BLOMINVEST SAUDI ARABIA
(A MIXED JOINT STOCK COMPANY)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

BLOMINVEST SAUDI ARABIA
(A MIXED JOINT STOCK COMPANY)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Independent auditor's report to the shareholders of Blominvest Saudi Arabia

Our opinion

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

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in shareholders' equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

Independence

We are independent of the Company in accordance with the code of professional conduct and ethics, endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

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

The Board of Directors are responsible for overseeing the Company's financial reporting process.

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Independent auditor's report to the shareholders of Blominvest Saudi Arabia (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

PricewaterhouseCoopers

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محاسبون قانونيون
ترخيص رقم ٢٥
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PRICEWATERHOUSECOOPERS
CERTIFIED PUBLIC ACCOUNTS
LICENSE NO 25
C.R.1010371622

Bader I. Benmohareb
License Number 471

13 March 2022
(corresponding to 10 Sha'ban 1443H)

BLOMINVEST SAUDI ARABIA
(A MIXED JOINT STOCK COMPANY)
Statement of financial position
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	31 December 2021	31 December 2020
Assets			
Non-current assets			
Deferred tax asset	12	-	990,182
Property and equipment, net	3	530,402	383,823
Intangible assets, net	4	101,103	127,948
Right of use assets	5	2,344,126	1,753,661
Investment properties	6	27,175,368	27,175,368
Investments at amortised cost	7	15,452,758	15,431,912
Investments at fair value through other comprehensive income (FVOCI)	8	43,787,420	41,992,893
Total non-current assets		89,391,177	87,855,787
Current assets			
Due from related parties - management fees	17	99,672,941	86,797,085
Prepayments and other current assets		11,500,037	7,199,416
Due from related parties	17	6,597,750	4,416,997
Investments at amortised cost	7	209,221	3,278,519
Investments at fair value through statement of income (FVSI)	9	199,125,191	133,948,748
Cash and cash equivalents	10	2,691,069	46,260,095
Total current assets		319,796,209	281,900,860
Total assets		409,187,386	369,756,647
Liabilities and shareholders' equity			
Liabilities			
Non-current liabilities			
Deferred tax liability	12	315,196	-
Employees' end of service benefits (EOSB)	11	4,100,888	3,188,512
Lease liabilities	5	919,913	942,371
Total non-current liabilities		5,335,997	4,130,883
Current liabilities			
Due to related parties	17	12,471,317	12,210,669
Accruals and other current liabilities		7,038,163	5,513,664
Zakat and income tax payable	12	14,194,866	9,900,734
Lease liabilities	5	1,541,594	910,502
Total current liabilities		35,245,940	28,535,569
Total liabilities		40,581,937	32,666,452
Shareholders' equity			
Share capital	13	245,000,000	245,000,000
Statutory reserve	14	14,641,926	11,705,345
Other reserves	16	14,266,492	4,825,265
Retained earnings		94,697,031	75,559,585
Total shareholders' equity		368,605,449	337,090,195
Total liabilities and shareholders' equity		409,187,386	369,756,647

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

Chairman	**Chief Executive Office**	**Chief Financial Officer**

BLOMINVEST SAUDI ARABIA
(A MIXED JOINT STOCK COMPANY)
Statement of comprehensive income
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	For the year ended 31 December 2021	For the year ended 31 December 2020
Operating income			
Income from asset management services		**29,585,535**	16,777,370
Income from corporate finance, advisory and underwriting services		**13,066,315**	1,000,000
Unrealised gain on re-measurement of investments at FVSI		**10,294,621**	5,016,326
Realised gain on sale of investment at FVSI		**8,267,645**	3,250,414
Dividend income		**2,159,085**	1,925,598
Gain on sale of investment property	6	**-**	1,075,014
Special commission income		**586,548**	705,645
Performance fees		**874,312**	323,332
Reversal (charge) of provision for financial assets at amortised cost		**951**	(1,284)
Total operating income		**64,835,012**	30,072,415
Operating expenses			
Salaries and employee related expenses		**(17,086,898)**	(13,349,680)
General and administration expenses	18	**(8,108,252)**	(6,725,566)
Commission expense		**(2,644,781)**	(1,934,168)
Finance charges		**(71,200)**	(96,576)
Total operating expenses		**(27,911,131)**	(22,105,990)
Net operating income		**36,923,881**	7,966,425
Other income	12	**-**	4,321,817
Income before zakat and income tax		**36,923,881**	12,288,242
Zakat and income tax	12	**(7,558,067)**	(3,368,237)
Net income for the year		**29,365,814**	8,920,005
Items that will not be reclassified subsequently to statement of income			
Fair value changes on equity investments at FVOCI	16	**14,610,892**	1,988,014
Re-measurement (loss) gain on employees' EOSB, net of deferred tax	11,16	**(211,452)**	83,900
Other comprehensive income for the year		**14,399,440**	2,071,914
Total comprehensive income for the year		**43,765,254**	10,991,919

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

Chairman	**Chief Executive Office**	**Chief Financial Officer**

BLOMINVEST SAUDI ARABIA
(A MIXED JOINT STOCK COMPANY)
Statement of changes in shareholders' equity
(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	**Statutory reserve**	**Other reserves (Note 16)**	**Retained earnings**	**Total**
As at 1 January 2020	245,000,000	10,813,344	1,571,654	80,963,278	338,348,276
Net income for the year	-	-	-	8,920,005	8,920,005
Other comprehensive Income	-	-	2,071,914	-	2,071,914
Total comprehensive income for the year	-	-	2,071,914	8,920,005	10,991,919
Dividends distribution (note 15)	-	-	-	(12,250,000)	(12,250,000)
Transfer to statutory reserve	-	892,001	-	(892,001)	-
Transfer to retained earnings on disposal of FVOCI equity investments	-	-	1,181,697	(1,181,697)	-
Balance at 31 December 2020	245,000,000	11,705,345	4,825,265	75,559,585	337,090,195
As at 1 January 2021	**245,000,000**	**11,705,345**	**4,825,265**	**75,559,585**	**337,090,195**
Net income for the year	**-**	**-**	**-**	**29,365,814**	**29,365,814**
Other comprehensive income	**-**	**-**	**14,399,440**	**-**	**14,399,440**
Total comprehensive income for the year	**-**	**-**	**14,399,440**	**29,365,814**	**43,765,254**
Dividends distribution (note 15)	**-**	**-**	**-**	**(12,250,000)**	**(12,250,000)**
Transfer to statutory reserve	**-**	**2,936,581**	**-**	**(2,936,581)**	**-**
Transfer to retained earnings on disposal of FVOCI equity investments	**-**	**-**	**(4,958,213)**	**4,958,213**	**-**
Balance at 31 December 2021	**245,000,000**	**14,641,926**	**14,266,492**	**94,697,031**	**368,605,449**

