MALAZ CAPITAL COMPANY
(A Closed Joint Stock Company)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
AND INDEPENDENT AUDITOR'S REPORT

MALAZ CAPITAL COMPANY
(A CLOSED JOINT STOCK COMPANY)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders' of
Malaz Capital Company (A Closed Joint Stock Company)
Riyadh, Kingdom of Saudi Arabia

Opinion

We have audited the financial statements of **Malaz Capital Company,** a Closed Joint Stock Company (the "Company"), which comprise the statement of financial position as at 31 December 2020 and the statements of profit or loss, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") that are issued in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) 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 professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with its 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

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

In preparing the financial statements, the Company's 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 the Company's management either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those Charged with Governance, in particular, the Audit Committee is responsible for overseeing the Company`s financial reporting process.

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Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs that are endorsed in 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 ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

We communicate with the management and 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 Dr. Mohamed Al-Amri & Co.,

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Riyadh
Certified Public Accountants
Dr. Mohamed Al-Amri & Co.

Jamal M. Al-Amri
Certified Public Accountant
Registration No. 331

Riyadh, on: 4 Sha'ban 1442 (H)
Corresponding to: 17 March 2020 (G)

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MALAZ CAPITAL COMPANY
(A CLOSED JOINT STOCK COMPANY)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020
(Amounts in Saudi Riyals)

ASSETS	Note	31 December 2020	31 December 2019
Non-current assets			
Property and equipment	5	**412,132**	463,821
Intangible assets	6	**105,213**	201,835
Investments	7	**50,274,921**	18,133,357
Total non-current assets		**50,792,266**	18,799,013
Current assets			
Trade receivables	8	**2,690,130**	486,558
Due from related parties	9	**35,528**	46,707
Prepayments and other current assets	10	**2,482,784**	6,295,786
Cash and cash equivalents	11	**46,296,113**	14,819,226
Total current assets		**51,504,555**	21,648,277
Total assets		**102,296,821**	40,447,290
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	12	**50,000,000**	50,000,000
Statutory reserve	12.1	**6,007,199**	674,284
Other reserves (FVOCI)	12.2	**31,524**	14,106
Retained earnings / accumulated losses		**27,410,774**	(20,585,458)
Total shareholders' equity		**83,449,497**	30,102,932
Non-current liabilities			
End of service benefits	13	**3,251,485**	2,793,694
Total non-current liabilities		**3,251,485**	2,793,694
Current liabilities			
Trade and other payables	14	**14,251,414**	6,952,610
Provision for zakat	15	**1,344,425**	580,871
Due to a related party	9	**-**	17,183
Total current liabilities		**15,595,839**	7,550,664
Total liabilities		**18,847,324**	10,344,358
Total equity and liabilities		**102,296,821**	40,447,290
CONTINGENCIES AND COMMITMENTS	23		

MALAZ CAPITAL COMPANY
(A CLOSED JOINT STOCK COMPANY)

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Amounts in Saudi Riyals)

	Note	31 December 2020	31 December 2019
Management fees		**18,797,001**	12,025,115
Trust fees		**616,667**	984,912
Performance-based fee	15	**81,862,879**	-
Custody and administration fees		**1,159,874**	1,007,700
Structuring fees		**500,000**	7,608,095
Dividend income		**153,974**	465,614
Profit from Sukuk		**246,168**	190,820
Special commission income		**236,483**	54,822
Other income	17	**729,284**	1,509,605
Total operating income		**104,302,330**	23,846,683
Gain / (loss) on disposal of property and equipment		**6,200**	(26,378)
Net fair value gain on financial investments at FVTPL	7	**993,740**	176,773
General and administration expenses	18	**(50,625,115)**	(21,658,217)
Total operating expense		**(49,625,175)**	(21,507,822)
Profit before zakat		**54,677,155**	2,338,860
Zakat for the year	15	**(1,348,008)**	(613,414)
Profit for the year		**53,329,147**	1,725,446

The accompanying notes from 1 to 25 form an integral part of these financial statements

MALAZ CAPITAL COMPANY
(A CLOSED JOINT STOCK COMPANY)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020
(Amounts in Saudi Riyals)

	Note	31 December 2020	31 December 2019
Profit for the year		**53,329,147**	1,725,446
Items that will or may be reclassified to profit or loss:			-
Net fair value gain on investments at FVOCI	7	**17,418**	151,963
Other comprehensive income for the year		**17,418**	151,963
Total comprehensive income for the year		**53,346,565**	1,877,409

MALAZ CAPITAL COMPANY
(A CLOSED JOINT STOCK COMPANY)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020
(Amounts in Saudi Riyals)

	Note	Share capital	Statutory reserve	Other reserves (FVOCI)	Retained earnings / accumulated losses	Total
Balance as at 1 January 2019		50,000,000	501,739	(137,857)	(22,138,359)	28,225,523
Profit for the year		-	-	-	1,725,446	1,725,446
Other comprehensive income for the year	7	-	-	151,963	-	151,963
Total comprehensive income for the year		-	-	151,963	1,725,446	1,877,409
Transfer to statuary reserve	12.1	-	172,545	-	(172,545)	-
Balance as at 31 December 2019		50,000,000	674,284	14,106	(20,585,458)	30,102,932
Profit for the year		-	-	-	53,329,147	53,329,147
Other comprehensive income for the year		-	-	17,418	-	17,418
Total comprehensive income for the year		**-**	**-**	**17,418**	**53,329,147**	**53,346,565**
Transfer to statuary reserve	12.1	**-**	**5,332,915**	**-**	**(5,332,915)**	**-**
Balance as at 31 December 2020		**50,000,000**	**6,007,199**	**31,524**	**27,410,774**	**83,449,497**

