







Custodian of the Two Holy Mosques **King Salman bin Abdulaziz Al Saud**



His Royal Highness Prince Mohammad bin Nayef bin Abdulaziz Al Saud Crown Prince, Deputy Prime Minister and Minister of Interior



His Royal Highness Prince Mohammad bin Salman bin Abdulaziz Al Saud Deputy Crown Prince, Second Deputy Prime Minister and Minister of Defense.

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The Council of Ministers approved the formation of the Saudi Stock Exchange (Tadawul) Company on 19 March, 2007. This was in accordance with Article 20 of the Capital Market Law establishing Tadawul as a joint stock company.

The Saudi Stock Exchange is the sole entity authorized in the Kingdom to act as both the Securities Exchange (the 'Exchange') and the Securities Depository Center, carrying out listing and trading in securities, as well as the deposit, transfer, clearing, settlement, and registry of ownership of securities traded on the Exchange.

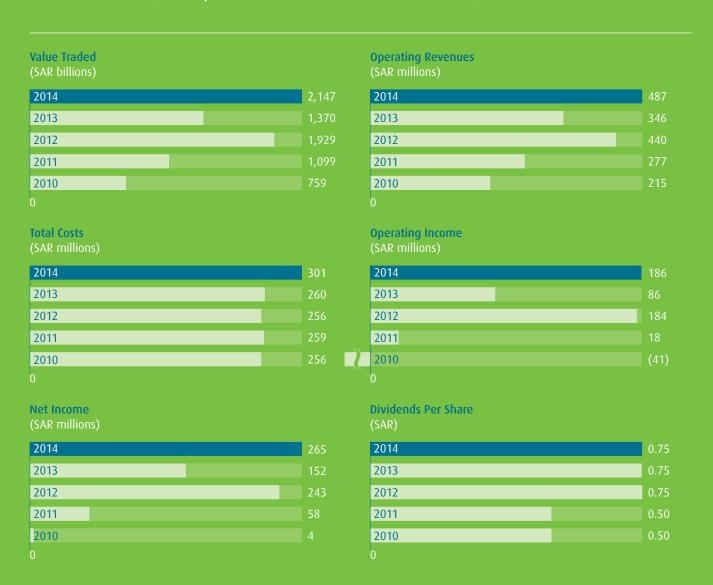
The legal status, duties, and responsibilities of the Exchange and Depository Center are explicitly defined in the Capital Market Law (CML) issued by Royal Decree Number (M/30) dated 16 June, 2003. The Exchange is also the official source of all market information.

The capital of the Company is SAR 1,200,000,000 divided into 120,000,000 shares of equal value of SAR 10, all of which are cash shares subscribed by the Public Investment Fund.

The Exchange is an affiliate member of IOSCO, and a member of the World Federation of Exchanges.

2014 has been a year of tremendous operational and financial achievement for the Saudi Stock Exchange Company, with more structural and process improvements than at any other time in its history.

Financially, the Company enjoyed a year of stellar performance, with revenues of SAR 487 million, compared to SAR 346 million in 2013, an increase of 40.8%. Total operating income amounted to SAR 186 million, an increase of 117% compared to the previous year's SAR 86 million. Net profit amounted to SAR 265 million, compared to SAR 152 million in 2013, an increase of 74%.





Business units were consolidated to allow better focus in the areas of sales and service, and foundations for the Exchange's new trading platform – X-Stream INET – were laid, as were a host of other technological initiatives that will deliver enhanced operational efficiencies in the future.



The Exchange prepared for approval of the 'Qualified Foreign Investor (QFI) Framework' that will support its mandate to be the exclusive gateway to Saudi Arabia's capital market.

The 'Over-the-Counter (OTC) Operating Framework' was introduced to support the trading of suspended companies by facilitating bilateral arrangements between buyers and sellers.

2014 saw the successful deployment of the 'Distressed Companies Framework', which enables the Exchange to support the implementation of the CMA's new procedures related to listed companies suffering significant capital erosion.

During 2014 the Exchange realigned its organizational strategy and embarked on a 5-year strategic plan designed to create a multi-product, multi-market, multi-client listed securities exchange enriched with world-class turnkey solutions.

Our Business at a Glance

The Saudi Stock Exchange generates revenues from three business divisions, namely:





99.6%
Trading Services
0.4%

Broker & Listing Services



40% Deposit Services

58%
Registration Services

2% Value Added Services



Real-Time Data Services

2% Indices Services

2%
Reference Data Services

On behalf of the Board of Directors of the Saudi Stock Exchange (the Company), I am proud to present the Company's Annual Report detailing its activities for the fiscal year ending 31st December 2014.



Great strides were taken in 2014 to bring the vision of the Board into more perfect alignment with the work of our outstanding executive management team, so as to better serve our expanding base of local and international stakeholders. Together, we challenged each other to exceed even our most ambitious expectations for the year, and I am pleased to report here that we have many achievements of which we can all be most proud.

From improved operational efficiencies and capabilities to a truly transformational change in our employee culture; from diligent public administrator to value-adding entrepreneur; the Saudi Stock Exchange has been on a year-long mission deploying our core values of trust, innovation, and excellence to realize the Company's vision of being not only the premier securities exchange in the Middle East region, but one of the very best anywhere in the world.

By adopting and maintaining the highest standards of corporate governance, exercising a free-thinking philosophy toward process improvement and product and service delivery, and employing a client-centric ethos toward all stakeholders, the Company has been able to introduce much-needed change to several critical areas of the business, increasing overall revenue while decreasing operational risk.

The Saudi Stock Exchange has enjoyed a strong year financially. Net revenues increased by 41% from SAR 346 million in 2013 to SAR 487 million in 2014, resulting in an impressive 117% increase in operating income from SAR 86 million to SAR 186 million. Gains from investments and other revenue also grew, by 19% from SAR 66 million in 2013 to SAR 79 million in 2014, with overall net income growing at a rate of 74% from SAR 152 million to SAR 265 million.

From a process improvement perspective, 2014 also witnessed great operational moments of achievement. This included the successful deployment of the 'Distressed Companies Framework', which enables the Saudi Stock Exchange to support the implementation of the Capital Market Authority's (CMA) instructions and procedures related to listed companies suffering from significant capital erosion.

We launched the 'Over-the-Counter (OTC) Operating Framework' to support the trading of suspended, distressed companies by facilitating bilateral arrangements between buyers and sellers.

Crucially, the Company expended considerable time and effort in 2014 to ready the exchange for its largest-ever challenge, but also its most significant opportunity to date: the highly anticipated CMA approval of the 'Qualified Foreign Investor (QFI) Framework', which will firmly cement the Saudi Stock Exchange's position as the exclusive gateway to the Saudi capital market.

These capital market development initiatives, among others, are of landmark significance and will continue to forge a clearer path for all market participants, further strengthening the Kingdom's economy while introducing unprecedented levels of transparency and fairness – two hallmarks of any solid global exchange.

And, with respect to 2014 achievements that are enabling the Company to quickly and effectively build the foundations of its future, I wish to convey the robust commitment of the Board to the long-term sustainable future of the Saudi Stock Exchange – the designated national securities exchange of the Kingdom, but also a national interest entrusted with tremendous social and economic responsibilities.

To this end, we have worked tirelessly on Phase One of the CMA's mandated transition of regulatory responsibilities under the Capital Market Law (CML). This will see the Company empowered to assume its full set of responsibilities, as well as entirely fulfilling its legal obligations, in conducting the duties of a Self-Regulating Organization (SRO) pursuant to the CML.

Accordingly, I wish to sincerely thank HE the Chairman of the CMA, as well as its Board of Directors, for their exceptional levels of professional guidance and assistance in this regard, in addition to the CMA's ongoing efforts to ensure our effective operation and continued growth.

On behalf of the Board, executive management team, and each of our valued members of staff, I extend heartfelt thanks for the unlimited support granted to us by the Government of our great nation, its proud and industrious people, and its wise leadership, without which none of our efforts would be possible.

Finally, I wish to convey thanks and admiration to King Salman bin Abdulaziz Al Saud, the Custodian of the Two Holy Mosques, who, together with Prince Mohammad bin Nayef bin Abdulaziz Al Saud, Crown Prince and First Deputy Prime Minister, and Prince Mohammad bin Salman bin Abdulaziz Al Saud Deputy Crown Prince, Second Deputy Prime Minister and Minister of Defense, continue to support the ambitious and important mission of the Saudi Stock Exchange, now and into the future.

Khalid Bin Ibrahim Alrabiah

BOARD OF DIRECTORS



Mr. Khalid I. Alrabiah Chairman



Mr. Abdulrahman M. Al Mofadhi Vice Chairman



Mr. Abdulaziz A. Al Helaissi Member



Dr. Fahad A. Abuhimed Member



Mr. Ali A. Al Gwaiz Member



Dr. Sami M. Baroum Member



Mr. Abdulrahman Y. Al Yahya Member



Mr. Tariq Z. A. Al Sudairy Member



Mr. Yasir O. Al Rumayyan Member

It is a great honor for me to report to you once more as I approach the end of my second year heading this distinguished organization.



Much has changed since the beginning of my tenure as Chief Executive Officer, all due to the unwavering efforts of my team, who have demonstrated a passionate commitment to authoring an inspiring new chapter in our continuing journey.

Today, the Saudi Stock Exchange operates the 21st-largest stock market amongst its member peers in the World Federation of Exchanges, with a total market capitalization of SAR 1,813 billion, and annual market turnover of SAR 2,147 billion. These characteristics have positioned our stock market as the largest, deepest, and most liquid in the Middle East and North Africa.

Despite these significant attributes, we continue to face a number of noteworthy challenges that we must resolutely work to overcome. Indeed, over the next 5 years we aim to evolve the Saudi Stock Exchange into a robust and well-diversified business with a clear and sustainable strategy for achieving responsible commercial growth.

Unquestionably 2014 has been a year where we have all focused on strategic realignment, and structural and cultural transformation, with the aim of positioning ourselves for the future. We have many achievements to be proud of.

Strategic Performance

We successfully implemented a number of reorganizational initiatives in Q2 2014 designed to ensure that we have the optimal structure in place to achieve our strategic goals, starting with the consolidation of our strategy, corporate communication, and marketing functions under the newly established Corporate Development Division.

We also spun off our Risk Management and Information Security functions into two stand-alone divisions, in Q2 and Q4 2014 respectively, to elevate their role and importance in the organization.

Further significant enhancements were endorsed in Q3 2014, resulting in all of the business functions being consolidated under the new Markets Division, and all business-related operational functions being spun off and consolidated under the new Depository and Operations Division. The reorganization is expected to enable better focus and synergies from our sales activities, enhance customer service quality, and foster higher levels of operational efficiencies across all value streams.

Major milestones in the installation of our new X-Stream INET trading platform were successfully achieved by Q3 2014, including the completion of the design and implementation of the required infrastructure. 70 percent of our ongoing IT strategy initiatives that commenced in 2012 were also successfully executed during the 2 years ending 2014.

From an international relations perspective, we were successful in signing a Memorandum of Understanding with Bursa Malaysia in Q1 2014 to strengthen ties and cooperation in areas of mutual interest, including products and services. In Q2 2014, the Saudi Stock Exchange assumed the chairmanship of the Arab Federation of Exchanges, recommending and recently instigating a number of strategic initiatives to ensure that the Federation remains relevant and effective.

The reorganization is expected to allow for better focus and synergies from our sales activities, enhance customer service quality, and foster higher levels of operational efficiencies across all value streams.

CEO'S STATEMENT CONTINUED

We were also successful in joining the International Organization of Securities Commissions (IOSCO) in Q2 2014 as an Affiliate Member, another step in our international outreach, allowing us to engage with market regulators and other leading exchanges around the world through an effective and dedicated communication framework.

To top off a great year for the Saudi Stock Exchange and its employees, we were honored by our peers in the Middle East financial markets, who nominated our institution as Euromoney's Best Managed Financial Exchange in the Middle East 2014 for the third consecutive year.

Tactical Performance

Three tactical priorities were laid out in Q3 2013, focused on enhancing our people and organization, strengthening our risk management function, and activating our regulatory responsibilities pursuant to the requirements of the Capital Market Law. Below is a summary of our achievements in these areas in 2014.

People and Organization

We were more effective in our hiring process, with 75 new members of staff joining the organization in 2014, coupled with a 67 percent increase in the number of female employees, and 25 percent in the number of co-op trainees.

Additionally, we worked on improving the overall employee value proposition, introducing a number of important benefits whilst also working on changing the internal organizational culture by fostering ownership, and promoting and rewarding corporate citizenship.