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

BLOMINVEST SAUDI ARABIA
(A MIXED JOINT STOCK COMPANY)
Statement of cash flows
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	For the year ended 31 December 2021	For the year ended 31 December 2020
Cash flows from operating activities			
Net income for the year before zakat and income tax		**36,923,881**	12,288,242
Adjustment to reconcile net income before zakat and tax to net cash flows operating activities :			
Depreciation of property and equipment	3	**172,415**	174,277
Amortisation of intangible asset	4	**135,948**	209,110
Amortisation of right of use asset	5	**897,444**	842,800
Finance cost on lease liabilities	5	**71,200**	96,532
Special commission income on amortised cost investments		**(586,548)**	(660,798)
Liabilities no longer required written back	12	**-**	(4,349,215)
Provisions for employees' EOSB	11	**683,440**	546,410
Unrealised gain on re-measurement of investments at FVSI		**(10,294,621)**	(5,016,326)
Gain on sale of investment property	6	**-**	(1,075,014)
Operating cash flows before working capital changes		**28,003,159**	3,056,018
Due from related parties - management fees		**(12,875,856)**	27,111,639
Prepayments and other current assets		**(4,300,621)**	(5,190,567)
Due from related parties		**(2,180,753)**	(478,424)
Due to related parties		**260,648**	(5,579,110)
Accruals and other current liabilities		**1,524,499**	1,347,412
		10,431,076	20,266,968
Zakat and income tax paid	12	**(1,929,723)**	(7,837,739)
Employees' EOSB paid	11	**(11,350)**	(476,149)
Net cash generated from operating activities		**8,490,003**	11,953,080
Cash flows from investing activities			
Proceeds from matured investment at amortised cost		**3,000,000**	-
Purchase of investments at amortised cost		**-**	(5,639,517)
Interest received on investments at amortised cost, net		**635,000**	605,475
Purchase of investments at FVSI		**(262,172,655)**	(236,837,739)
Sale of investments at FVSI		**207,290,833**	269,741,026
Sale (purchase) of investments at FVOCI		**12,816,365**	(5,238,637)
Proceeds from disposal of investment properties		**-**	9,673,197
Purchase of property and equipment	3	**(318,994)**	(152,417)
Purchase of intangible assets	4	**(109,103)**	(14,465)
Net cash (used in) generated from investing activities		**(38,858,554)**	32,136,923
Cash flows from financing activities			
Payment of principal portion of lease liabilities	5b	**(950,475)**	(871,269)
Payment of dividends	15	**(12,250,000)**	(12,250,000)
Net cash used in financing activities		**(13,200,475)**	(13,121,269)
Net change in cash and cash equivalents during the year		**(43,569,026)**	30,968,734
Cash and cash equivalents at the beginning of the year	10	**46,260,095**	15,291,361
Cash and cash equivalents at the end of the year	10	**2,691,069**	46,260,095
Non cash transactions:			
Change in unrealised gain on financial assets at FVOCI		**(14,610,892)**	(1,988,014)
Re-measurement loss (gain) on Employees' EoSB		**240,286**	(48,736)
Re-assessment of right of use asset		**879,273**	774,739
Re-assessment of lease liabilities		**879,273**	774,739

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

1. General information

Blominvest Saudi Arabia (the "Company") is a Mixed Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia. The Company is registered under commercial registration number 1010254040 dated 24 Rajab 1429H, (corresponding to 27 July 2008). The Company is engaged to act as agent and principal, underwriting, managing, arranging, advisory and custodial services of financial securities in accordance with the license issued by the Capital Market Authority (CMA) number 08094-37 dated 21 Muharram 1429H (corresponding to 30 January 2008) and the license issued by the Saudi Arabian General Investment Authority numbered 262/1 dated 19 Safar 1429H (corresponding to 27 February 2008). The Company's registered office is located at the following address:

King Fahd Street, Al-Oula Building 3rd Floor
P.O. Box 8151, Riyadh 11482
Kingdom of Saudi Arabia

The Company commenced its operations on 30 September 2009.

2. Significant accounting policies

2.1 Basis of preparation

(i) Compliance with IFRS

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

(ii) Historic cost convention

The financial statements have been prepared:

- under the historical cost convention except for:
  - fair valuation of investments at fair value through statement of income (FVSI) and through other comprehensive income (FVOCI); and
  - employees' end of service benefits (EOSB) carried at present value of related obligation using actuarial valuation.
- using accrual basis of accounting.

(iii) Functional and presentation currency

These financial statements are presented in Saudi Arabian Riyals (SAR), which is the functional currency of the Company.

(iv) Critical accounting estimates and judgments

The preparation of the financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Such estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including obtaining professional advice and expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

2 Significant accounting policies (continued)

2.1 Basis of preparation (Continued)

(iv) Critical accounting estimates and judgments (Continued)

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

(a) Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the input, assumptions and estimation techniques used in measuring ECL is further detailed in note 2.4.3 Impairment of financial assets, which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgments are also required in applying the accounting requirements for measuring ECL, such as:
(i) Determining criteria for significant increase in credit risk;
(ii) Choosing appropriate models and assumptions for the measurement of ECL;
(iii) Establishing the number and relative weights of forward-looking scenarios for each type of product/market and the associated ECL; and
(iv) Establishing groups of similar financial assets for the purposes of measuring ECL.
Detailed information about the judgments and estimates by the Company in the above is set out in note 2.4.3 Impairment of financial assets.

(b) Useful lives of property, and equipment

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 useful lives and residual value of the assets at least once per year and always at the end of each financial year and the future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

(c) Useful lives of intangible assets

The useful life starts at the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is four years.

Useful lives are reviewed at each financial year-end and adjusted if appropriate.

(d) Employees' EOSB

The Company operates a defined benefit plan under the Saudi Arabian Labour Law based on employees' accumulated periods of service at the date of the statement of financial position. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method as per IAS 19 using actuarial assumptions based on market expectations at the date of statement of financial position.

(e) Determination of control over mutual funds

The Company acts as a Fund Manager of a number of mutual funds. Determining whether the Company controls such a mutual fund usually focuses on the assessment of its aggregate economic interests of the Company in the Fund (comprising any carried profits and expected management fees) and the investor's rights to remove the Fund Manager. As a result, the Company has concluded that it acts as an agent for the investors in all cases, and therefore has not consolidated these mutual funds.

(All amounts in Saudi Riyals unless otherwise stated)

2 Significant accounting policies (continued)

2.1 Basis of preparation (continued)

(e) Determination of control over mutual funds (continued)

The Company is invested in 6 equity funds and 7 real estate funds. However, the Company need not present consolidated financial statements as it meets all the following conditions:

(i) it is a wholly-owned subsidiary;
(ii) its debt or equity instruments are not traded in a public market;
(iii) it did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market; and
(iv) its ultimate parent produces financial statements that are available for public use and comply with IFRSs, in which the subsidiaries are consolidated.

Accordingly, BLOM Bank SAL in Lebanon consolidate the below entities and these investments in mutual funds managed by the Company are classified as fair value through statement of income in accordance with IFRS 9.

	31 December 2021	31 December 2020
Name of Funds	**Interest held**	
Blom Fund of REITs Fund	**91.50%**	32.72%
Blominvest Saudi Freestyle Equity Fund	**80.34%**	-
Blominvest SR Murabaha Fund	**60.17%**	-
Blom Saudi Arabia Fund	**21.67%**	19.19%
Al Rabie Residence Fund	**19.41%**	19.41%
Business Park Fund	**18.82%**	-
Blom Solidere 3 RE Fund	**15.56%**	15.56%
Blom MSCI Saudi Arabia Select Min Vol Fund	**12.66%**	12.21%
Blom Education Fund	**7.32%**	-
Blom Almazaya Saudi Equity Fund	**1.28%**	1.91%
Blom Okaz RE Fund	**0.88%**	0.88%
Al Ahsa RE Fund	**0.88%**	-
Ammoria Resorts RE Fund	**0.28%**	0.28%

(f) Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company invests in redeemable units of unlisted mutual funds, which are also managed by the Company. The funds are open for subscriptions/redemptions on a periodic basis as mentioned in the terms and conditions. The value of the net assets of the funds for the purpose of the subscription/redemption of units is determined by dividing the net assets attributable to unitholders of the funds (fair value of the funds' assets minus the liabilities) by the total number of the funds' units outstanding on the relevant valuation day.

2 Significant accounting policies (continued)

2.2 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with banks, bank overdrafts, and other short-term highly liquid investments with original maturities of three months or less. These deposits are made with reputable banks and financial institutions within the Kingdom of Saudi Arabia. Cash and bank balances are carried at amortised cost in the statement of financial position.

2.3 Receivables

Receivables are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using effective commission method. Loss allowance for receivables is always measured at an amount equal to lifetime expected credit losses.

2.4 Financial instruments

2.4.1 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 'trade 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 comprehensive income when an asset is newly originated.

2.4.2 Classification and subsequent measurement of financial assets

On initial recognition, the Company classifies its financial assets in the following measurement categories:
- Amortised cost
- FVOCI
- FVSI

<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 on:
- The Company's business model for managing the asset; and
- The 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.

2 Significant accounting policies (continued)

2.4 Financial instruments (continued)

2.4.2 Classification and subsequent measurement of financial assets (continued)

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
- and how managers are compensated.

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.

