BAIT AL MAL AL KHALEEJI COMPANY

(A Saudi Closed Joint Stock Company)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

31 DECEMBER 2021

BAIT AL MAL AL KHALEEJI COMPANY
(A Saudi Closed Joint Stock Company)
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
For the year ended 31 December 2021

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF BAIT AL MAL AL KHALEEJI COMPANY (A Saudi Closed Joint Stock Company)

Opinion

We have audited the financial statements of Bait Al Mal Al Khaleeji Company (the "Company"), which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, 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 at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standard that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with professional code of conduct and ethics 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 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 International Financial Reporting Standard that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements that are endorsed by Saudi Organization for Charted and Professional Accountants and the provisions of Companies' Law and Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 are responsible for overseeing the Company's financial reporting process.

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.

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Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

for Ernst & Young Professional services

Marwan S. AlAfaliq
Certified Public Accountant
Registration No. 422

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شركة ارنست ويونغ للخدمات المهنية
(مهنية ذات مسؤولية محدودة)
Ernst & Young Professional Services
(Professional LLC)

Alkhobar: 28 Sh'aban 1443H
31 March 2022

BAIT AL MAL AL KHALEEJI COMPANY
(A Saudi Closed Joint Stock Company)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2021

	Notes	***2021*** ***SR***	*2020* *SR*
Revenue from contracts with customers	5	**2,159,397**	7,461,844
Realised gains / (losses) on sale of investments at fair value through profit or loss		**1,251,157**	(51,496)
Unrealised gains / (losses) on investments at fair value through profit or loss		**480,368**	(510,621)
Dividends income		**789,520**	697,864
Other income		**510,882**	38,150
TOTAL REVENUE		**5,191,324**	7,635,741
General and administration expenses	9	**(4,121,733)**	(4,954,213)
Finance costs	10	**(437,140)**	(513,095)
Share of loss of an associate	15	**-**	(240,000)
PROFIT BEFORE ZAKAT		**632,451**	1,928,433
Zakat	11	**(234,070)**	(249,757)
PROFIT FOR THE YEAR		**398,381**	1,678,676
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of zakat):			
Actuarial gain on employee's defined benefit liabilities	20	**125,648**	10,373
Other comprehensive income for the year		**125,648**	10,373
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**524,029**	1,689,049
EARNING PER SHARE			
Basic and diluted earning per share from profit for the year	24	**0.00525**	0.20983

The attached notes 1 to 28 form part of these financial statements.

BAIT AL MAL AL KHALEEJI COMPANY
(A Saudi Closed Joint Stock Company)

STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

	Notes	***2021***	*2020*
		SR	*SR*
ASSETS			
NON-CURRENT ASSETS			
Leasehold improvements, furniture and vehicles	12	**1,676**	3,129
Intangible assets	13	**-**	97
Investment properties	14	**28,572,214**	28,572,214
Financial assets at fair value through profit or loss	17	**18,163,130**	17,757,250
Right- of- use assets	16	**849,345**	5,306,867
TOTAL NON-CURRENT ASSETS		**47,586,365**	51,639,557
CURRENT ASSETS			
Financial assets at fair value through profit or loss	17	**692,774**	4,525,002
Amounts due from related parties	22	**6,709,473**	6,580,289
Prepayments and other receivables	18	**1,159,400**	278,581
Bank balances and cash		**2,070,257**	671,218
TOTAL CURRENT ASSETS		**10,631,904**	12,055,090
TOTAL ASSETS		**58,218,269**	63,694,647
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	19	**80,000,000**	80,000,000
Accumulated losses		**(30,153,144)**	(30,677,173)
TOTAL SHAREHOLDERS' EQUITY		**49,846,856**	49,322,827
NON-CURRENT LIABILITIES			
Term loan	23	**-**	6,320,435
Employees' defined benefit liabilities	20	**203,113**	339,280
Lease liability - non current	16	**566,229**	4,721,647
TOTAL NON-CURRENT LIABILITIES		**769,342**	11,381,362
CURRENT LIABILITIES			
Term loan	23	**6,320,435**	-
Accruals and other payables	21	**765,535**	1,627,267
Zakat provision	11	**232,985**	493,888
Lease liability	16	**283,116**	869,303
TOTAL CURRENT LIABILITIES		**7,602,071**	2,990,458
TOTAL LIABILITIES		**8,371,413**	14,371,820
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**58,218,269**	63,694,647

The attached notes 1 to 28 form part of these financial statements.

BAIT AL MAL AL KHALEEJI COMPANY
(A Saudi Closed Joint Stock Company)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended 31 December 2021

	Share capital	*Accumulated losses*	*Total*
	SR	*SR*	*SR*
Balance as at 1 January 2020	80,000,000	(32,366,222)	47,633,778
Profit for the year	-	1,678,676	1,678,676
Other comprehensive income	-	10,373	10,373
Total comprehensive income	-	1,689,049	1,689,049
Balance as at 31 December 2020	80,000,000	(30,677,173)	49,322,827
Profit for the year	-	398,381	398,381
Other comprehensive income	-	125,648	125,648
Total comprehensive income	-	524,029	524,029
Balance as at 31 December 2021	**80,000,000**	**(30,153,144)**	**49,846,856**

The attached notes 1 to 28 form part of these financial statements.

