MALAZ CAPITAL COMPANY

(A Closed Joint Stock Company)

FINANCIAL STATEMENTS

For the year ended 31 December 2023

together with the

Independent Auditor's Report

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Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

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

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Malaz Capital Company

Opinion

We have audited the financial statements of **Malaz Capital Company** (the "Company"), which comprise the statement of financial position as at 31 December 2023, the statements of profit or loss and other comprehensive income, changes in shareholder's equity and cash flows for the year then ended, and notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for 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 International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to Note 23 to the financial statements which indicates that the comparative information presented as at and for the year ended 31 December 2022 has been restated. Our opinion is not modified in respect of this matter.

Other matter

The financial statements of the Company as at and for the year ended 31 December 2022 excluding the adjustments described in Note 23 to the financial statements were audited by another auditor who expressed an unmodified opinion on those financial statements on 30 March 2023 (corresponding to 08 Ramadan 1444H).

As part of our audit of the financial statements as at and for the year ended 31 December 2023, we audited the adjustments described in Note 23 that were applied to restate the comparative information presented as at and for the year ended 31 December 2022. We were not engaged to audit, review, or apply any procedures to the financial statements for the years ended 31 December 2022, other than with respect to the adjustments described in Note 23 to the financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective financial statements taken as a whole. However, in our opinion, the adjustments described in Note 23 are appropriate and have been properly applied.

Independent Auditor's Report

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 judgement and maintain professional scepticism 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, then 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.

Independent Auditor's Report

To the Shareholders of Malaz Capital Company (Continued)

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 of Malaz Capital Company (the "Company").

KPMG Professional Services

Saleh Mohammed S Mostafa
License No: 524

Al Riyadh on: 26 March 2024
Corresponding to: 16 Ramadan 1445H

MALAZ CAPITAL COMPANY
(A CLOSED JOINT STOCK COMPANY)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023
(Amounts in Saudi Riyals unless otherwise stated)

ASSETS	Notes	**31 December 2023**	31 December 2022 (Restated)*
Non-current assets			
Investments	8	**43,915,658**	48,755,191
Right-of-use asset	6	**-**	267,426
Intangible assets	7	**1,031**	24,270
Property and equipment	5	**133,467**	254,869
Total non-current assets		**44,050,156**	49,301,756
Current assets			
Cash and cash equivalents	12	**23,710,509**	22,318,586
Trade receivables	9	**-**	-
Due from related parties	10	**6,181,633**	885,844
Prepayments and other current assets	11	**970,714**	862,406
Investments	8	**4,474,163**	-
Right-of-use asset	6	**267,426**	534,853
Total current assets		**35,604,445**	24,601,689
TOTAL ASSETS		**79,654,601**	73,903,445
EQUITY AND LIABILITIES			
Equity			
Share capital	13	**50,000,000**	50,000,000
Statutory reserve	13.1	**6,007,199**	6,007,199
Investments fair value reserve	13.2	**(2,804,523)**	(3,368,108)
Remeasurement loss on defined benefit obligation	14	**(678,488)**	(491,193)
Retained earnings		**6,519,430**	6,232,167
Total equity		**59,043,618**	58,380,065
Non-current liabilities			
Provision for end-of-service benefits (EOSB)	14	**2,731,366**	2,011,007
Lease liability	6	**-**	278,375
Total non-current liabilities		**2,731,366**	2,289,382
Current liabilities			
Due to related parties	10	**3,638,558**	4,609,954
Deferred revenue	10	**3,115,646**	-
Accruals and other current liabilities	15	**6,688,038**	3,706,001
Provision for zakat	16	**4,159,000**	4,383,386
Lease liability	6	**278,375**	534,657
Total current liabilities		**17,879,617**	13,233,998
Total liabilities		**20,610,983**	15,523,380
TOTAL EQUITY AND LIABILITIES		**79,654,601**	73,903,445

* The comparative information is restated. See note 23.

The accompanying notes from 1 to 27 form an integral part of these financial statements

MALAZ CAPITAL COMPANY
(A CLOSED JOINT STOCK COMPANY)

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts in Saudi Riyals unless otherwise stated)

Income	Notes	31 December 2023	31 December 2022 (Restated)*
Management fees		**12,417,926**	15,003,860
Subscription fee income		**2,123,043**	-
Profit from sukuks		**1,377,477**	1,280,351
Net fair value gain from investments at FVTPL	8.2	**2,693,877**	3,156,609
Net realized loss from investments at FVOCI	8.2	**(191,078)**	(649,851)
Administration fees		**1,370,870**	1,373,011
Dividend income		**215,815**	321,947
Profit on bank deposits		**843,445**	234,265
Other income	17	**178,587**	139,219
Total income		**21,029,962**	20,859,411
Operating expenses			
General and administrative expenses	18	**(22,930,962)**	(24,345,091)
Impairment reversal / (charge) for credit losses	9.2	**4,694,234**	(5,963,000)
Portfolio management, custody and performance expense		**(752,757)**	(686,488)
Total operating expenses		**(18,989,485)**	(30,994,579)
Finance cost on lease liability	6	**(22,093)**	(21,701)
Profit / (loss) before zakat		**2,018,384**	(10,156,869)
Zakat charge	16	**(1,731,121)**	(3,945,147)
Profit / (loss) for the year		**287,263**	(14,102,016)

* The comparative information is restated. See note 23.

STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts in Saudi Riyals unless otherwise stated)

	Notes	**31 December 2023**	31 December 2022 (Restated)*
Profit / (loss) for the year		**287,263**	(14,102,016)
Other comprehensive income for the year:			
Items that will be reclassified to profit or loss in subsequent periods:			
Net change in fair values for investments at FVOCI – debt instruments	13.2	**353,398**	(3,397,571)
Net amount reclassified to the profit or loss for disposal of investments at FVOCI – debt instruments		**210,187**	342,670
Items that will not be reclassified to profit or loss in subsequent periods:			
Remeasurement (loss) / gain on defined benefit obligation	14.3	**(187,295)**	13,402
Other comprehensive income / (loss) for the year		**376,290**	(3,041,499)
Total comprehensive income / (loss) for the year		**663,553**	(17,143,515)

* The comparative information is restated. See note 23.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts in Saudi Riyals unless otherwise stated)

