MULKIA INVESTMENT COMPANY
(A Saudi Closed Joint Stock Company)
Financial Statements
For The Year Ended 31 December 2022
Together With The
Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF MULKIA INVESTMENT COMPANY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

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

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

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

BASIS FOR OPINION

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and Regulations for Companies and the Company's Article of Association/(Bylaws) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF MULKIA INVESTMENT COMPANY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF MULKIA INVESTMENT COMPANY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

For Al-Bassam & Co.

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

Ahmed Mohandis
Certified Public Accountant
License No. 477
Riyadh: 20 Shaban 1444H
Corresponding to: 12 March 2023

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

	Note	**31 December 2022**	31 December 2021
Assets			
Non-current assets			
Property and equipment, net	4	**4,921,826**	3,681,824
Intangible assets, net	5	**96,252**	159,776
Investments at fair value through other comprehensive income	6	**6,246,907**	7,930,917
Investments at fair value through profit or loss- non current portion	10	**2,550,000**	3,754,748
Right of use assets, net	7	**1,540,838**	2,084,664
Total non-current assets		**15,355,823**	17,611,929
Current assets			
Due from related parties	8	**14,841,399**	9,179,808
Prepayments and other debtors	9	**1,259,614**	784,968
Investments at fair value through profit or loss-current portion	10	**31,785,925**	49,850,138
Cash and cash equivalents	11	**19,005,400**	1,270,100
Total current assets		**66,892,338**	61,085,014
Total assets		**82,248,161**	78,696,943
Equity and Liabilities			
Equity			
Share capital	12	**65,000,000**	65,000,000
Statutory reserve	13	**2,468,184**	836,056
Retained earnings		**626,149**	4,245,925
Re-measurement reserve for Employee defined benefits plan obligations		**154,787**	167,601
Revaluation reserve for Investments at fair value through other comprehensive income	6	**(909,432)**	(615,277)
Total equity		**67,339,688**	69,634,305
Liabilities			
Non-current liabilities			
Lease liabilities- non-current portion	7-B	**904,230**	1,488,760
Employee defined benefits plan obligations	14	**622,483**	446,205
Total non-current liabilities		**1,526,713**	1,934,965
Current liabilities			
Lease liabilities - current portion	7-B	**584,530**	570,228
Accrued expenses and other creditors	15	**4,663,119**	2,042,721
Zakat provision	16	**8,134,111**	4,514,724
Total current liabilities		**13,381,760**	7,127,673
Total liabilities		**14,908,473**	9,062,638
Total equity and liabilities		**82,248,161**	78,696,943

The accompanying notes (1) to (29) form an integral part of these financial statements.

Chief Financial Officer Chief Executive Officer Chairman of Board of Directors

MULKIA INVESTMENT COMPANY
(A Saudi Closed Joint Stock Company)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For The Year Ended 31 December 2022
(Saudi Arabian Riyals)

	Note	**for the year ended 31 December 2022**	for the year ended 31 December 2021
Operating revenues			
Revenue from investment services and assets management	18	**31,471,185**	17,463,274
Realized gains from sale of investments at FVTPL,net		**2,884,152**	1,649,027
Unrealized gains of investments at FVTPL,net	10	**1,713,517**	5,510,266
Dividend income		**434,137**	198,490
Special commission income		**332,876**	11,377
Total operating revenue		**36,835,867**	24,832,434
Operating expenses			
Salaries and expenses related to employees		**(8,293,411)**	(6,047,315)
Depreciation of property and equipment	4	**(444,307)**	(376,041)
Amortization of right of use assets	7	**(543,826)**	(543,825)
Rental expenses		**(295,184)**	(621,832)
Other general and administrative expenses	19	**(9,044,661)**	(6,904,473)
Marketing expenses		**(15,720)**	(279,101)
Finance costs		**(105,072)**	(56,480)
Total operating expenses		**(18,742,181)**	(14,829,067)
Net operating profit		**18,093,686**	10,003,367
Other revenue		**16,629**	5,815
Net income for the year before Zakat		**18,110,315**	10,009,182
Zakat	16-B	**(1,789,039)**	(1,673,915)
Net income for the year		**16,321,276**	8,335,267
Other comprehensive income			
Items that will not subsequently reclassified to the statement of profit or loss			
Net movement in fair value of investments through other comprehensive income		**(728,079)**	(136,657)
(Loss) / gain from re-measurement of employee defined benefits plan obligations	14	**(12,814)**	70,343
Total other comprehensive loss for the year		**(740,893)**	(66,314)
Total comprehensive income for the year		**15,580,383**	8,268,953
Earnings per share	21		
Basic earning per share of net operating profit		**2,78**	1.54
Basic earning per share of net profit for the year		**2,51**	1,28
Weighted average number of shares outstanding at the end of the year		**6,500,000**	6,500,000

The accompanying notes (1) to (29) form an integral part of these financial statements

Chief Financial Officer | Chief executive officer | Chairman of Board of Directors

MULKIA INVESTMENT COMPANY
(A Saudi Closed Joint Stock Company)
STATEMENT OF CHANGES IN EQUITY
For The Year Ended 31 December 2022
(Saudi Arabian Riyals)

	Share capital	**Statutory reserve**	**Retained earnings**	**Reserve re-measurement for Employee defined benefit plans**	**Revaluation reserve for Investments at fair value through other comprehensive income**	**Total stockholders' equity**
Balance as at 1 January 2021	65,000,000	2,529	9,559	97,258	(493,994)	64,615,352
Net income for the year	-	-	8,335,267	-	-	8,335,267
Movement in fair value of investments through other comprehensive income	-	-	-	-	(136,657)	(136,657)
(Loss) / gain from re-measurement of employee defined benefits plan obligations	-	-	-	70,343	-	70,343
Total comprehensive income for the year	-	-	8,335,267	70,343	(136,657)	8,268,953
Realized Loss on sale of investments at fair value through other comprehensive income	-	-	(15,374)	-	15,374	-
Transferred to statutory reserve	-	833,527	(833,527)	-	-	-
Dividends (note 20)	-	-	(3,250,000)	-	-	(3,250,000)
Balance as at 31 December 2021	65,000,000	836,056	4,245,925	167,601	(615,277)	69,634,305
Net income for the year	-	-	16,321,276	-	-	16,321,276
Movement in fair value of investments through other comprehensive income	-	-	-	-	(728,079)	(728,079)
(Loss) / gain from re-measurement of employee defined benefits plan obligations	-	-	-	(12,814)	-	(12,814)
Total comprehensive income for the year	-	-	16,321,276	(12,814)	(728,079)	15,580,383
Realized Loss on sale of investments at fair value through other comprehensive income	-	-	(433,924)	-	433,924	-
Transferred to statutory reserve	-	1,632,128	(1,632,128)	-	-	-
Dividends (note 20)	-	-	(17,875,000)	-	-	(17,875,000)
Balance as at 31 December 2022	**65,000,000**	**2,468,184**	**626,149**	**154,787**	**(909,432)**	**67,339,688**

The accompanying notes (1) to (29) form an integral part of these financial statements

Chief Financial Officer   Chief executive officer   Chairman of Board of Directors

MULKIA INVESTMENT COMPANY
(A Saudi Closed Joint Stock Company)
STATEMENT OF CASH FLOWS
For The Year Ended 31 December 2022
(Saudi Arabian Riyals)

