MIYAR FINANCIAL COMPANY

(Saudi Closed Joint Stock Company)
Financial Statements
For the year ended 31 December 2022
Together with the
Independent Auditor's Report

MIYAR FINANCIAL COMPANY
(Saudi Closed Joint Stock Company)

FINANCIAL STATEMENTS
For the year ended 31 December 2022
(Saudi Arabian Riyals)

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF MIYAR CAPITAL COMPANY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Miyar Capital Company (the "Company") as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

We have audited the financial statements of the Company, which comprise of the following:

- The statement of financial position as at 31 December 2022;
- The statement of profit or loss for the year then ended;
- The statement of comprehensive income for the year then ended;
- The statement of changes in equity for the year then ended;
- The statement of cash flows for the year then ended, and;
- The notes to the financial statements, including a summary of significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the code of professional conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the Company's financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and Regulations for Companies and the Company's Article of Association 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

Those charged with governance, i.e. the Board of Directors are responsible for overseeing the Company's financial reporting process.

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF MIYAR CAPITAL COMPANY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and asses the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures by the management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists, related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that the material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF MIYAR CAPITAL COMPANY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

For Al-Bassam & Co.

البسام وشركاؤه
محاسبون قانونيون
رقم الترخيص ٥٢٠/١١/٣٢٣
C.R.1010385804
license 520/11/323
Al-Bassam & Co.
Certified Public Accountants

Ahmed A. Mohandis
Certified Public Accountant
License No. 4٧٧
Riyadh: 5 Ramadan 1444H
Corresponding to: 27 March 2023G

MIYAR FINANCIAL COMPANY
(Saudi Closed Joint Stock Company)

STATEMENT OF FINANCIAL POSITION
As at 31 December 2022
(Saudi Arabian Riyals)

	Note	31 December 2022	31 December 2021
ASSETS			
CURRENT ASSETS			
Cash at banks	6	**1,420,758**	3,403,358
Account receivables	8	**797,597**	802,763
Prepayments and other current assets	9	**200,715**	129,594
Investments carried at fair value through profit or loss (FVTPL)	7	**23,295,615**	17,973,031
TOTAL CURUUNT ASSETS		**25,714,685**	22,308,746
NON-CURRENT ASSETS			
Property and equipment	10	**42,984**	13,446
Intangible assets	11	**7,149**	8,936
Right of use assets	12	**1,674,124**	1,459,549
TOTAL NON-CURRENT ASSETS		**1,724,257**	1,481,931
TOTAL ASSETS		**27,438,942**	23,790,677
LIABILITIES AND SHAREHOLDER'S EQUITY			
LIABILITIES			
CURRENT LIABILITIES			
Accrued expenses and other current liabilities	13	**271,676**	284,975
Zakat Provision	14	**323,307**	54,562
Lease liabilities-current portion	12	**565,583**	339,790
TOTAL CURRENT LIABILITIES		**1,160,566**	679,327
NON-CURRENT LIABILITIES			
Employees' end of service benefits	15	**204,941**	75,609
Lease liabilities-non-current portion		**856,373**	983,413
TOTAL NON-CURRENT LIABILITIES		**1,061,314**	1,059,022
TOTAL LIABILITIES		**2,221,880**	1,738,349
SHAREHOLDER'S EQUITY			
Share Capital	16	**20,000,000**	20,000,000
Statutory reserve	17	**518,801**	205,233
Retained earnings		**4,669,209**	1,847,095
Actuarial reserve		**29,052**	-
TOTAL SHAREHOLDER'S EQUITY		**25,217,062**	22,052,328
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES		**27,438,942**	23,790,677

Chief Financial Officer	Managing Director & Chief Executive Officer	Chairman of Board of Directors

The accompanying notes (1) to (27) form an integral part of these financial statements.

MIYAR FINANCIAL COMPANY
(Saudi Closed Joint Stock Company)

STATEMENT OF PORFIT OR LOSS
For the year ended 31 December 2022
(Saudi Arabian Riyals)

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	Note	For the year ended 31 December 2022	For the period form 7 April 2021 to 31 December 2021
REVENUES			
Income from Asset Management Activities	19	**3,813,139**	2,825,891
Income from arrangement and Advisory Activities	19	**1,135,372**	1,080,000
Net gain from investments carried at FVTPL	18	**2,933,117**	891,047
Dividend income		**450,768**	43,409
Other revenues		**9,632**	-
TOTAL REVENUE		**8,342,028**	4,840,347
EXPENSES			
Salaries and employee related benefits		**(3,644,355)**	(2,140,642)
General and administrative expenses	20	**(1,225,741)**	(582,141)
Finance cost		**(12,943)**	(10,674)
TOTAL EXPENSES		**(4,883,039)**	(2,733,457)
NET INCOME BEFORE ZAKAT FOR THE YEAR / PERIOD		**3,458,989**	2,106,890
Zakat	14	**(323,307)**	(54,562)
NET INCOME FOR THE YEAR / PERIOD		**3,135,682**	2,052,328
Earnings per share	17.4	**1.57**	1.03

Chief Financial Officer | Managing Director & Chief Executive Officer | Chairman of Board of Directors

The accompanying notes (1) to (27) form an integral part of these financial statements.

MIYAR FINANCIAL COMPANY
(Saudi Closed Joint Stock Company)

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2022
(Saudi Arabian Riyals)

	For the year ended 31 December 2022	For the period form 7 April 2021 to 31 December 2021
NET INCOME FOR THE YEAR / PERIOD	**3,135,682**	2,052,328
Items that will not be reclassified to profit and loss in the following period:		
Net actuarial profit on revaluation of end of service benefit	**29,052**	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR / PERIOD	**29,052**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR / PERIOD	**3,164,734**	2,052,328

Chief Financial Officer	Managing Director & Chief Executive Officer	Chairman of Board of Directors

The accompanying notes (1) to (27) form an integral part of these financial statements.

