dr. Abdulqader Banqa & Partners
(Signed and sealed)
Mohammed Bin Farhan Bin Nader
License No. 435
Riyadh, Kingdom of Saudi Arabia
3 Jumada I 1438AH (31 January 2017)

Consolidated proforma balance sheet statement as of 31 December 2016			
	Note	2016	2015
Assets			
Current assets			
Cash at banks		31.269.453	1.733.243
Accounts receivable, net	4	8.354.362	7.097.865
Accounts receivable for sale of properties and equipment, net	5	8.542.906	8.542.906
Inventories, net	6	118.057	118.057
Prepayments and other assets		1.013.743	13..367
Total current assets		49.298.521	17.505.438
Non-current assets			
Long-term investment	7	17.136.823	17.136.823
Investment properties	8	9.000.000	9.000.000
Projects under construction	9	117.201.098	1.236.047
Property and equipement, net	10	53.598.087	53.581.485
Total non-current assets		196.936.008	80.954.355
Total assets		246.234.529	98.459.793
Liabilities and stockholders' equity			
Current liabilities			
Payables	11	7.868.740	4.322.064
Accrued expenses and other liabilities		2.358.966	2.289.063
Earnings per share under settlement	13	10.886.424	10.891.749
Provisions	12	74.635.488	74.635.488
Due to related party		61.666	-
Zakat provision	14	1.325.019	1.824.292
Total current liabilities		97.136.303	93.962.656
Non-current liabilities			
End of service benefit	15	83.603	568.325
Total liabilities		97.219.906	94.530.981
Stockholders' equity			
Capital	1	295.000.000	150.000.000
Capital grants	16	39.323.988	39.323.988
Accumulated losses		(185.309.365)	(185.395.176)
Total stockholders' equity		149.014.623	3.928.812
Total liabilities and stockholders' equity		246.234.529	98.459.793

The accompanying notes from 1 to 21 are considered an integral part of these proforma consildated financial statements

Consolidated proforma income statement for the fiscal year ended 31 December 2016			
	Note	2016	2015
Revenues		8.881.221	5.521.890
Revenue cost		(8.271.420)	(4.912.470)
Total profit		609.801	609.420
Administrative and general expenses	17	(851.511)	(540.277)
Depreciations		(4.581)	-
(Loss)/profit from main business		(246.291)	69.143
Other revenues	18	332.829	-
Profit before zakat		86.538	69.143
Zakat	14	(727)	(1.729)
Net profit		85.811	67.414
Earnings per share	19		
From net profit		0.0029	0.0045

The accompanying notes from 1 to 21 are considered an integral part of these proforma consildated financial statements

Consolidated proforma changes in stockholders' equity statement for the fiscal year ended 31 December 2016				
	Capital	Capital grants	Accumulated losses	Total
Balance as of 31 December 2015	150.000.000	39.323.988	(185.462.590)	3.861.398
Net profit for the year	-	-	67.414	67.414
Balance as of 31 December 2015	150.000.000	39.323.988	(185.395.176)	3.928.812
Transferred from the acquire company	145.000.000	-	-	145.000.000
Net profit of the year	-	-	85.811	85.811
Balance as of 31 December 2016	295.000.000	39.323.988	(185.309.365)	149.014.623

The accompanying notes from 1 to 21 are considered an integral part of these proforma consildated financial statements

1- Composition and activity

AlBhaha Investment & Development Co. ("the Company") is a Saudi joint stock company established on January 12, 1993 with a capital of one hundred fifty million SR. The acquisition of AlBhaha Investment & Development Co. of Elegant Cenetrs Co. Ltd and merger with the company is assumed to have the capital reach 295.000.000 SR.

The main activity of the company is the establishment of industrial projects, the acquisition and reclamation of agricultural land for agricultural and animal use, the establishment of recreational and tourist facilities, the establishment of cold stores and maintenance workshops, as well as commercial agencies to carry out work complementary to the purposes of the company.

2- Summary of significant accounting policies

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

The significant accounting policies adopted by the Company are as follows:

Principles of presentation

The accompanying proforma consolidated financial statements have been prepared on a pro-forma basis from the audited financial statements of AlBhaha Investment & Development Co. ("the Company") and Elegant Centers Co. Ltd (acquiree) for the year ended December 31, 2016 on the assumption that this acquisition is made on 31 December 2016 and the assumptions arising from such acquisition as set forth in Note 20 and in accordance with the Accounting Standard on the business combinations of the Saudi Organization for Certified Public Accountants in order to reflect the effect of the acquisition on the financial position and results of the Company.