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 2.4.3. 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 solely SPPP or if it not held within the held to collect or the held to collect and sell business model, or if it is designated at FVSI, then it is measured at FVSI. A gain or loss on a debt instrument measured at FVSI is recognised in the statement of income, within "Net gain / (loss) in investments mandatorily measured at FVSI", in the period in which it arises. A gain or loss from debt instruments that were designated at fair value or which are not held for trading are presented separately from debt investments that are mandatorily measured at fair value through statement of income, within "Net gain / (loss) in investments designated at FVSI".

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, the commission revenue and foreign exchange gains and losses on the instrument's amortised cost are recognised in statement of income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of income.

2 Significant accounting policies (continued)

2.4 Financial instruments (continued)

2.4.2 Classification and subsequent measurement of financial assets (continued)

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.

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.

2.4.3 Impairment of financial assets

The Company assesses on a forward-looking basis the Expected Credit Losses ("ECL") associated with its financial assets carried at amortised cost. ECL represents credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions.

The Company has applied IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for average historical recovery rates. To measure the expected credit losses, receivable balances have been grouped based on shared credit risk characteristics and the ageing of the days of the receivables that are past due, and the rates are then applied as calculated in the provision matrix.

The financial assets of the Company, that are subjected to ECL review include bank balances, investments at amortised cost and other assets. The ECL impact on the cash in banks is immaterial as the counterparties are reputable financial institutions with sound external credit ratings.

2 Significant accounting policies (continued)

2.4 Financial instruments (continued)

2.4.4 Financial liabilities

All financial liabilities are initially recognised at fair value less transaction costs except for financial liabilities measured at FVSI where transactions cost, if any, are not deducted from the fair value measurement at initial recognition, and are included in the statement of comprehensive income.

Subsequently, all special commission bearing financial liabilities other than those held at FVSI are measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on settlement.

2.4.5 Fair valuation of financial instruments

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

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.
- The 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 utilise 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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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

2.4.6 Derecognition of financial instruments

A financial asset is derecognised, 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 derecognised 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 derecognised only if the Company has not retained control of the financial asset. The Company recognises separately as assets or liabilities any rights and obligations created or retained in the process.

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

2 Significant accounting policies (continued)

2.4.7 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 recognised amounts and an intent to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.5 Property and equipment

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

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

Asset categories	**Useful lives**
Leasehold improvements	Period of lease or 10 years; whichever is shorter
Office furniture	5 years
Computer hardware	3 years
Equipment	5 years
Motor vehicles	5 years

The Company allocates the amount initially recognised in respect of an item of property and equipment to its significant parts and depreciates separately each such part. The carrying amount of a replaced part is derecognised when replaced. Residual values, method of amortisation and useful lives of the assets are reviewed annually and adjusted if appropriate.
Impairment losses and gains (losses) on disposals of property and equipment are included in statement of comprehensive income.

2.6 Lease Accounting

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

Right of Use (ROU) Assets
The Company applies cost model, and measures the ROU asset at cost; - less any accumulated amortisation and any accumulated impairment losses; and - adjusted for any re-measurement of the lease liability for lease modifications. Generally, ROU asset would be equal to the lease liability. However, any additional costs such as site preparation, non-refundable deposits, application money, other expenses related to transaction etc. These need to be added to the ROU asset value.

Lease Liability
On initial recognition, the lease liability is computed as the present value of all remaining payments to the lessor. After the commencement date, the Company measures the lease liability by:

- Increasing the carrying amount to reflect special commission expense on the lease liability.
- Reducing the carrying amount to reflect the lease payments made; and,
- Re-measuring the carrying amount to reflect any re-assessment or lease modification.

2 Significant accounting policies (continued)

2.7 Intangible assets

Identifiable intangible assets

Intangible assets comprise of computer software.

Expenditures on internally developed software is recognised as an asset when the Company is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment, if any.
Amortisation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful life of the software from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is three years.

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

Subsequent expenditures on software assets are capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are expensed in the statement of comprehensive income as incurred.

2.8 Investment properties

Investment properties comprises of freehold lands that are not occupied substantially for use by, or in the operations of, the Company, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. Investment property is stated at cost less accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. Freehold lands are not depreciated.

2.9 Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

2 Significant accounting policies (continued)

2.10 Employees' end of service benefit

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

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

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

The defined benefit asset or liability comprises the present value of the defined benefit obligation, less past service costs and less the fair value of plan assets out of which the obligations are to be settled. However, currently the plan is unfunded and has no assets.

2.11 Bank overdrafts

The bank overdrafts are the open overdraft facility the Company has signed with its bank to meet its liquidity and cash management requirements. This facility has defined limits and remains outstanding as per any drawdown balance at the end of the reporting period.

2.12 Accruals and other current liabilities

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method. Provisions for restructuring costs, warranties and legal claims are recognised in other liabilities when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources embodying economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted where the effect is material

2.13 Zakat and income tax payable

The Company is subject to Zakat and income tax in accordance with the regulations of the Zakat, Tax anf Customs Authority (ZATCA). Zakat and income taxes are charged to the statement of income. Additional amounts payable, if any, at the finalisation of final assessments are accounted for when such amounts are determined.

Deferred tax is provided in full, if material, using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

2 Significant accounting policies (continued)

2.13 Zakat and income tax payable (continued)

Deferred tax relating to items recognised outside statement of income is recognised either in other comprehensive income or directly in equity.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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)

Output VAT 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. The other entities that transact business with the Company withhold taxes or recover VAT on services rendered to the Company.

2.15 Contingent liabilities

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

2.16 Revenue from contracts with customers

IFRS 15 Revenue from contracts with customers has established a five-step model to account for revenue arising from contracts with customers. The five step model is as follows:

a) *Identify the contract*
b) *Identify performance obligation*
c) *Determine the transaction price*
d) *Allocation of the transaction price*
e) *Recognise revenue*

The Company generates the following revenue streams that are covered:
a) *Income from asset management services*
b) *Income from corporate finance and advisory services*
c) *Other operating income*

2.16.1 Income from asset management services

2.16.1.1 Management and administration fees from investment funds

Management and administration fee income is recognised on a periodic basis (annual % pro-rated for daily accruals) with reference to the Net Asset Value ('NAV') or total assets computation. The Company's practice for recognition of management fees is aligned with IFRS since the Management fee is recognised on an accruals basis against the rendering of the Asset Management services that the Company is providing on an on-going basis.

2 Significant accounting policies (continued)

2.16.1.2 Subscription fees from investment funds

The performance obligation for the Subscription fee is the assignment of the respective Fund units to the Investor's account and considering that this occurs as soon as an Approved Subscription Form is executed, the Company recognises the revenue against the subscription fee at the time of the fulfilment of the performance obligation.

2.16.2 Income from corporate finance and advisory services

2.16.2.1 Corporate finance and advisory fee income

This relates to income generated by providing corporate finance and advisory services to financial institutions, individuals and institutional investors. The Company charges a service fees and recognises this as revenue upon delivery of services or once the performance obligation is fulfilled based on the agreement between the Company and the counterparty.

2.16.3 Other operating income

2.16.3.1 Net gain or loss on financial assets at fair value through statement of income

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

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of the prior period's unrealised gains and losses on the disposal of financial instruments which were realised in the reporting period. Realised gains and losses on the disposal of financial instruments classified as at FVSI are calculated using the weighted average method. They represent the difference between an instrument's initial carrying amount and disposal amount, or cash payments or receipts made on financial instruments classified as at FVSI (excluding payments or receipts on collateral margin accounts for such instruments).

2.16.3.2 Performance fee from investment funds

The performance fee income is based on a fund's performance, relative to a benchmark or the realised appreciation of the fund's investments, and are types of variable consideration. In many cases, these performance fees are highly susceptible to market volatility until they are crystallised or are no longer subject to clawback, which may be after the end of the reporting period.

In case of the Company, the effect of the clawback does not apply since the Company does not recognise any revenue against the performance fee until the end of the respective period for testing. If the benchmark has been achieved, this is when the performance fee is crystallised and recorded as revenue.