MALAZ CAPITAL COMPANY
(A CLOSED JOINT STOCK COMPANY)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Amounts in Saudi Riyals)

	Note	31 December 2020	31 December 2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before zakat		**54,677,155**	2,338,860
Adjustments to reconcile profit before zakat to net cash flows from operating activities:			
Depreciation and amortization	5, 6	**348,302**	637,933
Provision for end of service benefits	13	**463,278**	672,286
Amortization of premium on financial assets		**-**	21,997
Gain on disposal of property and equipment		**(6,200)**	-
Fair value gain on financial investments		**(993,740)**	(198,773)
		54,488,795	3,472,303
Changes in operating assets and liabilities			
Trade receivables		**(2,203,572)**	(422,392)
Due (from) / to related parties		**(6,004)**	19,074
Prepayments and other current assets		**3,813,002**	(861,838)
Trade and other payables		**7,298,804**	1,019,873
Disposals of operating financial assets, net		**-**	8,849,259
Cash from operations		**63,391,025**	12,076,279
End of service benefits paid	13	**(5,487)**	(86,977)
Zakat paid during the year	15	**(584,454)**	(507,474)
Net cash from operating activities		**62,801,084**	11,481,828
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of financial assets		**(41,929,364)**	-
Sale proceeds from disposal of property and equipment		**6,200**	-
Disposal of financial assets		**10,798,959**	-
Purchase of property and equipment	5	**(77,579)**	(444,788)
Purchase of intangible assets	6	**(122,413)**	(8,170)
Net cash used in investing activities		**(31,324,197)**	(452,958)
Net increase in cash and cash equivalents		**31,476,887**	11,028,870
Cash and cash equivalents at beginning of the year		**14,819,226**	3,790,356
Cash and cash equivalents at end of the year	11	**46,296,113**	14,819,226

The accompanying notes from 1 to 25 form an integral part of these financial statements

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Malaz Capital Company ("the Company") is a Saudi Closed Joint Stock Company established under the Regulations for Companies in the Kingdom of Saudi Arabia. The Company was registered in Riyadh on 21 Rajab 1430H (corresponding to 14 July 2009) under Commercial Registration No. 1010271323.

The principal activities of the Company as per its Capital Market Authority ("CMA") license No. 09136-36 dated 23 Rabi Al-Thani 1430 (corresponding to 19 April 2009) are to participate in financial security activities, deal as principal, perform management activities to establish and arrange investment funds, manage portfolios, perform custody services for the purposes of the administrative procedures related to the investment funds.

A novel strain of coronavirus (Covid-19) was first identified at the end of December 2019 and subsequently declared as a pandemic in March 2020 by the World Health Organization (WHO). Covid-19 continues to spread in some regions around the World, including the Kingdom of Saudi Arabia and resulted in travel restrictions and curfew in the cities and hence a slowdown of economic activities and shutdown of many sectors at global and local levels.

The extent to which coronavirus pandemic impacts the Company's business, operations, and financial results is uncertain and depends on many factors and future developments, that the Company may not be able to estimate reliably during the current year. These factors include the virus transmission rate, the duration of the outbreak, precautionary actions that may be taken by governmental authorities to reduce the spread of the epidemic and the impact of those actions on economic activity.

As of the date of the issuance of the financial statements for the year ended 31 December 2020, management does not believe that the Covid-19 outbreak significantly affects the Company's operations. The Company will continue to evaluate the nature and extent of the impact on its business and financial results.

2. BASIS OF PREPARATION

The accounting policies set out below have been applied consistently to the years presented in the financial statements.

2.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"), the requirements of Capital Market Authority in the Kingdom of Saudi Arabia, so far as they relate to the preparation and presentation of the financial statements of the Company.

2.2 Investment in Special purpose entities (SPEs)

The Company has shareholding in certain special purpose entities ("SPEs"), primarily for the purpose of holding the legal title of investments which are beneficially owned by the mutual funds managed by the Company. These entities are not consolidated to the Company's financial statements as the Company does not have power over these entities, nor it is exposed or has a right to variable returns from its involvement with these entities and does not have the ability to affect those returns through its power over these entities. These SPEs incorporated in Kingdom of Saudi Arabia:

- Second Malaz Commercial Company;
- Saudi Technology Fund Company Limited;
- Salwa Malaz Commercial Company; and
- Fourth Malaz Commercial Company.

2.3 Basis of measurement

The accompanying financial statements have been prepared on historical cost basis, using the accrual basis of accounting and the going concern concept, except for debt securities and equity securities, which are carried at fair value.

2.4 Functional and presentation currency

These financial statements are presented in Saudi Riyal (SR), which is the functional and reporting currency of the Company.

2.5 Significant accounting judgements, estimates and assumptions

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fair value of investments not quoted in an active market

The fair values of securities that are not quoted in an active market are determined by using valuation techniques, primarily earnings multiples, discounted cash flows and recent comparable transactions. The models used to determine fair values are validated and periodically reviewed by the management. The inputs in the earnings multiples models include observable data, such as earnings multiples of comparable companies to the relevant portfolio company, and unobservable data, such as forecast earnings for the portfolio company. In discounted cash flow models, unobservable inputs are the projected cash flows of the relevant portfolio company and the risk premium for liquidity and credit risk that are incorporated into the discount rate.

