ASYAF INVESTMENT COMPANY
(A Saudi Closed Joint Stock Company)
FINANCIAL STATEMENTS
together with the
INDEPENDENT AUDITOR'S REPORT
For the year ended 31 December 2022

Index

KPMG Professional Services
Roshn Front, Airport Road
P.O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
واجهة روشن، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditors' Report

To the shareholders of Asyaf Investment Company

Qualified Opinion

We have audited the financial statements of **Asyaf Investment Company** ("the Company"), which comprise the statement of financial position as at 31 December 2022, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and of 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 the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Qualified Opinion

As described in note 7 to the financial statements, the Company's equity investments carried at fair value through profit or loss, include investment in Tom-Tom Food Company ("investee") of SR 3.525 million as at 31 December 2022. The Company's management has performed the fair-valuation of this investment using the discounted cash flow approach and has recognized an unrealized loss of SR 0.384 million in the statement of profit or loss and other comprehensive income during the year ended 31 December 2022 as a result of the fair valuation. The management has used certain assumptions such as weighted average cost of capital, terminal value growth rate and cumulative annual growth rate which in our view are not appropriate. It was impracticable for us to quantify the financial effects of the adjustments on the investments in the statement of financial position and any resulting impacts to the amounts of zakat expense and profit after zakat recognized in the statement of profit or loss and other comprehensive income as at and for the year ended 31 December 2022 had the management used the appropriate assumptions in determining the fair value of the investment.

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 Auditors' Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the International Code of ethics for Professional Accountants (Including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the 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 qualified opinion.

Other Matter

The financial statements of the Company as at and for the year ended 31 December 2021, were audited by another auditor who expressed an unmodified opinion on those financial statements on 28 March 2022.

Independent Auditors' Report

To the shareholders of Asyaf Investment Company (continued)

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 the SOCPA 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, Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditors' 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 auditors' 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 ISA 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 ISA 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 auditors' 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 auditors' 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.

Independent Auditors' Report

To the shareholders of Asyaf Investment Company (continued)

Auditors' 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 of **Asyaf Investment Company** ("the company").

KPMG Professional Services

Hani Hamzah A. Bedairi
License No. 460

Al Riyadh, 08 August 2024
Corresponding to: 04 Safar 1446H

ASYAF INVESTMENT COMPANY
(A Saudi Closed Joint Stock Company)
STATEMENT OF FINANCIAL POSITION
As at 31 December 2022
(Saudi Arabian Riyals)

	Note	**2022**	2021
ASSETS			
Property and equipment – net	5	**9,742,645**	8,115,198
Intangible assets	6	**690,981**	--
Investments	7	**4,662,125**	--
Non-current assets		**15,095,751**	8,115,198
Cash and cash equivalents	8	**15,244,615**	1,967,624
Receivable from customers	9	**594,506**	84,986
Advances, prepayments, and other receivables	10	**1,426,834**	1,064,115
Current assets		**17,265,955**	3,116,725
Total Assets		**32,361,706**	11,231,923
EQUITY AND LIABILITIES			
EQUITY			
Share capital	11	**10,000,000**	10,000,000
Advance against issuance of shares	12	**15,000,000**	--
Accumulated losses		**(3,075,345)**	(3,234,101)
Total equity		**21,924,655**	6,765,899
Liabilities			
Employees benefits	16	**244,906**	69,446
Non-current liabilities		**244,906**	69,446
Due to related party		**9,793,091**	4,318,228
Provision for Zakat	13	**28,388**	32,990
Accrued expenses		**370,666**	45,360
Current liabilities		**10,192,145**	4,396,578
Total liabilities		**10,437,051**	4,466,024
Total equity and liabilities		**32,361,706**	11,231,923

The accompanying notes from 1 to 26 form an integral part of these financial statements.

ASYAF INVESTMENT COMPANY
(A Saudi Closed Joint Stock Company)
STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2022
(Saudi Arabian Riyals)

	Note	**For the year ended 31 December 2022**	For the period from 22 April 2021 to 31 December 2021
REVENUE			
Revenue from contracts with customers	17	**7,439,448**	84,986
Unrealised loss on remeasurement of investments	7.1	**(702,421)**	--
Total revenue		**6,737,027**	84,986
EXPENSES			
General and administrative expenses	18	**(6,497,854)**	(3,286,097)
Provision against receivable from customers, deposits, and other receivables for the year / period	9.1 & 10	**(30,019)**	--
Total expenses		**(6,527,873)**	(3,286,097)
Profit / (loss) before Zakat for the year / period		**209,154**	(3,201,111)
Provision for Zakat expense	13	**(28,388)**	(32,990)
Profit / (loss) after Zakat for the year / period		**180,766**	(3,234,101)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement loss on defined employees' benefits obligation	16	**(22,010)**	--
Total comprehensive loss for the year / period		**158,756**	(3,234,101)

The accompanying notes from 1 to 26 form an integral part of these financial statements.

