SAUDI VENTURE CAPITAL INVESTMENT COMPANY
(A Saudi Closed Joint Stock Company)

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2023

SAUDI VENTURE CAPITAL INVESTMENT COMPANY
(A Saudi Closed Joint Stock Company)
Financial statements and Independent auditor's report
For the year ended December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SAUDI VENTURE CAPITAL INVESTMENT COMPANY
[A SAUDI CLOSED JOINT STOCK COMPANY]

KHOBAR, KINGDOM OF SAUDI ARABIA
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

QUALIFIED OPINION

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Saudi Venture Capital Investment Company (the "Company") as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

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

- The statement of financial position as at 31 December 2023;
- The statement of income for the year then ended;
- The statement of comprehensive income / loss for the year then ended;
- The statement of changes in equity for the year then ended;
- The statement of cash flows for the year then ended, and;
- The notes to the financial statements, comprising material accounting policies and other explanatory information.

BASIS FOR QUALIFIED OPINION

The Company has receivable balances due from Venture Capital Bank B.S.C. (VC Bank), one of the major shareholders, amounting to Saudi Riyal 22,170,757 (December 2022: 22,170,757). The Company also has an investment in VC Bank amounting to Saudi Riyal 117,375 (December 2022: 117,375). Moreover, we were unable to obtain sufficient appropriate audit evidence by alternate means concerning the recoverability and fair value respectively of these balances. As a result of this matter, we were unable to determine whether any impact is required to be recognized in the statement of financial position as at 31 December 2023 and in the statement of comprehensive income / loss and statement of cashflows for the year ended 31 December 2023 and any breach in Company's regulation.

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

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SAUDI VENTURE CAPITAL INVESTMENT COMPANY
[A SAUDI CLOSED JOINT STOCK COMPANY] (2 /3)

KHOBAR, KINGDOM OF SAUDI ARABIA

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

MATERIAL UNCERTAINTIES RELATED TO GOING CONCERN

We draw attention to Note 1.1 to the accompanying financial statements, which states that the Company reported an income for the year ended 31 December 2023 amounting to SAR 2.21 million (2022: net loss SAR 3.81 million) and its accumulated losses as of the same date amounts to SAR 30.46 million (31 December 2022: SAR 30.59 million) representing 49% (31 December 2022: 49%) of the share capital which indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However, the Management of the Company is considering various strategic options to ensure the going concern of the Company including exploring new business opportunities and are also committed to recommend capital restructuring to the board, if required. Our opinion is not qualified in respect of these matters.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and Regulations for Companies and the Company's Article of Association and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.Those charged with governance, i.e. the Board of Directors/(Partners), are responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SAUDI VENTURE CAPITAL INVESTMENT COMPANY
[A SAUDI CLOSED JOINT STOCK COMPANY]

KHOBAR, KINGDOM OF SAUDI ARABIA

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

For Al-Bassam & Co.

البسام وشركاه
محاسبون قانونيون
C.R. 1010385804
License 520/11/323
Al-Bassam & Co.
Certified Public Accountants

Ahmed Abdulmajeed Mohandis
Certified Public Accountant
License No. 477
Riyadh: 29 March 2024
Corresponding to: 19 Ramadan 1445H

SAUDI VENTURE CAPITAL INVESTMENT COMPANY
(A Saudi Closed Joint Stock Company)
Statement of financial position
As at December 31, 2023
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the year ended December 31, 2023	December 31, 2022
Assets			
Current assets			
Cash and bank balances	3	**10,949,489**	10,820,878
Prepayments and other receivables-net	4	**11,780,085**	11,815,952
Total current assets		**22,729,574**	22,636,830
Non-current assets			
Investment held at fair value through other comprehensive income (FVOCI)	5	**3,474,129**	9,004,060
Term deposits - restricted	11.3	**10,447,564**	10,447,564
Property and equipment	6	**30,131**	33,110
Total non-current assets		**13,951,824**	19,484,734
Total assets		**36,681,398**	42,121,564
Liabilities and shareholders' equity			
Liabilities			
Current liabilities			
Accrued expenses and other current liabilities	7	**531,237**	2,110,295
Provision for zakat	8	**11,225,127**	16,946,626
Total current liabilities		**11,756,364**	19,056,921
Non-current liability			
Defined benefit obligations		**77,809**	36,728
Total liabilities		**11,834,173**	19,093,649
Equity			
Share capital	9	**62,383,860**	62,383,860
Fair value reserve - investments held at FVOCI	5.1	**(7,071,858)**	(8,768,666)
Accumulated losses		**(30,464,777)**	(30,587,279)
Total equity		**24,847,225**	23,027,915
Total liabilities and equity		**36,681,398**	42,121,564

The accompanying notes from 1 to 17 form an integral part of these financial statements.

SAUDI VENTURE CAPITAL INVESTMENT COMPANY
(A Saudi Closed Joint Stock Company)
Statement of income
For the year ended December 31, 2023
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the year ended December 31, 2023	For the year ended December 31, 2022
Operating income			
Special commission income on deposits		**-**	185,011
Total operating income		**-**	185,011
Other income		**1,377,685**	**-**
Operating expenses			
Salaries and employee related expenses		**(2,165,577)**	(878,698)
Other general and administrative expenses	10	**(1,783,636)**	(2,310,558)
Total operating expenses		**(3,949,213)**	(3,189,256)
Income / (loss) before zakat		**(2,571,528)**	(3,004,245)
Zakat – provision for the year	8	**4,777,016**	(802,225)
Net income / (loss) for the year		**2,205,488**	(3,806,470)

The accompanying notes from 1 to 17 form an integral part of these financial statements.

SAUDI VENTURE CAPITAL INVESTMENT COMPANY
(A Saudi Closed Joint Stock Company)
Statement of comprehensive income / loss
For the year ended December 31, 2023
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the year ended December 31, 2023	December 31, 2022
Net income / (loss) for the year		**2,205,488**	(3,806,470)
Other comprehensive loss:			
Items that will not be reclassified subsequently to the statement of income			
- Unrealised fair value loss on remeasurement of investments held at FVOCI	5.1	**(178,745)**	(971,374)
- Exchange (loss) / gain on remeasurement of investments held at FVOCI	5.1	**(207,433)**	(1,708,365)
Other comprehensive income / (loss) for the year		**(386,178)**	(2,679,739)
Total comprehensive income / (loss) for the year		**1,819,310**	(6,486,209)

The accompanying notes from 1 to 17 form an integral part of these financial statements.