MIYAR FINANCIAL COMPANY
(Saudi Closed Joint Stock Company)

STATEMENT OF CHANGES IN SHARE HOLDER'S EQUITY
For the year ended 31 December 2022
(Saudi Arabian Riyals)

	Share Capital	Actuarial Reserve	Statutory Reserve	Retained earnings	Total
Balance as of 7 April 2021	20,000,000	-	-	-	20,000,000
Net income for the period	-	-	-	2,052,328	2,052,328
Transferred to statutory reserve	-	-	205,233	(205,233)	-
Revaluation of actuarial end of service benefit	-	-	-	-	-
Balance as of 31 December 2021	20,000,000	-	205,233	1,847,095	22,052,328
Net income for the year	**-**	**-**	**-**	**3,135,682**	**3,135,682**
Transferred to statutory reserve	**-**	**-**	**313,568**	**(313,568)**	**-**
Revaluation of actuarial end of service benefit	**-**	**29,052**	**-**	**-**	**29,052**
Balance as of 31 December 2022	**20,000,000**	**29,052**	**518,801**	**4,669,209**	**25,217,062**

Chief Financial Officer

Managing Director & Chief Executive Officer

Chairman of Board of Directors

The accompanying notes (1) to (27) form an integral part of these financial statements.

MIYAR FINANCIAL COMPANY
(Saudi Closed Joint Stock Company)
STATEMENT OF CASH FLOWS
For the year ended 31 December 2022
(Saudi Arabian Riyals)

	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the year before zakat	**3,458,989**	2,106,890
Adjustments to reconcile net income to net cash used in operating activities:		
Unrealized losses \ (gains) on investment carried at FVTPL	**160,484**	(298,516)
Realized gains on investments carried at FVTPL	**(3,093,601)**	(592,531)
Profits on disposal of right-of-use assets	**(9,631)**	-
Depreciation of property and equipment	**6,970**	667
Depreciation of the right of use asset	**350,761**	192,771
Amortization of intangible assets	**1,787**	-
Financing cost of the lease liability	**12,943**	10,674
Provision for Employees' end of service benefit	**163,384**	75,609
Net Changes in operating assets and liabilities	**1,052,086**	1,495,564
Payments for the purchase of investments carried at FVTPL	**(10,415,008)**	(23,532,306)
Proceeds from sale of investments FVTPL	**8,025,541**	6,450,320
Account receivables	**5,167**	(802,763)
Prepayments and other current assets	**(71,121)**	(129,594)
Accrued expenses and other current liabilities	**(13,300)**	284,975
Cash used in operating activities	**(1,416,635)**	(16,233,804)
End of Service Benefits Paid	**(5,000)**	-
Zakat Paid	**(54,562)**	-
Net cash used in operating activities	**(1,476,197)**	(16,233,804)
CASH FLOW FROM INVESTING ACTIVITIES		
Payments for purchase property and equipment	**(36,508)**	(14,112)
Payments for purchase intangible assets	**-**	(8,936)
Net cash used in investing activities	**(36,508)**	(23,048)
CASH FLOW FROM FINANCE ACTIVITIES		
Paid Lease liabilities	**(469,895)**	(339,790)
capital Paid	**-**	20,000,000
Net cash used in \ (from) finance activities	**(469,895)**	19,660,210
Net decrease \ (increase) in Cash at banks	**(1,982,600)**	3,403,358
Cash at banks at the beginning of the year / period	**3,403,358**	-
Cash at banks at the end of the year / period	**1,420,758**	3,403,358
Non-cash transactions		
right of use asset	**1,721,956**	1,652,320

Chief Financial Officer	Managing Director & Chief Executive Officer	Chairman of Board of Directors

The accompanying notes (1) to (27) form an integral part of these financial statements.

1. Organization and principal activities

Miyar Financial ("the Company") is Closed Joint Stock Company established and registered in Riyadh, the Kingdom of Saudi Arabia under commercial registration No. 1010698788, dated 25 Shaban 1442H (corresponding to 7 April 2021).

The principal activities of the Company are arranging and providing advisory services in Securities business, management of investments, operation of funds under the CMA's licence number (32-21216).

The Company's registered office is located at the following address:

Miyar Financial Company
Building No 7720, Unit No 11
P.O: 12363
Riyadh

2. Basis of preparation

2-1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Certified Public Accountants ("SOCPA").

The financial statements have been prepared on a historical cost convention, except for investments measured at fair value through profit or loss FVTPL and the defined benefit obligation is recognised at the present value of future obligation using the project unit credit method.

2-2 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). These financial statements are presented in Saudi Arabian Riyal ("SAR") which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into SAR using the exchange rates prevailing at the date of transactions . Foreign currency assets and liabilities are translated into SAR using the exchange rates at the date of statement of financial position.
Foreign exchange gains and losses arising from translation are included in the statement of profit or loss.

3. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis for variances resulting from the revision of accounting estimates. Adjustments to accounting estimates are recognized prospectively. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

3. Significant accounting judgements, estimates and assumptions (Continued)

3-1 Judgments

Going Concern

The Company's management has made an assessment of 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 management is not aware of any material uncertainties that may cast significant doubt on Company's ability to continue as a going concern. Accordingly, the financial statements have been prepared on the basis of the going concern principle.