	Notes	Share capital	Statutory reserve	Other reserves (FVOCI)	Remeasurement loss on defined benefit obligation	Retained earnings	Total
Balance as at 1 January 2022		50,000,000	6,007,199	(313,207)	(504,595)	20,334,183	75,523,580
Total comprehensive income:							
Loss for the year		-	-	-	-	(14,102,016)	(14,102,016)
Net change in fair values for investments at FVOCI – debt instruments	13.2	-	-	(3,397,571)	-	-	(3,397,571)
Net amount reclassified to the profit or loss for disposal of investments at FVOCI – debt instruments	13.2	-	-	342,670		-	342,670
Remeasurement gain on defined benefit obligation	14.3				13,402		13,402
Total comprehensive income / (loss) for the year		-	-	(3,054,901)	13,402	(14,102,016)	(17,143,515)
Balance as at 31 December 2022 (restated)		**50,000,000**	**6,007,199**	**(3,368,108)**	**(491,193)**	**6,232,167**	**58,380,065**
Total comprehensive income:							
Profit for the year		-	-	-	-	287,263	287,263
Net change in fair values for investments at FVOCI – debt instruments	13.2	-	-	353,398	-	-	353,398
Net amount reclassified to the profit or loss for disposal of investments at FVOCI – debt instruments	13.2	-	-	210,187	-	-	210,187
Remeasurement loss on defined benefit obligation	14.3				(187,295)		(187,295)
Total comprehensive income / (loss) for the year		-	-	563,585	(187,295)	287,263	663,553
Balance as at 31 December 2023		**50,000,000**	**6,007,199**	**(2,804,523)**	**(678,488)**	**6,519,430**	**59,043,618**

* The comparative information is restated. See note 23.

MALAZ CAPITAL COMPANY
(A CLOSED JOINT STOCK COMPANY)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts in Saudi Riyals unless otherwise stated)

	Notes	31 December 2023	31 December 2022 (Restated)*
Cash flows from operating activities			
Profit / (loss) before zakat		**2,018,384**	(10,156,869)
Adjustments for:			
Depreciation and amortization	5,6,7	**703,505**	456,824
Allowance for expected credit loss		**-**	5,963,000
Employees' end of service benefits expense	14	**632,366**	566,905
Fair value loss on financial investments		**(2,712,986)**	(2,720,597)
Finance cost on lease liability	6	**22,093**	21,701
		663,362	(5,869,036)
Changes in operating assets and liabilities			
Trade receivables		**-**	755,354
Due from related parties		**(5,295,789)**	(2,703,977)
Prepayments and other current assets		**(108,308)**	(49,931)
Due to related parties		**(971,396)**	4,609,954
Deferred revenue		**3,115,646**	-
Accruals and other current liabilities		**2,982,037**	954,838
		385,552	(2,302,798)
Zakat paid	16	**(1,955,507)**	(1,356,121)
Employees' end of service benefits paid	14	**(99,302)**	(2,682,151)
Net cash used in operating activities		**(1,669,257)**	(6,341,070)
Cash flows from investing activities			
Purchase of investments		**(29,772,432)**	(26,156,599)
Proceeds from disposals of investments		**33,414,373**	47,890,196
Acquisition of property and equipment	5	**(24,011)**	(99,331)
Net cash used in investing activities		**3,617,930**	21,634,266
Cash flows from financing activities			
Payment of lease liability	6	**(556,750)**	(278,375)
Net cash used in investing activities		**(556,750)**	(278,375)
Net increase in cash and cash equivalents		**1,391,923**	15,014,821
Cash and cash equivalents at the beginning of the year		**22,318,586**	7,303,765
Cash and cash equivalents at the end of the year	12	**23,710,509**	22,318,586

* The comparative information is restated. See note 23.

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Malaz Capital Company ("the Company" or "Malaz") 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.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These accompanying financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") 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"), 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 are incorporated in Kingdom of Saudi Arabia and listed below:

- Second Malaz Commercial Company (under liquidation); and
- Fourth Malaz Commercial Company (under liquidation).

2.3 Basis of measurement

These financial statements have been prepared on historical cost basis, using the accrual basis of accounting and the going concern concept, except for the following items (refer to individual accounting policies for details):

- Financial assets at fair value through profit or loss that are measured at fair value;
- Financial assets at fair value through other comprehensive income are measured at fair value; and
- Employee's end of service benefits measured at present value of future obligations using projected unit credit method.

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. All amounts have been rounded to the nearest SR, unless otherwise stated.

2.5 Financial year

The financial year of the Company commences on 1st January and ends on 31st December of each calendar year.

2. BASIS OF PREPARATION (CONTINUED)

2.6 Use of estimates and judgements

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

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

Measurement of the Expected Credit Loss allowance ("ECL")

The measurement of the expected credit loss allowance for financial assets measured is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g., the likelihood of counter-parties defaulting and the resulting losses).

A number of significant judgments are also required in applying the accounting requirements for measuring ECL, such as:

(i) Determining criteria for significant increase in credit risk;

(ii) Choosing appropriate models and assumptions for the measurement of ECL;

(iii) Establishing the number and relative weights of forward-looking scenarios for each type of product/market and the associated ECL; and

(iv) Establishing groups of similar financial assets for the purposes of measuring ECL.

The loss allowance recognised in the period is impacted by a variety of factors as described below:

(i) Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) in credit risk or becoming credit-impaired in the period and the consequent ("step up" or "step down") between 12-month and Lifetime ECL;

(ii) Additional allowances for new financial instruments recognised during the period as well as releases for financial instruments de-recognised in the period;

(iii) Impact on the measurement of ECL due to changes in Probability of Default ("PD"), Exposure At Default ("EAD") and Loss Given Default ("LGD") in the period arising from regular refreshing of inputs of models;

(iv) Impacts on the measurement of ECL due to changes made to models and assumptions;

(v) Unwinding of discount within ECL due to the passage of time as ECL is measured on a present value basis; and

(vi) Write-offs of allowances related to assets that were written-off during the period.

End of service benefits

The liabilities relating to defined benefit plans are determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of annual reporting year. The method involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long-term nature of these benefits, such estimates are subject to certain uncertainties. Significant assumptions used to carry out the actuarial valuation have been disclosed in note 14 to these financial statements.

