

**Seera Investment Company B.S.C. (c)
(Formerly "Seera Investment Bank B.S.C. (c)")**

**INDEPENDENT AUDITORS' REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS**

31 DECEMBER 2018

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SEERA INVESTMENT COMPANY B.S.C. (c)

We have audited the accompanying consolidated financial statements of Seera Investment Company B.S.C. (c) (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position as at 31 December 2018, and the related consolidated statements of income, cash flows and changes in owners' equity for the year then ended. These consolidated financial statements and the Group's undertaking to operate in accordance with Islamic Shari'a Rules and Principles are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Auditing Standards for Islamic Financial Institutions issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI"). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2018, the results of its operations, its cash flows and changes in owners' equity for the year then ended in accordance with Financial Accounting Standards issued by AAOIFI.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
SEERA INVESTMENT COMPANY B.S.C. (c) (continued)**

Other Matters

As required by the Bahrain Commercial Companies Law and the Central Bank of Bahrain (the CBB) Rule Book (Volume 4), we report that:

- a) the Company has maintained proper accounting records and the consolidated financial statements are in agreement therewith; and
- b) the financial information contained in the Report of the Board of Directors is consistent with the consolidated financial statements.

Except for what has been reported in note 2 to the consolidated financial statements, we are not aware of any violations of the Bahrain Commercial Companies Law, the Central Bank of Bahrain and Financial Institutions Law, the CBB Rule Book (Volume 4) and CBB directives, regulations and associated resolutions or the terms of the Company's memorandum and articles of association during the year ended 31 December 2018 that might have had a material adverse effect on the business of the Company or on its financial position. Satisfactory explanations and information have been provided to us by management in response to all our requests. The Group has also complied with the Islamic Shari'a Rules and Principles as determined by the Shari'a Supervisory Board of the Group.




Partner's registration no. 115
21 February 2019
Manama, Kingdom of Bahrain

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2018

	Note	2018 US\$ '000	2017 US\$ '000
ASSETS			
Cash and balances with banks	5	1,111	7,570
Due from banks and financial institutions	6	8,510	31,275
Non-trading investments	7	12,217	16,931
Investment in real estate	8	9,429	9,429
Other assets	9	181	1,555
Property and equipment	10	5,009	5,359
TOTAL ASSETS		36,457	72,119
LIABILITIES AND OWNER'S EQUITY			
Liabilities			
Other liabilities	11	2,481	10,988
Total liabilities		2,481	10,988
Owners' equity			
Share capital	12	27,863	55,863
Reserves	12	612	673
Retained earnings		5,501	4,507
Equity attributable to shareholders of the parent		33,976	61,043
Non-controlling interest		-	88
Total owners' equity		33,976	61,131
TOTAL LIABILITIES AND OWNERS' EQUITY		36,457	72,119


Hamad Al Ameer
Chairman


Ahmad AbdulQader
Acting Chief Executive Officer



Mubarak Al Hemeiri
Board Member

The attached notes 1 to 26 form part of these consolidated financial statements

Seera Investment Company B.S.C. (c)
CONSOLIDATED STATEMENT OF INCOME
For the year ended 31 December 2018

	Note	2018 US\$ '000	2017 US\$ '000
Income			
Net income on investments	13	1,613	3,319
Fee and other income	14	1,428	1,415
Profit on amounts due from banks and financial institutions		555	673
Total income		3,596	5,407
Expenses			
Staff expenses		1,779	4,293
General and administrative expenses	15	963	1,298
Depreciation on property and equipment	10	316	242
Total expenses		3,058	5,833
Net Income / (loss) for the year before			
Fair value loss on investment in real estate		538	(426)
Fair value loss on investment in real estate	8	-	(1,047)
Income / (loss) for the year form continuing operations		538	(1,473)
Net income from discontinued operations	16	567	7,521
Net income for the year		1,105	6,048
Attributable to:			
Shareholders of the parent		1,105	5,008
Non-controlling interest		-	1,040
		1,105	6,048


Hamad Al Ameer
Chairman


Ahmad AbdulQader
Acting Chief Executive Officer


Mubarak Al Henneiri
Board Member

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Seera Investment Company B.S.C. (c)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	Note	2018 US\$ '000	2017 US\$ '000
OPERATING ACTIVITIES			
Net profit for the year		1,105	6,048
Adjustments for:			
Depreciation on ijarah assets		-	908
Financing cost relating to term financing		-	211
Other income relating to ijarah assets	16	(25)	(1,512)
Gain on disposal of ijarah assets	16	(623)	(6,064)
Provision for employees end of service benefits	11	(174)	(37)
Unrealised fair value loss / (gain) on investment	19	587	(577)
Gain on sale of investment	13	(1,581)	(517)
Depreciation on property and equipment	10	316	242
Fair value loss on investment in real estate	8	-	1,047
Operating loss before changes in operating assets and liabilities		(395)	(251)
Changes in operating assets and liabilities:			
Other assets		1,026	766
Other liabilities		(8,333)	1,060
Net cash (used in) from operating activities		(7,702)	1,575
INVESTING ACTIVITIES			
Proceeds from disposal of ijarah assets		996	33,162
Purchase of non-trading investments	19	(553)	-
Proceeds from disposal of non trading investments		6,089	10,638
Purchase of equipment	10	34	(248)
Net cash from investing activities		6,566	43,552
FINANCING ACTIVITIES			
Repayment and early settlement of term financing		-	(12,624)
Subsidiary capital distribution		(88)	(4,682)
Capital distribution	12	(28,000)	(26,766)
Net cash used in financing activities		(28,088)	(44,072)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS		(29,224)	1,055
Cash and cash equivalents at the beginning of the year		38,845	37,790
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	17	9,621	38,845

The attached notes 1 to 26 form part of these consolidated financial statements

Seera Investment Company B.S.C. (c)