BAIT AL MAL AL KHALEEJI COMPANY
(A Saudi Closed Joint Stock Company)

STATEMENT OF CASH FLOWS
For the year ended 31 December 2021

	2021	*2020*
	SR	*SR*
OPERATING ACTIVITIES		
Profit before zakat for the year	**632,451**	1,928,433
Adjustments to reconcile profit before zakat to net cash flows:		
Depreciation	**1,453**	11,240
Amortization	**97**	4,797
Depreciation of right of use assets	**681,543**	676,784
Unrealised (gains) / losses on investments at fair value through profit or los	**(480,368)**	510,621
Share of loss of an associate	**-**	240,000
Finance costs	**437,140**	513,095
Other income	**(510,882)**	-
Employees' defined benefit liabilities provision	**61,515**	115,716
	822,949	4,000,686
Working capital adjustments:		
Amounts due from related parties	**(129,184)**	(6,366,162)
Prepayments and other receivables	**(880,819)**	(60,453)
Financial assets at fair value through profit or loss	**3,906,716**	1,236,490
Accruals and other payables	**(861,732)**	927,068
Cash from/(used in) operating activities	**2,857,930**	(262,371)
Zakat paid	**(494,973)**	(244,622)
Finance costs paid	**(167,638)**	(216,650)
Employees' defined benefit liabilities paid	**(78,200)**	(112,536)
Net cash from/(used in) operating activities	**2,117,119**	(836,179)
INVESTING ACTIVITY		
Purchases of leasehold improvements, furniture and vehicles	**-**	(1,600)
Net cash used in investing activity	**-**	(1,600)
FINANCING ACTIVITY		
Payments for lease obligiations	**(718,080)**	(718,080)
Net cash flows used in financing activity	**(718,080)**	(718,080)
INCREASE / (DECREASE) IN BANK BALANCES AND CASH	**1,399,039**	(1,555,859)
Bank balances and cash at the beginning of the year	**671,218**	2,227,077
BANK BALANCES AND CASH AT THE END OF THE YEAR	**2,070,257**	671,218

The attached notes 1 to 28 form part of these financial statements.

1 CORPORATE INFORMATION

1.1 Bait Al Mal Al Khaleeji Company (the "Company") is a Saudi Closed Joint Stock Company registered in the Kingdom of Saudi Arabia in accordance with Ministerial Resolution number 133/Q dated 25 Rabi'II 1430H, corresponding to 21 April 2009. The Company is operating under commercial registration number 2050065112 issued in Dammam on 23 Jumada Al-Awwal 1430 H (corresponding to 18 May 2009). The registered address of the company is P.O. Box 9177, Dammam 31413, Kingdom of Saudi Arabia.

1.2 The Company is engaged in dealing as a principal, managing mutual funds and providing consultation and safekeeping services for securities business in accordance with its licenses No. 08123-37 and No. 15/5967/6/1/S dated 19 Jumada Al-Awwal 1436 H (corresponding to 10 March 2015), issued by the Capital Market Authority ("CMA").

1.3 The Company is wholly owned by GCC shareholders.

1.4 The Company's principal place of business is in Dammam city, Kingdom of Saudi Arabia.

1.5 The financial statements of the Company as of 31 December 2021 were authorised for issuance by the Board of Directors on 28 Sh`aban 1443H (coressponding to 31 March 2022).

2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as “IFRS as endorsed in KSA").

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future period.

These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

These financial statements are prepared using historical cost convention, except where IFRSs as endorsed in KSA requires other measurement basis as disclosed in note 3. These financial statements are presented in Saudi Riyals ("SR") which is also the functional currency of the Company and rounded to the nearest Saudi Riyals (except when otherwise indicated).

3 SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies adopted in preparation of the financial statements:

3.1 Fair value measurement

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.

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 economic best interest.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within fair value hierarchy, 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.
Level 3	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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.

3.2 Revenue from contracts with customers

The Company recognises revenue from managing mutual funds, providing consultation and safekeeping services for securities business and dividend income received from equity investments.

- Revenue from managing assets services (including mutual funds) is recognised based on the applicable management agreements and recognised as they are earned over time. Management fees is earned on daily basis for an annual percentage of the Net Assets Value (NAV) of the funds managed by the Company. Management fees is variable based on the change in NAV. The Company estimates the amount of consideration to which it will be entitled in exchange for its services. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

- Revenue from subscription fee is recognised upon subscription to the fund, revenue is recognised at a point of time (subscription time).

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Revenue from contracts with customers (continued)

- Revenue from Custody fees is recognised based on the applicable management agreements and recognised as they are earned over time. Custody fees is earned on daily basis for an annual percentage of the Net Assets Value (NAV) of the funds managed by the Company. In accordance with Capital Market Authority regulations effective in 2018; Fund manager should be segregated from Custodian.

- Dividends income from investments are recognised when the right to receive dividends is established.

3.3 Expenses

All the Company's expenses, except for finance costs, are general and administrative expenses.

3.4 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.5 Cash dividend distribution to equity holders

The Company recognises a liability to pay a dividend to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per provisions of Companies' Law, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognised directly in statement of changes in shareholders' equity.

3.6 Foreign currencies

Transactions in foreign currencies are initially recorded by the Company at their respective spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss and other comprehensive income.

3.7 Zakat and indirect tax

Zakat

Zakat is provided for in accordance with Saudi Arabian fiscal regulations and are charged to the statement of profit or loss and other comprehensive income.