ASYAF INVESTMENT COMPANY
(A Saudi Closed Joint Stock Company)
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2022
(Saudi Arabian Riyals)

	For the year ended 31 December 2022			
	Share capital	**Advance against issuance of shares (refer note 12)**	**Accumulated losses**	**Total**
Balance at 1 January 2022	**10,000,000**	**--**	**(3,234,101)**	**6,765,899**
Advance against issuance of shares	**--**	**15,000,000**	**--**	**15,000,000**
Net profit for the year	**--**	**--**	**180,766**	**180,766**
Re-measurement loss on defined employees' benefit obligation	**--**	**--**	**(22,010)**	**(22,010)**
Balance at 31 December 2022	**10,000,000**	**15,000,000**	**(3,075,345)**	**21,924,655**

	For the period from 24 April 2021 to 31 December 2021			
	Share capital	Advance against issuance of shares	Accumulated losses	Total
Share issuance	10,000,000	--	--	10,000,000
Net loss for the year	--	--	(3,234,101)	(3,234,101)
Balance at 31 December 2021	10,000,000	--	(3,234,101)	6,765,899

The accompanying notes from 1 to 26 form an integral part of these financial statements.

ASYAF INVESTMENT COMPANY
(A Saudi Closed Joint Stock Company)
STATEMENT OF CASHFLOWS
For the year ended 31 December 2022
(Saudi Arabian Riyals)

	Note	**For the year ended 31 December 2022**	For the period from 22 April 2021 to 31 December 2021
CASHFLOW FROM OPERATING ACTIVITIES			
Profit / (loss) for the year / period		**180,766**	(3,234,101)
Adjustments for non-cash items:			
Depreciation on property and equipment	5	**271,164**	32,821
Provision for employee benefit obligation	16	**189,323**	69,446
Investments acquired against Arrangement fee	7	**(5,364,546)**	--
Provision for Zakat expense	13	**28,388**	32,990
Unrealised loss on re-measurement of investments	7.1	**702,421**	--
Expected credit loss allowance against receivable from customers, deposits and other receivables	9.2 & 10.1	**30,019**	--
		(3,962,465)	(3,098,844)
Movements in working capital			
Receivable from customers – net		**(532,735)**	(84,986)
Advances, prepayments, and other receivables – net		**(369,523)**	(1,064,115)
Accrued expenses		**325,306**	45,360
		(4,539,417)	(4,202,585)
Zakat paid	13	**(32,990)**	--
Employee benefits paid	16	**(35,873)**	--
Net cash used in operating activities		**(4,608,280)**	(4,202,585)
CASHFLOW FROM INVESTING ACTIVITIES			
Purchase of property and equipment	5	**(1,898,611)**	(8,148,019)
Addition to intangibles		**(690,981)**	-
Net cash used in investing activities		**(2,589,592)**	(8,148,019)
CASHFLOW FROM FINANCING ACTIVITIES			
Received from related parties		**5,474,863**	4,318,228
Share issuance		-	10,000,000
Advance against issuance of shares	12	**15,000,000**	-
Net cash generated from financing activities		**20,474,863**	14,318,228
Net increase in cash and cash equivalents		**13,258,991**	1,967,624
Cash and cash equivalents at the beginning of the year / period		**1,967,624**	--
Cash and cash equivalents at end of the year / period	8	**15,244,615**	1,967,624
Supplement non-cash information			
Investments acquired against Arrangement fee	7	**5,364,546**	--

The accompanying notes from 1 to 26 form an integral part of these financial statements.

1. INCORPORATION AND ACTIVITIES

Asyaf Investment Company (the “Company”) is a Saudi Closed Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia, under commercial registration No.1010690435 dated 16 Rajab 1442H (corresponding to 28 February 2021).

The objective of the company is to provide securities arrangement services, advisory services, and investment management services. The company obtained the approval of the Capital Market Authority to start practicing the above-mentioned activities on 25 August 2021.

The registered of the Company is as follows:

Building no. 3385
Al-Thumama Road,
Al-Nada district Riyadh, 1317
Kingdom of Saudi Arabia.

2. BASIS OF PREPARATION

a) Statement of Compliance

The financial statements of the Company 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 issued by Saudi Organisation for Chartered and Professional Accountants (“SOCPA”).

b) Basis of measurement, presentation, and functional currency

These financial statements have been prepared on a going concern basis under historical cost convention except for:

- measurement of investments at fair value, and
- employee benefits which are measured using actuarial techniques at present value.

These financial statements are presented in Saudi Arabian Riyals (“SR”), which is the presentation and functional currency of the Company. All amounts have been rounded to the nearest SR, unless otherwise stated.

c) Critical accounting estimates and judgments

The preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

<u>Fair value measurement</u>
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

2. BASIS OF PREPARATION (CONTINUED)

c) Critical accounting estimates and judgments (continued)

Fair value measurement (continued)

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

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.

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:

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; and

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis using level 1 or level 2 indicators, 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.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, unless otherwise indicated.

3.1 Cash and cash equivalents

Cash and cash equivalents comprise deposits with banks and highly liquid financial assets with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value and are used by the Company in the management of short-term commitments.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

3.2 Financial instruments

a) Classification of financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”).

Financial Asset at amortised cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

Financial Asset at FVOCI

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

On initial recognition, for an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income (“OCI”). This election is made on an investment-by-investment basis.

Financial Asset at FVTPL

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

Business model assessment

The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of ‘other’ business model and measured at FVTPL. Factors considered by the Company in determining the business model for a Company of assets include past experience on how the cash flows for these assets were collected, how the asset’s performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

3.2 Financial instruments(continued)

a) Classification of financial assets(continued)

Assessment whether contractual cash flows are solely payments of principal and interest
Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

b) Classification of financial liabilities

The Company classifies its financial liabilities, as measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium to issue the funds, and other cost that are integral part of the effective profit rate.

c) Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in statement of profit or loss.