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

For the year ended 31 December 2018

	Equity attributable to shareholders of the parent					Non- controlling interest US\$ '000	Total owners' equity US\$ '000
	Share capital US\$ '000	Statutory reserve US\$ '000	Investments fair value reserve US\$ '000	Retained Earning / (Accumulated losses) US\$ '000	Total US\$ '000		
Balance at 1 January 2018	55,863	501	172	4,507	61,043	88	61,131
Net income for the year	-	-	-	1,105	1,105	-	1,105
Capital distribution (note 12)	(28,000)	-	-	-	(28,000)	-	(28,000)
Transferred to statutory reserve (note 12)	-	111	-	(111)	-	-	-
Subsidiary capital distribution	-	-	-	-	-	(88)	(88)
Movement in investments fair value reserve	-	-	(172)	-	(172)	-	(172)
Balance at 31 December 2018	27,863	612	-	5,501	33,976	-	33,976
Balance at 1 January 2017	145,643	9,889	184	(68,243)	87,473	3,730	91,203
Net income for the year	-	-	-	5,008	5,008	1,040	6,048
Accumulated losses write off	(58,354)	(9,889)	-	68,243	-	-	-
Capital distribution	(31,426)	-	-	-	(31,426)	-	(31,426)
Transferred to statutory reserve	-	501	-	(501)	-	-	-
Subsidiary capital distribution	-	-	-	-	-	(4,682)	(4,682)
Movement in investments fair value reserve	-	-	(12)	-	(12)	-	(12)
Balance at 31 December 2017	55,863	501	172	4,507	61,043	88	61,131

The attached notes 1 to 26 form part of these consolidated financial statements

1 INCORPORATION AND ACTIVITIES

Seera Investment Company B.S.C. (c) (the "Company") (Formerly known as "Seera Investment Bank B.S.C. (c)") was incorporated on 5 August 2006, under commercial registration number 62003 as a Bahrain Joint Stock Company (closed). The Company's registered office is Building 2431, Road 2831, Block 428, Seef, Kingdom of Bahrain.

The Company operates under an Investment Business Firm License – Category 1 (Islamic Principles) issued by the Central Bank of Bahrain ("CBB"), to operate under the Islamic Shari'a principles, and is supervised and regulated by the CBB.

The consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 21 February 2019.

2 BASIS OF PREPARATION

The consolidated financial statements have been prepared on a historical cost basis, except for investment in real estate and investments classified as "non-trading investments" that have been measured at fair value.

The consolidated financial statements have been presented in United States Dollar ("US\$"), being the functional and presentation currency of the Company. All values are rounded to the nearest thousand ("US\$ '000") except when indicated otherwise.

Statement of compliance

The consolidated financial statements are prepared in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI"), the Shari'a Rules and Principles as determined by the Shari'a Supervisory Board of the Group, the Bahrain Commercial Companies Law, the CBB, Financial Institutions Law, the CBB Rule Book (Volume 4), CBB directives, regulations and the terms of the Company's memorandum and articles of association. In accordance with the requirements of AAOIFI, for matters for which no AAOIFI standard exists, the Group uses the relevant International Financial Reporting Standards ("IFRS") issued by International Accounting Standards Board ("IASB").

Regulatory non-compliance

CBB rule book volume 4 - Client Asset Module

The Company is in non-compliance with the rule CL 1.1 *"An investment firm licensee must hold client money in a client Bank account. An investment firm licensee must not hold money other than client money in a client Bank account"*. No client accounts were opened for the client's money, amounting to US\$ 1,526 thousand, that is held by the Company as of 31 December 2018. Subsequent to 31 December 2018, the Company has opened accounts in a commercial bank in Bahrain to comply with the rule CL 1.1. and transferred the funds to the client accounts.

CBB rule book volume 4 - High Level Control Module

The Company is in non-compliance with the rule HC 1.5.7 *"The Chairman of the Board be an independent director, so that there will be an appropriate balance of power and greater capacity of the Board for independent decision making."* The chairman of the board is non-independent director. This fact was communicated to CBB by the Company through its annual corporate governance report submitted on 26 July 2018.

CBB rule book volume 4 - High Level Control Module

The Company is in non-compliance with the rule HC 9.2 *"the Board shall setup a Corporate governance committee, committee shall comprise of at least one Shari'a scholar who is a Shari'a Supervisory Board (SSB) member."* The corporate governance committee of the company is merged with the nomination remuneration committee and while it does not include a shari'a scholar who is an SSB member. This fact was communicated to CBB by the Company through its annual corporate governance report submitted on 26 July 2018.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the company and its subsidiary as at 31 December each year. The financial information of the subsidiaries is prepared for the same reporting year as the company, using consistent accounting policies.

2 BASIS OF PREPARATION (continued)**Basis of consolidation (continued)**

A subsidiary is fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date that such control ceases. Control is achieved where the Company has the power, directly or indirectly, to govern the financial and operating policies of the entity so as to obtain benefits from its activities. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. The results of a subsidiary acquired or disposed off during the year are included in the consolidated statement of income from the date of acquisition or up to the date of disposal, as appropriate.

All intra-group balances, transactions, income and expenses resulting from intra-group transactions are eliminated in full.

Non-controlling interest represents the portion of net income and net assets not held, directly or indirectly, by the Company and are presented separately in the consolidated statement of income and within owners' equity in the consolidated statement of financial position, separately from parent shareholders' equity.

The following was the principal subsidiary of the Company, the Board of Directors of the Falak Aviation Fund Company (the "Fund") has passed a resolution for voluntary liquidation of the Fund on 9 May 2018. These entities were fully liquidated on 2 December 2018 and the related capital was distributed.

<i>Name of subsidiary</i>	<i>Country of incorporation</i>	<i>Equity interest</i>	
		<i>2018</i>	<i>2017</i>
Falak Aviation Fund Company	Kingdom of Bahrain	-	99%
Falak Aviation Investment Fund B.S.C. (c)	Kingdom of Bahrain	-	86%

The principal activity of the subsidiary was to invest in aircrafts and consequently renting out, selling and marketing of such aircrafts.