2.16.3.3 Dividend income

Dividend income is recognised on the date when the Company's right to receive the payment is established. For quoted equity securities, this is usually the ex-dividend date. For unquoted equity securities, this is usually the date on which the shareholders approve the payment of a dividend. Dividend income from equity securities designated as at FVOCI is recognised in the statement of comprehensive income in a separate line item.

(All amounts in Saudi Riyals unless otherwise stated)

2 Significant accounting policies (continued)

2.16.3 Other operating income (continued)

2.16.3.4 Special commission income and expense

Special commission income and expense for all commission-bearing financial instruments is recognised in the statement of comprehensive income on an effective yield 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 or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or 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.

2.17 General and administration expenses

General and administration expenses are mainly professional fees and regular maintenance related expenses. All other expenses are classified based on their nature in the statement of comprehensive income.

2.18 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.19 Accounting standards effective during the year

The International Accounting Standard Board (IASB) has issued following accounting standards, amendments which were effective from January 1, 2021 but does not have significant impact on the financial statements of the Company.

Standard, interpretation, amendments	**Description**	**Effective date**
Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2	The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform Whilst adoption is not mandatory for September 2021 year ends, earlier application is permitted.	Annual periods beginning on or after 1 January 2021
Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions	As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.	Annual periods beginning on or after 1 June 2020

(All amounts in Saudi Riyals unless otherwise stated)

2.20 Accounting standards issued but not yet effective

The International Accounting Standard Board (IASB) has issued following accounting standards, amendments which were effective from period on or after January 1, 2022. The Company has opted not to early adopt these pronouncements and they do not have a significant impact on the financial statements of the Company.

Standard, interpretation, amendments	**Description**	**Effective date**
Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions Extension of the practical expedient	As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can select to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.	Annual periods beginning on or after 1 April 2021
A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16	Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in statement of income. Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.	Annual periods beginning on or after 1 January 2022.
Amendments to IAS 1, Presentation of financial statements', on classification of liabilities	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. Note that the IASB has issued a new exposure draft proposing changes to this amendment.	Deferred until accounting periods starting not earlier than 1 January 2024

(All amounts in Saudi Riyals unless otherwise stated)

2.20 Accounting standards issued but not yet effective (continued)

Standard, interpretation, amendments	**Description**	**Effective date**
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.	Annual periods beginning on or after 1 January 2023
Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction	These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.	Annual periods beginning on or after 1 January 2023.
IFRS 17, ‘Insurance contracts’, as amended in June 2020	This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.	Annual periods beginning on or after 1 January 2023.
A narrow-scope amendment to the transition requirements in IFRS 17 Insurance Contracts	The amendment relates to insurers’ transition to the new Standard only—it does not affect any other requirements in IFRS 17. IFRS 17 and IFRS 9 Financial Instruments have different transition requirements. For some insurers, these differences can cause temporary accounting mismatches between financial assets and insurance contract liabilities in the comparative information they present in their financial statements when applying IFRS 17 and IFRS 9 for the first time. The amendment will help insurers to avoid these temporary accounting mismatches and, therefore, will improve the usefulness of comparative information for investors. It does this by providing insurers with an option for the presentation of comparative information about financial assets.	Annual periods beginning on or after 1 January 2023.

(All amounts in Saudi Riyals unless otherwise stated)

3 PROPERTY AND EQUIPMENT, NET

	Equipment	Office furniture	Computer hardware	Leasehold improvements	Motor vehicles	31 December 2021
Cost:						
At the beginning of the year	1,879,831	702,487	2,484,341	3,786,067	292,339	9,145,065
Additions during the year	24,648	48,748	163,170	82,428	-	318,994
Disposals during the year	(27,665)	-	(108,948)	-	-	(136,613)
At the end of the year	**1,876,814**	**751,235**	**2,538,563**	**3,868,495**	**292,339**	**9,327,446**
Depreciation:						
At the beginning of the year	1,840,646	692,573	2,353,922	3,734,345	139,756	8,761,242
Charge for the year	14,184	5,604	90,899	12,960	48,768	172,415
Disposals during the year	(27,665)	-	(108,948)	-	-	(136,613)
At the end of the year	**1,827,165**	**698,177**	**2,335,873**	**3,747,305**	**188,524**	**8,797,044**
Net book amounts:						
At 31 December 2021	**49,649**	**53,058**	**202,690**	**121,190**	**103,815**	**530,402**

(All amounts in Saudi Riyals unless otherwise stated)

3 PROPERTY AND EQUIPMENT, NET (continued)

	Equipment	Office furniture	Computer hardware	Leasehold improvements	Motor vehicles	31 December 2020
Cost:						
At the beginning of the year	1,834,634	735,492	2,518,605	3,786,067	292,339	9,167,137
Additions during the year	45,197	9,900	97,320	-	-	152,417
Disposals during the year	-	(42,905)	(131,584)	-	-	(174,489)
At the end of the year	1,879,831	702,487	2,484,341	3,786,067	292,339	9,145,065
Depreciation:						
At the beginning of the year	1,834,634	733,884	2,380,594	3,721,354	90,988	8,761,454
Charge for the year	6,012	1,594	104,912	12,991	48,768	174,277
Disposals during the year	-	(42,905)	(131,584)	-	-	(174,489)
At the end of the year	1,840,646	692,573	2,353,922	3,734,345	139,756	8,761,242
Net book amounts:						
At 31 December 2020	39,185	9,914	130,419	51,722	152,583	383,823

(All amounts in Saudi Riyals unless otherwise stated)

4 INTANGIBLE ASSETS, NET

	31 December 2021	31 December 2020
Cost		
At the beginning of the year	**4,712,348**	4,697,883
Additions during the year	**109,103**	14,465
At the end of the year	**4,821,451**	4,712,348
Accumulated amortization		
At the beginning of the year	**4,584,400**	4,375,290
Charge during the year	**135,948**	209,110
At the end of the year	**4,720,348**	4,584,400
Net book value		
At the end of year	**101,103**	127,948

5 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

a) Right of use assets

Set out below are the carrying amounts of Company's right of use assets and the movements during the year:

	31 December 2021	31 December 2020
Carrying amount at the beginning of the year	**1,753,661**	1,821,722
Additions during the year	**608,636**	-
Reassessment during the year	**879,273**	774,739
Amortisation charge for year	**(897,444)**	(842,800)
Carrying amount at the end of the year	**2,344,126**	1,753,661

b) Lease liabilities

The movement in lease liabilities during the year are as follows:

	31 December 2021	31 December 2020
Lease liabilities at the beginning of the year	**1,852,873**	1,852,871
Additions during the year	**608,636**	-
Reassessment during the year	**879,273**	774,739
Finance cost	**71,200**	96,532
Lease payments during the year	**(950,475)**	(871,269)
Lease liabilities at the end of the year	**2,461,507**	1,852,873
Non-current lease liabilities	**919,913**	942,371
Current lease liabilities	**1,541,594**	910,502

(All amounts in Saudi Riyals unless otherwise stated)

6 INVESTMENT PROPERTIES

Investment properties represent the following:

(a) Two plots of land in Al Khobar (Ishbailiya District), Saudi Arabia. The total cost of the investment is SR 27,175,368 (31 December 2020: SR 27,175,368) including survey and other fees of SR 1,683,000 (31 December 2020: SR 1,683,000). The title deeds of the investment properties are registered in the name of one of the shareholders of the Company through a trust agreement that confirms the holding of the land on behalf of the Company.

The movement in investment property balance during the year was as follows:

	31 December 2021	31 December 2020
At the beginning of the year	**27,175,368**	35,773,551
Additions during the year	**30,118,500**	-
Transfer to investment at FVSI	**(30,118,500)**	-
Disposal during the year	-	(8,598,183)
At the end of the year	**27,175,368**	27,175,368
Fair values as at the end of the year	**27,410,000**	27,563,300

The fair value of the investment properties is based on market values obtained from an independent valuer named White Cube real estate, licensed by Taqeem. These values are subject to the independent valuer's estimation uncertainties.

The significant unobservable inputs used in the fair value measurements of investment properties categorised within Level 3 of the fair value hierarchy as at 31 December 2021 and 31 December 2020 are as follows:

Investment property	**Valuation technique**	**Significant unobservable inputs**	**Description of valuation technique**
Land	Comparable market approach	Plot size Land area	Using this method, the market survey is done by valuer for similar land plots founded in the surrounding area and similar to targeted land by area size and in the same district.