Value added tax (VAT)

Assets and expenses are recognised net of amount of VAT, except when VAT incurred on a purchase of assets or services is not recoverable from the Zakat , Tax and Customs Authority ("ZATCA"), in which case, VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Zakat and indirect tax (continued)

Value added tax (VAT) (continued)

The net amount of VAT recoverable from, or payable to, the ZATCA is included as part of other receivables or other payables.

3.8 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current / non-current classification. An asset is current when:

- It is expected to be realized or intended to sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realized within twelve months after the reporting period; or
- It is cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer settlement of liability for at least 12 months after the reporting period.

The Company classifies all other liabilities as non-current.

3.9 Leasehold improvements, furniture and vehicles / depreciation

Leasehold improvements, furniture and vehicles are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the Leasehold improvements, furniture and vehicles and borrowing costs for long-term projects if the recognition criteria are met. When significant parts of Leasehold improvements, furniture and vehicles are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the Leasehold improvements, furniture and vehicles as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit or loss and other comprehensive income as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

-	Leasehold improvements	4 years or lease term, whichever is shorter
-	Furniture, fixtures and office equipment	4 years
-	Vehicles	4 years

An item of Leasehold improvements, furniture and vehicles and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised. The residual values, useful lives and methods of depreciation of Leasehold improvements, furniture and vehicles are reviewed at each financial year end and adjusted prospectively, if appropriate.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

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 and other comprehensive income in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Company's intangible asset comprise of computer software which is being amortised on a straight-line basis over the estimated useful lives of 4 years.

An intangible asset 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 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.

3.11 Investment properties

The Company has elected to adopt the cost model for investment properties. Accordingly, investment properties are carried at cost less accumulated depreciation and any accumulated impairment losses. Freehold land and capital work in progress are not depreciated.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in statement of profit or loss and other comprehensive income in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15.

3.12 Investment in associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Company’s investment in its associate are accounted for using the equity method.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Investment in associates (continued)

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss and other comprehensive income reflects the Company's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Company recognises its share of any changes, when applicable, in the statement of changes in shareholders equity. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Company's share of profit or loss of an associate is shown on the face of the statement of profit or loss and other comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit of an associate' in the statement of profit or loss and other comprehensive income.

Upon loss of significant influence over the associate, the Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the statement of profit or loss and other comprehensive income.

3.13 Financial instruments – initial recognition, subsequent measurement and derecognition

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

3.13.1 Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of accounts receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Financial instruments – initial recognition, subsequent measurement and derecognition(continued)

3.13.1 Financial assets(continued)

Initial recognition and measurement (continued)

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

(i) Financial assets at amortised cost (debt instruments)
(ii) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments) - not applicable to the Company
(iii) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) - not applicable to the Company
(iv) Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

a. The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in statement of profit or loss and other comprehensive income when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss and other comprehensive income.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Financial instruments – initial recognition, subsequent measurement and derecognition(continued)

3.13.1 Financial assets(continued)

Financial assets at fair value through profit or loss (continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions	Note 4
- Due from related parties	Note 22

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For due from related parties, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Financial instruments – initial recognition, subsequent measurement and derecognition(continued)

3.13.2 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include term loan and lease liability.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(i) Financial liabilities at fair value through profit or loss

(ii) Loans and borrowings

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss and other comprehensive income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

This category generally applies to interest-bearing loans and borrowings.

Derecognition

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Financial instruments – initial recognition, subsequent measurement and derecognition(continued)

Offsetting of financial instruments

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

3.14 Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

Disclosures for significant assumptions	Note 4
Leasehold improvements, furniture and motor vehicles	Note 12

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 CGU's fair value less costs of disposal and its value in use. The recoverable amount 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. When 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 pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss and other comprehensive income in expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's 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 and other comprehensive income.

3.15 Bank balances and cash

Bank balances and cash in the statement of financial position comprise cash at banks and on hand, which are subject to insignificant risk of change in value.

3.16 Statutory reserve

In accordance with Companies' law, the Company must transfer 10% of its income in each year until it has built up a reserve equal to 30% of the capital. The reserve is not available for distribution.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use).

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Lease liability

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the average borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term and low value assets' leases

Short-term leases are leases with a lease term of 12 months or less. Low-value assets are items that do not meet the Company's capitalization threshold and are considered to be insignificant for the statement of financial position for the Company as a whole. Payments for short-term leases and leases of low-value assets are recognised on a straight-line basis in the statement of profit or loss and other comprehensive income.

3.18 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax (zakat) rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance costs.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Employees' benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves, air fare, child education allowance, furniture allowance that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position under accrued expenses and other liabilities.

Employees' defined benefit obligations

The Company operates a non-funded employee end-of-service benefit plan, which is classified as defined benefit obligation under IAS 19 'Employee Benefits'. A defined benefit plan is a plan which is not a defined contribution plan. The liability recognised in the statement of financial position for a defined benefit plan is the present value of the defined benefit obligation (DBO) at the end of the reporting period less the fair value of plan assets at that date. The defined benefit obligation is re-measured by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting estimated future cash outflows using market yields at the end of the reporting period of high quality corporate bonds that have terms to maturity approximating to the estimated term of the postemployment benefit obligations. In countries where there is no deep market in such bonds, the market rates on government bonds are used. Net interest cost is calculated by applying the discount rate to the net balance of the DBO and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss. Actuarial gains and losses arising from changes in actuarial assumptions and experience adjustments are recognised in equity through other comprehensive income in the period in which they arise. Changes in the present value of the DBO resulting from plan amendments or curtailments are recognised immediately in the statement of profit or loss as past service costs. In KSA, for the liability for employees' end of service benefits, the actuarial valuation process takes into consideration the provisions of the Saudi Arabian Labor and Workmen Law as well as the Company policy.

