# Asyaf Investment Company
**Saudi Closed Joint Stock Company**
**Kingdom of Saudi Arabia**

**Financial Statements for the Period**
**From 22 April 2021 to 31 December 2021**
**And Independent Auditor's Report**

## Index

## Independent Auditor's Report

**The Shareholders**
**Asyaf Investment Company**
**Saudi Closed Joint Stock Company**
**Kingdom of Saudi Arabia**

### Report on the Audit of the Financial Statements

**Opinion:**

We have audited the financial statements of **Asyaf Investment Company (The Company) – Saudi Closed Joint Stock Company** which comprise the statement of financial position as at 31 December 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period from 22 April 2021 to 31 December 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2021, and its financial performance and its cash flows for the period from 22 April 2021 to 31 December 2021 in accordance with International Financial Reporting Standards (IFRS) as adopted in the Kingdom of Saudi Arabia and other pronouncements and Standards endorsed by the Saudi Organization of Chartered and Professional Accountants (SOCPA).

**Basis for Opinion:**

We conducted our audit in accordance with International Standards on Auditing 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 ethical requirements that are relevant to our audit of the financial statements in Kingdom of Saudi Arabia, and we have fulfilled our other 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 the IFRS as adopted in the Kingdom of Saudi Arabia and other pronouncements and Standards endorsed by the Saudi Organization of Chartered and Professional Accountants (SOCPA) and Companies' Regulation and Company's By-law 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 (Board of directors) are responsible for overseeing the Company's financial reporting process.


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ص.ب٩٧٦٧ الرياض ١١٤٢٣ - المملكة العربية السعودية

## 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 misstatement, 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 assess the risks 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 made by 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 a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 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.

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.

## Report on Other Legal and Regulatory Requirements

The Regulations for Companies in Saudi Arabia require the auditor to include in his report the contraventions to the Regulations for Companies or the Company's Articles of Association that came to his attention. During our current audit, no contraventions to the Regulations for Companies or the Company's Articles of Association came to our knowledge.

**For Talal Abu-Ghazaleh & Co.**

**Abdulqadir A. Al-Wohaib**
**Certified Public Accountant**
**License No.48**

طلال أبوغزاله وشركاه
محاسبون قانونيون
P.R. 81 س.م ٨١
Public Accountants
Talal Abu-Ghazaleh & Co.

**25 Shaban 1443 H.**
**28 March 2022 G.**

**Asyaf Investment Company**
**Saudi Closed Joint Stock Company**
**Kingdom of Saudi Arabia**
**Statement of Financial Position**
**As of 31 December 2021**

**Exhibit A**

| | Note | 31 December 2021 SR. |
|---|---|---|
| **Assets** | | |
| **Current Assets** | | |
| Cash and cash equivalents | (7) | 1,967,624 |
| Other debit balances | (8) | 1,149,101 |
| **Total Current Assets** | | 3,116,725 |
| **Non-Current Assets** | | |
| Property, plant and equipment – Net | (9) | 4,738,048 |
| Projects in progress | (10) | 3,377,150 |
| **Total Non-Current Assets** | | 8,115,198 |
| **Total Assets** | | 11,231,923 |
| **Liabilities and Shareholders' Equity** | | |
| **Current Liabilities** | | |
| Other credit balances | | 45,360 |
| Provision for estimated Zakat | (11) | 32,990 |
| **Total Current Liabilities** | | 78,350 |
| **Non-Current Liabilities** | | |
| Due to related party | (12) | 4,318,228 |
| Employees benefit obligation | (13) | 69,446 |
| **Total Non-Current Liabilities** | | 4,387,674 |
| **Total Liabilities** | | 4,466,024 |
| **Shareholders' Equity** | | |
| Capital | (14) | 10,000,000 |
| Accumulated (loss) | | (3,234,101) |
| **Net Shareholders' Equity – Exhibit C** | | 6,765,899 |
| **Total Liabilities and Shareholders' Equity** | | 11,231,923 |

**The Accompanying Notes from (1) to (26) Constitute an Integral Part of These Financial Statements**

**Statement of Comprehensive Income**
**For the Period from 22 April 2021 to 31 December 2021** **Exhibit B**

| | Note | For the period from 22 April 2021 to 31 December 2021 |
|---|---|---|
| | | SR. |
| Revenue, net | (15) | **84,986** |
| Cost of revenue | (16) | **(57,000)** |
| **Gross profit** | | **27,986** |
| General and administrative expenses | (17) | **(3,229,097)** |
| **(Loss) the period before the estimated zakat** | | **(3,201,111)** |
| Estimated Zakat | (11) | **(32,990)** |
| **(Loss) for the period** | | **(3,234,101)** |
| **Other comprehensive income** | | |
| **Items that will not be reclassified subsequently to profit and loss:** | | |
| Re-measurement gain of defined employees benefits obligation | | -- |
| **Total comprehensive (loss) for the year – Exhibit C** | | (3,234,101) |
| **(Loss) per share for the period** | (18) | (3.23) |