However, the discount rates used for valuing equity securities are determined based on historic equity returns for other entities operating in the same industry for which market returns are observable. Management uses models to adjust the observed equity returns to reflect the actual debt/equity financing structure of the valued equity investment. Models are calibrated by back-testing to actual results/exit prices achieved to ensure that outputs are reliable.

Fair value measurement

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

(Amounts in Saudi Riyals)

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the related notes.

3. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS

The following are the new standards, interpretations and amendments to standards that are effective in the current year.

Standards	Title	Effective date
IAS 1	Presentation of Financial Statements- Amendments regarding the definition of materiality	1 January 2020
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reforms	1 January 2020
IFRS 16	Amendment-to provide lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification	1 June 2020
	Revised Conceptual Framework for Financial Reporting	1 January 2020

IAS 1 - Presentation of Financial Statements

Amendments to its definition of material to make it easier for companies to make materiality judgements. The materiality depends on the nature or magnitude of information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole.

IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

The amendments are intended to make the definition of material easier to understand and are not intended to alter the underlying concept of materiality in IFRS. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing general purpose financial statements in accordance with IFRS.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may not elect to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted.

(Amounts in Saudi Riyals)

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

The Fund does not have a material impact on its financial statements from the above.

3.1 New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Fund has decided not to adopt early. The most significant of these are as follows:

Standards	Title	Effective date
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reforms – Phase 2	1 January 2021
IFRS 3	Business Combinations-Amendments updating a reference to the Conceptual Framework	1 January 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets-Amendments regarding the costs to include when assessing whether a contract is onerous	1 January 2022
IAS 16	Property, Plant and Equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	1 January 2022
IFRS 1	Annual Improvements to IFRS Standards 2018-2020	1 January 2022
IAS1	Presentation of Financial Statements - Amendments regarding the classification of liabilities	1 January 2023
IFRS 9	Amendments regarding the interaction of IFRS 4 and IFRS 9	1 January 2023

3.2 Others

The Company does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company has consistently applied the accounting policies to all periods presented in these financial statements. Following are the significant accounting policies applied by the Company in preparing its financial statements:

(a) IFRS 16 Leases

IFRS 16 “Leases” provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 “Leases” supersedes IAS 17 “Leases” and the related Interpretations. It is effective for accounting periods beginning on or after January 1, 2019.

The Company has chosen retrospective application of the standard and records the cumulative impact of initial application on the date of initial application which is January 1, 2019 in accordance with paragraph C5(b) and C7 of IFRS 16 “Leases” therefore comparative information is not restated and instead, the Company has recognized the cumulative effect of initial application as an adjustment to the opening balance of retained earnings.

IFRS 16 “Leases” substantially carries forward the lessor accounting requirements in IAS 17 “Leases”, however, it provides different accounting treatments for the lessees.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled. Control is considered to exist if the Company has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and
- The right to direct the use of the identified asset.

The Company applied the definition of a lease and related guidance set out in IFRS 16 “Leases” to all lease contracts entered into.

The details of new significant accounting policy and the nature are set out below:

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a term of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company’s incremental commission rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentive received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognized where the Company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

- When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining lease term.

(b) Revenue recognition

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. IFRS 15 specifies that the requirements an entity must apply to measure and recognize revenue and the related cash flows. The core principle of the standard is that an entity will recognize revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring promised services to a customer.

Rendering of services

The Company recognizes revenue only when it satisfies a performance obligation by transferring control of a promised service to the customer. The Company expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the service. In preparing to IFRS 15, the Company is considering the following

The transaction price is the amount of consideration to which an entity expects to be entitled. It includes an estimate of any variable consideration, the effect of a significant financing component (i.e., the time value of money), the fair value of any non-cash consideration and the effect of any consideration paid or payable to a customer.

The Company must determine the amount of the transaction price at the contract inception and revisit this determination at the end of each subsequent reporting period. The Company determines the constraint on variable consideration at the end of each reporting period. Part of the variable consideration may be included in the transaction price, even though the total expected amount may not be included due to the constraint (i.e., part of the performance-based fee may be recognized even though the full amount may not be recognized due to the constraint).

Base management fees

Base management fees represent variable consideration which is based on each fixed percentage of the fund size. The transaction price will generally include the amount determined at the end of the period(s). There may be a few exceptions that could complicate recognition when the calculation date is not the same as the reporting date. Estimates of future period management fees would generally not be included in the transaction price because they would be constrained.

Performance-based fees

Performance fees based on a fund’s performance, relative to a benchmark or the realized appreciation of fund’s investments, are types of variable consideration. In many cases, these performance fees are highly susceptible to market volatility until they are crystallized or are no longer subject to call back, which may be after the end of the reporting period. Under a callback provision, The Company may be required to return certain distributions received from the fund if a specific performance threshold is not met. Therefore, even the receipt of cash may not indicate that performance-based fees may be recognized as revenue.

IFRS 15 prohibits the recognition of variable consideration as revenue until it is highly probable that a significant reversal of the cumulative amount of revenue recognized will not occur upon the resolution of the uncertainty.

Performance-based fees are unlikely to be recognized in full until they have crystallized or are no longer subject to call back. However, the Company may determine that part of these performance fees can be recognized before this time.

(c) Finance income and finance costs

The Company’s finance income and finance costs include:

- Interest income
- Interest expense
- Dividend income

Interest income or expense is recognized using the effective interest method. Dividend income is recognized in profit or loss on the date on which company's right to receive the payment is established.

The effective rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of financial instruments to;

- The gross carrying amount of the financial asset; or
- The amortized cost of financial liability

In calculating the interest income and expense, the effective interest rate is applied on the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortized cost of the liability. However, for financial assets that have become credit impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of financial asset. If the assets is no longer credit impaired, then the calculation of interest income reverts to the gross basis.