3-2 Assumptions and Estimation

Impairment of non-financial assets

The carrying amounts of the non-financial assets are reviewed at the end of each reporting date or more frequently to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using the pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

The fair value less cost to sell is based on observable market prices or, if no observable market prices exist, estimated prices for similar assets or if no estimated prices for similar assets are available, then based on future cash flow calculations.

Actuarial valuation of employee benefits liabilities

The cost of the post-employment benefits ("employee benefits") under defined benefit plan is determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, and mortality rates. Due to the complexity of the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed on an annual basis or more frequently, if required.

4. Summary of significant accounting policies

4-1 Financial instruments

4-1-1 Measurement methods

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument.

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in the statement of profit or loss . Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost, which results in an accounting loss being recognised in the statement of profit or loss when an asset is newly originated.

4. Summary of significant accounting policies (Continued)

4-1 Financial instruments (Continued)

4-1-2 Classification and measurement of financial assets through profit or loss

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Company classifies its Equity instruments at fair value through profit or loss (FVTPL). The Company subsequently measures all equity investments at fair value through profit or loss, except where the Company Manager has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Company's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to trade.

Losses are recognised in OCI and are not subsequently reclassified to the statement of profit or loss income, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in the statement of profit and loss statement when the Company's right to receive payments is established.

4-1-3 Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit losses forward-looking basis the expected credit loss ("ECL") associated with its financial assets carried at amortised cost. The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of cash;
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

4-1-4 Derecognition

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Company transfers substantially all the risks and rewards of ownership of the financial assets, or (ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial assets and the Company has not retained control.

4-1-5 Financial liabilities

The Company classifies its financial liabilities at amortised cost unless it has designated liabilities at FVTPL. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

4-2 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

4. Summary of significant accounting policies (Continued)

4-3 Employees end of service benefit

Short Term employee benefits

Salary liabilities and any other short-term benefits expected to be fully settled within 12 months of the end of the period during which employees provide the relevant service in respect of employees' services are recognized until the end of the reporting period, and measured by the amounts expected to be paid upon settlement of liabilities. Current employee benefit liabilities are presented under " Accruals and other liabilities" in the statement of financial position.

Employees end of service liabilities

The company has an eligible end of service benefit scheme as a defined benefit scheme. Employees are entitled to benefits based on the length of service and the last salary withdrawn, calculated under the terms and conditions of the Saudi labor laws and company policy.

the end of service benefit, as it is a non-funded plan is determined using the projected unit credit method with actuarial valuations being made at the end of financial years. The respective obligation recognized in the statement of financial position is only the present value of the end-of-service benefit obligation at the end of the financial year.

The discount rate applied in reaching at the present value of the defined benefits obligation represents the return on government bonds, and by applying a single discount rate that roughly reflects the estimated timing and amount of benefit payments.

End of service benefit is classified as follows:

- The cost of the current service (the increase in the present value of the obligation resulting from the service provided by the employee during the current year).
- Interest expense (calculated by applying the discount rate at the beginning of the year to the end-of-service benefits obligation); and
- Re-measurement.

The current cost of service and interest expense for end-of-service benefit obligations are included in the same items as the income statement in which the related cost of compensation is included.

Re-measurement of defined benefit liability, which comprise of actuarial gains and losses during the year in which it happened in its entirety are recognized in the other comprehensive income without being reclassified to profit or loss in the subsequent year. Recognized amounts of other comprehensive income are charged directly to retained earnings.

4-4 Accrued expenses and other account payables

Accrued expenses and other account payables are recognised initially at fair value and subsequently measured at amortised cost using the effective commission rate method.

4-5 Provisions

A provision is recognised when the Company has a present legal or constructive obligation can be appreciated in a reliable way as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provision is not recognised for future operating loss.

4. Summary of significant accounting policies (Continued)

4-6 Zakat

The Zakat cost is calculated on the basis of the company's net profit for the year before deduction of Zakat or Zakat base, whichever is greater, according to the regulations of the Zakat, Tax and Customs Authority (ZATCA) .

The provision is charged to the statement of profit or loss. Additional amounts, if any, that may become due on finalization of an assessment are accounted for in the period in which assessment is finalized.

4-7 Value added tax

Expenses and assets are recognized net of the amount of VAT, with the exception of:

Where VAT incurred for the purchase of assets or services is not recoverable from the Zakat, Tax and Customs Authority (ZATCA), in which case, VAT is recognized as part of the cost of acquiring the asset or as part of an expense item, as appropriate; and/or when receivables and payables are recognized with the amount of VAT included.

The net amount of VAT recoverable or payable to the Authority is included as part of accounts receivable or payable in the statement of financial position. The net amount of value-added tax that is recoverable or payable to the Zakat, Tax and Customs Authority (ZATCA) as part of the asset purchase items or expenses in the statement of financial position.

4-8 Capital works in progress

Capital works in progress are charged at cost and not consumed. Depreciation on capital works in progress begins when the assets are ready for use for its intended purpose.

4-9 Cash and cash equivalents

Cash and cash equivalents comprise cash with banks and other short-term highly liquid investments with original maturities of three months or less, which are available to the Company without any restrictions.

4-10 Property and equipment

Property and equipment are stated at cost net of accumulated depreciation and any impairment in value, if any. The cost of acquiring an asset includes all costs related to the acquisition of the asset. The cost of property and equipment is depreciated and amortized on the straight-line method over the estimated useful lives as follows:

Furniture and fixtures	10 years
Electronic equipment	8 years
Computer	5 years

Any gain or loss on disposal of an item of Property and Equipment is recognised in the Statement of Profit or Loss.

