

**AUDI CAPITAL COMPANY
(A MIXED CLOSED JOINT STOCK COMPANY)**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
AND INDEPENDENT AUDITOR'S REPORT**

**AUDI CAPITAL COMPANY
(A MIXED CLOSED JOINT STOCK COMPANY)
Financial statements for the year ended December 31, 2022**

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Independent auditor's report to the shareholders of Audi Capital Company (A Mixed Closed Joint Stock Company)

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Audi Capital Company (the "Company") as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting 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").

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at December 31, 2022;
- the statement of comprehensive income for the year then ended;
- the statement of changes in shareholders' equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that is relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements.

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 issued by SOCPA, and the applicable requirements of the Regulations for Companies and 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 these 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.

The Audit Committee is responsible for overseeing the Company's financial reporting process.

Independent auditors' report to the shareholders of Audi Capital Company (A Mixed Closed Joint Stock Company) (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 judgment 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, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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.

PricewaterhouseCoopers



Ali A. Alotaibi
License Number 379

March 29, 2023



AUDI CAPITAL COMPANY
(A MIXED CLOSED JOINT STOCK COMPANY)
Statement of financial position
(All amounts in Saudi Riyals unless otherwise stated)

	Note	As at December 31, 2022	As at December 31, 2021
Assets			
Non-current assets			
Property and equipment, net	5	644,716	1,003,918
Intangible assets, net	6	63,122	226,453
Investments at fair value through other comprehensive income (FVOCI)	7	45,130,867	-
Deferred tax assets	17.3.3	15,697,804	15,152,941
Total non-current assets		61,536,509	16,383,312
Current assets			
Margin lending	8	1,248,765	1,220,755
Accounts receivables, prepayments and other assets	9	10,568,416	14,483,581
Investments at fair value through profit or loss (FVPL)	10	3,410,689	4,382,368
Cash and cash equivalents	11	5,909,959	50,589,702
Total current assets		21,137,829	70,676,406
Total assets		82,674,338	87,059,718
Liabilities and shareholders' equity			
Shareholders' equity			
Share capital	13	100,000,000	100,000,000
Statutory reserve	14	10,398,896	10,398,896
Accumulated losses		(35,602,289)	(33,478,280)
Other reserves		739,932	1,593,230
Total shareholders' equity		75,536,539	78,513,846
Non-current liabilities			
Employees' end of service benefits (EOSB)	15	2,992,979	2,842,233
Deferred tax liability	17.3.3	456,908	398,308
Total non-current liabilities		3,449,887	3,240,541
Current liabilities			
Accrued expenses and other payables	16	3,644,679	5,262,118
Zakat and income tax provision	17.2	43,233	43,213
Total current liabilities		3,687,912	5,305,331
Total liabilities		7,137,799	8,545,872
Total liabilities and shareholders' equity		82,674,338	87,059,718

The notes from 1 to 26 form an integral part of these financial statements.

AUDI CAPITAL COMPANY
(A MIXED CLOSED JOINT STOCK COMPANY)
Statement of comprehensive income
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the year ended December 31,	
		2022	2021
Operating income			
Dealing and brokerage income	18	3,258,299	6,808,636
Managing income		4,992,662	10,282,228
Custody income		4,554,923	5,303,051
Advising income		84,576	24,583
Total operating income		12,890,460	22,418,498
Fees expense		(416,149)	(471,584)
Total operating income		12,474,311	21,946,914
Operating expenses			
General and administrative expenses	19	(15,680,811)	(17,633,458)
Net operating (loss) / income		(3,206,500)	4,313,456
Other income, net	20	631,781	5,432
Reversal / (charge) for impairment credit losses		177,976	(182,894)
(Loss) / income before zakat and tax		(2,396,743)	4,135,994
Zakat and income tax reversal	17.1	272,734	10,826,142
Net (loss) / income for the year		(2,124,009)	14,962,136
Other comprehensive (loss) / income			
<i>Items that will be reclassified subsequently to statement of comprehensive income:</i>			
- Net changes in fair value debt instruments at fair value through other comprehensive income during the year		(1,359,623)	-
- Deferred tax impact of net changes in fair value debt instruments at fair value through other comprehensive income		271,925	-
<i>Items that will not to be reclassified subsequently to statement of comprehensive income:</i>			
- Re-measurement gain of employees' EOSB	15	293,000	524,000
- Deferred tax impact of remeasurement gain of employees' EOSB		(58,600)	(104,830)
Other comprehensive (loss) / income for the year		(853,298)	419,170
Total comprehensive (loss) / income for the year		(2,977,307)	15,381,306

The notes from 1 to 26 form an integral part of these financial statements.

AUDI CAPITAL COMPANY
(A MIXED CLOSED JOINT STOCK COMPANY)
Statement of changes in shareholders' equity
(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Accumulated losses	Other reserves	Total
As at January 1, 2021	100,000,000	10,398,896	(48,440,416)	1,174,060	63,132,540
Net income for the year	-	-	14,962,136	-	14,962,136
Re-measurement gain on employees' EOSB	-	-	-	524,000	524,000
Deferred tax charge	-	-	-	(104,830)	(104,830)
Total comprehensive income for the year	-	-	14,962,136	419,170	15,381,306
Balance at December 31, 2021	100,000,000	10,398,896	(33,478,280)	1,593,230	78,513,846
As at January 1, 2022	100,000,000	10,398,896	(33,478,280)	1,593,230	78,513,846
Net loss for the year	-	-	(2,124,009)	-	(2,124,009)
Debt instruments at fair value through other comprehensive income change in fair value during the year	-	-	-	(1,359,623)	(1,359,623)
Deferred tax impact of net changes in fair value debt instruments at fair value through other comprehensive income	-	-	-	271,925	271,925
Re-measurement gain on employees' EOSB	-	-	-	293,000	293,000
Deferred tax impact of remeasurement gain of employees' EOSB	-	-	-	(58,600)	(58,600)
Total comprehensive loss for the year	-	-	(2,124,009)	(853,298)	(2,977,307)
Balance at December 31, 2022	100,000,000	10,398,896	(35,602,289)	739,932	75,536,539

The notes from 1 to 26 form an integral part of these financial statements.