SAUDI VENTURE CAPITAL INVESTMENT COMPANY
(A Saudi Closed Joint Stock Company)
Statement of changes in equity
For the year ended December 31, 2023
(All amounts in Saudi Riyals unless otherwise stated)

	Note	Share capital	Re-measurement reserve for employees' EOSB	Fair value reserve -investment held at FVOCI	Accumulated losses	Total
Balance at January 1, 2023		**62,383,860**	**-**	**(8,768,666)**	**(30,587,279)**	**23,027,915**
Net income for the year		**-**	**-**	**-**	**2,205,488**	**2,205,488**
Other comprehensive loss for the year	5.1	**-**	**-**	**(386,178)**	**-**	**(386,178)**
Total comprehensive income for the year				**(386,178)**	**2,205,488**	**1,819,310**
Transfers to retained earnings		**-**	**-**	**2,082,986**	**(2,082,986)**	**-**
Balance at December 31, 2023		**62,383,860**	**-**	**(7,071,858)**	**(30,464,777)**	**24,847,225**
Balance at January 1, 2022		62,383,860	-	(7,111,106)	(25,758,630)	29,514,124
Net loss for the year		-		-	(3,806,470)	(3,806,470)
Other comprehensive loss for the year	5.1	-	-	(2,679,739)	-	(2,679,739)
Total comprehensive loss for the year			-	(2,679,739)	(3,806,470)	(6,486,209)
Transfers to retained earnings		-	-	1,022,179	(1,022,179)	-
Balance at December 31, 2022		62,383,860	-	(8,768,666)	(30,587,279)	23,027,915
Balance at January 1, 2023		62,383,860	-	(8,768,666)	(30,587,279)	23,027,915

The accompanying notes from 1 to 17 form an integral part of these financial statements.

SAUDI VENTURE CAPITAL INVESTMENT COMPANY
(A Saudi Closed Joint Stock Company)
Statement of cash flows
For the year ended December 31, 2023
(All amounts in Saudi Riyals unless otherwise stated)

		For the year ended	
	Note	**December 31, 2023**	December 31, 2022
Cash flows from operating activities			
Loss before zakat		**(2,571,528)**	(3,004,245)
Adjustments for non-cash charges and other items			
Depreciation	6	**10,330**	1,334
(Reversal) / charge for employees' EOSB		**41,081**	29,728
Special commission income on deposits		**-**	(185,011)
Changes in working capital:			
Prepayments and other receivables – net		**35,867**	(215,907)
Accrued expenses and other liabilities		**(1,579,058)**	133,867
Zakat paid	8.2	**(944,484)**	(1,919,160)
Net cash used in operating activities		**(5,007,792)**	(5,159,393)
Cash flows from investing activities			
Purchases of property and equipment	6	**(7,351)**	(34,444)
Proceed from sale of investment		**5,143,754**	3,433,439
Special commission income received on deposits		**-**	185,011
Net cash generated from investing activities		**5,136,403**	3,584,006
Net change in cash and cash equivalents		**128,611**	(1,575,387)
Cash and cash equivalents at the beginning of the year		**10,820,878**	12,396,265
Cash and cash equivalents at the end of the year	3	**10,949,489**	10,820,878

The accompanying notes from 1 to 17 form an integral part of these financial statements.

1. General

Saudi Venture Capital Investment Company (the "Company") is a Saudi Closed Joint Stock Company. The Company obtained a license number 09139-36 dated Jumada Thani 29, 1430H (corresponding to June 22, 2009) from the Capital Market Authority ("CMA"). Subsequently the Company obtained a new license number 12165-37 dated Muharam 07, 1434H (corresponding to December 9, 2012). The Company is registered under commercial registration number 2051064716 dated Dhul Al Hijjah 20, 1438H (corresponding to September 11, 2017) and ministerial resolution number 6-Q dated Muharram 5, 1432H (corresponding to December 11, 2010). The Company was authorised by CMA to commence business on Rajab 12, 1432H (corresponding to June 14, 2011). The objectives of the Company are to provide advisory and arranging services.

The registered address of the Company is Al-Subaie Towers, P.O. Box 5316, King Fahd Ibn Abdul Aziz road, Al Khobar 34433 - 6079, Kingdom of Saudi Arabia.

1.1 Material uncertainty related to going concern

The Company has earned income for the year ended 31 December 2023 amounting to Saudi Riyals ("SR") 2.21 million (2022: net loss 3.8 million) but reported negative operating cashflows of SR 5 million during the current year (2022: SR 5.2 million). Further, as at December 31, 2023, the Company has accumulated losses amounting to SR 30.46 million (2022: SR 30.58 million) which is approximately 49% (2022: 49%) of the share capital of the Company. It is expected that, in future, the Company may breach the Regulation for Companies requirement pertaining to accumulated losses not exceeding 50% of the share capital of the Company and accordingly may not be able to continue its operations. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However, the Management of the Company is considering various strategic options to ensure the going concern of the Company including exploring new business opportunities and are also committed to recommend capital restructuring to the board, if required. Accordingly, these financial statements have been prepared on a going concern basis.

2. Material accounting policies

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

2.1 Basis of preparation and statement of compliance

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

The financial statements have been prepared on a going concern basis under historical cost convention, except for Investments carried at fair value through other comprehensive income ("FVOCI") and Employees' post-employment benefits that is recognized at the present value of future obligations using the Projected Unit Credit Method.

The assets and liabilities of the Company are presented in the order of liquidity in the statements of financial position.

2.2 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). These financial statements are

2. Material accounting policies (continued)

2.2 Functional and presentation currency (continued)

presented in Saudi Arabian Riyal ("SAR") which is both the Company's functional and presentation currency. All financial information has been rounded to nearest Riyal, unless otherwise mentioned.

Foreign currency transactions are translated into SAR using the exchange rates prevailing at the date of transactions. Foreign currency assets and liabilities are translated into SAR using the exchange rates prevailing at the statement of financial position date. Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

2.3 Critical accounting estimates and judgments

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

The key assumptions concerning the future and other key sources of estimation 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 accounting period, are described below. 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.

In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to these financial statements:

a) Use of judgements

Going concern

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

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks, and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relates to the Company's core operations.

2. Material accounting policies (continued)

2.3 Critical accounting estimates and judgments (continued)

a) Use of judgements *(continued)*

Business model assessment

Classification and measurement of financial assets depend on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held.

Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

Measurement of fair values

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

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted priced 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).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between the levels of the fair value hierarchy at the end of the reporting year during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 18 of these financial statements.

b) ***Use of estimates***

Impairment of non-financial assets

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

2. Material accounting policies (continued)

2.3 Critical accounting estimates and judgments (continued)

***b) Use of estimates* (continued)**

Impairment of non-financial assets (continued)

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

Actuarial valuation of employee benefits liabilities

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

In order to determine the liability, the Company performed detailed actuarial valuation of its Employee Benefits.