The assets' residual values, useful lives and impairment indicators are reviewed at each financial year end and adjusted prospectively, if considered necessary.

4. Summary of significant accounting policies (Continued)

4-11 Intangible Assets

Intangible assets are measured at cost, less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight-line basis over the estimated useful lives of 5 years.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company and amount can be measured reliably.

Intangible assets' residual values, useful lives and impairment indicators are reviewed at each financial year end and adjusted prospectively, if considered necessary

4-12 Right of Use Asset and Lease Liability

The Company has recognised new assets and liabilities for its operating leases of office premises. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to statement of profit or loss over the lease year so as to produce a constant yearly rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis.

1. Right-of-use assets are measured at cost comprising the following:
   - The amount of the initial measurement of lease liability
   - Any lease payments made at or before the commencement date less any lease incentives received
   - Any initial direct costs, and
   - Restoration costs.

2. Lease liabilities include the net present value of the following lease payments:
   - Fixed payments (including in- substance fixed payments), less any lease incentives receivable
   - Variable lease payments that are based on an index or a rate
   - Amounts expected to be payable by the lessee under residual value guarantees
   - The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
   - Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the statement of Profit or Loss. Short-term leases are leases with a lease term of 12 months or less.

Low-value assets comprise small items relating to office equipment.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

4. Summary of significant accounting policies (Continued)

4-13 Statutory Reserve

In accordance with Company's by-laws and the Regulations for Companies in Kingdom of Saudi Arabia, the Company is required to recognise a reserve comprising of 10% of its net profit for the period. This reserve is currently not distributable to the Shareholders.

4-14 Assets under management

The Company offers asset management services to its customers, which include management of certain investments funds and certain financial portfolio management. Such assets are held in fiduciary capacity and are not treated as assets of the Company. Accordingly, these are not included in the financial statements and are treated as off- statement of financial position items.

Earnings per share
The company displays basic earnings per share data for its common stock. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the year.

4-15 Revenue recognition

The Company recognizes revenue under IFRS 15 using the following five-step model:

Step 1: Identify the contract with the customer

A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets standards for each contract that must be fulfilled.

Step 2: Identify performance obligations

A performance obligation is a promise in a service contract to the customer.

Step 3: Determine the transaction price

The transaction price is the amount of consideration that the Company expects to accrue for services pledged to a client, excluding amounts collected on behalf of third parties.

Step 4: Allocation the transaction price

For a contract that contains more than one performance obligation, the company customize the transaction price for each performance obligation in an amount that shows the amount of the corresponding amount that the company expects to accrue for each performance obligation.

Step 5: Revenue recognition

The Company recognizes the revenues (or when) it fulfils the performance obligation by transferring the service pledged to the Client under contract.

Asset management activities income

Investment fund management fees and private portfolios are recognized as revenues when the service has been provided, On the basis of applicable service contracts. These management fees are included after deduction of discounts and are generally calculated as a percentage of the net assets of the funds concerned. The subscription fee is recognized upon subscription.

4. Summary of significant accounting policies (Continued)

4-15 Revenue recognition (Continued)

Performance fees are included after deduction of discounts and calculated as a percentage of the corresponding in the net value of the Fund's assets above a specific barrier. Performance fees are earned from some arrangements when contractually agreed performance levels are exceeded during specific performance measurement periods, usually over one year. Fees are recognized when they can be valued and/or reliably crystallized.

Income from arrangement and advisory activities

Alternative investments income and management advisory and other service fees are recognized based on the applicable service contracts, usually on a time-proportionate basis whether at a point in time or over a period of time.

Dividend income

Dividend income is recognized when the right to receive dividend is established.

Other revenues

Other revenues are recorded when it is realized.

4-16 Expenses

All expenses other than salaries and employee benefits are classified as general and administrative expenses which are presented in a separate item in the Statement of Profit or Loss.

4.17 Earnings per share

The company displays basic earnings per share data for its ordinary shares. Basic earnings per share are calculated by dividing the profit or loss attributable to the Company's ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Earnings per share for the year were calculated at 1.57 per share, which was calculated by dividing the net profit of 3,135,682 SAR by 2,000,000 shares.

5. New standards, amendments to standards and interpretations

5-1 New amendments to standards issued and applied effective year 2022

A number of new amendments to standards, enlisted below, are effective this year but they do not have a material effect on the Company’s Financial Statements, except for were referenced below.

5. New standards, amendments to standards and interpretations (Continued)

5-1 New amendments to standards issued and applied effective year 2022 (Continued)

New amendments to standards issued and applied effective year 2022

Amendments to standard	**Description**	**Effective for annual periods beginning on or after**	**Summary of the amendment**
IAS 37	Onerous Contracts Cost of Fulfilling a Contract	January 1, 2022	The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract. These amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the period in which the entity first applies the amendments.
IFRS 16, IFRS 9, IAS 41 and IFRS 1	Annual Improvements to IFRS Standards 2018–2020	January 1, 2022	IFRS 16: The amendment removes the recompensation clarification for the reimbursement of leasehold improvements. IFRS 9: The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender. The amendment is to be applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. IAS 41: The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. IFRS 1: The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation difference.
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	January 1, 2022	The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use. Additionally, the amendments also clarify the meaning of 'testing whether an asset is functioning properly'.
IFRS 3	the Conceptual Framework for the financial report	January 1, 2022	The amendment as a whole updated IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework.

5. New standards, amendments to standards and interpretations (Continued)

5-2 New standards, amendments and revised IFRS issued but not yet effective

The Company has not applied the following new and revised IFRSs and amendments to IFRS that have been issued but are not yet effective.