Any cumulative gain/loss recognized in OCI in respect of equity investment securities designated as at FVOCI is not recognized in profit or loss on derecognition of such securities.

In transactions in which the Company neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Company continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

3.2 Financial instruments(continued)

d) Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized, and a new financial asset is recognized at fair value.

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses.

The Company does not have any financial assets modified during the year and thus this does not apply to the Company.

e) Expected Credit loss (ECL)

The Company recognizes provisions for ECL on the following financial instruments that are not measured at FVTPL:

- Cash and cash equivalents
- Receivable from customers
- Advances and other receivables

No impairment losses are recognized on equity investments.

The Company measures loss allowance at an amount equal to lifetime ECL, except for the following which are measured at 12-month ECL:

- Financial assets that are determined to have low credit risk at the reporting date; and
- Financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Company considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade’ or there is no prior history of default available with the company.

Measurement of ECL
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial instruments (continued)

e) Expected Credit loss (ECL) (continued)

Significant increase in credit risk

To determine whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and expert credit assessment and including an assessment of the change in probability of default (PD) as at the reporting date with the PD at the time of initial recognition of the exposure.

One of the key quantitative indicators used by the Company is the relative downgrade of the credit rating of the borrower, increase in days past due by 30 days or more and thereby the consequent change in the PD.

Using credit judgment and, where possible, relevant historical experience, the Company may determine that financial instrument has undergone a significant increase in credit risk based on particular qualitative indicators that considers are indicative of such and which effect may not otherwise be fully reflected in its quantitative analysis on a timely basis. The qualitative indicators include forbearance.

Definition of Default

The Company considers a financial asset to be in default when:

- The customers are unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- The financial asset is more than 90 days past due

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk. At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred including the fact that the financial asset is more than 360 days past due.

Presentation of allowance for ECL in the statement of financial position

Impairment allowances for ECL of receivable from customers and advances, deposits and other receivables presented in statement of financial position as a deduction of gross carrying amount of the assets.

Write-off

Financial assets are written off (either partially or in full) when there is no realistic prospect of recovery. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Property and Equipment:

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment (if any). Depreciation is calculated based on the estimated useful life of the asset using the straight-line depreciation method. The Company applies the following annual rates of depreciation to its property and equipment:

	Depreciation Ratio
Building	10%
Electronic and equipment	20%
Furniture and fixtures	10%
Vehicle	10%

An item of property and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

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

3.4 Intangible assets

The entity has recognised development cost as intangible asset upon demonstrating all the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- its intention to complete the intangible asset and use or sell it
- its ability to use or sell the intangible asset
- how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset
- the availability of adequate technical, financial, and other resources to complete the development and to use or sell the intangible asset
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Intangible assets (continued)

An intangible asset is derecognised on disposal (i.e., at the date the recipient obtains control), or when no future economic benefits are expected from use or disposal. Any gain or loss arising upon derecognition of the asset, (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income.

3.5 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, The Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit ("CGU") fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, The Company estimates the assets or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

3.6 Equity

Ordinary shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets. Cost directly attributable to the issuance of new equity shares are taken to equity as a deduction from the proceeds.

3.7 Employee benefits

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Provision for estimated Zakat

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.

3.9 Accrued expenses:

Accrued expenses are stated at cost which is the fair value of the consideration expected to be paid in future for the goods and services received.

3.10 Revenue recognition

The Company recognises revenue under IFRS 15 using the following five steps model:

Step 1:	Identify the contract with customer	A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2:	Identify the performance obligations	A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3:	Determine the transaction price	The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4:	Allocate the transaction price	For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
Step 5:	Recognise revenue	The Company recognises revenue (or as) it satisfies a performance obligation by transferring a promised good or service to the customer under a contract.

Identify the contracts with customers
The Company carefully evaluates the terms and conditions of the contracts with its customers because revenue is recognised only when performance obligations in contracts with customers are satisfied. A change in the scope or price (or both) of a contract is considered as a contract modification and the Company determines whether this creates a new contract or whether it will be accounted for as part of the existing contract.

Identify the performance obligations under the contract
Once the Company has identified the contract with a customer, it evaluates the contractual terms and its customary business practices to identify all the promised services within the contract and determine which of those promised services (or bundles of promised services) will be treated as separate performance obligations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Revenue recognition (continued):

Identify the performance obligations under the contract (continued)

The Company assess the services promised in a contract with a customer and identifies as a performance obligation either a:

a) service that is distinct; or
b) series of distinct services that are substantially the same and that have the same pattern of transfer to the customer (i.e. each distinct service is satisfied over the time and the same method is used to measure progress).

A service (or bundle of services) is distinct if the customer can benefit from the service on its own or together with other readily available resources (i.e., the service is capable of being distinct) and the service is separately identifiable from other promises in the contract (i.e., the service is distinct within the context of the contract).

The Company provides management and advisory services to its customers which are generally provided continuously over the contract period. Accordingly, the services in these contracts generally represent a single performance obligation. Fees charged from the customers are recognised as revenue in accordance with the agreed rate of each customer as the services are provided.

