Middle East Financial Investment Company
(A Saudi Closed Joint Stock Company)
Kingdom of Saudi Arabia

Consolidated Financial Statements
For the Year Ended 31 December 2021
And Independent Auditor's Report

Index

Independent Auditor's Report

The Shareholders
Middle East Financial Investment Company
(A Saudi Closed Joint Stock Company)
Kingdom of Saudi Arabia

Report on the Audit of the Financial Statements

Opinion:

We have audited the consolidated financial statements of **Middle East Financial Investment Company and its subsidiary entity (The Group),** which comprise the consolidated statement of financial position as at 31 December 2021 and the consolidated statement of profit or loss and the consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion:

We conducted our audit in accordance with International Standards on Auditing 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 Group in accordance with the professional code of conduct and ethics endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated 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 consolidated financial statements in accordance with the IFRS as adopted in the Kingdom of Saudi Arabia and other pronouncements and Standards endorsed by the Saudi Organization of Chartered and Professional Accountants (SOCPA) and Companies' Regulation and Group's Bylaws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (boards of directors) are responsible for overseeing the Group'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 consolidated 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 do the following:

- 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtaining sufficient appropriate audit evidence regarding the financial information of the establishments or business activities within the group, to express an opinion on the consolidated financial statements. We are responsible for directing, supervising and performing the group audit and we remain solely responsible for our opinion in the audit.

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.

Other of Matter:

The consolidated financial statements of Middle East Financial Investment Company for the year ended 31 December 2020 have been audited by another auditor who has issued an unmodified opinion on the financial statements dated 30 March 2021.

Report on Other Legal and Regulatory Requirements

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

For Talal Abu-Ghazaleh & Co.

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

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

24 Shaban 1443H.
27 March 2022G.

Middle East Financial Investment Company
(A Saudi Closed Joint Stock Company)
Kingdom of Saudi Arabia
Consolidated Statement of Financial Position
As of 31 December 2021 **Exhibit A**

	Note	2021 SR.	2020 SR.
Assets			
Current Assets			
Cash and cash equivalents	(7)	**18,120,708**	47,716,148
Investments	(8/b)	**3,372,864**	8,000,000
Due from related parties	(9/a)	**--**	6,000,000
Accrued income and other assets	(10)	**39,314,623**	41,336,680
Total Current Assets		**60,808,195**	103,052,828
Non-Current Assets			
Investments	(8/a,c)	**250,916,890**	174,367,920
Property, plant and equipment, net	(11)	**3,881,556**	808,442
Intangible assets, net	(12)	**1,868,067**	1,760,363
Deferred tax asset	(13)	**402,027**	204,029
Right of use asset, net	(14)	**30,965,549**	33,017,866
Leasehold hotel building under construction	(15)	**62,447,000**	70,882,879
Total Non-Current Assets		**350,481,089**	281,041,499
Total Assets		**411,289,284**	384,094,327
Liabilities and Equity			
Current Liabilities			
Lease liability – current portion	(16)	**2,892,031**	2,481,015
Margin financing	(17)	**4,289,727**	--
Accrued expenses and other liabilities	(18)	**5,651,999**	4,647,773
Provision for Zakat and income tax	(19)	**36,722,069**	34,943,295
Total Current Liabilities		**49,555,826**	42,072,083
Non-current liabilities			
Employee benefit obligations	(20)	**4,928,683**	4,878,573
Lease liability – non-current portion	(16)	**29,635,583**	29,663,692
Total non-current liabilities		**34,564,266**	34,542,265
Total Liabilities		**84,120,092**	76,614,348
Shareholders' Equity			
Share capital	(21)	**400,000,000**	400,000,000
Statutory reserve	(21)	**14,861,178**	12,917,626
Unrealized (loss) on investments at fair value at other comprehensive income (FVTOCI)		**(11,902,006)**	(11,902,006)
Accumulated (losses)		**(75,789,980)**	(93,535,641)
Total Equity		**327,169,192**	307,479,979
Total Liabilities and Shareholders' Equity		**411,289,284**	384,094,327

The Accompanying Notes from (1) to (34) Constitute an Integral Part of These Consolidated Financial Statements

Middle East Financial Investment Company
(A Saudi Closed Joint Stock Company)
Kingdom of Saudi Arabia
Consolidated Statement of Profit or Loss
For the Year Ended 31 December 2021 **Exhibit B**

	Note	2021	2020
		SR.	SR.
Revenues and expenses			
Management, subscription and consulting fees		**18,459,578**	20,049,424
Realized gain / (losses) from investments at fair value through profit or loss, net	(8)	**2,497,929**	(1,522,139)
Unrealized gain on investments at fair value through profit or loss, net	(8)	**46,860,176**	19,299,964
Dividend Income		**397,509**	754,404
Total Revenues		**68,215,192**	38,581,653
Salaries and employee related expenses		**(16,644,221)**	(14,659,401)
Depreciation of property, plant and equipment	(11)	**(207,387)**	(251,894)
Amortization of intangible assets	(12)	**(524,210)**	(543,034)
Depreciation – right of use asset	(14)	**(2,310,240)**	(1,275,734)
Rent expenses		**(1,153,348)**	(1,102,191)
Finance cost on lease liabilities	(16)	**(1,431,418)**	(789,240)
Financing expenses on margin finance		**(127,476)**	--
General and administrative expenses	(22)	**(5,475,006)**	(6,839,236)
Total expenses		**(27,873,306)**	(25,460,730)
Operating profit		**40,341,886**	13,120,923
Other non-operating (expenses), net	(23)	**(17,160,105)**	(22,798,890)
Profit / (loss) for the year before Zakat and income tax		**23,181,781**	(9,677,967)
Zakat and income tax	(19)	**(3,944,256)**	(34,542,254)
Deferred tax income / (expense)	(13)	**197,998**	(194,880)
Profit / (loss) for the year		**19,435,523**	(44,415,101)
Basic and diluted earnings / (loss) per share	(24)	**0.49**	(1.11)

The Accompanying Notes from (1) to (34) Constitute an Integral Part of These Consolidated Financial Statements

Middle East Financial Investment Company
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Consolidated Statement of Comprehensive Income / (Loss)
For the Year Ended 31 December 2021 **Exhibit C**

	Note	2021	2020
		SR.	SR.
Profit or loss for the year		**19,435,523**	(44,415,101)
Items that will not be reclassified subsequently to profit or loss:			
Net change on re-measurement of defined benefit obligation		**253,690**	472,195
Net change on re-measurement on investments of fair value at other comprehensive income (FVTOCI)	(8/d)	**--**	(11,798,902)
Total comprehensive income / (comprehensive loss) for the Year		**19,689,213**	(55,741,808)

The Accompanying Notes from (1) to (34) Constitute an Integral Part of These Consolidated Financial Statements

Middle East Financial Investment Company
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Consolidated Statement of Changes in Shareholders' Equity
For the Year Ended 31 December 2021 **Exhibit D**

	Capital	Statutory reserve	Unrealized fair value (loss) on investments at FVTOCI	Accumulated (losses)	Total
	SR.	SR.	SR.	SR.	SR.
Shareholders' equity as at 01 January 2020	400,000,000	12,917,626	(103,104)	(49,592,735)	363,221,787
Net (loss) for the year	--	--	--	(44,415,101)	(44,415,101)
Other comprehensive income / (loss)	--	--	(11,798,902)	472,195	(11,326,707)
Total comprehensive (loss)	--	--	(11,798,902)	(43,942,906)	(55,741,808)
Shareholders as at 31 December 2020	400,000,000	12,917,626	(11,902,006)	(93,535,641)	307,479,979
Net profit for the year	**--**	**--**	**--**	**19,435,523**	**19,435,523**
Other comprehensive income	**--**	**--**	**--**	**253,690**	**253,690**
Total comprehensive income	**--**	**--**	**--**	**19,689,213**	**19,689,213**
Transfer to statutory reserve	**--**	**1,943,552**	**--**	**(1,943,552)**	**--**
Shareholders' Equity as at 31 December 2021	**400,000,000**	**14,861,178**	**(11,902,006)**	**(75,789,980)**	**327,169,192**

The Accompanying Notes from (1) to (34) Constitute an Integral Part of These Consolidated Financial Statements

Middle East Financial Investment Company
(A Saudi Closed Joint Stock Company)
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Consolidated Statement of Cash Flows
For the Year Ended 31 December 2021 **Exhibit E**