2. BASIS OF PREPARATION (CONTINUED)

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; and
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis using Level 1, Level 2 or Level 3 indicators, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

3.1 New IFRS standards, IFRIC interpretations and amendments thereof, adopted by the Company

The following new standards, amendments and revisions to existing standards, which were issued by the International Accounting Standards Board ("IASB") have been effective from 1 January 2023 and accordingly adopted by the Company, as applicable:

(Amounts in Saudi Riyals unless otherwise stated)

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS (CONTINUED)

Standards, interpretations and amendments	Description
Amendments to lAS 8	Definition of accounting estimate
Amendments to IAS 1 and IFRS practice statement 2	Disclosure of material accounting policies
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction
Amendments to IAS 12	International tax reform – Pillar Two Model Rules
Amendments to IFRS 17	Insurance Contracts

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

3.2 New IFRS standards, IFRIC interpretations and amendments thereof issued but not yet effective

The following new standards, amendments and revisions to existing standards, which were issued by IASB but not yet effective are listed below. The Company intends to adopt these standards when they become effective:

Standards, interpretations and amendments	*Description*	*Effective from periods beginning on or after the following date*
Amendments to IAS 1	Classification of liabilities as current or non-current and non-current liabilities with covenants	1 January 2024
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 7 and IFRS 7	Supplier finance arrangements	1 January 2024
Amendments to lAS 21	Lack of exchangeability	1 January 2025
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture	Available for optional adoption / effective date deferred indefinitely

The above standards, interpretations and amendments are not expected to have a significant impact on the Company's financial statements.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The Company has consistently applied the following accounting policies to all periods presented in these financial statements unless otherwise stated. In addition, the Company adopted Disclosure of Accounting Policies (Amendments to lAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of material, rather than significant accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in certain instances.

The material accounting policies applied in the preparation of these financial statements are set out below:

(a) 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.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Recognition and initial measurement (Continued)

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.

<u>Financial asset at amortized cost</u>

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

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

<u>Financial asset at FVOCI</u>

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

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

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

<u>Financial asset at FVTPL</u>

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets, if any.

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

Business model assessment

The Company make 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 profit income, maintaining a particular profit 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;

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Business model assessment (Continued)

- 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 its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realized.
- 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 FVTPL.

Assessments whether contractual cash flows are solely payments of principal and profit

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Profit’ is defined as the consideration for the time value of money, the credit and other basic financing 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), along with profit margin.

In assessing whether the contractual cash flows are solely payments of principal and profit, 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;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company’s claim to cash flows from specified assets; and
- features that modify consideration of the time value of money.

A prepayment feature is consistent with the solely payments of principal and profit criterion if the prepayment amount substantially represents unpaid amounts of principal and profit 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 profit (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 profit or dividend income, are recognized in statement of profit or loss.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial assets: Subsequent measurement and gains and losses (Continued)

ii) Financial assets at amortized cost

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

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

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

iv) Mutual funds at FVTPL

IFRS 9 permits an entity to make an irrevocable election to present in other comprehensive income changes in the value of any investment in equity instruments that is not held for trading. The term equity instrument is defined in IAS 32 Financial Instruments: Presentation. The funds that the Company has invested in meets the definition of a puttable instrument. Under IFRS 9, since the investment in mutual fund units falls under the definition of puttable instruments, these are not to be classified as equity and hence meet the fair value through P&L criteria as classified by the Company.

Classification of financial liabilities

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

Derecognition

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

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

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

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

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.

Financial liabilities

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

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 instruments measured at fair value through other comprehensive income (FVOCI); and
- trade receivables

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

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

The Company considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

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 the 12 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).

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at 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 FVOCI, the loss allowance does not reduce the carrying amount in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the asset is measured at amortized cost is recognized in 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.

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.

(b) Leases

Right-of-use asset ("RoU") / lease liability

On initial recognition at the inception of the contract, the Company shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. Control is identified if most of the benefits are flowing to the Company and the Company can direct the usage of such assets.

Right-of-use asset

The Company applies cost model and measures the right-of-use asset at cost;

(a) less any accumulated depreciation and any accumulated impairment losses; and

(b) adjusted for any re-measurement of the lease liability for lease modifications

Generally, the right-of-use asset would equate to the lease liability. However, if there are additional costs such as site preparation, non-refundable deposits, application money, other expenses related to transaction etc. need to be added to the asset value.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Lease liabilities

On initial recognition, the lease liability is the present value of all remaining payments to the lessor.

After the commencement date, the Company measures the lease liability by:

1. increasing the carrying amount to reflect the interest on the lease liability;
2. reducing the carrying amount to reflect the lease payments made; and
3. remeasuring the carrying amount to reflect any re-assessment or any lease modification.

(c) Trade receivables

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

(d) Cash and cash equivalents

Cash and cash equivalents 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 three months from the placement date, which are subject to an insignificant risk of changes in value.

(e) 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 recognized 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 profit 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 profit 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.

(f) Provisions

Provisions are recognized when; the Company has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Zakat

The Company is subject to zakat in accordance with Saudi Zakat, Tax and Customs Authority (the "ZATCA") laws and regulations. Zakat is charged to the statement of profit or loss. Additional zakat liabilities, if any, related to prior years' assessments arising from ZATCA are accounted for in the year in which the final assessments are finalized.

The Company withholds taxes, if any, on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under the ZATCA laws and regulations.

(h) Revenue recognition

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. IFRS 15specifies that the requirements an entity must apply to measure and recognize revenue and the related cashflows. 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).

Management fees

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.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

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.

Subscription fees

Subscription fee is recognized upon subscription to the fund. These fees are recognized net of related expenses.

Dividend income

Dividend income is recognized when the announcement of dividend declaration has been published and communicated by the investee on Tadawul for listed securities and Formal communication in board meeting for Unlisted securities has been observed by the company.

Custody and administration fee

The Company is entitled to Custody fee for holding the assets on behalf of the fund. The entity recognizes revenue when it satisfies the performance obligation over the period of time as per the terms and conditions of the Fund. The administration fee is charged in lieu of administration of fund activities over the period of time.

Structuring fee

The structuring fee referred to the revenue earned from establishing a new fund. The company is entitled to get reimburse all the expense incurred on establishment of fund and recognize it under the structuring fee.

Profit from Sukuk

Profit from sukuk has been recognized at the proportion of the holding period of the Sukuk at the rates reflecting in the brokerage statement and the market values of the Sukuk.