Useful lives of Property and equipment and Intangibles

The Company's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charges would be adjusted where the management believes the useful lives differ from previous estimates.

Intangible assets that have a finite useful life are amortized over their estimated useful life. Determining the estimated useful life of these intangible assets requires an analysis of circumstances and judgment by the company’s management. Intangible assets are assessed for indications of impairment at the period end or more frequently when events or circumstances suggest that impairment indications are present and if so, these assets are subject to impairment review.

Provision for zakat and income tax
The calculation of the Company’s zakat and income tax charge necessarily involves a degree of estimation and judgment in respect of certain items whose treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material profits or losses and/or cash flows.

Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortized cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour.

(All amounts in Saudi Riyals unless otherwise stated)

2. Material accounting policies (continued)

2.3 Critical accounting estimates and judgments (continued)

b) Use of estimates (continued)

Measurement of the expected credit loss allowance (continued)

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

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing group of similar financial assets for the purposes of measuring ECL.

2.4 New standards, interpretations and amendments

Amendments

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

New amendments to standards issued and applied effective in the year 2023

Standard, interpretation, amendments	Description	Effective date
IFRS 17, 'Insurance contracts'	This standard replaces IFRS 4, which permits a wide variety of practices in accounting for insurance contracts.	01 January 2023
Narrow scope amendments to IAS 1	Practice statement 2 and IAS 8 - The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	01 January 2023
Amendment to IAS 12 - deferred tax related to assets and liabilities arising from a single transaction -	There amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.	01 January 2023
Amendment to IAS 12 - International tax reform - pillar two model rules -	These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.	01 January 2023
Amendments to IAS 8	Definition of accounting estimates	01 January 2023

(All amounts in Saudi Riyals unless otherwise stated)

2. Material accounting policies (continued)

2.4 New standards, interpretations and amendments

New standards not yet effective

Standard, interpretation, amendments	Description	Effective date
Amendment to IFRS 16 – Leases on sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	1 January 2024
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	1 January 2024
Amendment to IAS 1 – Non-current liabilities with covenants	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	1 January 2024
IFRS S1 & IFRS S2, 'General requirements for disclosure of sustainability-related financial information	This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.	1 January 2024 subject to endorsement from SOCPA
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28	(Available for optional adoption/effective date deferred indefinitely)

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

2. Material accounting policies (continued)

2.5 Cash and bank balances

Cash and bank balances are carried at amortised cost in the statement of financial position.

For the purpose of statement of cash flows, cash and cash equivalents include cash in hand, balances with banks and other short-term highly liquid investments, if any, with original maturities of three months or less from the purchase date but does not include any restricted balances.

2.6 Financial instruments

2.6.1 Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. The Company records investments on a ‘settlement date’ basis.

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

2.6.2 Classification and subsequent measurement of financial assets

On initial recognition, the Company classifies its financial assets in the following measurement categories:
- Amortised cost
- Fair value through statement of income (FVSI)
- Fair value through other comprehensive income (FVOCI)

<u>Debt instruments</u>

Debt instruments are those instruments that meet the definition of a financial liability from the issuer’s perspective.

Classification and subsequent measurement of debt instruments depend upon:
- The Company’s business model for managing the asset; and
- The contractual cash flow characteristics of the asset.

Business model: The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company’s objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of ‘other’ business model and measured at FVSI.

Factors considered by the Company in determining the business model for a group of assets include:
- past experience on how the cash flows for these assets were collected;
- how the asset’s performance is internally evaluated and reported to key management personnel;
- how risks are assessed and managed; and
- how managers are compensated.

2. Material accounting policies (continued)

2.6 Financial instruments (continued)

2.6.2 Classification and subsequent measurement of financial assets (continued)

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Debt securities held for trading, if any, are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in 'other' business model and measured at FVSI.

SPPP: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payment of principal and profit (the "SPPP" test). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. profit (or special commission income) includes only consideration for the time value of resources, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVSI.

Based on these factors, the Company classifies its debt instruments into one of the following three measurement categories:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and profit (SPPP), and that are not designated at FVSI, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 2.3. Profit earned from these financial assets is recognised in the statement of income using the effective commission rate method.

Fair value through statement of income (FVSI): If debt instrument's cash flows do not represent SPPP or if it is not held within the held to collect or the held to collect and sell business model, or if it is designated at FVSI, where cashflows do not represent SPPP, then it is measured at FVSI. A gain or loss on a debt instruments measured at FVSI is recognised in the statement of income, within "Net gain / (loss) on investments mandatorily measured at FVSI", in the period in which it arises. A gain or loss on debt instruments that were designated at FVSI or which are held for trading are presented separately from debt investments that are mandatorily measured at FVSI, within "Net gain / (loss) on investments designated at FVSI or held for trading".

Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and profit, and that are not designated at FVSI, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, special commission income and foreign exchange gains and losses on the instrument's amortised cost which are recognized in statement of income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to statement of income.

2. Material accounting policies (continued)

2.6 Financial instruments (continued)

2.6.2 Classification and subsequent measurement of financial assets (continued)

The SPPP assessment is performed on initial recognition of an asset and it is not subsequently re-assessed.

The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the year.

Currently bank balances, term deposits and other receivables are classified as held at amortised cost. There are no debt securities classified as FVSI or FVOCI.

Equity instruments

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

The Company subsequently measures all equity investments at FVSI, except where the Company has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The Company's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to trade. When this election is used, fair value gains and losses are recognised in other comprehensive income and are not subsequently reclassified to the statement of income, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in the statement of income when the Company's right to receive payments is established.

The Company has irrevocably designated all equity investments at FVOCI. Re-measurement of these equity instruments are carried at fair value and is recognised in the statement of comprehensive income, within "Fair value gain / (loss) on remeasurement of investments held at FVOCI", in the period in which it arises. The exchange gain / (loss) is also recognised in statement of comprehensive income, within "Exchange gain on remeasurement of investments held at FVOCI", in the period in which it arises.

2.6.3 Impairment of financial assets

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

IFRS 9 outlines a 'three stage' model for impairment based on changes in credit quality since initial recognition as summarised below:
(i) A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored.

2. Material accounting policies (continued)

2.6 Financial instruments (continued)

2.6.3 Impairment of financial assets (continued)

(ii) If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.
(iii) If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.
(iv) Financial instrument in Stage 1 have their ECL measured at an amount equal to the portion of expected credit losses that result from the default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
(v) A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.
(vi) Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

Stage 1: (Initial recognition) 12-month expected credit losses
Stage 2: (Significant increase in credit risk since initial recognition) Lifetime expected credit losses
Stage 3: (Credit impaired assets) Lifetime expected credit losses

The financial assets of the Company that are subject to ECL review include bank balances, term deposits and other receivables.