	Notes	**for the year ended 31 December 2022**	for the year ended 31 December 2021
CASH FLOW FROM OPERATING ACTIVITIES			
Net income for the year before Zakat		**18,110,315**	10,009,182
Adjustments to reconcile net profit for the year before zakat:			
Depreciation of property and equipment	**4**	**444,307**	376,041
Amortization of intangible assets	**5**	**63,524**	64,612
Unrealized gains of investments at fair value through profit or loss	**10**	**(1,713,517)**	(5,510,266)
Amortization of Right of use assets	**7**	**543,826**	543,825
Zakat differences from previous years	**16-c**	**3,495,980**	948,239
Loss / (Profit) from disposal property and equipment		**3,183**	(2,850)
Finance costs		**105,072**	56,480
Term deposit interest		**(330,747)**	-
Provision for employee benefit plans obligations	**14**	**320,720**	188,685
		21,042,663	6,673,948
The changes in operating assets and liabilities:			
Investments at fair value through other comprehensive income	**6**	**955,931**	57,120
Investments at fair value through profit or loss	**10**	**20,982,478**	(30,301,114)
Due from related parties	**8**	**(5,661,591)**	397,743
Prepayments and other debtors	**9**	**(516,571)**	1,345,230
Accrued expenses and other creditors	**15**	**2,131,401**	541,997
Results from operations		**38,934,311**	(21,285,076)
Employee defined benefit plans obligations paid	**14**	**(157,256)**	(101,413)
Zakat paid	**16**	**(1,665,632)**	(1,624,829)
Net cash generated from / (used in) investing activities		**37,111,423**	(23,011,318)
CASH FLOW INVESTING ACTIVITIES			
Purchase of property and equipment	**4**	**(1,696,147)**	(2,876,210)
Proceeds from disposal property and equipment		**8,655**	4,509
collected interest on deposits		**310,172**	-
Purchase of intangible assets		**-**	(20,000)
Net cash used in investing activities		**(1,377,320)**	(2,891,701)
Cash Flow Financing activities			
Rental obligations paid	**7**	**(612,800)**	(612,800)
Dividend paid		**(17,386,003)**	(3,140,640)
Net cash used in financing activities		**(17,998,803)**	(3,753,440)
Net change in cash and cash equivalents at banks		**17,735,300**	(29,656,459)
Cash and cash equivalents at banks at beginning of the year	**11**	**1,270,100**	30,926,559
Cash and cash equivalents at banks at end of the year	**11**	**19,005,400**	1,270,100

Non-cash transactions		**2022**	2021
Unpaid dividends	**15**	**598,357**	109,360
Movement in fair value of investments through other comprehensive income	**6**	**294,155**	121,283

The accompanying notes (1) to (29) form an integral part of these financial statements

Chairman of Board of Directors | Chief executive officer | Chief Financial Officer

1- ORGANIZATION AND ACTIVITIES

Mulkia Investment Company ("the Company") is a Saudi closed joint stock company, registered with the Capital Market Authority under license No (13170-37) dated 10 Muharram 1435H (corresponding to 13 November 2013).

The Company operates in the Kingdom of Saudi Arabia under commercial registration number 1010407245 dated 9 Jumada I 1435H (corresponding to 10 March 2014). The Company was established pursuant to the ministerial resolution No. 101 /Q dated 2 Jumada I 1435H (corresponding to 3 March 2014).

The main activities of the company are dealing in securities, arranging in securities, providing advice in securities, custody of securities, managing investments and operating funds.

The address of the Company's head office is at Elite Mall, Prince Abdulaziz Ibn Musaid Ibn Jalawi St, As Sulimaniyah, Riyadh, P.O. Box 2874, Riyadh 12234, Saudi Arabia.

2- BASIS OF PREPARATION

2-1 Statement of compliance

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

2-2 Basis of measurement

The financial statements have been prepared on a historical cost convention except the investments carried at fair value through profit or loss, investments carried at fair value through other comprehensive income and employees' end of service benefits are carried at the present value of future obligations using the projected credit unit.

2-3 Functional and presentation currency

These financial statements are presented in Saudi Riyals, which is the Company's functional currency.

2-4 New standards, amendments to standards and interpretations

Amendments

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

2-BASIS OF PREPARATION (CONTINUED)

2-4 New standards, amendments to standards and interpretations (Continued)

New amendments to standards issued and applied effective as of 2022

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

2-BASIS OF PREPARATION (CONTINUED)

2-4 New standards, amendments to standards and interpretations (Continued)

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

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

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

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

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3 - SIGNIFICANT ACCOUNTING POLICIES

Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses. Uncertainty about these assumption and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Adjustments to accounting estimates are recognized prospectively.

The following is information about assumptions and estimates that have a material impact on the amounts reported in the financial statements:

Assumptions

1-Going concern

The management has evaluated the ability of the Company to continue as a going concern and believes the Company has sufficient recourses to continue its business in the near future. In addition In addition, the company's plan is to offer 20% of the company's shares in the parallel market, growth and therefore the management does not have any fundamental doubts about the company's ability to continue. Therefore, the financial statements are still prepared on the basis of the going concern.

2- Investment entity, determination of control and consolidation of financial statements

An investment entity is an entity that: (a) obtains funds from one or more investors for the purpose of providing those investors with investment management services; (b) commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and (c) measures and evaluates the performance of substantially all of its investments on a fair value basis.

According to the exception in "IFRS 10 Consolidated Financial Statements" for investment entities, an investment entity shall not consolidate its subsidiaries or apply IFRS 3 when it obtains control of another entity. Instead, an investment entity shall measure an investment in a subsidiary at fair value through profit or loss. The Company is also a fund manager for a number of investment funds. When determining whether the Company controls these investment funds, the Company usually focuses on the Company's overall economic interests in the fund (which are expected management fee and any other gains). As the investor has the right to remove the fund manager, therefore, the Company concluded that it acts as an investor agent in all cases and did not consolidate these Funds in the financial statements.

Use of estimates

1-Estimate useful lives of property, plant and equipment and intangible assets

Management reviews the useful lives of property, plant and equipment to calculate depreciation and amortization. These estimates are determined after taking into account the expected use of assets, obsolescence and damage. The management reviews the residual value and useful lives annually and changes in depreciation expenses in current and future periods, if any.

2-Impairment of Non-Financial Assets

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

3 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of estimates (Continued)

3-Impairment of Financial Assets

The Company recognizes allowances for expected credit losses (“ECL”) for financial assets Provision rates are originally determined on the basis of historical observed default rates. The Company evaluates historical information to adjust the historical credit loss calculation with information that indicates expected rates in the future. At each reporting date, historical observed default rates are updated and changes in forward-looking estimates are analysed. An assessment of the correlation between historical observed default rates, expected economic conditions and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and forecast economic conditions. Also, the calculation of the company's historical losses and expected economic conditions may not represent the client's actual default in the future. Information about expected credit losses on the company's financial assets has been disclosed.

4- Determining the lease term for contracts with the option of renewal and termination-the company as a lessee

The Company defines the term of the lease as the non-cancellable term in relation to the contract, with any periods including the option to extend the contract if the Company is certain to exercise the option to extend, or any periods including the option to terminate the lease if the Company is certain it will not exercise the option to terminate the contract reasonably. Generally, the company has several lease contracts that include extension and termination options. The Company applies the judgments in assessing whether or not it has reasonable certainty that it will exercise the option to renew or terminate. Therefore, it takes into account all relevant factors that create an economic incentive to exercise either the renewal or termination option. After the commencement date, the Company reassesses the lease term and whether there is a material event or change in circumstances within its control that affects its ability to exercise (or not exercise) the option to renew or terminate.

5- Leases - estimate the incremental borrowing rate

The Company cannot easily determine the commission rate implicit in leases and therefore uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the rate of commission that a company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment, over a similar period and with a similar security. The incremental borrowing rate therefore reflects the amount the company may have to pay which requires estimation when there are no rates.

observable is available, or when it needs to be adjusted to reflect the terms and conditions of the lease, the Company estimates the incremental borrowing rate using observable inputs (such as market profit margin rates) when available and entity-specific estimates should be made.

6- Benefits and defined benefit plans (employee benefits)

Post-employment defined benefits and the current value of those benefits are determined actuarial valuations. Actuarial valuation include further assumptions regarding variables are required such as discount rates, rate of salary increase and return on assets, mortality rates,increase in future pensions. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit liability is highly sensitive to changes in these assumptions. All actuarial assumptions are reviewed at the date of every statement of financial position.

3 -SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of estimates (Continued)

7- Fair value measurment
Fair value is the price that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

An entity shall measure the fair value of an asset or a liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.
For reporting, determining fair value of assets and liabilities, and disclosure purposes, the company uses the following hierarchy:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity has access to at the measurement date.

Level 2: Inputs other than the prices displayed within the first level that can be observed for the assets or liabilities, directly or indirectly, such as the fair value shown in the financial statements of the funds.