The following were the subsidiaries held indirectly through the principal subsidiary of the Company:

<i>Name of subsidiary</i>	<i>Country of incorporation</i>	<i>Equity interest</i>	
		<i>2018</i>	<i>2017</i>
Falak Investments Limited	Bahamas	-	86%
Falak Lease Nine Limited	Bahamas	-	86%
Falak Lease Ten Limited	Bahamas	-	86%
Falak Lease Four Dublin Limited	Bahamas	-	86%

During the year, the Company purchased 100% shares in Buckeye Vequity Company Ltd., Buckeye NVequity Company Ltd. and Buckeye Financing Company Ltd with an intention to dispose of within twelve months from the date of acquisition. The net investment value is US\$ 357 thousand, which is recorded as an equity investment.

3 ACCOUNTING POLICIES**3.1 Significant accounting judgments and estimates**

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements. The most significant uses of judgments and estimates are as follows:

Going concern

The Company's Board of Directors has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the Board of Directors is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

3 ACCOUNTING POLICIES (continued)

3.1 Significant accounting judgments and estimates (continued)

Revaluation of equity securities and investment in real estate

Where the fair values of the Company's unquoted equity securities cannot be derived from an active market, they are derived using a variety of valuation techniques. Judgment by management is required to establish fair values through the use of appropriate valuation models, consideration of comparable assets, discount rates and the assumptions used to forecast cash flows.

Investment in real estate is carried at fair value as determined by independent real estate valuation experts. The determination of the fair value for such assets requires the use of judgment by the independent valuation experts that are based on local market conditions existing at the date of the consolidated statement of financial position.

Impairment of investments at fair value through equity

The Company treats investments carried at fair value through equity as impaired when there is a significant or prolonged decline in the fair value below cost or where other objective evidence of impairment exists. The determination of what is 'significant' or 'prolonged' requires judgment.

Provision of other receivables

Provisions of other receivables are made as soon as they are considered doubtful. An estimate for doubtful receivables is made when collection of the full amount is no longer probable. Bad debts are written off when there is no probability of recovery.

3.2 Summary of significant accounting policies

The significant accounting policies adopted in the preparation of the consolidated financial statements are consistent with those of the previous financial year.

The adoption of other standards or changes in AAOIFI financial accounting standards (FAS) not have any impact on the Company. In addition, standards issued but not yet effective up to the date of issuance of the Company's consolidated financial statements are not expected to have any significant impact on the Company's financial position or performance.

Cash and cash equivalents

Cash and cash equivalents as referred to in the consolidated statement of cash flows comprise cash and balances with banks and due from banks and financial institutions with original maturities of ninety days or less.

Due from banks and financial institutions

Due from banks and financial institutions comprise of commodity murabaha and wakala contracts. Commodity murabaha contracts are stated net of deferred profits and provision for impairment, if any. Wakala contracts are stated at cost less provision for impairment, if any.

Non-trading investments

Non-trading investments are classified as investments designated at fair value through equity.

Initial recognition

All investments are recognised initially at their fair value plus transaction costs, on acquisition.

Re-measurement to fair value

Subsequent to acquisition, these are re-measured at fair value with unrealised gains or losses recognised in owners' equity until the investment is derecognised or determined to be impaired at which time the cumulative gain or loss previously recorded in owners' equity is recognised in the consolidated statement of income.

Impairment losses recognised in the consolidated statement of income for an equity instrument classified as fair value through equity are not reversed through the consolidated statement of income.

3 ACCOUNTING POLICIES (continued)

3.2 Summary of significant accounting policies (continued)

Non-trading investments (continued)

Investments at fair value through statement of income

Financial assets carried at fair value through statement of income are recognised at fair value, with transaction costs recognised in the consolidated statement of income. They are subsequently measured at fair value. The unrealised gains and losses arising from the remeasurement to fair value are included in the consolidated statement of income.

Investment in real estate

Properties held for rental, or for capital appreciation purposes, or both, are classified as investment in real estate. Investment in real estate is initially recorded at cost, being the fair value of the consideration given and acquisition charges associated with the property. Subsequent to initial recognition, investment in real estate is re-measured at fair value and changes in fair value (only gains) are recognised as investments fair value reserve in the consolidated statement of changes in owners' equity.

Losses arising from changes in fair value of investment in real estate are firstly adjusted against the investments fair value reserve to the extent of the available balance and then the remaining losses are recognised in the consolidated statement of income. If there are unrealised losses that have been recognised in the consolidated statement of income in the previous financial period, the current period unrealised gains shall be recognised in the consolidated statement of income to the extent of crediting back such previous losses in the consolidated statement of income. When the property is disposed of, the cumulative gains previously transferred to the investments fair value reserve, are transferred to consolidated statement of income.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. Freehold land is not depreciated.

The estimated useful lives of the assets for the calculation of depreciation are as follows:

Building	20 years
Others	3-5 years

Expenditure for maintenance and repairs is expensed as incurred.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income in the year the asset is derecognised.

The residual values, useful lives and methods of depreciation for property and equipment are reviewed, and adjusted if appropriate, at each financial year end.

Recognition of income

Profit on amounts due from banks and financial institutions and financing contracts

Profit is recognised on a time apportioned basis over the period of the contract based on the principal amounts outstanding and profit agreed.

Dividend income

Dividend income is recognised when the Company's right to receive the dividend is established.

Fee income

The Company earns acquisition, arrangement, placement and brokerage fees during the acquisition and placement process for rendering services. These fees are recognised when earned, generally on receipt of cash and signed share purchase agreements by the Company.

3 ACCOUNTING POLICIES (continued)

3.2 Summary of significant accounting policies (continued)

Recognition of income (continued)

Fee income (continued)

Management fees represent a recurring fee earned by the Company for rendering management and administrative services. Management fees are recognised as and when services are rendered.

Derecognition of financial instruments

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- (i) the right to receive cash flows from the asset has expired;
- (ii) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of income.