3.20 Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Liabilities which are probable, they are recorded in the statement of financial position under accounts payable and accruals. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

4 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods.

Other disclosures relating to the Company's exposure to risks and uncertainties includes:

- Capital management	Note 6
- Financial instruments risk management and policies	Note 17.4

4 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

4.1 Judgements

In the process of applying the Company' accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

4.1.1 Revenue from contracts with customers

The Company's revenue for management and custody fees are variable as the contracts are based on variable consideration, the Company estimates the amount of consideration to which it will be entitled in exchange for rendering its services. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved, which is by end of the reporting period; as the fees are based as annual percentage of the NAV's of funds managed by the Company.

4.2 Estimates and assumption

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

4.2.1 Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities to which the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

4.2.2 Valuation of defined benefit obligations

The cost of the defined benefit pension plan and other post-employment benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and other assumptions. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

4.2.3 Provision for expected credit losses of amounts due from related parties

The Company uses a provision matrix to calculate ECLs for due from related parties. The provision rates are based on days past due for groupings of customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

4 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS (continued)

4.2 Estimates and assumption (continued)

4.2.3 Provision for expected credit losses of amounts due from related parties (continued)

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. For detailed information, please refer note 17.

4.2.4 Useful lives of leasehold improvements, furniture and vehicles

Management determines the estimated useful lives of its leasehold improvements, furniture and vehicles for calculating depreciation. This estimate is determined after considering the expected usage of the asset, duration of contract with the customer and physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

4.2.5 Provisions

By their nature, provisions are dependent upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows.

4.2.6 Fair value of investment properties

Investment properties are stated at cost; however fair value is estimated for disclosure purposes. Fair value is estimated based on appraisals performed by independent professionally-qualified property valuers.

4.2.7 Determination of the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

5 REVENUE FROM CONTRACTS WITH CUSTOMERS

5.1 Disaggregated revenue information

	2021	*2020*
	SR	*SR*
Type of services		
Management fee	**2,153,397**	1,814,599
Arrangement fees	**-**	5,640,000
Subscription fee	**6,000**	7,245
Total revenue from contracts with customers	**2,159,397**	7,461,844
Geographical markets		
Kingdom of Saudi Arabia	**2,159,397**	7,461,844
Total revenue from contracts with customers	**2,159,397**	7,461,844

5 REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

5.1 Disaggregated revenue information (continued)

	2021	*2020*
	SR	*SR*
Timing of revenue recognition		
Recognized at a point in-time	**6,000**	5,647,245
Services transferred over time	**2,153,397**	1,814,599
Total revenue from contracts with customers	**2,159,397**	7,461,844
Customer wise revenue recognition		
Related parties customers (note 22)	**2,159,397**	7,461,844
Total revenue from contracts with customers	**2,159,397**	7,461,844

5.2 Contract balances

	2020	*2020*
	SR	*SR*
Due from related parties (note 22)	**6,709,473**	6,580,289

Due from related parties are non-interest bearing and are generally on terms of 30 to 45 days.

6 CAPITAL MANAGEMENT

The Company's objectives when managing capital are to comply with the capital requirements set by the Capital Market Authority "CMA" to safeguard the Company's ability to continue as a going concern and to maintain a strong capital base.

During the year ended 31 December 2013, new Prudential Rules (the "rules") were introduced by the CMA pursuant to its Resolution Number 1-40-2012 dated 17/2/1434H corresponding to 30/12/2012G. The rules state that an authorized person shall continually possess a capital base which corresponds to not less than the total of the capital requirements as prescribed under Part 3 of Prudential Rules.

7 CAPITAL ADEQUACY

Capital Market Authority has issued Prudential Regulations (the "Rules") dated 30 December 2012 (corresponding to 17 Safar 1434H) pursuant to Royal Decree No. M/30 dated 2/6/1424H. According to the Rules, CMA has prescribed the framework and guidance regarding the minimum regulatory capital requirement and its calculation methodology as prescribed under Pillar I.

In accordance with this methodology, the Company has calculated its minimum capital required and capital adequacy ratios as follows:

	2021	*2020*
	SR 000	*SR 000*
Capital base		
Tier I	**49,847**	49,323
Total	**49,847**	49,323
Minimum capital		
Market risk	**125**	2,768
Credit risk	**24,027**	27,935
Operational risk	**1,197**	1,429
Total	**25,349**	32,132

7 CAPITAL ADEQUACY (continued)

	2021	*2020*
Capital adequacy ratio	**1.97**	1.54
Surplus	**24,498**	17,191

a) Capital Base of the Company comprise of:

- Tier-1 capital consists of paid-up share capital, accumulated losses, share premium (if any), reserves excluding revaluation reserves.

b) The minimum capital requirements for market, credit & operational risk are calculated as per the requirements specified in the part 3 of the Prudential Rules issued by the CMA.

c) 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.