AUDI CAPITAL COMPANY
(A MIXED CLOSED JOINT STOCK COMPANY)
Statement of cash flows
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the year ended December 31,	
		2022	2021
Cash flows from operating activities			
(Loss) / income before zakat and income tax		(2,396,743)	4,135,994
Adjustments for non-cash and other items:			
Depreciation and amortization	5 & 6	542,892	1,208,612
Provisions for employees' EOSB	15	495,600	549,300
Foreign exchange loss, net		53,465	12,160
Amortization of premium and discount of investment		(229,754)	-
Impairment charge for credit losses		(177,976)	182,894
Loss on disposal of investment at amortised cost		-	64,818
Loss / (gain) on disposal of investment at FVPL		98,397	(126,522)
Unrealized loss of investment at FVPL		286,238	148,599
Loss on disposal of property and equipment		-	(14,000)
		(1,327,881)	6,161,855
<i>Operating cash flows before working capital changes:</i>			
Accounts receivable, prepayments and other assets		3,915,165	(890,075)
Margin lending		(28,010)	836,808
Lease liability		-	(2,131)
Accrued expenses and other payables		(1,674,507)	743,399
Deferred income		-	(2,062,500)
Net cash flow operations		884,767	4,787,356
Zakat and income tax paid	17.3.1	(184)	-
Employees' EOSB paid	15	(51,854)	(2,013,600)
Net cash generated from operating activities		832,729	2,773,756
Cash flows from investing activities:			
Purchase of investments at FVOCI		(46,260,160)	-
Proceeds from disposal of investments at FVPL		590,073	990,553
Purchase of property and equipment	5	(20,359)	(888,144)
Purchase of investments at amortised cost		-	(18,982,203)
Purchase of investments at FVPL		-	(488,541)
Proceeds from disposal of investments at amortised cost		-	16,121,424
Proceeds from term deposits		-	41,250,000
Sale proceeds from disposal of property and equipment		-	14,000
Purchase of intangible assets		-	(339,987)
Net cash (used in) / generated from investing activities		(45,690,446)	37,677,102
Net change in cash and cash equivalents		(44,857,719)	40,450,858
Cash and cash equivalents at the beginning of the year	11	50,772,596	10,321,738
Cash and cash equivalents at the end of the year	11	5,914,877	50,772,596
Supplemental information:			
Change in re-measurement of employees' EOSB	15	(293,000)	(524,000)

The notes from 1 to 26 form an integral part of these financial statements.

AUDI CAPITAL COMPANY
(A MIXED CLOSED JOINT STOCK COMPANY)
Notes to the financial statements for the year ended December 31, 2022
(All amounts in Saudi Riyals unless otherwise stated)

1 General information

Audi Capital Company (the “Company”) is a Mixed Closed Joint Stock Company, incorporated and domiciled in Riyadh, Kingdom of Saudi Arabia. The Company has obtained a license number 692 dated 2 Jumad Al Awal 1427H (corresponding to 30 May 2006) from the Saudi Arabian General Investment Authority (“SAGIA”). The Company is registered under commercial registration number 1010226747 dated 18 Dhul Hajjah 1427H (corresponding to 8 January 2007). The Company has also obtained a license number 06017-37 dated 22 Rabi Al Thani 1427H (corresponding to 20 May 2006) from the Capital Market Authority (the “CMA”). The registered office is located at Centria Building, Prince Mohammad bin Abdulaziz Road (Tahlia), Riyadh, Kingdom of Saudi Arabia.

The Company is licensed to act as principal and agent, to underwrite and manage mutual funds and portfolios and to provide arranging, advising, custodial and international brokerage services.

2 Significant accounting policies

Significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

i. Basis of preparation

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

ii. Basis of measurement

These financial statements have been prepared:

- under the historical cost convention except for:
 - fair valuation of investments at fair value through profit or loss (FVPL).
 - fair valuation of investments at fair value through other comprehensive income (FVOCI).
 - employees’ end of service benefits carried at their present value using projected unit credit method.
- using the accrual basis of accounting.

iii. Functional and presentation currency

The financial statements are presented in Saudi Riyals (“SR”) which is the Company’s functional currency. All values have been rounded to the nearest Saudi Riyal, except where otherwise indicated.

2.1 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on a current/non-current classification. An asset is current when it is:

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

All other assets are classified as non-current.

AUDI CAPITAL COMPANY
(A MIXED CLOSED JOINT STOCK COMPANY)
Notes to the financial statements for the year ended December 31, 2022
(All amounts in Saudi Riyals unless otherwise stated)

2 Significant accounting policies (continued)

2.2 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Classification of financial assets depends on the Company's business model for managing its financial assets and the contractual terms of the cash flows. The Company classifies its financial assets as:

- financial assets measured at amortised cost, or
- financial assets measured at fair value

Gains or losses of assets measured at fair value will be recognised either through profit or loss or through other comprehensive income ("OCI").

Initial measurement

Financial assets are initially measured at its fair value, plus transaction costs in the case of a financial asset not at fair value through profit or loss. Transaction costs of financial assets carried at fair value through profit or loss are recognised in profit or loss.

Subsequent measurement

Debt instruments

The Company uses two classifications to subsequently measure and recognize its debt instruments:

• *Amortised cost*

Financial assets held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI) are measured at amortised cost. A gain or loss on a debt investment subsequently measured at amortised cost and not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows meet the requirements as solely payment of principal and interest.

Time deposits, due from related parties and other receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest and are measured at amortised cost.

• *Fair value through other comprehensive income (FVOCI)*

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and profit, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, profit on financial instruments and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of income.

• *Fair value through profit or loss ("FVPL")*

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets that do not meet the criteria for subsequent recognition at amortised cost or FVOCI, are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and which is not part of a hedging relationship is recognised and presented net in the profit or loss in the period in which it arises.

AUDI CAPITAL COMPANY
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Notes to the financial statements for the year ended December 31, 2022
(All amounts in Saudi Riyals unless otherwise stated)

2 Significant accounting policies (continued)

2.2 Financial instruments (continued)

(i) Financial assets (continued)

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss even following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive dividend is established.

Changes in the fair value of equity instruments at fair value through profit or loss are recognised in statement of income.

De-recognition

A financial asset or a part of a financial asset is de-recognised when:

- a) The rights to receive cash flows from the asset have expired, or
- b) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - The Company has transferred substantially all the risks and rewards of the asset, or
 - The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment

The Company assesses on a forward-looking basis the Expected Credit Losses ("ECL") associated with its financial assets carried at amortised cost, which is either based on a 12-month ECL or life time ECL. The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or at amortized cost, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of financial liabilities not subsequently measured at fair value, net of directly attributable transaction costs.

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

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gains or losses on liabilities held for trading are recognised in profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

All other financial liabilities that are not carried at fair values are subsequently measured at amortized cost.

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(All amounts in Saudi Riyals unless otherwise stated)

2 Significant accounting policies (continued)

2.2 Financial instruments (continued)

(ii) Financial liabilities (continued)

Derecognition

A financial liability is derecognised 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in statement of income.

iii) Offsetting of financial instruments

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 assets and settle the liability simultaneously.