Risk Management

We took significant action to rebuild our risk management and information security foundations to reposition ourselves to better face the challenges ahead. Although this continues to be a work in progress, a number of key milestones were achieved during 2014, including the spin-off of the Risk Management and Information Security functions to elevate their role within the organization. We also conducted a number of exercises to enhance risk awareness, and commenced an independent evaluation and redesign of our enterprise risk management framework. Implementation will be concluded in 2015.

Activation of Regulatory Responsibilities

Significant efforts were exerted in 2014 across the organization to prepare ourselves to fulfill our legal obligations of conducting the duties of a Self-Regulating Organization (SRO), pursuant to the requirements of the Capital Market Law. This has involved scoping the regulatory responsibilities to be transferred from the CMA and those that we must activate to comply with the requirements of the Law. By the end of 2014 we successfully received regulatory approval of our implementation plan, which included the operating and governance structures to be adopted by the Exchange.

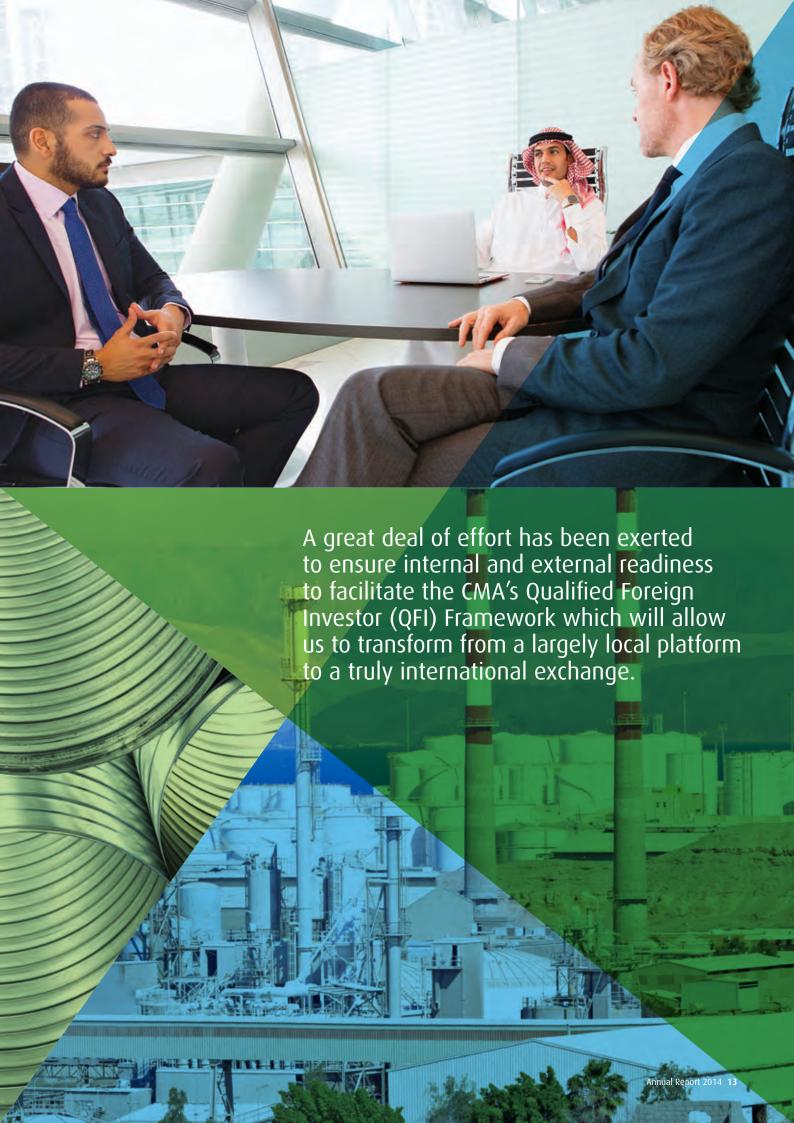
We also established the new Regulatory Policy and Oversight Division, which is currently governed by a dedicated committee composed of board and independent members. Implementation will continue through 2015.

Market Development

From a market development standpoint, 2014 represented another progressive year, starting with the successful deployment of the Distressed Companies Framework in Q3 2014, to support the implementation of the CMA's instructions and procedures for listed companies suffering significant levels of capital erosion.

Q3 2014 also saw the successful approval and deployment of the Over-the-Counter (OTC) Operating Framework to support the trading of suspended companies by facilitating bilateral arrangements between buyers and sellers. The OTC Framework is set to form a fundamental cornerstone for enabling transactions in unlisted securities in 2015 and beyond.

A great deal of effort has also been exerted to ensure internal and external readiness to facilitate the CMA's Qualified Foreign Investor (QFI) Framework, which will allow us to transform from a largely local platform to a truly international exchange. This will elevate both our global standing and our opportunity set, but it will also bring us into direct competition with our international peers, and position us under the global spotlight.







A number of policies and processes will need to be created for newly assumed responsibilities, particularly in the new Regulatory Services Division. Automation of key processes will also be necessary to generate further efficiencies to our operational functions.

We expect the impact of this framework on the capital market as a whole to be more profound, especially in terms of:

- a) fostering enhanced reporting, investor relations, and corporate governance practices through a higher level of shareholder activism;
- b) allowing a more diversified and sophisticated institutional investor base with longer-term investment horizons; and
- c) promoting more advanced market infrastructure, and broader and more sophisticated research coverage of our listed companies, amongst many other benefits.

Challenges

Despite our achievements, the Exchange continues to face a number of key challenges that impact the effective delivery and the long-term performance of our business.

Although we have actively worked on addressing these challenges in 2014, a significant number of the programs, projects, and initiatives planned for implementation over the next 5 years are also specifically geared towards managing and mitigating their impact:

People & Organization

People are at the heart of everything we do; this is why we continue to identify and progressively address a number of inefficiencies across the Employee Value Proposition (EVP). The EVP is made up of various components including employee engagement, empowerment, development, compensation and benefits, work environment, clarity of role and leadership, and work/life balance, amongst other things. Several initiatives from our ongoing People Strategy that were enacted in 2014 have already impacted positively on the EVP.

Processes & Infrastructure

Due to the various reorganizational efforts conducted in 2014, and those that are under implementation in 2015, a number of policies and processes will need to be remapped and reengineered to leverage some of the potential synergies sought from these efforts. Additionally, a number of policies and processes will need to be created for newly assumed responsibilities, particularly in the new Regulatory Policy and Oversight Division. Key processes will also need to be automated to generate further efficiencies in our operational functions.

Offerings & Customer Orientation

Although our offerings through our primary value chain are relatively well developed in terms of infrastructure, they are still far from being optimally deployed. Key areas of our business and offerings require further improvement, particularly in relation to our market data and indices business, which remains relatively underdeveloped. Customer penetration and orientation, though improving, continues to require deliberate and customized focus to ensure that the value proposition for our stakeholders remains compelling, innovative, and commercially responsible.

Financial Risks

Our continuing dependence on trading commissions, which represent 80% of our 2014 revenues, brings with it a high degree of revenue volatility, and subjects the Exchange to irregular financial performance, particularly with our relatively high fixed-cost structure.

Regulatory Coverage

With the exception of the Securities Depository Rules, all other rules required to be established by the Exchange by virtue of our obligations under the Capital Market Law, such as the Trading Rules, Membership Rules, Listing Rules, etc., are in process of being activated. Technologically, we aspire to become one of the most advanced international platforms, continuing to develop our IT infrastructure to best support our stakeholders and their increasingly sophisticated demands.

The Future

2015 and beyond will present a multitude of both challenges and opportunities for the Saudi Stock Exchange, as we push forward into a newly empowered role as a self-regulating organization and an exchange open to the international investor community. Our primary objectives for 2015 will remain focused on establishing structural, technological, and cultural readiness, whilst our role in policymaking becomes significantly more pronounced.

Structurally, we must continue to reposition our functions around the needs and wants of our stakeholders, be they local or foreign. We will continue to add, consolidate, and discard organizational functions as required, ensuring the most streamlined and efficient organization possible: one that is capable of delivering on our strategic plans.

We have significant expectations from the newly formed Markets Division, which has been entrusted with being our engine of innovation, making the impossible possible, delivering fully and responsibly on the commitments made to our stakeholders, from issuers, investors, members, and our regulator. The Division will establish a sharper focus on the Company's product and business development, and sales activities, ensuring that we continue to deliver a compelling customer value proposition throughout all possible customer touch-points.

The new Operations Division will harmonize the Company's operational capabilities and convert fragmented processes into end-toend value streams, introducing further operational efficiencies, resilience, and excellence into the organization.

Our newly established Regulatory Policy and Oversight Division will lay the foundations for the Exchange's transformation into a fully-fledged SRO. Working with the CMA, the Division will govern the transition and activation of the Exchange's regulatory responsibilities; develop key rules and regulatory procedures to oversee the various entities and activities that fall under the Exchange's scope of supervision; build market awareness about the Exchange's supervisory function; and communicate clear touch-points and tools for stakeholder interactions on relevant regulatory matters.

The newly promoted Risk Management Division will continue to work on one of the organization's top three tactical priorities for 2015: governing the Company's revised enterprise risk management framework. No strategic imperative is more vital than ensuring the safety and stability of the Exchange for our stakeholders and our nation.

Technologically, we aspire to become one of the most advanced international platforms, continuing to develop our IT infrastructure to best support our stakeholders and their increasingly sophisticated demands. We are also carefully exploring pioneering means to develop our digital existence to act as a global differentiator in extending integrated exchange offerings, and we feel strongly that there are exciting prospects to be realized on this front.



We expect to conclude our migration to the X-stream INET trading platform in Q3 2015, enabling market participants to safely execute trades in any asset class, any time, anywhere.



We also expect to conclude our migration to the X-stream INET trading platform in Q3 2015, enabling market participants to safely execute trades in any asset class, anytime, anywhere. The new solution will be a game-changer for the Company, particularly as we begin to roll out new and innovative products and services at a faster pace.

Financially, we expect to start generating relatively more stable annuities by charging fees on some of our core services such as listing, safekeeping, and clearing and settlement, to mitigate the revenue concentration and volatility resulting from our dependence on trading commissions.

Our continuing role

Our national responsibility is a fundamental cornerstone of our DNA and a prime enabler of our evolution. We will continue to honor it by building best-in-class capabilities in terms of people, processes, and infrastructure; fostering market literacy; giving back to our society; and introducing robust rules and regulations to govern and protect our capital market.

As the national securities exchange, we will always seek to enrich the social capital of our nation and empower our stakeholders with new and emerging possibilities.

Adel Bin Saleh Al Ghamdi Chief Executive Officer



Charged with the mission of being the sole gateway to the Kingdom's capital market, the Saudi Stock Exchange sits in a privileged position – operationally, financially, and culturally. Therefore the Company has a responsibility to ensure that it contributes on a corporate level to the economic growth and social development of the nation.

Thus, the Company took decisive action in 2014 to ensure that its corporate responsibility efforts be formalized, beginning with the creation of a new Corporate Excellence unit, under the Corporate Development Division, to oversee the role of Corporate Social Responsibility (CSR).

Once in place, the Company set about defining how it would achieve its CSR goals in a differentiated way, but also one by which it would contribute most significantly to the community while being in alignment with the Exchange's brand values of trust, innovation, and excellence.

The Exchange then established a CSR policy statement, based on a clearly defined strategy and practice outline, as well as a set of initiative guidelines. The Company is committed to advancing the interests of society and contributing to the sustainable development of Saudi Arabia's economy through the following four key areas of focus: marketplace, workplace, community and environment.

In the marketplace – The Exchange honors its privileged position as the designated gateway to the Saudi capital market by actively and continuously acting on its socioeconomic responsibilities, thus ensuring a high degree of disclosure, transparency, and corporate governance among market stakeholders by acting as a beacon of excellence to issuers, members and investors. The Exchange supports CSR programming which enhances the capital market ecosystem.

In the workplace – The Company fosters a supportive and engaging working environment by upholding employment practices that promote Saudization, treating all employees fairly and equally, safeguarding employee rights and interests, providing opportunities for training and development, ensuring a healthy and safe workplace, and facilitating meaningful communication within the organization. The Exchange supports CSR programming that promotes a progressive and performance-based organizational culture and reflects a compelling employee value proposition. rewarding employees appropriately.

In the community – The Exchange helps to build a sustainable Saudi society by supporting local initiatives that create effective and lasting benefits through corporate philanthropy, the establishment of community partnerships, and employee volunteer work. The Exchange supports CSR programming which provides financial support to Saudi non-profit organizations that contribute to the Kingdom's development, mobilizes employees to participate in volunteer activities, encourages young people to develop professionally through co-operative training and Saudization efforts.

With the environment – The Exchange seeks to prevent pollution, reduce waste, increase recycling, and minimize natural resource use by continually improving its environmental management practices and measures. The Exchange supports CSR programming which adheres to green principles and energy consumption best practices.