(i) Assets held under fiduciary capacity

Assets under management:

The Company offers assets management services to its customers, which include management of certain mutual funds and investments. Such assets are not treated as assets of the Company and accordingly are not included in these financial statements.

Clients' cash accounts:

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

(j) General and administrative expenses

Expenses are measured and recognized as a year cost at the time when they are incurred. Expenses related to more than one financial year are allocated over such years proportionately. All expenses, excluding direct costs are classified as general and administration expenses.

(k) Foreign currency translations

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 translations of foreign currency transactions are included in the statement of profit or loss.

(Amounts in Saudi Riyals unless otherwise stated)

5. PROPERTY AND EQUIPMENT

	Leasehold improvements	**Office equipment and furniture**	**Computers**	**Vehicles**	**Total**
Cost:					
As at 1 January 2023	**458,018**	**105,389**	**115,187**	**-**	**678,594**
Additions	**-**	**9,046**	**14,965**	**-**	**24,011**
As at 31 December 2023	**458,018**	**114,435**	**130,152**	**-**	**702,605**
Accumulated depreciation:					
As at 1 January 2023	**308,424**	**60,160**	**55,141**	**-**	**423,725**
Charge for the year (note 18)	**91,604**	**18,564**	**35,245**	**-**	**145,413**
As at 31 December 2023	**400,028**	**78,724**	**90,386**	**-**	**569,138**
Net Book Value:					
As at 31 December 2023	**57,990**	**35,711**	**39,766**	**-**	**133,467**

	Leasehold improvements	Office equipment and furniture	Computers	Vehicles	Total
Cost:					
As at 1 January 2022	1,036,606	724,372	725,008	31,500	2,517,486
Write offs	(592,520)	(652,206)	(661,997)	(31,500)	(1,938,223)
Additions	13,932	33,223	52,176	-	99,331
As at 31 December 2022	458,018	105,389	115,187	-	678,594
Accumulated depreciation:					
As at 1 January 2022	809,702	691,885	688,647	31,500	2,221,734
Write offs	(592,520)	(652,206)	(661,997)	(31,500)	(1,938,223)
Charge for the year (note 18)	91,242	20,481	28,491	-	140,214
As at 31 December 2022	308,424	60,160	55,141	-	423,725
Net Book Value:					
As at 31 December 2022	149,594	45,229	60,046	-	254,869

(Amounts in Saudi Riyals unless otherwise stated)

6. RIGHT-OF-USE ASSET AND LEASE LIABILITY

	31 December 2023	31 December 2022 (Restated)
Right-of-use asset		
As at 1 January	**802,279**	-
Additions	-	1,069,705
Depreciation charge	**(534,853)**	(267,426)
As at 31 December	**267,426**	802,279

	31 December 2023	31 December 2022 (Restated)
Lease liability		
As at 1 January	**813,032**	-
Additions	**-**	1,069,706
Finance cost	**22,093**	21,701
Payments	**(556,750)**	(278,375)
As at 31 December	**278,375**	813,032

Amounts recognized in Statement of financial position:	**31 December 2023**	31 December 2022 (Restated)
Lease liability – non-current portion	**-**	278,375
Lease liability - current portion	**278,375**	534,657
	278,375	813,032

When measuring lease liability, the Company discounted the lease payments using its incremental borrowing rate at the commencement date of the lease contract.

	2023	2022 (Restated)
Amounts recognized in statement of profit or loss		
Depreciation charge on right-of-use asset	**534,853**	267,426
Finance cost on lease liability	**22,093**	21,701
	556,946	289,127

(Amounts in Saudi Riyals unless otherwise stated)

7. INTANGIBLE ASSETS

	Software and license	
Cost:	**31 December 2023**	31 December 2022
As at 1 January	**149,743**	2,187,871
Write offs	**-**	(2,038,128)
As at 31 December	**149,743**	149,743
Accumulated amortization:		
As at 1 January	**125,473**	2,114,417
Write offs	**-**	(2,038,128)
Amortization (note 18)	**23,239**	49,184
As at 31 December	**148,712**	125,473
Net Book Value:		
As at 31 December	**1,031**	24,270

8. INVESTMENTS

	31 December 2023	31 December 2022
Financial assets at fair value through profit or loss – FVTPL		
Listed equity securities	**105,265**	13,987,823
Quoted perpetual bonds	**1,497,075**	2,182,012
Mutual funds*	**13,000,000**	-
	14,602,340	16,169,835
Financial assets at fair value through other comprehensive income – FVOCI		
Quoted Sukuks	**33,787,481**	32,585,356
	48,389,821	48,755,191

* Malaz Capital Saudi Healthcare Opportunity Fund - a fund managed by the Company

8.1 Investments are presented in the statement of financial position are as follows:

	31 December 2023	31 December 2022
Current (Quoted Sukuks – FVOCI)	**4,474,163**	-
Non-current	**43,915,658**	48,755,191
	48,389,821	48,755,191

Sukuks classified under current assets have maturity up to one year.

Investment in quoted Sukuks consist of fixed rate securities and carry profit rates ranging from 1.41% to 6.25% per annum (31 December 2022: 1.41% to 6.25% per annum) with maturity up till 23 August 2032.

(Amounts in Saudi Riyals unless otherwise stated)

8. INVESTMENTS (CONTINUED)

8.2 NET FAIR VALUE GAIN / (LOSS) ON FINANCIAL INVESTMENTS

	31 December 2023	31 December 2022
Financial assets at fair value through profit or loss – FVTPL		
Realized net gain on quoted equity securities	**2,677,081**	6,109,079
Realized net gain / (loss) on sale of quoted perpetual bond	**8,432**	(35,055)
Unrealized net fair value gain / (loss) on quoted perpetual bond	**5,663**	(158,288)
Unrealized net fair value gain / (loss) on quoted equity securities	**2,701**	(2,759,127)
	2,693,877	3,156,609
Financial assets at fair value through other comprehensive income – FVOCI		
Unrealized net fair value gain / (loss) on quoted sukuks	**353,398**	(3,397,571)
Realized net loss on quoted sukuk	**(191,078)**	(649,851)
	162,320	(4,047,422)

9. TRADE RECEIVABLES

	31 December 2023	31 December 2022
Trade receivable	**3,000,000**	6,450,000
Less: Allowance for credit impairment losses (note 9.2)	**(3,000,000)**	(6,450,000)
	-	-