Level 3: unobservable inputs for assets and liabilities, and the company relies on proving the investments at cost.

Classification of assets and liabilities from "current" to "non-current"

The Company presents assets and liabilities in the statement of financial position on a current / non-current basis.
The assets are current as follows:

- When it is expected to be realized or is intended to be sold or consumed during the normal cycle of operations.
- If it is acquired primarily for the purpose of trading.
- When it is expected to be achieved within twelve months after the fiscal year, or
- When they are cash and cash equivalents, unless there are restrictions on their replacement or use to pay any liabilities for a period of not less than twelve months after the financial year.

All other assets are classified as "non-current".

All liabilities are current as follows:

- When it is expected to be paid during the normal business cycle
- If it is acquired primarily for the purpose of trading.
- When it matures within twelve months after the fiscal year, or
- When there is no unconditional right to defer the payment of liabilities for a period of not less than twelve months after the financial year.

All other liabilities are classified as "non-current".

3 -SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument.
Financial assets and financial liabilities are initially measured at fair value. Transaction costs that relate directly to the purchase or issue of financial assets and liabilities (other than financial assets and financial liabilities at fair value through the statement of profit or loss) are added to the fair value of financial assets and financial liabilities or deducted from them, as appropriate, upon initial recognition. Transaction costs that are directly related to the purchase of financial assets and liabilities and are measured at fair value through the statement of profit or loss are recognized directly in the statement of profit or loss.

First: Financial assets
Financial assets are classified into the following specified categories: Financial assets ‘at fair value through profit or loss’ (FVTPL), Financial assets at fair value through other comprehensive income (FVOCI), and financial assets measured at amortized cost. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. A regular way purchase or sale of financial assets is recognized using trade date. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

a) Financial assets measured at fair value through profit or loss (FVTPL)
Financial assets are measured at fair value through the statement of profit or loss if they have been acquired or held for the purpose or selected to be classified in this category.
Financial assets are classified as held for trading if:

-If they were acquired mainly to be sold in near future.

-If they represent known portfolio of financial instruments managed by the Company and includes the actual pattern of a financial instrument that generates profits in the short term.

-If they represent a derivative but not classified or effective as a hedging instrument.
Financial assets measured at fair value through the statement of profit or loss are stated at their fair value, and any gain or loss resulting from the revaluation is recognized in profit or loss.
Net profit or loss includes any dividends or interest due from the financial asset and is included in the statement of profit or loss.

b) Financial assets measured at Fair value through other comprehensive income (FVOCI)
Investments in some units of the investment funds that are managed by the Company and some other direct investments are classified at fair value through other comprehensive income (FVOCI). Gains and losses arising from changes in fair value are included in the statement of other comprehensive income and are added to statement of accumulated changes in fair value of investments within equity other than impairment losses which are included in profits and losses. If investment is disposed or suffered an impairment, profits and losses resulted from previous evaluation which were recognized in investment revaluation reserve are included in the statement of other comprehensive income.
Dividend income from investments is recognised in equity instruments at fair value through other comprehensive income when the Company’s right to receive payment has been established and is shown as income in profits and loss unless dividends clearly represent a recovery of part of the investment cost. Other profits and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

c) Financial assets measured at amortised cost
Accounts receivable, including trade and other receivables, bank balances and cash are measured at amortized cost using the effective interest method less any impairment loss, and charged to the profit or loss.

Interest income is determined using the effective interest rate, except for short-term receivables when the discount effect is insignificant.

3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (Continued)

Second: Financial liabilities

Financial liabilities (including loans and accounts payable) are measured subsequently at mortised cost using the effective interest method.

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of disposed financial liabilities and amount paid is charged to the statement of profit or loss.

Effective interest rate method

The effective interest method is an accounting practice used for calculating the amortized cost of a debt instrument and for distributing interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (Including all fees and points paid or received, which form an integral part of the effective interest rate, transaction costs, installments or other discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Cash and cash equivalent

Cash and bank balances comprise cash on hand, bank balances, and bank Murabaha that can be converted into cash with original maturity of three-months or less from the acquisition date.

Related parties

Related party is the person or entity associated with the company that prepares its financial statements.

A) If the person or a member of his family is closely related to the company whose financial statements are prepared:

- Has joint control or control over the company preparing its financial statements;
- It has a material impact on the company preparing its financial statements. or
- He is a member of the top management of the company whose financial statements are prepared or the parent company of the company that prepares its financial statments.

B) If the facility is related to the company that prepares its financial statements if any of the following conditions are fulfilled:

- The establishment and the company that prepares its financial statements are members of the same company (which means that both the parent company, subsidiaries and associates have a relationship with the other).
- One of the two companies is an associate or a joint venture of the other company (or an associate or a joint venture of a member of the company of which the other company is a member).
- Both companies are joint ventures of the same third party.
- One of the two companies is a joint venture of a third company and the other company is an associate of the third company.
- The company is jointly controlled or controlled by a person specified in Paragraph (a).
- The person identified in paragraph (a) (1) has a material influence on the company or is a member of the top management in the company (or the parent company).
- The company or any member of the company provides part of the services of senior management employees of the company that prepares its financial statements or to the parent company of the company that prepares its financial statements.

3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (Continued)

Property and equipment

Property and equipment are stated at cost less accumulated depreciations. Expenditures on maintenance and repairs are expensed, while expenditures for improvements are capitalized. Depreciation is computed using the straight line method based on the estimated useful lives of the assets. Lands are not depreciated. Leasehold improvements are being amortized on the straight-line basis over the shorter of useful life or lease period. Sold or disposed asset and its accumulated depreciation are written-off at the date of sale or disposal.

The annual estimated rates of depreciation of the principal classes of assets are as follows:

Item	Annual depreciation rate
Leasehold improvements	6.67% - 12.5% Or the lease term, whichever is less
Furnitures and fixtures	10%
Office equipments	12.5%
Computers	20%
Motor vehicles	20%

Intangible assets

Purchased intangible assets are recorded at cost less accumulated amortization and any accumulated impairment losses. Intangible assets are amortized over its estimated useful life which is five years using the straight-line method. If there is an indication of a significant change in the useful life or residual value of these assets, the impairment is adjusted to reflect new projections.

The annual amortization rates for the main items of these assets is 20%.

Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.
If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately as expenses in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately as revenue in profit or loss.

3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (Continued)

Investment Evaluation
The Company invests in various securities, including shares traded, open-ended funds and other investment funds, including real estate funds. Traded shares are evaluated based on market prevailing prices, while open-ended investment funds are valued based on the net value of the fund's assets, which are periodically published in the stock market. For real estate funds, investments are based on net value of the fund's adjusted assets to assess the real estate assets involved. Investments in subsidiaries are usually valued based on the final evaluation of the investee company if the subsidiary was established solely to make those investments. In the case of other non-traded investments, the management uses a variety of methods including the market method (i.e. using latest transactions carried out based fair terms, amended when necessary, and based on current market value of similar instruments), Income method (i.e. discounted cash flow analysis, comparable company multiples and options pricing options using available and supported market comparisons in a reasonable and reasonable way). Currently, these investments consist of some dormant subsidiaries which are valued based on their net asset value. The foregoing requires significant estimates and assumptions to be used by management.

Assets held in trust
Assets held in trust are not treated as assets of the Company and accordingly are not included in the financial statements. These assets are treated as off-balance sheet items and disclosed in the notes to the financial statements. Fees collected by the Company for managing these assets are included in the statement of profit or loss.

Managed assets
The Company provides asset management services.These assets are not treated as assets of the Company and accordingly are not included in the financial statements except for units owned by the company.

Clients' cash accounts
Clients' cash accounts are not treated as assets of the Company and accordingly are not included in the financial statements.

Lesses

a) Company as a lessee

The company establishes the asset (right to use) and lease liability on the start date of the lease contract. The asset (right of use) is initially measured at the cost that consists of the initial amount of the modified lease obligation for any lease payments made on or before the start date. (right to use) or the end of the lease term, whichever is earlier. The estimated useful lives of (right-of-use) assets are determined on the same basis used for property and equipment. In addition, the asset (right to use) is periodically reduced by impairment losses, if any.
The lease commitment is initially measured at the present value of lease payments that were not paid at the commencement date of the lease and discounted using the interest rate implicit in the lease agreement or if that rate is difficult to determine reliably, the company uses the additional borrowing rate.