	2021	2020
	SR.	SR.
Cash Flow from Operating Activities		
Profit / (loss) for the year	**19,435,523**	(44,415,101)
Adjustments for non-cash income and expenses Items:		
Depreciation property, plant and equipment	**207,387**	251,894
Amortization of intangible assets	**524,211**	543,034
Depreciation – right of use assets	**2,310,240**	1,275,734
Financing cost	**1,431,418**	789,240
Impairment of employee loans	**--**	12,393,597
Reversal of impairment on other receivables	**(1,730,748)**	(422,502)
Provision against guarantee deposit	**--**	8,986,850
Impairment of management fees and other receivables	**12,099,254**	10,787,967
Unrealized (profit) from investments at fair value through profit or loss, net	**(46,860,176)**	(19,299,964)
Realized (profit) / loss on sale of investment at fair value through profit or loss, net	**(2,497,929)**	1,522,139
Impairment in the value of leasehold hotel building under construction	**8,435,879**	--
Employee benefits obligations	**654,632**	865,576
Zakat and Income tax expenses	**3,944,256**	34,542,254
Deferred tax (Income) / expenses	**(197,998)**	194,880
	(2,244,051)	8,015,598
Changes in operating assets and liabilities:		
Balances with related parties	**6,000,000**	68,857,137
Accrued income and other assets	**(8,346,449)**	(10,799,501)
Accrued expenses and other liabilities	**1,004,223**	(2,492,125)
Lease liabilities	**1,162,507**	--
Net Cash from Operations	**(2,423,770)**	63,581,109
Employee benefits paid	**(350,832)**	(301,434)
Zakat and income taxes paid	**(2,165,482)**	(15,153,737)
Net cash (used in) / from operating activities	**(4,940,084)**	48,125,938
Cash Flow from Investing Activities:		
Purchase of property and equipment	**(3,801,979)**	--
Purchase of intangibles assets	**(110,435)**	(262,694)
Cost of arranging – right of use assets	**(257,923)**	(727,119)
Purchase of investments	**(83,714,583)**	(20,384,232)
Proceeds from sale of investments	**61,150,854**	5,069,601
Net cash (used in) investing activities	**(26,734,066)**	(16,304,444)
Cash Flows from Financing Activities		
Lease payments	**(2,211,017)**	(2,211,015)
Margin financing	**4,289,727**	--
Net cash from / (used in) financing activities	**2,078,710**	(2,211,015)
Net (decrease) / increase in cash and cash equivalents	**(29,595,440)**	29,610,479
Cash and cash equivalents at beginning of the year	**47,716,148**	18,105,669
Cash and Cash Equivalents at End of the year – Exhibit A	**18,120,708**	47,716,148
Additional information in Non-Cash Activities		
Property, plant and equipment transfer to intangible assets	**521,478**	160,196

The Accompanying Notes from (1) to (34) Constitute an Integral Part of These Consolidated Financial Statements

1- Formation and Nature of Business:

Middle East Financial Investment Company (the "Company") is a Saudi Closed Joint Stock Company established under the Regulations for Companies in the Kingdom of Saudi Arabia. The Company operates under Commercial Registration No.1010237038 issued in Riyadh on 20 Sha'ban 1428H. (corresponding to 15 August 2007) and Ministerial Resolution No.200/K dated 30 Rabab 1428H. (corresponding to 13 August 2007) announcing the formation of the Company.

The objectives of the Company are to participate in financial security activities, and as an underwriter, perform management activities to establish and arrange investment funds, manage portfolios, perform arranging, advisory and custody services for the purpose of the administrative procedures related to the investment funds and portfolio management in accordance with the license of the Capital Market Authority ("CMA") No.06029-37 dated 21 Jumada II 1427H. (corresponding to 17 July 2007G.).

Subsidiary:

The Company's subsidiary, JESER Real Estate Development Company ("JESER") is a Saudi Limited Liability Company, which is owned 100% by the Company. The objectives of the subsidiary are to purchase land for construction of buildings for the purpose of sale or lease; in addition, manage, maintain, develop, buy and own, sell and purchase, and utilize real estate and land for the benefit of the Company. The subsidiary is also permitted to invest in other entities, which engage in similar real estate activities. Although not legally owned by the Company, the other minority shareholder has assigned his share of investment to the benefit of the Company.

The Company and Jeser constitute the "Group".

2- Basis of Preparation:

Statement of compliance with International Financial Reporting Standards:

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

Functional currency, and presentation currency:

These consolidated financial statements are presented in Saudi riyals, which is the Group's functional and presentation currency

Measurement basis:

These consolidated financial statements have been prepared on the historical cost basis using the accrual basis of accounting and the going concern concept. Except for financial instruments measured at fair value and amortized cost.

Basis of Preparation of Consolidated Financial Statements:

These consolidated financial statements comprise the assets, liabilities and operations' results of the Company and its subsidiaries mentioned above (collectively referred to as "the Group").
Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.
Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee;
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use it power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstance indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- The size of the Group's holding of voting rights relative to the size and dispersion of holding of the other vote holders;
- Potential voting rights held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.
Consolidated income and each component of comprehensive income are attributed to the shareholders of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the shareholders of the Group and to the non-controlling interest even if this results in the non-controlling interests having a deficit balance.
All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.
These financial statements have been prepared on the historical cost basis and using the accrual basis.

3- Major Accounting Estimates, Assumptions and Judgments:

The preparation of consolidated financial statements requires management to use judgments, estimates and assumptions that affect the amounts of revenues, expenses, assets and liabilities, the accompanying disclosures, and the disclosure of potential liabilities. Uncertainty about these assumptions and estimates may lead to results that require material adjustments to the carrying amounts of assets or liabilities that affect future periods. The uncertainty of key assumptions regarding the future and other key sources of estimation 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 period is described below.

Going Concern:
The directors have assessed the Group's ability to continue as a going concern in preparing these financial statements and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast doubt on the Group's ability to continue as a going concern.

Impairment of non-financial assets:
The carrying amounts of non-financial assets are reviewed at the end of each financial reporting date or periodically to determine whether there is any indication of impairment of assets, if any, the recoverable amount of the asset is estimated.

An impairment loss is recognized if the carrying amount of the asset or cash-generating unit exceeds its recoverable amount. The recoverable amount, or cash-generating unit, is the greater of its value in use or the fair value less costs to sell. 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. The fair value less selling cost is based on observable market prices. If there are no observable market prices, then the estimated prices for similar assets are used, but if there are no estimated prices for similar assets available, then discounted future cash flow calculations are used.

Expected credit losses:
Measuring the allowance for expected credit losses for financial assets measured at amortized cost requires the use of complex models and significant assumptions about future economic conditions and credit behaviour.
There are a number of important judgments that are also required in applying the accounting requirements for measuring expected credit losses, such as:

- Determining the criteria for a significant increase in credit risk.
- Selection of appropriate models and assumptions for measuring expected credit losses.

- Create a relative number and weight of future scenarios for each type of product/market and the associated expected credit losses and
- Create a group of similar financial assets for the purposes of measuring expected credit losses.

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

Zakat and corporate income tax
The Group's Saudi and GCC shareholders are subject to Zakat in accordance with the Regulations of the General Authority of Zakat and Tax ("GAZT") as applicable in the Kingdom of Saudi Arabia. The zakat charge is computed on the zakat base. An estimate of zakat arising there from is provided as a charge in the profit or loss.

The Group's foreign shareholders are subject to corporate income tax in accordance with Regulations of "GAZT" as applicable in the Kingdom of Saudi Arabia. Corporate income tax is computed on adjusted net income. An estimate of corporate income tax arising thereof is provided as a charge in the profit or loss.

Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

Employee benefits:
The Group's net liability in respect of employee benefit programs is calculated by estimating the amount of future benefits that employees have received in exchange for their service in the current and prior periods. These accruals are discounted to determine their present value. The present value of the liability is determined on the basis of an actuarial valuation at the end of the consolidated financial reporting period by an independent actuary using the projected unit addition method, which recognizes each period of service as giving rise to an additional unit of employee benefits and procedures. The obligation is measured at the present value of the estimated future cash flows in the Kingdom of Saudi Arabia, the discount rates used to determine the present value of the obligation are determined by reference to the returns of US documents (where the Saudi riyal is pegged to the US dollar) adjusted to obtain an additional risk premium that reflects the possibility of breaking the correlation.

4- Financial Instruments:

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

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

Classification and Initial Recognition:

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

- Financial assets that are subsequently measured at fair value (either through profit or loss (FVTPL) or other comprehensive income (FVTOCI)
- Financial assets measured at amortized cost.

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

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

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

Financing income

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

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

Dividends income

Dividends receivable from financial instruments are recognised in the profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the group, and the amount of the dividend can be measured reliably.

Subsequent Measurement of Financial Assets:

Equity Instruments:

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

Debt Instruments:

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

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

- Financial assets held for contractual cash flows and for sale, where cash flows represent the investment asset and interest thereon and are measured at FVTOCI.
  Changes in fair value are recognized through other comprehensive income except for the recognition of gains or losses relating to impairment, interest income and foreign exchange gains / losses in the statement of income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is transferred from equity to income statement, recognized as other gains or losses and interest income from financial assets and treated as financial interest using the effective interest rate method.
- Fair value through profit or loss (FVTPL):
  Assets that do not meet amortized cost or FVTOCI are measured at fair value through statement of income. Gains or losses arising from subsequent measurement of investment in debt instruments are recognized at fair value through statement of income that is not part of a hedging relationship within the statement of income. They are recognized as net gains or losses in the period in which they arise. Interest income from these financial assets is recognized as financial interest.