9.1 Aging of trade receivables

As at reporting date, the ageing of past due trade receivables are as follows:

Year end	**< 60 days**	**61 – 120 days**	**121 – 180 days**	**181 - 300 Days**	**301 – 360 days**	**Above 360 days**	**Total**
2023	**-**	**-**	**-**	**-**	**-**	**3,000,000**	**3,000,000**
2022	-	-	-	862,500	-	5,587,500	6,450,000

9.2 Expected credit loss

The movement in allowance for credit impairment losses on trade receivables and due from related parties is as follows:

	31 December 2023	31 December 2022
As at 1 January	**8,700,000**	2,737,000
Reversal for the year	**(4,694,234)**	-
Trade receivables written off	**(1,005,766)**	3,713,000
Due from related parties written off (note 10)	**-**	2,250,000
As at 31 December	**3,000,000**	8,700,000

(Amounts in Saudi Riyals unless otherwise stated)

10. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties of the Company include the funds under management, the Company's shareholders, related companies and directors and key management personnel. Terms and conditions of these transactions are approved by the Company's management. Balances with related parties arise from commercial transactions in the ordinary course of business at commercial rates. Significant related parties' transactions for the years ended 31 December and balances arising there from are described as under:

Name of related party	Relationship	Nature of transactions	Amount of transaction 2023	Amount of transaction 2022	Closing balance 2023	Closing balance 2022
Due from related parties						
Initiative Information Communication and Technology	Associate	Expenses paid	-	(503,830)	-	-
ARKAD Engineering and Construction Company	Investee company of the fund	Trust and support fee collected	-	74,750	-	-
Industrial Fund	Fund under management	Net payment made on behalf of the fund under management	**(10,783)**	-	-	10,783
	Fund under management	Accrued management fees	**(2,250,000)**	3,000,000	-	2,250,000
Less: (allowance for Expected Credit Loss)	Fund under management		**2,250,000**	-	-	(2,250,000)
		Accrued administration fees	**266**	782	-	266
Second Malaz Commercial Company	SPE	Net payment made on behalf of SPE	-	(83,162)	-	-
Fourth Malaz Commercial Company	SPE	Net payment made on behalf of SPE	-	(43,687)	-	-
Board of Director	Board of Director	Medical insurance	**72,160**	-	-	32,050
Malaz Capital Saudi Healthcare Opportunity Fund	Fund under management	Pre-operating expenses paid on behalf of the fund	**3,774,900**	-	**3,774,900**	-
	Board of Directors	Subscription fees	-	-	**40,000**	-
Saudi Development and Training Fund	Fund under management	Accrued management fees	**700,000**	1,400,000	**1,400,000**	700,000
		Accrued administration fees	**624,013**	451,704	**766,133**	142,120
	Fund under management	Expense paid on behalf of Fund	**198,536**	-	**198,536**	-
Future Fund	Fund under management	Accrued administration fee	**1441**	2,716	**2,064**	625
Future Fund Investor	Fund under management	Subscription fees	-	-	**3,000,000**	3,000,000
Less: allowance for expected credit loss			-	-	**(3,000,000)**	(3,000,000)
					6,181,633	885,844

(Amounts in Saudi Riyals unless otherwise stated)

10. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Due to related parties						
Sara Second Real Estate Fund	Fund under management	Accrued management fee rebate	**(824,876)**	(5,015,143)	**3,638,558**	4,463,434
Saudi SME Fund I	Fund under management	Administration fees	-	-		94,520
Board of Directors	Board of Directors	Remuneration, attendance fees and travel expenses	-	-		52,000
					3,638,558	4,609,954
Deferred revenue						
Saudi SME Fund I	Fund under management	Advance administration fees	**109,875**	1,000,000	**204,396**	-
Board of Directors	Board of Directors	Remuneration, attendance fees and travel expenses	**-**	(575,000)	**-**	-
Malaz Capital Saudi Healthcare Opportunity Fund	Fund under Management	Advance Administration and Management fees	**565,002**		**2,911,250**	-
					3,115,646	-

Name of related party	**Relationship**	**Nature of transactions**	**Amount of transactions** **2023**	2022
Revenue				
Future Fund	Funds under management	Management fee, administration fee	**502,065**	502,716
Malaz Capital Saudi Healthcare Opportunity Fund	Funds under management	Management fee, administration fee	**566,298**	-
Malaz Real Estate Opportunity Fund III	Funds under management	Management fee, administration fee	**500,000**	500,000
Sara Second Real Estate Investment Fund	Funds under management	Management fee, administration fee	**7,561,873**	6,800,064
Saudi Development and Training fund	Funds under management	Management fee, administration fee	**2,166,134**	1,851,704
Saudi SME Fund	Funds under management	Management fee, administration fee	**2,492,426**	3,721,604
Industrial Fund	Funds under management	Management fee, administration fee	-	3,000,783
Total			**13,788,796**	**16,376,871**

(Amounts in Saudi Riyals unless otherwise stated)

10. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

As at reporting date, the ageing of past due from related parties balances are as follows:

Year end	< 60 days	61 – 120 days	121 – 180 days	181 - 300 Days	301 – 360 days	Above 360 days	Total
2023	**1,111,736**	**3,816,964**	**198,536**	**1,054,397**	**-**	**-**	**6,181,633**
2022	-	-	-	842,120	32,050	11,674	885,844

Compensation to key management personnel

	31 December 2023	31 December 2022
Short term employee benefits	**6,201,600**	6,850,223
Post-employment benefits	**390,888**	462,078
	6,592,488	7,312,301

11. PREPAYMENTS AND OTHER CURRENT ASSETS

	31 December 2023	31 December 2022
Fixed deposit profit	**351,195**	421,173
Prepaid medical	**61,821**	85,982
Staff receivable	**16,981**	33,783
Others	**540,717**	321,468
	970,714	862,406

12. CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Cash in hand	**40,000**	5,366
Cash at banks – current accounts	**6,170,509**	3,313,220
Short-term deposit (note 12.1)	**17,500,000**	19,000,000
	23,710,509	22,318,586

12.1 Short-term deposits are placed at local banks and portfolio managers which have credit rating of A2 and have an original maturity of less than three months from the date of placement. Profit rate of these deposits range from 5.50% to 5.65% (2022: 4.15% to 5.00%).