Foreign currencies

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the consolidated statement of financial position date. All differences are taken to the consolidated statement of income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial recognition. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Exchange gains and losses on non-monetary items classified as "fair value through equity" are taken to the consolidated statement of changes in owners' equity.

Impairment

An assessment is made at each consolidated statement of financial position date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the consolidated statement of income. Specific provisions are created to reduce all impaired financial contracts to their realisable cash equivalent value. Financial assets are written off only in circumstances where effectively all possible means of recovery have been exhausted.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment value was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the consolidated statement of income. In the case of investments designated at fair value through equity, impairment is reflected directly as a write down of the financial asset. Impairment losses on investments designated at fair value through equity are not reversed through the consolidated statement of income. Any subsequent increases in their fair value are recognised directly in owners' equity.

3 ACCOUNTING POLICIES (continued)

3.2 Summary of significant accounting policies (continued)

Employees' end of service benefits

Provision is made for indemnity payable under the Bahraini Labor Law applicable to non-Bahraini employees' accumulated periods of service at the consolidated statement of financial position date.

Bahraini employees of the Company are covered by contributions made to the Social Insurance Organisation ("SIO") as a percentage of the employees' salaries. The Company's obligations are limited to these contributions, which are expensed when due. For Bahrainis with basic salaries above a certain threshold, the Company recognises indemnity in line with the requirements of the Labor Law.

Fair value of financial instruments

Fair value is determined for each investment individually in accordance with the valuation policies set out below:

- For investments that are traded in organised financial markets, fair value is determined by reference to the quoted market price prevailing on the date of consolidated statement of financial position;
- For private equity investments, fair value is determined using recent buy or sell transactions with third parties that are either completed or are in progress. Where no recent significant transactions have been completed or are in progress, fair value is determined by reference to valuation models, including net present value of estimated future cash flows, and based on earnings before financing cost, tax, depreciation and amortization ("EBITDA") multiples; and
- For investment in real estate, fair value is determined based on the valuation performed by independent valuers.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Zakah

In the absence of appointment of the Company to pay Zakah on behalf of shareholders, the responsibility of payment of Zakah is on individual shareholders of the Company.

4 NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

The standard issued but not yet effective, up to the date of issuance of the Company's financial statements is disclosed below. The Company intends to adopt this standard, when it becomes effective.

- FAS 28 - Murabaha and other deferred payment sales (effective from 1 January 2019);
- FAS 30 – Impairment, Credit Losses and Onerous Contracts;
- FAS 31 - Investment Agency (Al-Wakala Bi-Al-Istithmar) (effective from 1 January 2020); and
- FAS 35 - Risk reserves (effective from 1 January 2021).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

5 CASH AND BALANCES WITH BANKS

	2018 US\$ '000	2017 US\$ '000
Balances with banks	1,106	7,565
Cash in hand	5	5
	<u>1,111</u>	<u>7,570</u>

6 DUE FROM BANKS AND FINANCIAL INSTITUTIONS

	2018 US\$ '000	2017 US\$ '000
Commodity murabaha contracts	-	7,329
Deferred income	-	(3)
	<u>-</u>	<u>7,326</u>
Wakala contracts	8,510	23,949
	<u>8,510</u>	<u>31,275</u>

7 NON-TRADING INVESTMENTS

	Note	2018 US\$ '000	2017 US\$ '000
Equity type investments at fair value through equity			
Quoted investment designated at fair value through equity	7.1	-	451
		<u>-</u>	<u>451</u>
Equity type investment at fair value through statement of income			
Unquoted investments (note 19)		12,217	16,480
		<u>12,217</u>	<u>16,931</u>

7.1 The movement of investments at fair value through equity during the year is as follows:

	2018 US\$ '000	2017 US\$ '000
As at 1 January	451	1,238
Fair value changes	-	505
Sale during the year	(451)	(1,292)
As at 31 December	<u>-</u>	<u>451</u>

8 INVESTMENT IN REAL ESTATE

	2018 US\$ '000	2017 US\$ '000
At 1 January	9,429	10,476
Fair value loss during the year	-	(1,047)
	<u>9,429</u>	<u>9,429</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

8 INVESTMENT IN REAL ESTATE (continued)

Investment in real estate are stated at fair value which has been determined based on valuations performed by independent valuation experts. The valuations undertaken were based on open market values, which represent the prices at which the properties could be exchanged between knowledgeable willing buyers and knowledgeable willing sellers, and reasonable period is allowed for the marketing.

9 OTHER ASSETS

	2018 US\$ '000	2017 US\$ '000
Receivable on sale of aircraft	-	373
Staff receivables	52	368
Prepaid expenses	14	107
Others	115	707
	181	1,555

The management carried nil provision as at 31 December 2018 and 31 December 2017.

10 PROPERTY AND EQUIPMENT

	<i>Freehold land</i> US\$ '000	<i>Building</i> US\$ '000	<i>Others</i> US\$ '000	<i>Total</i> US\$ '000
Cost:				
At 1 January 2018	3,162	4,121	5,590	12,873
Additions / (disposals)	-	-	(78)	(78)
At 31 December 2018	3,162	4,121	5,512	12,795
Less: Accumulated depreciation:				
At 1 January 2018	-	2,263	5,251	7,514
Charge for the year	-	206	110	316
Disposals	-	-	(44)	(44)
At 31 December 2018	-	2,469	5,317	7,786
Net book value				
At 31 December 2018	3,162	1,652	195	5,009
At 31 December 2017	3,162	1,858	339	5,359

11 OTHER LIABILITIES

	2018 US\$ '000	2017 US\$ '000
Payable to Shareholders	41	4,660
Accrued expenses	609	3,715
Clients accounts	1,526	1,162
Provision for employees end of service benefits	174	1,075
Accounts payable	131	376
	2,481	10,988

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

12 OWNERS' EQUITY**12.1 SHARE CAPITAL**

	2018 US\$ '000	2017 US\$ '000
Authorised :		
250,000,000 ordinary shares of US\$ 0.32 each (2017: 500,000,000 ordinary shares of US\$ 0.32 each)	<u>80,000</u>	<u>160,000</u>
Issued and fully paid up		
As at the end of the year		
87,071,000 ordinary shares of US\$ 0.32 each (2017: 174,571,000 ordinary shares of US\$ 0.32 each)	<u>27,863</u>	<u>55,863</u>

The shareholders of the Company in their EGM dated 26 July 2018 resolved the following:

- Reduction of the authorised share capital of the Company from 500,000 thousand to 250,000 thousand, with nominal value US\$ 0.32 per share; and
- Reduction in the issued and paid up share capital to the amount of US\$ 27,862,720 by canceling 87,500,000 shares from the issued shares of the Company and return the excess of the Company's requirements to the shareholders.