2.3 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that are directly attributable to the acquisition of the asset. Subsequent costs are included, if any, in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Repairs and maintenance costs are charged to statement of income during the period in which they are incurred.

The major categories of property and equipment are depreciated on a straight-line basis as follows:

Asset categories	Useful lives
Furniture, fixtures and improvements	10 years
Office equipment and computers	4 years
Motor vehicles	4 years

The Company allocates the amount initially recognized in respect of an item of property and equipment to its significant parts and depreciates separately each such part. The carrying amount of a replaced part is derecognized when replaced. Residual values, methods of depreciation and useful lives of the assets are reviewed annually and adjusted prospectively if appropriate. Impairment losses and gains on disposal of property and equipment are included in statement of income.

2.4 Intangible assets

Intangible assets of the Company comprise computer software.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment, if any.

Expenditure on internally developed software is recognized as an asset when the Company is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can reliably measure the costs to complete the development. The capitalized cost of internally developed software include all cost directly attributable to developing the software and is amortized over its useful life. Internally developed software is stated at capitalized cost less accumulated amortization and accumulated impairment, if an

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(All amounts in Saudi Riyals unless otherwise stated)

2 Significant accounting policies (continued)

2.4 Intangible assets (continued)

Amortization is recognized in the statement of income on a straight-line basis over the estimated useful life of the software from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is four years.

Amortization method, useful lives and residual values are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Subsequent expenditure on software is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed in statement of income.

2.5 Employees' end of service benefits

The Company operates a defined benefit scheme for its employees in accordance with labor regulations applicable in the Kingdom of Saudi Arabia. The cost of providing the benefits under the defined benefits scheme is determined using the projected unit credit method. Actuarial gains and losses are recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognized in equity and are not reclassified to statement of income in subsequent periods. Re-measurements are not reclassified to statement of income in subsequent periods.

Interest expense is calculated by applying the discount rate to the net defined benefit liability. The Company recognises the following changes in the net defined benefit obligation under 'general and administration expenses' in the statement of comprehensive income.

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

2.6 Accrued expenses

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

2.7 Zakat and income tax

Zakat

Zakat is provided for in accordance with the Saudi Arabian regulations and is charged to statement of income on an accrual basis. This is adjusted, if applicable, upon receiving the final zakat assessment.

Income tax

Income tax assets and liabilities for the year are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted at the reporting date in the Kingdom of Saudi Arabia where the Company operates and generates taxable income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation, and it establishes provisions where appropriate.

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Notes to the financial statements for the year ended December 31, 2022
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2 Significant accounting policies (continued)

2.7 Zakat and income tax (continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside statement of income is recognised outside statement of income. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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Notes to the financial statements for the year ended December 31, 2022
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2 Significant accounting policies (continued)

2.8 Provisions

Provisions for legal claims are recognized in other liabilities when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources embodying economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted where the effect is material.

2.9 Contingent liabilities

A contingent liability is disclosed where the existence of the obligation will only be confirmed by future events or where the amount of obligations cannot be measured with reasonable reliability. Contingent assets are not recognised, but are disclosed where an inflow of economic benefits is probable.

2.10 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less. These deposits are made with reputable banks and financial institutions within the Kingdom of Saudi Arabia.

2.11 Revenue

The Company recognises revenue under IFRS 15 using the following five steps model:

Step 1: Identify the contract with customer	A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2: Identify the performance obligations	A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3: Determine the transaction price	The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocate the transaction price	For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Recognise revenue	The Company recognises revenue (or as) it satisfies a performance obligation by transferring a promised good or service to the customer under a contract.

Based on the above five steps, the revenue recognition policies for the various revenue stream are as follow:

Dealing and brokerage income

Dealing and brokerage activities include trading in a security, whether as principal or agent, and to sale, purchase and to manage the subscription for/of underwriting securities. Income from dealing and brokerage services is recognized when the performance obligations have been satisfied.

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2 Significant accounting policies (continued)

2.11 Revenue (continued)

Managing income

Managing activities include managing securities and funds belonging to another person in circumstances involving the exercise of discretion. Management fees is recognised on an accrual basis over the period as the Company renders services. The performance fee income is based on a portfolio's performance. In many cases, these performance fees are highly susceptible to market volatility until they are crystallised or are no longer subject to claw back, which may be after the end of the reporting period.

In case of the Company, the effect of the claw back does not apply since the Company does not recognize any revenue against the performance fee until the end of the relevant period. If the benchmark has been achieved, this is when the performance fee is crystallized and recorded as revenue.

Advisory income

Advising activities include advising a person on the merits of dealing in a security or exercising any right to deal conferred by a security. This relates to income generated by providing financial advisory services to counterparties, individuals and institutional investors. The Company charges financial advisory service fees and recognises this as revenue upon delivery of services or once the performance obligation is fulfilled based on the agreement between the Company and the counterparty.

Arranging income

Arranging activities include introducing parties in relation to securities business, advising on corporate finance business or acting in a way to bring about a deal in a security. Revenue for arranging services is recognized at a point in time when the promises for the facilities are completed.

Custody income

Custody activities include safeguarding assets belonging to another person including securities, or arranging for another person to do so, and custody includes taking the necessary administrative measures. Revenue from custody activities are recognized once the performance obligation is fulfilled based on the agreement between the Company and the counterparty which is over time.

2.12 Net gain or loss on financial assets at fair value through profit or loss

Net gains or losses on financial assets at FVPL are changes in the fair value of financial assets held for trading or designated upon initial recognition as at FVPL and exclude interest and dividend income and expenses.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of the prior period's unrealised gains and losses on the disposal of financial instruments which were realised in the reporting period. Realised gains and losses represent the difference between an instrument's initial carrying amount and disposal amount, or cash payments or receipts made on derivative contracts (excluding payments or receipts on collateral margin accounts for such instruments).

2.13 Dividend income

Dividend income is recognised on the date when the Company's right to receive the dividend is established.

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2 Significant accounting policies (continued)

2.14 Interest revenue and expense

Interest revenue and expense are recognised in profit or loss for all interest-bearing financial instruments using the effective interest method. Gains and losses are recognised in the statement of comprehensive income when the assets and liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability or, when appropriate, a shorter period, to the gross carrying amount of the financial asset. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in dealing income /interest expense in the statement of income, if it does not qualify for capitalisation. Fee and commission income that are integral to EIR calculation are included in the measurement of the relevant assets. Fee and commission income that are not an integral part of the EIR calculation on a financial asset or liability are recognised when the related service is provided.

2.15 Fees and expenses

Fees related to managing, custody, arranging, advising, dealing, and other similar services are recognized when the related services are received.