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

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

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

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

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

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

Disposal of Financial Assets and Liabilities:
- An entity derecognizes a financial asset only when the contractual rights to cash flows from the asset expire or when it transfers the financial asset and all the risks and rewards of ownership thereof to another party. If an entity neither transfers nor retains all risks and rewards of ownership and continues to control the asset, the entity recognizes its share held in the asset and the liability for the amounts it may pay. If an entity retains substantially all risks and rewards of ownership of the financial asset, the entity continues to recognize the financial asset and recognize the associated liability.

- On derecognition of a financial asset measured at amortized cost, the difference between the carrying amount of the asset and the amount of the consideration received and receivable is recognized in the statement of income. In addition, upon derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously recognized in the revaluation reserve is reclassified to profit or loss. Upon derecognition of an investment in equity instruments that the Company has chosen to recognize initially by measuring at (FVTOCI), the cumulative gain or loss recognized in the investment revaluation reserve is not classified as profit or loss, but are converted to retained earnings.
- Financial liabilities are derecognized only when the liabilities are discharged, canceled, expired or invalidated. The difference between the carrying amounts of the financial liabilities and the amounts paid and required, including any non-monetary assets transferred or liabilities recognized in the statement of income, is recognized.

Cash and cash equivalents:

Cash and cash equivalents comprise cash in hand, cash at banks and short-term deposits with original maturities of three months or less (if any).

Trade receivables and other debit balances:

Most sales are made on the basis of normal credit terms, and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortized cost using the effective interest method. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognized immediately in profit or loss.

Trade payables and other credit balances:

Trade payables are obligations on the basis of normal credit terms and do not bear interest. Interest bearing liabilities are subsequently measured at amortized cost using the effective interest method.

Property, Plant and Equipment:

Items of property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and impairment in value, if any.

Depreciation is calculated on these assets, except land, on a straight line basis so as to allocate the cost of the assets less their residual values over their estimated useful lives using the following annual depreciation rates:

Asset	**Depreciation rate**
Leasehold improvement	14% or lease period (whichever is less)
Furniture and fixture	20%
Office equipment	20%
IT equipment	25%
Telecom networking equipment	25%
Vehicle	20%

Sold or disposed assets are derecognized along with their accumulated depreciation on the date of their sale or disposal. Gains or losses on sale or disposal are recognized in profit or loss.

The Company adds to the carrying amount of an item of property, plant and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Other intangible assets:

These assets include accounting software that is purchased separately. These intangible assets have a finite useful life and are stated at cost less the amortization pool and impairment losses, if any. Amortization is computed on a straight line basis over its estimated useful life of 7 years.

Revenue Recognition:

- Asset management fees are recognized based on the certain agreed percentage of NAV of funds being managed. The Company, as a Fund Manager, charges asset management fees to its Funds on account of management, administration, subscription and custody at the rates agreed under offer documents of each fund.
- Portfolio and other advisory fees, service fees and custodian fees included under other income, are recognized based on the applicable service contract.
- Commission income is recognized on accrual basis.
- Dividends from investments are recognized when right to receive the dividend is established.
- Revenue recognition policies for financial instruments are explained in relevant notes.

Value Added Tax (VAT):

Value Added Tax represent 15% of the total sales value (output tax), and 15% of the total value of purchases and paid expenses (input tax) is deducted. The tax rate was amended from 5% to 15% during 2020.

Withholding Tax:

The withholding Tax shall be charged to any non-resident in the Kingdom of Saudi Arabia for the amount transferred abroad in accordance with the provision of the regulations.

Expenses:

Selling and marketing expenses are those that specifically relate to the selling and marketing functions of the Company. All other expenses, except cost of revenues and finance expenses are classified as general and administrative expenses. Expenses are recognized in the income statement on the accrual basis in the period in which they are incurred. Allocations between selling, marketing and general and administrative expenses and cost of revenues, when required, are made on a consistent basis.

Deferred Tax:

Income tax expense represents the sum of the tax currently payable and deferred tax.
The tax currently payable is based on taxable profit for the year. Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are generally recognized for all temporary differences that will result in taxable amounts in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled (taxable temporary differences).

Foreign Currency Translation:

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the period are translated using the exchange rates on that date. Foreign currency exchange gains and losses resulting from the settlements of such transactions and from retranslation of monetary items at period-end exchange rates are recognized in profit or loss.

Impairment in the value of non-current assets:

Real estate is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is higher than the fair value of the asset less cost to sell or value in use. When the impairment loss subsequently reverses, the carrying amount of the property is increased to the estimated recoverable amount, but the increased carrying amount shall not exceed the carrying amount that would have been determined. No impairment loss was recognized for the asset or cash-generating unit in previous years. The reversal of the impairment loss is recognized as direct income in the statement of comprehensive loss.

Zakat and Income Tax Provision:

According to the Zakat, Tax and Customs Authority (the Authority), the company is subject for zakat on the Saudi partners' share and income tax on the foreign partners' share. Zakat and income tax are being charged to the income statement for each period, and in case the partners agree internally to bear zakat and income tax expenses then zakat and income tax will be allocated and charged to the owner's equity for Saudi and the foreign partners respectively, but if the partners did not agree about bearing zakat and income tax expenses, then the expenses will not be allocated and charged on the owner's equity. Differences between the provision and final zakat assessment will be recognized and charged to the income statements when the final assessment from the Authority is issued and the difference will be charged to the income statement in the period which the final assessment is issued and it will be allocated on the owner's equity only if the partners agree among each other on bearing zakat and income tax expenses.

Related Parties:

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

Leases Contracts:

The entity evaluates at the beginning of the lease agreement whether the contract is a lease agreement or includes a rental arrangement. If the contract is wholly or partially transferring the right to control the use of a specific asset from one party to another for a specific period of time in exchange for a specific compensation or allowance, then the entity recognizes the right to use the assets and lease obligations with the exception of short-term leases of one year or less and the leases for leased assets with low value. For these leases, the entity recognizes lease payments as an operating expense on a straight line basis over the term of the lease, unless another systematic basis further presents the period of time in which the economic benefits from the leased assets are amortized.

The Group as Lessee

Lease obligations are recognized and measured initially at the present value of lease payments that have not been paid on the commencement date of the lease contract, and those payments are discounted using the interest rate implicit in the contract, and if it is not known, then the entity uses the incremental borrowing interest rate.

Unpaid lease payments include:

- Fixed lease payments less any lease incentives receivable.
- Variable lease payments that depend on an index or rate, measured initially using the index or rate at the start date of the lease.
- The amount the lessee is expected to pay the lessor when there is a residual value guaranteed in the lease agreement.
- The price of exercising buying options, if the lessee is reasonably certain of exercising the options.
- Termination fines, if the lease reflects the exercise of the option to terminate the lease.

The lease liability is presented as a separate component of the entity's statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect the interest on the lease obligation and by reducing the carrying amount to reflect the lease payments paid.

An entity re-measures the lease liability (and makes a corresponding adjustment to the related right-to-use assets) whenever:

- The lease term has changed or there is a significant event or change in circumstances that lead to a change in the evaluation of the purchase option exercise, in which case the lease liability is re-measured by discounting the revised lease payments using the revised discount rate.
- Rental payments change due to changes in an index or rate or change in expected payments under a guaranteed residual value, in which cases the rental liabilities are re-measured by discounting the adjusted rental payments using an unchanged discount rate (unless the rental payments change due to the change in the floating interest rate. In this case, the adjusted discount rate is used.)
- The lease is amended and the lease amendment is not counted as a separate lease contract, in which case the lease liabilities are re-measured based on the modified lease term by discounting the modified lease payments using the modified discount rate at the date of modification.

Right-to-use assets

Right-to-use assets include the initial measurement of the corresponding lease liability, lease payments made on or before the inception day, minus any lease incentives received and any initial direct costs subsequently measured minus accumulated depreciation and impairment losses.

When the entity incurs a commitment to the costs of dismantling and removing a leased asset, restoring the site on which it is located, or restoring the asset to the required condition under the terms of the lease contract, the provision is recognized and measured in accordance with IAS (37) and to the extent that the costs relate to the right-of-use assets, the costs are included in related right-of-use assets, unless these costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of the contract term or the useful life of the specified asset.

If the lease contract transfers ownership of the underlying asset or right-of-use cost reflects that the entity expects to exercise the purchase option, then the related use value is depreciated over the useful life of the underlying asset. Depreciation starts on the date of commencement of the lease agreement.

Right-to-use assets are presented as a separate component in the statement of financial position.

The entity applies IAS (36) to determine whether the right to use value has decreased and calculates any impairment loss identified as described in the “property and equipment” policy.

As a practical expedient, IFRS (16) allows a lessee not to separate the non-leased components, and instead any lease contract and associated non-lease components are counted as a single arrangement. The entity did not use this practical expedient. For contracts that contain a leasing component and one or more leasing or non-leasing components, the entity allocates consideration in the contract to each leasing component based on the independent relative price of the leasing component and the total sum of the single price of the non-leasing components.

The Group as Lessor

Leases are classified as finance leases when the terms of the contract transfer all risks and rewards of ownership to the lessee. The other types of leasing contracts are classified as operating leases. The contracts are classified upon commencement of the lease contract.