The impact of ECL on the financial assets of the Company is not significant. A significant exposure of the Company is receivable from related parties and placement with a related party which are payable on demand and expected to be settled in full in the next 12 months. Other exposure includes placement with a bank which has a sound credit rating as at the reporting date. Hence, the Company considers that receivables, placement with a related party and bank balances have low credit risk.

2.6.3.1 Stages of impairment under IFRS 9

The impairment approach of IFRS 9 provides a framework for ECL where in, the assets have to be segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial asset. The three stages differ in terms of recognition of expected credit losses and the presentation of special commission income.

Stage 1 - Performing financial assets

Stage 1 assets are assessed based on Company's existing credit risk management standards for acceptable credit quality. Overall the financial assets falling under this category have the following characteristics at minimum:

- Adequate capacity to meet its contractual cash flow obligations in the near term; and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability to fulfil its obligations.

Stage 2 - Financial assets with significant increase in credit risk

These are financial assets whose credit quality has deteriorated significantly since origination but do not have objective evidence of impairment.

Stage 3 - Credit impaired financial assets

2. Material accounting policies (continued)

2.6 Financial instruments (continued)

2.6.3 Impairment of financial assets (continued)

Financial assets classified under this category have exceeded either the objective thresholds set by the Company or have been subjectively considered as obligors which lack a capacity to repay their contractual obligations, on a timely basis.

The Company considers "Default" event when the obligor is unlikely to pay for its credit obligations in full, without recourse by the Company to the actions such as realizing security (if held).

2.6.3.2 Transfer criterions

Other receivables

Stage 1 to Stage 2

- If the amount is more than 30 days past due.

Stage 2 to Stage 3

- If the amount is more than 90 days past due.

2.6.3.3 Expected credit loss measurement

Other receivables

Staging criteria:
Staging is done in accordance with criteria mention in note 2.3.3.1 and 2.3.3.2

Significant increase in credit risk:
The Company considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria:
The increase in the days past due of the counterparty by 30 days or more at the reporting date.

Qualitative criteria:
If the counterparty meets one or more of the following criteria:

- Extension to the terms granted.
- Previous arrears within the last 12 months.
- Significant adverse changes in business, financial and/or economic conditions in which the counterparty operates.
- Actual or expected forbearance or restructuring.
- Actual or expected significant adverse change in operating results of the counterparty.

Definition of default:
The Company considers a financial asset to be in default when:

2. Material accounting policies (continued)

2.6 Financial instruments (continued)

2.6.3 Impairment of financial assets (continued)

2.6.3.3 Expected credit loss measurement (continued)

- the borrower is unlikely to pay its credit obligations to the Company in full; or
- the borrower is past due more than 90 days on any material credit obligation to the Company.

In assessing whether a borrower is in default, the Company considers indicators that are:

- qualitative – e.g. breaches of covenant;
- quantitative – e.g. overdue status and non-payment on another obligation of the same issuer to the Company; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

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

- probability of default (PD);
- loss given default (LGD);
- exposure at default (EAD).

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described below.

PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These

Measurement of ECL: (continued)

statistical models are based on internally compiled data comprising both quantitative and qualitative factors. PDs are estimated considering binomial distribution of total borrowers and total defaults. The choice of confidence level is subjective and a confidence level of below 90% is used for calculation of PD.

LGD is the magnitude of the likely loss if there is a default. As the Company has no loss history, an expert judgment-based model has been developed, based on the available information with the Company.

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 amortisation. The EAD of a financial asset is its gross carrying amount.

2.6.4 Fair valuation estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

2. Material accounting policies (continued)

2.6 Financial instruments (continued)

2.6.4 Fair valuation estimation (continued)

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

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

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

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

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

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

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

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

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

The Company applies the fair value of a financial instrument on initial recognition as normally the transaction price - i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in statement of income on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

2. Material accounting policies (continued)

2.6 Financial instruments (continued)

2.6.5 Derecognition of financial instruments

A financial asset is derecognized, when the contractual rights to the cash flows from the financial asset expire or the asset is transferred, and the transfer qualifies for de-recognition. In instances where the Company is assessed to have transferred a financial asset, the asset is derecognized if the Company has transferred substantially all the risks and rewards of ownership. Where the Company has neither transferred nor retained substantially all the risks and rewards of ownership, the financial asset is derecognized only if the Company has not retained control of the financial asset. The Company recognizes separately as assets or liabilities any rights and obligations created or retained in the process.

A financial liability is derecognized only when it is extinguished, that is when the obligation specified in the contract is either discharged, cancelled or expired.

2.6.6 Offsetting of financial instruments

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is an enforceable legal right to offset the recognized amounts and an intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. The Company has offsetted the payable to the shareholder relating to reduction of share capital against the receivable from shareholder as presented on net basis on note 4 to these financial statements. The Company has legally enforceable right to settle these balances on the net basis.

2.7 Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the expenditure that is directly attributable to the acquisition of the items and borrowing cost (where applicable). Normal repair and maintenance costs are recognized in the statement of income as and when incurred.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits will follow to the entity and the cost of that item can be measured reliably.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	Years
Leasehold improvements	5
Furniture, fixtures and office equipment	4
Motor vehicles	5

Leasehold improvements are amortised on a straight-line basis over the shorter of the useful life of the improvement or the estimated term of the lease.

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

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

2. Material accounting policies (continued)

2.8 Impairment of non-financial assets

Property and equipment and other non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of income.

2.9 Accrued expenses and other current liabilities

Liabilities are recognised for amounts to be paid for goods and services received, whether or not billed to the Company. These are carried at amortised cost.

2.10 Provisions

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

2.11 Defined benefit obligations

The employees' EOSB provision is made based on an actuarial valuation of the Company's liability under the Saudi Arabian Labour Law.

In accordance with the provisions of IAS 19 "Employee benefits", management carries out an exercise to assess the present value of its obligations, using the projected unit credit method. Under this method an assessment is made of the employees' expected service life with the Company and expected salary at the date of leaving the service.

