ALPHA CAPITAL

(Closed Joint Stock Company)

Financial Statements

For the year ended 31 December 2021

Together with the

Independent Auditor's Report

ALPHA CAPITAL
(Closed Joint Stock Company)
FINANCIAL STATEMENTS
For the year ended 31 December 2021
(Saudi Arabian Riyals)

INDEPENDENT AUDITOR'S REPORT
To the Shareholder
Alpha Capital

Report on the audit of the financial statements

Our opinion

We have audited the financial statements of Alpha Capital (the "Company"), which comprise the financial position as at 31 December 2021, statements of profit or loss, comprehensive income, changes in shareholder's equity, cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for opinion

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

Responsibilities of management and those charged with governance for the financial statements

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

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

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

INDEPENDENT AUDITOR'S REPORT
To the Shareholder
Alpha Capital

Report on the audit of the financial statements (Continued)

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT
To the Shareholder
Alpha Capital

Report on the audit of the financial statements (Continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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.

Al-Bassam & Co.
Riyadh, Kingdom of Saudi Arabia

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

Ibrahim A. Al-Bassam
Certified Public Accountant
License No. 337

21 March 2022
18 Shaban 1443

ALPHA CAPITAL
(Closed Joint Stock Company)
STATEMENT OF FINANCIAL POSITION
As at 31 December 2021
(Saudi Arabian Riyals)

	Notes	**31 December 2021**	31 December 2020
ASSETS			
Current Assets			
Cash at banks		**42,347,980**	845,519
Investments carried at fair value through profit or loss (FVTPL)	4	**45,366,836**	48,056,228
Account receivables	5	**5,324,401**	1,431,677
Due from related parties	18	**12,699,933**	13,218,788
Prepayments and other current assets	6	**1,550,268**	1,228,699
Total Current Assets		**107,289,418**	64,780,911
Non – Current Assets			
Property and equipment	7	**5,285,355**	1,114,475
Investments carried at fair value through profit or loss (FVTPL)	4	**5,000,000**	-
Intangible assets	8	**50,661**	70,841
Right of use assets	9	**5,570,851**	245,139
Total Non - Current Assets		**15,906,867**	1,430,455
TOTAL ASSETS		**123,196,285**	66,211,366
LIABILITIES AND SHAREHOLDER'S EQUITY			
LIABILITIES			
Current Liabilities			
Accrued expenses and other current liabilities	10	**29,919,357**	10,358,199
Lease Liabilities - current portion	9	**860,907**	281,910
Zakat Provision	11	**2,472,314**	1,895,352
Total Current Liabilities		**33,252,578**	12,535,461
Non – Current Liabilities			
Employees' retirements benefits	12	**2,148,535**	1,120,656
Lease Liabilities – noncurrent portion	9	**4,390,212**	-
Total Non – Current Liabilities		**6,538,747**	1,120,656
TOTAL LIABILITIES		**39,791,325**	13,656,117
SHAREHOLDER'S EQUITY			
Share Capital	13	**50,000,000**	50,000,000
Statutory reserve	14	**3,853,244**	536,187
Retained earnings		**29,853,510**	2,103,464
Actuarial reserve		**(301,794)**	(84,402)
TOTAL SHAREHOLDER'S EQUITY		**83,404,960**	52,555,249
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		**123,196,285**	66,211,366

Chief Financial Officer   Chief Executive Officer   Chairman

The accompanying notes (1) to (24) form an integral part of these financial statements.

ALPHA CAPITAL
(Closed Joint Stock Company)
STATEMENT OF PORFIT OR LOSS
For the Year ended 31 December 2021
(Saudi Arabian Riyals)

	Notes	31 December 2021	31 December 2020
REVENUES			
Income from Asset Management Activities		**40,302,580**	17,165,464
Income from Investment Banking Activities		**40,613,251**	5,389,072
Net gain from investments carried at FVTPL	15	**3,142,171**	3,703,788
Murabaha income		**-**	14,571
Dividend income		**313,294**	11,418
Total revenue		**84,371,296**	26,284,313
EXPENSES			
Salaries and employee related benefits		**(43,685,754)**	(19,319,008)
General and administrative expenses	16	**(5,036,782)**	(3,406,027)
Finance Cost	10	**(26,168)**	(68,327)
Total expenses		**(48,748,704)**	(22,793,362)
Other (expenses) / Income		**(442,359)**	196,231
Income before Zakat for the year		**35,180,233**	3,687,182
Zakat	11	**(2,009,666)**	(1,350,000)
Net income for the year		**33,170,567**	2,337,182
Earnings per share		**6.6**	0.5

Chief Financial Officer   Chief Executive Officer   Chairman

The accompanying notes (1) to (24) form an integral part of these financial statements

ALPHA CAPITAL
(Closed Joint Stock Company)
STATEMENT OF COMPREHENSIVE INCOME
For the Year ended 31 December 2021
(Saudi Arabian Riyals)

	Notes	31 December 2021	31 December 2020
Net income for the year		**33,170,567**	2,337,182
Items cannot be reclassified to statement of profit or loss in subsequent period:			
- Remeasurements of net defined benefits liabilities	13	**(217,392)**	(12,253)
Other comprehensive loss for the year		**(217,392)**	(12,253)
Total Comprehensive income for the year		**32,953,175**	2,324,929

Chief Financial Officer Chief Executive Officer Chairman

The accompanying notes (1) to (24) form an integral part of these financial statements.