In August of 2021, the Company entered into a trust agreement to purchase a 50% share in land worth SR 60,237,000. The rest of the 50% share in the land is owned by Retal Urban Development Company ("RUDC"), a related party. The Company's share of the land was subsequently transferred to RUDC in exchange for 30,119 units, amounting to SR 30.119 million (i.e. a 50% ownership stake), in the newly established Business Park Fund (note 9.3).

(All amounts in Saudi Riyals unless otherwise stated)

7 INVESTMENT AT AMORTISED COST

Investments at amortised cost consists of the following debt instruments:

	Maturity date	31 December 2021	31 December 2020
Debt security issued by BNP Paribas	15 January 2021	**-**	3,070,234
Debt security issued by Mashreq Bank	26 February 2024	**1,476,177**	1,455,346
Saudi Government Sukuks*	25 July 2023 / 30 March 2050	**14,187,086**	14,187,086
Impairment charge for credit losses		**(1,284)**	(2,235)
Total investments at amortised cost		**15,661,979**	18,710,431
Current portion		**209,221**	3,278,519
Non-current portion		**15,452,758**	15,431,912
		15,661,979	18,710,431

* The Company has earned special commission income of SR 497,200 (2020: SR 459,991) on these Saudi Government Sukuk.

8 INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments at fair value through other comprehensive income consist of investments in local equities. The movements are set out below:

	31 December 2021		
	Cost	**Unrealised gain**	**Fair value**
Local equities listed in Tadawul (note 8.1)	**29,038,785**	**14,748,635**	**43,787,420**

	31 December 2020		
	Cost	Unrealised gain	Fair value
Local equities listed in Tadawul (note 8.1)	36,896,937	5,095,956	41,992,893

8.1 Investment in local equities listed in Tadawul represents portfolios managed by a non-related local asset management company (Saudi Fransi Capital Company) licensed by the Capital Market Authority of Saudi Arabia.

(All amounts in Saudi Riyals unless otherwise stated)

9 INVESTMENTS AT FAIR VALUE THROUGH STATEMENT OF INCOME (FVSI)

Investments at FVSI consists of investments in local money market funds, mutual funds and real estate funds. The movements are set out below:

		31 December 2021	
	Cost	**Unrealised gain**	**Fair value**
Money market funds (note 9.1)	**62,000,000**	**53,930**	**62,053,930**
Equity funds (note 9.2)	**37,263,147**	**10,486,273**	**47,749,420**
Real Estate funds (note 9.3)	**79,813,179**	**9,508,662**	**89,321,841**
Local equities listed in Tadawul (note 9.4)	**-**	**-**	**-**
	179,076,326	**20,048,865**	**199,125,191**

		31 December 2020	
	Cost	Unrealised gain	Fair Value
Money market funds (note 9.1)	32,543,300	52,056	32,595,356
Equity funds (note 9.2)	24,450,647	5,145,145	29,595,792
Real Estate funds (note 9.3)	65,661,173	4,920,027	70,581,200
Local equities listed in Tadawul (note 9.4)	994,750	181,650	1,176,400
	123,649,870	10,298,878	133,948,748

9.1 Investments in money market funds

The following entails the breakdown of units held per fund:

	31 December 2021	31 December 2020
Blominvest Murabaha Fund	**4,000,000**	-
Commodity Trade Fund	**9,849**	10,965
Al Mubarak Trade Fund	-	381,488

Commodity Trade Fund and Al Mubarak Fund are unlisted and managed by fund managers, other than the Company (Riyad Capital and ANB Invest respectively), licensed by the Capital Market Authority of Saudi Arabia. Blominvest Murabaha Fund, however, is unlisted and managed by the Company.

The following entails the movement of each respective fund:

	Cost	**Unrealised gain**	**Fair value**
Blominvest Murabaha Fund	40,000,000	44,000	40,044,000
Commodity Trade Fund	22,000,000	9,930	22,009,930
	62,000,000	**53,930**	**62,053,930**

(All amounts in Saudi Riyals unless otherwise stated)

9 INVESTMENTS AT FAIR VALUE THROUGH STATEMENT OF INCOME (FVSI) (continued)

9.2 Investments in equity funds

The following entails the breakdown of units held per fund:

	31 December 2021	31 December 2020
Blom Fund Of REITS Fund	**100,000**	100,000
Blom MSCI Saudi Arabia Select Min Vol Fund	**75,569**	75,569
Blominvest Saudi Freestyle Equity Fund	**14,500**	-
Blom Almazaya Saudi Equity Fund	**3,042**	3,042
Blom Saudi Arabia Fund	**1,239**	1,239
Blom Education Fund	**30**	-
Blom Arab Market Balanced Fund	-	1,250

All of the Company's managed mutual funds are unlisted.

The following entails the movement of each respective fund:

	Cost	**Unrealised gain**	**Fair value**
Blominvest Saudi Freestyle Equity Fund	14,500,000	430,884	14,930,884
Blom MSCI Saudi Arabia Select Min Vol Fund	8,200,000	4,938,298	13,138,298
Blom Fund Of REITS Fund	10,000,000	2,971,496	12,971,496
Blom Saudi Arabia Fund	1,238,500	1,932,072	3,170,572
Blom Education Fund	3,000,000	18,170	3,018,170
Blom Almazaya Saudi Equity Fund	324,647	195,353	520,000
	37,263,147	**10,486,273**	**47,749,420**

9.3 Investments in real estate funds

The following entails the breakdown of units held per fund:

	31 December 2021	31 December 2020
Musharaka REIT Fund	**278,203**	278,203
Business Park Fund	**30,119**	-
Al Rabie Residence Fund	**18,443**	18,443
Al Ahsa Fund	**3,900**	-
Blom Okaz Real Estate Fund	**1,400**	1,400
Mulkia Gulf Real Estate REIT Fund	**712**	712
Blom Solidere 3 RE Fund	**375**	375
Ammoriya Resorts Real Estate Fund	**12**	12
Al Rayan Residence Fund	-	11,073

Musharaka REIT fund and Mulkia Gulf Real Estate REIT fund are listed REIT funds and are managed by non-related local asset management companies licensed by the Capital Market Authority of Saudi Arabia. All other managed real estate funds are unlisted and are under the Company's management.

(All amounts in Saudi Riyals unless otherwise stated)

9 INVESTMENTS AT FAIR VALUE THROUGH STATEMENT OF INCOME (FVSI) (continued)

9.3 Investments in real estate funds (continued)

The following entails the movement of each respective fund:

	Cost	**Unrealised gain**	**Fair value**
Business Park Fund	30,118,500	-	30,118,500
Blom Solidere 3 RE Fund	21,962,529	5,274,674	27,237,203
Al Rabie Residence Fund	18,443,000	1,801,508	20,244,508
Al Ahsa Fund	3,900,000	877,010	4,777,010
Musharaka REIT Fund	2,782,030	(22,256)	2,759,774
Blom Okaz Real Estate Fund	1,400,000	1,101,889	2,501,889
Ammoriya Resorts Real Estate Fund	1,200,000	475,944	1,675,944
Mulkia Gulf Real Estate REIT Fund	7,120	(107)	7,013
	79,813,179	**9,508,662**	**89,321,841**

9.4 Investments in local equities listed in Tadawul represents portfolios managed by a non-related local asset management company (Saudi Fransi Capital) licensed by the Capital Market Authority of Saudi Arabia. During 2021, the Company has disposed the entirety of its stock portfolio of shares held at FVSI.