Use of estimates

The preparation of the proforma consolidated financial statements in accordance with generally accepted accounting principles requires the use of estimates and assumptions that may affect the amounts of assets and liabilities and disclosures of potential assets and liabilities at the date of the proforma consolidated financial statements, in addition to the amounts of revenues and expenses during the year. Although these estimates are based on the best current information and events available to the management, actual final results may differ from these estimates.

Accounting Custom

The proforma consolidated financial statements are prepared in accordance with the historical cost convention and the accrual basis.

Revenue realization

Sales are recognized when the invoice is issued and the goods are delivered to the customer and are shown net of trade discounts.

Expenses

Include general and administrative expenses and direct and indirect expenses that are not directly attributable to the revenue cost in accordance with generally accepted accounting standards. Expenses are distributed if necessary between general and administrative expenses and the revenue cost on a fixed basis.

Receivables

Receivables are recognized in the original amounts of the invoice after deduction of provision for doubtful debts. Provision for doubtful debts is determined when there is a material doubt about the ability of the company to collect the amounts in full and in accordance with the original terms of the receivables.

Investments

An associate is an establishment in which the Company exercises effective influence, through participation in the financial and operating policy decisions of the investee company. The results, assets and liabilities of the associate are included in these proforma consolidated financial statements using the equity method, whereby investments in associates are recognized at cost in the balance sheet statement and subsequently adjusted to recognize the Company's share of the associate's profit or loss.

Inventories

Inventories appear at the cost or market price, whichever is lower. The cost of inventories of raw materials and spare parts is determined on a weighted average basis. The cost of inventories of total production includes its share of all indirect industrial costs as well as the cost of materials and direct wages.

Production under operation includes the cost of materials and direct wages up to the last stage, as well as their share of indirect industrial costs.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation, except for land. Repairs and maintenance expenses are revenue expenses, while improvement expenses are capital expenses. Depreciation is calculated on the basis of their estimated useful life using the straight-line method. Improvements to the lease and buildings constructed on leased land are amortized on the basis of the estimated useful life of the improvements and the buildings or the remainder of the term of the lease, whichever expires first. The estimated annual depreciation rates for the principal items of these assets are:

Buildings	3%-5%
Machinery and plants	5%-10%
Furniture	10%
Equipment and devices	15%
Office equipment and supplies	15%
Vehicles	25%

Impairment of long-term assets

The Company periodically reviews the book value of its tangible assets to ensure that there is no evidence of any impairment loss. Where such evidence exists, the recoverable amount of that asset is estimated to determine the extent of the loss. In cases where the recoverable amount of that asset cannot be estimated, the company estimates the recoverable amount of the cash-generating unit to which that asset belongs.

Where the recoverable amount of an asset or a cash-generating unit is estimated to be less than its book value, the book value of that asset or cash-generating unit is reduced to its recoverable amount and the impairment loss is recognized immediately in the income statement.

If an impairment loss is subsequently reversed, the book value of the asset or cash-generating unit is increased to its recoverable amount, provided that the book value does not exceed the book value that would have been determined had no impairment loss been recognized in the amount of this asset or cash-generating unit in prior periods. Reversal of impairment loss is recognized immediately in the income statement.

Foreign currency conversion

Foreign currency transactions are translated into Saudi Riyal at the prevailing rates of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Saudi Riyal at the rates prevailing at that date. Profits and losses arising from repayments or foreign currency translation are included in the income statement.

End of service benefits

End of service benefits are calculated in accordance with the Saudi Labor Law. Payments are deducted from the accrual. Employees' end of service benefits are recognized and paid at the end of their service.

Zakat

The Company is subject to the instructions of the General Authority for Zakat and Income in the Kingdom of Saudi Arabia. Zakat is recognized in accordance with the accrual basis. Zakat is calculated according to Zakat base. Any differences between the provision and the final linkage are recorded when the final linkage is approved and the provision is closed.

3- Proforma business combinations

On December 7, 2016, the company signed an agreement to acquire Elegant Centers Co. Ltd by increasing the company's capital by issuing stocks to the owners of Elegant Centers Co. Ltd. The company to be acquired will be bought for an amount of 145.000.000 SR by issuing new stocks from AlBhaha Investment & Development Co. in nominal value with a total of 14.500.000 ordinary stocks to be distributed to the owners of the company to be acquired each according to the percentage of ownership.