ALPHA CAPITAL
(Closed Joint Stock Company)
STATEMENT OF CHANGES IN SHARE HOLDER'S EQUITY
For the Year ended 31 December 2021
(Saudi Arabian Riyals)

	Notes	Capital	Statutory Reserve	Retained earnings	Actuarial losses reserve	Total
Balance at 1 January 2020		50,000,000	302,469	1,822,220	(72,149)	52,052,540
Net income for the year		-	-	2,337,182	-	2,337,182
Transferred to statutory reserve		-	233,718	(233,718)	-	-
Dividends	19	-	-	(1,822,220)	-	(1,822,220)
Actuarial losses for end of service benefits		-	-	-	(12,253)	(12,253)
Balance as at 31 December 2020		50,000,000	536,187	2,103,464	(84,402)	52,555,249
Net income for the year		**-**	**-**	**33,170,567**	**-**	**33,170,567**
Transferred to statutory reserve		**-**	**3,317,057**	**(3,317,057)**	**-**	**-**
Dividends	19	**-**	**-**	**(2,103,464)**	**-**	**(2,103,464)**
Actuarial losses for end of service benefits		**-**	**-**	**-**	**(217,392)**	**(217,392)**
Balance as at 31 December 2021		**50,000,000**	**3,853,244**	**29,853,510**	**(301,794)**	**83,404,960**

Chief Financial Officer Chief Executive Officer Chairman

The accompanying notes (1) to (24) form an integral part of these financial statements.

ALPHA CAPITAL
(Closed Joint Stock Company)
STATEMENT OF CASH FLOWS
For the Year ended 31 December 2021
(Saudi Arabian Riyals)

	31December 2021	31 December 2020
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the year before zakat	**35,180,233**	3,687,182
Adjustments to reconcile net income to net cash generated *from /(used in) operating activities:*		
Unrealized loss / (gain) on investment carried at FVTPL	**850,495**	(1,403,311)
Depreciation of property and equipment	**410,374**	379,244
Amortization of intangible assets	**20,180**	17,380
Loss from disposal property and equipment	**461,280**	-
Depreciation of the right of use asset	**659,838**	383,739
Financing cost of the right of use the asset	**26,168**	42,474
Provision for Employees' retirement benefits	**822,906**	516,105
Loss from disposal intangible assets	**-**	5,445
Net Changes in operating assets and liabilities	**38,431,474**	3,628,258
Investments carried at (FVTPL)	**(3,161,103)**	(5,873,814)
Account receivables	**(3,892,725)**	1,563,296
Due from related parties	**518,855**	(6,092,575)
Prepayments and other current assets	**(321,570)**	(297,471)
Accrued expenses and other current liabilities	**19,561,158**	4,562,332
Employees' retirement benefits paid	**(12,419)**	(13,230)
Zakat paid	**(1,432,704)**	(1,127,171)
Net cash generated from / (used in) operating activities	**49,690,966**	(3,650,375)
CASH FLOW FROM INVESTING ACTIVITIES		
Murabaha Deposits	**-**	6,021,862
Purchase of property and equipment	**(5,042,534)**	(437,198)
Purchase of intangible assets	**-**	(30,901)
Net cash (used in) / generated from investing activities	**(5,042,534)**	5,553,763
CASH FLOW FROM FINANCE ACTIVITIES		
Lease liabilities	**(1,042,509)**	(450,761)
Dividends	**(2,103,462)**	(1,822,220)
Net cash used in finance activities	**(3,145,971)**	(2,272,981)
Net increase / (decrease) in Cash at banks	**41,502,461**	(369,593)
Cash at banks at the beginning of the year	**845,519**	1,215,112
Cash at banks at the end of the year	**42,347,980**	845,519
Non-cash transactions		
Transfers of property and equipment	**-**	317,177
Lease liability-long term	**(4,390,212)**	(735,726)
Disposal-intangible assets	**-**	9,900
Lease Discount	**-**	(42,199)

The accompanying notes (1) to (24) form an integral part of these financial statements.

1 . ORGANIZATION AND PRINCIPAL ACTIVITIES

Alpha Capital ("the Company") is Closed Joint Stock Company established and registered in Riyadh, the Kingdom of Saudi Arabia under commercial registration No. 1010936196, dated 5 Jumada Thani 1439H (corresponding to 21 February 2018).

The principal activities of the Company are dealing as a principal, management of investment funds and clients' portfolios, arranging and providing advisory services in Securities business according to the Capital Market Authority ("CMA") license number 18187-33, dated 23 Rabi Thani 1439H (corresponding to 11 January 2018).