13. SHARE CAPITAL

The Company's share capital amounted to SR 50 million as at 31 December 2023 (31 December 2022: SR 50 million) and consists of 5 million fully paid shares of SR 10 each.

13.1 Statutory reserve

In accordance with the Company's by-laws, the Company sets aside 10% of its profit 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. During the year, the Company has not transferred any amount from its net income to the statutory reserve.

(Amounts in Saudi Riyals unless otherwise stated)

13. SHARE CAPITAL (CONTINUED)

13.2 Investments fair value reserve

	31 December 2023	31 December 2022
As at 1 January	**(3,368,108)**	(313,207)
Net change in fair values for investments at FVOCI – debt instruments (note 8.2)	**353,398**	(3,397,571)
Net amount reclassified to the profit or loss for disposal of investments at FVOCI – debt instruments	**210,187**	342,670
As at 31 December	**(2,804,523)**	(3,368,108)

14. EMPLOYEES' 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.

14.1 Amounts recognized in statement of financial position:

	31 December 2023	31 December 2022
Present value of defined benefit obligation	**2,731,366**	2,011,007

14.2 Net benefit expense recognized in profit or loss:

	31 December 2023	31 December 2022
Current service cost	**541,871**	496,941
Interest cost on benefit obligation	**90,495**	69,964
Net benefit expense	**632,366**	566,905

14.3 Movement in defined benefit obligation:

	2023	2022
As at 1 January	**2,011,007**	4,139,655
Interest cost	**90,495**	69,964
Current service cost	**541,871**	496,941
Remeasurement loss / (gain) on end of service benefits -recognized in other comprehensive income	**187,295**	(13,402)
Benefits paid	**(99,302)**	(2,682,151)
As at 31 December	**2,731,366**	2,011,007

14.4 Significant assumptions

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

	31 December 2023	31 December 2022
Discount rate	**4.5%**	4.5%
Long term salary increases	**2.00%**	2.00%

(Amounts in Saudi Riyals unless otherwise stated)

14. EMPLOYEES' END OF SERVICE BENEFITS (CONTINUED)

14.5 Sensitivity analysis of actuarial assumptions

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

	31 December 2023	31 December 2022
Actuarial assumptions		
Discount rate + 1%	**(2,537,718)**	(1,923,232)
Discount rate - 1%	**2,963,190**	2,089,489
Long term salary increase + 1%	**2,938,459**	2,090,808
Long term salary decrease - 1%	**(2,555,794)**	(1,920,590)

15. ACCRUALS AND OTHER CURRENT LIABILITIES

	31 December 2023	31 December 2022
Accrued employees' expenses	**4,056,423**	3,117,350
Professional fees	**838,971**	450,770
VAT payable	**750,711**	-
Trade payable	**635,915**	55,550
Others	**406,018**	82,331
	6,688,038	3,706,001

16. PROVISION FOR ZAKAT

Movement of the Company's Zakat provision as follows:

	31 December 2023	31 December 2022
As at 1 January	**4,383,386**	1,794,360
Payments during the year	**(1,955,507)**	(1,356,121)
	2,427,879	438,239
Charge for the year	**1,731,121**	1,975,237
Prior year charges	**-**	1,969,910
	1,731,121	3,945,147
As at 31 December	**4,159,000**	4,383,386

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

	31 December 2023	31 December 2022
Adjusted shareholders' equity	**62,239,366**	75,523,580
Adjusted net income	**(2,043,485)**	(3,736,966)
Provisions	**9,605,940**	2,447,178
Other additions to Zakat Base	**438,239**	2,561,111
Less:		
Property and equipment	**(133,467)**	(254,869)
Other investments	**-**	-
Other deductions from Zakat base	**(3,860,332)**	(24,270)
Zakat base	**66,246,261**	76,515,764

(Amounts in Saudi Riyals unless otherwise stated)

16. PROVISION FOR ZAKAT (CONTINUED)

The Company settled during year 2022 an amount of SR 1.95 million as a result of final ZAKAT assessment for year 2022.

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 ZATCA up to year ended 31 December 2022 and received a zakat certificate for the year 2022.

Further, ZATCA issued a Zakat assessment for the year 31 December 2015 and determined additional liability of SR 0.9 million. The Company raised an objection of ZATCA assessment before ZATCA committees, and then, appealed it before General Secretarial of Tax Committees (GSTC). GSTC first committees issued its resolution accepting some of the objected items and rejecting the rest, resulting in saving the amount of SAR 0.4 million of the original amount leaving the company's management and ZATCA to appeal or accept the decision. Management decided to appeal the balance remaining amount of SAR 0.5 million before GSTC, Management assessed probability of the final outcome and created a provision of 100% of the additional liability.

Further, ZATCA issued a Zakat assessment for the years 31 December 2016 and 31 December 2017 and determined additional liability of SR 1.5 million. The Company raised an objection of ZATCA assessment before ZATCA committees, and then, appealed it before General Secretarial of Tax Committees (GSTC). Management assessed probability of the final outcome and created a provision of 100% of the additional liability.

17. OTHER INCOME

	31 December 2023	31 December 2022
Management and trust revenue	**-**	74,750
Others	**178,587**	64,469
	178,587	139,219

18. GENERAL, ADMINISTRATIVE AND OTHER EXPENSES

	31 December 2023	31 December 2022
Employee related cost	**17,429,747**	18,409,526
Legal, professional and consultancy expenses	**1,881,884**	2,335,725
Board and committee members' remuneration	**806,462**	902,334
Depreciation – Right-of-use asset (note 6)	**534,853**	267,426
Depreciation – Property and equipment (note 5)	**145,413**	140,214
IT & networking related expenses	**322,955**	442,410
Rent expenses	**-**	192,376
Government and subscription fee	**244,825**	218,692
Expenses paid on behalf of SPEs and associates	**228,129**	753,947
License fee	**206,000**	174,475
Cleaning expenses	**108,000**	108,000
Communication and utilities	**87,121**	83,854
Amortization (note 7)	**23,239**	49,184
Travelling expenses	**7,235**	42,167
Financial charges	**8,219**	4,826
Others	**896,880**	219,935
	22,930,962	24,345,091

(Amounts in Saudi Riyals unless otherwise stated)

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 as per the accounting policies of each financial asset.