Elegant Centers Co. Ltd will become 100% owned by AlBhaha Investment & Development Co. The ownership of partners of Elegant Centers Co. Ltd in AlBhaha Investment & Development Co. will be 49.15%. The company made the initial accounting for the fair value of the transactions based on the book value of the assets and liabilities at the date of acquisition. The following is the balance sheet statement of Elegant Centers Co. Ltd as at 31 December 2016:

Fair value realized upon acquisition	
	2016
Assets:	
Cash at banks	30.570.191
Prepayments and other assets	760.493
Property and equipment	16.602
Projects under construction	115.965.051
Total assets	147.312.337
Liabilities:	
Payables and accrued expenses	2.193.207
Due to related party	61.666
Total liabilities	2.254.873
Initial amount of net assets	145.057.464

4- Accounts payable, net

	2016	**2015**
Commercial customers	2.098.352	876.855
Other customers	7.329.836	7.294.836
Prepayments to suppliers	34.576	34.576
Provision for doubtful debts	(1.108.402)	(1.108.402)
	8.354.362	7.097.865

5- Accounts receivable for sale of properties and equipment, net

This item represents the net amount of installments payable by AlBaha National College of Science (after deduction of deferred profits), which purchased the entire construction constructed by the Company on the land leased by the Company from the Ministry of Finance and National Economy during 2001 for 35 million SR. AlBhaha will invest 10.000.000 SR in the establishment of AlBaha College of Science and the remaining amount is paid on fifteen annual installments.

	2016	2015
Accounts receivable	25.000.000	25.000.000
Deferred profits-sale of properties and equipment	(7.914.187)	(7.914.187)
	17.085.813	17.085.813
Provision for doubtful debts	(8.542.907)	(8.542.907)
	8.542.906	8.542.906

6- Inventories, net

	2016	2015
Raw materials	1.198.194	1.198.194
Spare parts	147.748	147.748
Completed production	387	387
	1.346.329	1.346.329
Provision for stagnant goods	(1.228.272)	(1.228.272)
	118.057	118.057

7- Long-term investment

	2016	2015
AlBaha National College for Science	17.136.823	17.136.823
	17.136.823	17.136.823

The Company's share in the business results of AlBaha National College of Science for the years from 2013 to 2016 has not been recognized since it did not issue audited financial statements.

8- Investment property

The company purchased half of the residential plot in the city of Taif under deed No. 1/1/159/133 with a total value of 9 million Saudi riyals and the company paid the amount.

9- Projects under implementation

	2016	2015
Lands*	95.217.738	-
Construction	20.747.313	-
Chairlift project-AlBaha**	1.236.047	1.236.047
	117.201.098	1.236.047

* It is a plot of land located at Malaz quarter in Riyadh with an area of (14.379.29) fourteen thousand three hundred seventy-nine square meters and twenty nine square meters only, where the ownership is transferred by donation to Elegant Centers Co. Ltd on 15 Rabee II 1436AH (corresponding to February 4, 2015).

** It is AlBhaha chairlift project on land not owned by the company.

10. Property and equipment, net

	Lands	Buidlings	Machinery and equipment	Furniture	Equipment and devices	Office equipment and supplies	Vehicles	Total
Cost:								
1 Jan 2016	39.323.988	24.729.458	34.382.005	1.741.048	2.992.315	841.489	173.371	104.246.674
Transferred from the acquiree	-	-	-	-	-	22.900	-	22.900
31Dec2016	39.323.988	24.792.458	34.382.005	1.741.048	2.992.315	864.389	173.371	104.269.574
Accumulated depreciations								
1Jan2016	-	14.500.819	30.512.636	1.725.079	2.969.884	783.404	173.367	50.665.189
Transferred from the acquiree	-	-	-	-	-	1.717	-	1.717
Charged for the year	-	-	-	-	-	4.581	-	4.581
31 Dec 2016	-	14.500.819	30.512.636	1.725.079	2.969.884	789.702	173.367	50.671.487
Net book value								
31 Dec 2016	39.323.988	10.291.639	3.869.369	15.969	22.431	74.687	4	53.598.087
31 Dec 2015	39.323.988	10.291.639	3.869.369	15.969	22.431	58.085	4	53.581.485

11- Payables

	SR	
	2016	2015
Commercial suppliers	5.772.226	2.260.550
Employee entitlements	1.601.124	1.566.124
Other suppliers	487.047	487.047
Prepayments from customers	8.343	8.343
	7.868.740	4.322.064

12- Provisions

	SR	
	2016	2015
Provision for losses of properties and equipment swap*	68.699.441	68.699.441
Provision for claims**	4.700.000	4.700.000
Provision for claims ***	1.236.047	1.236.047
	74.635.488	74.635.488

* The Company has created a provision for losses of asset swap with Bright in accordance with the judgment issued by the Board of Grievances in Jeddah on 24/6/1434AH.