**The Accompanying Notes from (1) to (26) Constitute an Integral Part of These Financial Statements**

**Asyaf Investment Company**
**Saudi Closed Joint Stock Company**
**Kingdom of Saudi Arabia**
**Statement of Changes in Shareholder Equity**
**For the Period from 22 April 2021 to 31 December 2021**

**Exhibit C**

| | Capital | Accumulated (loss) | Total |
|---|---|---|---|
| | SR. | SR. | SR. |
| Capital deposit | 10,000,000 | -- | 10,000,000 |
| (Loss) for the period – Exhibit B | -- | (3,234,101) | (3,234,101) |
| Other comprehensive income | -- | -- | -- |
| **Total comprehensive (loss) for the period – Exhibit B** | -- | (3,234,101) | (3,234,101) |
| **Shareholders' Equity as at 31 December 2021 – Exhibit A** | 10,000,000 | (3,234,101) | 6,765,899 |

**The Accompanying Notes from (1) to (26) Constitute an Integral Part of These Financial Statements**

**Asyaf Investment Company**
**Saudi Closed Joint Stock Company**
**Kingdom of Saudi Arabia**
**Statement of Cash Flows**
**For the Period from 22 April 2021 to 31 December 2021** **Exhibit D**

| | For the period from 22 April 2021 to 31 December 2021 |
|---|---|
| | SR. |
| **Cash Flow from Operating Activities** | |
| (Loss) for the period | (3,234,101) |
| **Adjustment for Non-Cash Expenses** | |
| Depreciation of property, plant and equipment | 32,821 |
| Allocated to expenses from employees benefits obligation | 69,446 |
| Provision for estimated Zakat allocated to expenses | 32,990 |
| | (3,098,844) |
| **Changes in Assets and Operating Liabilities** | |
| Other debit balances | (1,149,101) |
| Other credit balances | 45,360 |
| **Net cash (used in) operating activities** | (4,202,585) |
| **Cash Flows from Investing Activities** | |
| Purchase of property, plant and equipment | (4,770,869) |
| Addition of projects in progress | (3,377,150) |
| **Net cash (used in) Investing activities** | (8,148,019) |
| **Cash Flows from Financing Activities** | |
| Net movement of related parties | 4,318,228 |
| Capital deposit | 10,000,000 |
| **Net cash from financing activities** | 14,318,228 |
| **Net increase in cash and cash equivalents** | 1,967,624 |
| Cash and cash equivalents, beginning of the period | -- |
| **Cash and cash equivalents, end of the period – Exhibit A** | 1,967,624 |

**The Accompanying Notes from (1) to (26) Constitute an Integral Part of These Financial Statements**

**1- Formation and Nature of Business:**

**Asyaf Investment Company – Saudi Closed Joint Stock Company** – (referred to hereinafter as the "Company") was established in Riyadh, under commercial registration No.1010690435 dated 16/07/1442H. to practice arranging securities, providing advice in securities and managing investments.

The company also obtained the approval of the Capital Market Authority to start practicing the activities of managing investments, arranging and providing advice in securities business on 25/08/2021.

The accompanying financial statements represent assets, liabilities and results of operation of the above-mentioned commercial registration only.

**2- The head office's registered address is as follows:**

Riyadh – Al-Nada District, Al-Thumama Road, Building No.3385
Po. Box 8398: 1317
Kingdom of Saudi Arabia

**3- Basis of Preparation:**

**Statement of Compliance with IFRS:**

Then financial statement were prepared in accordance with International Financial Reporting Standard (IFRS) and interpretations issued by the IFRS Interpretations Committee and the International Accounting Standards Board (IASB) adopted in the Kingdom of Saudi Arabia in addition to other standards issued by the Saudi Organization of Chartered and Professional Accountants (SOCPA) (hereinafter referred to as IFRS adopted in KSA).

**Basis of Presentation and Measurement:**

These financial statements have been prepared on the historical cost basis and using the accrual basis at the financial position date.

**Functional Currency, Presentation Currency and Foreign Currency Conversion:**

The financial statements are presented in Saudi Riyals (SR.), which is the Company's functional currency.

Transactions in foreign currencies are originally recorded at spot rates of functional currencies at the relevant transaction date. Monetary assets and liabilities denominated in foreign currencies are converted at the spot exchange rates of functional currencies at the preparation date of financial statements.

Differences arising from the payment or transfer of monetary items are recognized in profit or loss.

Non-monetary items that are measured at historical cost in a foreign currency are converted at the exchange rates prevailing at the dates of initial transactions. Non-monetary items that are measured at fair value in foreign currencies are converted using exchange rates prevailing at fair value measurement date. Gains or losses arising from conversion of non-monetary items that are measured at fair value are processed in consistency with recognition of profit or loss as a result of a change in the fair value of such item.