Operating leases contracts

The rental income from the operating lease is recognized on a consistent basis and evenly over the period of the related contract. The initial direct costs incurred by the entity when negotiating and preparing the contract are added to the value in which the leased asset appears in the statement of financial position, and they are recognized as expenses during the contract period in the same way that is adopted for lease income.

Finance leases contracts

Amounts payable from lessees under a finance lease contract are recorded as receivables with the value of the entity's net investment in the financial lease contract. The financial lease contract income is recognized based on a pattern that reflects constant periodic rates of return on the entity’s net investment related to the lease.

The initial direct costs incurred by the entity related to the negotiation and preparation of the contract are included in the calculation of the amounts receivable from the financial lease contracts and reduce the amount of income recognized consistently and specifically during the term of the contract.

Post-Employment Benefits:

Defined-Contribution Plan:

The Group contributes to the retirement pension and social insurance of its employees according to the Saudi Labor Law. The Group recognizes its share of the fixed contributions with the General Organization for Social Insurance (GOSI) in each month as expenses. The Group has neither a legal nor constructive obligation to pay any other contributions and its sole obligation is to pay the contributions when due.

Annual Leave:

Employees’ estimated liabilities for annual leave are calculated according to the Saudi Labor Law and for foreign subsidiaries according to labor law applied in its countries.

Provision for End of Service Indemnity:

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

The discount rate used is the market return on government bonds at the reporting date, with maturities close to Group's maturity dates. The cost of providing benefits under unfunded defined benefit for employees is determined using the Projected Unit Credit Method to determine the present value of the Group's liabilities.

Unfunded defined benefit program liability obligations consist of the present value of the liabilities adjusted for any costs relating to past services not yet recognized and any unrecognized actuarial gains / losses. There are currently no costs for past services.

There are no gains or losses resulting from unrecorded re-measurement, as all re-measurement gains or losses are recognized as income or expense in the other comprehensive income statement during the period in which they arise.

Provisions:

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

5- Standards and Interpretations issued that became effective:

The Company has adopted all the applicable new and revised International Financial Reporting Standards and interpretations that are relevant to its operations and effective for the period beginning on or after 1 January 2021. These amendments had no impact on the financial statements of the Company.

Standard number or interpretation	Description	Effective date
Amendments to IFRS 16 Covid-19-related Rent Concessions.	As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted. Main Changes: – Permit a lessee to apply the practical expedient regarding COVID-19-related rent concessions to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022 (rather than only payments originally due on or before 30 June 2021); – Require a lessee applying the amendment to do so retrospectively, recognizing the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment.	June 1, 2020 / April 1, 2021

Interest Rate Benchmark Reform Phase 2 Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16 and IAS 39.	In August 2020, the IASB made amendments to IFRS 9, IAS 39, IFRS 7 IFRS 4 and IFRS 16 to address the issues that arise during the reform' of an interest rate benchmark rate, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide the following reliefs: – When changing the basis for determining contractual cash flows for financial assets and liabilities (including lease liabilities), the reliefs have the effect that the changes, that are necessary as a direct consequence of IBOR reform and which are considered economically equivalent, will not result in an immediate gain or loss in the income statement. – The hedge accounting reliefs will allow most IAS 39 or IFRS 9 hedge relationships that are directly affected by IBOR reform to continue. However, additional ineffectiveness might need to be recorded.	January 1, 2021

6- <u>Standards and Interpretations issued but not yet effective</u>

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

IFRS (17) Insurance Contracts.	IFRS (17) was issued in May 2017 as replacement for IFRS (4) Insurance Contracts. It requires a current measurement model where estimates are remeasured in each reporting period. Contracts are measured using the building blocks of: • discounted probability-weighted cash flows • an explicit risk adjustment, and • a contractual service margin (CSM) representing the unearned profit of the contract which is recognized as revenue over the coverage period. IFRS (17) requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts	January 1, 2023 (deferred from January 1, 2021).
Amendments to IAS (16) Property, Plant and Equipment	The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.	01 January 2022
Reference to the Conceptual Framework (Amendments to IFRS3).	Minor amendments were made to IFRS 3 to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The amendments also confirm that contingent assets should not be recognized at the acquisition date.	01 January 2022

Onerous Contracts – Cost of fulfilling a Contract (Amendments to IAS 37)	The amendments specify that the "cost of fulfilling" a contract comprises the "costs that relate directly to the contract". Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).	01 January 2022
IFRS Standards 2018-2020	Annual Improvements to IFRS 9, IFRS 16, IFRS 1 and IAS 41.	01 January 2022
Classification of Liabilities as Current or No-Current Amendments to IAS (1)	The amendments to Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date . The amendments in Classification of Liabilities as Current or Non-current (Amendments to IAS 1) affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items.	01 January 2023 (deferred from 10 January 2022)
Disclosure of Accounting Policies (Amendments to IAS 1 AND IFRS Practice Statement 2)	The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, International Accounting Standards Board (IASB) has also developed guidance and examples to explain and demonstrate the application of the "four-step materiality process" described in IFRS Practice Statement 2. Once the entity applies the amendments to IAS 1, it is also permitted to apply the amendments to IFRS Practice Statement (2). The amendments are to be applied prospectively	1 January 2023
Definition of Accounting Estimates (Amendments to IAS 8)	On February 12, 2021, the International Accounting Standards Board (IASB) published "Definition of Accounting Estimates ". The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.	1 January 2023

Deferred Tax related to Assets and Liabilities arising from a Single transaction (Amendments to IAS 12 Income Taxs)	The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and affected entities would be requiring recognition of additional deferred tax assets and liabilities. That means the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.	1 January 2023
Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendment to IFRS 17)	The Amendment permits entities that first apply IFRS 17 and IFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before.	1 January 2023
IFRS 10 and IAS 28 amendments. Sale of contribution between an investor and its associate or joint venture.	The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.	Indefinite effective date/early adoption permitted.

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

7- Cash and Cash Equivalents:

The details of this item are as follows:

	2021	2020
	SR.	SR.
Cash on hand	**15,000**	15,000
Cash in transit	**--**	1,439,032
Cash with the portfolio manager	**--**	8,816,798
Current accounts with local banks in Saudi Riyals	**18,105,708**	37,445,318
Total – Exhibit A	**18,120,708**	47,716,148

8- Investments:

Financial assets at fair value through profit or loss:

	Notes	**2021**	2020
		SR.	SR.
Investment funds – close ended	(8/a)	**215,374,260**	164,448,066
Investment funds – open ended	(8/b)	**3,372,864**	8,000,000
Discretionary portfolio	(8/c)	**35,542,630**	9,919,854
Total		**254,289,754**	182,367,920

a) Investment Funds – close ended:

As at 31 December 2021	**2020**	**Additions/ (disposal), net**	**Unrealized gain / (loss)**	**2021**
	SR.	**SR.**	**SR.**	**SR.**
MEFIC Real estate income fund (Jeser)	646,452	(646,452)	**--**	--
MEFIC Tower Fund	26,158,503	--	**5,636,454**	31,794,957
MEFIC PORTO Development Fund	14,509,805	--	**(1,401,362)**	13,108,443
MEFIC Private Equity Opportunity Fund	51,626,840	--	**18,229,506**	69,856,346
MEFIC Private Equity Fund Opportunity Fund 2	7,203,030	(460,661)	**473,611**	7,215,980
MEFIC Private Equity Opportunity F&B	15,976,824	--	**6,549,775**	22,526,599
Fund MEFIC Private Equity Opportunity Fund 5	47,210,228	--	**16,075,402**	63,285,630
MEFIC Private Equity Opportunity Fund 3	1,116,384	--	**329,256**	1,445,640
MEFIC Private Equity Opportunity Fund 6	--	4,250,000	**1,890,665**	6,140,665
Total – Note (8)	**164,448,066**	**3,142,887**	**47,783,307**	215,374,260

As at 31 December 2020	**2019**	**Additions/ (disposal), net**	**Unrealized gain / (loss)**	**2020**
	SR.	**SR.**	**SR.**	**SR.**
MEFIC Real estate income fund (Jeser)	695,496	--	(49,044)	646,452
MEFIC Manazel Qurtoba II Fund	5,575,270	(5,575,270)	**--**	--
MEFIC Tower Fund	24,265,773	--	1,892,730	26,158,503
MEFIC PORTO Development Fund	13,781,751	--	728,054	14,509,805
MEFIC Private Equity Opportunity Fund	57,783,198	--	(6,156,358)	51,626,840
MEFIC Private Equity Opportunity Fund 2	6,654,436	--	548,594	7,203,030
MEFIC Private Equity Opportunity F&B Fund	18,568,358	--	(2,591,534)	15,976,824
MEFIC Private Equity Opportunity Fund 5	--	24,457,000	22,753,228	47,210,228
Gulf Gate Fund	5,736,314	(5,736,314)	--	--
MEFIC Private Equity Fund 3	--	675,000	441,384	1,116,384
Total – Note (8)	**133,060,596**	**13,820,416**	**17,567,054**	**164,448,066**

b) Investment Funds – open ended:

As at 31 December 2021	**2020**	**Additions disposal / net**	**Unrealized gain / (loss)**	**2021**
	SR.	**SR.**	**SR.**	**SR.**
MEFIC Murabaha Fund SAR	5,000,000	(5,000,000)	--	--
MEFIC Saudi Freestyle Equity Fund	3,000,000	--	372,864	3,372,864
Total – Note (8)	**8,000,000**	**(5,000,000)**	**372,864**	3,372,864

As at 31 December 2020	**2019**	**Additions disposal, net**	**Unrealized gain / (loss)**	**2020**
	SR.	**SR.**	**SR.**	**SR.**
MEFIC Murabaha Fund SAR	--	5,000,000	--	5,000,000
MEFIC Saudi Freestyle Equity Fund	--	3,000,000	--	3,000,000
Gulf Gate Fund	5,736,314	(5,736,314)	--	--
Total – Note (8)	**5,736,314**	**2,263,686**	**--**	8,000,000

c) **Discretionary Portfolio:**

As at 31 December 2021	**2020**	**Additions / (disposal) - net**	**Unrealized gain / (loss)**	**2021**
	SR.	**SR.**	**SR.**	**SR.**
Equity Securities	9,919,854	26,918,771	**(1,295,995)**	35,542,630
Total – Note – (8)	**9,919,854**	**26,918,771**	**(1,295,995)**	35,542,630

As at 31 December 2020	**2019**	**Additions**	**Unrealized gain / (loss)**	**2020**
	SR.	**SR.**	**SR.**	**SR.**
Equity Securities	12,650,388	(4,463,444)	1,732,910	9,919,854
Al Jazeera Bank Share PF	3,564,480	(3,564,480)	--	--
Total – Note (8)	**16,214,868**	**(8,027,924)**	**1,732,910**	9,919,854

d) Investments at fair value through other comprehensive income

This represent investment in unquoted shares of Marsa Al-Seef Investment Company Limited, registered in Cayman Island. The company was established with the principal aim of investing in Marsa Al-Seef project, a real estate development in the Kingdom of Bahrain. The Company has taken an irrevocable option to account for these equity securities at fair value through other comprehensive income. As at 31 December 2020, the Company has impaired the entire balance of SR 11,798,902.

9- Related Parties Balance and Transactions:

In the ordinary course of its activities, the Group transacts business with its related parties. Related parties includes its shareholders and their affiliated companies, managed investment funds, the Board of Directors, and key management personnel. Key management personnel are those persons, including a non-executive director, having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The transactions with related parties are carried out on mutually agreed terms approved by the management of the Group.

a) Due from related party:

	2021	2020
	SR.	SR.
MEFIC Real Estate Income Fund	--	6,000,000
Total – Exhibit A	--	6,000,000

b) The major transaction with related parties are as follows:

	Nature of relationship	**2021**	2020
		SR.	SR.
Funds managed by MEFIC Corporation	Asset management fee and subscription fees	**15,797,663**	12,781,089
MEFIC Tower Fund	Facility arrangement fee	**110,870**	639,130
	Lease arrangement fees	**425,325**	--
MEFIC REIT Fund	Facility arrangement fee	**--**	211,627
	Restructuring Plaza 2	**--**	708,829
MEFIC Private Equity Opportunity Fund 2	Dividend Income	**208,698**	146,979
MEFIC Private Equity Opportunity Fund 6	Subscription fee	**265,000**	--
MEFIC Private Equity Opportunity Fund 5	Subscription fee	**--**	420,000
	Structuring fee	**--**	2,333,720
MEFIC Saudi Freestyle Equity Fund	Subscription fee	**39,216**	15,686
Impairment of employee related loans	Impairment charge	**--**	(12,393,597)
Board of directors	Board remuneration	**(182,000)**	(183,051)
Chief executive officer and other key management personnel	Annual benefits	**(7,531,494)**	(6,013,750)

c) In addition to above related party balances, following are the balances with related parties at the reporting date:

	Nature of balance	**2021**	2020
		SR.	SR.
Funds and DPMs managed by MEFIC	Accrued management fees	**35,432,222**	30,058,452
MEFIC Tower Fund	Lease / facility arrangement fee	**42,970**	639,130
MEFIC REIT Fund	Structuring fee	**--**	2,630,666
Board of directors	Accrued fees	**(41,000)**	(30,000)

1- Units held in the funds managed by the Company included under investments are as follows:

	2021	2020
	Number of Units	
MEFIC Real Estate Income Fund – Liquidated	**--**	60,000
MEFIC PORTO Development Fund	**3,229**	3,229
MEFIC Tower Fund	**24,266**	24,266
MEFIC Private Equity Opportunity Fund	**53,487**	53,487
MEFIC Private Equity Opportunity Fund 2	**10,000**	10,000
MEFIC Fund for Private Equity F&B Opportunities Fund	**16,741**	16,741
MEFIC Private Equity Opportunity Fund 5	**24,457**	24,457
MEFIC Private Equity Opportunity Fund 3	**675**	675
MEFIC Private Equity Opportunity Fund 6	**4,250**	--

2- Percentage holdings in these funds managed by the Company are as follows:

	2021	2020
	Percentage %	
MEFIC Real Estate Income Fund – Liquidated	**--**	0.62%
MEFIC PORTO Development Fund	**13.55%**	13.55%
MEFIC Tower Fund	**42.88%**	42.88%
MEFIC Private Equity Opportunity Fund	**40.32%**	40.32%
MEFIC Private Equity Opportunity Fund 2	**22.35%**	22.35%
MEFIC Fund for Private Equity F&B Opportunities Fund	**31.51%**	31.51%
MEFIC Private Equity Opportunity Fund 5	**41.92%**	41.92%
MEFIC Private Equity Opportunity Fund 3	**1.2%**	1.2%
MEFIC Private Equity Opportunity Fund 6	**14.53%**	--

10- Accrued Income and Other Assets:

a) This item consists of the following:

	2021	2020
	SR.	SR.
Accrued management fees and other income	**45,810,523**	33,556,534
Receivable from employees	**1,358,958**	1,953,679
Receivable from Regional TAB company	**6,227,499**	7,839,101
Provision for management fees and other fees – Note (10/c)	**(10,313,731)**	(10,787,967)
Provision for other receivable	**(10,842,742)**	--
Others	**7,074,116**	8,775,333
Total – Exhibit A	**39,314,623**	41,336,680

b) The Company measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The following table details the risk profile of trade receivables based on the provision matrix:

31 December 2021	**Current**	**30 days**	**30-90days**	**90-180days**	**180-360days**	**360 days**	**Total**
Expected credit loss rate	3%	0%	0%	3%	4%	**35%**	
Total management fees and others	6,737,222	--	--	3,204,830	7,737,665	**28,130,806**	45,810,523
Provision	(195,719)	--	--	(82,859)	(275,400)	**(9,759,753)**	(10,313,731)
Book value	6,541,503	--	--	3,121,971	7,492,265	**18,371,053**	35,496,792

31 December 2020	**Current**	**30 days**	**30-90days**	**90-180days**	**180-360days**	**360 days**	**Total**
Expected credit loss rate	0%	0%	0%	0%	0%	**49.45%**	
Total management fees and other	546,853	--	--	2,158,354	4,117,844	**21,815,483**	33,556,534
Provision	--	--	--	--	--	**(10,787,967)**	(10,787,967)
Book value	5,464,853	--	--	2,158,354	4,117,844	**11,027,516**	22,768,567

In the assessment of expected credit losses, the Group considers fair value of the underlying investments being collateral to the receivables and adjust the ratio of loss given defaults accordingly.

c) The movement on provision of management and of other income during the year as follows:

	2021	2020
	SR.	SR.
Balance beginning of the year	**10,787,967**	5,057,095
Impairment charge for the year – Note (23)	**12,099,254**	10,787,967
Written-off during the year	**--**	(4,457,480)
Impairment reversal	**(1,730,748)**	(599,615)
Balance at end of the year – Note (10/a)	**21,156,473**	10,787,967

11- Property, Plant and Equipment:

a) The details of cost, accumulated depreciation are as follows:

	Leasehold improvements	Furniture and fixtures	Office tools and equipment	IT equipments	Telecom network equipment	Vehicles	Work in progress	Total
Cost	**SR.**	**SR.**	**SR.**	**SR.**	**SR.**	**SR.**	**SR.**	**SR.**
Balance at 1/01/2021	3,455,169	1,495,485	1,095,781	1,447,723	6,340,756	459,847	560,501	14,855,262
Additions during the year	--	--	--	6,900	--	777,115	3,017,964	3,801,979
Transfer to intangible assets – Note (13)	--	--	--	--	--	--	(521,478)	(521,478)
Balance at 31/12/2021	**3,455,169**	**1,495,485**	**1,095,781**	**1,454,623**	**6,340,756**	**1,236,962**	**3,056,987**	**18,135,763**
Less: Accumulated Depreciation								
Balance at 1/01/2021	3,389,424	1,466,030	1,089,527	1,403,616	6,238,377	459,846	--	14,046,820
Deprecation for the year	41,208	11,242	4,495	29,898	55,785	64,759	--	207,387
Balance at 31/12/2021	**3,430,632**	**1,477,272**	**1,094,022**	**1,433,514**	**6,294,162**	**524,605**	**--**	**14,254,207**
Property, plant and equipment, net - 31/12/2021 – Exhibit A	**24,537**	**18,213**	**1,759**	**21,109**	**46,594**	**712,357**	**3,056,987**	**3,881,556**

b) The details of cost, accumulated depreciation are as follows:

	Leasehold improvements	**Furniture and fixtures**	**Office tools and equipment**	**IT equipments**	**Telecom network equipment**	**Vehicles**	**Work in progress -c**	**Total**
Cost	**SR.**	**SR.**	**SR.**	**SR.**	**SR.**	**SR.**	**SR.**	**SR.**
Balance at 1/01/2020	3,455,169	1,495,485	1,095,781	1,447,723	6,340,756	459,847	618,197	14,912,958
Additions during the year	--	--	--	--	--	--	10,2500	102,500
Transfer to intangible assets – Note (13)	--	--	--	--	--	--	(160,196)	(160,196)
Balance at 31/12/2020	**3,455,169**	**1,495,485**	**1,095,781**	**1,447,723**	**6,340,756**	**459,847**	**560,501**	**14,855,262**
<u>**Less: Accumulated Depreciation**</u>								
Balance at 1/01/2020	3,302,642	1,442,749	1,081,639	1,363,778	6,182,590	421,528	--	13,794,926
Deprecation for the year	86,782	23,281	7,888	39,838	55,787	38,318	--	251,894
Balance at 31/12/2020	**3,389,424**	**1,466,030**	**1,089,527**	**1,403,616**	**6,238,377**	**459,846**	**--**	**14,046,820**
Property, plant and equipment, net - 31/12/2020 – Exhibit A	**65,745**	**29,455**	**6,254**	**44,107**	**102,379**	**1**	**560,501**	**808,442**

c) This includes the advance payment for license and implementation of programs in the amount of SR.466,000.

12- Intangible Assets, net:

This item consists of cost and accumulated amortization are as follows:

	2021	2020
	SR.	SR.
Cost		
Balance at 1 January	**12,195,334**	11,874,944
Additions (CWIP)	**110,435**	160,194
Transfer from work in progress – Note (11)	**521,479**	160,196
Balance as of 31 December	**12,827,248**	12,195,334
Accumulated amortization		
Balance at 1 January	**10,434,971**	9,891,937
Charge for the year	**524,210**	543,034
Balance as at 31 December	**10,959,181**	10,434,971
Net book value, net – Exhibit A	**1,868,067**	1,760,363

13- Deferred Tax Asset:

a) Deferred tax asset relates to the following:

	2021	2020
	SR.	SR.
Provision for expected credit losses	**262,340**	133,771
Employees benefits obligation	**165,720**	60,494
Property and equipment	**(26,033)**	9,764
Deferred Tax Assets – Exhibit A	**402,027**	204,029

b) The movement during the year on this account was as follows:

	2021	2020
	SR.	SR.
Balance at the beginning of the year	**204,029**	398,909
Charge for the year	**197,998**	(194,880)
Balance at the end of the year	**402,027**	204,029

14- Right of Use Assets, net:

The right to use the assets, consists of cost and accumulated depreciation are as follows:

	2021	2020
	SR.	SR.
Cost		
Balance 01 January	**34,293,600**	--
Additions and adjustments during the year	**985,042**	33,566,481
Advance payment adjustments for structuring fees	**(727,119)**	727,119
Balance as at 31 December	**34,551,523**	34,293,600
Less: Accumulated depreciation		
Balance as at 01 January	**1,275,734**	--
Charge for the year – Exhibit B	**2,310,240**	1,275,734
Balance as at 31 December	**3,585,974**	1,275,734
Right to use Assets, Net – Exhibit A	**30,965,549**	33,017,866

15- Leasehold Hotel Building Under Construction:

a) This item consists of the following:

	2021	2020
	SR.	SR.
Plaza 2 Hotel	**70,882,879**	70,882,879
Impairment provision – Note (23)	**(8,435,879)**	--
Total – Exhibit A	**62,447,000**	70,882,879

b) During 2020, JESER received a property (Plaza 2) from MEFIC REIT Fund built on the piece of leased land as settlement of amount due. The property was transferred to JESER by an agreed amount of SR 70,822,879. The related land was recognized under IFRS 16 at transfer date. The transfer of assets was concluded on 29 April 2020. The property is not yet available for use and therefore, no depreciation is charged for the year ended 31 December 2020 and 2021.

16- Lease Liabilities:

This item consists of the following:

	2021	2020
	SR.	SR.
Balance at beginning of the year	**32,144,706**	--
Addition / adjustment during the year	**1,162,507**	33,566,482
Financing cost – Exhibit B	**1,431,418**	789,240
Paid during the year	**(2,211,017)**	(2,211,015)
Total	**32,527,614**	32,144,707
Current portion of lease liabilities – Exhibit A	**2,892,031**	2,481,015
Non-current portion of lease liabilities – Exhibit A	**29,635,583**	29,663,692

17- Margin Financing:

The company obtained margin financing facility from a local bank in the amount of SR.10 million (until 31 December 2021 amount of SR.4,289,727 was utilized) at special commission rates according to the market in addition to the SAIBOR for the purpose of buying and selling in local shares in accordance with the following conditions and guarantees:

1) Mortgaging the entire investment portfolio.
2) A promissory note for the full value of the facilities.
3) Others according to the agreement.

18- Accrued Expenses and Other Liabilities:

This item consists of the following:

	2021	2020
	SR.	SR.
Salaries and employee related	**2,182,030**	1,754,690
Dividend guarantee – Note (26)	**527,876**	602,437
Shariah purification expenses	**437,523**	447,523
Accrued professional fees	**1,096,238**	945,492
GOSI	**88,224**	80,733
Withholding tax	**3,735**	15,776
Accrued IT maintenance expenses	**507,301**	376,395
VAT payable	**312,405**	--
Others	**496,667**	424,727
Total – Exhibit A	**5,651,999**	4,647,773

19- Provision for Zakat and Income Tax:

The Group has recognized provision for Zakat and Income Tax for the year in accordance with Saudi Arabian Zakat and Income Tax Regulations and recognized in the consolidated statements of profit or loss. Breakup of provision for Zakat and Income Tax in the consolidated statement of financial position are as follows:

	2021	2020
	SR.	SR.
Zakat provision – Note (a)	**36,615,061**	34,605,688
Income Tax provision – Note (b)	**107,008**	337,607
Total	**36,722,069**	34,943,295

The details of the provision for zakat and income tax in the statement of profit and loss are as follows:

	2021	2020
	SR.	SR.
Zakat provision for the current year	**3,944,256**	7,517,088
Zakat provision for the previous year	**--**	26,794,567
Income tax expenses for the previous year	**--**	230,599
Total	**3,944,256**	34,542,254

a) The movement of zakat provision for the year ended December 31 is as follows:

	Company	**Subsidiary**	Total
For the year ending 31 December 2021:	**SR.**	**SR.**	SR.
Balance at the beginning of the year	31,820,361	**2,785,327**	34,605,688
Payment during the year	(1,212,213)	**(722,670)**	(1,934,883)
Charge for the year	3,440,687	**503,569**	3,944,256
Balance at the end of the year	**34,048,835**	**2,566,226**	36,615,061

	Company	**Subsidiary**	Total
For the year ending 31 December 2020:	**SR.**	**SR.**	SR.
Balance at the beginning of the year	13,260,774	**1,797,500**	15,058,274
Payment during the year	(3,978,137)	**(1,799,254)**	(5,777,391)
Additional provision against assessment of previous year	24,693,570	**2,100,997**	26,794,567
Liquidation of guarantee profits	(8,986,850)	**--**	(8,986,850)
Charge for the year	6,831,004	**686,084**	7,517,088
Balance at the end of the year – Exhibit A	**31,820,361**	**2,785,327**	34,605,688

b) The movement in the income tax provision is as follows:

	Company	**Subsidiary**	Total
	SR.	**SR.**	SR.
Balance at the beginning of the year	106,452	**231,155**	337,607
Payment during the year	--	**(230,599)**	(230,599)
Charge for the year	--	**--**	--
Balance at the end of the year – Exhibit A	**106,452**	**556**	107,008

	Company	**Subsidiary**	Total
For the year ending 31 December 2020:	**SR.**	**SR.**	SR.
Balance at the beginning of the year	495,948	**556**	496,504
Payment during the year	(389,496)	**--**	(389,496)
Charge for the year	--	**230,599**	230,599
Balance at the end of the year – Exhibit A	**106,452**	**231,155**	337,607

c) The following are the significant components of the Zakat base of the Saudi and GCC shareholders for the year ended 31 December 2021:

	Company	Subsidiary
	SR.	SR.
Share capital	**400,000,000**	100,000,000
Statutory reserve	**12,917,626**	9,133,140
Accumulated (losses)	**(93,535,638)**	(12,669,472)
Book value of long-term assets	**(195,609,010)**	(70,888,279)
Opening provisions and other adjustments	**18,523,139**	(4,749,352)
Zakat base	**14,229,6117**	20,826,037
Saudi & GCC shareholders' (93.80%) Zakat base	**(8,822,359)**	(1,291,214)
Zakat base after adjustment Saudi & GCC Shareholders	**133,473,758**	19,534,823
Zakat amount at the rate of 2.5778%	**3,440,687**	503,569

The following are the significant components of the Zakat base of the Saudi and GCC shareholders for the year ended 31 December 2020:

	Company	Subsidiary
	SR.	SR.
Share capital	**400,000,000**	100,000,000
Statutory reserve	**12,917,626**	9,133,140
Accumulated (losses)	**(49,592,733)**	(6,310,385)
Book value of long-term assets	**(99,495,200)**	(70,888,446)
Opening provision and other adjustment	**18,679,447**	(3,559,993)
Zakat base	**282,509,140**	28,374,316
Saudi & GCC shareholder's (93.80%) Zakat base	**(17,515,567)**	(1,759,208)
Zakat base after adjustment Saudi & GCC shareholders	**264,993,573**	26,615,108
Zakat amount at the rate of 2.5778%	**6,831,004**	686,084

d) Zakat and tax assessments:

The Company

The Company has submitted its zakat and corporate income tax returns for financial years from 2007 through 2020 with the Zakat, Tax and Customs Authority ("ZATCA"). The company has received final assessments for the years 2008 till 2013 and for year 2018 wherein the ZATCA has raised additional demands aggregating to SR.43.27 million. The Company paid SR.1.67 million of the additional liability pertaining to years 2008-11 and filed an appeal against the remaining liability of SR 17.97 million to Higher Appeal Committee ("HAC"); a bank guarantee of SR.17.97 million was submitted to GAZT as required by the zakat and corporate income tax laws of the Kingdom of Saudi Arabia. The appeal for years 2008-11 from HAC was then referred to General Secretariat of Tax Committees ("GSTC") post dissolution of HAC. However, a provision of SR.17.97 million was provided as of 31 December 2020 against this guarantee provided to GAZT on prudent basis without prejudice to the merit of the pending legal case and rights of each party to remain same until a settlement is reached between ZATCA and the Company or the final decision is received on the same from GSTC otherwise. The Company is also formally contesting the assessments received for years 2012-13 and year 2018 with GSTC.

During 2020, the Company received the final assessment for year 2014 in which the ZATCA has raised the additional demand of SR.2.45 million. The management had filed an appeal with GSTC post rejection of their appeal by ZATCA for the said year.

These additional exposure of SR.45.73 million for years 2008-14 and year 2018 was on account of disallowance of long-term investments and other disallowances by ZATCA. The total provisions of SR. 33.15 million was provided as of 31 December 2020 which represents the Company's best estimates of its liability towards GAZT.

During the current year, the Company received the final assessments for years 2015 till 2017 in February 2021 from ZATCA raising additional demand aggregating to SR.11.04 million on account of disallowance of long-term investments and other disallowances from the zakat base. The management had filed an appeal with GSTC post rejection of their appeal by ZATCA for these years. The Company has provided the provisions of SR.6.62 million on prudent basis for these years assessed by ZATCA.

The Subsidiary

The Subsidiary has filed its Zakat and corporate income tax returns for the years from establishment date up to and including the financial year 2020 with the Zakat, Tax and Customs Authority (the "ZATCA") and has received restricted certificate up to the year 2020.

During 2020, the Subsidiary received the final assessments for the years 2015 to 2018 from ZATCA raising the additional demand of SR.2.89 million. These additional exposure was on account of disallowance of long-term investments from the zakat base by ZATCA. However, the Subsidiary has booked the total provisions of SR.2.33 million as of 31 December 2020 for these years assessed by GAZT. During the year, the Subsidiary had filed the formal objection with General Secretariat of Tax Committees ("GSTC") after the rejection of its appeal by ZATCA for years 2015, 2016 and 2017 and has settled the liability for year 2018 with ZATCA by paying a total of SR. 0.27 million.

20- Employees' End of Services Benefits:

a) The Group is required to pay post-employment benefits to all employees under Saudi Labor Regulations on termination of their employment. The liability for end of service benefits is estimated through actuarial methods using the projected unit credit method.
The amounts recognized in the statement of financial position and the statement of comprehensive income are summarized in the below schedule:

	2021	2020
	SR.	SR.
Present value of employee benefit obligations recognized in the statement of financial position – Exhibit A	**4,928,683**	4,878,573
Cost of service recognized in the statement of income	**654,632**	865,576

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

	2021	2020
	SR.	SR.
Balance at beginning of the year	**4,878,573**	4,786,626
Current services cost	**593,479**	718,621
Finance charge	**61,153**	146,955
Actuarial profits	**(253,690)**	(472,195)
Payments and settlements during the year	**(350,832)**	(301,434)
Balance at the end of the year – Exhibit A	**4,928,683**	4,878,573

c) The main assumptions used for actuarial valuations were as follows:

	2021	2020
	%	%
Discount rate	**1.75%**	1.55%
Salary increase rate	**1.75%**	3.00%
Staff turnover rate	**High**	High

d) Sensitivity analysis of actuarial assumptions:
Below is the effect of change in the present value:

	2021	2020
Actuarial assumptions	**SR.**	SR.
Change in discount rate		
Increase by 0.5%	**452,697**	412,323
Decrease by 0.5%	**(487,069)**	(460,805)
Expected rate of salary increase		
Increase by 0.5%	**485,787**	455,441
Decrease by 0.5%	**(453,734)**	(416,937)

21- Share Capital:

a) As at 31 December 2021 and 2020, authorized, issued and fully paid-up share capital of the Company was SR. 400 million divided into 40 million shares with a nominal value of SR. 10 each.
The shareholding of the company's issued and fully paid-up share capital was as follows:

	Percentage	**Number of shares**	**Share value**	**Capital**
	%	**SR.**	**SR.**	**SR.**
GCC shareholders –b	40%	16,000,000	10	160,000,000
The Arab Investment Company (TAIC) –c	15%	6,000,000	10	60,000,000
Saudi Shareholders	45%	18,000,000	10	180,000,000
Total Share Capital	**100%**	**40,000,000**		
Capital – Exhibit A				**400,000,000**

b) GCC shareholder are Ahli United Bank – Kuwait (30%) and Ahli United Bank – Bahrain (10%) a pan MENA banking Group (AUB).

c) TAIC is a closed joint stock company owned by the Arab states and registered in the Kingdom of Saudi Arabia 58.65% of TAIC is owned by Saudi and GCC shareholders and therefore out of 15% of TAIC's holding in the Company, 8.8% is considered Saudi and GCC shareholding, which is subject to Zakat which the remaining 6.2% is considered foreign and subjected to tax liability.

d) Statutory Reserve:

The Company is required to allocate 10% of its profit for each year to a statutory reserve. The Company may discontinue such transfers when such reserve reaches 30% of its share capital. Such reserve is not subject to distributions.

22- General and Administrative Expenses:

This item consists of the following:

	2021	2020
	SR.	SR.
Professional fees	**999,346**	2,805,929
Repairs and maintenance	**1,485,072**	610,838
Subscriptions	**875,695**	811,250
Board remuneration	**182,000**	183,015
Utilities, maintenance and sundry expenses	**386,132**	338,148
Insurance expenses	**368,381**	330,926
Security services	**144,000**	144,000
Guaranteed dividends	**506,233**	602,437
Shariah purification expenses	**--**	447,523
Other	**528,147**	565,170
Total – Exhibit B	**5,475,006**	6,839,236

23- Other Non-Operating (Losses), Net:

This item consists of the following:

	2021	2020
	SR.	SR.
Other income	**1,644,280**	8,172
Impairment charge on employee loan related balances	**--**	(12,393,597)
Impairment charged on other receivables – Note (10/c)	**(8,562,486)**	(4,333,865)
Impairment of management fees – Note (10/c)	**(3,536,768)**	(6,079,600)
Reversal of impairment	**1,730,748**	--
Provision impairment of investing value – Note (15)	**(8,435,879)**	--
Other Non-Operating (Loss) - Net – Exhibit B	**(17,160,105)**	(22,798,890)

24- Earnings / (Loss) Per Share:

Earnings / (loss) per share is calculated by dividing net income or loss for the year by the weighted average number of shares outstanding during the year ended 31 December 2021 and 2020.

25- Fiduciary Assets:

Assets under management:

These represent the mutual funds' assets and investments managed by the Group on behalf of its customers, which amount to SR.2,988,727,937 as at 31 December 2021 (31 December 2020: SR.2,598,073,890 Consistent with the Group's accounting policy, such balances are not audited and are not included in the Group's consolidated financial statements.