(d) Financial instruments

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

According to IFRS 9, a financial asset or financial liability (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets

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

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

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL):

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- A debt investment is measured at fair value through other comprehensive income (FVOCI) if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL):
- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment by investment basis.

All financial assets not classified as measured at amortized cost or fair value through other comprehensive income (FVOCI) as described above are measured at fair value through profit or loss (FVTPL). This includes all derivative financial assets, if any. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at fair value through other comprehensive income as at fair value though profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.
- Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.
- Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at fair value through profit or loss (FVTPL).

Financial assets: assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable rate features;
- Prepayment and extension features; and
- Terms that limit the Company's claim to cash flows from specified assets (e.g. non□recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

i) Financial assets at fair value through profit or loss (FVTPL)

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

ii) Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.

iii) Debt investments at fair value other comprehensive income (FVOCI)

These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

iv) Equity investments at fair value through comprehensive income (FVOCI)

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

De-recognition

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

The Company enters into transactions whereby it transfers assets recognized on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In such cases, the transferred assets are not de-recognized.

Offsetting

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

Impairment of financial instruments and contract assets

The Company recognizes loss allowances for expected credit losses (ECLs) on: – financial assets measured at amortized cost;

- Debt investments measured at fair value through other comprehensive income (FVOCI); and
- Contract assets (as defined in IFRS 15).

The Company measures loss allowances at an amount equal to lifetime expected credit losses (ECL), except for the following, which are measured as 12month ECL:

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

Impairment of financial instruments and contract assets (continued)

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when:

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

Lifetime expected credit losses (ECLs) are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12 months expected credit losses are the portion of ECLs that result from default events that are possible within the12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of expected credit losses (ECLs)

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at fair value through other comprehensive income (FVOCI) are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for* expected credit loss *in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at fair value through other comprehensive income (FVOCI), the loss allowance is charged to the statement of other comprehensive income.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Financial liabilities: Subsequent measurement

The Company categorizes its financial liabilities into two measurement categories: FVTPL and amortized cost.

The Company designates a financial liability as measured at FVTPL when it meets the definition of held for trading or when they are designated as such on initial recognition using the fair value option.

Gains and losses on financial liabilities designated as at FVTPL are split into the amount of change in fair value attributable to changes in credit risk of the liability, presented in other comprehensive income, and the remaining amount in profit or loss. The Company recognizes the full amount of change in the fair value in profit or loss only if the presentation of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. That determination is made at initial recognition and is not reassessed.

Cumulative gains or losses presented in other comprehensive income are subsequently transferred within equity.

Financial liabilities not held at FVTPL are subsequently measured at amortized cost using the effective interest method.

The Company's financial liabilities include trade and other payables and accrued expenses.

De-recognition

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

Current and non-current classification

An asset (liability) category combines amounts that will be received (settled) after 12 months with assets (liabilities) that will be received (settled) within 12 months. Current assets are assets that are:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within 12 months after the reporting period
- Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. Current liabilities are those:

- Expected to be settled within the entity's normal operating cycle
- Held for purpose of trading
- Due to be settled within 12 months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. Other liabilities are classified as non-current.

(e) Accounts receivables

These are stated at original invoice amount less provisions made for amounts which in the opinion of the management may not be recovered. Bad debts are written off when expected, against its related provisions.

(f) Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks in current accounts and on hand and short-term deposits with a maturity of less than one year from the placement date, which are subject to an insignificant risk of changes in value.

(g) Property and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in statement of income as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of individual item of property and equipment. The estimated useful lives of assets will be depreciated as follows:

	Years
Lease hold improvement	Shorter of lease term or economic life
Office equipment and furniture	4
Computers and software	3
Vehicles	4

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income when the asset is de-recognized.

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

(h) Intangible assets, net

Intangible assets include software acquired by the Company. Subsequent expenditures are capitalized only when it increases the future economic benefits to be obtained from these intangible assets. All intangible assets acquired by the Company are measured at cost less accumulated amortization and accumulated impairment losses, if any.

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

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

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of income when the asset is de-recognized.

(i) 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 an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(j) Zakat

The Company is subject to zakat in accordance with the regulations of General Authority of Zakat and Income Tax ("GAZT"). Zakat is accrued and charged to income currently. Additional zakat liability, if any, related to prior years' assessments arising from GAZT are accounted for in the period in which the final assessments are finalized.

(k) Trade date accounting

All regular way purchases and sales of financial assets are recognized / derecognized on the trade date (i.e. the date that the Company commits to purchase or sell the assets). Regular way purchases or sales are purchases or sales of financial assets that require settlement of assets within the time frame generally established by regulation or convention in the market place.

(l) Employees' end of service benefits

- ***Short-term obligations***

Short-term benefits are those amounts expected to be settled wholly within 12 months of the end of the period in which the employees render the service that gives rise to the benefits.

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves and benefits-in-kind that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented under other payables.

- ***Post-employment obligation***

The Company provides end of service benefits to its employees in accordance with the requirements of Saudi labor law. The entitlement to these benefits, is based upon the employees' salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are recognized over the service period.

The employees' benefits obligation plans are not funded. Accordingly, valuations of the obligations under those plans are carried out by an independent actuary based on the projected unit credit method and the liability is recorded based on an actuarial valuation.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality United States government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. Past-service costs are recognized immediately in the statement of profit or loss.