Amendments to standard	Description	Effective for annual periods beginning on or after	Summary of the amendment
IFRS 17	Insurance Contracts	January 1, 2023	This is comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 (along with its subsequent amendments) will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005.
IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2023	The amendment has clarified what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period, that classification is unaffected by the likelihood that an entity will exercise its deferral right and that only if an embedded derivative in a convertible liability is itself an equity instrument the terms of a liability would not impact its classification.
IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	January 1, 2023	This amendment deals with assisting entities to decide which accounting policies to disclose in their financial statements
IAS 8	Amendment to definition of accounting estimate	January 1, 2023	This amendments regarding the definition of accounting estimates to help entities to distinguish between accounting policies and accounting estimates.
IAS 12	Income taxes	January 1, 2023	This amendment deals with clarification regarding accounting of deferred tax on transactions such as leases and decommissioning obligations
Amendment to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	N/A	The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary.

Management anticipates that these new standards interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these interpretations and amendments may have no material impact on the financial statements of the Company in the period of initial application.

6. Cash at banks

	31 December 2022	31 December 2021
Balances at banks	**1,420,758**	3,403,358
	1,420,758	3,403,358

The account balance is current balances with local banks that are not charged with interest.

7. Investments carried at FVTPL

	31 December 2022		31 December 2021	
	Cost	**Market Value**	Cost	Market Value
Investments in stocks *	**12,779,379**	**12,958,355**	15,674,515	15,796,311
Investment funds managed by the Company	**10,676,720**	**10,337,260**	2,000,000	2,176,720
	23,456,099	**23,295,615**	17,674,515	17,973,031

*Investments in the financial markets are represented in the shares of listed Saudi companies.

The following is a summary of the movement of investments during the year:

	31 December 2022	31 December 2021
Balance at the beginning of the year / period	**17,973,031**	-
Additions during the year	**10,415,008**	23,532,306
Proceeds from sale during the year	**(8,025,541)**	(6,450,322)
Realized profits	**3,093,601**	592,531
(Losses) / Unrealized Profits	**(160,484)**	298,516
Balance as at the end of the year/period	**23,295,615**	17,973,031

8. Account receivables

	31 December 2022	31 December 2021
Performance fees	**797,597**	802,763
	797,597	802,763

8. Account receivables (Continued)

The ages of the account receivables are as follows:

	Less than 30 days	From 31 to 60 days	From 61 to 90 days	From 90 to 120 days	More than 120 days	Total
2022	**797,597**	**-**	**-**	**-**	**-**	**797,597**
2021	802,763	-	-	-	-	802,763

As an asset manager, the Company has the primary right to recover the balance of funds managed through the Company in respect of the management fees due. As at the date of the financial statements, the entities concerned have a positive net asset value and, at the management's discretion, the expected credit losses, if any, would not be material.

9. Prepayments and other current assets

	31 December 2022	31 December 2021
Prepaid license fees	**50,000**	50,002
Prepaid insurance expenses	**77,592**	41,858
Prepaid Subscriptions	**34,144**	3,754
Others	**38,980**	33,980
	200,716	129,594

10. Property and equipment

	2022			
	Furniture and fixtures	**Computer Hardware**	**Electronic equipment**	**Total**
Cost:				
At 1 January 2022	**8,425**	**4,468**	**1,220**	**14,113**
Additions during the year	**-**	**36,508**	**-**	**36,508**
As of 31 December 2022	**8,425**	**40,976**	**1,220**	**50,621**
Accumulated depreciation:				
At 1 January 2022	**(562)**	**(105)**	**-**	**(667)**
Charge during the year	**(632)**	**(6,185)**	**(153)**	**(6,970)**
As of 31 December 2022	**(1,194)**	**(6,290)**	**(153)**	**(7,637)**
Net book value:				
As of 31 December 2022	**7,231**	**34,686**	**1,067**	**42,984**

10. Property and equipment (Continued)

	2021			
	Furniture and fixtures	Computer Hardware	Electronic equipment	Total
Cost:				
At 7 April 2021	-	-	-	-
Additions during the period	8,425	4,468	1,220	14,113
As of 31 December 2021	8,425	4,468	1,220	14,113
Accumulated depreciation:				
At 1 January 2021	-	-	-	-
Charge during the period	(562)	(105)	-	(667)
As of 31 December 2021	(562)	(105)	-	(667)
Net book value:				
As of 31 December 2021	7,863	4,363	1,220	13,446

11. Intangible assets

	2022	
	Software	**Total**
Cost:		
At 1 January 2022	**8,936**	**8,936**
Additions during the year	-	-
As at 31 December 2022	**8,936**	**8,936**
Accumulated amortization:		
At 1 January 2022	-	-
Charge during the year	**(1,787)**	**(1,787)**
As at 31 December 2022	**(1,787)**	**(1,787)**
Net book value:		
As at 31 December 2022	**7,149**	**7,149**

	2021	
	Software	Total
Cost:		
At 7 April 2021	-	-
Additions during the period	8,936	8,936
As at 31 December 2021	8,936	8,936
Accumulated amortization:		
Charge during the period	-	-
As at 31 December 2021	-	-
Net book value:		
As at 31 December 2021	8,936	8,936

12. Right of use assets and lease liability

The company has lease contracts represented in the administrative headquarters of the company, and the term of the lease contract is one renewable year, and the right of use and the lease liability were calculated over three years, which is the expected renewal period by the company.