General and administration expenses are mainly staff costs, professional fees and rent. All other expenses are classified based on their nature in statement of income.

2.16 Dividends

Final dividend is recognised as a liability in the Company's financial statements in the period in which it is approved by the Company's shareholders. Interim dividend is recorded as a liability when approved by the Board of Directors.

2.17 Leases

Right of use (RoU) assets / lease liabilities

On initial recognition, at 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 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 assets

The Company applies the cost model, and measures right of use assets 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.

If there are additional costs such as site preparation, non-refundable deposits, application money, other expenses related to the transaction, etc., these need to be added to the RoU asset value.

Lease liability

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:

- a) Increasing the carrying amount to reflect incremental financing rate on the lease liability;
- b) Reducing the carrying amount to reflect the lease payments made; and
- c) Re-measuring the carrying amount to reflect any re-assessment or lease modification.

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2 Significant accounting policies (continued)

2.17 Leases (continued)

The lease payments are discounted using the incremental borrowing rate, being the rate that the Company 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 recognised on a straight-line basis as an expense in the statement of 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.

The Company currently does not have any finance lease arrangements.

3 Significant accounting estimates and assumptions

The preparation of the Company's financial statements in accordance with IFRS as endorsed in KSA requires management to make 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 the asset or liability affected in future periods. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The key assumptions concerning the future and other key estimates made regarding uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

3.1 Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses).

3.2 Re-measurement of employees' EOSB liabilities

The cost of the defined benefit plan and the present value of the obligation are determined using actuarial valuation. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, and mortality rates.

3.3 Deferred income tax asset recognition

The recognised deferred tax asset represents income taxes recoverable through future deductions from taxable profits, and is recorded in the statement of financial position. Deferred income tax assets are recorded to the extent that realisation of the related tax benefit is probable. The future taxable profits and the amount of tax benefits that are probable in the future are based on a medium term business plan prepared by management and extrapolated results thereafter. The business plan is based on management expectations that are believed to be reasonable under the circumstances. Key assumption in the business plan is the extent that realisation of the related tax benefit is probable.

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4 Changes in accounting policies and disclosures

(i) New standards effective in current year

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022 but they had no material impact on these financial statements. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16

The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is ‘testing whether the asset is functioning properly’ when it assesses technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Reference to the Conceptual Framework – Amendments to IFRS 3

Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37

The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

Annual Improvements to IFRS Standards 2018–2020

- IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.
- IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent’s books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.
- IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis. Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

These amendments had no impact on the financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

(ii) Standards issued but not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early, and they do not have a significant impact on those financial statements.

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4 Changes in accounting policies and disclosures (continued)

(ii) Standards issued but not yet effective (continued)

The most significant of these are as follows:

Standards	Title	Effective date
IFRS 4	Insurance Contracts-Amendments regarding the expiry date of the deferral approach	1 January 2023
IAS1	Presentation of Financial Statements - Amendments regarding the classification of liabilities	1 January 2024
IFRS 16	Amendment to IFRS 16 – Leases on sale and leaseback	1 January 2024
IAS1	Narrow scope amendments to IAS1 , Practice statement 2	1 January 2023
IFRS 9	Amendments regarding the interaction of IFRS 4 and IFRS 9	1 January 2023
IFRS 17	Insurance Contracts - Amendments to address concerns and implementation challenges that were identified after IFRS 17	1 January 2023
IAS 8	Amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023
IFRS 10 & IAS 28	Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28	Deferred

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5 Property and equipment, net

	2022			
	Furniture, fixtures and improvements	Office equipment and computers	Motor vehicles	Total
Cost				
Balance as at January 1, 2022	6,080,433	10,018,729	75,000	16,174,162
Additions during the year	-	20,359	-	20,359
Balance as at December 31, 2022	6,080,433	10,039,088	75,000	16,194,521
Accumulated depreciation				
Balance as at January 1, 2022	6,022,413	9,072,831	75,000	15,170,244
Charge for the year	48,827	330,734	-	379,561
Balance as at December 31, 2022	6,071,240	9,403,565	75,000	15,549,805
Net book value	9,193	635,523	-	644,716
	2021			
	Furniture, fixtures and improvements	Office equipment and computers	Motor vehicles	Total
Cost				
Balance as at January 1, 2021	6,080,433	9,130,585	139,700	15,350,718
Additions during the year	-	888,144	-	888,144
Disposals during the year	-	-	(64,700)	(64,700)
Balance as at December 31, 2021	6,080,433	10,018,729	75,000	16,174,162
Accumulated depreciation				
Balance as at January 1, 2021	5,953,380	8,869,524	139,700	14,962,604
Charge for the year	69,033	203,307	-	272,340
Disposals during the year	-	-	(64,700)	(64,700)
Balance as at December 31, 2021	6,022,413	9,072,831	75,000	15,170,244
Net book value	58,020	945,898	-	1,003,918

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6 Intangible assets, net

Intangible assets comprise software that is depreciated on a straight-line basis.

	2022	2021
Cost		
At the beginning of the year	12,585,830	12,245,843
Additions during the year	-	339,987
At the end of the year	12,585,830	12,585,830
Accumulated amortization		
At the beginning of the year	12,359,377	11,484,493
Charge for the year	163,331	874,884
At the end of the year	12,522,708	12,359,377
Net book value	63,122	226,453

7 Investment at fair value through other comprehensive income (FVOCI)

Investments at FVOCI consists of the following debt instruments:

		As at December 31,	
	<i>Maturity date</i>	2022	2021
Foreign government notes-fixed rate	31-Jan-24	14,415,025	-
Foreign government notes-fixed rate	15-Mar-25	14,194,416	-
Corporate bond-fixed rate	16-Apr-24	7,287,378	-
Corporate bond-fixed rate	28-Mar-24	3,662,173	-
Corporate bond-fixed rate	27-Jan-24	5,571,875	-
Total		45,130,867	-

8 Margin lending

	As of December 31,	
	2022	2021
Margin lending	1,248,765	1,220,755

Margin lending represents securities lending transactions as allowed by the CMA. These are short term financing to customers bearing average annual interest at 2.16% (2021: 2.16%). The repayment period is 6 months and the loans are secured by local equities and units in open-ended funds provided by the customers. The ECL related to margin lending is insignificant as the Company is collateralises its margin lending facilities by 167%, and therefore management has not recorded such ECL in these financial statements.