The Saudi Stock Exchange is committed to social responsibility and national development. Its strategies and plans are developed and implemented with these underlying goals consistently in mind.

DIRECTORS' REPORT TO THE GENERAL ASSEMBLY

Dear Shareholders (Public Investment Fund),

The Saudi Stock Exchange Company Board of Directors is pleased to present the annual report outlining the Company's financial and operational performance for the year ended 31 December 2014.

1. Principal activities

The Company's activities encompass the management of securities trading, settlement and clearing services; depository and registration of securities ownership; and dissemination of securities information. It may engage in other related activities to meet its objectives, as specified in Saudi Arabia's Capital Market Law.

2. Financial results

The Company achieved a 40.8% growth in revenues in 2014, amounting to SAR 487 million, compared to SAR 346 million the previous year. Growth was mainly due to an increase of 56% in average daily trading values of SAR 8.6 billion, compared to SAR 5.5 billion the previous year.

Total operating income for 2014 amounted to SAR 186 million, a 117% increase compared to SAR 86 million in 2013. Net profit amounted to SAR 265 million, compared to SAR 152 million in 2013, an increase of 74%. Operating revenues from net trading commission increased by 7%.

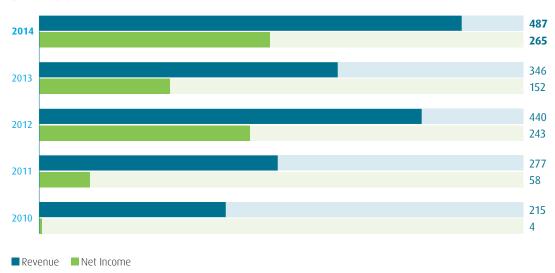
The following table shows the main balance sheet and income statement from 2010 to 2014:

	SAR millions							
Financial Position	2014	2013	2012	2011	2010			
Current assets	1,389	1,661	2,068	2,516	1,723			
Non-current assets	2,134	1,666	1,094	445	1,259			
Total assets	3,523	3,327	3,162	2,961	2,982			
Current liabilities	110	69	61	58	86			
Non-current liabilities	76	71	50	43	37			
Total liabilities	186	140	111	101	123			
Capital	1,200	1,200	1,200	1,200	1,200			
Reserves	1,387	1,361	1,345	1,322	1,315			
Retained earnings	691	542	495	336	344			
Change in fair value of available for sale investments	60	84	11	2	-			
Total shareholders' equity	3,337	3,187	3,051	2,860	2,859			
Total liabilities and shareholders' equity	3,523	3,327	3,162	2,961	2,982			

	SAR millions							
Income Statement	2014	2013	2012	2011	2010			
Revenue	487	346	440	277	215			
Total costs	301	260	256	259	256			
Operating income	186	86	184	18	(41)			
Other income	79	66	59	40	45			
Net Income	265	152	243	58	4			

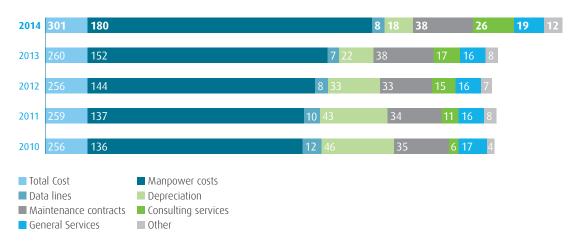
The below graphs illustrate the revenue, net income, and breakdown of costs from 2010 to 2014: Revenue and net income from 2010 to 2014

SAR millions



Details of costs from 2010 to 2014

SAR millions



TASI & Volume Traded - 2014

Trading Information	1st Q 2014	2nd Q 2014	3rd Q 2014	4th Q 2014	Year 2014	Year 2013	% Change
Number of Transactions	7,782,523	10,725,900	8,710,123	8,542,545	35,761,091	28,967,694	23.45%
Shares Traded	17,672,879,983	21,116,141,576	15,660,497,375	16,353,763,570	70,803,282,504	53,527,139,241	32.28%
Value Traded (SAR mn)	468,377.67	654,865.06	532,674.17	490,595.00	2,146,511.90	1,369,665.79	56.72%
Number of Trading Days	64	65	60	61	250	248	_
Daily Average of Transactions	121,602	165,014	145,169	140,042	143,044	116,805	22.46%
Daily Average of Shares Traded	276,138,750	324,863,717	261,008,290	268,094,485	283,213,130	215,835,239	31.22%
Daily Average of Value (SAR mn)	7,318.40	10,074.85	8,877.90	8,042.54	8,586.05	5,522.85	55.46%
Market Capitalization (SAR bn)	1,925.05	1,945.15	2,213.41	1,812.89	1,812.89	1,752.86	3.42%
Tadawul All Share Index (TASI) – points	9,473.71	9,513.02	10,854.79	8,333.30	8,333.30	8,535.60	-2.37%

TASI & Volume Traded - 2014



3. Corporate strategy

In 2014, the Board of Directors reviewed and endorsed the strategic plan that had been in place since 2011. The Board also considered the draft five-year strategic plan for 2014-2018, which was developed by the Executive Management team with a view to meeting the Company's future objectives. This has been updated to cover key developments in Saudi Arabia's capital market, economy, and business landscape.

The strategy includes a number of new components that will enhance the Exchange's position and develop and modernize its working practices. The strategy focuses on three areas identified as key priorities: strengthening human resources and attracting new experienced talents; strengthening the management of all types of risk; and fulfilling all obligations between the Saudi Stock Exchange and the Capital Market Authority (CMA), especially those defined in the Capital Market Law.

4. Key projects and achievements

During 2014, the Saudi Stock Exchange achieved various goals that significantly contributed to building trust, expertise, growth, and diversity in products and services. All core activities saw improvements in work processes and operational effectiveness, as well as technical capacity. Key achievements encompassed the areas of risk management, business continuity, international relations and participation, and representation in international organizations and agencies.

The Risk Management and Business Continuity Division received particular attention during the year. It was segregated from the Legal and Compliance Division and mandated with greater responsibilities, in line with its key objectives.

The Division had several notable accomplishments at the organizational, executive and work levels, especially with regard to information protection, security, and maintenance. It completed all assigned projects in 2014 according to the guidelines set by the Board.

With regards the transition and activation of our full set of responsibilities under the CML, 2014 witnessed another great achievement by signing a memorandum of understanding with the CMA authorizing the transfer of certain activities and duties, as stipulated by the Capital Market Law. The Company has now completed the strategic plan and governance processes for transferring these activities, and concluded an agreement with the CMA establishing the structure and distribution of responsibilities.

Several initiatives commenced during the year to improve market efficiency and enable the Exchange to reach out to issuers, members, and local and foreign investors. These included the application of a Volume Weighted Average Price (VWAP) mechanism to calculate the closing price of listed companies; implementing the Instructions and Procedures pertaining to the listed companies with accumulated losses of (50%) or more of its capital; and preparation to implement the CMA's resolution to open the Saudi Stock Exchange to Qualified Foreign Financial Institutions.

The year also witnessed a number of other business achievements, including:

- Implement of the CMA approved instructions and procedures for Over the Counter (OTC).
- Fully maintaining trading system controls and rules, with no interruptions or stoppages recorded.
- Voted as the 'Best Managed Stock Exchange in the Middle East 2014' by Euromoney Group.
- Becoming an affiliate member of the International Organization of Securities Commissions (IOSCO). The CMA is the designated Saudi representative.

5. Business divisions and allocation of revenue *

The Company's revenue is generated from three main business divisions: Cash Markets (80%), Asset Services and Depository (13%), and Market Data and Indices (7%).

	SAR m	SAR millions		
Business divisions	2014	2013		
a) Cash Markets	388	247		
b) Assets Services and Depository	65	61		
c) Market Data and Indices	33	38		
Total	487	346		

^{*} All of the Exchange's income is generated inside Saudi Arabia

Based on the instruction issued by the Saudi Arabian Monetary Agency ("SAMA") dated 14 Rabi Al Thani 1424 (corresponding to 15 June 2003G), CMA's Chairman approval dated 25 Jumada Al Awwal 1427 (corresponding to 22 June 2006) and the resolution issued by the Council of the CMA No. (292/2010/H) dated 3 Dul Hijjah 1431 (corresponding to 9 November 2010G), the CMA is entitled to receive a financial return amounting to 50% of the Company's total operating revenues. The total operating revenues for the year ended 31 December 2014 amounted to SAR 974,009,954 (31 December 2013: SAR 691,810,312), accordingly, the amounts due to the CMA for the year ended 31 December 2014 amounted to SAR 487,004,977 (31 December 2013: SAR 345,905,156). The Company is responsible to collect this financial return and deposit the funds into the CMA's account based on its instructions.

a) Cash Markets

Cash Markets Division achieved 2014 revenues of SAR 388 million, an increase of 57% over 2013 due to the Exchange's 56% rise in average trading values.

Throughout 2014 the Division's focus was attracting new companies to the capital market and the year proved a remarkable one for initial public offerings (IPOs). In total, six new company listings and one Sukuk offering took place, with the National Commercial Bank (NCB) IPO being the most significant. Not only was NCB's IPO the largest in Saudi history, it was also the second largest globally during the year.

Tradable Rights included Al-Ahlia Insurance Company and Ma'aden (Saudi Arabian Mining Company), the latter being valued at SAR 5,600 million.

b) Asset Services and Depository

Asset Services and Depository (ASD) Division is responsible for the execution of transactions related to the deposit, transfer, settlement, clearing and registration of securities on the Exchange.

During 2014 ASD successfully grew the number of non-listed companies subscribing to its registration services by 180% – with 87 clients by the year-end. It also concluded agreements with 42 listed companies to provide general assembly support services, e-voting services, and support registration services for nine new issues – six company listings, two tradable rights, and one Sukuk offering.

Income from ASD's services amounted to SAR 65.4 million for the year, a 7% increase over 2013.

c) Market Data and Indices

Market Data and Indices Division focuses on developing and applying market information strategies and policies in line with international best practice at advanced markets.

A core activity sector, the Division works on developing financial information services and products, and providing them to market stakeholder. It provides licenses for distributing and using market information, and creates indexes for local and international brokers, data providers, index developers, financial institutions and asset managers – through agreements aligned with international data distribution standards and under controls that protect related parties' rights.

Other activities include updating and maintaining all market indexes, calculating traded fund indexes, and developing capital market statistical reports.

The Division achieved revenues of SAR 33 million in 2014, 12% lower than 2013. Due to a 5.5 Million Non-recurring revenue in 2013.

6. Financial investments

A. Securities

The investment department manages the cash surplus of the Company's operations through an investment portfolio, seeking to achieve optimum returns by controlling the levels of risk as stipulated in the Company's strategy.

The department expects to diversify and increase investment asset types in terms of an asset allocation plan adopted by the Board of Directors. During the year, competitive investment returns were achieved compared to benchmarks for the type of assets selected.

	SAR mi	SAR millions		
Investing in securities	2014	2013		
Investments held for trading	1,242	-		
Investments held to maturity – current portion	100	1,519		
Investments available for sale	513	342		
Investments held to maturity – the non-trader	1,470	1,200		
Total	3,325	3,061		

B. Investment in associates

Tadawul Real Estate Company (a limited liability company) is the owner of the Company's 41-story headquarters tower within King Abdullah Financial District. The tower has an environment-friendly construction using recyclable materials, and reduces energy consumption by 20% through energy-saving technology and smart building operation systems. It also reduces water consumption by 54% through recycling water. The Company owns 20% of Tadawul Real Estate Company LLC, equivalent to SAR 84 million.

7. Information technology

2014 marked an eventful year for the Information Technology Division (IT), with implementing of a management strategy based on improving human and technical resources' competence and capabilities, and developing required operating processes, contributing to enhanced capacities and improved services. IT Division has successfully completed the annual surveillance audits against the two international standards, ISO 9001 (Quality Management Systems) and ISO 20000 (IT Service Management Systems) certifications.

Proceeding with its strategy of enhancing automated systems, the Division launched an initiative to replace the existing trading system with the Nasdaq's X-Stream INET that will support the Company's future development plans. The Division also managed stable trading systems operation and 100% availability, reinforcing its outstanding operational capacity.

8. Human resources

People are the Company's most valuable asset and it constantly seeks to develop and improve their abilities, refine their skills, and provide them with knowledge and experience required through training programs, and a suitable work environment that helps to improve productivity. To achieve this, and to ensure working environments and conditions are safe, HR Division surveys employees' opinions, analyzing the results and ensuring that action is taken to overcome any issues.

Key achievements include attracting administrative and operational expertise, improving general employment rates by 47%, and increasing the number of female employees from 26 in 2013 to 42 in 2014.