10 CASH AND CASH EQUIVALENTS

	31 December 2021	31 December 2020
Cash at hand	**428**	428
Bank balances	**2,690,641**	46,259,667
Cash and cash equivalent	**2,691,069**	46,260,095

11 EMPLOYEES' END OF SERVICE BENEFITS (EOSB)

The movement in employees defined benefit obligation is as follows:

	2021	2020
Balance at beginning of the year	**3,188,512**	3,166,987
Current service cost	**587,955**	440,969
Interest cost	**95,485**	105,441
Amount recognised in profit or loss account	**683,440**	546,410
Actuarial losses (gains) – experience adjustment	**240,286**	(48,736)
Amount recognised in OCI	**240,286**	(48,736)
Benefits paid during the year	**(11,350)**	(476,149)
Balance at the end of the year	**4,100,888**	3,188,512

(All amounts in Saudi Riyals unless otherwise stated)

11 EMPLOYEES' END OF SERVICE BENEFITS (EOSB) (continued)

The Company carried out an employee benefits actuarial valuation, using the projected unit credit method, of its liability as at 31 December 2021 arising from the end of service benefits to qualifying in-service employees. The weighted average duration of the plan is 13.64 years (2020: 14.00 years).

Significant actuarial assumptions

The following were the principal actuarial assumptions:

Key actuarial assumptions	**31 December 2021**	31 December 2020
Financial assumptions		
Discount rate used	**3.62%**	3.00%
Salary growth rate	**2.62%**	2.00%
Demographic assumptions		
Retirement age	**60**	60

Sensitivity analysis

A reasonably possible change to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation. The following is a sensitivity analysis for the salary inflation and discount rate assumptions that were performed at the previous and current valuation date:

	31 December 2021	31 December 2020
Discount Rate +0.5%	**3,841,891**	2,982,044
Discount Rate -0.5%	**4,383,920**	3,414,338
Long Term Salary Increases +0.5%	**4,385,359**	3,415,494
Long Term Salary Increases -0.5%	**3,838,255**	2,979,122

12 ZAKAT AND INCOME TAX

a) Zakat

Charge for the year

The zakat charge consists of the current year provision amounting to **SR 3,077,709** (2020: SR 3,134,728). The provision is based on the following:

	2021	2020
Equity at the beginning of the year	**337,090,195**	338,348,276
Opening balance of provisions and other adjustments	**8,454,190**	24,454,493
Book value of long term assets	**(73,938,419)**	(72,610,093)
	271,605,966	290,192,676
Adjusted profit for the year	**11,090,080**	5,379,352
Zakat base	**282,696,046**	295,572,028
Share of Saudi shareholder in the Zakat base @ 40%	**113,078,418**	118,228,811
Zakat charge on adjusted net profit @ 2.5%	**277,252**	134,484
Zakat charge on zakat base before adjusted profit @ 2.5777%	**2,800,457**	3,000,244
	3,077,709	3,134,728

The differences between the financial and zakat results are mainly due to provisions which are not allowed in the calculation of adjusted losses. The Company has estimated zakat charge for the year using 2.5777% and 2.5% for zakat base and adjusted profit respectively, as per relevant Zakat regulations applicable for year ended 31 December 2021.

(All amounts in Saudi Riyals unless otherwise stated)

12 ZAKAT AND INCOME TAX (continued)

b) Income tax

Charge for the year
The income tax charge consists of the current year provision amounting to **SR 3,146,146** (2020: SR 1,188,527).

Calculation of adjusted net income

	2021	2020
Income before zakat and income tax	**36,923,881**	12,288,242
Temporary differences:		
Accounting depreciation and amortization	**308,363**	383,388
Repair and maintenance	**986,734**	382,786
Other provisions	**-**	300,000
Provision for employees benefits obligations, net of payments	**672,090**	70,260
Depreciation and amortization at ZATCA scale rates	**(514,780)**	(532,549)
Unrealized gains on FVSI investments in funds not detuctible from Zakat base	**(10,294,621)**	-
Permanent differences:		
Value added tax	**115,262**	1,308
Withholding tax	**72,219**	296,849
Entertainment expenses	**43,319**	15,559
Adjusted net income for the year	**28,312,467**	13,205,843
Tax base at 60%	**16,987,480**	7,923,512
Brought forward losses	**(1,256,748)**	(1,980,878)
Estimated income tax at 20%	**3,146,146**	1,188,527
Deferred tax expense (income)	**1,334,212**	(955,018)
	4,480,358	233,509

Movement in zakat and income tax payable during the year

The movement in Zakat and income tax payable for the year ended 31 December 2021 and 31 December 2020 is as follows:

	Zakat	**Income Tax**	**Total**
Movement for the year ended 31 December 2021			
At the beginning of the year	**10,999,067**	**(1,098,333)**	**9,900,734**
Provided during the year	**3,077,709**	**3,146,146**	**6,223,855**
Payments during the year	**(1,439,341)**	**(490,382)**	**(1,929,723)**
At the end of the year	**12,637,435**	**1,557,431**	**14,194,866**
Movement for the year ended 31 December 2020			
At the beginning of the year	15,095,090	2,669,343	17,764,433
Provided during the year	3,134,728	1,188,527	4,323,255
Provision no longer required written back*	(4,345,828)	(3,387)	(4,349,215)
Payments during the year	(2,884,923)	(4,952,816)	(7,837,739)
At the end of the year	10,999,067	(1,098,333)	9,900,734

* During the prior year, the Company has reversed the additional provisions recorded up to year 2014 based on the premise that ZATCA has opened the assessments from year 2015 onwards and assessments prior to 2015 are considered time barred, therefore additional provision for the uptil 2014 has been reversed. The reversal was included in other income.

(All amounts in Saudi Riyals unless otherwise stated)

12 ZAKAT AND INCOME TAX (continued)

Movement in deferred tax during the year 2021

	Opening Deferred tax Asset (Liability)	Charged to statement of income	Charged to other comprehensive income	Closing Deferred tax Asset
Property and equipment and intangible assets	320,212	71,840	-	**392,052**
Employees' end of service benefits (EOSB)	382,621	80,651	28,834	**492,106**
Provisions	36,000	-	-	**36,000**
Unrealized gains on FVSI investments	-	(1,235,354)	-	**(1,235,354)**
Carry forward losses	251,349	(251,349)	-	**-**
	990,182	**(1,334,212)**	**28,834**	**(315,196)**
			Deferred tax asset	**-**
			Deferred tax liability	**315,196**

Status of assessment
The Company has filed its income tax and zakat declarations with the Zakat, Tax and Customs Authority ("ZATCA"), for all periods up to the year ended 31 December 2020. On 19 January 2022, ZATCA has issued the final assessments for 2015-2018, which cumulatively amount to SR 5.334 million according to the agreed settlement. The amount has been paid in full by the Company on 26 January 2022. No final assessments have been issued by the ZATCA yet for 2019 and 2020.

In 2020, ZATCA has raised the Withholding Tax (WHT) assessments for the years 2013 to 2018 and demanded an additional amount of SR 1.612 million. The Company had accepted and settled the liability to the extent of 0.586 million and thereafter filed an appeal for the remaining amount during February of 2021; the disputed amount has come about as a result of transactions with Solidere International Limited ("SIL"). The appeal was subsequently rejected by ZATCA, and the Company has accordingly offset the SR 1.026 million with the balance due to SIL (note 17).

13 SHARE CAPITAL

	31 December 2021	31 December 2020
Ordinary shares (SR 10 per share)	**245,000,000**	245,000,000

Share capital of **SR 245 million** (31 December 2020: SR 245 million) is divided into 24,500,000 shares (31 December 2020: 24,500,000 shares) of SR 10 each, which is fully subscribed and paid.

14 STATUTORY RESERVES

As required by the Saudi Arabian Companies' Law, the Company must transfer 10% of the net income for the year (after deducting losses brought forward) to the statutory reserve till it has built up a reserve equal to 30% of the capital. The reserve is not available for distribution.

(All amounts in Saudi Riyals unless otherwise stated)

15 DIVIDENDS DECLARED

The Board of Directors initially proposes the dividend during a Board meeting, and thereafter, the shareholders approve the cash dividend during the Annual General Assembly ("AGM"). A cash dividend of 5% of share capital at SR 0.50 per share (2020: SR 0.50) has been distributed from the retained earnings, based on the AGM held on 30 Sha'ban 1442H (corresponding to 12 April 2021). The cash dividend declared and paid during the year is SR 12,250,000 (2020: SR 12,250,000).