The Company's registered office is located at the following address:

Alpha Capital, The Esplanade, Prince Turki Al Awal Road 12371 P.O. Box 54854

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The financial statements have been prepared on a historical cost convention, except for investments measured at fair value through profit or loss FVTPL and the defined benefit obligation is recognised at the present value of future obligation using the project unit credit method.

2.2 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). These financial statements are presented in Saudi Arabian Riyal ("SAR") which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into SAR using the exchange rates prevailing at the date of transactions. Foreign currency assets and liabilities are translated into SAR using the exchange rates.

Foreign exchange gains and losses arising from translation are included in the statement of profit or loss.

2.3 Critical accounting judgments, estimates and assumption

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Critical accounting judgments, estimates and assumption (Continued)

Going Concern

The Company's management has made an assessment of Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt on Company's ability to continue as a going concern.

Impairment of non-financial assets

The carrying amounts of the non-financial assets are reviewed at the end of each reporting date or more frequently to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using the pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset. The fair value less cost to sell is based on observable market prices or, if no observable market prices exist, estimated prices for similar assets or if no estimated prices for similar assets are available, then based on discounted future cash flow calculations.

Actuarial valuation of employee benefits liabilities

The cost of the post-employment benefits ("employee benefits") under defined unfunded benefit plan is determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, and mortality rates. Due to the complexity of the valuation and its long-term nature, a defined unfunded benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed on an annual basis or more frequently, if required.

2.4 *Cash and cash equivalents*

Cash and cash equivalents comprise cash with banks and other short-term highly liquid investments, if any, with original maturities of three months or less, which are available to the Company without any restrictions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Financial instruments

2.5.1 Measurement methods

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument.

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in the statement of comprehensive income. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost, which results in an accounting loss being recognised in the statement of profit or loss when an asset is newly originated.

2.5.2 Classification and measurement of financial assets through profit or loss

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Company classifies its Equity instruments at fair value through profit or loss (FVTPL). The Company subsequently measures all equity investments at fair value through profit or loss, except where the Company Manager has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Company's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to trade.

When this election is used, Losses are recognised in OCI and are not subsequently reclassified to the statement of profit and loss , including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in the statement of profit and loss statement when the Company's right to receive payments is established.

2.5.3 Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit losses forward-looking basis the expected credit loss ("ECL") associated with its financial assets carried at amortised cost. The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:
- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of resources;
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

2.5.4 Derecognition

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Company transfers substantially all the risks and rewards of ownership, or (ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Financial instruments(continued)

2.5.5 Financial liabilities

The Company classifies its financial liabilities at amortised cost unless it has designated liabilities at FVTPL. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

2.6 Offsetting

Financial assets and financial liabilities 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 realise the asset and settle the liability simultaneously.

2.7 Employees retirement benefits

Employee Retirement benefits are payable to all employees employed under the terms and conditions of the Labour Laws applicable on the Company and its subsidiaries, on termination of their employment contracts.

The Company’s obligation in respect of defined benefit plan is calculated by estimating the amount of future benefits that employees have earned in current and prior periods and discounting that amount to arrive at present value.

Company sets the assumptions used in determining the key elements of the costs of meeting such future obligations. These assumptions are set after consultation with the Company’s actuaries and include those used to determine regular service costs and the financing elements related to the liabilities. The calculation of defined benefit obligation is performed by a qualified actuary using the projected unit credit method.

Re-measurement of defined benefit liability, which comprise of actuarial gains and losses are recognised immediately in the Consolidated Statement of Other Comprehensive Income. The Company determines interest expense on the defined benefit obligation for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any change in the net defined benefit obligation during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit are recognised in the Statement of Profit or Loss.

2.8 Accrued expenses and other current liabilities

Accrued expenses and other current liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective commission rate method.

2.9 Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provision is not recognised for future operating loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Zakat

The Zakat cost is calculated on the basis of the company's net profit for the year before deduction of Zakat or Zakat base, whichever is greater, according to the regulations of the General Authority of Zakat and Income. The provision is charged to the statement of profit or loss. Additional amounts, if any, that may become due on finalization of an assessment are accounted for in the year in which assessment is finalized.

2.11 Capital work-in-progress

Capital work-in-progress is stated at cost and not depreciated. Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

2.12 Murabaha deposit

They are recognized at amortized cost, accrued interest is recognized and charged to the profit or loss statement.

2.13 Property and equipment

Property and equipment are stated at cost net of accumulated depreciation and any impairment in value. Property and equipment cost include expenditures that are directly attributable to the acquisition. The cost less estimated residual value is depreciated and amortised on the straight-line method over the estimated useful lives as follows

Leasehold improvements	5 years or rental period, whichever is less
Furniture and fittings	5 years
Computer Hardware	5 years

Any gain or loss on disposal of an item of Property and Equipment is recognised in the Statement of Profit or Loss.

The assets' residual values, useful lives and impairment indicators are reviewed at each financial year end and adjusted prospectively, if considered necessary.

2.14 Intangible Assets

Intangible assets are measured at cost, less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight-line basis over the estimated useful live of 5 years.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company and amount can be measured reliably.