The interest cost is calculated by applying the discount rate to the balance of the defined benefit obligation. This cost is included in Employees' benefit expense in the statement of profit or loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise.

(m) Assets held in a fiduciary capacity

Assets held in trust or in a fiduciary capacity are not treated as assets of the Company and accordingly are not included in the financial statements; these are treated as off-balance sheet items.

(Amounts in Saudi Riyals)

5. PROPERTY AND EQUIPMENT

	Leasehold improvement	Office equipment and Furniture	Computer	Vehicles	2020	2019
Cost:						
1 January 2020	1,021,771	719,783	673,088	117,150	2,531,792	3,700,761
Additions	13,035	12,215	52,329	-	77,579	483,477
Disposals	-	(13,550)	(7,000)	(85,650)	(106,200)	(1,652,446)
31 December 2020	1,034,806	718,448	718,417	31,500	2,503,171	2,531,792
Accumulated depreciation:						
1 January 2020	634,065	658,749	658,007	117,150	2,067,971	3,352,053
Charge for the year	87,176	27,740	14,352	-	129,268	329,675
Disposals	-	(13,550)	(7,000)	(85,650)	(106,200)	(1,613,757)
31 December 2020	721,240	672,939	665,359	31,500	2,091,039	2,067,971
Net book value:						
31 December 2020	313,565	45,509	53,058	-	412,132	-
31 December 2019	387,706	61,034	15,081	-	-	463,821

6. INTANGIBLE ASSETS

	Software and license
Cost:	
1 January 2019	2,038,127
Additions	8,170
31 December 2019	**2,046,297**
Additions	122,413
31 December 2020	**2,168,710**
Accumulated amortization:	
1 January 2019	1,536,204
Charge for the year	308,258
31 December 2019	**1,844,462**
Charge for the year	219,035
31 December 2020	**2,063,497**
Net book value:	
31 December 2020	**105,213**
31 December 2019	201,835

(Amounts in Saudi Riyals)

7. INVESTMENTS

	31 December 2020	31 December 2019
Financial assets at fair value through profit or loss-FVTPL		
Listed equity securities	**5,688,704**	10,108,396
Unquoted foreign equity securities	**4,548,710**	4,548,710
Quoted perpetual bonds	**4,140,324**	1,689,534
	14,377,738	16,346,640
Financial assets at fair value through other comprehensive income - FVOCI		
Quoted Sukuks	**35,897,183**	1,786,717
	50,274,921	18,133,357

NET FAIR VALUE GAIN ON FINANCIAL INVESTMENTS

	31 December 2020	31 December 2019
Financial assets at fair value through profit or loss-FVTPL		
Listed equity securities	**1,037,287**	305,950
Quoted perpetual bonds	**(43,547)**	3,730
Money market fund	**-**	(132,907)
	993,740	176,773
Financial assets at fair value through other comprehensive income - FVOCI		
Quoted Sukuks	**17,418**	151,963

This represents investment in Sukuk issued by counterparties having sound credit ratings. These Sukuk are traded in NASDAQ and Dubai Stock Exchange.

8. TRADE RECEIVABLES

	31 December 2020	31 December 2019
Accounts receivable*	**2,690,130**	486,558

*All balances are less than 6 months overdue.

(Amounts in Saudi Riyals)

9. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties of the Company include the funds under management, the Company's shareholders, its equity-accounted investee and affiliated companies and directors and key management personnel. Terms and conditions of these transactions are approved by the Company's management. Significant related parties' transactions for the years ended 31 December and balances arising there from are described as under:

Name	Relationship	Nature of transactions	Amount of transactions 2020	Amount of transactions 2019	Closing balance 2020	Closing balance 2019
Due from related parties						
Initiative Information Communication and Technology	The associate	Expenses paid	**1,029,118**	-	**-**	33,711
Malaz Real Estate Opportunities Fund III	Funds under management	Governmental fees		-	-	-
Mutual funds under management	Funds under management	Administration and Nominee fee	**1,057,231**	1,992,612	-	-
Saudi Development and Training Fund	Fund under management	Professional fees	**86,100**	968,810	-	-
Malaz Industrial Fund	Fund under management	Professional & travel expenses	**1,130,623**	843,526	**10,990**	12,996
Second Malaz	Subsidiary	Governmental fees	**89,908**	5,581	**24,538**	-
					35,528	46,707
Due to a related party						
Saudi SME Fund – I	Fund under management	Professional services	**622**	-	**-**	-
SARA villages (MREOF-I)	Fund under management	Governmental fees	**-**	9,017	-	-
Malaz Real Estate Opportunities Fund III	Funds under management	Governmental fees	**-**	1,675	-	17,183
					-	17,183
Board of Directors	Board of Directors	Remuneration, attendance fees and travel expenses	**472,000**	609,808	**472,000**	-
					472,000	-
Prepayment and other current assets						
Bupa arabia for cooperative insurance	Affiliate	Medical Insurance	**581,021**	566,229	**14,021**	16,151
Trade and other payables						
Funds under management	Funds under management	Management fee, setup fees and structuring fees	**110,531,514**	19,633,211	**964,853**	1,956,644

(Amounts in Saudi Riyals)

Compensation to key management personnel

	31 December 2020	31 December 2019
Short term employee benefits	**6,368,880**	6,218,680
Post-employment benefits	**2,605,684**	2,188,487
	8,974,564	8,407,167

10. PREPAYMENTS AND OTHER CURRENT ASSETS

	31 December 2020	31 December 2019
Reimbursable expenses	**691,082**	3,652,734
Margin deposit against bank guarantee	**1,101,416**	1,101,416
Deferred management fees rebate	**-**	1,085,411
Prepaid rent	**7,143**	10,695
Accrued special commission income	**52,931**	53,236
Others	**630,212**	392,294
	2,482,784	6,295,786

11. CASH AND CASH EQUIVALENTS

	31 December 2020	31 December 2019
Cash in hand	**6,000**	6,000
Cash at banks – current accounts	**10,284,113**	4,813,226
Short-term deposit (refer 11.1)	**36,000,000**	10,000,000
	46,296,113	14,819,226

11.1 This represents short-term deposit placed with a local bank with an original maturity of less than 3 months and has an average special commission rate of 0.71% per annum (2019: 2.25%).