Short-term and low-value leases
The company has chosen not to prove the assets (right to use) and lease obligations for short-term leases of 12 months or less and low-value lease contracts, the company recognizes the lease payments associated with these contracts as expenses in the statement of profit or loss on a straight-line basis over a period lease.

3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employees' defined benefit obligations

End of service indemnities
The end-of-service indemnity provision is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurements, comprising actuarial gains and losses, are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur and are not charged to the statement of profit or loss.

Retirement benefits
The Company makes contributions for a defined contribution retirement benefit plan to the General Organization for Social Insurance in respect of its Saudi employees. These payments are expensed when incurred.

Short-term employee benefits
Liabilities recognized in respect of short-term employee benefits related to wages and salaries , annual leave and sick leave are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognized in respect of short-term employee benefits are measured at the un-discounted amount of the benefits expected to be paid in exchange for the related service.

Accounts payable and accruals
Liabilities are recognized for amounts to be paid in the future for goods or service received, whether billed or not by suppliers.

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

Zakat provision
Zakat is provided for in accordance with the regulations of the General Authority of of Zakat, Tax and Customs Authority (ZATCA) in the Kingdom of Saudi Arabia. The Zakat charge is computed at year-end on Zakat base or adjusted net income whichever is higher. Changes to the assessment, if any, in the periods in which assessment is finalized.

Foreign currency translation
Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of profit or loss.

3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

The company realizes revenue under IFRS 15 using the following five-step model:

Step 1 : Determine the contract with the customer	A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and specifies the conditions that must be met for each contract.
Step.2 : Determine Performance Obligations	A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3 : Determine the transaction price	The transaction price is the amount of consideration that the Company expects to receive in exchange for transferring the goods or services promised to the customer, excluding amounts collected on behalf of third parties.
Step 4 : Allocate the transaction price	For a contract that contains more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that identifies the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation
Step 5 : Revenue recognition	A company recognizes revenue when (or whenever) it has satisfied a performance obligation by transferring goods or services promised to the customer under the contract.

For performance obligations where one of the above conditions is not met, revenue is recognized at the time the performance obligation is satisfied. When a company satisfies a performance obligation by providing the promised services, it creates a contract-based asset with the value of the consideration earned from performance. If the amount billed to the customer exceeds the amount of revenue recognized, a contract liability will arise. Revenue is measured at the fair value of the consideration received or receivable after taking into account specific contractual payment terms.

The recognition criteria set out below must also be met before revenue can be recognised:

- Fund subscription fees:
The obligation to pay the subscription fee represents an assignment of certain units in the funds to the account of the investor, bearing in mind that this happens as soon as the approved subscription model is implemented, and therefore the company is rightfully aware of the revenue in exchange for the subscription fee at the time of fulfillment of the performance obligation.

-Management fees from investment funds
Management fees are calculated on a daily, weekly, monthly or semi-annual basis (annual percentage proportionate to the periodic maturity) with reference to the periodic net asset value of the fund. The company's practice of recording management fees is consistent with International Financial Reporting Standard No. 15, where management fees are recognized on an accrual basis in return for providing asset management services provided by the company on an ongoing basis.

-Performance fees from investment funds
Performance fee income that depends on the fund's performance, relative to the index or the return achieved from the fund's investments, is a type of variable consideration. In many cases, these performance fees are highly vulnerable to market fluctuations until they take a definite form or are no longer subject to refund, which after the end of the report.

3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

-Performance fees from investment fund (continued)
In the case of the company, the recovery effect does not apply because the company does not record any revenue in exchange for performance until the end of the relevant period, for the purpose of testing the achievement of the indicator that occurs when performance fees take a specific form and recorded as revenue. The analysis of the company's performance fees shows that the company's performance fee revenue is recorded in accordance with the five-step model contained in IFRS 15. The company calculates the performance incentive based on a percentage of any realized return during the quarter after deducting all expenses for the period, calculated and paid at the end of each Quarter of the calendar year or upon exit according to the terms and conditions of the fund.

-Consulting fees
Fees and commissions are recognized when services are rendered. Advisory income is recognized based on the applicable service contracts, usually on a time proportion basis.

-Dividend income
Dividends are recognized when the right to receive them is established.

-Special commission income
Special commission income is recognized in the income statement on an effective yield basis.

Expenses
All expenses not directly related to making profits are classified as general and administrative expenses, except for employees' salaries and benefits, which are presented separately.

4-PROPERTY AND EQUIPMENT, NET

	Leasehold improvements	Projects under progress*	Furnitures and fixtures	Office equipments	Computer	Motor vehicles	Total
Cost							
Balance as at 1 January 2022	2,813,876	3,023,710	478,947	138,014	1,515,778	94,100	8,064,425
Additions during the year	**-**	**1,574,309**	**82,750**	**-**	**39,088**	**-**	**1,696,147**
Transferred during the year	**4,265,682**	**(4,598,019)**	**332,337**	**-**	**-**	**-**	
Disposals during the year	**(1,569,930)**	**-**	**(132,373)**	**-**	**-**	**-**	**(1,702,303)**
Balance as at 31 December 2022	**5,509,628**	**-**	**761,661**	**138,014**	**1,554,866**	**94,100**	**8,058,269**
Accumulated depreciation							
Balance as at 1 January 2022	2,351,541	-	339,739	119,840	1,477,383	94,098	4,382,601
Charged to the year	**369,599**	**-**	**48,773**	**8,278**	**17,657**	**-**	**444,307**
Settlement	-	-	-	**578**	**(578)**	-	-
Disposals during the year	**(1,567,722)**	**-**	**(122,743)**	**-**	**-**	**-**	**(1,690,465)**
Balance as at 31 December 2022	**1,153,418**	**-**	**265,769**	**128,696**	**1,494,462**	**94,098**	**3,136,443**
Net book value							
Balance as at 31 December 2022	**4,356,210**	**-**	**495,892**	**9,318**	**60,404**	**2**	**4,921,826**

4- PROPERTY AND EQUIPMENT, NET (CONTINUED)

	Leasehold improvements	Projects under progress*	Furnitures and fixtures	Office equipments	Computer	Motor vehicles	Total
Cost							
Balance as at 1 January 2021	2,961,376	-	478,947	138,014	1,520,287	94,100	5,192,724
Additions during the year	-	2,876,210	-	-	-	-	2,876,210
Transferred during the year	(147,500)	147,500	-	-	-	-	-
Disposals during the year	-	-	-	-	(4,509)	-	(4,509)
Balance as at 31 December 2021	2,813,876	3,023,710	478,947	138,014	1,515,778	94,100	8,064,425
Accumulated depreciation							
Balance as of 1 January 2021	2,051,186	-	292,240	106,415	1,465,471	94,098	4,009,410
Charged to the year	300,355	-	47,499	13,425	14,762	-	376,041
Disposals during the year	-	-	-	-	(2,850)	-	(2,850)
Balance as at 31 December 2021	2,351,541	-	339,739	119,840	1,477,383	94,098	4,382,601
Net book value							
Balance as at 31 December 2021	462,335	3,023,710	139,208	18,174	38,395	2	3,681,824

* The item of projects under progress which is related to the new administrative headquarters of the company, and during the year the company was transferred to the new administrative headquarters, and therefore the projects under progress were transferred to fixed assets with a value of 4,598,019 (SAR).