**Fair Value Measurement:**

Fair value is the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or liability is measured assuming that market participants will benefit when pricing the assets and liabilities and will act in their best economic interests.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses evaluation methods appropriate to circumstances, for which sufficient data are available to measure fair value, along with increasing use of observable inputs and reducing use of non-observable inputs.
All assets and liabilities measured at fair value or disclosed in financial statements are classified under the below fair value hierarchy levels and based on the lowest level inputs that are significant to measuring fair value as a whole:

- Level 1: Quoted prices in an active market for similar assets or liabilities.
- Level 2: Evaluation methods from which the lowest level inputs that are significant to measuring fair value, are observable whether directly or indirectly.
- Level 3: Evaluation methods for which the lowest level inputs that are significant to measuring fair value, non-observable.

For the purpose of fair value disclosures, the Company identified categories of assets and liabilities based on the nature, characteristics and risks of those assets or liabilities and the above fair value hierarchy levels.

## 4- Use of Accounting Estimates, Judgments and Assumptions:

Preparation of these financial statements in accordance with IFRSs requires using estimates, judgments and assumptions that may affect amounts of assets, liabilities and disclosures of contingent assets and liabilities at the financial position date, as well as amounts of income and expenses recorded during the related period. Although these estimates are based on best information available to the Management on events and activities, but the final results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis and the effect of changes in accounting estimates is disclosed in the period in which they occur and the affected future periods. The following are the key assumptions and main sources of estimation uncertainty at financial position date, which have a significant impact that may lead to material future adjustments.

Estimated Useful Lives of, Property, Plant and Equipment:

The cost of property, plant and equipment is depreciated on a systematic basis over the estimated useful lives of these assets. The Management reviews the useful lives and depreciation method annually to ensure that it reflects the expected benefit. The management review the assets useful life and the expected residual value at least once a year. At the end of every year the future depreciation will adjust if the management find that the useful life different from previous estimations.

Employee Benefits Obligation:

These benefits represent employees' end of service benefits (EoSB) program. Amounts payable under Saudi Labor Law are calculated to indemnify employees for their accumulated periods of service. Company's net liabilities in respect of unfunded defined benefit for employees are calculated as the amount of future benefits that the employee receives relating to employee service in the current and prior periods. The benefits are discounted to determine the present value and any past unrecorded service costs.

Estimated Zakat:

Zakat fees on ordinary activities are the sum of total Zakat. The calculation of Zakat on the Company necessarily includes a degree of estimation in respect of certain items that cannot be determined definitively until a decision is reached with the Zakat, Tax and Customs Authority (ZATCA) or according to the relevant legal decisions. The final settlement of some of these items may result in profits, losses or cash flows.

Provisions:

Provisions are recognized when the Company has a liability (legal or constructive) arising from a past event and there is a possibility that costs to settle the obligation will arise which can be reliably measured. When the Company expects to receive compensation for some or all of the provision- for example, under an insurance contract - compensation is recognized as an independent asset but only in the event that the compensation is actually confirmed. Expenses relating to the provision are presented in the statement of profit or loss, net of any compensation.

## 5- Summary of Significant Accounting Policies:

The significant accounting policies applied by the company in the preparation of these financial statements are consistently applied as follows:

**Current and Non-Current Classification of Assets and Liabilities:**

The company presents its assets and liabilities in the statement of financial position as "current / non-current". Assets shall be deemed current:

- When it is expected to be realized in, or is intended for sale or consumption in, the normal operating cycle;
- When it is expected to be realized within twelve months after the reporting period, or
- When it is cash and cash equivalents, unless it is restricted from being exchanged or used to settle any liabilities for at least twelve months after the reporting period.

All other assets shall be classified as non-current.

Liabilities shall be deemed current when they mature within twelve months after the reporting period.

The Company classifies all other liabilities as non-current liabilities.

Deferred tax assets and liabilities are classified as non-current assets and non-current liabilities.

**Property, Plant and Equipment:**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment (if any). Depreciation is calculated on the basis of the estimated useful life of the asset using the straight-line depreciation method. At the end of each financial year, the estimated useful lives and the expected salvage value of these assets are reviewed.

Asset sold or derecognized and amortization thereof are removed from the accounts on the date of sale or disposal. The estimated useful lives of property, plant and equipment are as follows:

| Assets | Depreciation Ratio |
|---|---|
| Electronic and equipments | 20% |
| Furniture and fixtures | 10% |

At each financial position date, the company considers whether there are indications of impairment in value of non-current assets. When such indicators exist, the recoverable amount of that asset is estimated to determine the extent of loss. In cases where the recoverable amount of that asset cannot be individually estimated, the Group estimates the recoverable amount of the cash-generating unit (GCU) to which that asset belongs.

Where the recoverable amount of an asset or a GCU is estimated to be less than its carrying amount, the cost of that asset or GCU is reduced to its recoverable amount and the impairment loss is recognized as an expense in the statement of income for the financial year in which it occurs. If an impairment loss is subsequently reversed, the cost of asset or GCU is increased to its recoverable amount, to the extent that its cost should not exceed the original cost that would have been determined had the impairment loss not been recognized in the value of that asset or GCU in previous years. The reversal of an impairment loss is recognized as revenues in the statement of income for the financial period in which it is incurred.