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

	31 December 2023	31 December 2022
Investments	**35,284,556**	34,767,368
Cash and cash equivalents	**23,670,509**	22,313,220
Due from related parties	**6,181,633**	885,844
Other current assets	**368,176**	454,956
	65,504,874	58,421,388

Cash and cash equivalents are held with the banks which are rated A2 by Moody's as at 31 December 2023 (2022: A2).

The following table sets out the information about credit quality of quoted sukuks and quoted perpetual bonds as at 31 December 2023 and 2022.

	31 December 2023	31 December 2022
Investment grade (credit rating of 'BBB' or above)	**35,284,556**	34,767,368
Non-investment grade (credit rating of below 'BBB')	**-**	**-**
Total fair value	**35,284,556**	34,767,368

(Amounts in Saudi Riyals unless otherwise stated)

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

Geographical dispersion of financial assets (exposure in Sukuks)

	31 December 2023	31 December 2022
Cayman Islands	**18,173,625**	19,352,588
United Arab Emirates	**1,456,875**	1,446,264
Kingdom of Saudi Arabia	**2,194,538**	2,179,913
Indonesia	**6,602,475**	6,500,025
Bahrain	**747,300**	757,425
Kuwait	**744,675**	736,425
Malaysia	**3,092,906**	2,304,628
Oman	**1,500,000**	1,490,100
Luxembourg	**772,162**	-
	35,284,556	34,767,368

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.

The below schedule shows an analysis of financial liabilities based on the expected date of settlement:

31 December 2023	**Total**	**0-1 year**	**1-5 year**	**No fixed maturity**
Due to related parties	**3,638,558**	**3,638,558**	**-**	-
Accruals and other current liabilities	**5,842,702**	**5,842,702**	**-**	-
Lease liability	**278,375**	**278,375**	**-**	-
	9,759,635	**9,759,635**	**-**	-
31 December 2022				
Due to related parties	4,609,954	4,609,954	-	-
Accruals and other current liabilities	3,641,972	3,641,972	-	-
Lease liability	813,032	278,375	534,657	-
	9,064,958	8,530,301	534,657	-

Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, profit 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.

Profit rate risk

Profit rate risk arises from the possibility that changes in profit rates will affect future cash flows or the fair values of financial instruments. The Board of Directors has established limits on the profit gaps for stipulated periods.

The majority of profit rate exposure arises on investments in debt securities. Most of the Company's investments in debt securities carry fixed profit rates and mature within five years.

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

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

Profit rate risk (Continued)

- 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 financial instruments may fluctuate due to changes in foreign exchange rates. The Company has significant transactions only in US Dollars apart from Saudi Arabian Riyals. As this currency has no or low volatility with Saudi Arabian Riyals therefore, there is minimal risk of losses due to exchange rate fluctuations.

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 There is no effect on other comprehensive income as the Company has no assets classified as designated hedging instruments.

20. FAIR VALUE OF FINANCIAL INSTRUMENTS

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 accounting policies and disclosures requires 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 that the Company can access at the measurement date;
- Level 2: inputs other than quoted prices included within 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 unless otherwise stated)

20. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The Company's financial assets consist of cash and cash equivalents, certain receivables, equity securities at FVTPL, debt securities measured at FVOCI, debt securities measured at FVTPL and due from related parties and financial liabilities consisting of due to related parties, 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.

The following table shows the fair value of financial assets and financial liabilities, including their levels in 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 2023				
Debt securities measured at FVOCI	**33,103,406**	**684,075**	**-**	**33,787,481**
Equity securities measured at FVTPL	**105,265**	**-**	**-**	**105,265**
Debt securities measured at FVTPL	**-**	**1,497,075**	**-**	**1,497,075**
Mutual funds at FVTPL	**-**	**-**	**13,000,000**	**13,000,000**
	33,208,671	**2,181,150**	**13,000,000**	**48,389,821**
31 December 2022				
Debt securities measured at FVOCI	28,986,818	3,598,538	-	32,585,356
Equity securities measured at FVTPL	13,987,823	-	-	13,987,823
Debt securities measured at FVTPL	751,912	1,430,100	-	2,182,012
	43,726,553	5,028,638	-	48,755,191

For the level 2 Sukuk investments, the Company uses values obtained from reputable third parties where they use valuation techniques. Those valuation techniques use observable market inputs embedded in the models that include risk adjusted discount rates, marketability and liquidity discounts.

FVTPL investments classified as level 3 include mutual funds which represents the cost of the Company's investment year. Its fair value is not materially different from its carrying value in the statement of financial position.

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

21. ASSETS HELD UNDER FIDUCIARY CAPACITY

Assets under management
The Company manages investment portfolios and mutual funds on behalf of its customers, which amounts to SR 3,133 million as at 31 December 2023 (31 December 2022: SR 2,929 million). Consistent with its accounting policy, such balances are not included in the Company's financial statements.

Clients' cash accounts

Pursuant to the CMA's Capital Market Institutions Regulations requiring Client money segregation, the Company holds Clients' money in Omnibus accounts at a local bank to carry out its dealing, managing and custody activities.

The Company is holding clients' cash accounts amounting to SR 4.10 million (31 December 2022: SR 1 million). Consistent with the Company's accounting policy, such balances are not included in the Company's financial statements.

(Amounts in Saudi Riyals unless otherwise stated)

22. 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 2023	31 December 2022
Financial assets		
Financial assets at amortized cost:		
Trade receivables (note 9)	**-**	-
Other current assets (note 11)	**908,893**	776,424
Due from related parties (note 10)	**6,181,633**	885,843
Cash and cash equivalents (note 12)	**23,710,509**	22,318,586
Total financial assets at amortized cost	**30,801,035**	23,980,853
Total financial assets at fair value through OCI:	**46,787,481**	32,585,356
Financial assets at fair value through profit or loss (note 8):		
Listed equity securities	**105,265**	13,987,823
Quoted perpetual bonds	**1,497,075**	2,182,012
Mutual funds	**13,000,000**	-
Total financial assets at fair value through profit or loss	**14,602,340**	16,169,835

	31 December 2023	31 December 2022
Financial liabilities		
Financial liabilities at amortized cost:		
Accruals and other current liabilities (note 15)	**6,688,038**	3,706,001
Due to related parties	**3,638,558**	4,609,954
Lease liability	**278,375**	813,032
Total financial liabilities at amortized cost	**10,604,971**	9,128,987

23. CORRECTION OF ERRORS

During 2023, the Company's management implemented the IFRS 16 'Leases' and consequently corrected the erroneous accounting treatment of the lease contract of Company entered in 2022. As a result of such error, the Right-of-use asset, lease liability, finance cost, depreciation expense and accumulated depreciation were not recognized in the financial statements for the year ended 31 December 2022 in relation to such lease contract. Consequently, amount of rent expense and retained earnings balance was also misstated. The error has been corrected by restating each of the financial statement line items for the prior year.