12. SHARE CAPITAL

The Company's share capital amounted to SR 50 million at 31 December 2020 (31 December 2019: SR 50 million) consists of 5,000,000 fully paid shares of SR. 10 each.

12.1 Statutory reserve

In accordance with the Company's By-laws and the previous Saudi Arabian Regulations for Companies, the Company sets aside 10% of its profit each year as statutory reserve until such reserve equals to 50% of the share capital. The new Saudi Arabian Regulations for Companies that came into effect on 25 Rajab 1437H (corresponding to 2 May 2016) requires companies to set aside 10% of its profit for each year as statutory reserve until such reserve reaches 30% of the share capital.

This reserve is currently not available for distribution to the shareholders of the Company.

12.2 Other reserves (FVOCI)

	31 December 2020	31 December 2019
Balance as at beginning of the year	**14,106**	(137,857)
Net fair value gain on debt securities at FVOCI (note 7)	**17,418**	151,963
Balance as at end of the year	**31,524**	14,106

(Amounts in Saudi Riyals)

13. END OF SERVICE BENEFITS

The Company has a post-employment defined benefit plan. The benefits are required by Saudi Labor law. The benefit is based on employees' final salaries and allowances and their cumulative years of service, as stated in the laws of Saudi Arabia. The liability for end of service benefits is estimated through actuarial methods using the projected unit credit method.

13.1 Amounts recognized in statement of financial position

	31 December 2020	31 December 2019
Present value of defined benefit obligation	**3,251,485**	2,793,694

Net benefit expense recognized in the statement of profit or loss and statement of other comprehensive income and amounts recognized in the statement of financial position.

13.2 Net benefit expense recognized in profit or loss	**31 December 2020**	31 December 2019
Current service cost	**382,078**	561,763
Interest cost on benefit obligation	**81,200**	110,523
Net benefit expense	**463,278**	672,286

13.3 Movement in the present value of defined benefit obligation:

	31 December 2020	31 December 2019
Defined benefit obligation at 1 January	**2,793,694**	2,208,385
Interest cost	**81,200**	110,523
Current service cost	**382,078**	561,763
Benefits paid	**(5,487)**	(86,977)
Defined benefit obligation at 31 December	**3,251,485**	2,793,694

13.4 Reconciliation of net liability recognized in the statement of financial position:

	31 December 2020	31 December 2019
Net liability as at 1 January 2020	**2,793,694**	2,208,385
Charge recognized in statement of profit or loss	**463,278**	672,286
Benefits paid	**(5,487)**	(86,977)
Net liability at 31 December 2020	**3,251,485**	2,793,694

13.5 Principal actuarial assumptions

The following range of significant actuarial assumptions was used by the Company for the valuation of post-employment benefit liability:

	31 December 2020	31 December 2019
Valuation discount rate	1.90%	2.92%
Expected rate of increase in salary level	1.00%	2.50%

(Amounts in Saudi Riyals)

13.6 Sensitivity analysis of actuarial assumptions

The impact of changes in sensitivities on present value of defined benefit obligation is as follows:

	31 December 2020	31 December 2019
Actuarial assumptions		
Valuation discount rate		
Increase by 1%	**(3,135,206)**	(2,690,195)
Decrease by 1%	**3,380,809**	2,909,512
Expected rate of increase in salary level		
Increase by 1%	**3,401,583**	2,926,693
Decrease by 1%	**(3,113,143)**	(2,671,747)

14. TRADE AND OTHER PAYABLES

	31 December 2020	31 December 2019
Provisions and accruals	**76,557**	76,557
Accrued employees' expenses (note 16)	**13,465,060**	2,760,485
Management fee rebate 14.1	**-**	1,085,411
Management fee received in advance 14.2	**-**	1,956,644
Professional fee	**261,197**	114,811
Other payables	**302,596**	589,404
Others	**146,006**	369,298
	14,251,414	6,952,610

14.1 During the year, the Company has paid rebate against management fee to the unitholders of funds under management amounting to SR Nil (2019: SR 1,085,411).

14.2 This represents management fee received in advance from Malaz Real Estate Fund I ("MREOF I"), a fund managed by the Company.

15. PROVISION FOR ZAKAT

Movement of the Company's Zakat provision as follows:

	31 December 2020	31 December 2019
Balance as at beginning of the year	**580,871**	474,931
Payment made during the year	**(584,454)**	(507,474)
	(3,583)	(32,543)
Charge for the year – current year	**1,344,425**	580,871
Prior year charge	**3,583**	32,543
	1,348,008	613,414
Balance as at end of the year	**1,344,425**	580,871

The significant components of the Company's Zakat base comprise the following:

	31 December 2020	31 December 2019
Adjusted shareholders' equity	**30,568,466**	30,512,189
Adjusted net income	**29,894,182**	3,294,875
Less:		
Property and equipment	**(517,346)**	(463,822)
Other investments	**(5,688,704)**	(10,108,396)
Zakat base	**54,256,598**	23,234,846

(Amounts in Saudi Riyals)

Zakat for the year is payable at 2.5% of higher of the Zakat base and adjusted net income attributable to Saudi shareholders. The Company has filed its Zakat returns with the GAZT up to year ended 31 December 2019 and received a zakat certificate for the year 2019.