8 FAIR VALUE MEASUREMENT

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities as at 31 December 2021 and 31 December 2020:

		Fair value measurement using		
2021	***Total***	***Quoted prices in active markets (Level 1)***	***Significant observable inputs (Level 2)***	***Significant unobservable inputs (Level 3)***
Assets measured at fair value:				
Listed equity investments	**18,855,904**	**18,855,904**	**-**	**-**

		Fair value measurement using		
2020	*Total*	*Quoted prices in active markets (Level 1)*	*Significant observable inputs (Level 2)*	*Significant unobservable inputs (Level 3)*
Assets measured at fair value:				
Listed equity investments	22,282,252	22,282,252	-	-

There were no transfers between Level 1 and Level 2 during 2021 and 2020.

9 GENERAL AND ADMINISTRATION EXPENSES

	2021	*2020*
	SR	*SR*
Employees' costs	**1,652,353**	2,435,408
Legal and professional fees	**971,000**	959,500
Depreciation and amortization	**683,093**	692,821
Subscriptions and license fees	**271,582**	216,458
Utilities	**177,220**	225,449
Directors attending allowance	**141,464**	168,047
Repair and maintenance	**92,451**	188,991
Travel	**37,790**	11,628
Insurance	**1,673**	15,559
Other	**93,107**	40,352
	4,121,733	4,954,213

10 FINANCE COSTS

	2021	*2020*
	SR	*SR*
Accretion of interest on lease obligations	**263,336**	290,704
Finance costs on borrowings	**167,638**	216,650
Accretion of finance cost on employees terminal benefits	**6,166**	5,741
	437,140	513,095

11 ZAKAT

11.1 Charge for the year

The Company is subject to zakat at the rate of 2.5% of zakat base calculated in accordance with zakat regulations enforced in the Kingdom of Saudi Arabia.

The zakat charge consists of:

	2021	*2020*
	SR	*SR*
Charge for the year	**234,070**	249,757

The provision is based on the following:	***2021***	*2020*
	SR	*SR*
Shareholders' equity	**49,846,856**	47,633,778
Opening provisions and other adjustments	**21,917**	472,327
Book value of long term assets (net of related financing)	**(40,416,585)**	(39,728,172)
	9,452,188	8,377,933
Zakatable results for the year	**(89,388)**	1,352,026
Zakat base	**9,362,800**	9,729,959

11 ZAKAT

11.1 Charge for the year (continued)

The difference between the financial and the zakatable results are mainly due to provisions which are not allowed in the calculation of zakatable results.

11.2 Movement in zakat provision

The movement in the zakat provision was as follows:

	2021	*2020*
	SR	*SR*
At the beginning of the year	**493,888**	488,753
Provided during the year	**234,070**	249,757
Payments during the year	**(494,973)**	(244,622)
At the end of the year	**232,985**	493,888

11.3 Status of assessment

The Company has filed the zakat returns for the period ended 31 December 2013 and for the years ended 31 December 2014 to 31 December 2020 with the Zakat, Tax and Customs Authority ("ZATCA").

The ZATCA has issued the final assessment for the year 2017 with additional zakat liability of SR 546 which was accepted by the Company and settled in full during 2020.

During the year the ZATCA has issued the final assessment for the year 2016 with additional zakat liability of SR 122 which was accepted by the Company and settled in full during 2021.

The ZATCA has issued the final assessment for the year 2018 with additional zakat liability of SR 0.7 million. The Company filed an appeal against the assessments raised by the ZATCA. The appeal is still being considered by the General Secretariat of Tax Committees (formerly the Appeal Committee) until the date of preparing these financial statements.

The assessments for the period ended 31 December 2013, for the years ended 31 December 2014 to 31 December 2015, and for the years ended 31 December 2019 and 31 December 2020 have not yet been raised by the ZATCA

Zakat base has been computed based on the Company's understanding of the zakat regulations enforced in the Kingdom of Saudi Arabia. The zakat regulations in Kingdom of Saudi Arabia are subject to different interpretations. The assessments to be raised by the ZATCA could be different from the declarations filed by the Company.

12 LEASEHOLD IMPROVEMENTS, FURNITURE AND VEHICLES

	Leasehold improvements *SR*	*Furniture, fixtures and office equipment* *SR*	*Vehicles* *SR*	*Total* *SR*
Cost:				
At 1 January 2020	198,733	1,174,620	126,450	1,499,803
Additions	-	1,600	-	1,600
Disposal	-	-	(126,450)	(126,450)
At 31 December 2020 and At 31 December 2021	**198,733**	**1,176,220**	**-**	**1,374,953**
Depreciation:				
At 1 January 2020	198,733	1,161,851	126,450	1,487,034
Charge for the year	-	11,240	-	11,240
Disposal	-	-	(126,450)	(126,450)
At 31 December 2020	198,733	1,173,091	-	1,371,824
Charge for the year	-	1,453	-	1,453
At 31 December 2021	**198,733**	**1,174,544**	**-**	**1,373,277**
Net book amounts:				
At 31 December 2021	**-**	**1,676**	**-**	**1,676**
At 31 December 2020	-	3,129	-	3,129

12.1 The depreciation charge has been allocated to general and administrative expenses.

13 INTANGIBLE ASSETS

	Computer Software SR
Cost:	
At 1 January 2020	893,739
Additions	-
At 31 December 2020	893,739
Additions	-
At 31 December 2021	**893,739**
Amortization:	
At 1 January 2020	888,845
Charge for the year	4,797
At 31 December 2020	893,642
Charge for the year	97
At 31 December 2021	**893,739**
Net book amounts:	
At 31 December 2021	**-**
At 31 December 2020	97

13.1 The amortization charge has been allocated to general and administrative expenses.

14 INVESTMENT PROPERTIES

	Land SR	*Capital work in progress SR*	*Total SR*
At 1 January 2020	28,572,214	-	28,572,214
Additions	-	-	-
At 31 December 2020	28,572,214	-	28,572,214
Additions	-	-	**-**
At 31 December 2021	**28,572,214**	**-**	**28,572,214**

14 INVESTMENT PROPERTIES (continued)

Investment properties represent long-term Investments in plots of land.