**Related Parties:**

Related parties are identified by the Company in accordance with the definition in international standard no. 24 "Related parties disclosures". A related party transaction is a transfer of resources, services or obligation between the Company's branch and a related party regardless of whether a price is charged. Terms and conditions of these transactions are approved by the Company management.

**Revenue recognition:**

- ◊ Asset management fees are recognized based on a certain percentage of the net asset value of the fund. The company, by virtue of managing the funds, calculates administrative fees, subscription fees and custody fees at certain percentages based on the agreements for each fund.
- ◊ Portfolio fees, advisory services, custody fees, and services that are presented in the other income account are recorded based on the nature of the contracts under which these services fall.
- ◊ Commissions are recognized on the accrual basis of accounting.
- ◊ The revenue recognition policy for financial instruments is clarified in the related note.

**Expenses:**

Selling and distribution expenses represent expenses resulting from sales, marketing and distribution efforts. All other expenses, excluding direct costs and financing expenses, are classified as general and administrative expenses. Selling, distribution and general and administrative expenses are recognized on the accrual basis in the period in which they are incurred. Joint expenses are allocated between the cost of revenue, selling and distribution expenses and general and administrative expenses on a systematic basis, if necessary.

**Zakat Provision:**

Zakat shall be separately calculated and recognized in the statement of income for each financial period in accordance with regulations of the Zakat, Tax and Customs Authority (ZATCA). Zakat shall be settled upon receipt of the final Zakat assessment. Differences between zakat provision and final assessment made by the Zakat, Tax and Customs Authority are charged to the income statement at the time of receipt of the final Zakat assessment.

**Value-Added Tax (VAT):**

VAT represents 15% of the total sales value and 15% is deducted for the paid inputs and the difference is then paid to ZATCA.

**Financial Instruments:**

A financial instrument is any contract that gives rise to a financial asset of one entity or financial liabilities or equity instrument of another entity.

Financial Assets:

Financial assets include:

- Cash
- A contractual right to receive a financial asset from another entity (receivables)
- A contractual right to exchange financial instruments with another entity under favorable conditions of entity.
- A non-derivative contract where the entity is or may be required to receive a variable number of entity's own equity instruments.

Classification and Initial Recognition:

An entity classifies its financial assets in the following measurement categories:

- Financial assets that are subsequently measured at fair value (either through statement of income (FVSI) or other comprehensive income (FVTOCI))
- Financial assets measured at amortized cost.

Classification is based on the business model used in the entity for managing financial assets and contractual terms of cash flows.

For assets measured at fair value, gains or losses are recognized either in the statement of income or other comprehensive income. For investment in debt instruments, it depends on the business model of this investment. For investment in equity instruments, it depends on whether the entity has made an irrevocable choice at the time of initial recognition of equity instruments at FVTOCI. The entity reclassifies debt instruments only when its business model changes to manage those assets.

At initial recognition, an entity measures its financial assets (not classified as fair value through statement of income) at fair value plus transaction costs directly attributable to the acquisition of financial assets. In the case of financial assets classified as at FVSI, transaction costs are recognized in the statement of income.

Subsequent Measurement of Financial Assets:
Equity Instruments:

- All equity investments are to be measured at fair value and if the entity's management decides to present fair value gains or losses on equity investments within other comprehensive income, thengainsl (losses) on fair values cannot be reclassified subsequently in the statement of income. Dividend from the investment are recognized as income when the entity's right to receive payments is established.
- Impairment losses and reversal of impairment losses on equity investments measured at FVTOCI are not treated separately from other changes in fair value.
- Changes in the fair value of financial assets at (FVTPL) are recognized in other income in the statement of income as appropriate.

Debt Instruments:
Subsequent measurement for debt instruments is based on the entity's business model for asset management and cash flow characteristics of assets. There are three measurement categories and the entity classifies debt instruments by:

- Amortized cost:
  Financial assets held for contractual cash flows represent the original investment and related interest thereon and are measured at amortized cost. Gains or losses on debt instruments at amortized cost that are not part of a hedging relationship are recognized in profit or loss when it is derecognized or impaired.
  Interest income from financial assets is recognized using the effective interest rate method.

- Fair value through other comprehensive income (FVOCI):
  Financial assets held for contractual cash flows and for sale, where cash flows represent the investment asset and interest thereon and are measured at FVOCI.

  Changes in fair value are recognized through other comprehensive income except for the recognition of gains or losses relating to impairment, interest income and foreign exchange gains / losses in the statement of income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is transferred from equity to income statement, recognized as other gains or losses and interest income from financial assets and treated as financial interest using the effective interest rate method.