HR Division also made changes to improve employees' working culture, sense of belonging, and loyalty. Through these surveys, many mid-level leaders expressed their pride in being part of the organization, stressing that a modern approach to managing and organizing human resources would help the Company to retain its distinguished operational and management talent.

2014 also witnessed initiatives in training and education – setting objectives and measuring the performance of employees across all sections, irrespective of seniority or period of service.

9. Risk management

Risk management is a fundamental pillar for sustaining the Saudi Stock Exchange, as it has a long-term impact on all aspects of the business. The Board of Directors assigned the division with two key responsibilities: information security and business continuity.

The Board's Risk Management Committee (RMC) includes three Board Directors and an independent member. The RMC oversees the risk management function and approves its strategies and policies.

Some of the risks overseen by RMC are as follows:

Operational risk

Operational risks are those of losses resulting from inadequacy or failure of internal and external operations, personnel, external systems and events, and change initiatives. These include risks related to issuances, clearing companies' transactions, market transactions, asset and deposit transactions, market development, market regulation, HR, and material assets.

The Risk Management Division has improved its operational risk management strategy by developing a holistic framework supported with proper policies and processes, particularly via implementing a secure policy for risk self-assessment so as to identify risks arising from the Company's own products, activities, and operations.

Information security risk

IT risks are those resulting from vulnerabilities in, and threats to, information sources used by the Exchange in such a manner that would affect business objectives. They include risks related to internal and external information security, information privacy, and information validity and availability. The Exchange uses automated systems to monitor suspicious activities and prevent electronic attacks. The Company has also managed to maintain ISO 27001 Information Security certification for three consecutive years.

Business continuity risk

Business continuity risks are risks that cause disastrous and harmful stoppage of Company operations, leading to huge losses in infrastructure and level of services provided. They include risks related to infrastructure breakdown, logistic support providers, personnel safety, and natural disasters.

The Risk Management division reviews business continuity plans as part of its annual plan through a number of key stages, including: planning for development and implementation of such plans; developing strategies to be followed for ensuring continuity of the business and activities, comprehensive and full documentation of all procedures, standards; policies and relevant implementation methods; reinforcing public awareness of the importance of such plans so as to make them a part of business culture; qualifying and training employees and work teams for applying such plans in practice; and conducting regular tests and continuous assessments to ensure effective implementation, where required.

Compliance risk

Compliance risks are risks that subject the Company to penalties in the form of financial fines or deprivation of the right to practice certain activities. Compliance Division is one of the key defense lines, which is currently developing compliance policies and plans. In 2014, the Division completed a comprehensive awareness campaign to enhance the efficiency and effectiveness of the Company's operations.

Legal risk

These are risks of the Company losing assets or increasing its liability towards others. They result from lack of sound legal opinion, inadequate legal documentation, entering into new kinds of transactions with no applicable law to regulate them, or the issuance of a new law. Legal Division undertakes specialized tasks to provide legal advice and support to all the Company's divisions, with key objectives and responsibilities revolving around defending the Company's interests and protecting it against all legal risks.

Financial risk

These are all risks related to the Saudi Stock Exchange's financial affairs, funding methods, and bank coverage. They include risks pertaining to liquidity, portfolios and investment, income sources, and accounting and financial statements. Trading commission revenues form a large proportion of the Company's revenues and are inherently variable. The strategy is to increase other operational returns that are not related to trading, partly mitigating the impact of market volatility.

10. Social responsibility

In 2014, the Saudi Stock Exchange developed a new perspective on corporate social responsibility, with its contributions becoming a constant obligation, leading the Company to expand and maintain its support for a host of charitable activities, with a view to making a transformational change in the Company's philosophy and approach. The Company's priorities in this regard focus on providing care to the industry, work environment, and the society where the Company operates.

11. Corporate governance

Being fully aware of the importance of governance, and in observing the principles of disclosure and transparency, the Company has developed an integrated plan for achieving best practice in corporate governance and implementing the appropriate systems, regulations and circulars.

A. Disclosures on Board of Directors and senior executives

A1. Names, memberships, appointment date, other board memberships:

No.	Board of Directors	Membership in Board of Directors	Appointment date	Representative of	Membership in other companies (Listed or Private)
1	Mr. Khalid I. Alrabiah	Chairman	13-January-2014	Joint Stock Companies Listed on the Exchange	-
2	Mr. Abdulrahman M. Al Mofadhi	Vice Chairman	13-January-2014	Ministry of Finance	The National Shipping Company of Saudi Arabia (Chairman), Saudi Real Estate Company (SRECO) (Chairman), Dar Al Tamleek Company (Chairman), and the National Commercial Bank (NCB) (Board member)
3	Mr. Abdulaziz A. Al Helaissi	Member	13-January-2014	Saudi Arabian Monetary Agency	-
4	Mr. Ali A. Al Gwaiz	Member	13-January-2014	Licensed brokerage firms	-
5	Mr. Yasir O. Al Rumayyan	Member	13-January-2014	Licensed brokerage firms	Saudi Fransi Capital (Board member) and Saudi Frans Capital International (Board member).
6	Mr. Abdulrahman Y. Al Yahya	Member	13-January-2014	Licensed brokerage firms	Osool & Bakheet Investment Company (Chairman) and Saudi Agricultural and Livestock Investment Company (SALIC) (Board member).
7	Dr. Sami M. Baroum	Member	13-January-2014	Joint Stock Companies Listed on the Exchange	The Saudi Arabian Investment Company (Sanabil) (Board member), Arabian Cement Company (Board member), and Jeddah International College (Board member).
8	Dr. Fahad A. Abuhimed	Member	13-January-2014	Ministry of Commerce and Industry	-
9	Mr. Tariq Z. A. Al Sudairy	Member	16-September-2014	Licensed brokerage firms	Jadwa Investment Company (Board member), Al Hokair Group (Board member), Alrajhi Alfa Investments Holding (Board member) and Naba Education Company (Board member).
10	Mr. Ahmed A. Al-Khatib Resigned on 8-May-2014	Member	13-January-2014	Licensed brokerage firms	-

The Board of Directors was re-formed under Cabinet Resolution No 94 dated 13 January 2014 with the abovementioned membership. Previously (up to 12 January 2014), the Board's membership was as follows:

Mr. Taha A. Al-Kuwaiz (Chairman)

Mr. Mansour S. Al Maiman (Vice Chairman)

Mr. Abdullah A. Al-Hamoudi

Mr. Ahmed A. Al-Khateeb

Mr. Bisher M. Bakheet

Dr. Sami M. Baroum

Mr. Abdulrahman Y. Al-Yahya

Mr. Khalid I. Alrabiah

Dr. Fahad A. Abuhimed

11. Corporate governance (Continued)

A. Disclosures on Board members and senior executives (Continued)

A2. Board meetings attendance record

Name	Capacity	1st meeting 23.2.2014	2nd meeting 14.4.2014	3rd meeting 21.4.2014	4th meeting 23.5.2014	5th meeting 14.7.2014	6th meeting 24.9.2014	7th meeting 8.12.2014
Mr. Khalid I. Alrabiah	Chairman	$\sqrt{}$						
Mr. Abdulrahman M. Al Mofadhi	Vice Chairman	V	Χ	Χ	Χ	√	√	√
Mr. Abdulaziz A. Al Helaissi	Member	V	√	√	√	√	Χ	√
Mr. Ali A. Al Gwaiz	Member	V	V	√	V	√	√	√
Mr. Yasir O. Al Rumayyan	Member	V	√	√	√	√	√	√
Mr. Abdulrahman Y. Al Yahya	Member	V	√	V	V	√	√	√
Mr. Ahmed bin Aqeel Al-Khatib Resigned on 8-May-2014	Member	V	V	V	V			
Dr. Sami M. Baroum	Member	V	√	√	√	√	Х	√
Dr. Fahad A. Abuhimed	Member	V	√	√	√	√	√	√
Mr. Tariq Z. A. Al Sudairy Appointed on 16-September-2014	Member						V	√

A3. Directors' compensation (SAR)

Name	committee meetings compensation	membership Annual compensation	2013 profit Bonus	Total
Mr. Khalid I. Alrabiah*	27,000	200,000	26,090	253,090
Dr. Sami M. Baroum*	30,000	200,000	42,500	272,500
Mr. Abdulrahman Y. Al Yahya*	12,000	200,000	42,500	254,500
Dr. Fahad A. Abuhimed*	18,000	200,000	26,090	244,090
Mr. Abdulrahman M. Al Mofadhi*	24,000	193,333	_	217,333
Mr. Abdulaziz A. Al Helaissi**	27,000	193,333	_	220,333
Mr. Ali A. Al Gwaiz**	30,000	193,333	_	233,333
Mr. Yasir O. Al Rumayyan**	24,000	193,333	_	217,333
Mr. Ahmed A. Al-Khatib Resigned on 8-May-2014	6,000	70,555	42,500	119,055
Mr. Tariq Z. A. Al Sudairy Appointed on 16-September-2014	9,000	57,777	_	66,777
Mr. Taha A. Al-Kuwaiz**	_	6,666	42,500	49,166
Mr. Mansour S. Al Maiman***	_	6,666	42,500	49,166
Dr. Abdul Rahman A. Hamidi***	_	6,666	42,500	49,166
Mr. Bishr M. Bakhit***	_	6,666	42,500	49,166
Mr. Saud M. Al-Duweish***	_	_	16,410	16,410
Mr. Abdullah A. Al-Hamoudi****	-	-	16,410	16,410
Total	207,000	1,728,328	382,500	2,317,828

^{*} Continuing from previous term ** Date of appointment: 13 January 2014 *** Membership end date: 12 January 2014 *** Membership end date: 19 May 2014

11. Corporate governance (Continued)

A. Disclosures on Board members and senior executives (Continued)

A4. Senior executives' compensation* (SAR)

Compensation type	Total amount
Compensations	6,546,540
Periodic and annual compensations	2,170,000
Total	8,716,540

^{*} Senior Executive bonuses cover the top five executives, including the CEO and the General Manager of Finance and Support Services.

B. Board committees

The Company has five Board of Directors' committees consisting of Board directors and external members with relevant expertise and specializations. Each committee has a charter that defines its powers and work process, as follows:

B1. Executive Committee

The Executive Committee is responsible for reviewing strategies and action plans, and monitoring the Company's performance on a regular basis in line with its terms of reference. It is comprised of five members, namely:

Name	Capacity	1st meeting 2.4.2014	2nd meeting 1.7.2014	3rd meeting 16.9.2014	4th meeting 23.10.2014	5th meeting 16.11.2014
Mr. Khalid I. Alrabiah	Chairman of the Committee	$\sqrt{}$	$\sqrt{}$	$\sqrt{}$	$\sqrt{}$	$\sqrt{}$
Mr. Ahmed A. Alkhatib Resigned on 8-May-2014	Member	V				
Dr. Sami M. Baroum	Member	V	√	√	√	√
Mr. Abdulaziz A. Al Helaissi	Member	V	V	V	V	√
Mr. Yasir O. Al Rumayyan	Member	V	V	V	V	√
Mr. Tariq Z. A. Al Sudairy Appointed on 16-September-2014	Member				V	V

B2. Audit Committee

The Audit Committee is responsible for reviewing the Company's financial and administrative policies and processes. It also considers Internal Audit reports and notes, assesses the efficiency and effectiveness of monitoring activities, and considers annual and quarterly statements. This committee is comprised of five members, named below:

Name	Capacity	1st meeting 1.4.2014	2nd meeting 10.4.2014	3rd meeting 13.5.2014	4th meeting 5.6.2014	5th meeting 21.9.2014	6th meeting 26.11.2014
Mr. Abdulrahman M. Al Mofadhi	Chairman of the Committee	$\sqrt{}$	$\sqrt{}$	Χ	$\sqrt{}$	$\sqrt{}$	$\sqrt{}$
Mr. Ali A. Al Gwaiz	Member	√	√	√	√	√	√
Mr. Abdulrahman I. Alhumaid	Independent member	√	√	√	√	√	√
Mr. Sulaiman A. Alsakran	Independent member	V	√	Χ	√	V	√
Mr. Abdulrahman M. Al Oudan	Independent member			V	√	V	√

11. Corporate governance (Continued)

B. Board committees (Continued)

B3. Risk Management Committee

The Risk Management Committee is responsible for reviewing and developing risk management strategies and policies. It also undertakes to cope with the rapid development and increasing complexities of its scope of work across the Company, presenting regular reports on such developments to the Board of Directors. It is comprised of four members, named below:

Name	Capacity	1st meeting 20.5.2014	2nd meeting 14.7.2014	3rd meeting 17.9.2014	4th meeting 22.12.2014
Mr. Abdulrahman Y. Al Yahya	Chairman of the Committee	Χ	$\sqrt{}$	$\sqrt{}$	$\sqrt{}$
Dr. Fahad A. Abuhimed	Member	√	√	√	√
Mr. Abdulaziz A. Al Helaissi	Member	√	√	√	√
Mr. Ibraheem A. Alqadi	Independent member	V	√	√	√

B4. Investment Committee

The Investment Committee is responsible for reviewing investment policies; considering investment opportunities and how they fit the Company's strategy; following up and evaluating current and future investments by the Company; and presenting relevant recommendations to the Board of Directors for approval. It is comprised of four members, named below:

Name	Capacity	1st meeting 10.1.2014	2nd meeting 16.4.2014	3rd meeting 23.7.2014
Mr. Abdulrahman M. Al Mofadhi	Chairman of the Committee	V	$\sqrt{}$	√
Mr. Ahmed A. Alkhatib Resigned on 8-May-2014	Member	V		
Mr. Yasir O. Al Rumayyan	Member	V	√	√
Mr. Tariq Z. A. Al Sudairy Appointed on 16-September-2014	Member			V

B5. Remuneration and Nomination Committee

This committee is responsible for reviewing the performance of Board committees Executive Management; reviewing employees' annual bonus and benefit policies; and presenting relevant recommendations to the Board of Directors. It is comprised of three members, named below:

Name	Capacity	1st meeting 2.4.2014	2nd meeting 1.7.2014		4th meeting 23.10.2014
Mr. Khalid I. Alrabiah	Chairman of the Committee	$\sqrt{}$	$\sqrt{}$	$\sqrt{}$	$\sqrt{}$
Dr. Sami M. Baroum	Member	√	√	√	√
Mr. Ali A. Al Gwaiz	Member	√	√	√	√

B6. Regulatory oversight and Policy Committee

The Board of Directors assigned this committee with responsibility for overseeing supervisory and regulatory activities, and tasks undertaken by the Saudi Stock Exchange in line with the Capital Market Law. This committee is comprised of five members, named below:

Name	Capacity
Dr. Fahd A. Abuhmeid	Chairman of the Committee
Mr. Yaser O. Al-Ramian	Member
Dr. Abdullah H. Al-Abdulqader	Independent member
Dr. Abdurahman A. Al-Khalaf	Independent member
Mr. Adel S.Al-Ghamdi	Executive Member

The Supervisory and Policy Committee was formed under following a Board Resolution on 24 September 2014 and did not convene any meetings during 2014.

11. Corporate governance (Continued)

C. Compliance with CMA governance regulations (as per form no. 8) for 2014

Although it is not listed, the Exchange endeavours to apply the best practices in Corporate Governance issued by relevant regulatory authorities.

No.	Article number according to the Corporate Governance Regulations	total Articles	Articles fully covered	Articles partially covered	Articles not covered	Articles that are not applicable
1	Article 3, paragraph (a) of Article 4: public rights of shareholders and facilitate the exercise of their rights and their access to information	6	6			
2	Paragraph (b) of Article 4: Facilitate the exercise of shareholders' rights and access to information	2	2			
3	Article 5: The rights of shareholders relating to the meeting of the General Assembly	10	8			2
4	Article 6: Voting Rights	3	1			2
5	Article 7: Equity in dividends	2	2			
6	Article 8: Policies and procedures related to disclosure	1	1			
7	Article 9: Disclosure in the report of the Board of Directors	7	7			
8	Article 10: The basic functions of the Board of Directors	6	4		1	1
9	Article 11: The responsibilities of the Board of Directors	8	5	3		
10	Article 12: Composition of the Board of Directors	9	4			5
11	Article 13: Committees and the independence of the Board of Directors	3	3			
12	Article 14: Audit Committee	3	2			1
13	Article 15: Nominations Committee and Remuneration	3	1			2
14	Article 16: Meetings of the Board of Directors and the agenda	4	4			
15	Article 17: Directors' remuneration and compensations	1	1			
16	Article 18: Conflict of interest with the Board of Directors	3	3			
17	Article 43: Disclosure in the Board of Directors (the Listing Rules)	26	26			
Tot	al	97	80	3	1	13

D. Dividend distribution policy

The Company's policy for distribution of annual net income is based on the provisions of its Articles of Association and the availability of liquidity to meet liabilities and strategic projects. Annual net profits (after deduction of all overheads and expenses) will be distributed as follows:

- 1. 10% of net profits is allocated to the statutory reserve. The General Assembly may suspend this allocation once this reserve equals half the Company's paid-up capital.
- 2. The General Assembly at the Board's recommendation may allocate a percentage of the net profits for other special reserves.
- 3. Of the remainder, a first payment equal to 5% of paid-up capital is allocated to the shareholders.
- 4. After these allocations, a percentage of the remainder (to be determined by the General Assembly, provided such percentage does not exceed (0.5%) of the net profit) is allocated as a bonus for the Board. The remainder will be distributed to shareholders as an additional dividend or transferred to retained earnings.

11. Corporate governance (Continued)

D. Dividend distribution policy (Continued)

The recommended dividend distributions for 2014 are:

	SAR th	ousands
Article	2014	2013
Net profit	265,016	152,429
Sparing (10%) of the net profit as a legal reserve	(26,501)	(15,242)
Dividend (5%) of the capital	(60,000)	(60,000)
Proposed Members remunerations	(891)	(382)
Dividend (additional stake)	(30,000)	(30,000)
The rest will be moved to the retained earnings account	147,624	46,803

12. Related party transactions

The Saudi Stock Exchange conducted transactions with related parties in the Public Investment Fund (shareholder), as well as with other companies where the Exchange Board members hold directorships. These transactions were conducted at arm's length, as with normal commercial debtors and creditors.

Major transactions and related amounts up to 31 December 2014 were:

	SAR m	illions
Article	2014	2013
Trading Fees	275,4	175,2
Other Services	44,2	29,7
Information Technology department lines	5,7	5,04
Electricity	1,5	1,3
Compensation and remunerations of the Board of Directors	3,1	3,4
Investments in managed portfolios un-restricted	239,7	128,5
The outstanding balance of the Tadawul Real Estate Company	0,453	0,539

Balances and transactions resulting from these transactions included in the financial statements as of December 31, 2014 (SAR):

Description	Nature of the relationship	Opening Balance	Income/Expenses	Collections/Payments	31 December 2014
Account Receivables	Common ownership and directors	1,615,256	319,735,104	(318,972,693)	2,377,667
Accounts payable	Common ownership and directors	4,633,014	7,323,713	(11,012,433)	944,294
Prepaid and other assets	Associate	539,982	453,122	(539,982)	453,122

Debits with other related parties include unrestricted portfolios, where these investments are classified as (investments available for sale) as of December 31, 2014 (SAR):

Description	Nature of the relationship	Opening Balance	Purchase	Sale	31 December 2014
Osool & Bakheet Investment Company	Common directors	39,684,248	44,408,485	-	84,092,733
Saudi Fransi Capital	Common directors	49,612,936	55,289,000	(71,988,757)	32,913,179
Jadwa Investment	Common directors	39,251,734	83,476,575	_	122,728,309

13. Loans

The Saudi Stock Exchange Company has no loans.

14. Company declarations

The Saudi Stock Exchange Company declares that:

- The 2014 financial statements were properly prepared and maintained.
- The internal control system was prepared on a sound and proper basis and is reviewed annually to ensure its effectiveness.
- There are no substantive doubts concerning the Company's ability to continue operating.
- There was no deviation from the Accounting Standards issued by the Saudi Organization for Certified Public Accountants (SOCPA). There were no material comments by the auditors on the Company's 2014 financial statements.

15. Regulatory payments to Government departments

Article	SAR millions	Description
Dividends	90	What is paid or charged to the credit period as dividends to the owner (Public Investment Fund)
Social insurance contributions	8	What is paid or charged to the period, according to the provisions of the social security system in Saudi Arabia
Withholding tax	2	What is paid or charged to the period, according to the provisions of the Department of Zakat and Income.
Total	100	

16. Regulatory and supervisory penalties

No penalties were imposed on the Company.

17. Annual audit of the effectiveness of Internal control procedures

The Internal Audit Division submits periodic reports to the Audit Committee on operational, administrative, and financial review processes that are intended to verify the effectiveness of the internal control system with respect to protecting the Company's assets, evaluating its business risks, and measuring efficiency and performance. This review has not shown any material weakness in the Company's internal control system.

The internal control system is also reviewed by the external auditors when they check the annual financial statements. They are empowered to access all records and internal control reports for the fiscal period under review.

18. Board recommendations to the General Assembly

- 1. To approve the Saudi Stock Exchange Board of Directors' Report for the fiscal year ended 31 December 2014.
- 2. To approve the Company's financial statements and auditors' report for the fiscal year ended 31 December 2014.
- 3. To discharge the liability of the Saudi Stock Exchange Board Directors for the fiscal year ended 31 December 2014.
- 4. To approve the Board of Directors' recommendation on dividends to be paid to shareholders for the fiscal year ended 31 December 2014 at SAR 0.75 (75 halalas) per share and 7.5% of the capital.
- 5. To approve the payment of SAR 891,000 as a bonus for the Board of Directors.
- 6. To approve the Board recommendation for appointment of the Company's auditors for 2015, from the list of nominated auditors.
- 7. Approval of transactions with related parties made during the fiscal year ended 31 December 2014.

Thanks and acknowledgements

The Board of Directors expresses thanks to the Custodian of the Two Holy Mosques, King Salman Bin Abdulaziz Al Saud, HRH Crown Prince Mohammed bin Naif bin Abdulaziz, and HRH Deputy Crown Prince Mohammed bin Salman bin Abdulaziz, and to our wise Government for its support of the Saudi Stock Exchange as it aims to improve its performance and enhance its services.

Thanks are also due to the Company's clients and related parties, as well as to the Kingdom's regulatory and supervisory authorities, for the role they have played in its success.

Finally, the Board extends thanks to all employees for their dedication and hard work, and looks forward to supporting the Saudi Stock Exchange as it provides excellent service in meeting the needs of all stakeholders.

Financial Statements and Auditor's Report

For the year ended December 31, 2014

INDEPENDENT AUDITOR'S REPORT



KPMG Al Fozan & Al Sadhan

KPMG Tower Salahudeen Al Ayoubi Road P O Box 92876, Riyadh 11663 Kingdom of Saudi Arabia Telephone +966 11 874 8500 Fax +966 11 874 8600 Internet www.kpmg.com.sa License No, 46/11/323 issued 11/3/1992

To the Shareholder

Saudi Stock Exchange Company (Tadawul) (a Saudi closed joint stock company) Riyadh, Kingdom of Saudi Arabia

We have audited the accompanying financial statements of Saudi Stock Exchange Company (Tadawul) – (a Saudi closed joint stock company) ("the Company") which comprise the balance sheet as at 31 December 2014 and the related statements of income, cash flows and changes in equity for the year then ended and the attached notes (1) through (28) which form an integral part of the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia and in compliance with Article 123 of the Regulations for Companies and the Company's Bye-Laws and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Management has provided us with all the information and explanations that we require relating to our audit of these 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 generally accepted auditing standards in the Kingdom of Saudi Arabia. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made 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 provide a basis for our opinion.

Opinion

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

- 1) present fairly, in all material respects, the financial position of the Company as at 31 December 2014, and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia appropriate to the circumstances of the Company; and
- 2) comply with the requirements of the Regulations for Companies and the Company's Bye-Laws with respect to the preparation and presentation of financial statements.