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9 Accounts receivables, prepayments and other assets

	As at December 31,	
	2022	2021
Advance income tax receivable	5,943,342	6,328,989
Management and advisory fees receivable	2,895,572	6,489,413
Prepaid charges	954,665	629,872
Accrued special commission income	322,170	4,996
Advances to staff	159,276	169,268
Advance to supplier	142,170	370,264
Accrued brokerage income	18,885	78,338
Other	132,336	412,441
	10,568,416	14,483,581

10 Investments at fair value through profit or loss (FVPL)

During the previous year, the Company acquired 105,000 units of Audi Income Fund, which represents 21% of the fund's ownership.

	As at December 31,	
	2022	2021
Cost	3,944,863	4,629,686
Unrealised loss	(534,174)	(247,318)
Market value	3,410,689	4,382,368

11 Cash and cash equivalents

	As at December 31,	
	2022	2021
Cash in hand	30,030	18,396
Bank balances	2,884,847	50,754,200
Short term deposit	3,000,000	-
Cash and cash equivalent in statement of cash flow	5,914,877	50,772,596
Provision for expected credit losses	(4,918)	(182,894)
	5,909,959	50,589,702

As at December 31, 2022, short term deposits carry an average interest rate of 3.32% per annum.

The Company held its bank balances in local and international banks. As at December 31, 2022, the allowance for expected credit loss related to cash at bank is SR 4,918 (December 31, 2021: SR 182,894).

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12 Related party transactions and balances

The related parties of the Company comprise the shareholders and affiliated companies. The Company enters into transactions with related parties in the normal course of its business.

12.1 The following are details of related parties transactions during the year:

<i>Name</i>	<i>Relationship</i>	<i>Nature</i>	For the year ended December 31,	
			2022	2021
BAPB Holding Ltd.	Shareholder	Dealing loss	-	(64,818)
		Fee expense	(43,512)	(52,148)
Bank Audi SAL	Ultimate shareholder	General and administration expenses	(84,000)	-
Bank Audi Suisse	Shareholder	Dealing income	1,166,025	1,806,162
		Custody income	687,334	924,730
		Managing income	205,317	354,131
		Fee expense	(293,883)	(355,551)
		Special commissions	-	2,062,500
Arabian opportunity fund	Fund managed by the Company	Dealing income	-	12,472
		Managing income	-	93,125
Saudi opportunities fund	Fund managed by the Company	Dealing income	186,311	196,471
		Managing income	1,652,341	1,224,193
Audi income fund	Fund managed by the Company and an investee	Dealing income	100,543	215,570
		Managing income	148,940	188,661

The remuneration to the Board of Directors, Audit committee and key management personnel is as follows:

	As of December 31,	
	2022	2021
Board of Directors meeting attendance fees	200,000	200,000
Audit Committee meeting attendance fees	200,000	200,000
Key management personnel	2,380,800	4,212,046

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12 Related party transactions and balances (continued)

12.2 The following are details of related parties' balances as at December 31, 2022 and 2021:

<i>Name</i>	<i>Relationship</i>	<i>Nature</i>	<u>As of December 31,</u>	
			2022	2021
Bank Audi SAL	Ultimate shareholder	Cash and cash equivalents	10,148	(4,559)
		Accounts receivables, prepayments and other assets	19,790	14,732
		Accrued expenses and other payables	84,000	102,187
Bank Audi Suisse	Shareholder	Cash and cash equivalents	30,039	42,965,930
		Accounts receivables, prepayments and other assets	877,670	1,510,520
		Accrued expenses and other payables	229,425	112,261
Odea Bank A.S. Saudi opportunities fund	Affiliate Fund managed by the Company	Cash and cash equivalents	23,332	32,195
		Accounts receivables, prepayments and other assets	131,777	157,975
Audi income fund	Fund managed by the Company and an investee	Accounts receivables, prepayments and other assets	12,196	16,416

13 Share Capital

	<u>As at December 31,</u>	
	2022	2021
Ordinary shares	100,000,000	100,000,000

The Company's authorised share capital of SR 100 million (December 31, 2021: SR 100 million) is divided into 10 million shares (December 31, 2021: 10 million shares) of SR 10 each, which is fully paid.

14 Statutory Reserve

As required by the Saudi Arabian Companies' Law, the Company is required to set aside a statutory reserve, after absorption of accumulated losses, if any, by the appropriation of 10% of net income until the reserve equals at least 30% of the share capital. This reserve is not available for distribution. Since the Company has accumulated losses, therefore no transfer has been made in the current year.

15 Employees' end of service benefits

The movement in provision for end-of-service benefits for the year ended as follows:

	<u>As at December 31,</u>	
	2022	2021
Balance at the beginning of the year	2,842,233	4,830,533
Charge for the year	495,600	549,300
Remeasurement of employees' end of service benefits	(293,000)	(524,000)
Payments during the year	(51,854)	(2,013,600)
Balance at the end of the year	2,992,979	2,842,233

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15 Employees' end of service benefits (continued)

The charge for the year in statement of income comprises:

	As at December 31,	
	2022	2021
Current service cost	406,200	405,400
Interest cost	89,400	143,900
	495,600	549,300

Management carried out and exercises to assess the present value of its obligations, using the projected unit credit method.

Significant actuarial assumptions

The following were the principal actuarial assumptions used in the actuarial valuation:

	As at December 31,	
	2022	2021
Financial assumptions		
Discount rate	4.5%	2,75%
Salary growth rate	3.75%	3,75%
Demographic assumptions		
Retirement age	60 years	60 years

A quantitative sensitivity analysis for significant assumptions on the employees' end of service benefits are shown below:

	As at December 31,	
	2022	2021
Discount rate		
0.5 % increase	(49,800)	(55,500)
0.5% decrease	51,500	57,500
Future salary increases		
0.25% increase	51,700	56,800
0.25% decrease	(50,300)	(55,100)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of reporting period.

16 Accrued expenses and other payables

	As at December 31,	
	2022	2021
Accrued expenses	2,309,214	3,045,791
Accounts payables and other	1,335,465	1,169,693
Accrued staff bonus	-	1,046,634
	3,644,679	5,262,118

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17 Zakat and income tax

17.1 Charge / (reversal) for the year:

	Note	<u>As at December 31,</u>	
		2022	2021
Zakat	17.3.1	204	121
Deferred tax	17.3.3	(272,938)	(10,826,263)
Zakat and tax reversal for the year		(272,734)	(10,826,142)

17.2 The total provision for zakat and income tax as at December 31, 2022 is as follows:

	Note	<u>As at December 31,</u>	
		2022	2021
Zakat	17.3.1	503	483
Income tax	17.3.2	42,730	42,730
		43,233	43,213

17.3.1 Zakat

The zakat charge amounting to SR 204 (2021: SR 121) represents provision for the current year.