Further, the Company also provides the arrangement, dealing and subscription services which are generally provided at the point in time and accordingly, the services in these contracts generally represent single performance obligation. Fee charged from the customers are recognised as revenue in accordance with the agreed rate with the customers

Determine the transaction price

The Company determines transaction price as the amount which it expects to be entitled. It includes an estimate of any variable consideration, the effect of a significant financing component (i.e., the time value of money), the fair value of any non-cash consideration and the effect of any consideration paid or payable to a customer (if any). Variable considerations are limited to the amount for which it is highly probable that a significant reversal will not occur when the uncertainties related to the variability are resolved.

Management determines transaction prices for its following revenue streams as mentioned below:

- Transaction price in respect of arrangement services and dealing services is generally fixed as the agreement with the funds
- Transaction price in respect of subscription fee received by the Company is generally fixed as per the subscription form signed by the customers
- In respect of Management fee and advisory fee received by the Company, transaction price is determined to be based on fixed percentage of customer account balance.
- In respect of income from funds, transaction price is determined to be based on fixed percentage of funds' daily NAV.

Accordingly, there is no variability in the above considerations to which the Company is entitled.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Revenue recognition (continued)

Allocate the transaction price

Once the performance obligations have been identified and the transaction price has been determined, transaction price is allocated to the performance obligations, generally in proportion to their stand-alone selling prices (i.e., on a relative stand-alone selling price basis). When determining stand-alone selling prices, the Company is required to use observable information, if available. If stand-alone selling prices are not directly observable, the Company makes estimates based on information that is reasonably available.

Satisfaction of performance obligations

Revenue is recognised only when the Company satisfies a performance obligation by transferring control of a promised service to the customer. Control may be transferred over time or at a point in time. Where a performance obligation is satisfied overtime, the Company identifies the progress under the contract based on either of an input or output method which best measures the performance completed to date. The method selected is applied consistently to similar performance obligations and in similar circumstances.

The Company fulfils its performance obligations in its contracts with customers at a point in time in case of arrangement fee, dealing fee and subscription fee whereas performance obligations in its contracts with customers over the time in case of management fee, advisory fee and income from funds and hence it recognises revenue as and when it fulfils its obligations under contracts with customers.

Based on the above five steps the revenue recognition policy for each revenue stream is as follow:

Arrangement and dealing fee
Arrangement and dealing fee are recognised when the related transactions are executed on behalf of the funds at the price agreed in the contract with the funds, net of discounts and rebates (if any). The performance obligation of the Company is satisfied at the point when the Company carries out the transaction, which triggers immediate recognition of the revenue, as the Company will have no further commitments.

Subscription fee
Subscription fee is recognised when the customer has opted to subscribe to the Fund, the performance obligation of the Company is satisfied at the point when the funds from the customer account has been transferred to the Fund subscribed by the customer.

Management and advisory fee
Asset management fees are recognised over the time based on a fixed percentage of investment amount of the customers under management (“asset-based”). The Company attributes the revenue from management and advisory fees to the services provided during the period, because the fee relates specifically to the Company’s efforts to transfer the services for that period. As asset management fees are not subject to clawbacks, the management does not expect any significant reversal of revenue previously recognised.

Income from funds
Income from funds is recognised over the time based on a fixed percentage of net assets under management (“asset-based”). The Company attributes the income from funds to the services provided during the period, because the fee relates specifically to the Company’s efforts to transfer the services for that period. As income from funds are not subject to clawbacks, the management does not expect any significant reversal of revenue previously recognised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Expenses

Expenses are recognised when it is probable that the decrease in future economic benefits related to that decrease in asset or an increase in liability has occurred and that the decrease in economic benefits can be measured reliably. Expenses that may arise in the course of regular activities of the Company include among others the general and administration expenses.

3.12 Contingent assets and liabilities

A contingent liability is disclosed where the existence of the obligation will only be confirmed by future events or where the amount of obligations cannot be measured with reasonable reliability. Contingent assets are not recognized but are disclosed where an inflow of economic benefits is probable.

3.13 Offsetting of financial instruments

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is an enforceable legal right to offset the recognized amounts and an intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

3.14 Clients' cash accounts

The Company holds cash in clients' cash accounts with local banks to be used for investments on their behalf. Such balances are not included in the Company's financial statements.

3.15 Fair value measurement

The Company applies the fair value of a financial instrument on initial recognition as normally the transaction price i.e., the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in the statement of profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

4. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

a) New IFRS standards, IFRIC interpretations and amendments thereof, adopted by the Company. The following new standards, amendments and revisions to existing standards, which were issued by the International Accounting Standards Board (IASB) have been effective from 1 January 2022 and accordingly adopted by the Company, as applicable:

Standards / Amendments	**Description**
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
IFRS Standards 2018 – 2020	Annual improvements to IFRS Standards 2018-2020
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendment to IFRS 16	COVID 19 – Related Rent Concessions beyond 30 June 2021

The adoption of the amended standards and interpretations applicable to the Company did not have any significant impact on these financial statements.

4. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

b) New IFRS standards, IFRIC interpretations and amendments thereof issued but not yet effective. The following new standards, amendments and revisions to existing standards, which were issued by IASB but not yet effective up to the date of issuance of the Company's financial statements. The Company intends to adopt these standards when they become effective.