The cost of providing benefits under the Company's defined benefit plans is determined using the projected unit credit method by professionally qualified actuaries and arrived at using actuarial assumptions based on market

2. Material accounting policies (continued)

2.11 Defined benefit obligation (continued)

expectations at the date of statement of financial position. These valuations attribute entitlement benefits to the current period (to determine current service cost), and to the current and prior periods (to determine the present value of defined benefit obligations). Re-measurements, comprising of actuarial gains and losses, are recognized immediately in the statement of financial position with a corresponding debit or credit to re-measurement reserve for employees' EOSB through statement of comprehensive income in the period in which these occur. These re-measurements' gain / loss is not reclassified to statement of income in subsequent periods.

Past service costs are recognized in statement of income on the earlier of:
- the date of the plan amendment or curtailment; and
- the date that the Company recognizes restructuring-related costs

Net interest is calculated by applying a discount rate to the net defined benefit liability. The defined benefit liability in the statement of financial position comprises the present value of the defined benefit obligation (using a discount rate). The Company is operation with very small number of staff therefore the current accrual is based on the requirements of the Saudi Labour Law.

2.12 Statutory reserve

As required by Saudi Arabian Regulations for Companies, 10% of the net income for the year, after absorption of accumulates losses, is transferred to a statutory reserve. The Company may resolve to discontinue such transfers when the reserve totals 30% of its share capital. The reserve is not available for distribution to the Company's shareholders.

Due to accumulated losses, no such transfers were made during the years ended December 31, 2022 and 2021.

2.13 Zakat and income taxes

In accordance with the regulations of the Zakat, Tax and Customs Authority (the "ZATCA"), the Company is subject to zakat on their local and Gulf Cooperation Council ("GCC") registered shareholders.

<u>Zakat</u>

Zakat is calculated based on higher of estimated zakat base and adjusted net profit and charged to the statement of income. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined. to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

<u>Withholding taxes</u>

The Company also withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

2.14 Value added tax (VAT)

The Company is subject to VAT in accordance with the regulations in the Kingdom of Saudi Arabia. Output VAT, if any, related to revenue is payable to tax authorities on the earlier of:

(a) collection of receivables from customers, or
(b) delivery of services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice.

2. Material accounting policies (continued)

2.14 Value added tax (VAT) (continued)

The tax authorities permit the settlement of VAT on a net basis. VAT related to sales/services and purchases is recognised in the statement of financial position on a gross basis and disclosed separately as an asset and a liability.

2.15 Assets held in trust or in a fiduciary capacity

If the Company holds assets in a trust or in a fiduciary capacity, such assets are not treated as assets of the Company and accordingly are not included in the financial statements. However, currently the Company does not hold any such assets.

2.16 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.

Currently, the Company has no revenue stream which are assessed as per above five steps.

2.17 Special commission income / expense

Special commission income / expense is recognized on effective commission rate basis.

The effective commission rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset / liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset / liability. When calculating the effective commission rate, the Company estimates future cash flows considering all contractual terms of the financial instrument but not future credit losses.

The carrying amount of the financial asset / liability is adjusted if the Company revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective commission rate and the change in carrying amount is recorded as impairment losses.

2.18 Expenses

All expenses are classified as general and administrative expenses.

(All amounts in Saudi Riyals unless otherwise stated)

2. Material accounting policies (continued)

2.19 Foreign currencies transactions and balances

Transactions in foreign currencies are translated into Saudi Riyals at the exchange rates prevailing at the dates of the transaction. Assets and liabilities denominated in foreign currencies at the period-end are translated into Saudi Riyals at the exchange rates prevailing at the statement of financial position date. Realized and unrealized gains or losses on exchange are credited or charged to the statement of income.

Translation at year-end rates does not apply to non-monetary items that are measured at historical cost. Non-monetary items measured at fair value in a foreign currency, including equity investments, are translated using the exchange rates at the date when the fair value was determined. Effects of exchange rate changes on non-monetary items measured at fair value in a foreign currency are recorded as part of the fair value gain or loss.

2.20 Contingent assets and 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 recognized but are disclosed where an inflow of economic benefits is probable.

3. Cash and bank balances

	December 31, 2023	December 31, 2022
Bank balances	**10,949,489**	10,820,878

3.1 These are placed in current accounts.

4. Prepayments and other receivables-net

	Note	**December 31, 2023**	December 31, 2022
Receivable from a major shareholder	11.1	**11,534,751**	11,534,751
Prepaid expenses		**112,563**	84,532
Other		**132,771**	196,669
		11,780,085	11,815,952

5. Investments held at fair value through other comprehensive income (FVOCI)

	Note	**December 31, 2023**	December 31, 2022
Investments - arranged through Venture Capital Bank (VC)			
Real estate - United Kingdom	11.1	**3,356,754**	8,886,685
Investment in a shareholder company			
Investment banking (Islamic) – GCC	11.1	**117,375**	117,375
Total carrying value		**3,474,129**	9,004,060

(All amounts in Saudi Riyals unless otherwise stated)

5. Investments held at fair value through other comprehensive income (FVOCI) (continued)

5.1 The movement in investments held at FVOCI was as follows:

(a) Cost:	**December 31, 2023**	December 31, 2022
Opening cost	**17,772,726**	22,228,345
Sale of Real estate – United Kingdom	**(7,226,739)**	(4,455,619)
Closing balance	**10,545,987**	17,772,726

(b) Fair value reserve - investment held at FVOCI:	**December 31, 2023**	December 31, 2022
Opening balance	**(8,768,666)**	(7,111,106)
Fair value loss on remeasurement of investments held at FVOCI	**(178,745)**	(971,374)
Exchange loss on remeasurement of investments held at FVOCI	**(207,433)**	(1,708,365)
	(386,178)	(2,679,739)
Transfer to retained earnings on disposal	**2,082,986**	1,022,179
Closing balance	**(7,071,858)**	(8,768,666)
Total carrying value ((a) +(b))	**3,474,129**	9,004,060

6. Property and equipment, net

2023	**Leasehold improvements**	**Furniture, fixtures and office equipment**	**Motor vehicles**	**Total**
Cost:				
At the beginning of the year	**212,000**	**873,424**	**347,550**	**1,432,974**
Additions during the year	**-**	**7,351**	**-**	**7,351**
	212,000	**880,775**	**347,550**	**1,440,325**
Accumulated depreciation:				
At the beginning of the year	**212,000**	**840,314**	**347,550**	**1,399,864**
Charge for the year	**-**	**10,330**	**-**	**10,330**
	212,000	**850,644**	**347,550**	**1,410,194**
Net book value:				
At December 31, 2023	**-**	**30,131**	**-**	**30,131**

(All amounts in Saudi Riyals unless otherwise stated)

6. Property and equipment, net (continued)

2022	**Leasehold improvements**	**Furniture, fixtures and office equipment**	**Motor vehicles**	**Total**
Cost:				
At the beginning of the year	212,000	838,980	347,550	1,398,530
Additions during the year	-	34,444	-	34,444
	212,000	873,424	347,550	1,432,974
Accumulated depreciation:				
At the beginning of the year	212,000	838,980	347,550	1,398,530
Charge for the year	-	1,334	-	1,334
	212,000	840,314	347,550	1,399,864
Net book value:				
At December 31, 2022	-	33,110	-	33,110

7. Accrued expenses and other current liabilities

	Note	**December 31, 2023**	December 31, 2022
Independent directors' fees		**-**	1,192,500
Professional fees		**3,000**	106,000
Accrued social security payable	7.1	**9,741**	224,625
Other		**518,496**	587,170
		531,237	2,110,295

7.1 This balance represents social insurance payable to the General Organization for Social Insurance ("GOSI") for the employees. The Company has paid SAR 43,465 during the year in respect of social insurance (2022: SAR 37,055).