12.2 STATUTORY

In accordance with the Bahrain Commercial Companies Law and the Company's articles of association, 10% of the net profit for the year is required to be transferred to a statutory reserve. The Company may resolve to discontinue such annual transfers when the reserve equals 50% of paid up share capital. The reserve is not available for distribution, except in circumstances as stipulated in the Bahrain Commercial Companies Law and following the approval of the Central Bank of Bahrain. During the year 2018, the Company transferred an amount of US\$ 111 thousand (31 December 2017: US\$ 501 thousand) to statutory reserve.

13 NET INCOME ON INVESTMENTS

	2018 US\$ '000	2017 US\$ '000
Yield on investment	619	2,119
Unrealised fair value (loss) / gain on investment	(587)	577
Gain on sale of investment	1,581	517
Dividend income	-	106
	<u>1,613</u>	<u>3,319</u>

14 FEE AND OTHER INCOME

	2018 US\$ '000	2017 US\$ '000
Placement / structuring and arrangement fees	-	1,040
Foreign exchange (loss) / gain	(42)	375
Liabilities no longer required written back	1,470	-
	<u>1,428</u>	<u>1,415</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

15 GENERAL AND ADMINISTRATIVE EXPENSES

	2018	2017
	US\$ '000	US\$ '000
Legal and professional expenses	131	289
Communication charges	193	256
Maintenance expenses	185	248
Board of Directors and Board Committees attendance allowances	75	125
Shari'a Supervisory Board attendance allowances	92	106
Travel expenses	16	29
Marketing and advertisement expenses	4	24
Other expenses	267	221
	963	1,298

16 NET INCOME FROM DISCONTINUED OPERATIONS

The Board of Directors of the Fund has passed a resolution for voluntary liquidation of the Fund on 9 May 2018. Accordingly, the Group has derecognized the operations of the subsidiary. Total profit of US\$ 567 thousand from operations of the subsidiary till the date of liquidation has been presented as "Discontinued Operations" in the consolidated statement of income.

	2018	2017
	US\$ '000	US\$ '000
Rental income from ijarah assets	-	1,315
Depreciation on ijarah assets	-	(908)
Management fees relating to ijarah assets	-	(37)
Financing cost relating to term financing	-	(211)
Other income relating to ijarah assets	25	1,512
Gain on disposal of ijarah assets	623	6,064
Other operating expenses relating to ijarah assets	(81)	(214)
	567	7,521

17 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following consolidated statement of financial position amounts:

	2018	2017
	US\$ '000	US\$ '000
Cash and balances with banks	1,111	7,570
Due from banks and financial institutions (with original maturities of 90 days or less)	8,510	31,275
	9,621	38,845

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

18 ACCOUNTING CLASSIFICATION OF FINANCIAL INSTRUMENTS

Set out below is the accounting classification of financial instruments, other than cash and cash equivalents, held by the Company as at 31 December 2018:

	<i>Amortised Cost US\$ '000</i>	<i>Fair value through equity US\$ '000</i>	<i>Fair value through statement of income US\$ '000</i>
Financial assets			
Non-trading investments	-	-	12,217
	-	-	12,217
Financial liabilities			
Other liabilities	2,481	-	-
	2,481	-	-

Set out below is the accounting classification of financial instruments, other than cash and cash equivalents, held by the Company as at 31 December 2017:

	<i>Amortised Cost US\$ '000</i>	<i>Fair value through equity US\$ '000</i>	<i>Fair value through statement of income US\$ '000</i>
Financial assets			
Non-trading investments	-	451	16,480
Other assets (excluding prepayments)	1,448	-	-
	1,448	451	16,480
Financial liabilities			
Other liabilities	10,988	-	-
Financial guarantee			
Financial guarantee	3,106	-	-
	14,094	-	-

19 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the value representing the estimate of the amount of cash or cash equivalent that would be received for an asset sold or the amount of cash or cash equivalent paid for a liability extinguished or transferred in an orderly transaction between a willing buyer and a willing seller at the measurement date.

Fair value hierarchy

The fair value of the quoted security is derived from quoted market prices in active markets, if available. For unquoted securities, fair value is estimated using appropriate valuation techniques. Such techniques may include recent arm's length market transactions; discounted cash flow analysis or other valuation models.

The Company uses the following hierarchy for determining and disclosing financial assets by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

19 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy at 31 December:

	2018			
	Level 1 US\$ '000	Level 2 US\$ '000	Level 3 US\$ '000	Total US\$ '000
Non-trading investments	-	-	12,217	12,217
	-	-	12,217	12,217
	2017			
	Level 1 US\$ '000	Level 2 US\$ '000	Level 3 US\$ '000	Total US\$ '000
Non-trading investments	451	-	16,480	16,931
	451	-	16,480	16,931

Movements in level 3 financial instruments measured at fair value

The following table shows a reconciliation of the opening and closing amount of level 3 financial assets which are recorded at fair value:

	2018 US\$ '000	2017 US\$ '000
Balance as at 1 January	16,480	25,249
Acquisitions*	553	-
Placements/disposal	(4,229)	(9,346)
Fair value changes	(587)	577
	12,217	16,480

* During the year, the Company purchased 100% shares in Buckeye Vequity Company Ltd., Buckeye NVequity Company Ltd. and Buckeye Financing Company Ltd with an intention to dispose of within twelve months from the date of acquisition. The net investment value is US\$ 357 thousand, which is recorded as an equity investment.