16 OTHER RESERVES

Other reserves comprise of the below:

	Remeasurement on EOSB	**Fair value reserve for OCI equity investments**	**Total**
Balance at the beginning of 1 January 2020	(354,591)	1,926,245	1,571,654
Other comprehensive income			
Fair value changes on equity investments at FVOCI	-	1,988,014	1,988,014
Re-measurement gain on EOSB	83,900	-	83,900
Transfer to retained earnings on disposal of FVOCI equity investments	-	1,181,697	1,181,697
Balance at the end of 31 December 2020	(270,691)	5,095,956	4,825,265
Other comprehensive income			
Fair value changes on equity investments at FVOCI	**-**	**14,610,892**	**14,610,892**
Re-measurement loss on EOSB, net of deferred tax	**(211,452)**	**-**	**(211,452)**
Transfer to retained earnings on disposal of FVOCI equity investments	**-**	**(4,958,213)**	**(4,958,213)**
Balance at the end of 31 December 2021	**(482,143)**	**14,748,635**	**14,266,492**

17 RELATED PARTY TRANSACTIONS

Related parties represent major shareholders, directors and key management personnel of the Company, Funds under the Company's management and entities controlled or significantly influenced by such parties. Transactions with related parties included in the statement of comprehensive income are as follows:

Related party	**Nature of transactions**	**Amount of transactions 2021**	**2020**
Mutual funds under management	Asset management fees income (note 17.1)	**19,560,026**	13,673,721
	Corporate financing fees income (note 17.2)	**11,766,315**	1,000,000
	Placement fees income (note 17.3)	**4,637,395**	2,413,293
	Settlement against service fees	**1,025,815**	-
	Performance fees income (note 17.4)	**735,030**	323,332
	Structuring fee income (note 17.5)	**475,000**	-
	Waiver and cancellation of asset management fees (note 17.6)	**(1,391,463)**	-
	Administrative fees expenses (note 17.7)	**(551,295)**	(454,431)
Shareholder	Financial charges	**(608)**	(44)

(All amounts in Saudi Riyals unless otherwise stated)

17 RELATED PARTY TRANSACTIONS (continued)

17.1 Asset management income represents the income from various funds calculated using an agreed percentage of NAV or total gross assets, according to the terms and conditions of the funds managed by the Company, calculated at each stipulated valuation date.

17.2 Corporate financing fees relate to debt arrangements, which are organized on behalf of a number of related parties with local financial institutions, for which the Company is entitled to earn fixed commission fees, which typically represent 2% of the total facility. During 2021, Blominvest has successfully arranged for four facilities on behalf of Al Malqa Residence Fund, Safa Hittin Fund, Al Rabie Residence Fund, and Al Ahsa Fund. Blominvest has also earned fees relating to an arrangement to reduce the financing costs of Solidere Qortuba LLC during the current year.

17.3 Placement fees are earned as a percentage of equity raised for each fund. During the year, placement fees were earned against private equity placements for Al Malqa Residence Fund, Al Ahsa Fund, Business Park Fund, Safa Hittin Fund, Blom Education Fund, Blom Almazaya Saudi Equity Fund, Blom MSCI Saudi Arabia Select Min Vol Fund, Blom Fund of REITs Fund and Blominvest Saudi Freestyle Equity Fund.

17.4 The performance fees are in line with the terms and conditions of Blom Almazaya Saudi Equity Fund and Blominvest Saudi Freestyle Equity Fund, which state that the Company is entitled to a performance fee of 8% for any positive performance that is exceeding the benchmark unit price.

17.5 The structuring fees of Al Rabie Residence Fund, as stipulated in the fund's terms and conditions, are 0.5% of the equity raised. Upon the inception of the fund in 2021, Blominvest was able to raise SR 95 million.

17.6 During the year, the Company issued rebate agreements to waive a share of the management fees paid by four shareholders invested in the following three funds: Blom Solidere 3 RE Fund, Safa Hittin Fund, and Al Ahsa Fund. Moreover, there has been a cancellation of fees related to Heyaza Development RE Fund.

17.7 Administrative fees are paid directly to third parties on behalf of Blom MSCI Saudi Arabia Select Min Vol Fund, and relate to general expenses incurred against ancillary services provided to the Fund by the third parties.

Related party	**Nature of balances**	**31 December 2021**	31 December 2020
Real estate funds under management	Due from related parties – Management fees	**99,398,514**	86,618,668
Equity funds under management	Due from related parties – Management fees	**274,427**	178,417
		99,672,941	86,797,085
Other receivables from related party	Due from related parties	**6,597,750**	4,416,997
Payable to real estate funds	Due to related parties	**12,471,317**	12,210,669
Shareholder	Current account	**120,738**	2,578,725

The summary of compensation to key management personnel and the Board of Directors for the years are as follows:

	2021	2020
Salaries and employee related benefits	**6,690,969**	6,551,017

(All amounts in Saudi Riyals unless otherwise stated)

18 GENERAL AND ADMINISTRATION EXPENSES

	2021	2020
Legal and professional fees	**2,027,693**	1,523,839
Funds managing expense	**1,621,916**	1,099,707
Amortisation of right of use asset (note 5)	**897,444**	842,800
Maintenance contract	**885,194**	681,556
Subscriptions	**559,620**	1,011,412
Advertisement and marketing expense	**467,155**	194,404
Utilities	**361,585**	209,533
Board and committees' remuneration	**340,000**	110,000
Depreciation and amortisation (notes 3 and 4)	**308,363**	383,387
Office supplies and courier expense	**217,179**	151,650
Others	**422,103**	517,278
	8,108,252	6,725,566

19 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below is an overview of financial assets, other than cash and cash equivalents, held by the Company as at 31 December 2021 and December 2020.

	31 December 2021	31 December 2020
Financial assets at amortised cost		
Investments at amortised cost (note 7)	**15,661,979**	18,710,431
Due from related parties – Management fees (note 17)	**99,672,941**	86,797,085
Due from related parties (note 17)	**6,597,750**	4,416,997
Financial assets at fair value through OCI		
Local equities listed in Tadawul (note 8.1)	**43,787,420**	41,992,893
Financial assets at fair value through statement of income		
Money market funds (note 9.1)	**62,053,930**	32,595,356
Equity funds (note 9.2)	**47,749,420**	29,595,792
Real Estate funds (note 9.3)	**89,321,841**	70,581,200
Local equities listed in Tadawul (note 9.4)	**-**	1,176,400
Total financial assets	**364,845,281**	285,866,154

Set out below is an overview of financial liabilities held by the Company as at 31 December 2021 and 31 December 2020:

	31 December 2021	31 December 2020
Financial liabilities at amortised cost		
Due to related parties (note 17)	**12,471,317**	12,210,669
Lease liabilities (note 5)	**2,461,507**	1,852,873
Other financial liabilities	**2,501,782**	3,618,409
Total financial liabilities at amortised cost	**17,434,606**	17,681,951

(All amounts in Saudi Riyals unless otherwise stated)

20 FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Company's financial assets as at 31 December 2021 and 31 December 2020. There are no financial liabilities measured at fair value. The fair value of other financial assets and financial liabilities approximate their carrying value.

		Fair value measurement using		
	Total	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
As at 31 December 2021				
Financial assets measured at fair value				
Money market funds	**62,053,930**	-	**62,053,930**	-
Equity funds	**47,749,420**	-	**47,749,420**	-
Real Estate funds	**89,321,841**	-	**89,321,841**	-
Local equities listed in Tadawul	**43,787,420**	**43,787,420**	-	-
Financial assets measured at amortised cost				
Investments at amortised cost	**15,978,400**	**15,978,400**	-	-
As at 31 December 2020				
Financial assets measured at fair value				
Money market funds	32,595,356	-	32,595,356	-
Equity funds	29,595,792	-	29,595,792	-
Real Estate funds	70,581,200	-	70,581,200	-
Local equities listed in Tadawul	43,169,293	43,169,293	-	-
Financial assets measured at amortised cost				
Investments at amortised cost	19,333,050	19,333,050	-	-

There were no transfers between Level 1 and Level 2 fair value measurements during the year, and no transfers into or out of Level 3 fair value measurements during the year.