Right of use

	31 December 2022	31 December 2021
Cost:		
Balance at the beginning of the year / period	**1,652,320**	-
Additions during the year / period	**1,721,956**	1,652,320
Disposals during the year / period *	**(1,652,320)**	-
Balance at the end of the year / period	**1,721,956**	1,652,320
Accumulated depreciation:		
Balance at the beginning of the year / period	**(192,771)**	-
Charge for the year / period	**(350,761)**	(192,771)
Disposals during the year / period	**495,700**	-
Balance at the end of the year / period	**(47,832)**	(192,771)
The book value at the end of the year / period	**1,674,124**	1,459,549

Lease liability

Lease liabilities as at the end of year / period are as follows:	**31 December 2022**	31 December 2021
Non-current portion of the lease liability	**856,373**	983,413
Current portion of the lease liability	**565,583**	339,790
	1,421,956	1,323,203

	31 December 2022	31 December 2021
Balance at the beginning of the year / period	**1,323,203**	-
Additions during the year / period	**1,721,956**	1,652,320
Disposals during the year / period*	**(1,166,251)**	-
Payments during the year/period	**(469,895)**	(339,790)
Financing costs charge	**12,943**	10,673
Balance at the end of the year / period	**1,421,956**	1,323,203

* Disposals represents the lease that was cancelled during December 2022.

** A discount rate of 5%, which represents the average lending and borrowing rate at the start date of the lease contract, was used to calculate the present value of the lease obligation.

The amounts recognized in the profit and loss statement are as follows:

	31 December 2022	31 December 2021
Interest on lease liabilities	**12,943**	10,673
Depreciation expense	**(350,761)**	(192,771)

12. Right of use assets and lease liability (Continued)

The amounts recognized in the cash flow statement are as follows:

	31 December 2022	31 December 2021
Payments of lease liabilities	**(469,895)**	(339,790)

Maturity analysis:

First year	**600,000**
Second year	**600,000**
Third year	**600,000**

13. Accrued expenses and other current liabilities

	31 December 2022	31 December 2021
VAT payable	**108,147**	225,353
Social insurance expense payable	**37,616**	38,125
Insurance expenses payable	**33,104**	-
Professional fees payable	**75,743**	20,000
Other	**17,065**	1,497
	271,675	284,975

14. Zakat provision

The principal elements of the zakat base are as follows:	**31 December 2022**	31 December 2021
Shareholder equity	**21,847,096**	-
provision balance at the beginning of the year / period and other adjustments	**170,511**	75,609
Book value of long-term assets	**(12,955,193)**	(17,278,242)
	9,022,414	(17,202,633)
Net adjusted profit for the year / period	**3,629,500**	2,182,499
Zakat base	**12,651,914**	(13,772,540)
Zakat charge for the year / period 2.5%	**323,307**	54,562

Zakat is calculated on the higher of the zakat base or adjusted income for the year.

	31 December 2022	31 December 2021
Balance at the beginning of the year / period	**54,562**	-
Charge for the year / period	**323,307**	54,562
Payments during the year / period	**(54,562)**	-
Balance at the end of the year / period	**323,307**	54,562

14. Zakat provision (Continued)

Zakat Status

The Company submitted its Zakat return to the Zakat, Tax and Customs Authority (ZATCA) ("the Authority") for the year ended 31 December 2021, and the Company obtained a certificate from the Authority valid until Shawwal 1444 (corresponding to 30 April 2023).
The Zakat, Tax and Customs Authority (ZATCA) did not make a Zakat assessment on the company from the date of the company's incorporation until of December 31, 2021.

15. Employee's End of Service Benefits

The following tables summarize the components of the end-of-service benefits recognized in the profit or loss statement and the statement of financial position:

Benefits expenses (recognized in the profit or loss statement)	**31 December 2022**	31 December 2021
Current service cost	**157,480**	75,609
Financing Cost	**5,904**	-
Benefits Expenses	**163,384**	75,609

The amounts recognized in the statement of financial position	**31 December 2022**	31 December 2021
Present value of the defined benefit liabilities	**204,941**	75,609
Fair value of the asset plan	**-**	-
Net liabilities at the end of the year / period	**204,941**	75,609

Movement in the present value of the defined benefit liabilities	**31 December 2022**	31 December 2021
Present value of the defined benefit liabilities at the beginning of the year / period	**75,609**	-
Current service cost	**157,480**	75,609
Financing Cost	**5,904**	-
Actuarial profit on defined benefit plan	**(29,052)**	-
Benefits paid	**(5,000)**	-
Present value of defined benefit liabilities at end of the year /Period	**204,941**	75,609

Movement in the net liabilities recognized in the financial position	**31 December 2022**	31 December 2021
Net liabilities at the beginning of the year / period	**75,609**	-
The amounts recognized in profit or loss	**163,384**	75,609
Actuarial profit recognized in other comprehensive income	**(29,052)**	-
Benefits paid	**(5,000)**	-
Net liabilities at the end of the year / period	**204,941**	75,609

Basic actuarial assumptions	**31 December 2022**	31 December 2021
Discount rate	**4.95%**	-
Salary increases rate	**4.95%**	-
Return on plan assets	**Not applicable**	Not applicable

15. Employee's End of Service Benefits (Continued)

The sensitivity table is as follows:

The description	31 December 2022
Discount rate +5%	**194,418**
Discount rate -5%	**216,380**
Salary increase rate +.5%	**213,912**
Salary increase rate -.5%	**196,559**
Withdrawal rate +10%	**195,773**
Withdrawal rate -10%	**214,289**
Mortality +10%	**204,864**
Mortality -10%	**-**

The company did not use the actuarial account to calculate the end of service provision for the previous year.