** The Company increased the provision for claims by 3.000.000 SR in 2013 due to the case filed by Expert for trading and investment and finance for the remainder of its due for a contract with the Company to prepare a financial study for the capital increase plan.

*** The Company has approved the creation of a provision for projects under construction (AlBhaha chairlift) under construction during the Board of Directors' meeting held on 11/10/2011 at 1.236.047 SR.

13- Earnings per share under settlement

The company obtained the approval of the Capital Market Authority on 25/3/1430AH corresponding to 22/3/2009 on the sale of outstanding stocks to collect the value of the last installment of 2.5 SR per stock. The company started the sale on 28/6/2009. As of 31/12/2009, 984.032 stocks were sold for 14.325.234 SR according to the offers at the auction, and the amount was fully collected. The total amount was 2.5 SR, 25% of the value of the remaining stock. 2.113.074 SR was used to complete the capital to have the capital of the company of 150 million SR paid in full. The remaining 12.212.160 SR will be refunded to the stockholders who have defaulted on the last installment and their stocks were sold by auction. The Company paid a surplus of 516.623 SR and paid 682.285 SR as expenses incurred by sale and collection.

14- Provision for Zakat

The movement of Zakat is as follows:

	2016	2015
Balance at 1 January	1.824.292	2.322.563
Provision for the year	727	1.729
Paid during the year	(500.000)	(500.000)
Balance at 31 December	1.325.019	1.824.292

15- End of service benefit

	2016	2015
Balance at 1 January	568.325	568.325
Paid during the year	(484.722)	-
Balance at 31 December	83.603	568.325

16- Capital grants

This amount represents the value of the land on which the poultry farms were established, which the company obtained as a grant from the Ministry of Agriculture under deed of the Ministry of Justice No. (2) dated 6/4/1425AH. The value of the land is included in the properties and equipment item and the land is valued at market value at the time the grant is received.

17- General and administrative expenses

	2016	2015
Salaries and benefits	247.686	146.845
Tadawul expenses	220.000	255.548
Professional fees	131.250	45.000
Advertising	60.845	-
Rental	59.252	11.697
Public utilities	51.874	35.482
Social security	22.105	12.483
Medical insurance	20.604	2.100
Government fees	-	18.696
Vehicle expenses	-	1.000
Others	37.895	11.426
	851.511	540.2777

18- Other revenues

	2016	2015
Financial fines on project contractors	164.000	-
Revenues resulted from the acquisition of Elegant Centers Co. Ltd	99.647	-
Amounts waived by a partner in the subsidiary*	69.182	-
	332.829	-

* Represent amount paid by a partner of the subsidiary (Elegant Centers Co. Ltd) on behalf of the subsidiary, and has waived the redemption to the subsidiary.

19- Earnings per share from net profit

Earnings per share from the net profit for the year were calculated by dividing the net profit for the year by the weighted average number of stocks for the year ended 31 December 2016 of 29.500.000 stocks (2015 amounting to 15.000.000 stocks).

20- Proforma adjustments on historical amounts

As shown in Note 2, the proforma consolidated financial statements have been prepared from the audited financial statements of AlBhaha Investment & Development Co. and Elegant Centers Co. Ltd for the year ended 31 December 2016, on the assumption tha AlBhaha Investment & Development will acquire Elegant Centers Co. Ltd and merged with the company. The adjustments to the audited financial statements comprise the assumptions set out below and the management believes that all necessary adjustments have been made to present fairly the proforma consolidated financial statements for the year ended 31 December 2016:

1. Assumption that the acquisition referred to in Note 1 was made on 31 December 2016.
2. It was assumed that the preparation of the proforma income statement is for the year from 1 January to 31 December 2016.
3-The entire share of Elegant Centers Co. Ltd was acquired by 100% at 145.000.000 SR against an increase of 145.000.000 SR.

21- Financial instruments and risk management

Fair value

It is the amount at which an asset is swapped or an obligation is settled between knowledgeable and willing parties and the same terms of dealing with the other parties. The financial instruments of the Company are prepared on a historical cost basis, and differences may arise between book value and fair value estimates. The management believes that the fair values of the Company's financial assets and liabilities are not materially different from their book values.