	<u>As at December 31,</u>	
	2022	2021
Share capital	100,000,000	100,000,000
Accumulated losses	(33,478,280)	(48,440,416)
Statutory reserve	10,398,896	10,398,896
Provisions	2,795,296	60,878,227
Other reserve	1,593,230	1,174,060
Other	43,029	43,092
	81,352,171	124,053,859
Book value of non-current assets	(707,838)	(1,230,371)
	80,644,333	122,823,488
Adjusted loss for the year	(1,464,003)	(53,459,111)
Zakat base	79,180,330	69,364,377
Saudi shareholders' share of the zakat base at 0.01% (2021: 0.01%)	8,169	8,358
Zakat charge at 2.5%	204	121

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17 Zakat and income tax (continued)

17.3.1 Zakat (continued)

Movements in provision during the year

The movement in the zakat provision for the year was as follows:

	2022	2021
At the beginning of the year	483	362
Charge for the year	204	121
Paid during the year	(184)	-
At the end of the year	503	483

17.3.2 Income tax

Charge for the year

During the current year, the Company provided for income tax of SR Nil (2021: SR Nil), relating to the non-Saudi shareholders' holding of 99.99% (2021: 99.99%) of the share capital.

Movements in provision during the year

The movement in the income tax provision for the year was as follows:

	2022	2021
At the beginning of the year	42,730	42,730
Charge for the year	-	-
Paid during the year	-	-
At the end of the year	42,730	42,730

17.3.3 Deferred tax

	As of December 31,	
	2022	2021
<i>Deferred tax asset- profit or loss</i>		
Employee defined benefit liabilities	1,055,503	966,781
Carried forward taxable losses	12,964,477	12,595,340
Property and equipment	1,405,900	1,590,820
<i>Deferred tax asset- other comprehensive income</i>		
Investments at FVOCI	271,924	-
	15,697,804	15,152,941

Deferred tax charged for the year amounting to SR 272,938 (2021: SR 10,826,263).

<i>Deferred tax liability- other comprehensive income</i>		
Employees' end of service benefits	456,908	398,308

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17 Zakat and income tax (continued)

17.3.4 Status of assessment

i. For the years from 2007 to 2008

On 26 July 2017, Higher Appeal Committee (“HAC”) issued its resolution in response to Company’s appeals relating to assessments for the years 2007 and 2008 in favor of the Company for almost all of the disputed items which resulted in a revised assessment issued by the Zakat, Tax and Customs Authority (the “ZATCA”) resulting in a refund of SR 5,272,130. Previously, the Company, based on its internal assessment, had only accounted for an advance tax amounting to SR 3,513,974 and therefore the Company recorded an additional tax credit during 2017.

Accordingly, the tax position for the year 2007 and 2008 was concluded as per the revised assessment issued by ZATCA based on its letter no. 11973/16/1439 dated 1/4/1439 corresponding to 19 December 2017. In addition, the Company has an advance tax payment of SR 1,056,808 paid during 2015. Therefore, the advance income tax balance as of 31 December 2021 amounts to SR 6,328,989.

ii. For the years from 2009 to 2012

During 2018, the Company received assessments from the ZATCA for the years 2009 to 2012 resulting in additional zakat, income tax and withholding tax liabilities amounting to a total of SR 4,235,607, in addition to delay penalties. The Company has filed an appeal providing its detailed arguments against such assessments. The ZATCA issued revised zakat and income tax assessments for the said years with additional zakat and tax liabilities amounting to a total of SR 288,953 in addition to delay penalties. The Company did not agree with the ZATCA’s revised assessments and escalated its case with the Committee for Resolution of Tax Violations and Disputes (CRTVD) through the General Secretariat of Tax Committees (GSTC) portal. The CRTVD issued its decision which was mostly in favor of the Company. ZATCA has appealed the decision with the Advanced Committee for Tax Violations and Dispute Resolution (ACTVDR) and the case is under technical study by ACTVDR. The Company’s management believes that there will be no additional tax and Zakat liabilities on top of the provision provided. Accordingly, no additional provision is made in these financial statements.

iii. For the years from 2013 to 2015

During 2019, the Company received assessments from the ZATCA for the years 2013 to 2015 resulting in additional zakat, income tax and withholding tax liabilities amounting to a total of SR 4,649,585, in addition to delay penalties. The Company filed an appeal providing its detailed arguments against such assessments. The ZATCA issued the revised assessments for the said years with additional zakat and income tax liabilities amounting to a total of SR 1,090,716 in addition to delay penalties. The Company did not agree with the ZATCA’s revised assessment and escalated its case with the CRTVD through the GSTC portal. During 2022, the CRTVD issued its decision which was partially in favor of the Company. With respect to the amount against the Company’s favor, the Company have utilized a part of advance income tax balance with ZATCA in the amount of SR 385,647 against Zakat and Withholdings tax dues benefiting from ZATCA amnesty from delay penalties. Therefore, the advance income tax balance has decreased to SR 5,943,342 as of 31 December 2022. ZATCA has appealed the decision with the ACTVDR and the case is under technical study. The Company’s management believes that there will be no additional tax and Zakat liabilities. Accordingly, no additional provision is made in these financial statements.

The Company has settled the principle amounts under dispute related to years from 2009 to 2015 appeal in order to avail the amnesty initiative lunched by ZATCA and waive-off all penalties imposed related to this litigation. However, the Company is still entitled to the disputed amounts in case the ACRTVD decision ruled in the Company’s favor for years from 2009 to 2015, in same manner to the CRTVD decision.

iv. For the years from 2016 to 2017

Additionally, on 8 July 2019, the Company received assessments from the ZATCA for the years 2016 and 2017. The assessment for 2016 resulted in additional zakat and tax liabilities amounting to a total of SR 377,737, in addition to delay penalties. The Company has filed an appeal providing its detailed arguments against such assessment.

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17 Zakat and income tax (continued)

17.3.4 Status of assessment (continued)

iv. For the years from 2016 to 2017 (continued)

The ZATCA issued the revised assessment for the said year with no additional tax or zakat liability without making any further changes. However, the Company did not agree with the ZATCA's revised assessment and escalated its case with the CRTVD through the GSTC portal. The CRTVD issued its decision which was in favor of ZATCA. The Company has appealed the decision with the ACTVDR through the GSTC portal. The ACTVDR has ruled partially in favor of the Company, however there is no changes in the deferred tax balance as the disputed income tax amount is still zero after the decision. In this respect, zakat and tax position is closed for the year 2016 due to the fact that the decision issued by ACRTVD is final and unappealable by neither the Company nor ZATCA.