16. Share capital

As of 31 December 2022, the Company's share capital is 20,000,000 divided into 2,000,000 shares and the nominal value of the share is SAR 10.

17. Statutory reserve

In accordance with the Company's By-Laws and the Regulations for Companies in the Kingdom of Saudi Arabia, the Company is required to transfer at least 10% of its net income each period to statutory reserve until such reserve equals to 30% of its share capital. This reserve is not available for distribution to the shareholders.

18. Net gain from investments carried at FVTPL

	31 December 2022	For the period from 7 April to 31 December 2021
Realized gain from sale of Investments carried at FVTPL	**3,093,601**	592,531
Unrealized (loss) \ gain from revaluation of Investments carried at FVTPL	**(160,484)**	298,516
	2,933,117	891,047

19. Revenue

2022	Income from asset management activities	Income from arrangement and advisory activities
Nature and timing of revenue recognition:		
Point in time	**3,770,330**	**1,135,372**
Over a period	**42,809**	**-**
	3,813,139	**1,135,372**
2021		
Nature and timing of revenue recognition:		
Point in time	2,825,891	1,080,000
Over a period	-	-
	2,825,891	1,080,000

20. General and administrative expenses

	31 December 2022	For the period from 7 April to 31 December 2021
Depreciation of the right of use assets	**350,761**	192,771
Professional fees	**302,470**	88,658
Licenses	**126,002**	94,632
Insurance expenses	**124,032**	59,369
Subscription fees	**119,283**	60,408
Information Technology Services	**36,552**	1,239
Hospitality expenses	**14,248**	2,582
Governmental expenses	**4,681**	34,728
Depreciation and amortization	**8,757**	667
Others	**138,955**	47,087
Total	**1,225,741**	582,141

21. Assets under management

Assets under management represent:

The investment assets being managed by the Company as at 31 December 2022 are valued at 2,981,580,480 SAR (31 December 2021: 1,932,289,558 SAR).

According to the regulations of the Capital Market Authority for authorized persons, and in line with the company's accounting policy, such balances are not included in the Company's financial statements.

22. Related party transactions and balances

Related parties of the Company comprise of shareholders, board of directors and their relatives, the investment funds managed by the Company and senior management staff.

The transactions are carried out on mutually agreed terms approved by the management of the Company. Details of transactions and balances with related parties other than those disclosed elsewhere in the financial statements, are as follows:

22. Related party transactions and balances (Continued)

		Amount of transaction during		Balance as at Debit	
Related party	**Nature of transaction**	**2022**	2021	**31 December 2022**	31 December 2021
Investment funds managed by the Company	Performance and other fees*	**1,201,674**	543,568	**45,579**	505,507
Shareholders and related party	Asset management	**1,350,000**	1,667,500	**517,500**	-
	Lease	**600,000**	339,790	**-**	-
Senior management staff	Salaries, Benefits and Incentives	**1,702,800**	887,994	**-**	-
	End of service benefits	**59,666**	34,290	**93,956**	34,290
Board of Directors and sub-committees	Attendance allowances	**14,500**	**-**	**-**	-

*****The performance fee payable to the Company is included in accounts receivable in the statement of financial position.

23. Financial instruments and risk management

23-1 Financial risk factors

The objective of the Company is to safeguard the Company's ability to continue as a going concern so that it can continue to provide optimum returns to its shareholders and to ensure reasonable safety to the shareholders. The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

The Company Manager is responsible for identifying and controlling risks. The Company Board supervises the Company Manager and is ultimately responsible for the overall management of the Company.

Monitoring and controlling risks are primarily set up to be performed based on the limits established by the Company Board.

The Company has its Terms and Conditions document that set out its overall business strategies, its tolerance of risks and is obliged to take actions to rebalance the portfolio in line with the investment guidelines.

The Company uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below:

23. Financial instruments and risk management (Continued)

23-1 Financial risk factors (Continued)

(a) Market risk

(i) Price risk

Price risk is the risk that the value of the Company's financial instruments will fluctuate as a result of changes in market prices caused by factors other than foreign currency and interest rate movements.

The price risk arises primarily from uncertainty about the future prices of financial instruments that the Company holds. The Company diversifies the investment portfolio and closely monitors the price movement of its investments in financial instruments. As of the statement of financial position date, The Company has investments in equity.

	31 December 2022		31 December 2021	
	Potential change %	**Effect on equity**	Potential change %	Effect on equity
Investments in listed stocks	**%1**	**129,584**	%1	157,963
Investment funds managed by the Company	**%1**	**103,374**	%1	21,767

(b) 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 is exposed to credit risk for its Cash at bank and Account receivables. Cash balances are deposited in local Bank with sound credit ratings of BBB and above according to (Fitch) ratings.

The following table shows the company's maximum exposure to credit risk for components of the statement of financial position:

	2022	2021
Cash at banks	**1,420,758**	3,403,358
Account receivables	**797,597**	802,763
	2,218,355	4,206,121

The company seeks to monitor credit risk by monitoring credit exposure in addition to identifying and analysing risks, setting appropriate limits and controls, monitoring risks and adhering to limits through reliable management data in a timely manner. The company also takes the necessary measures to recover overdue debts. the company reviews the refundable amount of all receivables and other assets on an individual basis at the end of the financial period in order to ensure that an adequate loss provision is set aside for the non- refundable amounts.