For KPMG Al Fozan & Al Sadhan

Khalil Ibrahim Al Sedais License No.: 371

Riyadh on: 24 February 2015 Corresponding to: 5 Jamadi I 1436



KPMG Al Fozan & Al Sadhan, a partnership registered in Saudi Arabia and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity,

BALANCE SHEET

As at 31 December 2014

		SAR	
	Notes	2014	2013
ASSETS			
Current assets			
Cash and cash equivalents	4	9,302,729	110,940,239
Held-for-trading investments	5(a)	1,241,670,473	_
Held to maturity investments	5(b)	100,000,000	1,519,052,728
Accounts receivable, net	6	14,749,067	6,281,735
Prepaid expenses and other assets	7	23,698,872	24,553,900
Total current assets		1,389,421,141	1,660,828,602
Non-current assets			
Available-for-sale investments	5(c)	513,359,518	341,616,672
Held to maturity investments	5(d)	1,470,000,000	1,200,000,000
Investment in equity accounted investee	9	83,343,598	83,950,218
Projects under progress	10	39,091,898	6,040,019
Property and equipment, net	11	28,597,575	34,679,599
Total non-current assets		2,134,392,589	1,666,286,508
TOTAL ASSETS		3,523,813,730	3,327,115,110
LIABILITIES AND SHAREHOLDER'S EQUITY Current liabilities			
Accounts payable	12	40,008,987	29,740,832
Balance due to the Capital Market Authority	13	17,927,592	7,635,931
Accrued expenses and other liabilities	14	52,054,227	31,786,556
Total current liabilities		109,990,806	69,163,319
Non-current liabilities			
Provision for end-of-service benefits	15	54,532,973	49,279,664
Provision for specific obligations	16	21,914,680	21,914,680
Total non-current liabilities		76,447,653	71,194,344
TOTAL LIABILITIES		186,438,459	140,357,663
Shareholder's equity			
Share capital	1	1,200,000,000	1,200,000,000
Statutory reserve	17	273,053,591	246,551,914
General reserve	18	1,114,180,214	1,114,180,214
Unrealised gain on Available-for-sale investments	5(c)	59,564,760	83,963,706
Retained earnings		690,576,706	542,061,613
Total shareholder's equity		3,337,375,271	3,186,757,447
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		3,523,813,730	3,327,115,110

STATEMENT OF INCOME

For the year ended 31 December 2014

		S	AR
	Notes	2014	2013
Operating revenues	19	487,004,977	345,905,156
Operating costs	20	(161,806,248)	(154,722,043)
Gross income		325,198,729	191,183,113
General and administrative expenses	21	(139,055,673)	(105,276,447)
Operating income		186,143,056	85,906,666
Special commission income on Murabaha placements		11,240,746	24,662,725
Special commission income on Sukuk		33,405,633	29,755,496
Dividends on equity investment securities	5(c)	8,146,281	7,652,966
Realised gain on held-for-trading investments		2,153,004	-
Realised gain on available-for-sale investments		15,995,509	-
Unrealised gain from valuation of held-for-trading investments	5(a)	6,670,473	-
Share of loss from equity accounted investee	9	(606,620)	(49,782)
Other non-operating income		1,868,688	4,501,198
Non-operating income, net		78,873,714	66,522,603
NET INCOME FOR THE YEAR		265,016,770	152,429,269
Earnings per share from:	22		
Operating income		1.55	0.72
Non-operating income		0.66	0.55
Net income for the year		2.21	1.27

STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

			SAR
	Notes	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year		265,016,770	152,429,269
Adjustments to:			
Depreciation and amortization		17,749,587	22,387,354
Provision/(Reversal) for doubtful debts		274,502	(266,147)
Loss on sale on property and equipment		70,186	12,978
Provision for end-of-service benefits		13,561,129	10,876,685
Unrealised gain on held-for-trading investments		(6,670,473)	-
Realized gain on held-for-trading investments		(2,153,004)	-
Unrealised gain on investments available for sale		(15,995,509)	-
Discount on Sukuk purchase		(947,272)	(2,280,526)
Share of income from equity accounted investee	9	606,620	49,782
Changes in operating assets and liabilities:			
Purchase of held-for-trading investments		(1,695,000,000)	_
Proceeds from held-for-trading investments		462,153,004	-
Accounts receivable		(8,741,834)	4,118,388
Prepaid expenses and other assets		855,028	(2,271,360)
Accounts payable		10,268,155	9,507,709
Balance due to Capital Market Authority		10,291,661	(738,856)
Accrued expenses and other liabilities		20,267,671	(1,044,856)
End-of-Service benefits paid		(8,307,820)	(11,300,088)
Provision for specific obligations		-	21,914,680
Net cash from operating activities		(936,701,599)	203,395,012
CASH FLOWS FROM INVESTING ACTIVITIES			
Matured held to maturity investments		1,670,000,000	2,140,000,000
Purchase of held to maturity investments		(520,000,000)	(3,036,175,625)
Purchase of available-for-sale investments		(226,141,792)	(57,652,966)
Proceeds of available-for-sale investments		45,995,509	-
Purchase of property, equipment and projects under progress		(44,789,628)	(15,723,810)
Proceeds from sale of property and equipment		_	43,650
Net cash used in investing activities		925,064,089	(969,508,751)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(90,000,000)	(90,000,000)
Net cash used in financing activities		(90,000,000)	(90,000,000)
Net change in cash and cash equivalents		(101,637,510)	(856,113,739)
Cash and cash equivalents, beginning of the year		110,940,239	967,053,978
CASH AND CASH EQUIVALENT, END OF THE YEAR		9,302,729	110,940,239
Non-cash transaction:			
Change in the fair value for investment available-for-sale	5 (c)	(24,398,946)	73,446,665

The accompanying notes from (1) through (28) form an integral part of these financial statements.

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

For the year ended 31 December 2014

		SAR				
	Share capital	Statutory reserve	General reserve	Unrealised gain on Available-for- sale investments	Retained earnings	Total
2013						
Balance at 1 January 2013	1,200,000,000	231,308,987	1,114,180,214	10,517,041	494,875,271	3,050,881,513
Net income for the year	-	-	-	-	152,429,269	152,429,269
Change in fair value of available- for-sale investments	-	_	-	73,446,665	-	73,446,665
Transfer to statutory reserve	-	15,242,927	_	_	(15,242,927)	-
Dividends paid – Note 25	-	_	_	-	(90,000,000)	(90,000,000)
Balance at 31 December 2013	1,200,000,000	246,551,914	1,114,180,214	83,963,706	542,061,613	3,186,757,447
2014						
Balance at 1 January 2014	1,200,000,000	246,551,914	1,114,180,214	83,963,706	542,061,613	3,186,757,447
Net income for the year	-	_	_	-	265,016,770	265,016,770
Change in fair value of available- for-sale investments	-	-	-	(24,398,946)	-	(24,398,946)
Transfer to statutory reserve	-	26,501,677	-	-	(26,501,677)	-
Dividends paid – Note 25	-	_	-	-	(90,000,000)	(90,000,000)
Balance at 31 December 2014	1,200,000,000	273,053,591	1,114,180,214	59,564,760	690,576,706	3,337,375,271

For the year ended 31 December 2014

1. GENERAL

The Royal Decree no. M/15 dated 01/03/1428 H (corresponding to 20 March 2007) was issued approving the license to establish the Saudi Stock Exchange Company (Tadawul) ("the Company") as a Saudi joint stock company with a share capital of SAR 1,200 million divided into 120 million shares of SAR 10 each fully subscribed by the Public Investment Fund ("PIF").

The Ministry of Commerce and Industry resolution no. 320/k dated 1/12/1428 H (corresponding to 11 December 2007) was issued approving the license to establish the Company as a Saudi joint stock company. The Company was registered as a closed joint stock company in Riyadh under commercial registration no. 1010241733 dated 2/12/1428 H (corresponding to 12 December 2007). All rights, assets, liabilities, obligations and records were transferred from Saudi Share Registration Company (the company which existed before the establishment of Tadawul) to the Company as at 30/11/1428 H (corresponding to 10 December 2007).

The Company's main activity is to provide, create and manage the mechanisms of trading of securities, providing settlement and clearing services of securities, depository and registration of securities ownership, dissemination of securities information and engage in any other related activity to achieve the objectives as defined in the Capital Market Law.

2. BASIS OF PREPARATION

Statement of Compliance

The accompanying financial statements have been prepared in conformity with the Accounting Standards Generally Accepted in the Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants ("SOCPA").

Basis of measurement

The accompanying financial statements have been prepared on historical cost basis, except for available-for-sale and held-for-trading investments which are stated at fair value, using the accrual basis of accounting and the going concern concept.

Functional and presentation currency

These financial statements are presented in Saudi Riyals (SAR) which is the functional and reporting currency of the Company. All amounts have been rounded to the nearest Riyal, unless otherwise stated.

Use of estimates and judgments

The preparation of financial statements in conformity with generally accepted accounting standards requires the use of estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results might differ from those estimates.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

Certain comparative amounts have been reclassified to conform with the current year's presentation.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, cash at bank and short-term liquid investments with original maturities of three months or less.

Held-for-trading investments

Investments purchased for trading purposes are classified as held-for-trading and are initially recorded at cost. These investments are subsequently measured and stated at fair values in the balance sheet under current assets. The realized gain or loss on sale and unrealized gain or loss due to changes in fair value at balance sheet date are charged to the statement of income.

Held to maturity investments

Investments having fixed or determinable payments and fixed maturity for which the management has the positive intention and ability to hold till maturity are classified as held to maturity. Held to maturity investments are initially recognised at fair value including direct and incremental transaction costs and subsequently measured at amortised cost, less provision for impairment in their value. Amortised cost is calculated by taking into account any discount or premium on acquisition using the effective yield method. Any gain or loss on such investments is recognized in the statement of income when the investment is derecognized or impaired.

These investments are classified in current assets if it's maturity falls within 12 months from the balance sheet date and in non-current assets if these mature after 12 months from the balance sheet date.

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Available-for-sale investments

Investments that are bought neither with the intention of being held to maturity nor for the trading purposes, are classified as available-for-sale investments.

All investments classified as "available-for-sale" are initially recognized and subsequently measured at fair value. Unrealized gain or loss arising from a change in their fair value is recognized in "Unrealized gain/(loss) on investments" within equity. On de-recognition, any cumulative gain or loss previously recognized in equity is included in the statement of income. Permanent diminution in value of the above mentioned investments, if any, is charged to the statement of income.

For securities traded in organized financial markets, fair value is determined by reference to exchange quoted market bid prices at the close of business on the balance sheet date. Fair value of managed assets and investments in mutual funds are determined by reference to declared net assets values.

Accounts receivable

Accounts receivable balance is stated at original invoice amount after providing for the necessary amounts for doubtful accounts receivable, if any.

Investments in equity accounted investee/associate

Equity accounted investees/associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies, generally accompanying a shareholding between 20% and 50% of the voting rights. Associates are accounted for using the equity method (equity accounted investee), which are initially recognized at cost including goodwill identified on acquisition. The Company's share in its investees' post-acquisition income and losses is recognized in the statement of income and its share in post-acquisition movements in reserves is recognized in the Company's equity.

Impairment of financial assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognized in the statement of income. Impairment is determined as follows:

- a) For asset carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognized in the statement of income;
- b) For asset carried at cost, impairment is the difference between carrying amount and the present value cash flows discounted at the current market rate of return for a similar financial asset:
- c) For assets carried at amortized cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

For equity investments held as available-for-sale, a significant and prolonged decline in fair value below its cost represents objective evidence of impairment. The impairment loss cannot be reversed through statement of income as long as the asset continues to be recognized i.e. any increase in fair value after impairment has been recorded can only be recognized in equity. On de-recognition, any cumulative gain or loss previously recognized in equity is included in the statement of income for the year.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is charged to statement of income, while expenditure for betterment is capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight line method. The estimated lives of the principal classes of assets are as follows:

Assets	Estimated useful life	
Computer hardware and software	4 years	
Decorations, improvements, furniture and fixtures	10 years	
Electrical supplies, equipment and office tools	6 years	
Vehicles	4 years	

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets

The Company reviews on a regular basis the carrying amount of its non-financial assets to determine whether there is any indication that those assets have suffered impairment in value. In case such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where it is not possible to estimate the recoverable amount of individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

In circumstances where the recoverable amount for the asset or the cash generating unit is estimated below its net book value, then the net book value for that asset or cash generating unit will be impaired to the recoverable amount. Impairment loss is recognized immediately as an expense in the statement of income.

Provisions

A provision is recognized if, as a result of past events, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provision for end-of-service benefits

Employees' end-of-service benefits is calculated based on Company's internal policy of a month's salary for the first five years of employment, and one and a half month salary starting from the sixth year of the employees' service at the Company.

Revenue recognition

The trading commission revenue is recognized upon the completion of the trade transaction whereas revenue on other services is recognized upon delivery of the services. Part of total commissions and services revenue are collected in favor of the Capital Market Authority ("CMA").

The annual services fees collected at the beginning of the contract are recorded as unearned revenues (deferred) in current liabilities and is recognized in the statement of income over the term of the contract.

Expenses

Operating costs are those arising from the Company's efforts underlying the core activities. All other expenses, excluding operating costs are classified as general and administrative expenses and operating costs, when required, are made on a constant basis.

Zakat

The Company does not calculate zakat provision as it is fully owned by the Public Investment Fund (a governmental agency). Based on the Department of Zakat and Income tax ("DZIT") letter number 2999/12 dated 5/6/1429 H, the Company will be subject to zakat after the initial public offering and the participation of private sector in its share capital, according to the approval of the Minister of Finance on DZIT's study regarding this matter dated 24/5/1429 H.

Foreign currency transactions

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

Contingent liabilities

All possible obligations arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly with the control of the Company; or all present obligations arising from past events but not recognized because: (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or (ii) the amount of the obligation cannot be measured with sufficient reliability; all should be assessed at each balance sheet date and disclosed in the Company's financial statements under contingent liabilities.