Transfers between Level 1, Level 2 and Level 3

During the year ended there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurement.

20 CAPITAL MANAGEMENT

Capital includes share capital, statutory reserve, investment fair value reserve and retained earnings.

The primary objective of capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholders' value.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue new capital.

Other than the changes disclosed in note 12, no changes were made in the objectives, policies or processes during the years ended 31 December 2018 and 31 December 2017. Capital is measured at US\$ 33,976 thousand as at 31 December 2018 (31 December 2017: US\$ 61,043 thousand).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

21 SEGMENTAL INFORMATION

a) Geographic sector

The geographical distribution of the Company's assets and liabilities as of 31 December 2018 is as follows:

	<i>Bahrain</i> <i>US\$'000</i>	<i>Europe</i> <i>US\$'000</i>	<i>Others</i> <i>US\$'000</i>	<i>Total</i> <i>US\$'000</i>
Assets				
Cash and balances with banks	313	798	-	1,111
Due from banks and financial institutions	8,510	-	-	8,510
Non-trading investments	-	6,454	5,763	12,217
Investment in real estate	9,429	-	-	9,429
Other assets	181	-	-	181
Property and equipment	5,009	-	-	5,009
Total assets	23,442	7,252	5,763	36,457
Liabilities				
Other liabilities	914	218	1,349	2,481
Total liabilities	914	218	1,349	2,481

The geographical distribution of the Company's assets and liabilities as of 31 December 2017 is as follows:

	<i>Bahrain</i> <i>US\$'000</i>	<i>Europe</i> <i>US\$'000</i>	<i>Others</i> <i>US\$'000</i>	<i>Total</i> <i>US\$'000</i>
Assets				
Cash and balances with banks	291	7,236	43	7,570
Due from banks and financial institutions	28,240	-	3,035	31,275
Non-trading investments	-	6,846	10,085	16,931
Investment in real estate	9,429	-	-	9,429
Other assets	1,182	373	-	1,555
Property and equipment	5,359	-	-	5,359
Total assets	44,501	14,455	13,163	72,119
Liabilities				
Other liabilities	2,792	-	8,196	10,988
Total liabilities	2,792	-	8,196	10,988

b) Industry sector

The industrial distribution of the Company's assets and liabilities as of 31 December 2018 is as follows:

	<i>Banking and financial institutions</i> <i>US\$'000</i>	<i>Aviation</i> <i>US\$'000</i>	<i>Real estate</i> <i>US\$'000</i>	<i>Manufacturing</i> <i>US\$'000</i>	<i>Others</i> <i>US\$'000</i>	<i>Total</i> <i>US\$'000</i>
Assets						
Cash and balances with banks	1,111	-	-	-	-	1,111
Due from banks and financial institutions	8,510	-	-	-	-	8,510
Non-trading investments	-	-	12,217	-	-	12,217
Investment in real estate	-	-	9,429	-	-	9,429
Other assets	-	-	-	-	181	181
Property and equipment	-	-	-	-	5,009	5,009
Total assets	9,621	-	21,646	-	5,190	36,457
Liabilities						
Other liabilities	-	-	-	-	2,481	2,481
Total liabilities	-	-	-	-	2,481	2,481

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

21 SEGMENTAL INFORMATION (continued)**b) Industry sector (continued)**

The industrial distribution of the Company's assets and liabilities as of 31 December 2017 is as follows:

	<i>Banking and financial institutions</i>	<i>Aviation</i>	<i>Real estate</i>	<i>Manufacturing</i>	<i>Others</i>	<i>Total</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Assets						
Cash and balances						
with banks	7,570	-	-	-	-	7,570
Due from banks and						
financial institutions	31,275	-	-	-	-	31,275
Non-trading investments	-	-	16,480	451	-	16,931
Investment in real estate	-	-	9,429	-	-	9,429
Other assets	-	373	-	-	1,182	1,555
Property and equipment	-	-	-	-	5,359	5,359
Total assets	38,845	373	25,909	451	6,541	72,119
Liabilities						
Other liabilities	-	-	-	-	10,988	10,988
Total liabilities	-	-	-	-	10,988	10,988

The Company's revenue and expenses are reviewed at a Group level and therefore no separate operating segment results and other disclosures are provided in these consolidated financial statements.

22 RELATED PARTIES

Related parties comprise the Company's Shareholders, the directors, Shari'a Supervisory Board members, entities owned or controlled, jointly controlled or significantly influenced by them and companies affiliated by virtue of shareholding in common with that of the Company. For the year ended 31 December 2018, the Company has not made any provision related to amounts owed by related parties (31 December 2017: Nil). All related party transactions are approved by the Board of directors.

The balances and transactions with related parties included in the consolidated statement of financial position and consolidated statement of income are as follows:

	2018				2017
	<i>Shareholders</i>	<i>Directors</i>	<i>Others</i>	<i>Total</i>	<i>Total</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Consolidated statement of financial position					
Liabilities					
Other liabilities	989	-	1,229	2,218	4,660
Expenses					
Management fees relating to					
ijarah assets	-	-	-	-	37
Board of Directors and Board					
Committees attendance	-	-	75	75	125
allowances	-	-	75	75	125
Shari'a Supervisory Board					
attendance allowances	-	-	92	92	106

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

22 RELATED PARTIES (continued)

Key management personnel are those that possess significant decision making and direction setting responsibilities within the Company. Staff costs attributable to key management personnel of the Company is as follows:

	2018 US\$'000	2017 US\$'000
Short term employee costs	912	1,427
Termination costs	64	98
	<u>976</u>	<u>1,525</u>

23 COMMITMENTS AND GUARANTEES

Commitments generally have fixed expiration dates, or other termination clauses. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash flow requirements.