Intangible assets' residual values, useful lives and impairment indicators are reviewed at each financial year end and adjusted prospectively, if considered necessary.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Right of Use Asset and Lease Liability

The Company has recognised new assets and liabilities for its operating leases of office premises. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to statement of comprehensive income over the lease year so as to produce a constant yearly rate of interest on the remaining balance of the liability for each year. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis.

I. Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability,
- Any lease payments made at or before the commencement date less any lease incentives received,
- Any initial direct costs, and
- Restoration costs.

II. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in- substance fixed payments), less any lease incentives receivable,
- Variable lease payments that are based on an index or a rate,
- Amounts expected to be payable by the lessee under residual value guarantees,
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less.

Low-value assets comprise small items relating to office equipment.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes

2.16 Statutory Reserve

In accordance with Company’s by-laws and the Regulations for Companies in Kingdom of Saudi Arabia, the Company is required to recognise a reserve comprising of 10% of its profit for the year until such reserve equals to 30% of its share capital. This reserve is currently not distributable to the Shareholders.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Assets under management

The Company offers asset management services to its customers, which include management of certain mutual funds and discretionary portfolio management (DPM). Such assets are held in fiduciary capacity and are not treated as assets of the Company. Accordingly, these are not included in the financial statements and are treated as off-balance sheet items.

2.18 Revenue recognition

- **Asset management and advisory fee income**
  Fees and commissions are recognized when the service has been provided. Portfolio and other management advisory and service fees are recognized based on the applicable service contracts, usually on a time-proportionate basis. Fees received on asset management, financial planning and custody services are recognized over the period when the service is provided.

- **Special commission income on deposits**
  Special commission income on deposits for all commission-bearing financial instruments, are recognized in the statement of income on the effective yield basis. The effective yield is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective yield, the Company estimates future cash flows considering all contractual terms of the financial instrument but not future credit losses.

- ***Dividend income***
  Dividend income is recognized when the right to receive dividend is established.

2.19 Expenses

All expenses are classified as general and administrative expenses, except for employee salaries and benefits, which are presented in a separate line item in the statement of profit or loss.

3. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

Amendments

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

New amendments to standards issued and applied effective as of 2021

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2	January 1, 2021	These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms. The amendments also introduce new disclosure requirements to IFRS 7 for hedging relationships that are subject to the exceptions introduced by the amendments to IFRS 9.
IFRS 16	Amendments to IFRS 16 Leasing - Covid-19 Related Rent Concessions	April 1, 2021	This amendment extend the exemption from assessing whether a COVID-19-related rent concession is a lease modification for payments originally due on or before June 30, 2022 (rather than payment due on or before June 30, 2021).

3. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS (continued)

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

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

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

3. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS (continued)

3.1New standards, amendments and revised IFRS issued but not yet effective (continued)

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

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

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

4. INVESTMENTS CARRIED AT FVTPL

31 December 2021	**Number of units/shares**	**Cost**	**Market Value**
Managed funds from Alpha Capital			
Alpha Murabaha Fund	**1,170,168**	**12,319,589**	**12,492,278**
Al Ruwad Saudi Equity Fund	**54,525**	**545,246**	**539,830**
Alpha multi-asset Fund	**459,000**	**4,590,000**	**4,590,000**
Alpha Real Estate Fund	**500,000**	**5,000,000**	**5,000,000**
		22,454,835	**22,622,108**
Investment in Marketable securities*	**581,959**	**17,352,461**	**16,549,892**
Investment in sukuk**	**2**	**11,241,761**	**11,194,836**
		51,049,057	**50,366,836**

31 December 2020	Number of units/shares	Cost	Market Value
Managed funds from Alpha Capital			
Alpha Murabaha Fund	2,696,333	28,362,770	28,419,185
Alpha Food and Beverage Fund	5,000	8,806,050	9,092,500
Investment in Marketable securities*	622,585	9,484,097	10,544,543
		46,652,917	48,056,228

***The Company invests primarily in equity of listed Saudi companies. The market value of trading investment portfolio is summarized as follows:

	31 December 2021	31 December 2020
	Market Value	Market Value
sector:		
Insurance	**7,453,433**	-
Materials	**4,598,844**	6,103,455
Consumer services	**4,065,970**	-
Retailing	**181,050**	879,217
Media and entertainment	**174,266**	-
Investment and Finance	**76,329**	-
Utilities	**-**	3,561,871
Total Market value	**16,549,892**	10,544,543
Total Cost	**17,352,461**	9,484,097

** Investments in Sukuk carry a floating commission rate ranging from 5.38 % to 6.88%.

5. ACCOUNT RECEIVABLES

	31 December 2021	31 December 2020
Management fees and other fees	**5,324,401**	1,431,677
	5,324,401	1,431,677

The Company applies the IFRS 9 to measuring expected credit losses which uses general approach for expected loss allowance for all financial assets. The Company did not recognize ECL on accounts receivable and due from related parties, because the amount was immaterial and fully collateralized respectively.
As at December 31, 2021, the receivables are neither past due nor impaired (December 31, 2020: not past due)