16. PERFORMANCE-BASED FEE

During the year, Malaz Real Estate Fund-I has been liquidated on resolution of the unitholders and the underlying investment in real estate compound has been disposed off. As per the terms and conditions of the Fund, Asset Management Company is entitled to performance-based fee amounting SR 81,862,879. As per the Company's incentive policy, 30% of that amount or SR 24,558,864 was recorded as an incentive cost within employee related cost (note 18), out of which SR 10,779,432 was unpaid and included in accrued employee expenses in note 14 at 31 December 2020.

17. OTHER INCOME

	31 December 2020	31 December 2019
Reimbursement of expenditure from funds managed by the Company	**667,924**	1,493,378
Others	**61,360**	16,227
	729,284	1,509,605

18. GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2020	31 December 2019
Management fee rebate (a)	**1,443,800**	3,737,500
Employee related cost (note 16)	**38,555,740**	13,542,915
Legal, professional and consultancy expenses	**826,940**	556,621
Rent	**444,997**	904,516
Depreciation (note 5)	**129,268**	329,725
Amortisation (note 6)	**219,035**	308,258
Communication and utilities	**200,143**	252,978
Travelling expenses	**1,985**	265,951
Government and subscription fee	**96,566**	138,758
Board members remuneration	**601,000**	658,522
Marketing expenses	**3,266,518**	-
IT & networking related expense	**568,360**	546,884
License fee	**75,000**	75,000
Cleaning expense	**110,404**	108,000
Reimbursable expenses written off	**3,925,155**	-
Financial charges	**12,651**	-
Others	**147,553**	232,589
	50,625,115	21,658,217

(a) During the year, the Company has given a rebate against management fee to the unitholders of funds under management amounting to SR 1,443,800 (2019: SR 3,737,500).

19. FINANCIAL RISK MANAGEMENT

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

- Credit risk;
- Liquidity risk; and
- Market risk.

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyzes the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities. The carrying amounts of financial assets represent the maximum credit exposure. Impairment losses on financial assets recognized in profit or loss.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. The risk management committee has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the risk management committee.

The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one and three months for individual and corporate customers respectively.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, their geographic location, industry, trading history with the Company and existence of previous financial difficulties.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Board of Directors has established limits on the interest gaps for stipulated periods. The Company enters into interest rate derivatives, mainly interest rate swaps in which the Company agrees to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount in an effort to manage these risks.

The majority of interest rate exposure arises on investments in debt securities. Most of the Company's investments in debt securities carry fixed interest rates and mature within five years. The following table demonstrates the sensitivity of the Company's profit or loss for the year to a reasonably possible change in interest rates, with all other variables held constant.

The sensitivity of the profit or loss for the year is the effect of the assumed changes in interest rates on:

- The net commission income for one year, based on the floating rate financial assets held at the end of the reporting period
- Changes in fair value of investments for the year, based on revaluing fixed rate financial assets and liabilities at the end of the reporting period

There is no sensitivity effect on other comprehensive income as the Company has no assets classified as designated hedging instruments. Therefore, the impact on equity is the same as the impact on profit or loss.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company invests in securities and other investments that are denominated in currencies other than the Saudi Riyal. Accordingly, the value of the Company's assets may be affected favorably or unfavorably by fluctuations in currency rates. Therefore, the Company will necessarily be subject to foreign exchange risks.

Equity price risk

Equity price risk is the risk of unfavorable changes in the fair values of equities or equity-linked derivatives as the result of changes in the levels of equity indices and the value of individual shares. The equity price risk exposure arises from the Company's investments in equity securities, from equity securities sold short and from equity-linked derivatives. The Company manages this risk by investing in a variety of stock exchanges and by limiting exposure to a single industry sector to 25% of NAV. The Company's constitution limits equity investments to 5% (or 10%, subject to a special approval of the Board of Directors) of the share capital of a single entity. Management's best estimate of the effect on the profit or loss for a year due to a reasonably possible change in equity indices, with all other variables held constant is indicated in the table below. There is no effect on other comprehensive income as the Company has no assets classified as designated hedging instruments. An equivalent decrease in each of the indices shown below would have resulted in an equivalent, but opposite, impact.

20. FAIR VALUE OF FIANCIAL INSTRUMENTS

A number of the Company's accounting policies and disclosures require the measurement of fair values, for financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues are reported to the Company's Audit Committee.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).
-

(Amounts in Saudi Riyals)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The Company's financial assets consist of cash and cash equivalents, certain receivables, advance for investments, debt securities measured at FVOCI, equity securities measured at FVOCI, debt securities measured at FVTPL, loan to an equity accounted investee, short term investments, and financial liabilities consisting of certain payables and accrued expenses. The fair values of financial assets and liabilities are not materially different from their carrying values in statement of financial position.

Determination of fair value and fair value hierarchy

Valuation of assets for which fair value is measured involves using a fair value hierarchy, which reflects the significance of following inputs used in making the measurements. The Company uses the following hierarchy for determining and disclosing the fair values of financial instruments.

- Level 1: quoted prices in active markets for identical assets or liabilities (i.e. without modification or repacking).
- Level 2: quoted prices in active markets for similar financial assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and
- Level 3: valuation techniques for which any significant input is not based on observable market data.