Standards / Amendments	**Description**	**Effective from periods beginning on or after the following date**
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2023
IFRS 17	Insurance Contracts	1 January 2023
Amendments to lAS 8	Definition of Accounting Estimate	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 12 Income Taxes	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IFRS 16	Lease liability in a Sale and Leaseback	1 January 2024

5. PROPERTY, PLANT AND EQUIPMENT

	2022					
	Land and Building	**Office Equipment**	**Furniture and fixtures**	**Vehicles**	**Capital Work-in-progress**	**Total**
Cost						
Balance as at 31 December 2021	**4,394,634**	**140,440**	**235,795**	**--**	**3,377,150**	**8,148,019**
Additions made during the year	**154,557**	**11,790**	**364,856**	**60,000**	**1,307,408**	**1,898,611**
Transfer made during the year	**4,684,558**	**--**	**--**	**--**	**(4,684,558)**	**-**
Balance as at 31 December 2022	**9,233,749**	**152,230**	**600,651**	**60,000**	**--**	**10,046,630**
Accumulated depreciation						
Balance as at 31 December 2021	**--**	**17,182**	**15,639**	**--**	**--**	**32,821**
Depreciation charge during the year	**197,440**	**30,667**	**39,057**	**4,000**	**--**	**271,164**
Disposals made during the year	**--**	**--**	**--**	**--**	**--**	**-**
Balance as at 31 December 2022	**197,440**	**47,849**	**54,696**	**4,000**		**303,985**
	9,036,309	**104,381**	**545,955**	**56,000**	**--**	**9,742,645**
Carrying value						
Cost	**9,233,749**	**152,230**	**600,651**	**60,000**	**--**	**10,046,630**
Accumulated depreciation	**(197,440)**	**(47,849)**	**(54,696)**	**(4,000)**	**--**	**(303,985)**
	9,036,309	**104,381**	**545,955**	**56,000**	**--**	**9,742,645**

5 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2021					
	Land and Building	Office Equipment	Furniture and fixtures	Vehicles	Capital Work-in-progress	Total
Cost						
Addition during the period	4,394,634	140,440	235,795	--	3,377,150	8,148,019
Balance as of 31 December 2021	4,394,634	140,440	235,795	--	3,377,150	8,148,019
Accumulated depreciation						
Depreciation for the period	--	17,182	15,639	--	--	32,821
Balance as of 31 December 2021	--	17,182	15,639	--	--	32,821
Carrying value	4,394,634	123,258	220,156	--	--	8,115,198
Carrying value						
Cost	4,394,634	140,440	235,795	--	3,377,150	8,148,019
Accumulated depreciation	--	(17,182)	(15,639)	--	--	(32,821)
	4,394,634	123,258	220,156	--	3,377,150	8,115,198

6. INTANGIBLE ASSETS

This amount represents the development cost incurred for the development of the new platform, the entity has the technical feasibility and the intention to complete the asset.

	Note	**2022**	2021
Unlisted Equity securities:			
Investments at FVTPL	7.1	**4,662,125**	**--**

7. INVESTMENTS

7.1 During the current year, the company has made investments in the equity shares of the following unlisted companies.

Name of the company	Percentage of holding	Cost of investment	Fair value of investment	Unrealised loss
ZAD Al-Emtiyaz and Company	**2.24%**	**1,455,455**	**1,136,839**	**(318,616)**
Tom-Tom Food Company	**9.09%**	**3,909,091**	**3,525,286**	**(383,805)**
		5,364,546	**4,662,125**	**(702,421)**

7.2 During the year, a new company Taskeen real-estate has been registered in the name of Asyaf Investment Company, as a wholly owned subsidiary. The company has not started operations till the reporting date.

8. CASH AND CASH EQUIVALENTS

This represents the balance in current accounts with local banks in Saudi Arabian Riyal as of 31 December 2022.

9. RECEIVABLE FROM CUSTOMERS

	Note	**2022**	2021
Gross receivable from customers	9.1	**617,721**	84,986
Less: Expected credit loss allowance		**(23,215)**	**--**
		594,506	84,986

9.1 This represents the revenue invoiced to the customers against services rendered, All the balance has remained in the “not yet due” bucket at the reporting date. Further, it includes the amount of SAR 517,188 (2021: Nil) which is receivable from the related parties as disclosed in note 14 to these financial statements.

10. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

	Note	**2022**	2021
Advance payments to Funds under management		**802,357**	406,243
Value added tax		**224,115**	339,093
Prepaid insurance		**160,835**	141,042
Staff advances and receivables		**8,300**	23,899
Rent		**--**	53,375
Prepaid expenses		**238,031**	100,463
		1,433,638	1,064,115
Less: Expected credit loss allowance against deposits and other receivables		**(6,804)**	--
		1,426,834	1,064,115

11. SHARE CAPITAL

The issued, subscribed and paid-up capital comprised of 1,000,000 shares of SAR 10 each, the shareholding pattern of the company at the reporting date is as follows;

Name of shareholder	**Number of shares**	**Par value**	**Issued and paid-up capital**	**Holding (%)**
Aimen Khaled Al-Atiqi	998,000	10	9,980,000	99.80%
Seif Aiman Al-Atiqi	2,000	10	20,000	0.20%
	1,000,000		**10,000,000**	**100%**

12. ADVANCE AGAINST SUBSCRIPTION OF SHARES

This amount represents the advance against subscription of new shares, The general assembly on 10 October 2022, has approved the issuance of new shares of 1,500,000 at par value of SAR 10. The CMA vide its letter number LU-22-002726 dated 23 October 2022 has approved the revised shareholding structure. These shares have been issued subsequent to the reporting date.