In addition to above, certain reclassification adjustments related to related party balances, employees end of service obligations, and general and administrative expenses have been made in the financial statements for better presentation purposes.

Further, certain reclassification adjustments have been made in the financial statements for better presentation and have no impact on the statement of profit or loss and other comprehensive income. The details the reclassification adjustments and restatements are stated below:

(Amounts in Saudi Riyals unless otherwise stated)

23. CORRECTION OF ERRORS (CONTINUED)

Prior year adjustment to the statement of financial position

As at 31 December 2022	As previously reported	Reclassifications	Restatement	As restated
Non-current assets				
Investments	48,755,191	-	-	48,755,191
Right-of-use asset	-	-	267,426	267,426
Intangible assets	24,270	-	-	24,270
Property and equipment	254,869	-	-	254,869
Total non-current assets	**49,034,330**	**-**	**267,426**	**49,301,756**
Current assets				
Cash and cash equivalents	22,318,586	-		22,318,586
Trade receivables	-	-	-	-
Due from related parties	10,783	875,061	-	885,844
Prepayments and other current assets	1,737,467	(875,061)	-	862,406
Investments	-	-	-	-
Right-of-use asset	-	-	534,853	534,853
Total current assets	**24,066,836**	**-**	**534,853**	**24,601,689**
TOTAL ASSETS	**73,101,166**	**-**	**802,279**	**73,903,445**
EQUITY AND LIABILITIES				
Equity				
Share capital	50,000,000	-	-	50,000,000
Statutory reserve	6,007,199	-	-	6,007,199
Investments fair value reserve	(3,368,108)	-	-	(3,368,108)
Remeasurement loss on defined benefit obligation	-	(491,193)	-	(491,193)
Retained earnings	5,751,727	491,193	(10,753)	6,232,167
Total equity	**58,390,818**	**-**	**(10,753)**	**58,380,065**
Provision for end-of-service benefits (EOSB)	2,011,007	-	-	2,011,007
Lease liability	-	-	278,375	278,375
Total non-current liabilities	**2,011,007**		**278,375**	**2,289,382**
Current liabilities				
Due to related parties	146,521	4,463,433	-	4,609,954
Deferred revenue	-	-	-	-
Accruals and other current liabilities	8,169,434	(4,463,433)		3,706,001
Provision for zakat	4,383,386	-	-	4,383,386
Lease liability	-	-	534,657	534,657
Total current liabilities	**12,699,341**	**-**	**813,032**	**13,233,998**
Total liabilities	**14,710,348**	**-**	**813,032**	**15,523,380**
TOTAL EQUITY AND LIABILITIES	**73,101,166**		**802,279**	**73,903,445**

23. CORRECTION OF ERRORS (CONTINUED)

Prior year adjustment to the statement of profit or loss

For the year ended 31 December 2022	**As previously reported**	**Reclassifications**	**Restatement**	**As restated**
Income				
Management fees	15,003,860	-	-	15,003,860
Subscription fee income	-	-	-	-
Profit from sukuks	1,280,351	-	-	1,280,351
Net fair value gain from investments at FVTPL	3,156,609	-	-	3,156,609
Net realized loss from investments at FVOCI	(649,851)	-	-	(649,851)
Administration fees	1,373,011	-	-	1,373,011
Dividend income	321,947	-	-	321,947
Profit on bank deposits	234,265	-	-	234,265
Other income	139,219	-	-	139,219
Total income	**20,859,411**	**-**	**-**	**20,859,411**
Operating expenses				
General and administrative expenses	(25,042,527)	686,488	10,948	(24,345,091)
Impairment reversal / (charge) for credit losses	(5,963,000)	-	-	(5,963,000)
Portfolio management, custody and performance expense	-	(686,488)	-	(686,488)
Total operating expenses	**(31,005,527)**	**-**	**10,948**	**(30,994,579)**
Finance cost on lease liability	-	-	(21,701)	(21,701)
Profit / (loss) before zakat	(10,146,116)	-	(10,753)	(10,156,869)
Zakat charge	(3,945,147)	-	-	(3,945,147)
Profit / (loss) for the year	**(14,091,263)**	**-**	**(10,753)**	**(14,102,016)**

Other than this, there is no material impact on the Company’s operating, investing or financing cash flows for the year ended 31 December 2022.

24. 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. 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 requirement and capital adequacy ratios as follows:

	31 December 2023	31 December 2022
	SR ‘000	SR ‘000
Capital Base:		
Tier 1 Capital	**58,755**	58,356
Tier 2 Capital	**-**	-
Total Capital Base	**58,755**	58,356
Minimum Capital Requirement:		
Market Risk	**-**	-

(Amounts in Saudi Riyals unless otherwise stated)

24. REGULATORY CAPITAL REQUIREMENTS AND CAPITAL ADEQUACY RATIO (CONTINUED)

Credit Risk	**99,629**	45,753
Operational Risk	**109,221**	94,387
Total Minimum Capital Required	**208,850**	140,140
Capital Adequacy Ratio:		
Surplus in Capital	**42,047**	47,145
Total Capital Ratio (times)	**28.13%**	41.64%

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 as per Article 5 of amended Rules / Article 4 of the Rules.

Tier-2 capital consists of subordinated loans, cumulative preference shares and revaluation reserves as per Article 6 of amended Rules / Article 4 of the Rules.

The minimum capital requirements for market, credit and operational risk are calculated as per the requirements specified in Part 3 of 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.

25. CONTINGENCIES AND COMMITMENTS

The Company does not have any contingencies as at 31 December 2023.

Further, there are no commitments as at 31 December 2023 (2022: Nil)

26. EVENTS OCCURING AFTER REPORTING DATE

No events have occurred since the reporting date that require adjustments to or disclosure in the financial statements.

27. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors of the Company on 20 March 2024 corresponding to 10 Ramadan 1445.