The table below presents the financial instruments at their fair values as at 31 December 2018 based on the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Level 1	**Level 2**	**Level 3**	**Total**
31 December 2020				
Debt securities measured at FVOCI	**35,669,399**	**-**	**-**	**35,669,399**
Equity securities measured at FVTPL	**5,688,704**	**-**	**4,548,710**	**10,237,414**
Debt securities measured at FVTPL	**4,090,725**	**-**	**-**	**4,090,725**
	45,448,828	**-**	**4,548,710**	**49,997,538**
31 December 2019				
Debt securities measured at FVOCI	1,786,717	-	-	1,786,717
Equity securities measured at FVTPL	10,108,396	-	4,548,710	14,657,106
Debt securities measured at FVTPL	1,689,534	-	-	1,689,534
Total	13,584,647	-	4,548,710	18,133,357

There were no transfers between the levels of fair value hierarchies during the year.

Reconciliation of fair value measurements categorized within Level 3 of the fair value hierarchy

				Gain or loss recognized		
31 December 2020	**Balance 1 January**	**Purchases**	**Disposals**	**Statement of profit or loss**	**Other comprehensive income**	**Balance 31 December**
Equity securities measured at FVTPL	**4,548,710**	**-**	**-**	**-**	**-**	**4,548,710**
Total	**4,548,710**	**-**	**-**	**-**	**-**	**4,548,710**
31 December 2019						
Equity securities measured at FVTPL	4,548,710	-	-	-	-	4,548,710
ICD Money Market Funds measured at FVTPL	7,197,665	-	7,064,756	(132,907)	-	-
Total	11,746,375	-	7,064,756	(132,907)	-	4,548,710

(Amounts in Saudi Riyals)

Sensitivity analysis of Level 3 investments

	Sensitivity factor	Impact on fair value due to increase in sensitivity factor	Impact on fair value due to decrease in sensitivity factor
		SAR	
31 December 2020			
Equity securities measured at FVTPL	+/- 2% change in NAV per unit	**90,974**	(90,974)
31 December 2019			
Equity securities measured at FVTPL	+/- 2% change in NAV per unit	90,974	(90,974)
ICD Money Market Funds - FVTPL	+/- 10% change in credit spread	**-**	-

21. CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The carrying amounts presented in the statement of financial position relate to the following categories of financial assets and financial liabilities:

	31 December 2020	31 December 2019
Financial assets		
Financial assets at amortized cost:		
Accrued income and other assets (excluding prepayments, reimbursable expenses and deferred management fees rebate)	**1,716,778**	1,546,946
Due from related parties	**35,527**	46,707
Cash and cash equivalents	**46,296,113**	14,819,226
Total financial assets at amortized cost	**48,048,418**	16,412,879
Financial assets at fair value through OCI:	**35,669,399**	1,786,717
Financial assets at fair value through profit or loss:		
Listed equity securities	**5,688,704**	10,108,396
Foreign equity investments	**4,548,710**	4,548,710
Quoted perpetual bonds	**4,090,725**	1,689,534
Total financial assets at fair value through profit or loss	**14,328,139**	16,346,640
Financial liabilities		
Financial liabilities at amortised cost:		
Employees-end-of-service benefits	**3,403,476**	2,793,694
Trade and other payable	**39,306,866**	6,876,053
Total financial liabilities at amortised cost	**42,710,342**	9,669,747

22. REGULATORY CAPITAL REQUIREMENTS AND CAPITAL ADEQUACY RATIO

The Capital Market Authority (the “CMA”) has issued Prudential Rules (the “Rules”) dated 30 December 2012G (corresponding to 17 Safar 1434H). According to the Rules, the CMA has prescribed the framework and guidance regarding the minimum regulatory capital requirement and its calculation methodology as prescribed under these Rules. In accordance with this methodology. The Company's objectives when managing capital are to comply with the capital requirements set by the CMA to safeguard the Company's ability to continue as a going concern and to maintain a strong capital base. In accordance with this methodology, the Company has calculated its minimum capital required and capital adequacy ratios as follows:

(Amounts in Saudi Riyals)

	31 December 2020	31 December 2019
Capital Base:		
Tier 1 Capital	**83,313**	29,887
Tier 2 Capital	**-**	-
Total Capital Base	**83,313**	29,887
Minimum Capital Requirement:		
Market Risk	**-**	1,963
Credit Risk	**14,036**	10,024
Operational Risk	**12,993**	5,555
Total Minimum Capital Required	**27,029**	17,542
Capital Adequacy Ratio:		
Surplus in Capital	**56,284**	12,345
Total Capital Ratio (times)	**3.08**	1.70

The comparative information has been extracted from the Company's annual Capital Adequacy Model for 31 December 2019 submitted to CMA. The Capital Base of the Company comprise of:

Tier-1 capital consists of paid-up share capital, retained earnings, share premium (if any), reserves excluding revaluation reserves, with certain deductions as per the Rules.

Tier-2 capital consists of subordinated loans, cumulative preference shares and revaluation reserves, with certain deductions as per the Rules.

The minimum capital requirements for market, credit and operational risk are calculated as per the requirements specified in the Rules.

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

23. CONTINGENCIES AND COMMITMENTS

Contingencies

There were no contingencies as at the reporting date (31 December 2019: nil).

Capital commitments

There were no capital commitments as at the reporting date (31 December 2019: nil).

24. COMPARATIVE FIGURES

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

25. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors of the Company on 17 March 2021 corresponding to 04 Sha’ban 1442.