- Fair value through statement of income (FVSI):
  Assets that do not meet amortized cost or FVOCI are measured at fair value through statement of income. Gains or losses arising from subsequent measurement of investment in debt instruments are recognized at fair value through statement of income that is not part of a hedging relationship within the statement of income. They are recognized as net gains or losses in the period in which they arise. Interest income from these financial assets is recognized as financial interest.

Effective Interest Method:
The effective interest method is a method for calculating the amortized cost of a debt instrument and allocating interest revenue over the relevant period. The effective interest rate is the rate that discounts future cash payments received through the life expectancy of the debt instrument or, if appropriate, in the shorter period to carrying amount at initial recognition.

Impairment:

- The entity assesses expected future credit losses for financial assets at amortized cost and FVOCI. The impairment methodology applied depends on whether there is a significant increase in credit risk.
- For trade receivables only, the entity applies the "simplified approach" permitted by IFRS 9, which requires the recognition of lifetime expected losses in initial recognition of receivables.

**Interest income**

Income is recognized for all financial instruments measured at amortized cost using the effective interest rate, which is the rate that exactly discounts expected future cash flows over the life of the financial instruments or for shorter periods, or, where appropriate, to their actual value.

When the loan and receivables are impaired, the company reduces the carrying amount to the recoverable amount, which represents the estimated future cash flow discounted at the instrument's original effective interest rate, and continues to amortize the discount as interest income Interest income is recognized on the impaired financial assets using the effective interest rate.

**Financial Liabilities:**

Financial liabilities include:

- A contractual obligation to deliver cash or another financial asset to another entity.
- A contractual obligation to exchange financial instruments with another entity under conditions that are potentially unfavorable to the entity.
- A non-derivative contract where the entity is obliged to provide a variable number of entity's own equity instruments.

Initial Recognition:

Financial liabilities are recognized initially at fair value. The financial liabilities of the entity include trade payables, other payables and long-term loans from the government at a lower market rate.

Subsequent Measurement:

The entity classifies all financial liabilities after initial recognition at amortized cost.

Offsetting Financial Instruments:

Financial assets and liabilities shall be offset and the net amount presented in the statement of financial position only when there is a current enforceable right to settle the amounts recognized and when there is an intention to settle on a net basis or to liquidate assets and settle liabilities simultaneously.

Disposal of Financial Assets and Liabilities:

- An entity derecognizes a financial asset only when the contractual rights to cash flows from the asset expire or when it transfers the financial asset and all the risks and rewards of ownership thereof to another party. If an entity neither transfers nor retains all risks and rewards of ownership and continues to control the asset, the entity recognizes its share held in the asset and the liability for the amounts it may pay. If an entity retains substantially all risks and rewards of ownership of the financial asset, the entity continues to recognize the financial asset and recognize the associated liability.
- On derecognition of a financial asset measured at amortized cost, the difference between the carrying amount of the asset and the amount of the consideration received and receivable is recognized in the statement of income. In addition, upon derecognition of an investment in a debt instrument classified as FVOCI, the cumulative gain or loss previously recognized in the revaluation reserve is reclassified to profit or loss. Upon derecognition of an investment in equity instruments that the Company has chosen to recognize initially by measuring at (FVOCI), the cumulative gain or loss recognized in the investment revaluation reserve is not classified as profit or loss, but are converted to retained earnings.
- Financial liabilities are derecognized only when the liabilities are discharged, canceled, expired or invalidated. The difference between the carrying amounts of the financial liabilities and the amounts paid and required, including any non-monetary assets transferred or liabilities recognized in the statement of income, is recognized.

**Post-Employment Benefits:**

The Company's post-employment benefits include monthly contributions to General Organization for Social Insurance (GOSI) and gratuity scheme as per the requirements of Kingdom of Saudi Arabia regulations.

GOSI:
The monthly contributions to GOSI (separate entity) are categories as a defined contribution plan. The Company recognizes its portion of fixed contribution to GOSI every month as expense. The Company has no legal or constructive obligation to pay any further contribution, its only obligation is to pay the contribution as it falls due.

Gratuity:
The Company's end of service benefits program is classified as a defined benefit plan. This program is considered unfunded, and the liability recognized in the statement of financial position related to the defined benefit end-of-service benefit program is represented by the present value of the defined benefit obligation at the end of the reporting period.

The defined benefit obligation is computed annually by an independent actuary using the projected unit credit method, and the actuarial gains and losses arising from actuarial assumptions are recorded in the statement of other comprehensive income in the period in which they arise. Past service costs, current service costs, and net interest are recognized immediately in the income statement.

**Provisions:**
Provisions are recognized when the Company has a liability (legal or constructive) arising from a past event and there is a possibility that costs to settle the obligation will arise which can be reliably measured. When the Company expects to receive compensation for some or all of the provision- for example, under an insurance contract - compensation is recognized as an independent asset but only in the event that the compensation is actually confirmed. Expenses relating to the provision are presented in the statement of profit or loss, net of any compensation.