Customer cash accounts:

According to the Capital Market Authority regulation for authorized persons that requires separating customer accounts, the company has balances in various accounts with a local bank to carry out the activities of dealing, management and custody. The company maintains customer accounts amounting SR.7,189 as on December 31, 2021 (December 31, 2020: SR.Nil) and in line with the Group's accounting policy, these balances are not audited and not included in the Group's consolidated financial statements.

26- Contingencies and Commitments:

Contingent liabilities:

There were no contingencies as at the reporting date except for the Zakat and corporate income tax assessment under consideration as disclosed in relevant notes of the financial statements.

Commitments:

MEFIC has guaranteed an annual dividend of up to 2% to initial cash subscribers of MEFIC REIT Fund, if the annual dividend announced by MEFIC REIT Fund falls short of 5%. Any deficiency in the annual dividend is guaranteed by MEFIC up to a rate of 2% of the deficient amount. The amount of dividend to be paid for the period up to 31 December 2021 is SR.527,876 which approximates to the corresponding 2% of the deficient amount guaranteed by MEFIC.

During the year 2020, MEFIC Private Equity Opportunities Fund 5 (a fund managed by the Company "The Fund") secured a sharia financing facility line from Bank AlJazira amounting to SR 51,782,400 for the purpose of financing the asset acquisition of the Fund. Since the Fund SPV legal status was not a Joint Stock Company ("JSC") as per the requirements of the bank, MEFIC temporarily facilitated the credit facility on behalf of the Fund until the legal status of the Fund SPV has changed to a JSC.

The outstanding withdrawal as on 31 December 2020, amounted to 10 million Saudi riyals. The loan is secured against the total assets of the fund. The company also provided a guarantee for the repayment of the loan. During the current year in March 2021 the loan was transferred to the fund SPV (M/S All Forsa AlMaseyah Al Riyadeyah) with all conditions remaining the same including the repayment guarantee provided by the company and also the fund repaid an amount of SR.1,693,970 towards the partial repayment of the loan.

27- Segment Information:

The Group operates solely in the Kingdom of Saudi Arabia. For management purposes, the Group is organized into business units based on services provided and has the following reportable segments:

Corporate

Corporate manages future corporate development and controls all treasury related functions. All proprietary investments are included within this business segment, which also comprise strategy and business development, legal and compliance, finance, operations, human resources and client relation management.

Asset management

Asset management services include management of certain mutual funds and investments on behalf of the Group's customers.

Management monitors the operating results of the operating segments separately for making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

The Group does not track liabilities by business segment and these are accordingly disclosed as corporate liabilities.

Real Estate

Real Estate division deals with managing investment properties and devising strategies to maximize profits from capital appreciation in properties and generate rental income.

Private Equity and investment banking (PE and IB)

The Group invests in private unquoted companies and makes strategies for their turnaround and to be sold in future years generating income for the Group.

For the year ended 31 December 2021	**Corporate**	**Asset management**	**Real Estate**	**PE&IB**	**Total**
	SR.	**SR.**	**SR.**	**SR.**	**SR.**
Revenues					
Total revenues	49,755,615	2,157,262	4,937,912	11,364,403	68,215,192
Expenses					
Salaries and employee related expenses	5,227,270	2,984,535	2,942,421	5,489,995	16,644,221
Depreciation and amortization expenses	2,615,775	175,138	176,170	74,754	3,041,837
Rent expense	466,795	341,156	224,932	120,465	1,153,348
Financing expenses on lease liabilities	1,431,418	--	--	--	1,431,418
General and administrative expenses	2,352,831	1,321,110	1,519,606	281,459	5,475,006
Finance expenses on margin finance	127,476	--	--	--	127,476
Other non-operating expenses	13,019,100	--	2,800,031	1,340,974	17,160,105
Total expenses	25,240,665	4,821,939	7,663,160	7,307,647	45,033,411
Segment profit / (loss)	24,514,950	(2,664,677)	(2,725,248)	4,056,756	23,181,781
Zakat and Income Tax					(3,746,258)
Profit for the year					19,435,523

For the year ended 31 December 2020	**Corporate**	**Asset management**	**Real Estate**	**PE&IB**	**Total**
	SR.	**SR.**	**SR.**	**SR.**	**SR.**
Revenues					
Total revenues	18,532,229	1,980,395	7,772,486	10,296,543	38,581,653
Expenses					
Salaries and employee related expenses	2,902,888	3,419,231	2,692,176	5,645,106	14,659,401
Depreciation and amortization expenses	1,607,718	190,299	191,421	81,224	2,070,662
Rent expense	446,090	326,024	214,955	115,122	1,102,191
Finance expense on lease liabilities	789,240	--	--	--	789,240
General and administrative expenses	2,269,367	1,557,314	2,699,057	313,498	6,839,236
Other non-operating expenses	15,921,951	38,665	2,954,775	3,883,499	22,798,890
Total expenses	23,937,254	5,531,533	8,752,384	10,038,449	48,259,620
Segment (loss)	(5,405,025)	(3,551,138)	(979,898)	(258,094)	(9,677,967)
Zakat and Income Tax					34,737,134
(Loss) for the year					(44,415,101)

28- Financial Risk Management:

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

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

Market Risk:

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

Credit Risk:

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

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

Liquidity risk:

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

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

Financial Assets and Financial Liabilities:

	2021	2020
	SR.	SR.
Financial assets		
Financial asset at amortized cost:		
Cash and cash equivalents	**18,120,708**	47,716,148
Accrued income and other assets	**39,002,219**	41,336,680
Total financial assets at amortized cost	**57,122,927**	89,052,828
Financial assets at fair value through profit or loss		
Investment funds	**218,747,124**	172,448,066
Discretionary portfolios	**35,542,630**	9,919,854
Total financial assets at fair value through profit and loss	**254,289,754**	182,367,920
Total financial assets	**311,412,681**	271,420,748
Financial liabilities at amortized cost		
Lease liabilities	**32,527,614**	32,144,707
Margin finance	**4,289,727**	--
Accrued expenses and other liabilities	**5,335,859**	4,647,773
Total financial liabilities at amortized cost	**42,153,200**	36,792,480

29- Fair Values of Financial Instruments:

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

Determination of fair value and fair value hierarchy

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

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

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

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

The table below presents the financial instruments based on the fair value hierarchy:

As of 31 December 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL				
Investment funds	--	--	218,747,124	218,747,124
Discretionary portfolios	35,542,630	--	--	35,542,630
Total financial assets at FVTPL	**35,542,630**	**--**	**218,747,124**	**254,289,754**
As of 31 December 2020				
Financial assets at FVTPL				
Investment funds	--	--	172,448,066	172,448,066
Discretionary portfolios	9,919,854	--	--	9,919,854
Total financial assets at FVTPL	**9,919,854**	**--**	**172,448,066**	**182,367,920**

Fair value of financial instruments:

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

Transfer between fair value hierarchies:

For assets and liabilities that are recognized in the Special Purpose financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Company determines the policies and procedures for both recurring fair value measurement, and for non-recurring measurement. There were no transfers in between levels during the year ended 31 December 2020 and 2021.

30- Regulatory Capital Requirements and Capital Adequacy:

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

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

	2021	2020 – (Adjusted) – b
	SR.	SR.
Description		
Capital base:		
Tier-1 capital	**324,899,101**	305,049,723
Tier-2 capital	--	--
Total Capital Base (A)	**324,899,101**	305,049,723
Minimum Capital Requirement:		
Market risk	**1,835,182**	2,031,373
Credit risk	**217,071,395**	199,049,138
Operational risk	**7,338,243**	10,501,118
Total Minimum Capital Requirement (B)	**226,244,820**	211,581,629
Surplus (C = A-B)	**98,654,281**	93,468,095
Capital Adequacy Ratio (D = A/B)	**1.44**	1.44

b) Comparative figures was adjusted based on CMA review.

31- Large Exposure:

	2021	2020
	SR.	SR.
Limit	**81,224,775**	76,262,431
No. of prohibited exposures applying 714%	**1**	1
No. of prohibited exposures not applying 714% (violation)	--	--
No. of excess exposure in the trading book	--	--

32- Significant Events:

- At the beginning of the year 2020, the Corona virus (Covid 2019) appeared as a global pandemic, which caused a state of instability in the global economy as a whole. At this early stage, the company evaluates any potential impacts on the financial statements, whether with regard to the negative effects of the virus on the business or the ability to pay debts, or with regard to the positive effects of servicing the facilities and support provided by the state to businesses affected by the spread of the virus, and changes in circumstances may require some disclosures related to them, including those on which the company's estimates are based on forecasting expected credit losses related to financial instruments. The management believes that no significant events have occurred since the end of the financial year that could potentially have a material impact on the company's financial position.

- Subsequent to the year-end, the company redeemed the investment in MEFIC Saudi Freestyle Equity Fund and disposed-off equity securities held through Discretionary portfolio and realized a total gain of SR 8.03 million.

33- Approval of Consolidated Financial Statements:

These financial statements were approved for issuance by the board of directors on 24 Shaban 1443H. Corresponding to 27 March 2022G.

34- Comparative Figures:

- The comparative figures have been reclassified to conform to the current year’s presentation.
- The figures in the financial statements are rounded to the nearest Saudi Riyal.