The Company's commitments are as follows:

	Note	Less than 1 year US\$ '000	Total US\$ '000
At 31 December 2018			
Capital and other commitments		-	-
Financial Guarantee	23.1	-	-
		<u>-</u>	<u>-</u>
At 31 December 2017			
Capital and other commitments		479	479
Financial Guarantee		3,106	3,106
		<u>3,585</u>	<u>3,585</u>

- 23.1** In 2015, the Company exited from an investment classified as held for sale and issued a financial guarantee equivalent to US\$ 3.1 million in favor of the buyer representing the Company's indemnity obligations in relation to the sale, if any. The Company's share of the financial guarantee is US\$ 0.7 million while the remaining amount represents the guarantee issued on behalf of its investors. The Company has also signed back to back guarantee agreements with its investors which entitles the Company to claim any amounts paid to the buyer from its investors. The financial guarantee matured on 10 June 2018.

24 SHARI'A SUPERVISORY BOARD

The Company outsourced the Shari'a review function to the Shariyah Review Bureau W.L.L. The Shari'a scholar that has been selected for the Shari'a Supervisory Board ("SSB") is Shaikh Muhammad Ahmad, to provide secretariat services including procuring the SSB's advice, guidance, certifications and opinions (fatawa), other services concerning compliance with the principles and percepts of Islamic Shari'a in connection with the Company's current and new investments, and implementation of various structures, programs and policies.

25 RISK MANAGEMENT

Risk management plays a critical role in the Company's decision making process. It is managed through the Board's Audit, Risk and Corporate Governance Committee. The Company is exposed to credit risk, concentration risk, profit rate risk, liquidity risk, equity price risk, foreign currency risk and operational risk. The management responsible for the key areas of the Company are accountable for the risks that arise within their respective areas.

25.1 Risk management structure*Board of Directors*

The Board of Directors is ultimately responsible for the overall risk management approach and for approving risk strategies, risk policies and procedures.

Shari'a Supervisory Board

The Shari'a Supervisory Board reviews the principles and contracts relating to the transactions conducted by the Company to judge whether it followed the principles of the Islamic Shari'a and specific fatwas, rulings and guidelines issued.

Audit, Risk and Corporate Governance Committee

The Committee assists the Board in discharging its oversight responsibilities relating to the integrity of Company's financial statements, financial reporting process, systems of internal accounting and financial controls, the annual independent audit of financial statements and all matters related to external and internal auditors, compliance by Seera with legal and regulatory requirements, and compliance with Company's code of conduct.

25.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company manages credit risk by setting limits for individual counterparties which are set by the Board of Directors.

The Company exposure to credit risk arises largely through placement of liquid funds in Company accounts, murabaha contracts, wakala contracts and receivables. The Company deploys excess funds in a conservative manner, targeting highly rated financial institutions locally and regionally.

The table below shows the gross maximum exposure to credit risk for the components of the consolidated statement of financial position.

(i) Maximum exposure to credit risk

	2018 US\$'000	2017 US\$'000
Balances with banks	1,106	7,565
Due from banks and financial institutions	8,510	31,275
Receivables (other assets)	167	1,448
	9,783	40,288

As of 31 December 2018, none of the above exposures are either past due nor impaired (31 December 2017: nil).

Credit quality per class of financial assets

The table below analyses the Company's maximum credit exposure where the credit quality is reflected by external credit ratings (S&P, Moody's and Fitch) of the counterparties where relevant:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

25 RISK MANAGEMENT (continued)**25.2 Credit risk (continued)***Credit quality per class of financial assets (continued)*

	<i>Balances with banks US\$ '000</i>	<i>Due from banks and financial institutions US\$ '000</i>	<i>Other assets US\$ '000</i>	<i>Total US\$ '000</i>
2018				
Medium grade: A – BBB	1,106	8,510	-	9,616
Unrated	-	-	167	167
	1,106	8,510	167	9,783
	<i>Balances with banks US\$ '000</i>	<i>Due from banks and financial institutions US\$ '000</i>	<i>Other assets US\$ '000</i>	<i>Total US\$ '000</i>
2017				
Medium grade: A – BBB	7,526	21,257	-	28,783
Non-investment / speculative: BB – B	34	10,018	-	10,052
Unrated	5	-	1,448	1,453
	7,565	31,275	1,448	40,288

Concentration Risk

Concentration risk is the risk of insufficient diversification of the portfolio resulting in an adverse impact of an external event on portfolio constituents sensitive to similar risk factors. Concentration risk primarily arises due to name and sector concentration, including geographic concentration.

The Company's financial assets with credit risk, can be analysed by the following geographical regions:

	<i>Bahrain US\$'000</i>	<i>UK & Europe US\$'000</i>	<i>Others US\$'000</i>	<i>Total US\$'000</i>
2018				
Balances with banks	308	798	-	1,106
Due from banks and financial institutions	8,510	-	-	8,510
Other assets	167	-	-	167
	8,985	798	-	9,783
	<i>Bahrain US\$'000</i>	<i>UK & Europe US\$'000</i>	<i>Others US\$'000</i>	<i>Total US\$'000</i>
2017				
Balances with banks	291	43	7,231	7,565
Due from banks and financial institutions	28,240	-	3,035	31,275
Other assets	369	373	706	1,448
	28,900	416	10,972	40,288

The Company's financial assets with credit risk can be analysed by the following industry sector:

	<i>Aviation US\$'000</i>	<i>Banking and financial institutions US\$'000</i>	<i>Others US\$'000</i>	<i>Total US\$'000</i>
2018				
Balances with banks	-	1,106	-	1,106
Due from banks and financial institutions	-	8,510	-	8,510
Other assets	-	-	167	167
	-	9,616	167	9,783

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

25 RISK MANAGEMENT (continued)**25.2 Credit risk (continued)**

	Aviation US\$'000	Banking and financial institutions US\$'000	Others US\$'000	Total US\$'000
2017				
Balances with banks	-	7,565	-	7,565
Due from banks and financial institutions	-	31,275	-	31,275
Other assets	373	-	1,075	1,448
	<u>373</u>	<u>38,840</u>	<u>1,075</u>	<u>40,288</u>

25.3 Market Risk

Market risk is the risk that arises from fluctuations in market risk factors that include profit rate risk, currency risk and equity price risk and will have a negative impact on the Company's income and/or will decrease the value of its portfolios.