**Finance costs**
The financing costs directly attributable to the creation of the qualifying assets are added to the cost of those assets using a capitalization rate until the stage of completion of all activities necessary to prepare the qualifying asset for the specific purpose of its use. Eligible assets are those that require a long period of time to get ready for use for their intended purpose. All other finance costs are recognized in the income statement in the period in which they are incurred.

## 6- Standards and Interpretations issued but not yet effective:

The Company has not early adopted any of the following new and revised standards:

| Standard or Interpretation No. | Description | Effective date |
|---|---|---|
| IFRS (17) Insurance Contracts. | IFRS (17) was issued in May 2017 as replacement for IFRS (4) Insurance Contracts.<br>It requires a current measurement model where estimates are remeasured in each reporting period.<br>Contracts are measured using the building blocks of:<br>• discounted probability-weighted cash flows<br>• an explicit risk adjustment, and<br>• a contractual service margin (CSM) representing the unearned profit of the contract which is recognized as revenue over the coverage period.<br>IFRS (17) requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts | January 1, 2023 (deferred from January 1, 2021). |
| Amendments to IAS (16) Property, Plant and Equipment. | The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. | January 1, 2022. |
| Reference to the Conceptual Framework (Amendments to IFRS 3). | Minor amendments were made to IFRS 3 to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The amendments also confirm that contingent assets should not be recognized at the acquisition date. | January 1, 2022. |
| Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37). | The amendments specify that the "cost of fulfilling" a contract comprises the "costs that relate directly to the contract". Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). | January 1, 2022. |
| IFRS Standards 2018-2020. | Annual Improvements to IFRS 9, IFRS 16, IFRS 1 and IAS 41. | January 1, 2022. |

| | | |
|---|---|---|
| Classification of Liabilities as Current or Non-Current Amendments to IAS (1). | The amendments to Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date . The amendments in Classification of Liabilities as Current or Non-current (Amendments to IAS 1) affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. | January 1, 2023 (deferred from January 1, 2022). |
| Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2). | The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, International Accounting Standards Board (IASB) has also developed guidance and examples to explain and demonstrate the application of the "four-step materiality process" described in IFRS Practice Statement 2. Once the entity applies the amendments to IAS 1, it is also permitted to apply the amendments to IFRS Practice Statement (2). The amendments are to be applied prospectively | January 1, 2023. |
| Definition of Accounting Estimates (Amendments to IAS 8). | On February 12, 2021, the International Accounting Standards Board (IASB) published "Definition of Accounting Estimates ".<br>The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. | January 1, 2023 |
| Deferred Tax related to Assets and Liabilities arising from a Single transaction (Amendments to IAS 12 Income Taxes ) | The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and affected entities would be requiring recognition of additional deferred tax assets and liabilities.<br>That means the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. | January 1, 2023 |

| | | |
|---|---|---|
| Initial Application of IFRS 17 and IFRS 9 — Comparative Information (Amendment to IFRS 17) | The Amendment permits entities that first apply IFRS 17 and IFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before. | January 1, 2023 |
| IFRS 10 and IAS 28 amendments. Sale of contribution between an investor and its associate or joint venture. | The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. | Indefinite effective date/early adoption permitted. |

Management anticipates that the adoption of the above standards and interpretations in future periods will have no material impact on the financial statements of the Company.

**7- Cash and Cash Equivalents:**

This item represents current accounts with local banks in Saudi Riyal as of 31 December 2021.

**8- Other Debit Balances:**

The details of this item are as follows:

| | **31 December 2021** |
|---|---|
| | **SR.** |
| Advances payment in investing funds | **406,243** |
| Value added tax | **339,093** |
| Insurance | **141,042** |
| Staff advances and receivables | **23,899** |
| Accrued revenue | **84,986** |
| Rent | **53,375** |
| Other | **100,463** |
| **Total – Exhibit A** | **1,149,101** |

**9- Property, Plant and Equipment:**

The details of the cost and accumulated depreciation as of 31 December 2021 are as follows:

| | **Lands** | **Electronic and equipments** | **Furniture and fixtures** | **Total** |
|---|---|---|---|---|
| **Cost** | | | | |
| Addition during the period | 4,394,634 | 140,440 | 235,795 | 4,770,869 |
| **Balance as at 31/12/2021** | **4,394,634** | **140,440** | **235,795** | **4,770,869** |
| **Accumulated depreciation** | | | | |
| Depreciation for the period | -- | 17,182 | **15,639** | **32,821** |
| **Balance as at 31/12/2021** | -- | 17,182 | **15,639** | **32,821** |
| **Property, plant and equipment, net at 31/12/2021 – Exhibit A** | **4,394,634** | **123,258** | **220,156** | **4,738,048** |

**10- Projects in Progress:**

a) This item represents the amounts paid to prepare the company's building, and the movement on this account was as follows:

| | **31 December 2021** |
|---|---|
| | **SR.** |
| Additions during the period | **3,377,150** |
| **Balance at the end of the period – Exhibit A** | **3,377,150** |

b) The value of the contractual obligations on the projects in progress amounted to SR.689,136 as of 31 December 2021.