Financial instruments included in the balance sheet statement include mainly cash at banks, receivables, inventories, prepayments and other assets, payables, accrued expenses and other liabilities.

Credit risk

It is the inability of a party to meet its obligations resulting in the other party having suffered a financial loss. The Company has no significant concentration of credit risk. Cash is deposited with local banks with a high credit rating. Prepayments and other assets are shown after deducting provision for doubtful debts, if any.

Commission rate risk

It is the exposure to multiple risks relating to the impact of changes in market commission rates on the Company's financial position and its cash flows. The company monitors commission rate fluctuations and believes that the impact of commission rate risk is not material.

Currency risk

It is the risk of change in the value of financial instruments due to changes in foreign exchange rates. The Company's main transactions are in Saudi Riyals and US Dollars. The management monitors exchange rate fluctuations and believes that currency risk is not material.

24- Annexes

24-1 Invitation to attend the Extraordinary General Meeting of the stockholders of AlBhaha

AlBhaha Investment & Development Co. invites its stockholders to attend the Extraordinary General Meeting, which includes increasing and reducing the Company's capital.

The Board of Directors of AlBhaha Investment & Development Co. invites stockholders who own one stock and more to attend the Extraordinary General Meeting (the first meeting) to be held at the Company's headquarters in the city of Belgarshi Industrial Zone, Industrial Leather Factory on Tuesday at 18:30 on 06/08/1438AH corresponding to 02/05/2017 to discuss the following agenda:

1. To vote on the recommendation of the Board of Directors as follows:

a- Increase the company's capital from 150.000.000 SR to 295.000.000 SR with an increase of 96.67%.

b- Number of stocks before the increase: 15.000.000 stocks, the number of stocks after the increase: 29.500.000 stocks.

c- Reason for the increase of the capital: To acquire the full shares of partners in Elegant Centers Co. Ltd, the company to be acquired through the issuance of new stocks of AlBhaha Investment and Development Co. at nominal value and with total number of 14.500.000 ordinary stocks distributed to the owners of the company to be acquired, each according to his proportion of ownership. (Prospectus on link)

http://albahacompany.com/wp-content/uploads/2017/04/prospectus.pdf

d- Effective date of increase in capital: The decision to increase will be effective by the closing day of the Extraordinary General Meeting.

e- Related parties:

1- Mr. Mohammed Bin Saleh Bin Mohammed AlHammadi

2- Dr. Abdulaziz Bin Saleh Bin Mohammed AlHammadi

3- Mr. Ibrahim Bin Abdullah Bin Rashid Bin Kolaib

Note that the votes of the related parties will not be counted during the vote on the decisions of the acquisition transaction in the Extraordinary General Meeting for the increase of capital.

2- Vote on the reduction of the company's capital as follows:

a- Capital before the reduction: 295.000.000 SR, capital after reduction: 177.000.000 SR, a reduction of 40%.

b- Number of stocks before the reduction: 29.500.000 stocks, number of stocks after the reduction 17.700.000 stocks.

c- 4 stocks will be reduced for every 10 stocks.

d - Reason for capital reduction: Amortize part of accumulated losses.

e- Method of reducing the capital: Cancel 11.8 million stocks.

F- Effect of capital reduction on the Company's obligations: There is no effect of the reduction of the Company's capital on its financial obligations.

However, the approval of the reduction of the capital is conditional on the approval of item No. 1 for increasing the capital of the company. If the stockholders of the company agree to reduce the capital, the reduction decision will be valid on all the stockholders registered in the company's registers with the Securities Deposition Center (Deposition Center) at the closing day of the Extraordinary General Meeting. (Reduction offer attached).

3- Vote on the amendment of Articles 7 and 8 of the Articles of Association of the Company. (Amendment attached).

The Meeting will be valid if attended by a number of stockholders representing at least 50% of capital. If the quorum not present, then the second meeting will be held one hour after the expiry of the period specified for the first meeting. The meeting will be valid if attended by a number of stockholders representing at least 25% of the capital. In the event that the quorum of the second meeting is not present, an invitation to hold a third meeting shall be made after obtaining the approval of the competent authority.

Each stockholder shall have the right to attend the General Meeting. He may appoint another person (other than the Directors and employees of the Company) and the validity of the assignment shall be by virtue of a written proxy in the light of (the form attached in the announcement) notarized by the notary public, chamber of commerce, or authorized persons and send a copy of the proxy to the company at least two days at the address below and bring the origin of the proxy on the day of the meeting and bring the origin of their personal cards.