Profit rate risk

Profit rate risk is combination of the rate of return risk and the risk of exposure due to the mismatch in the Company's profit-sensitive assets and liabilities caused by variations in the market reference rate, which would result in a decrease of the Company's net present value.

The Company currently has limited exposure to profit rate risk. The Company's assets that are exposed to profit rate risk comprise of due from banks and financial institutions and have repricing dates no longer than three months. During 2018, a +/- 200bp change in the profit rate, with all other variables constant, would have resulted in a +/- US\$ 170 thousand (31 December 2017: +/-200bp would have resulted in +/- US\$ 367 thousand) impact on the consolidated statement of income.

Currency risk

Currency risk represents fluctuations in exposures held by the Company in currencies other than the US\$. The Company may engage, in the normal course of business, in transactions denominated in currencies other than its functional currency. The Company's risk management policy regulates such exposure by hedging currency exposures with Shari'a compliant instruments.

The Company has the following significant foreign currency exposures at the consolidated statement of financial position date:

	2018		
	Assets US\$'000	Liabilities US\$'000	Net US\$'000
Great Britain Pounds	6,562	(223)	6,339
Euro	9	-	9
	2017		
	Assets US\$'000	Liabilities US\$'000	Net US\$'000
Kuwaiti Dinars	465	-	465
Great Britain Pounds	10,885	-	10,885
Euro	4	-	4

25 RISK MANAGEMENT (continued)**25.3 Market Risk (continued)***Currency risk (continued)*

The table below indicates the impact of reasonably possible changes in exchange rates on the Company's net foreign currency exposure. The impact has been calculated using the net foreign currency exposure as at the consolidated statement of financial position date and calculating the impact of the change in exchange rate.

	<i>Change in exchange rates (+/-)</i>	<i>income and equity (+/-)</i>
	<i>%</i>	<i>US\$'000</i>
Great Britain Pounds	10	634
Euro	10	0.90

Equity price risk

Equity price risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual stocks. As the Company has no quoted equity investments as of 31 December 2018, the Company is not exposed to this risk.

25.4 Liquidity risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are to be settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Board of Directors approves all significant policies and strategies related to the management of liquidity. Audit, Risk and Corporate Governance Committee review the liquidity profile of the Company on a regular basis and any material change in the current or prospective liquidity position is notified to the Board.

The management monitors the liquidity profile of the Company on an ongoing basis to ensure that the liquidity gap is within regulatory limits and the liquidity gap and key liquidity ratios are within the internal Board approved limits.

Seera Investment Company B.S.C. (c)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

25 RISK MANAGEMENT (continued)

25.4 Liquidity risk (continued)

The table below summarises the maturity profile of the Company's assets and liabilities as of 31 December 2018 based on expected periods to cash conversion from the consolidated statement of financial position date:

2018	Up to 3 months US\$ '000	3 to 6 months US\$ '000	6 months to 1 year US\$ '000	1 to 3 years US\$ '000	3 to 5 years US\$ '000	5 to 10 years US\$ '000	10 to 20 years US\$ '000	No fixed maturity US\$ '000	Total US\$ '000
Assets									
Cash and balances with banks	1,111	-	-	-	-	-	-	-	1,111
Due from banks and financial institutions	8,510	-	-	-	-	-	-	-	8,510
Non-trading investments	-	-	-	-	-	-	-	12,217	12,217
Investment in real estate	-	-	-	-	-	-	-	9,429	9,429
Other assets	181	-	-	-	-	-	-	-	181
Property and equipment	-	-	-	-	-	-	-	5,009	5,009
Total assets	9,802	-	-	-	-	-	-	26,655	36,457
Liabilities									
Other liabilities	1,907	-	-	-	-	-	-	574	2,481
Total liabilities	1,907	-	-	-	-	-	-	574	2,481
Net gap	7,895	-	-	-	-	-	-	26,081	33,976
Cumulative net gap	7,895	7,895	7,895	7,895	7,895	7,895	7,895	33,976	

Seera Investment Company B.S.C. (c)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

25 RISK MANAGEMENT (continued)

25.4 Liquidity risk (continued)

The table below summarises the maturity profile of the Company's assets and liabilities as of 31 December 2017 based on expected periods to cash conversion from the consolidated statement of financial position date:

2017	Up to 3 months US\$ '000	3 to 6 months US\$ '000	6 months to 1 year US\$ '000	1 to 3 years US\$ '000	3 to 5 years US\$ '000	5 to 10 years US\$ '000	10 to 20 years US\$ '000	No fixed maturity US\$ '000	Total US\$ '000
Assets									
Cash and balances with banks	7,570	-	-	-	-	-	-	-	7,570
Due from banks and financial institutions	31,275	-	-	-	-	-	-	-	31,275
Non-trading investments	-	-	-	-	-	-	-	16,931	16,931
Investment in real estate	-	-	-	-	-	-	-	9,429	9,429
Other assets	707	-	480	368	-	-	-	-	1,555
Property and equipment	-	-	-	-	-	-	-	5,359	5,359
Total assets	39,552	-	480	368	-	-	-	31,719	72,119
Liabilities									
Other liabilities	5,825	517	496	-	-	-	-	4,150	10,988
Total liabilities	5,825	517	496	-	-	-	-	4,150	10,988
Net gap	33,727	(517)	(16)	368	-	-	-	27,569	61,131
Cumulative net gap	33,727	33,210	33,194	33,562	33,562	33,562	33,562	61,131	

The contractual maturities of the financial assets and liabilities are not significantly different from their expected maturities.

At 31 December 2018

25 RISK MANAGEMENT (continued)

25.5 Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk.

26 SOCIAL RESPONSIBILITY

The Company discharges its social responsibilities through donations to charitable causes and organisations.