5- INTANGIBLE ASSETS, NET

Intangible assets are computer software licenses and software. The movement in intangible assets is as follows:

	31 December 2022	31 December 2021
Cost		
Balance at the beginning of the year	**774,478**	754,478
Additions during the year	**-**	20,000
Balance at the end of the year	**774,478**	774,478
Accumulated amortizations		
Balance at the beginning of the year	**614,702**	550,090
Charged to the year	**63,524**	64,612
Balance at the end of the year	**678,226**	614,702
Net book value	**96,252**	159,776

6- INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 December 2022			
	Cost opening Balance	**Disposals during the year**	**Unrealized (losses) / profits**	**Ending Balance**
First: funds managed by the company				
Mulkia Private Equities Fund – Education Sector	2,500,000	**(1,389,855)**	**(502,810)**	**607,335**
Mulkia Private Equities Fund – Beverages Sector	5,783,224	**-**	**(547,770)**	**5,235,454**
Second : foreign investments				
Space X	262,970	**-**	**141,148**	**404,118**
Total investments	8,546,194	**(1,389,855)**	**(909,432)**	**6,246,907**

	31December 2021				
	Cost opening Balance	**adjustments during the year**	**Disposals during the year**	**Unrealized (losses) / profits**	**Ending Balance**
First: funds managed by the company					
Mulkia Plaza Development Real Estate Fund	72,494	-	(72,494)	-	-
Mulkia Private Equities Fund – Education Sector	2,500,000	-	-	(700,000)	1,800,000
Mulkia Private Equities Fund – Beverages Sector	5,783,224	-	-	(56,425)	5,726,799
Second : foreign investments					
Space X	388,069	(125,099)	-	141,148	404,118
Total investments	8,743,787	(125,099)	(72,494)	(615,277)	7,930,917

7- RIGHT OF USE ASSETS, Net AND LEASE LIABILITIES

The following table shows the movement during the year that occurred on each of the right-of-use assets and lease liabilities, as follows:

A- Movement on the right to use assets:

	31 December 2022	31 December 2021
Cost		
Balance as of 1 January	**2,900,402**	2,900,402
Additions during the year	**-**	-
Balance as of 31 December	**2,900,402**	2,900,402
Aaccumulated Amortization		
Balance as of 1 January	**815,738**	271,913
Charged to the year	**543,826**	543,825
Balance as of 31 December	**1,359,564**	815,738
Net book Value	**1,540,838**	2,084,664

B - Movement on leases liabilities as follows:

	31 December 2022	31 December 2021
Balance at the beginning of the year	**2,058,988**	2,615,308
Amortization of interest during the year	**42,572**	56,480
Paid during the year	**(612,800)**	(612,800)
Balance at the end of the year	**1,488,760**	2,058,988

The maturity of the lease liabilities at the end of the year is as follows:

	31 December 2022	31 December 2021
One to five years - the non-current portion	**904,230**	1,488,760
Less than a year - the current portion	**584,530**	570,228
	1,488,760	2,058,988

The following amounts recognized in the statement of profit or loss

	31 December 2022	31 December 2021
Interest on lease liabilities	**42,572**	56,480
Amortization expense	**543,826**	543,825

The following are the amounts recognized in the statement of cash flows

	31 December 2022	31 December 2021
lease liability payments	**(612,800)**	(612,800)

8- RELATED PARTY TRANSACTIONS AND THEIR BALANCES

Related parties represent subsidiaries, stockholders in the Company, key management personnel and jointly controlled or managed entities or on which significant influence is exercised by those parties and other affiliated parties of the Company. Pricing policies and terms of these transactions are approved by the management of the Company.

The following are the details of transactions and balances with related parties other than those disclosed elsewhere in the financial statements:

			Amount of transaction	
Related Parties	**nature of relationship**	**Nature of transaction**	**For the year ended 31 December 2022**	For the year ended 31 December 2021
Investment funds	funds managed by the Company	Management fees	**19,657,598**	14,997,823
		Subscription fees	**30,000**	813,660
		Acquisition and finance fees	**5,431,960**	110,000
		Dealing fees	**1,864,682**	-
		performance fees	**345,044**	254,804
		Service fees	**680,748**	665,848
Dur Alkuttab Company Ltd.	Associate	Expenses paid on behalf	**211,030**	179,850
Mulkia investment Company Ltd	Subsidiary	Dividend	**310,000**	-
Dakkin Media Company Limited	Affiliate	Advertising services	-	27,830
Innovative Real Estate Investment Company	Affiliate	Commisions payment	**337,500**	-
Stockholders	Managed DPM	performance fees	**40,314**	102,026
		Unit trading fees	**10,315**	-

Balances due from related parties are as follows:

	31 December 2022	31 December 2021
Investment funds managed by the Company	**14,836,149**	8,998,909
Due from affiliates and subsidiaries	**5,250**	180,899
	14,841,399	9,179,808

The aging of the amounts due to related parties:

	1-30 days	**31-60 days**	**61-90 days**	**91-180 days**	**181-270 days**	**271-365 days**	**More than 365 days**	**Total**
2022	**9,459,597**	**40,711**	**328,242**	**107,381**	**3,734,876**	**95,322**	**1,075,270**	**14,841,399**
2021	7,524,631	355,596	112,960	393,386	-	3,837	789,398	9,179,808

As an asset manager, the Company has the first right to recover the outstanding balance of the funds managed through the Company in respect of the outstanding management fees. As at the date of the financial statements, the concerned entities have a positive net asset value, and according to the management's estimate, the expected credit losses, if any, will not be significant.

8- RELATED PARTY TRANSACTIONS AND THEIR BALANCES (CONTINUED)

The following are the compensation of top management, top executives, members of the Board of Directors and its affiliated committees:

	31 December 2022	31 December 2021
Salaries and bonuses for top management and key executives	**4,285,432**	2,425,138
Rewards and allowances of BOD members and annual committees (note 19)	**1,089,000**	1,001,000
	5,374,432	3,426,138

9- PREPAYMENTS AND OTHER DEBTORS

	31 December 2022	31 December 2021
Prepaid expenses	**816,619**	494,986
Prepaid insurance	**196,526**	90,485
Fees payable	**156,867**	80,267
Employees advances	**26,250**	51,112
Accrued interests	**20,575**	-
Others	**42,777**	68,118
	1,259,614	784,968

10- INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Investments are as follows:

	As at 31 December 2022				
	Opening Balance	Additions during the year	Disposals during the year	unrealized profits / (losses)	Ending Balance
First: funds managed by the company					
Mulkia Fund - for private IPO	**1,234,162**	**-**	**(1,234,162)**	**-**	**-**
Mulkia Fund - Private for share Opportunities	**4,302,533**	**8,877,000**	**(13,088,776)**	**(18,849)**	**71,908**
Mulkia Fund - for IPO 2	**332,706**	**1,210,000**	**(1,441,824)**	**(12,769)**	**88,113**
Mulkia Fund-Al Narjies real estate	**9,635,986**	**3,600,000**	**-**	**2,763,124**	**15,999,110**
Mulkia Fund- Al Ajlan Riviera	**2,051,703**	**-**	**-**	**683,379**	**2,735,082**
Mulkia Gulf Real Estate REIT Fund	**20,192,500**	**1,819,699**	**(20,621,564)**	**(182,221)**	**1,208,414**
Second: local direct investment	**4,313,390**	**3,120,885**	**(7,025,192)**	**(56,001)**	**353,082**
Third: foreign investments					
Listed	**6,664,312**	**6,902,241**	**(6,664,311)**	**(1,431,748)**	**5,470,494**
Unlisted	**1,122,846**	**2,439,050**	**-**	**-**	**3,561,896**
Fourth: Investment funds not managed by the company	**-**	**2,499,160**	**(199,684)**	**(1,650)**	**2,297,826**
Fifth: Investments in dormant subsidiaries					
Mulkia Investments Company Limited	**79,748**	**-**	**-**	**(29,748)**	**50,000**
sixth: Investments in companies					
Dur Alkuttab Company Ltd	**3,675,000**	**-**	**(1,175,000)**	**-**	**2,500,000**
Total investments	**53,604,886**	**30,468,035**	**(51,450,513)**	**1,713,517**	**34,335,925**

As of December 31, 2022, the company had a 100% ownership in the subsidiary company and its main purpose is to provide services related to the investment activities of the company. However, the management believes that in the event of consolidation of the financial statements with the subsidiary, the impact will not be material, individually or collectively, on the financial statements. As a result, consolidation with the subsidiary is not included in these financial statements.

10- INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

	As at 31 December 2021				
	Opening Balance	**Additions during the year**	**Disposals during the year**	**Unrealized profits**	**Ending Balance**
First: funds managed by the company					
Mulkia Fund - for private IPO	1,005,536	10,000,000	(9,913,934)	142,560	1,234,162
Mulkia Fund – for Funds REIT	2,547,298		(2,547,298)	-	-
Mulkia Fund - Private for share Opportunities	10,070,671	13,924,441	(19,861,348)	168,769	4,302,533
Mulkia Fund - for IPO 2	-	42,100,000	(41,795,678)	28,384	332,706
Mulkia Fund-Al Narjies real estate	-	6,388,598	-	3,247,388	9,635,986
Mulkia Fund- Al Ajlan Riviera	-	2,007,400	-	44,303	2,051,703
Mulkia Gulf Real Estate REIT Fund	-	38,969,993	(20,178,493)	1,401,000	20,192,500
Second: local direct investment	-	6,660,011	(2,715,987)	369,366	4,313,390
Third: foreign investments					-
Listed	-	6,585,564	-	78,748	6,664,312
Unlisted	-	1,122,846	-	-	1,122,846
Fourth: Investments in dormant subsidiaries					-
Mulkia Investments Company Limited	492,501	-	(442,501)	29,748	79,748
Fifth: : Investments in companies					-
Dur Alkuttab Company Ltd	3,675,000	-	-	-	3,675,000
Tamadun Al-Oula for Real Estate Company	2,500	-	(2,500)	-	-
Total investments	17,793,506	127,758,853	(97,457,739)	5,510,266	53,604,886

The investments are classified at fair value through profit or loss as follows:

	31 December 2022	31 December 2021
Non-current portion	**2,550,000**	3,754,748
current portion	**31,785,925**	49,850,138
	34,335,925	53,604,886

11- CASH AND CASH EQUIVALENT

Cash and cash equivalents are as follows:

	31 December 2022	31 December 2021
term deposits	**14,500,000**	-
Cash at the bank	**4,505,400**	1,270,100
	19,005,400	1,270,100

*Term deposits are placed with other parties with good credit ratings. The book value disclosed above approximates the fair value at the statement of financial position date.

12- SHARE CAPITAL

The authorized and paid-up capital of the company is 65 million SAR, divided into 6.5 million shares, the value of each share is 10 SAR, as on 31 December 2022 (31 December 2021: 65,000,000 SAR divided into 6.5 million shares, the value of each share is 10 SAR).

13- STATUTORY RESERVE

In accordance with provisions of the Regulations for Companies, the Company shall appropriate 10% of net income to the statuary reserve until the reserve equals 30% of the share capital. This reserve is not available for distribution to stockholders.

14- EMPLOYEE DEFINED BENEFIT PLANS OBLIGATIONS

In accordance with the provisions of IAS 19 “Employee Benefits”, management has carried out an exercise to assess the present value of its employees’ defined benefit obligations at the date of statement of financial position, in respect of employees’ end-of-service benefits payable under relevant local regulations and contractual arrangements. The following are the main actuarial assumptions used to calculate the end-of-service indemnity, which are as follows:

	31 December 2022	31 December 2021
Discount rate	**%5.10**	% 5.00
Salaries increase rate	**%5.00**	% 1.47

The movement in employees benefit obligations plan is as follows:

	31 December 2022	31 December 2021
Opening balance of employees defined benefits plan obligations	**446,205**	429,276
Charged to the Statement of profit or loss		
Cost of the year	**320,720**	188,685
Charged to the statement of other comprehensive income		
Losses / (Profit) from re-measurement of employee benefit plans obligations	**12,814**	(70,343)
Paid during the year	**(157,256)**	(101,413)
Employees defined benefits plan obligations balance at end of year	**622,483**	446,205

14- EMPLOYEE DEFINED BENEFIT PLANS OBLIGATIONS (CONTINUED)

The sensitivity table is as follows:

Description	**31 December 2022**	The difference
Basic assumptions	**622,483**	%0.00
% discount rate	**568,688**	(%8.64)
% discount rate	**686,686**	%10.31
% salary increase rate	**689,349**	%10.74
% salary increase rate	**565,455**	(%9.16)
10% mortality rate	**622,379**	(%0.02)
-10% mortality rate	**622,587**	%0.02
0% turnover rate	**607,666**	(%2.38)
10% turnover rate	**638,673**	%2.60

15- ACCRUED EXPENSES AND OTHER CREDITORS

	31 December 2022	31 December 2021
VAT accruals	**1,397,041**	593,133
Provision for remuneration	**1,000,000**	507,290
Accrued dividend to stockholders	**598,357**	109,360
Accrued Expenses	**527,609**	257,159
Service suppliers	**310,592**	-
Insurance for others	**223,242**	119,833
Accrued social insurance	**54,160**	48,910
Accrued allowances for the meetings of the Board of Directors and committees	**33,000**	84,000
Employee Dues	**16,489**	89,419
Other payable	**502,629**	233,617
	4,663,119	2,042,721

16- ZAKAT PROVISION

a) Components of Zakat base

	31 December 2022	31 December 2021
Stockholders' equity- Opening Balance	**52,374,582**	61,859,346
Provisions and other adjustments	**5,225,158**	4,388,781
book value For long term assets	**(9,108,916)**	(11,394,264)
Amendment net income for the yer	**21,563,952**	10,398,242

b) The movement in Zakat provision for the year

	31 December 2022	31 December 2021
Balance at the beginning of the year	**4,514,724**	3,517,399
Provided during the year	**1,789,039**	1,673,915
Zakat differences from previous years (note 19)	**3,495,980**	948,239
Paid during the year	**(1,665,632)**	(1,624,829)
Balance at year-end	**8,134,111**	4,514,724

16- ZAKAT PROVISION (CONTINUED)

c) Zakat status

1- The company has submitted all zakat returns for the previous years up to the year 2021 , and obtained a zakat certificate for the year 2021.

2- During the year 2020, the company received the zakat assessment for the year 2015 to the year 2018, at an amount of 6,321,594 SAR, and since the company had paid during the year 2016 the amount of 487,429 SAR when the Authority made the first assessment for the year 2015, so that the net amount of the current assessment amounted to 5,834,165 SAR The company submitted an objection to that assessment, and the objection was rejected by the Authority, and a grievance was submitted to the General Secretariat of the Tax Committees, and the request was rejected, and an appeal was submitted to the appellate committees. During the subsequent period, the company received a decision rejecting the application from the Appeal Committee, and a request for reconsideration of the decision was submitted, and the request is still under study by the Appeal Committee to date. The company has made sufficient provisions to meet any obligation that may arise on the company as a result of that assessment. By proving a zakat provision in the amount of 2,985,073 SAR (the year ending on December 31, 2021: the amount of 948,239 SAR) in order to meet any obligations that may result in exchange for that zakat assessment.

3- During the year 2022, the company received a Zakat assessment for the years 2019 and 2020, with a total amount of 1,021,813 SAR, and the company submitted an objection to the Authority on that assessment, and the decision was issued to partially accept the objection, so that the amount of the assessment was reduced to become 1,012,080 SAR, and the company objected to that decision with the General Secretariat To the tax committees, and the application is still under study by the General Secretariat of the tax committees to date, and the company has made sufficient provisions to meet any obligation that may arise on the company as a result of that assessment. During the year, the company established a zakat provision of 510,907 Saudi riyals in order to meet any obligations that may arise in exchange for that zakat assessment.

17- Credit facilities

During the year 2022, the company obtained a credit facility from a local bank with a retractable limit of a total amount of 25 million SAR, and the company did not use that facility during the year. Accordingly, the expenses for opening credit facilities amounted 62,500 SAR.