13. ZAKAT PROVISION

	2022	2021
Zakat fund base (positive)	**18,460,031**	14,318,228
Less: Zakat fund base (Negative Fund)	**18,329,852**	11,246,863
Zakat base	**130,179**	3,071,365
<u>Zakat accrued:</u>		
Zakat base without share of adjusted profit @ 2.5778%	**--**	111,282
Add: Adjusted profit / loss @ 2.5%	**28,388**	(78,292)
Zakat provision	**28,388**	32,990

13. ZAKAT PROVISION (CONTINUED)

Adjusted profit for the year / period:

	2022	2021
Profit / (loss) for the year / period before provision for Zakat	**209,154**	(3,201,111)
Unrealised loss on remeasurement of investments	**702,421**	--
Provision for employee benefit obligation	**189,323**	69,446
Provision against receivable from customers, deposits, and other receivables for the year / period	**30,019**	--
Withholding tax	**4,593**	--
Adjusted profit / (loss) for the year / period	**1,135,510**	(3,131,665)

The movements in provision for estimated Zakat are as follows:

	2022	2021
Balance at the beginning of the year / period	**32,990**	--
Provision for the Zakat during the year / period	**28,388**	32,990
Zakat paid	**(32,990)**	--
Balance at end of the year / period	**28,388**	32,990

14. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at reporting date.

15. RELATED PARTIES

The related parties of the Company include its shareholders, subsidiary, funds managed by the Company and certain key management personnel. In the ordinary course of activities, the Company transacts business with its related parties on mutually agreed terms. Key management personnel include the Chief Executive Officer ("CEO") and the personnel directly reporting to the CEO.

a) Related party balances:

Name of related party	**Description**	**2022**	2021
Mr. Ayman Khaled Al-Atiqi	Due to related party - shareholder	**9,793,091**	4,318,228
Asyaf Private Equity Fund – 1	Receivable from customers - Fund Manager	**93,425**	--
Asyaf Private Equity Fund – 3	Receivable from customers - Fund Manager	**423,763**	--
Key management personnel	Accrued bonus expense - payable to directors	**136,000**	--

15. RELATED PARTIES (CONTINUED)

b) Related party transactions:

Name of related party	Nature of relationship	Type of transaction	2022	2021
Mr. Ayman Khaled Al-Atiqi	Shareholder	Payments made on behalf of the company	**5,474,863**	3,500,000
Asyaf Private Equity Fund (1)*	Fund Manager	Revenue earned from asset management, arrangement/dealing services.	**2,047,980**	--
Asyaf Private Equity Fund (3)**	Fund Manager	Revenue earned from asset management, arrangement/dealing services.	**4,277,580**	--
Key management personnel	Directors	Salary / Bonus to directors	**1,175,998**	456,984

*This includes arrangement fee of SR 1.45 million received in kind.
**This includes arrangement fee of SR 3.91

16. EMPLOYEE BENEFITS

16.1 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 is 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.

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

	2022	2021
Present value of obligations recognized in the statement of financial position	**244,906**	69,446
Cost of service and interest recognized in the statement of comprehensive income.	**189,323**	69,446
Remeasurement loss on obligation recognized in other comprehensive income	**22,010**	--

16. EMPLOYEE BENEFITS (CONTINUED)

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

	2022	2021
Opening balance	**69,446**	-
Charge for the year	**189,323**	69,446
- Current service cost	**187,934**	69,446
- Financing cost	**1,389**	-
Benefits paid during the year	**(35,873)**	-
Remeasurement loss on obligation arising from experience adjustments recognized in other comprehensive income of the year	**22,010**	-
Closing balance	**244,906**	69,446

The employee benefit scheme exposes the Company to the following risks;

Mortality risk:
The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service / age distribution and the benefit.

Withdrawal risk:
The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

Valuation results:
Actuarial valuation is carried out once every year. The latest valuation was carried out as of December 31, 2022. The information provided above has been obtained from the latest actuarial valuation report. The following significant assumptions have been used for valuation of this scheme:

	2022	2021
Discount rate	**4.25%**	4.25%
Salary increases rate	**4.25%**	4.25%
Withdrawal rate	**20%**	20%

Assumptions regarding future mortality are set based on actuarial advice in accordance with the AM80 mortality tables, which are published by the Institute and Faculty of Actuaries in the UK.