As at 31 December 2021, the fair value of the properties are based on valuations performed by Ali Abdelrahman Dahame (evaluator), an independent valuer accredited by The Saudi Authority for Accredited Valuers (TAQEEM). The appraisal was carried out using a market approach that reflects observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the land in question, including plots size, location, encumbrances and current use. The fair value at 2021 was SR 34.4 million (2020: SR 34.4 million).

The fair value measurement hierarchy of the investment properties is considered level 3; the significant unobservable input is the adjustment for factors specific to the land in question. The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as the starting point for valuation. Although this input is a subjective judgement, management considers that the overall valuation would not be materially affected by reasonably possible alternative assumptions.

15 INVESTMENT IN AN ASSOCIATE

The Company had 20% interest in Gulf Medical Centre Company, which is involved in the medical services, operate, installing hospitals, and trade in medical equipments in KSA. Gulf Medical Company is a Saudi Closed Joint Stock Company located in Dammam, Saudi Arabia. The Company interest in Gulf Medical Centre Company was donated to Shamah Autism Center Company during the year. Legal formalities had been completed during the year end.

16 LEASES

Below are the carrying amounts of right-of-use assets recognized and the movements during the year

	Leased offices
Cost:	*SR*
At 1 January 2020	6,749,507
Additions	(151,223)
At 31 December 2020	6,598,284
Additions	849,345
Termination	(6,598,284)
At 31 December 2021	**849,345**
Accumulated depreciation:	
At 1 January 2020	614,633
Charge for the year	676,784
At 31 December 2020	1,291,417
Charge for the year	681,543
Termination	(1,972,960)
At 31 December 2021	**-**
Net book amounts:	
At 31 December 2021	**849,345**
At 31 December 2020	5,306,867

Set out below are the carrying amounts of lease liabilities and the movements during the year

	2021	*2020*
	SR	*SR*
As at 1 January	**5,590,950**	6,169,549
Additions	**849,345**	**-**
Modification	**-**	(151,223)
Termination	**(5,136,206)**	-
Accretion of interest	**263,336**	290,704
Payments	**(718,080)**	(718,080)
As at 31 December	**849,345**	5,590,950
Current	**283,116**	869,303
Non Current	**566,229**	4,721,647

Maturity analysis - contractual undiscounted cash flows

Less than 1 year	**310,310**	869,303
Later than one year to five years	**620,620**	4,346,515
More than five years	**-**	1,610,864
	930,930	6,826,682

17 FINANCIAL INSTRUMENTS

17.1 Financial assets

	2021	*2020*
	SR	*SR*
Financial assets at fair value through profit or loss		
Listed equity investments in the Kingdom of Saudi Arabia (current)	**692,774**	4,525,002
Listed equity investments in the Kingdom of Saudi Arabia (non current)	**18,163,130**	17,757,250
	18,855,904	22,282,252

*Certain investments amounted to SAR 18,163,130 (2020: SAR 17,757,250) are pledged as mortgage for the term loan (note 23).

17.2 Financial liabilities

	Interest rate	***2021*** ***SR***	*2020* *SR*
Current interest-bearing loans and borrowings			
Term loan	SIBOR + 2%	**6,320,435**	-
Non - current interest-bearing loans and borrowings			
Term loan	SIBOR + 2%	**-**	6,320,435

17.3 Fair values

As of reporting date, financial assets at amortized costs consist of bank balances and amounts due from related parties. The fair values of financial assets approximate their carrying amounts due to their short-term nature.

17.4 Financial instruments risk management objectives and policies

The Company's principal financial assets include listed equity investments, amounts due from related parties, and bank balances.

The Company’s activities expose it to both direct and indirect financial risk, including: market risk and credit risk. Material direct exposure to financial risk occurs through the impact on profit of movements in funds under management (“FUM”) and through its direct investments in quoted equity shares.

17.4.1 Market risk

The key direct risks associated with the Company are those driven by investment and market volatility and the resulting impact on Funds Under Management ("FUM") or a reduction in the growth of FUM. Reduced FUM will directly impact on management fee income and profit because management fee income is calculated as a percentage of the NAV of FUM. FUM can be directly impacted by a range of factors including:

a) Poor investment performance;
b) Market volatility;
c) A loss of key personnel; and
d) Investor allocation decisions: investors constantly re-assess and re-allocate their investments on the basis of their own preferences. Investor allocation decisions could operate independently from investment performance, such that funds outflows occur despite positive investment performance.

The Company closely monitors the above factors and ensure proper and timely actions.