## 11- Estimated Zakat Provision:

a) The components of the Zakat base are as follows:

| | 31 December 2021 |
|---|---|
| **Zakat fund Subject (positive)** | **SR.** |
| Capital | **10,000,000** |
| Related parties | **4,318,228** |
| **Total funds subject to Zakat** | **14,318,228** |
| | |
| **Less: (Negative Fund)** | |
| Adjusted (loss) for the period – Note (11/b) | **(3,131,665)** |
| Non-current assets | **(8,115,198)** |
| **Zakat base** | **3,071,365** |
| **Zakat accrued:** | |
| Zakat base without adjusted net (loss) @ 1.794% | **111,282** |
| **Add**: Adjusted net (loss) @ 2.5% | **(78,292)** |
| **Zakat Provision - Note (11/c) – Exhibit B** | **32,990** |

b) Adjusted net (loss) for the period:

| | 31 December 2021 |
|---|---|
| | **SR.** |
| (Loss) for the period before estimated Zakat – Exhibit B | **(3,201,111)** |
| Provision | **69,446** |
| **Adjusted net (loss) for the period – Note (11/a)** | **(3,131,665)** |

c) The movements in provision for estimated Zakat are as follows:

| | 31 December 2021 |
|---|---|
| | **SR.** |
| Allocated to expenses – Note (11/a) | **32,990** |
| **Balance at end of the period – Exhibit A** | **32,990** |

d) The company obtained a zakat certificate for the year ended 31 December 2021, valid till 28 July 2022.

## 12- Related Parties:

The company deals in its ordinary course of business with related parties which include entities related to the shareholders. The transactions with related parties occurred at prices and payment condition estimated and approved by the company's management; the transactions on related parties account are as follows:

a) Due to a related party:

| Name of related party | Nature of relationship | 31 December 2021 |
|---|---|---|
| | | **SR.** |
| Mr.Ayman Khaled Al-Ateeqi | Shareholder | **4,318,228** |
| **Total – Exhibit A** | | **4,318,228** |

b) The major transactions:

| Name of related party | Nature of relationship | Type of transaction | 2021 |
|---|---|---|---|
| | | | **SR.** |
| Mr.Ayman Khaled Al-Ateeqi | Shareholder | Finance | **3,500,000** |
| | | Salaries | **456,984** |

c) The related party account does not carry interest and does not have a fixed due date.

## 13- Long-Term Defined Employee Benefit Obligations:

a) The Company has an employees defined benefits scheme for its employees (the "members"). The scheme entitles the members to a lump sum payment related to length of service and salary at the time of retirement, resignation or death. The scheme funded by the company from contribution by the employer towards the discharge of Company's obligation under the scheme. This scheme are being ruled by the Labor Law in the Kingdom of Saudi Arabia.

The obligation recognized in the statement of financial position related to end of service indemnity represents the present value of the defined benefit obligations at the end of the reporting period. Defined benefit obligations are being calculated annually by independent actuary using the projected unit credit method.

Past cost service, current cost service, interest and actuarial gain or losses for the program (if any) are recognized in the income statement.

The amounts recognized in the statement of financial position and the statement of comprehensive income are summarized in the below schedule:

| | **31 December 2021** |
|---|---|
| | **SR.** |
| Present value of obligations recognized in the statement of financial position | **69,446** |
| Cost of service and interest recognized in the statement of income | **69,446** |

b) The movement in the defined benefit obligation during the year is as follows:

| | **31 December 2021** |
|---|---|
| | **SR.** |
| Balance at beginning of the period | -- |
| Cost of service | **69,446** |
| **Balance at End of the period – Exhibit A** | **69,446** |

## 14- Capital:

The company's capital amounting to SR.10,000,000 is divided into (1,000,000) ordinary cash shares with par value of SR.10 per share.

## 15- Revenues:

This item consists of the following:

| | **2021** |
|---|---|
| | **SR.** |
| Management fees | **42,493** |
| Consulting fees | **42,493** |
| **Total – Exhibit B** | **84,686** |

## 16- Cost of Revenues:

| | **2021** |
|---|---|
| | **SR.** |
| Salaries, wages and other related | **57,000** |
| **Total – Exhibit B** | **57,000** |

## 17- General and Administrative Expenses:

This item consists of the following:

| | For the period from 22 April 2021 to 31 December 2021 |
|---|---|
| | SR. |
| Wages, salaries and related costs | 1,777,252 |
| Fees and subscription | 303,562 |
| Professional and legal fees | 230,900 |
| Rent | 123,228 |
| Insurance | 102,143 |
| Social insurance | 173,046 |
| Depreciation of property plant and equipment – Note (9) | 32,821 |
| Supplies | 91,992 |
| Employee benefits obligation – Note (13) | 69,446 |
| Others | 324,707 |
| **Total – Exhibit B** | **3,229,097** |

## 18- Loss Per Share:

The loss per share is calculated by dividing the loss for the period by the weighted average number of shares outstanding of 1,000,000 shares.