6. PREPAYMENTS AND OTHER CURRENT ASSETS

	31 December 2021	31 December 2020
Employees advances and other staff receivables	**296,682**	361,037
Advance payment	**-**	198,244
Advances to suppliers and service providers	**86,283**	195,615
Prepaid subscriptions	**792,161**	114,706
Prepaid insurance expenses	**132,570**	95,371
Prepaid license fees	**93,192**	80,740
Others	**149,380**	182,986
	1,550,268	1,228,699

7. PROPER0TY AND EQUIPMENT

	Leasehold improvements	**Furniture and fittings**	**Computer Hardware**	**Work in progress**	**Total 2021**
Cost:					
On January 1	**1,027,444**	**418,305**	**533,473**	**-**	**1,979,222**
Additions during the year	**-**	**87,908**	**87,286**	**4,867,340**	**5,042,534**
Disposals	**(1,027,444)**	**(243,731)**	**(136,483)**	**-**	**(1,407,658)**
At 31 December	**-**	**262,482**	**484,276**	**4,867,340**	**5,614,098**
Accumulated depreciation:					
On January 1	**465,548**	**171,618**	**227,580**	**-**	**864,746**
Charge for the year	**205,489**	**88,668**	**116,218**	**-**	**410,375**
Disposals	**(671,037)**	**(172,805)**	**(102,536)**	**-**	**(946,378)**
At 31 December	**-**	**87,481**	**241,262**	**-**	**328,743**
Net book value:					
As at 31 December 2021	**-**	**175,001**	**243,014**	**4,867,340**	**5,285,355**

7. PROPERTY AND EQUIPMENT (continued)

	Leasehold improvements	Furniture and fittings	Computer Hardware	Work in progress	Total 2020
Cost:					
On January 1	663,789	300,926	441,454	135,855	1,542,024
Additions during the year	46,478	117,379	92,019	181,322	437,198
Transfers	317,177	-	-	(317,177)	-
At 31 December	1,027,444	418,305	533,473	-	1,979,222
Accumulated depreciation:					
On January 1	(254,546)	(99,539)	(131,418)	-	(485,503)
Charge for the year	(211,002)	(72,080)	(96,162)	-	(379,244)
At 31 December	(465,548)	(171,619)	(227,580)	-	(864,747)
Net book value:					
As at 31 December 2020	561,896	246,686	305,893	-	1,114,475

8. INTANGIBLE ASSETS

	Software	**Total 2021**	Total 2020
Cost:			
On January 1	**100,901**	**100,901**	79,900
Additions during the year	**-**	**-**	30,901
Disposal during the year	**-**	**-**	(9,900)
At 31 December	**100,901**	**100,901**	100,901
Accumulated depreciation:			
On January 1	**(30,060)**	**(30,060)**	(17,135)
Charge for the year	**(20,180)**	**(20,180)**	(17,380)
Disposals during the year	**-**	**-**	4,455
At 31 December	**(50,240)**	**(50,240)**	(30,060)
Net book value:			
As at 31 December 2021	**50,661**	**50,661**	-
As at 31 December 2020	-	-	70,841

9. RIGHT OF USE ASSETS AND LEASE LIABILITY

The table below shows the balance of the right of use assets in addition to the charged depreciation:

9.1 Right of Use Assets	**31 December 2021**	31 December 2020
Cost:		
Balance as of 1 January	**250,138**	1,497,639
Additions during the year	**5,985,550**	-
Disposals during the year	**-**	(1,247,501)
Balance as of December 31	**6,235,688**	250,138
Accumulated depreciation:		
Balance as of 1 January	**(4,999)**	(353,380)
Charge for the year	**(659,838)**	(383,739)
Disposals during the year	**-**	732,120
Balance as of December 31	**(664,837)**	(4,999)
The book balance as of December 31	**5,570,851**	245,139

9.2 Lease Liability

Lease liabilities as at year end are as follows:

	31 December 2021	31 December 2020
Non-current portion of the lease liability	**4,390,212**	-
Current portion of the lease liability	**860,907**	281,910
	5,251,119	281,910

The total interest expense on lease liabilities recognized during the year ended December 31, 2021 is SAR 26,168(December 31, 2020: SAR 42,474).

10. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	Notes	**31 December 2021**	31 December 2020
Employees payable		**24,349,749**	6,053,946
VAT payable		**2,647,684**	1,671,994
Board remuneration and related Committees	19	**370,000**	330,000
Other		**2,551,924**	2,302,259
		29,919,357	10,358,199

11. ZAKAT PROVISION

The principal elements of the zakat base are as follows:

	31 December 2021	31 December 2020
Shareholder equity	**50,536,187**	50,302,469
provisions	**1,108,237**	961,470
Book value of long-term assets	**(15,906,867)**	(10,559,726)
Other additions	**5,713,768**	-
	41,451,325	40,704,213
Adjusted profit for the year	**38,935,315**	4,203,287
Zakat base	**80,386,640**	44,907,500
Zakat charge for the year @ 2.5%	**2,009,666**	1,122,688

The company's share of Zakat for the year ended December 31, 2021, amounting to SAR 2,009,666 (for the year ending December 31, 2020: SAR 1,350,000) and is charged to the statement of profit or loss.