17 FINANCIAL INSTRUMENTS (continued)

17.4 Financial instruments risk management objectives and policies (continued)

17.4.1 Market risk (continued)

(i) Interest rate risk

Interest rate risk is the risk that the far value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company’s borrowing which expose the Company to cash flow interest rate risk.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's net income before zakat is affected through the impact on floating rate borrowings, as follows:

	Increase/Decrease in basis points	*Effect on profit before zakat*
2021	**+100**	**63,204**
Interest rate	**-100**	**(63,204)**
2020		
Interest rate	+100	63,204
	-100	(63,204)

17.4.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The Company did not undertake significant transactions in currencies other than Saudi Riyals; therefore the Company is not exposed to foreign currency risk.

17.4.3 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities, primarily due from related parties.

Cash are substantially placed with commercial banks with sound credit ratings. The maximum exposure to direct credit risk at reporting date is the carrying amount of amounts due from related parties. No assets are past due or impaired. No ECL provision is recognized as the ECL amount is immaterial to the financial statements.

17.4.4 Equity price risk

The Company’s listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company’s senior management on a regular basis. The Company’s Board of Directors reviews and approves all equity investment decisions.

17 FINANCIAL INSTRUMENTS (continued)

17.4 Financial instruments risk management objectives and policies (continued)

17.4.5 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to realize financial assets quickly at an amount close to its fair value. The Company manages its liquidity risk by monitoring working capital and cash flow requirements on regular basis, without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Company maintains different lines of credit. The Company's terms of contracts require amounts to be paid within 30-90 days of the date of billings. Accounts payables are normally settled within 30-60 days of billing date or receipt of a correctly rendered invoice.

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

	Less than a year	***1 to 5 years***	***> 5 years***	***Total***
2021	***SR***	***SR***	***SR***	***SR***
Lease liability	**310,310**	**620,620**	**-**	**930,930**
Term loan	**6,320,435**	**-**	**-**	**6,320,435**
	6,630,745	**620,620**	**-**	**7,251,365**

	Less than a year	*1 to 5 years*	*> 5 years*	*Total*
2020	*SR*	*SR*	*SR*	*SR*
Lease liability	869,303	4,346,515	1,610,864	6,826,682
Term loan	-	6,320,435	-	6,320,435
	869,303	10,666,950	1,610,864	13,147,117

Changes in liabilities arising from financing activities

	1 January 2021	***Cash outflow***	***Others/Cash inflow***	***31 December 2021***
	SR	***SR***	***SR***	***SR***
Term loan	**6,320,435**	**-**	**-**	**6,320,435**
Lease liability	**5,590,950**	**(718,080)**	**(4,023,525)**	**849,345**
Total liabilities from financing activities	**11,911,385**	**(718,080)**	**(4,023,525)**	**7,169,780**

	1 January 2020	*Cash outflow*	*Others/Cash inflow*	*31 December 2020*
	SR	*SR*	*SR*	*SR*
Term loan	6,320,435	-	-	6,320,435
Lease liability	6,169,549	(718,080)	139,481	5,590,950
Total liabilities from financing activities	12,489,984	(718,080)	139,481	11,911,385

18 PREPAYMENTS AND OTHER RECEIVABLES

	2021	*2020*
	SR	*SR*
Prepaid expenses	**778,125**	130,724
Other receivables	**381,275**	147,857
	1,159,400	278,581

19 SHARE CAPITAL

Capital is divided into 8,000,000 shares (2020: 8,000,000 shares) of SR 10 each (2020: SR 10 each) as following:

Shareholders	*Nationality*	*Shareholding percentage %*	
		2021	*2020*
Al-Dammam Development Company	Kingdom of Saudi Arabia	**80.44**	80.44
Integrated Capital	United Arab Emirates	**16.25**	16.25
Mr. Khaled Ben Ahmed Ben Rashed Al Dossery	Saudi	**1.25**	1.25
Mr. Khaliefa Ben Ahmed Ben Rashed Al Dossery	Saudi	**1.25**	1.25
Mr. Mohammed Ben Ahmed Ben Rashed Al Dossery	Saudi	**0.81**	0.81
		100	100

During 2018; Integrated Capital has agreed to sell its entire ownership of the Company to Al-Dammam Development Company, the legal formalities in that respect had not been completed as of reporting date.

20 EMPLOYEES' DEFINED BENEFIT LIABILITIES

The Company has one defined benefit plan (unfunded), which is a final salary plan in line with Labor Law requirement in the Kingdom of Saudi Arabia and require to recognize the provision for employees' end-of-service benefits for the amounts payable at the statement of financial position date in accordance with the employees' contracts of employment applicable to employees' accumulated periods of service. In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its defined benefit obligations in respect of employees' end-of-service benefits payable under relevant local regulations and contractual arrangements. The main actuarial assumptions used to calculate the defined unfunded benefit obligation are as follows:

	2021	*2020*
Discount rate	**2.75%**	2.70%
Salary increase rate	**2.75%**	2.70%

Break up of net benefit costs charged to statement of profit or loss is as follows:

	2021	*2020*
	SR	*SR*
Current service cost	**61,515**	115,716
Finance cost on defined benefit obligation	**6,166**	5,741
Net benefit expense	**67,681**	121,457

20 EMPLOYEES' DEFINED BENEFIT LIABILITIES (continued)

Changes in the present value of defined unfunded benefit liabilities is as follows:

	2021	*2020*
	SR	*SR*
Defined benefit liabilities at the beginning of the year	**339,280**	340,732
Net benefit expense	**67,681**	121,457
Benefits paid	**(78,200)**	(112,536)
Re-measurement gains on employees' defined benefit liabilities	**(125,648)**	(10,373)
Defined benefit liabilities at the end of the year	**203,113**	339,280

A quantitative sensitivity analysis for significant assumption on the defined benefit liabilities as at 31 December 2021 and 31 December 2020 and the impact on the defined benefit liabilities is shown as below:

	2021	*2020*
	SR	*SR*
Discount rate:		
1% increase	**(187,643)**	(159,221)
1% decrease	**221,060**	125,476

	2021	*2020*
	SR	*SR*
Long-term future salary increase:		
1% increase	**220,874**	125,665
1% decrease	**(187,501)**	(159,363)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

The following payments are expected against the defined benefit liability in future years:

	2021	*2020*
	SR	*SR*
Within the next 12 months (next annual reporting period)	**18,703**	17,699
Between 2 and 5 years	**141,143**	85,726
Beyond 5 years	**698,673**	547,857
Total expected payments	**858,519**	651,282

The average duration of the defined benefit plan obligation at the end of the reporting period is 8 years (31 December 2020: 9 years).

21 ACCRUALS AND OTHER PAYABLES

	2021	*2020*
	SR	*SR*
Accrued professional fee	**182,000**	170,000
Accrued employee related costs	**103,296**	142,775
Value added tax payable	**83,763**	916,226
Other accrued expenses	**396,476**	398,266
	765,535	1,627,267

22 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent shareholders, directors and key management personnel of the Company, and entities controlled or significantly influenced by such parties. The Company enters into transactions with funds under the Company's management.

The Company in the normal course of business carries out transactions with various related parties. Transactions with related parties' included in the statement of profit or loss are as follows:

Nature of transactions	*Relationship of related parties*	*Amount of Transactions*	
		2021	*2020*
		SR	*SR*
Management fee	Fund management	**2,153,397**	1,814,599
Subscription fee	Fund management	**6,000**	7,245
Rent	Shareholder	**718,080**	718,080
Arrangement fees	Shareholder	**-**	5,640,000
Consultancy fees	Director	**780,000**	780,000

The compensation for the key management personal during the year amounting to SR 780,000 (31 December 2020: SR 780,000).

The break down of amounts due from related parties is as follows:

Amounts due from related parties shown in statement of financial position under current assets:

	2021	*2020*
	SR	*SR*
Dammam Development company	**6,494,105**	6,396,205
Elite House GCC Equity Fund	**79,887**	67,841
BMK Saudi Equity Fund	**64,212**	50,460
BMK Saudi Freestyle Equity and Sharia Complaint	**61,328**	54,053
BMK IPO Fund	**9,941**	11,730
	6,709,473	6,580,289

Terms and conditions of transactions with related parties

The above transactions are approved by the Company's management. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

23 TERM LOAN

	2021	*2020*
	SR	*SR*
Non-current portion	**-**	6,320,435
Current portion	**6,320,435**	-
Total	**6,320,435**	6,320,435

The Company has obtained murabha borrowings from a local bank; the murabha borrowings was payable at 4 December 2022 and accordingly classified as current term loan. Certain equity shares are pledged as mortatge for the borrowings, the borrowings are also secured by a promissory note. Borrowings carries finance cost at rate of 2% + SIBOR. Subsequent to year end in March 2022 the Company settled the loan.

24 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year. The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2021	*2020*
	SR	*SR*
Income from operations for the year	**398,381**	1,678,676
Weighted average number of ordinary shares	**8,000,000**	8,000,000
Basic and diluted earnings per share from income from operations	**0.00525**	0.20983

25 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

25.1 Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice.

25.2 Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities 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 costs of producing those items, in profit or loss.

25 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

25.2 Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 (continued)

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Company.

25.3 IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Company.

25.4 Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Company.

25.5 Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

26 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. The nature and effect of the changes as a result of adoption of these new accounting standards and interpretations are described below. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

26 NEW AND AMENDED STANDARDS AND INTERPRETATIONS (continued)

26.1 Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

• A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest

• Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued

• Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

26.2 Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Company has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.

27 IMPACT OF CORONAVIRUS ("COVID-19")

The outbreak of novel coronavirus ("COVID-19") since early 2020 and its spread across mainland China and then globally caused disruptions to businesses and economic activities including the KSA. The World Health Organization qualified COVID-19 as a pandemic, with governments issuing strict regulations and guidance for its populations and companies. It necessitated the Company to re-assess its judgments and the key sources of estimation applied to the annual financial statements for the year ended 31 December 2021.

The Company has evaluated the current situation and its impact on key credit, liquidity, operational, solvency and performance indicators, in addition to other risk management practices to manage the potential business disruption that the COVID-19 outbreak may have on its operations and financial performance. The Company has taken several measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for their people (such as social distancing and working from home etc.).

At this stage, the impact on the business and results has not been significant and based on experience to date the Company expect this to remain the case. However, it continues to be challenging to reliably ascertain the specific effects of the pandemic and dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of the coronavirus and the extent and effectiveness of containment actions taken. Given the ongoing economic uncertainty, a reliable estimate of the impact cannot be made at the date of authorization of these financial statements.

28 EVENTS AFTER THE REPORTING DATE

In the opinion of management, there have been no further significant subsequent events since the year ended 31 December 2021 that would have a material impact on the financial position of the Company as reflected in these financial statements.