18- Revenue from investment services and assets management

	For the year ended 31 December 2022	For the year ended 31 December 2021
Income from assets management	**30,405,079**	15,934,540
Fees for services provided to funds	**680,748**	665,848
Performance fees of private funds and portfolios	**385,358**	760,380
Arrangement and Advisory fees	**-**	102,506
	31,471,185	17,463,274
Revenue recognition timing:		
on a proportionate time basis	**20,042,956**	15,758,203
at a point in time	**11,428,229**	1,705,071
	31,471,185	17,463,274

19- OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended 31 December 2022	For the year ended 31 December 2021
Zakat differences from previous years (note 16)	**3,495,980**	948,239
Subscriptions, governmental fees, and CMA licensing fees	**1,543,764**	1,838,627
Rewards and allowances of BOD members and annual committees (note 8)	**1,089,000**	1,001,000
Commissions	**687,915**	886,847
Operating expenses	**544,194**	463,717
Professional and advisory services	**376,220**	536,213
Insurance	**344,961**	387,758
General utilities	**92,654**	83,126
Amortization of Intangible Assets (note 5)	**63,524**	64,612
Repair and maintenance expenses	**27,566**	27,463
Others	**778,883**	666,871
	9,044,661	6,904,473

20- DIVIDENDS

(a) The Board of Directors decided, in its meeting held on 14 Rajab 1443 H (corresponding to 15 February, 2022), based on the authorization granted to the Board by the General Assembly, to distribute interim dividends during the year for the year 2021 - a second payment of 3,250,000 SAR at the rate of (50 halalas per share).

On Shawwal 16, 1443 AH corresponding to (May 17, 2022), the General Assembly approved the dividends for the year 2021 AD, which were approved by the Board of Directors based on the authorization granted to the Board.

(b) The Board of Directors decided, in its meeting held on 4 Safar 1444H (corresponding to 31 August 2022), based on the authorization granted to the Board by the General Assembly, to distribute interim profits during the year for the year 2022, amounting to 6,500,000 SAR (one riyal per share).

(c) The Board of Directors decided, in its meeting held on 20 Jumada Al-Awwal 1444H (corresponding to 14 December 2022), based on the authorization granted to the Board by the General Assembly, to distribute interim dividends (second payment) during the year for the year 2022, amounting to 8,125,000 SAR (1.25 riyals per share).

The total amount distributed during the year is 17,875,000 SAR (31 December 2021: 3,250,000 SAR).

21- EARNINGS PER SHARE

The earnings per share from net income is calculated by dividing the net profit for the year by the weighted average number of shares outstanding at the end of the year which is 6,500,000 shares. (31 December 2021: 6,500,000 shares).

22- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

Fair value is is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value definition includes the assumption that the Company will continue its operations where there is no intention or condition to physically limit the volume of its operations or conduct a transaction with negative terms.

Fair values are categorized into different levels in the fair value hierarchy based on the inputs used in the valuation methods as follows:

22- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Fair value (Continued)

Level 1: Quoted (unadjusted) prices in an active financial market for identical assets and liabilities that can be accessed on the measurement date.
Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, directly (prices) or indirectly (derived from prices).
Level 3: Asset or liability inputs that are not based on observable market data (unobservable inputs).
The table below presents the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments. It does not include fair value information for financial assets and financial liabilities that are not measured at fair value if the carrying amount reasonably approximates fair value.

As at 31 December 2022	fair value through profit or loss	fair value through other comprehensive income	amortized cost	Total	Level 1	Level 2	Level 3	Total
financial assets								
Financial assets measured at fair value								
investments	34,335,925	6,246,907	-	40,582,832	7,329,816	160,021	33,092,995	40,582,832
Financial assets not measured at fair value								
Cash and cash equivalents	-	-	19,005,400	19,005,400	-	-	-	-
Due from related parties	-	-	14,841,399	14,841,399	-	-	-	-
Advance payments and other receivables	-	-	1,259,614	1,259,614	-	-	-	-
	34,335,925	6,246,907	35,106,413	75,689,245	7,329,816	160,021	33,092,995	40,582,832
Financial liabilities not measured at fair value								
Accrued expenses and other creditors	-	-	4,663,119	4,663,119	-	-	-	-
	-	-	4,663,119	4,663,119	-	-	-	-

22- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Fair value (continued)

As at 31 December 2021	fair value through profit or loss	fair value through other comprehensive income	amortized cost	Total	Level 1	Level 2	Level 3	Total
financial assets								
Financial assets measured at fair value								
investments	53,604,886	7,930,917	-	61,535,803	31,170,202	5,869,401	24,496,200	61,535,803
Financial assets not measured at fair value								
Cash and cash equivalents	-	-	1,270,100	1,270,100	-	-	-	-
Due from related parties	-	-	9,179,808	9,179,808	-	-	-	-
Advance payments and other receivables	-	-	784,968	784,968	-	-	-	-
	53,604,886	7,930,917	11,234,876	72,770,679	31,170,202	5,869,401	24,496,200	61,535,803
Financial liabilities not measured at fair value								
Accrued expenses and other creditors	-	-	2,042,721	2,042,721	-	-	-	-
	-	-	2,042,721	2,042,721	-	-	-	-

22- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Fair evaluation methods

- Financial assets at fair value through profit or loss and through other comprehensive income that are classified under level 2 include investments in open-ended public and private investment funds, whose fair values are determined based on the last recorded net asset value as of the reporting date.
- Financial assets at fair value through profit or loss and through other comprehensive income classified within level 3 include investments in closed-end public and private real estate funds whose fair values are determined based on the last recorded net asset value as at the reporting date, as well as equity instruments for non-companies Listed, whose fair value the management believes is close to the book value, as the company adopted the cost price, because the latest information available to the management was insufficient to measure the fair value.

Financial risk management

The activities of the Company may be exposed mainly to financial risks resulting from the following:

Foreign currency risk management

The Company is not exposed to significant risks related to exchange prices, as the Company's main transactions are in Saudi riyals and US dollars. Therefore, no need to manage such exposure effectively.

Interest rate risk management

Special interest rate risk arises from the possibility that changes in future cash flows or in the fair values of financial instruments will affect at the reporting date. The company was not exposed to interest rate risk since the interest on deposits is fixed.

market price risk

The company is exposed to market price risk as a result of changes in the fair value of financial assets held at fair value as a result of changes in the level of market indicators.

a) Investments at fair value through profit or loss

At the reporting date, investments at fair value through profit or loss include corporate shares and mutual funds. The Company monitors the market risk on these investments on an investment-by-investment basis.
On the reporting date, a change of 10% (31 December 2021: 10%) in the net asset values of the relevant investments could increase or decrease net income by 3,433,593 SAR (31 December 2021: 5,360,489 SAR).

b) Investments at fair value through the statement of other comprehensive income

At the reporting date, investments at fair value through other comprehensive income include corporate shares and investment funds. The Company monitors the market risk on these investments on an investment-by-investment basis.

At the reporting date, a change of 10% (31 December 2021: 10%) in the net asset values of the related investments would increase or decrease other comprehensive income by 624,691 SAR (31 December 2021: 793,092 SAR).

22- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Credit risk management

Credit risk is the risk that one party may fail to discharge an obligation and will cause the other party to incur a financial loss. The Company is exposed to credit risk on its balances as follows:

	31 December 2022		31 December 2021	
	exposure	**Expected credit losses**	exposure	Expected credit losses
Cash and cash equivalents	**19,005,400**	**-**	1,270,100	-
Due from related parties	**14,841,399**	**-**	9,179,808	-
Other receivables	**379,643**	**-**	221,864	-
	34,226,442	**-**	10,671,772	-

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

The company uses the simplified approach so that it measures the loss allowance for receivables and other assets at an amount equal to expected credit losses over the lifetime. The company records a loss allowance of 100% against all receivables that exceed more than 365 days from their due date because historical experience has shown that these receivables The city is generally non-refundable.

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

The aging of the amounts due to related parties (Note 8):

	1-30 days	**31-60 days**	**61-90 days**	**91-180 days**	**181-270 days**	**271-365 days**	**More than 365 days**	**Total**
2022	**9,459,597**	**40,711**	**328,242**	**107,381**	**3,734,876**	**95,322**	**1,075,270**	**14,841,399**
2021	7,524,631	355,596	112,960	393,386	-	3,837	789,398	9,179,808

As for cash and cash equivalents, the credit risks are low, as they are kept with financial institutions with a good credit rating of BBB+ for the rating of Standard & Poor's, and there is no default history for any of these balances.