Zakat is calculated on the higher of the zakat base or adjusted income for the year.

	31 December 2021	31 December 2020
Balance at the beginning of the year	**1,895,352**	1,672,523
Charge for the year	**2,009,666**	1,350,000
Payments during the year	**(1,432,704)**	(1,127,171)
	2,472,314	1,895,352

Status of assessments
Zakat returns for the years through to 31 December 2020 have been submitted to Zakat, Tax, and customs Authority (the "ZATCA"). The related assessments have not yet been raised by the ZATCA from the date of incorporation of the company until the date of December 31, 2021.

12. EMPLOYEES RETIREMENT BENEFITS

The following tables summarize the components of retirement benefits recognized in the statement of profit and loss and the statement of financial position:

The amounts recognized in the statement of financial position	**31 December 2021**	31 December 2020
Present value of the defined benefit obligation	**2,148,535**	1,120,656
Fair value of plan assets	**-**	-
Net liabilities at end of the year	**2,148,535**	1,120,656

Benefits expenses (recognized in statement of profit or loss)	**31 December 2021**	31 December 2020
Current service cost	**765,511**	490,252
Commission rate cost	**57,395**	25,853
Benefits expenses	**822,906**	516,105

12. EMPLOYEES RETIREMENT BENEFITS (continued)

Movement in the present value of the defined benefit obligation	**31 December 2021**	31 December 2020
Present value of the defined benefit obligations at the beginning of the year	**1,120,656**	605,528
Current service cost	**765,511**	490,252
Commission rate cost	**57,395**	25,853
Actuarial loss on defined benefit plan	**217,392**	12,253
Benefits paid	**(12,419)**	(13,230)
Present value of defined benefit obligations at end of the year	**2,148,535**	1,120,656

Sensitivity analysis

Reasonably possible changes as to one of the relevant actuarial assumptions, holding other assumptions constant, the amount of defined benefit obligations is as follows

Present value of defined benefit obligations	**31 December 2021**	31 December 2020
Discount rate + 5%	**2,062,928**	1,048,248
Discount rate -5%	**2,260,321**	1,200,195
Salary increase + 1%	**2,265,302**	1,199,792
Salary increase -1%	**2,057,450**	1,047,911

Movement in net liabilities recognized in balance sheet	**31 December 2021**	31 December 2020
Net liabilities at beginning of the year	**1,120,656**	605,528
Charge recognized in profit or loss	**822,906**	516,105
Actuarial loss recognized in other comprehensive income	**217,392**	12,253
Benefits paid	**(12,419)**	(13,230)
Net liabilities at end of the year	**2,148,535**	1,120,656

Principal actuarial assumptions at 31 December 2021		
Discount rate	**2.65%**	2.90%
Salary increase rate	**2.65%**	2.90%
Return on plan assets	**Not applicable**	Not applicable

13. SHARE CAPITAL

As at 31 December 2021, the Company's paid-up capital of SAR 50 million was divided into 5 million shares of SAR 10 each (31 December 2020: SAR 50 million).

14. STATUTORY RESERVE

In accordance with the Company's By-Laws and the Regulations for Companies in the Kingdom of Saudi Arabia, the Company is required to transfer at least 10% of its net income each year to statutory reserve until such reserve equals to 30% of its share capital. This reserve is not available for distribution to the shareholders.

15. NET GAIN FROM INVESTMENTS CAARIED AT FVTPL

	31 December 2021	31 December 2020
Realized gain from Investments carried at FVTPL	**3,992,666**	2,300,477
Unrealized (loss) / gain on Investments carried at FVTPL	**(850,495)**	1,403,311
	3,142,171	3,703,788

16. GENERAL AND ADMINSTRATIVE EXPENSES

	31 December 2021	31 December 2020
Subscription fees	**1,798,091**	1,071,532
Depreciation and amortization	**430,554**	396,624
Board remuneration and related Committees	**370,000**	330,000
Depreciation of the right of use assets	**659,838**	383,739
Professional fees	**528,082**	186,483
Licenses	**200,200**	148,000
Governmental expenses	**150,663**	105,185
Withholding tax	**113,200**	99,793
Others	**786,154**	684,671
	5,036,782	3,406,027

17. ASSETS UNDER MANAGEMENT

These represent:

The assets being managed by the Company amounting to SAR 9,998,658,725 as at 31 December 2021. (31 December 2020: SAR 6,640,969,470).

According to the regulations of the Capital Market Authority for authorized persons, and in line with the company's accounting policy, such balances are not included in the Company's financial statements.

18. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties of the Company comprise of board of directors and their relatives, the investment funds managed by the Company and key management personnel.