23. Financial instruments and risk management (Continued)

23-1 Financial risk factors (Continued)

(b) Credit risk (Continued)

The company evaluated the expected credit losses due from related parties and other assets, and after examining the nature of these balances and the date of default, the company found that it does not require a provision for expected credit losses, because in its capacity as an asset manager, the company has the first right to recover the due balance from the funds invested in it under Management of the company in respect of management fees payable. As at the date of the financial statements, the concerned entities have a positive net asset value, and according to the management's estimate, the expected credit losses, if any, will not be material.

(c) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with the financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. Financial assets as at period-end included balances with bank and investments measure at FVTPL which can be utilized to meet changing liquidity requirements. The company monitors forecasted cash flow on a regular basis and ensures that positive cash flows from operating activities are maintained to fund the Company's future commitments.

The table below summarizes the maturity statement of financial liabilities of the company based on expected maturities:

	31 December 2022		
	Book value	**Less than 1 year**	**More than one year**
Accrued expenses and other current liabilities	**271,676**	**271,676**	**-**
Lease Liabilities	**1,421,956**	**600,000**	**900,000**
Employees 'end of service benefits	**204,941**	**-**	**204,941**
Total liabilities	**1,898,573**	**871,676**	**1,104,941**

	31 December 2021		
	Current value	Less than 1 year	More than one year
Accrued expenses and other current liabilities	284,975	284,975	-
Lease Liabilities	1,323,203	339,790	983,413
Employees 'end of service benefits	75,609	-	75,609
Total liabilities	1,683,787	624,765	1,059,022

23. Financial instruments and risk management (Continued)

23-1 Financial risk factors (Continued)

d. Capital Risk Management

It is the policy of the Board of Directors to maintain an adequate and strong capital base to maintain investor, creditor and market confidence and to sustain the future development of the business. The Board of Directors monitors the return on capital employed. And the level of dividends paid to ordinary shareholders and monitors the capital base using the net debt to equity ratio.

23-2 Fair value estimation of financial instruments

The fair value for financial instruments traded in active markets is based on quoted market prices at the close of trading on the financial reporting date. Instruments for which no sales were reported on the valuation day are valued at the most recent bid price.

An active market is a market in which transactions for the asset or liability take place with frequency to provide pricing information on an ongoing basis. The carrying value less impairment provision of financial instruments carried at amortised cost are assumed to approximate their fair values.

The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

- Level 3 inputs are unobservable inputs for the asset or liability.

23-2-1 financial instruments by category

31 December 2022	**amortized cost**	**fair value through profit or loss**
Assets as in the statement of financial position		
Cash at banks	**1,420,758**	-
Investments carried at fair value through profit or loss (FVTPL)	**-**	**23,295,615**
Account receivables	**797,597**	-
Total	**2,218,355**	**23,295,615**

23. Financial instruments and risk management (Continued)

23-2 Fair value estimation of financial instruments (Continued)

23-2-1 financial instruments by category (Continued)

31 December 2021	amortized cost	fair value through profit or loss
Assets as in the statement of financial position		
Cash at banks	3,403,358	-
Investments carried at fair value through profit or loss (FVTPL)	-	17,973,031
Account receivables	802,763	-
Total	4,206,121	17,973,031

The table below presents the financial instruments at their fair values as of 31 December 2022 based on the fair value hierarchy:

23-2-2 fair value

	31 December 2022			
	Level 1 SR	**Level 2 SR**	**Level 3 SR**	**Total SR**
Listed stocks	**12,958,355**	**-**	**-**	**12,958,355**
Investment funds	**-**	**8,063,697**	**2,273,563**	**10,337,260**
Total	**12,958,355**	**8,063,697**	**2,273,563**	**23,295,615**

	31 December 2021			
	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Listed stocks	15,796,311	-	-	15,796,311
Investment funds	-	-	2,176,720	2,176,720
Total	15,796,311	-	2,176,720	17,973,031

Fair evaluation methods

- Financial assets at fair value through profit or loss and through other comprehensive income classified under Level 2 include investments in public investment funds whose fair values are determined based on the last net value of registered assets as at the date of the report.
- Financial assets at fair value through profit or loss and through other comprehensive income classified under Level 3 include investment in special funds as well as equity instruments for unlisted companies whose fair value management believes is close to the book value as the company has adopted the cost price because the latest information available to management is insufficient to measure fair value.

24. Regulatory requirement and capital adequacy ratio

The Capital Market Authority (the "CMA") has issued Prudential Rules (the "Rules") dated 30 December 2012 (corresponding to 17 Safar 1434H). According to the Rules, the CMA has prescribed the framework and guidance regarding the minimum regulatory capital requirement and its calculation methodology as prescribed under these Rules. In accordance with this methodology.

The Company has calculated its minimum capital required and capital adequacy ratios as follows:

	(Thousands of Saudi Riyals)	
	31 December 2022	31 December 2021
Capital Base:		
Tier 1 capital	**25,210**	22,043
Tier 2 capital	**-**	-
Total Capital Base	**25,210**	22,043
Minimum Capital Required:		
Credit risk	**7,482**	5,640
Operational risk	**1,302**	726
Market risk	**-**	-
Total Minimum Capital Required	**8,784**	6,366
Capital Adequacy Ratio:		
Surplus in Capital	**16,426**	15,677
Capital Adequacy Ratio (times)	**2.87**	3.46

25. Comparative figures

Some comparative figures for the period ending on December 31, 2021 have been reclassified to conform to current year presentation.

26- Subsequent Events

There are no subsequent events that have a material impact on the financial statements until the date of approval of the financial statements

27. Approval of the financial statements

These financial statements were approved by the Board of Directors on 26 March 2023 (Corresponding to 4 Ramadan 1444)