16.3 Reasonably possible changes to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the employee benefits as follows:

	2022	2021
Discount rate		
1 % increase	**232,537**	65,939
1% decrease	**258,506**	73,302
Salary increase rate		
1% increase	**258,371**	73,264
1% decrease	**232,423**	65,906

17. REVENUES

	Note	**For the year ended 31 December 2022**	For the period from 22 April 2021 to 31 December 2021
Arrangement fee	15	**5,364,545**	-
Subscription fee		**776,500**	-
Dealing fee	15	**659,318**	-
Income from funds	15	**301,697**	-
Management fee		**168,694**	42,493
Advisory fee		**168,694**	42,493
		7,439,448	84,986

Revenue from all the income streams relates to the Kingdom of Saudi Arabia. Following table revenue is disaggregated by timing of revenue recognition:

	For the year ended 31 December 2022	For the period from 22 April 2021 to 31 December 2021
Timing of revenue recognition		
Services transferred at a point in time	**6,800,364**	--
Services transferred over time	**639,084**	84,986
	7,439,448	84,986

At reporting date all the invoices have been raised and classified as receivable in note 11 to these financial statements.

18. GENERAL AND ADMINISTRATIVE EXPENSES

	Note	**For the year ended 31 December 2022**	For the period from 22 April 2021 to 31 December 2021
Salaries and employee related benefits		**4,177,365**	1,834,252
Fees and subscription		**227,231**	273,661
Professional and legal fees		**204,693**	80,000
Depreciation		**271,164**	32,821
Rent		**80,063**	123,228
Insurance		**236,774**	102,143
GOSI		**304,482**	173,046
Employee benefits obligation	16	**189,323**	69,446
Board members remuneration		**136,000**	--
Others		**670,759**	597,500
		6,497,854	3,286,097

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, receivable from customers, investments at fair value through profit or loss, advances, and other receivables, and payable to related parties. 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.

The Company has exposure to the following risks arising from financial instruments:

- Credit risk
- Market risk
- Liquidity risk

19.1 Credit Risk

Credit risk is the risk that one party to a financial instrument may fail to discharge its contractual obligation and cause the other party to incur a financial loss. The Company has established policy to enter financial instrument contracts only with reputable third parties. The company is called to reduce credit risk by monitoring credit exposures. Limiting transactions with specific third parties and continuous evaluation of third parties credit worthiness.

The schedule below shows the maximum limit for exposure to credit risk of the statement of financial position:

	2022	2021
Cash and cash equivalents	**15,244,615**	1,967,624
Receivable from customers	**617,721**	84,986
Advances and other receivables	**810,657**	430,142
	16,672,993	2,462,752

19.2 Market Risk:

Profit rate risk
Profit rate risk is the risk that the profit rate changed is not commensurate with financing cost due to changes in the market commission rate. The Company has deposits in the current accounts only and the Payable from related party is also interest free and therefore the Company is not exposed to any profit rate risk.

Currency risk
Currency risk is the risk that the value of financial instruments may fluctuate due to changes in foreign exchange rates. The Company has significant transactions in Saudi Arabian Riyals except for some minimal expenses, which were incurred in USD, and the currency is pegged with the Company's functional currency. Therefore, there is minimal risk of losses due to exchange rate fluctuations.

19 FINANCIAL RISK MANAGEMENT (CONTINUED)

Price risk
Price risk is the risk that the value of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The Company is exposed to market risk with respect to its investments in equity instruments. The Company limits market risks by evaluation of its investee companies.

A change in the fair value of Level 3 equity instruments with all other variables held constant, would impact the statement of other comprehensive income and statement of changes in equity as set out below:

Change in Price %	**2022**	2021
±5	**± 233,106**	--
±10	**± 466,213**	--

19.3 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

2022	***Within 3 months***	***No fixed maturity***	***Total***
Payable to related party	**-**	**9,793,091**	**9,793,091**
Accrued expenses	**370,666**	**-**	**370,666**
	370,666	**9,793,091**	**10,163,757**

2021	*Within 3 months*	*No fixed maturity*	*Total*
Payable to related party	-	4,318,228	4,318,228
Accrued expenses	45,360	-	45,360
	45,360	4,318,228	4,363,588

20. FAIR VALUES OF FINANCIAL INSTRUEMENTS

The fair values of financial instruments that are traded in active markets are based on prices obtained directly from an exchange on which the instruments are traded or obtained from a broker that provides an unadjusted quoted price from an active market for identical instruments. For all other financial instruments, the Fund determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgement depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

20 FAIR VALUES OF FINANCIAL INSTRUEMENTS (CONTINUED)

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below presents the financial instruments measured at their fair values as of reporting date based on the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
2022				
Financial assets				
Investment in ZAD Al-Emtiyaz and Company	--	--	**1,136,839**	**1,136,839**
Investment in Tom-Tom Food Company	--	--	**3,525,286**	**3,525,286**
	--	--	**4,662,125**	**4,662,125**

The table below sets out information about significant unobservable inputs used as at 31 December 2022 in measuring financial instruments categorized as Level 3 in the fair value hierarchy:

Valuation technique	Significant unobservable inputs	Range of estimates (weighted average) for unobservable input	Sensitivity to changes in significant unobservable inputs
Market comparison technique used for fair valuation of ZAD Al Emtiyaz and Company: *The valuation model is based on average market multiples derived from quoted prices of companies comparable to the investee company and the total revenue and book value of shareholder's equity of the investee Company. The estimate is adjusted for the effect of the non-marketability of the equity securities.*	• Adjusted market multiple for total revenue	2.0	The estimated fair value would increase (decrease) if: • Expected market multiple for total revenue were higher (lower)
	• Adjusted market multiple for book value of shareholder's equity	2.5	• Expected market multiple for book value of shareholder's equity were lower (higher)