Segment reporting

A business segment is a group of assets and operations engaged in providing services that are subject to risks and returns that are different from those of other business segments.

For the year ended 31 December 2014

4. CASH AND CASH EQUIVALENTS

	SAR	
	2014	2013
Cash at bank – current accounts	9,302,729	35,940,239
Short-term Murabaha placements	-	75,000,000
	9,302,729	110,940,239

Short-term Murabaha placements were made for varying periods from 1 day to 3 months depending on cash requirements of the Company. These placements earned an annual average special commission rate of 1.21% as of 31 December 2013.

5. INVESTMENTS

Investment securities portfolio is summarized as follows:

		SAR
	2014	2013
Held-for-trading investments (a)	1,241,670,473	-
Held to maturity investments – current (b)	100,000,000	1,519,052,728
Available-for-sale investments (c)	513,359,518	341,616,672
Held to maturity investments – non-current (d)	1,470,000,000	1,200,000,000
	3,325,029,991	3,060,669,400

a) Held-for-trading investments:

The cost and fair value of held-for-trading investments are as follows:

	SAR			
	2014		2013	
	Cost	Fair value	Cost	Fair value
Local money market mutual funds	1,235,000,000	1,241,670,473	-	-
Total	1,235,000,000	1,241,670,473	-	-
Unrealized gain		6,670,473		-

b) Held to maturity investments – current:

The amortized costs of held to maturity investments are as follows:

			SAR	
Description	Maturity	2014	2013	
Murabaha	6 May 2015	100,000,000	-	
Murabaha	26 March 2014	-	445,000,000	
Murabaha	23 April 2014	-	250,000,000	
Murabaha	20 May 2014	-	650,000,000	
Sukuk – Dar Al Arkan	15 April 2014	-	100,000,000	
Sukuk – Saudi Bin Laden Group – 4th issue	9 July 2014	-	74,052,728	
		100,000,000	1,519,052,728	

Murabaha placements are with counterparties having good credit ratings and earn an annual average special commission rate of 1.12% (31 December 2013: 1.64%).

Sukuks maturity periods varied between 3 to 5 years and earned an annual average special commission rate of 3.08% (31 December 2013: 3.90%).

5. INVESTMENTS (Continued)

c) Available-for-sale investments:

The cost and fair value of available-for-sale investments are as follows:

		SAR			
	20	2014		3	
	Cost	Fair value	Cost	Fair value	
Discretionary portfolios	225,799,248	266,652,498	157,652,966	212,255,059	
Local equity mutual funds	137,995,510	156,384,520	50,000,000	79,361,613	
Real estate funds	90,000,000	90,322,500	50,000,000	50,000,000	
Total	453,794,758	513,359,518	257,652,966	341,616,672	
Unrealized gain		59,564,760		83,963,706	

d) Held to maturity investments – non-current: The amortized costs of held to maturity investments are as follows:

			SAR
Description	Maturity	2014	2013
SEC – Sukuk (2nd issuance)	6 July 2014	-	150,000,000
Saudi Bin Laden Group – Sukuk (2nd issuance)	7 October 2015	73,000,000	73,000,000
Saudi British Bank – Sukuk (1st issuance)	28 March 2017	27,000,000	27,000,000
Saudi Fransi Bank – Sukuk	18 December 2017	100,000,000	100,000,000
Almarai Co, – Sukuk (2nd issuance)	31 March 2018	25,000,000	25,000,000
Power and Water Utilities Co – Sukuk	28 May 2018	25,000,000	25,000,000
Almarai Co, – Sukuk (3rd issuance)	30 September 2018	100,000,000	100,000,000
Almarai Co, – Sukuk (1st issuance)	7 March 2019	75,000,000	75,000,000
Tasnee – Sukuk	21 May 2019	100,000,000	100,000,000
Petrochem – Sukuk	23 June 2019	50,000,000	-
Fawaz Abdulaziz Alhokair Co, – Sukuk	24 June 2019	40,000,000	-
Saudi Hollandi Bank – Sukuk (2nd issuance)	26 November 2019	100,000,000	100,000,000
Savola Company – Sukuk	22 January 2020	75,000,000	75,000,000
Saudi British Bank – Sukuk (2nd issuance)	17 December 2020	100,000,000	100,000,000
General Authority of Civil Aviation - Sukuk	18 January 2022	100,000,000	100,000,000
Saudi Hollandi Bank – Sukuk (3rd issuance)	12 December 2023	150,000,000	150,000,000
Saudi Arabian Investment Bank – Sukuk	5 June 2024	100,000,000	-
Banque Saudi Fransi – Sukuk (2nd issuance)	18 June 2024	100,000,000	
Tadawul Real Estate-Sukuk	3 December 2026	130,000,000	
		1,470,000,000	1,200,000,000

Maturity period of Sukuks varies between 1 and 12 years and earn an annual average special commission rate of 2.42% (31 December 2013: 2.36%).

For the year ended 31 December 2014

6. ACCOUNTS RECEIVABLE, NET

		SAR
	2014	2013
Accounts receivable	15,939,012	7,197,178
Less: Provision for doubtful debts	(1,189,945)	(915,443)
	14,749,067	6,281,735

7. PREPAID EXPENSES AND OTHER ASSETS

	S	AR
	2014	2013
Accrued investments income	5,137,000	8,879,663
Accrued operational revenues	4,861,533	5,094,764
Prepaid insurance expenses	5,531,621	4,799,483
Prepaid rent expenses	4,776,815	3,359,392
Prepaid maintenances expenses	1,098,285	780,130
Advance to employees	408,724	298,788
Due from a related party – Note 8	453,122	539,982
Others	1,431,772	801,698
	23,698,872	24,553,900

8. TRANSACTIONS WITH RELATED PARTIES

In the ordinary course of its activities, the Company transacts business with related parties. Related parties include PIF (the shareholder), Tadawul Real Estate Company (the Associate), the Board of Directors, key executives and other entities which are under common ownership through the PIF or have common directors on their Board. The transactions are carried out on mutually agreed terms approved by the management of the Company.

The significant transactions with related parties for the year ended 31 December are as follows:

		SAR
	2014	2013
Trading Commission	275,463,469	175,264,113
Market information services	23,804,575	14,114,528
Basic registration services	12,103,288	11,313,425
Investors accounts services	2,781,060	2,546,340
Other services	5,577,712	1,772,322
Data network and communications	5,753,713	5,047,924
Utilities	1,570,000	1,345,957
Board of Directors' remunerations and allowances	3,110,743	3,426,000
Investment in discretionary portfolios	239,739,220	128,548,918
Balance due from Tadawul Real Estate Company	453,122	539,982

8. TRANSACTIONS WITH RELATED PARTIES (Continued)

The movements of the balances resulting from such transactions included in the financial statements are as follows:

		SAR			
Description	Nature of relationship	Opening balance	Income/expenses	Collections/Payments	31 December 2014
Accounts receivables	Common ownership and directors	1,615,256	319,735,104	(318,972,693)	2,377,667
Accounts payable	Common ownership and directors	4,633,014	7,323,713	(11,012,433)	944,294
Prepaid and other assets	Associate	539,982	453,122	(539,982)	453,122

Other balances with related parties include discretionary portfolios classified as available-for-sale with the following parties as of 31 December:

		SAR			
Description	Nature of relationship	Opening balance	Purchase	Sale	31 December 2014
Bakheet Group	Common directors	39,684,248	44,408,485	-	84,092,733
Banque Saudi Fransi	Common directors	49,612,936	55,289,000	(71,988,757)	32,913,179
Jadwa Investment	Common directors	39,251,734	83,476,575	_	122,728,309

9. INVESTMENT IN EQUITY ACCOUNTED INVESTEE

The Company owns 20% of share capital in Tadawul Real Estate Company ("the Associate") equivalent to SAR 84 million. The main activity of the Associate is to develop Tadawul's head quarter in the King Abdullah Financial District Riyadh.

The movement of investment in an associate is as follows:

	Si	AR
	2014	2013
Balance at beginning of the year	83,950,218	84,000,000
Share in net loss for the year	(606,620)	(49,782)
Balance at end of the year	83,343,598	83,950,218

10. PROJECTS UNDER PROGRESS

	SA	AR .
	2014	2013
Balance at beginning of the year	6,040,019	368,863
Additions	37,613,616	6,835,872
Transfer to property and equipment	(4,561,737)	(1,164,716)
Balance at end of the year	39,091,898	6,040,019

Projects under progress as at year-end relates to development of Tadawul's IT infrastructure amounting to SAR 38,755,569 (2013: SAR 6,040,019).

For the year ended 31 December 2014

11. PROPERTY AND EQUIPMENT, NET

				SA	R			
	Computers and software	Decoration and fixtures	Furniture and fixtures	Electrical machines and equipment	Tools	Vehicles	Projects under progress	Total
Cost								
Balance as at 1 January 2014	241,686,898	10,186,980	7,796,361	10,623,656	6,185,974	685,450	1,895,980	279,061,299
Additions	4,290,379	-	285,222	510,269	179,669	801,500	1,108,973	7,176,012
Transfers from capital projects under progress	4,561,737	-	-	-	-	-	-	4,561,737
Disposals	(653,615)	-	(260,721)	(7,247)	(163,876)	-	-	(1,085,459)
Balance as at 31 December 2014	249,885,399	10,186,980	7,820,862	11,126,678	6,201,767	1,486,950	3,004,953	289,713,589
Accumulated depreciation								
Balance as at 1 January 2014	218,094,989	6,423,268	5,509,995	8,186,870	5,580,295	586,283	_	244,381,700
Deprecation for the year	14,967,387	992,512	751,123	654,913	213,850	169,802	-	17,749,587
Disposals	(653,372)	-	(213,526)	(3,120)	(145,255)	-	-	(1,015,273)
Balance as at 31 December 2014	232,409,004	7,415,780	6,047,592	8,838,663	5,648,890	756,085	-	261,116,014
Net book value								
Balance as at 31 December 2014	17,476,395	2,771,200	1,773,270	2,288,015	552,877	730,865	3,004,953	28,597,575
Balance as at 31 December 2013	23,591,909	3,763,712	2,286,366	2,436,786	605,679	99,167	1,895,980	34,679,599

12. ACCOUNTS PAYABLE

	S.	AR
	2014	2013
Services suppliers	28,116,213	22,024,419
Assets suppliers	11,892,774	7,716,413
	40,008,987	29,740,832

13. BALANCE DUE TO THE CAPITAL MARKET AUTHORITY

The balance due to the Capital Market Authority ("CMA") represents unpaid amount which was collected by Tadawul on behalf of CMA (See Note 19).

14. ACCURED EXPENSES AND OTHER LIABILITIES

	S	AR
	2014	2013
Accrued employees benefits	37,227,703	19,190,360
Accrued employees vacation allowance	10,696,219	9,741,703
Unearned revenues	1,252,307	1,427,118
Accrued social insurance	1,244,783	1,029,066
Others	1,633,215	398,309
	52,054,227	31,786,556

15. PROVISION FOR END-OF-SERVICE BENEFITS

	Sa	AR
	2014	2013
Balance at beginning of the year	49,279,664	49,703,067
Charge for the year	13,767,662	10,876,685
Payments made during the year	(8,514,353)	(11,300,088)
Balance at end of the year	54,532,973	49,279,664

16. PROVISION FOR SPECIFIC OBLIGATIONS

There are outstanding lawsuits against Tadawul which relates to Saudi Company for Shares Registration as all its assets, liabilities and records were transferred to the Company as at 30/11/1428 H (corresponding to 10 December 2007) in accordance with the CMA council resolution no. (1-202-2006) dated 2/8/1427 H (corresponding to 27 August 2006) which was based on the resolution of council of ministers No. (91) dated 16/4/1424 H (corresponding to 15 May 2006). The total value of the cases against the Saudi Company for Shares Registration amounted to SAR 56 million up to the date of financial statements. Out of these cases, initial court orders amounting to SAR 3.9 million has been issued against the Saudi Company for Shares Registration to which the Company has appealed. The Company had made a provision equal to the amount of net assets transferred from the Saudi Share Registration Company which amounted to SAR 21,914,860 as of 31 December 2014. The provision made was in respect of any commitments or obligations which could arise from the operations of Saudi Shares Registration Company.

The Company has received zakat assessment from DZIT for the years 2004 to 2006 in respect of Saudi Company for Shares Registration amounting to SAR 4,049,311 million vide letter dated 16 Safr 1436H. The Company has appealed against the assessment and is awaiting the response from DZIT. The management believes that in case Tadawul is required to pay the amount, the Provision for Specific Obligations is sufficient to cover the amount.