<u>credit focus</u>

Concentrations of credit risk arise when a number of counterparties are engaged in similar activities, or activities within the same geographic region, or have similar economic characteristics due to changes in economic policies or other conditions.

At the statement of financial position date, management has not identified any significant concentrations of credit risk.

22- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Liquidity risks management

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

To reduce the liquidity risk and associated losses which may affect the business of the Company, the company maintains, wherever possible, sufficient highly liquid current assets in all business conditions. The company avoids financing long-term capital requirements and its activities related to current accounts with related parties through short-term borrowings. The Company has a highly dynamic cash flow policy and a system by which it can estimate the maturity dates of its liabilities and develop appropriate plans to provide the required funding to meet these liabilities in a timely manner.

a) Below is a statement of maturity of liabilities as at 31 December 2022:

31 December 2022	**book value of the liabilities**	**3 months or less**	**More than 3 months to 1 year**	**More than 1 year up to 10 years**	**No specific maturity dates**
Liabilities					
Accrued expenses and other creditors	**4,663,119**	**4,663,119**	**-**	**-**	**-**
Zakat provision	**8,134,111**	**1,789,039**	**-**	**-**	**6,345,072**
Lease obligations	**1,488,760**	**-**	**612,800**	**919,200**	**-**
Employees defined benefits plan obligations	**622,483**	**-**	**-**	**-**	**622,483**
Total	**14,908,473**	**6,452,158**	**612,800**	**919,200**	**6,967,555**

b) Below is a statement of maturity of liabilities as at 31 December 2021:

31 December 2021	book value of the liabilities	3 months or less	More than 3 months to 1 year	More than 1 year up to 10 years	No specific maturity dates
Liabilities					
Accrued expenses and other creditors	2,042,721	2,042,721	-	-	-
Zakat provision	4,514,724	1,670,007	-	-	2,844,717
Lease obligations	2,058,988	-	612,800	1,532,000	-
Employees defined benefits plan obligations	446,205	-	-	-	446,205
Total	9,062,638	3,712,728	612,800	1,532,000	3,290,922

23- ASSETS HELD AS TRUST

The Company maintains assets on behalf of its clients through the management of special portfolios and funds (managed by the Company). The Company acts a custodian of assets, therefore, these assets were not included in the statement of financial position. As of 31 December 2022, the Company manages assets worth 5,887 million SAR on behalf of and for its clients (31 December 2021: 4,071 million SAR).

24- CAPITAL REQUIREMENTS AND CAPITAL ADEQUACY RATIO

Below is the capital base, minimum capital requirements and the capital adequacy ratio of the Company as required by the Prudential Rules, issued by the Capital Market Authority:

	31 December 2022	31 December 2021
Share capital base:		
Main share capital	**67,243,436**	69,474,533
Total share capital base	**67,243,436**	69,474,533
Minimum capital requirements		
Market risk	**2,217,670**	6,176,543
Credit risks	**22,682,714**	17,055,247
Operational risks	**5,132,805**	4,125,746
Total minimum capital requirements (note 24/d)	**30,033,189**	27,357,536
Capital adequacy ratio:		
Total capital ratio (times)	**2.24**	2.54
Ratio of Tier-1 capital (times)	**2.24**	2.54
Capital surplus	**37,210,247**	42,116,997

a) The Company's capital base consists of Tier-1 capital (including capital and accumulated profits or losses). The Company does not have Tier-2 capital, according to article No. (4) and (5) of the Prudential Rules. The minimum capital requirements related to credit and operational and marketing risks have been calculated in accordance with the requirements set out in Chapter 3 of the Prudential Rules.

b) The Company manages its capital as set in Pillar I and II of the Prudential Rules i.e. the capital base must not be less than the minimum capital requirement.

c) The objectives of the company in managing the capital adequacy are to adhere to the capital requirements set by the Capital Market Authority to maintain the Company's ability to continue as going concern and maintain a strong capital base.

d) According to article 6 (g) of the Authorized Persons Regulations issued by the Capital Market Authority in the Kingdom of Saudi Arabia, the minimum capital required for the activities of the Company is SAR 50 million.

25- IMPORTANT MATTERS DURING THE YEAR

According to the minutes of the extraordinary General Assembly meeting held on Thursday, 25 August 2022, the Board of Directors' recommendation was approved to convert the company from a closed contribution to a public contribution by offering 20% of the company's shares in the parallel market (Nomu). this percentage is distributed among a group of shareholders, and the Board of Directors is authorized to complete all procedures for offering the company with the Capital Market Authority and all other authorities.

On 16 October 2022, the application file was submitted to both the Capital Market Authority "CMA" and Tadawul. The application file is still under review by the CMA and Tadawul to date.

26- SEGMENT INFORMATION

The company consists of the following main business sectors:

a) investment

The investment division manages the ownership of the investments in the company.

b) Assets management

The asset management sector manages the assets in the investment portfolios of the company's clients, as well as managing the assets of investment and real estate funds managed by the company.

c) Others

It represents the remaining sector of the company and includes the rest of the services provided by the company such as advisory, arrangement, underwriting and custody services.

The following is a statement of the segment information as of December 31, 2022, 2021:

	Investment SAR	**Assets management SAR**	**Others SAR**	**Total SAR**
As at 31 December 2022				
total operating income	**5,364,682**	**31,471,185**	**-**	**36,835,867**
Total operating expenses	**(4,431,247)**	**(14,310,934)**	**-**	**(18,742,181)**
net operating profit	**933,435**	**17,160,251**	**-**	**18,093,686**
total assets	**61,856,459**	**20,022,302**	**369,400**	**82,248,161**
total liabilities	**4,235,810**	**9,966,694**	**705,969**	**14,908,473**

	Investment SAR	**Assets management SAR**	**Others SAR**	**Total SAR**
As at 31 December 2021				
total operating income	7,369,159	17,360,769	102,506	24,832,434
Total operating expenses	(3,563,608)	(11,265,459)	-	(14,829,067)
net operating profit	3,805,551	6,095,310	102,506	10,003,367
total assets	64,766,058	13,612,005	318,880	78,696,943
total liabilities	2,623,025	6,002,442	437,171	9,062,638

26- SEGMENT INFORMATION (CONTINUED)

The following is a presentation of the geographical concentration of disclosed segment assets based on the location of the assets held:

	Kingdom of Saudi Arabia	**United States of America**	**Europe**	**Total**
As at 31 December 2022				
Property and equipment, net	**4,921,826**	-	-	**4,921,826**
Intangible assets, net	**96,252**	-	-	**96,252**
Right of use assets, net	**1,540,838**	-	-	**1,540,838**
Investments at fair value through other comprehensive income	**5,842,789**	**404,118**	-	**6,246,907**
Investments at fair value through profit or loss	**25,303,535**	**3,561,896**	**5,470,494**	**34,335,925**
Due from related parties	**14,841,399**	-	-	**14,841,399**
Prepayments and other debtors	**1,259,614**	-	-	**1,259,614**
Cash and cash equivalents	**19,005,400**	-	-	**19,005,400**
Total assets	**72,811,653**	**3,966,014**	**5,470,494**	**82,248,161**

	Kingdom of Saudi Arabia	United States of America	Europe	**Total**
As at 31 December 2021				
Property and equipment, net	3,681,824	-	-	3,681,824
Intangible assets, net	159,776	-	-	159,776
Right of use assets, net	2,084,664	-	-	2,084,664
Investments at fair value through other comprehensive income	7,526,799	404,118	-	7,930,917
Investments at fair value through profit or loss	45,817,728	1,122,846	6,664,312	53,604,886
Due from related parties	9,179,808	-	-	9,179,808
Prepayments and other debtors	784,968	-	-	784,968
Cash and cash equivalents	1,270,100	-	-	1,270,100
Total assets	70,505,667	1,526,964	6,664,312	78,696,943

27- SUBSEQUENT EVENTS

In the opinion of the management, there were no significant events subsequent after 31 December 2022 until the date of approval of the financial statements, which may have a significant impact on these financial statements as at 31 December 2022.

28-COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation for the current year.

29- APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors on 20 Shabaan 1444 H (12 March 2023).