## 19- Financial Risk Management:

The Company's activities expose it to a variety of financial risks. Market risk, credit risk and liquidity risk. The company's comprehensive risk management program focuses on the unpredictability of financial markets and seeks to minimize potential negative effects on the company's financial performance.

The financial instruments included in these financial statements mainly consist of cash and cash equivalents, prepaid expenses and other debit balances, due to related parties, accrued expenses and other liabilities and accrued management fees. The recognition methods adopted are disclosed in the individual policy statements associated with each component. Compensation is made for financial assets and liabilities and the net amounts included in the financial statements, when the company has a legally enforceable right to disburse the recognized amounts and intends either to settle on a net basis, or to realize the assets and liabilities at the same time.

### Market Risk:

Market risk represents the risk arising from changes in market prices such as foreign exchange rates and commission rates that may affect the Group's income. The objective of market risk management is to manage and monitor market risk exposures in the context of acceptable levels while maintaining returns.

### Credit Risk:

The Company is exposed to credit risk, which is the risk that one party to the financial instruments causes a loss to the other party through non-fulfillment of the commitment from the related parties. The Company is exposed to credit risk with respect to due from related parties and cash deposited in bank balances.

The company's policy is to enter into financial instrument contracts with reputable third parties. A company is called to reduce credit risk by monitoring credit exposures. Limiting transactions with specific third parties and continuously assessing the creditworthiness of other parties. Cash is deposited with a reputable financial institution.

**Liquidity risk:**

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments.

The company's management monitors liquidity requirements by ensuring that sufficient funds are available to meet any obligations as they arise, either through new subscriptions, liquidation of the investment portfolio or by taking short-term loans.

## 20- Fair Values of Financial Instruments:

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

**Determination of fair value and fair value hierarchy**

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy.

This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole. It has different levels as follows:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

**Fair value of financial instruments:**

The valuation of each publicly traded investment is based upon the closing market price of that stock as of the valuation date, less a discount if the security is restricted. Fair values of private equity investments and mutual funds classified in Level 3 are determined based on the investees' latest reported net assets values as at the date of statement of financial position taking into account the fair value of underlying investments by the fund. Fair values of other investments (including sukuks) classified in Level 3 are determined based on discounted cash flows, which incorporate assumptions regarding an appropriate credit spread. The carrying values of all other financial assets and liabilities approximate their fair values.

**Transfer between fair value hierarchies:**

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Company determines the policies and procedures for both recurring fair value measurement, and for non-recurring measurement. There were no transfers in between levels during the period ending 31 December 2021.

## 21- Fiduciary Assets:

Customer cash accounts

In accordance with the Capital Market Authority Regulations for Authorized Persons that require segregation of customer accounts, the company has balances in various accounts with a local bank to carry out the activities of dealing, management and custody. Clients' funds held by the company amounted to SR.25,500,000 as of 31 December 2021G. In line with the company's accounting policy, these balances are not included in the financial statements.

## 22- Regulatory Capital Requirements and Capital Adequacy:

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:

| Description | 2021<br>SR. |
|---|---|
| **Capital base:** | |
| Level -1 capital | 10,000,000 |
| Level -2 capital | -- |
| **Total Capital Base** | 10,000,000 |
| **Minimum Capital Requirement:** | |
| Market risk | 39,352 |
| Credit risk | 3,946,099 |
| Operational risk | 3,286,098 |
| **Total Minimum Capital Requirement** | 7,271,550 |
| **Surplus** | 2,728,450 |
| **Capital Adequacy Ratio** | 1.38 |

## 23- Financial Assets and Liabilities:

| | 2021<br>SR. |
|---|---|
| **Financial assets measured at amortized cost less impairment in value:** | |
| Cash and cash equivalents | 1,967,624 |
| Other debit balances | 23,899 |
| **Total** | 1,991,523 |
| **Liabilities measured at amortized cost** | |
| Accounts payable and other credit balances | 45,360 |
| Due to related party | 4,318,228 |
| **Total** | 4,363,588 |

## 24- Significant events:

At the beginning of the year 2020, the Corona virus (Covid 2019) appeared as a global pandemic, which caused a state of instability in the global economy as a whole. At this early stage, the company evaluates any potential impacts on the financial statements, whether with regard to the negative effects of the virus on the business or the ability to pay debts, or with regard to the positive effects of servicing the facilities and support provided by the state to businesses affected by the spread of the virus, and changes in circumstances may require some disclosures related to them, including those on which the company's estimates are based on forecasting expected credit losses related to financial instruments.

## 25- Approval of Financial Statements for Issuance:

The financial statements have been approved for issuance by the Company's Board of Directors on 25 Shaban 1443H. corresponding to 28 March 2022 G.

## 26- General:

a) These are the first audited financial statements issued by the Company.
b) The figures in the financial statements are rounded to the nearest Saudi Riyal.