17. STATUTORY RESERVE

In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia and the Company's by-laws, the Company has established a statutory reserve by the appropriation of 10% of net income until the reserve equals 50% of its share capital. Accordingly, the Company has transferred an amount This reserve is not available for dividend distribution.

18. GENERAL RESERVE

In accordance with the approval of the Chairman of CMA vide letter number 524/2007 dated 31 February 2007, the balance of the retained earnings was transferred to a contractual reserve, starting from 2006 for the purpose of financing the construction of Tadawul's headquarter in King Abdullah Financial District and any other future purposes to be decided by Tadawul Board of Directors. During 2008, the Board of Directors of the Company resolved according to decision number 6/8/2008 to transfer the balance of the contractual reserve to general reserve.

19. OPERATING REVENUES

	SAR	
	2014	2013
Trading commission	388,199,911	246,674,991
Market information services	32,205,843	36,544,590
Basic registration services	31,096,377	30,095,016
Investors accounts services	26,074,045	25,330,390
Companies data services	1,650,000	1,037,059
Other services	7,778,801	6,223,110
	487,004,977	345,905,156

Based on the instruction issued by the Saudi Arabian Monetary Agency ("SAMA") dated 14 Rabi Al Thani 1424 (corresponding to 15 June 2003), CMA's President approval dated 25 Jumada Al Awwal 1427 (corresponding to 22 June 2006) and the resolution issued by the Council of the CMA No. (292/2010/HJ) dated 3 Dul Hijjah 1431 (corresponding to 9 November 2010), the CMA is entitled to receive a financial return amounting to 50% of the Company's total operating revenues. The total operating revenues for the year ended 31 December 2014 amounted to SAR 974,009,954 (31 December 2013: SAR 691,810,312), accordingly, the amounts due to CMA for the year ended 31 December 2014 amounted to SAR 487,004,977 (31 December 2013: SAR 345,905,156). The Company is responsible to collect this financial return and deposit into the CMA's account based on its instructions.

For the year ended 31 December 2014

20. OPERATING COSTS

		SAR
	2014	2013
Salaries and related benefits	82,028,911	71,670,294
Maintenance and operation	36,722,457	35,760,297
Depreciation and amortization	14,248,929	18,845,737
Data network lines	7,583,898	7,358,190
Consultancy	4,352,503	6,108,029
Rent	5,310,573	4,801,410
Training	3,775,466	1,997,840
Hospitality and cleaning	1,318,644	645,731
Travel expenses	1,235,138	1,067,657
Security guards	973,974	856,892
Water and electricity	840,901	1,014,296
Communication	645,831	571,495
SAREE system usage fees	629,001	761,000
Others	2,140,022	3,263,175
	161,806,248	154,722,043

21. GENERAL AND ADMINISTRATIVE EXPENSES

		SAR	
	2014	2013	
Salaries and related benefits	85,199,530	68,124,213	
Consultancy	21,931,078	11,297,624	
Rent	4,724,157	3,822,962	
Training	3,855,136	3,467,579	
Depreciation and amortization	3,500,658	3,541,617	
Board of Directors' remuneration and allowances	3,110,743	3,426,000	
Travel expenses	2,104,329	2,086,683	
Marketing & Advertisements	1,717,737	433,709	
Stationary and office supplies	1,941,136	1,311,156	
Maintenance and operation	1,567,609	1,775,109	
Hospitality and cleaning	1,158,904	465,820	
Security guards	923,664	517,853	
Water and electricity	900,487	696,564	
Trading activities insurance contracts	871,029	952,741	
Communication	455,727	456,857	
Others	5,093,749	2,899,960	
	139,055,673	105,276,447	

22. EARNING PER SHARE

Earnings per share from main operations is calculated by dividing the income from main operations by the weighted average number of shares for the year.

Earnings per share from other revenues is calculated by dividing the other revenues by the weighted average number of shares for the year.

Whereas, earnings per share from net income is calculated by dividing the net income by the weighted average number of shares for the year.

The weighted average number of shares of the Company was 120 million as at 31 December 2014.

23. FUTURE COMMITMENTS

Future commitments represent the value of the part not yet executed from supply contracts of assets and services to Tadawul, as follows:

	S	SAR	
	2014	2013	
Purchase of assets	27,085,633	5,414,126	
Committed expenditures	6,677,968	11,716,775	
etter of guarantee	810,955	725,965	
	34,574,556	17,856,866	

24. ZAKAT

The Company does not calculate zakat provision as it is fully owned by the Public Investment Fund (a governmental agency). Based on the Department of Zakat and Income tax ("DZIT") letter number 2999/12 dated 5/6/1429 H, the Company will be subject to zakat after the initial public offering and the participation of private sector in its share capital, according to the approval of the Minister of Finance on DZIT's study regarding this matter dated 24/5/1429 H. Moreover, as per the request of the DZIT the Company has filed the returns for the period from 2008 to 2013 which are under review as to the applicability of zakat on government agencies.

25. DIVIDENDS

The Company's Board of Directors in their meeting held on 24 Rajab 1435 H (corresponding to 23 May 2014) proposed to distribute cash dividends of SAR 90 million for the financial year ended 31 December 2013 to the Public Investment Fund. Subsequent to the balance sheet date, on 28 Rajab 1435 H (corresponding to 27 May 2014) the General Assembly approved to distribute cash dividends of SAR 90 million for the financial year ended 31 December 2013 to the Public Investment Fund.

26. SEGMENT INFORMATION

The Company operates solely in the Kingdom of Saudi Arabia. For management purposes, the Company is organized into business units based on services provided and has the following reportable segments.

Cash market services

The Company provides a system for securities trading, clearing and settlement in the Kingdom of Saudi Arabia and is based on a continuous market driven buy and sell orders. The Company provides real time data on trading prices and companies' information and allows trading of all shares in one local market.

Asset services and depository

Asset services and depository are related to the pledge of shares, mortgage release, transfers between investors and family members' accounts and services related to uploading share owners' data in the electronic system of Saudi Stock Exchange after completion of underwriting and allocation of shares to underwriters.

Basic registration services are services related to shares registration activities including custody, maintenance, updating records, registration of transfers and change in ownership.

Market data and indices services

Market data and indices services represent granting of licenses by the Company to information providers specialized in republishing and disseminating market information within specific contracts and agreements.

For the year ended 31 December 2014

26. SEGMENT INFORMATION (Continued)

Corporate

Corporate manages future corporate development and controls all treasury related functions. All investments are incubated within this business segment, which also comprise managing strategy for business development, legal, finance, operations, human resources and customers' relation management.

		SAR		
Cash market services	Assets services and depository	Market data and indices services	Corporate	Total
388,199,883	65,435,883	33,369,211	_	487,004,977
(85,510,766)	(60,502,567)	(15,792,915)	-	(161,806,248)
_	_	-	(139,055,673)	(139,055,673)
302,689,117	4,933,316	17,576,296	(139,055,673)	186,143,056
13,928,004	3,980,101	1,576,025	3,504,329,600	3,523,813,730
8,299,416	16,346,064	2,943,187	158,849,792	186,438,459
247,288,625	61,148,416	37,468,115	-	345,905,156
(84,406,309)	(55,872,902)	(14,442,832)	_	(154,722,043)
-	_	_	(105,276,447)	(105,276,447)
162,882,316	5,275,514	23,025,283	(105,276,447)	85,906,666
14,633,897	9,883,629	2,236,132	3,300,361,452	3,327,115,110
6,416,267	12,315,397	2,354,606	119,271,393	140,357,663
	388,199,883 (85,510,766) - 302,689,117 13,928,004 8,299,416 247,288,625 (84,406,309) - 162,882,316 14,633,897	Cash market services and depository 388,199,883 65,435,883 (85,510,766) (60,502,567) - - 302,689,117 4,933,316 13,928,004 3,980,101 8,299,416 16,346,064 247,288,625 61,148,416 (84,406,309) (55,872,902) - - 162,882,316 5,275,514 14,633,897 9,883,629	Cash market services Assets services and depository Market data and indices services 388,199,883 65,435,883 33,369,211 (85,510,766) (60,502,567) (15,792,915) - - - 302,689,117 4,933,316 17,576,296 13,928,004 3,980,101 1,576,025 8,299,416 16,346,064 2,943,187 247,288,625 61,148,416 37,468,115 (84,406,309) (55,872,902) (14,442,832) - - - 162,882,316 5,275,514 23,025,283 14,633,897 9,883,629 2,236,132	Cash market services Assets services and depository Market data and indices services Corporate 388,199,883 65,435,883 33,369,211 - (85,510,766) (60,502,567) (15,792,915) - - - - (139,055,673) 302,689,117 4,933,316 17,576,296 (139,055,673) 13,928,004 3,980,101 1,576,025 3,504,329,600 8,299,416 16,346,064 2,943,187 158,849,792 247,288,625 61,148,416 37,468,115 - (84,406,309) (55,872,902) (14,442,832) - - - - (105,276,447) 162,882,316 5,275,514 23,025,283 (105,276,447) 14,633,897 9,883,629 2,236,132 3,300,361,452

27. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Management believes that the fair values of the Company's financial assets and liabilities are not materially different from their carrying values.

Commission rate risk is represented by the exposure to multiple risks related to the impact of changes in Commission rates in the market on the Company's financial position and cash flows. The Company monitors the fluctuations in Commission rates and believes that the impact of Commission rates risk is not significant.

The below schedule shows at which extent the income is affected by the potential and reasonable changes in special commission rates, with a stability in all other changes. The effect on the income represents the effect of assumed changes in special commission rates on the Company's income from one year, and this on the basis of financial assets by a floating rate at the end of the year/year. There is no effect on the Company's shareholder's equity.

	SAR	
	2014	2013
Increase/(decrease) in 5 basis points	± 1,405,835	± 687,500

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's transactions are principally in Saudi Riyals and therefore the management believes that it is not significantly exposed to currency risk.

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The financial assets exposed to credit risk comprise that cash and cash equivalents, investments and other receivables. Cash and investments are substantially placed with national banks and other parties with sound credit ratings. Accounts receivable are distributed over a number of accounts with good financial positions. As a result, there is no critical exposure to credit risk.

27. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

The below schedule shows the maximum limit for exposure to credit risk of the balance sheet elements:

	Total maximum	Total maximum exposure (SAR)	
	2014	2013	
Cash equivalents	-	75,000,000	
Held-for-trading investments	1,241,670,473	-	
Held to maturity investments	1,570,000,000	2,719,052,728	
Available-for-sale investments	513,359,518	341,616,672	
Investment in equity accounted investee	83,343,598	83,950,218	
Accounts and other receivables	14,749,067	6,281,735	
	3,423,122,656	3,225,901,353	

Liquidity risk is the risk that the Company will encounter difficulty in selling assets upon necessary and in a quickly manner to avoid any loss. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet any future commitments. Tadawul believes it is not seriously exposed to any risks of liquidity.

The below schedule shows an analysis of assets and liabilities based on the expected date of collection or settlement:

	SAR					
	2014			2013		
	Less than 12 months	More than 12 months	Total	Less than 12 months	More than 12 months	Total
Cash and cash equivalents	9,302,729	-	9,302,729	110,940,239	-	110,940,239
Held-for-trading investments	1,241,670,473	-	1,241,670,473	-	-	_
Held to maturity investments	100,000,000	1,470,000,000	1,570,000,000	1,519,052,728	1,200,000,000	2,719,052,728
Accounts receivables	14,749,067	-	14,749,067	6,281,735	-	6,281,735
Investment in equity accounted investee	-	83,343,598	83,343,598	-	83,950,218	83,950,218
Prepaid expenses and other assets	23,698,872	-	23,698,872	24,553,900	-	24,553,900
Available-for-sale investments	-	513,359,518	513,359,518	-	341,616,672	341,616,672
Total financial assets	1,389,421,141	2,066,703,116	3,456,124,257	1,660,828,602	1,625,566,890	3,286,395,492
Accounts payable	40,008,987	-	40,008,987	29,740,832	-	29,740,832
Balance due to CMA	17,927,592	-	17,927,592	7,635,931	-	7,635,931
Accrued expenses and other liabilities	52,054,227	_	52,054,227	31,786,556	_	31,786,556
End of service benefits	-	54,532,973	54,532,973	_	49,279,664	49,279,664
Provision for specific obligations	-	21,914,680	21,914,680	-	21,914,680	21,914,680
Total financial liabilities	109,990,806	76,447,653	186,438,459	69,163,319	71,194,344	140,357,663
Net financial assets	1,279,430,335	1,990,255,463	3,269,685,798	1,591,665,283	1,554,372,546	3,146,037,829

28. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements have been approved on 5 Jumada-I 1436H (Corresponding to 24 February 2015).

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