AlBhaha Investment & Development Co. AlBaha area Belgarshi Industrial Area P.O. Box 448 Belgarshi 22888 or Fax No 0177224445

For inquiries, please call 0177223333

24-2 Voting card

Extraordinary General Meeting (First Meeting)

Date of General Meeting (AH) /1438AH Date of General Meeting (AD) /2017	Type of General Meeting-Extraordinary

Name of stockholder			Voting card No.
			Copy
	In person	By proxy	Total
Stocks			
Certificates	-	0	0
Total			
Total (operative)			
Number of stocks	-	-	
Number of votes	-	-	

I, the undersigned, member of the Extraordinary General Meeting (the first meeting) of the stockholders of AlBhaha Investment & Development Co., I hereby give my vote in person and/or by proxy in the meeting held in AlBaha, Belgarshi Industrial Area (Company's headquarters) on this day (...........................) .... / .... ….......................... / 1438AH .... /corresponding to .... / 2017 at 6:30 p.m

- Item 1

Items

1- To vote on the recommendation of the Board of Directors as follows:
a- Increase the company's capital from 150.000.000 SR to 295.000.000 SR with an increase of 96.67%.
b- Number of stocks before the increase: 15.000.000 stocks, number of stocks after the increase: 29.500.000 stocks.
c- Reason for the increase of the capital: To acquire the full shares of partners in Elegant Centers Co. Ltd to be acquired through the issuance of new stocks of AlBhaha Investment & Development Co. at nominal value and total number of 14.500.000 ordinary stocks distributed to the owners of the company to be acquired, each according to his proportion of ownership. (Prospectus atatched)
d- Effective date of increase in capital: The decision to increase will be effective by the closing day of the Extraordinary General Meeting.
e- Related parties:
1- Mr. Mohammed Bin Saleh Bin Mohammed AlHammadi
2- Dr. Abdulaziz Bin Saleh Bin Mohammed AlHammadi
3- Mr. Ibrahim Bin Abdullah Bin Rashid Bin Kolaib
Note that the votes of the related parties will not be counted during the vote on the decisions of the acquisition transaction in the Extraordinary General Meeting for the increase of capital.

Yes ☐ No ☐ Abstainer ☐

- Item 2

2- Vote on the reduction of the company's capital as follows:
a- Capital before the reduction: 295.000.000 SR, capital after reduction: 177.000.000 SR, a reduction of 40%.
b- Number of stocks before the reduction 29.500.000 stocks, number of stocks after the reduction 17.700.000 stocks.
c- 4 stocks will be reduced for every 10 stocks.
d- Reason for capital reduction: Amortize part of accumulated losses.
e- Method of reducing the capital: Cancel the number of 11.8 million stocks.
f- Effect of capital reduction on the Company's obligations: There is no effect of the reduction of the Company's capital on its financial obligations.

Yes ☐ No ☐ Abstainer ☐

- Item 3 — Vote on Articles 7 and 8 of the Company's Aticles of Association

Yes		No		Abstainer	

Name…………………………………

Number of stocks …………………………………

In person ……………………………….……

ID No. ………………………………..

By proxy …………………………..………………

Total number of stocks ………………………………………………..

Signature ………………………………………………………………

24-3 Proxy form

Messrs. AlBhaha Investment & Development Co.

I, the stockholder ……………………………………………………………………………………………………… the undersigned (Name quadruple/company or institution name as in its commercial register/national ID) under (……………………………………) number (………………) dated ……………/……………… /……………………AH, in my capacity as a stockholder of AlBhaha Investment & Development Co. and holder of (…………………………………) stocks, I hereby authorized:……………………………………………… (Name quadruple), (National ID number) ……………………………………………………… (who is not a Director or the employee of the Company or who is not assigned to perform a permanent technical or administrative work for his account) to act on my behalf in to attend the Extraordinary General Meeting of the Company to be held on Tuesday 06/08/1438AH, corresponding to 02/05/2017 and vote on the Meeting's agenda items on my behalf and sign all the documents required and necessary for the meeting's procedures, as the proxy is valid for the next meeting if the meeting was postponed.

Made on: ……………../………………/…………..

Name: ……………………………………………………………………………..

Signature: ……………………………………………………..…………………..

Capacity: ………………………………………………………………..………..

Legalization ………………………………………………………………..……..