8. Provision for Zakat

8.1 Zakat

The significant components of the Company's approximate zakat base for the year ended December 31,2023 principally comprised the following:

	December 31, 2023	December 31, 2022
Share capital	**62,383,860**	62,383,860
Accumulated losses for zakat (adjusted with provision additions)	**(27,845,081)**	(19,398,074)
Book value of long-term assets, as adjusted	**(3,504,260)**	(9,037,170)
Estimated zakat base	**31,034,519**	33,948,616
Zakat @ 2.578% excluding net adjusted loss	**799,972**	875,078
Zakat @ 2.5% for net adjusted loss	**(96,806)**	(72,863)
	703,166	802,225

(All amounts in Saudi Riyals unless otherwise stated)

8. Provision for Zakat (continued)

8.2 Movement in provision for zakat

	Note	December 31, 2023	December 31, 2022
Opening balance		**16,946,626**	18,063,562
Charge for the year			
- Current	8.1	**703,166**	802,225
- Prior		**-**	-
Payments		**(944,484)**	(1,919,161)
Reversal		**(5,480,182)**	-
Closing balance		**11,225,127**	16,946,626

8.3 Status of assessments

The Company has submitted the zakat returns up to 2022 and obtained the certificate for 2022 (mixed zakat / tax returns up to 2014 and zakat returns thereafter).

The Company has received assessments from ZATCA covering the periods 2011 to 2014. These primarily result from ZATCA disallowing the deduction of offshore investments from the approximate zakat base. The Company has filed an appeal on such assessment and only the assessment for the year 2011 has been settled and the Company paid the excess amount demanded by ZATCA.

During the year 2018, the Company filed zakat calculations to ZATCA for offshore investments based on their financial statements. Out of which ZATCA, as per communication dated December 28, 2018, approved the calculations for ‘Food and agriculture – Turkey’ (i.e., Goknur) investment of 2014. Approval for the remaining investments is pending with ZATCA. Once the Zakat calculation on the remaining 2014 investments is accepted by ZATCA, the Company will proceed with submitting a letter on the Zakat calculation of the 2012 and 2013 offshore investments as well.

During the year 2022, the company received an assessment from ZATCA for the fiscal year ended 31 December 2018, with an additional zakat liability of SAR 878,642. The company partially acknowledged this additional liability, settling SAR 142,259, while disputing the remaining items through an objection filed to ZATCA in February 2023. ZATCA subsequently rejected the company's appeal. Following this, the company filed an appeal against ZATCA's rejection of the objection to the General Secretariat of Tax Committees ("GSTC"). The Committee reviewed the appeal and ruled in favor of the Company. However, in January 2024, ZATCA appealed against the GSTC's level 1 decision. The company is in the process of filing a response against ZATCA’s appeal.

The assessment for the years ended 31 December 2019 to 2022 are yet to be raised by the ZATCA.

The Company has taken provision amounting to SR 11.23 million and is included in note 8.2 to these financial statements.

9. Share capital

The authorised, issued and paid up share capital consists of 6,238,386 shares of Saudi Riyals 10 each (2022: 6,238,386 shares of Saudi Riyals 10 each).

In accordance with the Company’s Board of Directors’ resolution dated July 30, 2015 and based on the Ministry of Investment – Saudi Arabia (MISA) resolution number 62714 dated Dhul Qae'ada 12, 1436H (corresponding to August 27, 2015), the Company is fully owned by Saudi/GCC shareholders.

The major shareholders as of December 31, 2023 were as follows:

(All amounts in Saudi Riyals unless otherwise stated)

9. Share capital (Continued)

		December 31, 2023 and 2022	
	%	**No. of shares**	**Share Capital**
Saudi Venture Capital Investment Company - Bahrain W.L.L.	29.81	**1,859,673**	18,596,729
Venture Capital Bank – Bahrain	10.00	**623,839**	6,238,386
Abdulaziz Al Ajlan Sons for Commercial and Real Estate Investment	10.00	**623,839**	6,238,386
Jeddah Commercial Investment Company	10.00	**623,839**	6,238,386
		3,731,190	**37,311,887**

10. Other general and administrative expenses

	Note	**December 31, 2023**	December 31, 2022
Professional and consulting fees		**737,146**	1,387,241
Other		**529,348**	158,126
Board and committees’ expenses		**240,000**	446,108
Rent and maintenance		**166,812**	131,943
Government fees		**100,000**	185,806
Depreciation	6	**10,330**	1,334
		1,783,636	2,310,558

11. Related Party Matters

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The following are the details of major related party balances and transactions during the year which are either invested through a major shareholder (Venture Capital Bank - Bahrain) or with entities which are related thereto:

11.1. Balances with related parties

	Note	**December 31, 2023**	December 31, 2022
Assets:			
Investments arranged through VC Bank	5	**3,356,754**	8,886,685
Investment in a shareholder company	5	**117,375**	117,375
Receivables from a shareholder, net	4, 11.1(a)	**11,534,751**	11,534,751
Term deposits	11.3	**10,447,564**	10,447,564
Liabilities:			
Accrued remuneration for Board of Directors	7	**-**	1,192,500
Employee’s end of service benefit		**77,809**	36,728

(a) Receivable reflects the remaining proceeds of investment disposed off by the Company and receivable from the shareholder. The balance is non-profit bearing and is expected to be settled in 2024 by way of a bullet payment from the shareholder.

11. Related Party Matters (Continued)

11.2. Transactions

Transaction with key management personnel is as follows:

	December 31, 2023	December 31, 2022
Salaries and employee related expenses	**1,994,515**	878,698
Remuneration for Board of Directors	**240,000**	185,806

11.3 The Company (as part of a cash pooling arrangement with VC bank) has placed SR 10 million with VC Bank as a term deposit that earns special commission income at a rate of 4% per annum. This term deposit is rolled over every year. This agreement was not rolled over for 2023 and 2022, therefore no income has been recognised during the year. This deposit is not readily redeemable and is therefore considered as restricted.

12. Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow and fair value commission rate risk and price risk), credit risk, liquidity risk and operational risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Financial instruments carried on the statement of financial position include cash and bank balances, term deposits, investments held at FVOCI, other receivables, accrued expenses and other current liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

12.1 Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices.

a) Currency risk

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's transactions are principally in Saudi Riyals, US Dollar and Pound Sterling. Management monitors the exposures and fluctuations in foreign exchange rates and believes that the effect of foreign exchange risk is not significant on the statement of income

b) Cash flow and fair value commission rate risk

Cash flow and fair value commission rate risks is the exposure to various risks associated with the effect of fluctuations in the prevailing commission rates on the Company’s financial positions and cash flows. The Company has term deposits which carry a fixed rate of profit and therefore the management believes that the commission rate risk is not significant.

c) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

(All amounts in Saudi Riyals unless otherwise stated)

12. Financial risk management (Continued)

c) Price risk (Continued)

Exposure

The Company is exposed to market risk with respect to its investment in equities.

Sensitivity

Management's best estimate of the effect on statement of comprehensive income for a year due to a reasonably possible change in the fair value, with all other variables held constant is indicated in the table below. There is no effect on statement of income as the Company has no assets classified as FVSI. An equivalent decrease shown below would have resulted in an equivalent, but opposite, impact:

Particulars	**Change in benchmark (%)**	**December 31, 2023**	December 31, 2022
Investments held at FVOCI - equity instruments	± 5	**±173,706**	±450,203

12.2. Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss.

Exposure

The financial assets of the Company, which are potentially subject to credit risk consist principally of balances with bank, term deposits and other receivables. Cash is placed with a local bank and GCC bank having investment grade credit ratings. Term deposit is held with VC Bank (major shareholder) having sound credit

rating. Major portion of other receivables is due to be received from a shareholder within a period of 12 months, hence the credit risk is minimal.

	December 31, 2023	December 31, 2022
Cash and bank balances	**10,949,489**	10,820,878
Term deposits	**10,447,564**	10,447,564
Other receivables	**11,780,085**	11,815,952
	33,177,138	33,084,394

12.2.1 Credit risk measurement

The assessment of credit risk of a financial assets carried at amortised cost (cash and bank balances, term deposits and other receivables) does not entails further estimations of credit risk using ECL which is derived by PD, EAD and LGD. The Company believes that it has a low credit risk on these financial assets and the loss allowance would not be significant for the Company. The Bank balances are held with banks which have been assigned investment grade rating of "A-2" as per Standard and Poor's (S&P). Other receivables is from a major shareholder, which is expected to be settled in 2024. Hence, currently the Company is not exposed to any significant credit risk.

(All amounts in Saudi Riyals unless otherwise stated)

12. Financial risk management (continued)

12.2 Credit risk (continued)

12.2.1 Credit risk measurement (continued)

Loss allowance on other receivables

	December 31, 2023			
	12 month ECL	**Life time ECL not credit impaired**	**Life time ECL credit impaired**	**Total**
Carrying amount	**11,780,085**	**-**	**-**	**11,780,085**
Expected credit loss	**-**	**-**	**-**	**-**
	11,780,085	**-**	**-**	**11,780,085**

	December 31, 2022			
	12 month ECL	**Life time ECL not credit impaired**	**Life time ECL credit impaired**	**Total**
Carrying amount	11,815,952	-	-	11,815,952
Expected credit loss	-	-	-	-
	11,815,952	-	-	11,815,952

Loss allowance on term deposits

	December 31, 2023			
	12 month ECL	**Life time ECL not credit impaired**	**Life time ECL credit impaired**	**Total**
Carrying amount	**10,447,564**	**-**	**-**	**10,447,564**
Expected credit loss	**-**	**-**	**-**	**-**
	10,447,564	**-**	**-**	**10,447,564**

	December 31, 2022			
	12 month ECL	**Life time ECL not credit impaired**	**Life time ECL credit impaired**	**Total**
Carrying amount*	10,447,564	-	-	10,447,564
Expected credit loss	-	-	-	-
	10,447,564	-	-	10,447,564

*****The carrying amount includes short-term deposits and restricted term deposits

12.2.2 Credit quality analysis

The following table sets out the credit analysis for financial assets as at December 31, 2023.

(All amounts in Saudi Riyals unless otherwise stated)

12. Financial risk management (continued)

12.2 Credit risk (continued)

12.2.2 Credit quality analysis (continued)

	Investment grade	Non-investment grade	Unrated	Total
Financial assets				
Cash and bank balances*	**10,949,489**	**-**	**-**	**10,949,489**
Term deposits – restricted*	**10,447,564**			**10,447,564**
Other receivables	**11,780,085**	**-**	**-**	**11,780,085**
Total	**33,177,138**	**-**	**-**	**33,177,138**

The following table sets out the credit analysis for financial assets as at December 31, 2022.

	Investment grade	Non-investment grade	Unrated	Total
Financial assets				
Cash and bank balances*	10,820,878	-	-	10,820,878
Term deposits – restricted*	10,447,564			10,447,564
Other receivables	11,815,952	-	-	11,815,952
Total	33,084,394	-	-	33,084,394

*The balance held with the counterparties in Bahrain are with the banks registered with the Central Bank of Bahrain and therefore management has assumed sovereign rating for those counterparties as banks in Bahrain are mostly unrated.

12.3 Liquidity risk

Liquidity risk is the risk that an enterprise 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 monitoring on a regular basis that sufficient funds are available to meet any future commitments.

The Company's liquidity management process is as follows:

a. Day-to-day funding, managed by Finance department to ensure that requirements can be met, and this includes replenishment of funds as they mature or are invested.
b. Monitoring financial position liquidity ratios against internal and regulatory requirements.
c. Managing the concentration and profile of debt maturities.
d. Liquidity management and asset and liability mismatching.

The following analyses the Company’s financial liabilities based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual cash flows. Balances are equal to their carrying balances as all are due for repayments within 1 year hence the impact of discounting is not significant.

(All amounts in Saudi Riyals unless otherwise stated)

12. Financial risk management (continued)

12.3 Liquidity risk (continued)

	Due within 1 year	Due after 1 year
December 31, 2023		
Accrued expenses and other current liabilities	**531,238**	
Total	**531,238**	**-**
December 31, 2022		
Accrued expenses and other current liabilities	2,110,295	-
Total	2,110,295	-

12.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the processes, technology and infrastructure supporting the Company's activities either internally or externally at the Company's service provider and from external factors other than credit, liquidity, currency and market risks such as those arising from the legal and regulatory requirements.