The transactions are carried out on mutually agreed terms approved by the management of the Company. Details of transactions and balances with related parties other than those disclosed elsewhere in the financial statements, are as follows:

Related Party	Nature of transactions	Amount of transaction during the year		Balance Receivables receivable / (payable)	
		31December 2021	31 December 2020	**31 December 2021**	31 December 2020
Mutual funds managed by the Company	Management and other fees	**53,062,574**	12,448,171	**9,586,254**	11,458,362
	Investment revenues	**362,291**	885,939	**-**	-
	Expenses paid on behalf on Fund	**1,204,087**	475,923	**609,230**	475,923
Shareholders and related family members	Asset management	**3,740,847**	5,761,616	**2,504,449**	1,284,504
	Dividends distribution	**925,524**	856,444	-	-
Board of directors and related committees	Remunerations*	**370,000**	330,000	**(370,000)**	(330,000)
Executive management	Salaries, Benefits and Incentives*	**13,594,846**	5,366,803	**(7,831,000)**	(1,550,236)

* Remunerations, Salaries, Benefits and Incentives to related parties are included in the statement of financial position under accrued expenses and other current liabilities.

19. DIVIDENDS

On February 17, 2021, the company's board of directors recommended distributing cash dividends to shareholders in the amount of SAR 2,103,464 for the period ending December 31, 2020, at 4.2% of the company's capital.

On June 6, 2021, the recommendation was presented at the shareholders' general assembly meeting, the dividend distribution was approved, and the distribution process was already made to shareholders on June 9, 2021.

On March 5, 2020, the company's board of directors recommended distributing cash dividends to shareholders in the amount of SAR 1,822,220 for the period ending December 31, 2019, at 3.64% of the company's capital.

On March 5, 2020, the recommendation was presented at the shareholders' general assembly meeting, the dividend distribution was approved, and the distribution process was already made to shareholders on May 14, 2020.

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

20.1 Financial risk factors

The objective of the Company is to safeguard the Company's ability to continue as a going concern so that it can continue to provide optimum returns to its shareholders and to ensure reasonable safety to the shareholders. The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

The Company Manager is responsible for identifying and controlling risks. The Company Board supervises the Company Manager and is ultimately responsible for the overall management of the Company.

Monitoring and controlling risks are primarily set up to be performed based on the limits established by the Company Board. The Company has its Terms and Conditions document that set out its overall business strategies, its tolerance of risks and its general risk management philosophy and is obliged to take actions to rebalance the portfolio in line with the investment guidelines.

The Company uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below:

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk is the risk that the value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in foreign currency.

The financial instruments of the Company are denominated in Saudi Riyals.

(ii) Commission rate risk

Commission rate risk is the risk that the value of the future cash flows of a financial instrument or fair values of fixed coupon financial instruments will fluctuate due to changes in market commission rates.

The Company does not have significant cash flow commission rate risk as it does not have any significant amount of variable rate financial instruments.

The Company is not exposed to fair value commission rate risk as the financial instruments of the Company are measured at amortised cost.

(iii) Price risk

Price risk is the risk that the value of the Company's financial instruments will fluctuate as a result of changes in market prices caused by factors other than foreign currency and profit rate movements.

The price risk arises primarily from uncertainty about the future prices of financial instruments that the Company holds. The Company diversifies the investment portfolio and closely monitors the price movement of its investments in financial instruments. As of the statement of financial position date, The Company has equity investments in Mutual funds managed by Alpha Capital and Marketable securities.

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

20.1 Financial risk factors (Continued)

(a) Market risk (continued)

(iii) Price risk (continued)

	31 December 2021		31 December 2020	
	Potential reasonable change %	**Effect on equity**	Potential reasonable change %	Effect on equity
Mutual funds managed by Alpha Capital	**1%**	**226,221**	1%	375,117
Equities:				
Insurance	**1%**	**74,534**	1%	-
Materials	**1%**	**45,988**	1%	61,035
Consumer services	**1%**	**40,660**	1%	-
Retailing	**1%**	**1,811**	1%	8,792
Media and entertainment	**1%**	**1,743**	1%	-
Investment and Finance	**1%**	**763**	1%	-
Utilities	**1%**	**-**	1%	35,619
sukuk	**1%**	**112,418**	1%	-

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk for its Murabaha deposits cash and cash equivalent and receivables. Cash balances are deposited in AlRajhi Bank and SABB Bank which are Banks with good financial rating.

The following table shows the company's maximum exposure to credit risk for components of the statement of financial position:

	31 December 2021	31 December 2020
Cash at banks	**42,347,980**	845,519
Account receivables	**5,324,401**	1,431,677
Due from related parties	**12,699,933**	13,218,788
	60,372,314	15,495,984

The carrying amount of financial assets represents the maximum credit exposure.

Credit risk on due from related parties, accounts receivable and cash and cash equivalents is limited as follows:

- Cash at banks, are held with banks with sound credit ratings from BBB and above.
- Account receivables and due from related parties

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

20.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

The Company applies the IFRS 9 to measuring expected credit losses which uses general approach for expected loss allowance for all financial assets. The Company did not recognize ECL on accrued income and margin lending, because the amount was immaterial and fully collateralized respectively.

Its Company's policy to enter into financial instrument contracts with reputable counterparties. The Company seeks to limit its credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

(c) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with the financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. Financial assets of the Company as at period-end mainly included balances with bank and investments measure at FVTPL which can be utilized to meet changing liquidity requirements. Management monitors forecasted cash flow on a regular basis and ensures that positive cash flows from operating activities are maintained to fund the Company's future commitments.