20 FAIR VALUES OF FINANCIAL INSTRUEMENTS (CONTINUED)

Valuation technique	Significant unobservable inputs	Range of estimates (weighted average) for unobservable input	Sensitivity to changes in significant unobservable inputs
Discounted Cash flow technique used for fair valuation of Tom-Tom Food Company: *The valuation model is based on future projected cashflows of 5 years discounted by using weighted average cost of capital of the investee company. The estimate is adjusted for the effect of the non-marketability of the equity securities.*	• Expected compounded annual growth rate of revenue • Risk adjusted discount rates • Terminal value growth rate	31.5% 12.7% 2.5%	• Expected compounded annual growth rate were higher (lower) • Risk adjusted discount rates were lower (higher) • Terminal value growth rate were lower (higher)

Significant unobservable inputs are developed as follows:

Revenue / Book value of shareholder's equity multiples: Revenue / Book value of shareholder's equity multiples are selected from comparable public companies based on geographic location, industry, size, target markets and other factors that company considers to be appropriate. The traded multiples for the comparable companies are determined by dividing the enterprise value of the companies by their revenue and shareholder's equity.

Discount for lack of marketability for unlisted investments: Represents the discount applied to the comparable market multiples to reflect the illiquidity of the portfolio companies relative to the comparable peer group. Management determines the discount for lack of marketability based on its judgement after considering market liquidity conditions and company-specific factors such as the developmental stage of the portfolio company.

Financial instruments such as, cash and cash equivalents, receivable from customers, and advances and other receivables and other financial liabilities are considered to have carrying amounts are approximate to fair value.

Expected compounded annual growth rate of revenue: The compounded annual growth rate of revenue was estimated by the management of the Company based on their expectation of achievable revenue growth within the projected period.

Risk adjusted discount rates: The discount rate was calculated using the Capital Asset Pricing Model and includes adjustments that take into account company size and company specific risk.

Terminal value growth rate: This rate is based on the management estimate for the long-term inflation forecast for KSA.

21. CLIENT 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 SAR 3,220,997 (2021: SAR 25,500,000). In line with the company's accounting policy, these balances are not included in the financial statements.

22. 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:

	Note	**2022**	2021
Description			
Capital base:			
Level -1 capital		**25,000,000**	10,000,000
Less: Regulatory adjustments:			
Accumulated losses		**(3,075,345)**	(3,234,101)
Intangible assets	6	**(690,981)**	--
Capital Base – net of regulatory adjustments		**21,233,674**	6,765,899
Minimum Capital Requirement:			
Credit risk		**11,516,069**	3,986,216
Operational risk		**1,607,018**	1,136,037
Total Minimum Capital Requirement		**13,123,087**	5,122,253
Surplus		**8,110,587**	1,643,646
Capital Adequacy Ratio		**1.62**	1.32

Capital Base of the Company comprises of Tier-1 capital consists of paid-up share capital, retained earnings, reserves excluding as per Article 4 of the Rules.

The Minimum Capital Requirements for Market, Credit & Operational Risk are calculated as per the requirements specified in Part 3 of the Rules.

The Company is required to maintain adequate capital as specified in the Rules. The capital adequacy ratio shall not be less than 1.

The Company's business objectives when managing capital adequacy is to comply with the capital requirements set forth by the CMA to safeguard the Company's ability to continue as a going concern, and to maintain a strong capital base.

23. FINANCIAL ASSETS AND LIABILITIES

	Note	**2022**	2021
Financial assets measured at fair value through profit or loss:			
Investments	7	**4,662,125**	--
Financial assets measured at amortized cost less impairment in value:			
Cash and cash equivalents	8	**15,244,615**	1,967,624
Receivable from customers	9	**617,721**	84,986
Advances, prepayments, and other receivables		**810,657**	430,142
		16,672,993	2,482,752
		21,335,118	2,482,752
Liabilities measured at amortized cost			
Due to related party		**9,793,091**	4,318,228
		9,793,091	4,318,228

24. GENERAL

a) These corresponding figures has been re-classified for the better presentation of the financial statements,

b) Following reclassification has been made in statement of financial position:

Previously classified in 2021	**Reclassified to in these financial statements**	**Amount in SAR**
Project in progress	Property and equipment	**3,377,150**
Advances, prepayments, and other receivables	Receivable from customers	**84,986**

c) Following reclassifications have been made in the statement of profit or loss

Previously classified in 2021	**Reclassified to in these financial statements**	**Amount in SAR**
Cost of sales	General and administration expenses	**57,000**

d) Following reclassification has been made in the statement of cash flows:

Previously classified in 2021	**Reclassified to in these financial statements**	**Amount in SAR**
Addition of Project in progress	Purchase of property and equipment	**3,377,150**
Other debit balances	Receivable from customers	**84,986**

e) The figures in the financial statements are rounded to the nearest Saudi Riyal.

25. EVENTS OCCURRING AFTER REPORTING DATE

Except for the event as disclosed in note 12 of these financial statements, no event has occurred subsequent to the reporting date and before the issuance of these financial statements which requires adjustment to, or disclosure, in these financial statements.

26. APPROVAL OF FINANCIAL STATEMENT FOR THE ISSUANCE

The financial statements have been approved for issuance by the Company's Board of Directors on 04 April 2024 corresponding to 25 Ramadan 1445H.