Finally, the Company received a withholding tax assessment for December 2017 amounting to SR 58,088. The Company has filed an appeal providing its detailed arguments against such assessments. The ZATCA issued a revised assessment with an additional withholding liability amounting to SR 40,934, in addition to delay penalties. The Company has settled the principle amounts under dispute using its available tax advance asset balance with ZATCA in order to avail the amnesty initiative lunched by ZATCA and waive-off all penalties imposed related to this litigation as mentioned above.

v. For the years from 2018 to 2021

The Company has submitted its zakat and tax declarations with ZATCA and paid the zakat and tax due for the years 2018, 2019 and 2020. The Company has received the final assessment from ZATCA only for the year 2018 and not received yet for the years 2019 to 2021.

18 Dealing and brokerage income

18.1 Dealing income

	For the year ended December 31,	
	2022	2021
Special commission income	1,008,629	2,151,532
Dividend income	196,176	232,187
Loss / gain on disposal of investment at FVPL	(98,397)	126,522
Unrealized loss of investment at FVPL	(286,240)	(148,599)
Loss on disposal of investment at amortised cost	-	(64,818)
	820,168	2,296,824

18.2 Brokerage income

Brokerage income	2,438,131	4,511,812
Total dealing and brokerage income	3,258,299	6,808,636

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19 General and administration expenses

	For the year ended December 31,	
	2022	2021
Employee costs	9,859,207	10,586,190
Communication expenses	1,255,811	1,408,882
IT related expenses	1,165,712	1,342,165
Rent and utility expenses	1,051,248	970,069
Legal and professional fees	691,087	679,509
Depreciation and amortization expense (notes 5 and 6)	542,892	1,147,224
Board of Directors' and Audit Committee remuneration	400,000	400,000
Travel and related expenses	142,984	83,380
Regulatory fees	250,962	312,467
Right of use asset amortization	-	61,388
Other	320,908	642,184
	15,680,811	17,633,458

20 Other income, net

	For the year ended December 31,	
	2022	2021
Reversal of accruals from previous years	685,246	3,592
Foreign exchange loss, net	(53,465)	(12,160)
Gain on disposal of property and equipment	-	14,000
	631,781	5,432

21 Financial assets and financial liabilities

Set out below is an overview of financial assets held by the Company as at 31 December 2022 and 31 December 2021.

	As at December 31	
	2022	2021
<i>Financial assets at amortised cost</i>		
Cash and cash equivalents	5,909,959	50,589,702
Margin lending	1,248,765	1,220,755
Accounts receivables and other assets	3,341,986	7,143,631
	10,500,710	58,954,088
<i>Financial assets at fair value</i>		
Investments at FVPL	3,410,689	4,382,368
Investments at FVOCI	45,130,867	-
	48,541,556	4,382,368
Total current	13,911,399	63,336,456
Total non-current	45,130,867	-

Set out below is an overview of financial liabilities held by the Company as at December 31, 2022 and December 31, 2021.

	As at December 31	
	2022	2021
<i>Financial liabilities at amortised cost</i>		
Accrued expenses and other payables	3,644,679	5,262,118
	3,644,679	5,262,118
Total current	3,644,679	5,262,118
Total non-current	-	-

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22 Assets under management

These represent funds invested by the Company on behalf of its customers under a fiduciary arrangement. The investments are made in different financial instruments such as time placements, equity instruments, mutual funds and bonds. These amounts are summarized below.

December 31, 2022	Time deposits	Funds	Bonds	Equities	Total
Advisory clients	190,437,502	100,095,367	257,467,097	1,540,791,971	2,088,791,937
Managed mutual funds	6,549,998	-	15,842,559	72,043,313	94,435,870
Discretionary clients	11,528,057	-	-	200,529,110	212,057,167
	208,515,557	100,095,367	273,309,656	1,813,364,394	2,395,284,974

December 31, 2021	Time deposits	Funds	Bonds	Equities	Total
Advisory clients	218,500,493	118,743,398	310,275,818	1,972,606,446	2,620,126,155
Managed mutual funds	1,006,538	-	21,161,340	91,959,885	114,127,763
Discretionary clients	196,915	4,308,898	860,427	275,212,721	280,578,961
	219,703,946	123,052,296	332,297,585	2,339,779,052	3,014,832,879

Pledge to third parties

As at December 31, 2022, certain customers have pledged their investments, amounting to SR 21,278,757 (2021: SR 29,640,747), against their borrowings from the Company and from a third parties.

23 Fair value

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. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry Company, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When measuring the fair value, the Company uses market observable 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 (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows the carrying amounts and fair values 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.

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23 Fair value (continued)

Specific valuation techniques used to value financial instruments include:

- Quoted market prices / Net Asset Value or dealer quotes for similar instruments; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

As at 31 December 2022 the Company has SR 48,541,556 (2021: SR 4,382,368) financial assets measured at fair values, and no financial liabilities that are measured at fair values, which can be classified within level 2 of the fair value hierarchy. Other than the above, the fair values of all other financial assets and liabilities carried are not significantly different from their carrying amounts.

December 31, 2022	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at amortised cost					
Cash and cash equivalents	5,909,959	-	-	5,909,959	5,909,959
Margin lending	1,248,765	-	-	1,248,765	1,248,765
Accounts receivables and other assets	3,341,986	-	-	3,341,986	3,341,986
Financial assets measured at fair value					
Investments at FVPL	3,410,689	-	3,410,689	-	3,410,689
Investments at FVOCI	45,130,867	-	45,130,867	-	45,130,867
Total	59,042,266	-	48,541,556	10,500,710	59,042,266
Financial liabilities measured at amortised cost					
Accrued and other current liabilities	-	3,644,679	-	3,644,679	3,644,679
Total	-	3,644,679	-	3,644,679	3,644,679

December 31, 2021	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at amortised cost					
Cash and cash equivalents	50,589,702	-	-	50,589,702	50,589,702
Margin lending	1,220,755	-	-	1,220,755	1,220,755
Accounts receivables other assets	7,143,631	-	-	7,143,631	7,143,631
Financial assets measured at fair value					
Investments at FVPL	4,382,368	-	4,382,368	-	4,382,368
Total	63,336,456	-	4,382,368	58,954,088	63,336,456
Financial liabilities measured at amortised cost					
Accrued and other current liabilities	5,262,118	-	-	5,262,118	5,262,118
Total	5,262,118	-	-	5,262,118	5,262,118

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24 Financial risk and management objectives and policies

Introduction

The Company's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to market risk (which includes interest rate risk, currency risk and equity price risk), liquidity risk, operational risk and credit risk arising from the financial instruments it holds.

Risk management structure

The Company's Board of Directors is ultimately responsible for the overall risk management of the Company.

Risk measurement and reporting system

The Company's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses that are an estimate of the ultimate actual loss based on scenario analysis. The models make use of various stress testing and scenario analysis in order to report assumptions and results.