Operational risk is a distinct risk category which the Company manages within acceptable levels through sound operational risk management practices that are part of the day-to-day responsibilities of management at all levels. The objective in managing operational risk is to ensure control of the Company's resources by protecting the assets and minimising the potential for financial loss.

The Company's risk management approach involves identifying, assessing, managing, mitigating, monitoring and measuring the risks associated with operations. The management of operational risk has a key objective of minimising the impact of losses suffered in the normal course of business (expected losses) and to avoid or reduce the likelihood of suffering a large extreme (unexpected) loss.

13. 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 shareholders by pricing products and services commensuration 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, to support future development of the business and to comply with the capital requirements set by CMA. 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.

13.1 Capital adequacy requirement

The Company is required to maintain the capital base of SAR 2.2 million in accordance with its current licences. The current capital of the Company is in excess of the capital required by CMA amounting to SAR 22.65 million (2022:SAR 20.82 million).

14. Fair value estimation

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. The carrying amount of financial assets and financial liabilities not measured at fair value is a reasonable approximation of fair value.

Specific valuation techniques used to value financial instruments include:

(All amounts in Saudi Riyals unless otherwise stated)

14. Fair value estimation (continued)

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

Accounting classifications and fair values	**Carrying Value**	**Fair values**			
		Level 1	**Level 2**	**Level 3**	**Total**
December 31, 2023					
Financial assets					
Financial assets measured at fair value					
Equity instruments	**3,474,129**	**-**	**-**	**3,474,129**	**3,474,129**
Financial assets not measured at fair value					
Financial assets held at amortised cost					
Cash and bank balances	**10,949,489**	**-**	**-**	**10,949,489**	**10,949,489**
Term deposits - restricted	**10,447,564**			**10,447,564**	**10,447,564**
Other receivables	**11,780,085**	**-**	**-**	**11,780,085**	**11,780,085**
	36,651,267	**-**	**-**	**36,651,267**	**36,651,267**
Financial liabilities					
Financial liabilities not measured at fair value					
Financial liabilities held at amortised cost					
Accrued expenses and other current liabilities	**531,238**	**-**	**-**	**-**	**531,238**
	531,238	**-**	**-**	**-**	**531,238**

December 31, 2022	**Carrying Value**	**Fair values**			
		Level 1	**Level 2**	**Level 3**	**Total**
Financial assets					
Financial assets measured at fair value					
Equity instruments	9,004,060	-	-	9,004,060	9,004,060
Financial assets not measured at fair value					
Financial assets held at amortised cost					
Cash and bank balances	10,820,878	-	-	10,820,878	10,820,878
Term deposits - restricted	10,447,564			10,447,564	10,447,564
Other receivables	11,815,952	-	-	11,815,952	11,815,952
	42,088,454	-	-	42,088,454	42,088,454
Financial liabilities					
Financial liabilities not measured at fair value					
Financial liabilities held at amortised cost					
Accrued expenses and other current liabilities	2,110,295	-	-	-	2,110,295
	2,110,295	-	-	-	2,110,295

(All amounts in Saudi Riyals unless otherwise stated)

14. Fair value estimation (continued)

The carrying values of assets and liabilities included in the above table, that are carried at amortised cost, are not materially different from their fair value. Accrued expenses and other liabilities represent contract amounts and obligations due by the Company.

14.1 Valuation techniques

The following table shows the valuation techniques used in measuring level 3 fair values.

Description	**Valuation techniques**	**Unobservable inputs**
- Real estate - United Kingdom	- Fair value of net assets	- Fair value of real estate property
- Investment banking (Islamic) - GCC	- Fair value of net assets	- Fair value of assets held at amortised cost

Inter-relationship between significant observable inputs and fair value measurement.

The estimated fair value would increase / (decrease) if there is a change in the inputs used for valuation as discussed above.

14.2 Reconciliation of level 3 financial assets measured at fair value

The following represents the movement in level 3 instruments for the year ended December 31, 2023:

	Real estate - United Kingdom	**Investment banking (Islamic) - GCC**	**Total**
Opening balance	**8,886,685**	**117,375**	**9,004,060**
Net (losses) / gains recognised in other comprehensive income	**(386,178)**	**-**	**(386,178)**
Investments disposed during the year	**(5,143,753)**	**-**	**(5,143,753)**
	3,356,754	**117,375**	**3,474,129**

The following represents the movement in level 3 instruments for the year ended December 31, 2022:

	Real estate - United Kingdom	**Investment banking (Islamic) - GCC**	**Total**
Opening balance	14,999,864	117,375	15,117,239
Net (losses) / gains recognised in other comprehensive income	(2,679,739)	-	(2,286,346)
Investments disposed during the year	(3,433,439)	-	(3,433,439)
Closing balance	8,886,685	117,375	9,004,060

(All amounts in Saudi Riyals unless otherwise stated)

14. Fair value estimation (continued)

14.2 Reconciliation of level 3 financial assets measured at fair value (continued)

The following represents the distributions of financial assets measured at fair value in various industry segments:

	December 31, 2023	December 31, 2022
Real estate	**3,356,754**	8,886,685
Investment banking	**117,375**	117,375
Total	**3,474,129**	9,004,060

14.3 Transfers between level 1 and 2

There have been no transfers between Level 1 and Level 2 during the reporting periods.

15. Financial instruments by category

All financial assets and financial liabilities for the years ended December 31, 2023 and 2022, are classified under amortized cost category except for investments held at FVOCI, which are classified and measured at fair value.

	Measurement category	**December 31, 2023**	**December 31, 2022**
Financial assets			
Cash and bank balances	Amortised cost	**10,949,489**	10,820,878
Short-term deposits	Amortised cost	**-**	-
Term deposits - restricted	Amortised cost	**10,447,564**	10,447,564
Other receivables	Amortised cost	**11,780,085**	11,815,952
Investments at fair value	FVOCI	**3,474,129**	9,004,060
Total financial assets		**36,651,267**	42,088,454
Financial liabilities			
Accrued expenses and other current liabilities	Amortised cost	**531,238**	2,110,295
Total financial liabilities		**531,238**	2,110,295

16. Events after the reporting date

There have been no significant events after the date of statement of financial position until the date of approval of these financial statements.

17. Approval of the financial statements

These financial statements were approved by the Company’s Board on 18 Ramadan 1444H, corresponding to 28 March 2024.