The table below summarizes the maturity profile of financial assets and liabilities of the company based on expected maturities:

	31 December 2021		
	Less than 1 year	**More than one year**	**Total**
Cash at banks	**42,347,980**	-	**42,347,980**
Investments carried at FVTPL	**45,366,836**	**5,000,000**	**50,366,836**
Account receivables	**5,324,401**	-	**5,324,401**
Due from related parties	**12,699,933**	-	**12,699,933**
Prepayments and other current assets	**1,550,268**	-	**1,550,268**
TOTAL ASSETS	**107,289,418**	**5,000,000**	**112,289,418**
Accrued expenses and other current liabilities	**29,919,357**	**-**	**29,919,357**
Zakat provision	**2,472,314**	**-**	**2,472,314**
Lease Liabilities	**860,907**	**4,390,212**	**5,251,119**
Employees' retirements benefits	**-**	**2,148,535**	**2,148,535**
TOTAL LIABILITIES	**33,252,578**	**6,538,747**	**39,791,325**

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

20.1 Financial risk factors (Continued)

(c) Liquidity risk

	31 December 2020		
	Less than 1 year	More than one year	Total
Cash at banks	845,519	-	845,519
Investments carried at FVTPL	48,056,228	-	48,056,228
Account receivables	1,431,677	-	1,431,677
Due from related parties	13,218,788	-	13,218,788
Prepayments and other current assets	1,191,928	-	1,228,699
TOTAL ASSETS	64,744,140	-	64,744,140
Accrued expenses and other current liabilities	10,358,199	-	10,358,199
Zakat provision	1,895,352	-	1,895,352
Lease Liabilities	281,910	-	281,910
Employees' retirements benefits	-	1,120,656	1,120,656
TOTAL LIABILITIES	12,535,461	1,120,656	13,656,117

20.2 Fair value estimation

The fair value for financial instruments traded in active markets is based on quoted market prices at the close of trading on the financial reporting date. Instruments for which no sales were reported on the valuation day are valued at the most recent bid price.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The carrying value less impairment provision of financial instruments carried at amortised cost are assumed to approximate their fair values.

The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 inputs are unobservable inputs for the asset or liability.

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

20.2 Fair value estimation(continued)

The table below presents the financial instruments at their fair values as of 31 December 2021 based on the fair value hierarchy:

	31 December 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
	SR	**SR**	**SR**	**SR**
Mutual funds	**-**	**17,622,108**	**5,000,000**	**22,622,108**
Equities	**16,549,892**	**-**	**-**	**16,549,892**
sukuk	**11,194,836**	**-**	**-**	**11,194,836**
Total	**27,744,728**	**17,622,108**	**5,000,000**	**50,366,836**

	31 December 2020			
	Level 1	Level 2	Level 3	Total
	SR	SR	SR	SR
Mutual funds	-	37,511,685	-	37,511,685
Equities	10,544,543	-	-	10,544,543
Total	10,544,543	37,511,685	-	48,056,228

Level 2 investments consist of local mutual funds managed by the Company. The Company uses net assets valuation (“NAV”) based on most recently published NAVs as at reporting date by the respective mutual funds to fair value these investments.

Financial assets at fair value through profit or loss classified as Level 3 include investments in equity securities recorded at cost and investment in an unquoted mutual fund, the fair value of which is determined based on net assets value (NAV) obtained from the latest available financial statements of the unquoted mutual fund.

21. REGULATORY CAPITAL REQUIREMENT AND CAPITAL ADEQUACY RATIO

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

The Company has calculated its minimum capital required and capital adequacy ratios as follows:

	Thousands of Saudi riyals 31 December 2021	Thousands of Saudi riyals 31 December 2020
Capital Base:		
Tier 1 capital	**83,656**	52,569
Tier 2 capital		-
Total Capital Base	**83,656**	52,569
Minimum Capital Required:		
Credit risk	**16,446**	11,321
Operational risk	**12,690**	6,036
Market risk	**7,444**	12,516
Total Minimum Capital Required	**36,580**	29,873
Capital Adequacy Ratio:		
Surplus in Capital	**47,076**	22,696
Capital Adequacy Ratio (times)	**2.29**	1.76

22. COMPARATIVE FIGURES

Certain comparative figures for the year ended December 31, 2020 have been reclassified to conform with the presentation for the current year.

23. SUBSEQUENT EVENTS

On 7 Shaban 1443H corresponding to March 15, 2022, the Board of Directors recommended to distribute dividends to shareholders for the year 2021 in the amount of 29,853,510 Saudi riyals, provided that the share of each share is 5.97 Saudi riyal, The eligibility to distribute the dividend of shareholders whose names are registered on the date of the general assembly.

24. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These financial statements were approved by the audit committee on March 10, 2022(corresponding to 7 Shaban 1443 H). These financial statements were approved by the Board of Directors on March 15, 2022 (corresponding to 12 Shaban 1443 H).