Monitoring and controlling risks is primarily set up to be performed based on limits established by the Board of Directors. These limits reflect the business strategy, including the risk that the Company is willing to accept and the market environment of the Company. In addition, the Board monitors and measures the overall risk in relation to the aggregate risk exposure across all risk type and activities.

Risk mitigation

The Company has investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy.

Excessive risk concentration

Concentration indicates the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location. Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowing facilities or reliance on a particular market in which to realise liquid assets. Concentrations of foreign exchange risk may arise if the Company has a significant net open position in a single foreign currency, or aggregate net open positions in several currencies that tend to move together.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio.

Credit risk

Credit risk refers to the risk that a party to a financial instrument will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of performing a risk assessment before entering in any relationship with the counterparty. The assessments are reviewed at least yearly. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such non-related counterparties. The Company maintains bank accounts with high credit rated financial institutions.

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24 Financial risk and management objectives and policies (continued)

Credit risk (continued)

The table below shows the Company's maximum exposure to credit risk for components of the statement of financial position.

	As at December 31,	
	2022	2021
Cash and cash equivalents	5,909,959	50,589,702
Margin lending	1,248,765	1,220,755
Accounts receivables and other assets	3,341,986	7,143,631
Investments at FVPL	3,410,689	4,382,368
Investments at FVOCI	45,130,867	-
	59,042,266	63,336,456

Cash equivalents

Credit risk on cash equivalents is limited as these balances are held with banks with sound credit ratings.

Credit concentration

Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

No significant concentrations of credit risk were identified by the management as at the reporting date other than bank balances held with Bank Audi Suisse, which is an independent affiliate bank registered in Switzerland.

Expected credit losses ("ECL") on financial assets

The measurement of ECL under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, 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 expert credit assessment including forward-looking information. The Company groups its financial assets into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: When loans are first recognised, the Company recognises an allowance based on 12 months ECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the Lifetime ECL. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3: Loans considered credit-impaired. The Company records an allowance for the Lifetime ECL.

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors, including a backstop based on delinquency. The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Bank's quantitative modeling, the remaining lifetime PD is determined to have increased significantly.

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24 Financial risk and management objectives and policies (continued)

Credit risk (continued)

The key inputs into the measurement of ECL are the term structure of the following variables:

- a. Probability of default (PD)
- b. Loss given default (LGD)
- c. Exposure at default (EAD)

These parameters are generally derived from internally developed statistical models, regulatory inputs (e.g. in case of LGD) and other historical data. They are adjusted to reflect forward-looking information as described above.

PD estimates are estimates at a certain date, which are calculated based on analytical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These analytical models are based on internally and externally compiled data comprising both quantitative and qualitative factors.

Where it is available, market data may also be used to derive the PD for large corporate counterparties. If a counterparty or exposure migrates between ratings classes, then this will lead to a change in the estimate of the associated PD. PD's are estimated considering the contractual maturities of exposures.

LGD is the magnitude of the likely loss if there is a default. The Company estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset.

Expected credit losses ("ECL") on financial assets

EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortization. The EAD of a financial asset is its gross carrying amount.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Company measures ECL considering the risk of default over the maximum contractual period over which it is exposed to credit risk, even if, for risk management purposes, the Company considers a longer period. ECL on margin lending is Nil due to the factors mentioned in Note 10.

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24 Financial risk and management objectives and policies (continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by ensuring that sufficient funds are available from shareholders and related parties at all times to meet any future commitments, and financing facilities are available. Financial liabilities comprise of other payables and these are due within one year. The undiscounted values of financial assets and financial liabilities of the Company at the reporting date are not materially different than their carrying values.

December 31, 2022	Less than 1 year	More than 1 year	Total
Financial assets			
Cash and cash equivalents	5,909,959	-	5,909,959
Margin lending	1,248,765	-	1,248,765
Accounts receivables and other assets	3,341,986	-	3,341,986
Investments at FVPL	3,410,689	-	3,410,689
Investments at FVOCI	-	45,130,867	45,130,867
	13,911,399	45,130,867	59,042,266
Financial liabilities			
Accrued and other current liabilities	3,655,933	-	3,655,933
	3,655,933	-	3,655,933
December 31, 2021			
Cash and cash equivalents	50,589,702	-	50,589,702
Margin lending	1,220,755	-	1,220,755
Accounts receivables and other assets	7,143,631	-	7,143,631
Investments at FVPL	4,382,368	-	4,382,368
	63,336,456		63,336,456
Financial liabilities			
Accrued and other current liabilities	5,262,118	-	5,262,118
	5,262,118	-	5,262,118

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Board of Directors has established limits on the interest gaps for stipulated periods. The Company's margin lending and investments in debt instruments carry fixed and accordingly management believes that the Company is not exposed to any significant interest rate risk.

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24 Financial risk and management objectives and policies (continued)

Market risk (continued)

Equity price risk

The value of equity investments is susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. As at 31 December 2022 and 31 December 2021, The Company is exposed to market risk with respect to its investments in mutual funds. The Company limits market risks by diversification of its investments.

Management's best estimate of the effect on statements of income and comprehensive income for a year due to a reasonably possible change in NAV and prices of listed equity securities, with all other variables held constant is indicated in the table below. An equivalent decrease shown below would have resulted in an equivalent, but opposite, impact.

Variable	Change in NAV%	Effect on the statement of income for the years ended	
		December 31, 2022	December 31, 2021
Net Asset Value (NAV)	+/-5	170,534	219,118
	+/-10	341,069	438,237

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company does not have any significant exposure to currency risk, as all its significant monetary assets and monetary liabilities are denominated in Saudi Riyals and US Dollars. The Company did not undertake significant transactions in currencies other than Saudi Riyals and US Dollars during the year and Saudi Riyals is pegged to the US Dollars thus the Company is not exposed to any currency risk.

Capital risk management

The objective of managing capital is to safeguard the Company's ability to continue as a going concern, so that it could continue to provide adequate returns to the shareholders by pricing products and services commensurate with the level of risk. It is the policy of the Company to maintain adequate capital base so as to maintain investor, creditor, and market confidence and to support future development of the business. The Company's capital base sufficiently covers all material risks meeting the minimum capital requirement and the Company intends to maintain a healthy capital ratio to cater future business growth.

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. As at December 31, 2022, the Company was in compliance with the externally imposed capital restrictions.

25 Subsequent events

As of the date of approval of these financial statements, there have been no significant subsequent events requiring disclosure to or adjustment in these financial statements.

26 Approval of the financial statements

The financial statements have been approved by the Board of Directors on March 26, 2023 (corresponding to 4 Ramadhan 1444H).