21 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

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

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

(All amounts in Saudi Riyals unless otherwise stated)

21 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Risk measurement and reporting system
The Company's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses that are an estimate of the ultimate actual loss based on statistical models. The models make use of the probabilities derived from historical experience, adjusted to reflect the economic environment.

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

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

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

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. The investment manager is instructed to reduce exposure or to use derivative instruments to manage excessive risk concentrations when they arise.

Credit risk
Credit risk refers to the risk that a party to a financial instrument will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties, for whom the credit risk is assessed to be low. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such non-related counterparties. The Company maintains bank accounts with high credit rated financial institutions.

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

	31 December 2021	31 December 2020
Due from related parties – management fees (note 17)	**99,672,941**	86,797,085
Investments at amortised cost (note 7)	**15,661,979**	18,710,431
Investments at fair value through profit or loss (note 9)	**199,125,191**	133,948,748
Due from related parties (note 17)	**6,597,750**	4,416,997
Cash and cash equivalents (note 10)	**2,691,069**	46,260,095
	323,748,930	290,133,356

(All amounts in Saudi Riyals unless otherwise stated)

21 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit concentration

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

The geographical concentration of the credit risk is as below:

	31 December 2021	31 December 2020
Kingdom of Saudi Arabia	**322,152,015**	283,029,051
France	**-**	3,070,234
Lebanon	**120,738**	2,578,725
United Arab Emirates	**1,476,177**	1,455,346
	323,748,930	290,133,356

The management has conducted an assessment as required under IFRS 9 and based on such assessment, the management believes that there is no need for any significant impairment loss against the carrying value of cash and cash equivalents, time deposits, due from related parties and other financial assets.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by ensuring that sufficient funds are available from Shareholders and related parties at all times to meet any future commitments, and financing facilities are available.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments:

31 December 2021	**On Demand**	**Within 3 months**	**3 months to 1 year**	**Above 1 year**	**No fixed maturity**	**Total**
Due to related parties	**-**	**-**	**12,471,317**	**-**	**-**	**12,471,317**
Lease liabilities	**-**	**782,173**	**782,173**	**950,476**	**-**	**2,514,822**
Other financial liabilities	**300,000**	**160,917**	**2,040,865**	**-**	**-**	**2,501,782**
Total financial liabilities	**300,000**	**943,090**	**15,294,355**	**950,476**	**-**	**17,487,921**
31 December 2020						
Due to related parties	-	-	12,210,669	-	-	12,210,669
Lease liabilities	-	475,238	475,238	950,476	-	1,900,952
Other financial liabilities	300,000	1,321,160	1,997,249	-	-	3,618,409
Total financial liabilities	300,000	1,796,398	14,683,156	950,476	-	17,730,030

(All amounts in Saudi Riyals unless otherwise stated)

21 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Market risk

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

Commission rate risk

Commission rate risk arises from the possibility that changes in commission rates will affect future cash flows or the fair values of financial instruments. The Board of Directors has established limits on the commission gaps for stipulated periods. The Company's investments in debt securities carry fixed commission rates. The Company is not exposed to special commission rate risk as a result of mismatches or gaps in the amounts of assets and liabilities that mature or re-price in a given period. The Company manages this risk by matching the re-pricing of assets and liabilities through risk management strategies.

31 December 2021	Within 3 months	3-12 months	Over 1 year	Non commission bearing	Total
Financial assets					
Investments at amortised cost	209,221	-	15,452,758	-	15,661,979
Investments at FVOCI	-	-	-	43,787,420	43,787,420
Investments at FVSI	-	-	-	199,125,191	199,125,191
Due from related parties - management fees	-	-	-	99,672,941	99,672,941
Due from related parties	-	-	-	6,597,750	6,597,750
Cash and cash equivalents	-	-	-	2,691,069	2,691,069
Total financial assets	209,221	-	15,452,758	351,874,371	367,536,350
Financial liabilities					
Due to related parties	-	-	-	12,471,317	12,471,317
Lease liabilities	782,173	759,421	919,913	-	2,461,507
Other financial liabilities	-	-	-	2,501,782	2,501,782
Total financial liabilities	782,173	759,421	919,913	14,973,099	17,434,606
On financial position gap	(572,952)	(759,421)	14,532,845	336,901,272	350,101,744
Net non-financial assets					18,503,705
Total net assets					368,605,449
Total yield / commission rate risk sensitivity gap	(572,952)	(759,421)	14,532,845	336,901,272	
Cumulative yield / commission rate risk sensitivity gap	(572,952)	(1,332,373)	13,200,472	350,101,744	

(All amounts in Saudi Riyals unless otherwise stated)

21 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (Continued)

31 December 2020	Within 3 months	3-12 months	Over 1 year	Non commission bearing	Total
Financial assets					
Investments at amortised cost	3,278,519	-	15,431,912	-	18,710,431
Investments at FVOCI	-	-	-	41,992,893	41,992,893
Investments at FVSI	-	-	-	133,948,748	133,948,748
Due from related parties - management fees	-	-	-	86,797,085	86,797,085
Due from related parties	-	-	-	4,416,997	4,416,997
Cash and cash equivalents	-	-	-	46,260,095	46,260,095
Total financial assets	3,278,519	-	15,431,912	313,415,818	332,126,249
Financial liabilities					
Due to related parties	-	-	-	12,210,669	12,210,669
Lease liabilities	451,336	459,166	942,371	-	1,852,873
Other financial liabilities	-	-	-	3,618,409	3,618,409
Total financial liabilities	451,336	459,166	942,371	15,829,078	17,681,951
On financial position gap	2,827,183	(459,166)	14,489,541	297,586,740	314,444,298
Net non-financial assets					22,645,897
Total net assets					337,090,195
Total yield / commission rate risk sensitivity gap	2,827,183	(459,166)	14,489,541	297,586,740	
Cumulative yield / commission rate risk sensitivity gap	2,827,183	2,368,017	16,857,558	314,444,298	

Equity price risk

Equity price risk is the risk of unfavourable changes in the fair values of equity instruments as a result of changes in the value of individual shares. The equity price risk exposure arises from the Company's investments in equity securities. The Company's investments are susceptible to market price risk arising from uncertainties about future prices. The Board manages this risk through diversification of its investment portfolio in terms of geographical distribution and/or industry concentration.

21 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Sensitivity analysis
The table below sets out the effect on profit or loss and other comprehensive income of a reasonably possible weakening /strengthening in the individual equity market prices by 5% at the reporting date. The estimates are made on an individual investment basis. The analysis assumes that all other variables, in particular commission and foreign currency rates, remain constant.

Effect on profit and loss	**2021**		2020	
	+ 5%	**138,339**	+ 5%	58,820
Net gain on investments held at FVSI	**- 5%**	**(138,339)**	- 5%	(58,820)

Effect on other comprehensive income	**2021**		2020	
Net gain on investments held at	**+ 5%**	**2,189,372**	+ 5%	2,099,644
FVOCI	**- 5%**	**(2,189,372)**	- 5%	(2,099,644)

Concentration of equity price risk
The following table analyses the Company's concentration of equity price risk in the Company's equity portfolio, measured at FVSI and FVOCI, by geographical distribution (based on counterparties' place of primary listing or, if not listed, place of domicile).

% of equity securities and units in managed funds

	31 December 2021	31 December 2020
Kingdom of Saudi Arabia	**100%**	100%

The following table analyses the Company's concentration of equity price risk in the Fund's equity portfolio by industrial distribution:

% of equity securities and units in managed funds measured at FVSI and FVOCI

	31 December 2021	31 December 2020
Listed equities - Financial	**18,562,653**	14,999,664
Listed equities – Non-financial	**25,224,767**	28,169,629
	43,787,420	43,169,293

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

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 shareholder by pricing products and services commensurating with the level of risk. It is the policy of the Company to maintain adequate capital base so as to maintain investor, creditor and market confidence and to support future development of the business. The Company's capital base sufficiently covers all material risks meeting the minimum capital requirement and the Company intends to maintain a healthy capital ratio to cater future business growth. The minimum capital and total capital ratios are given in note 23 to these financial statements.

22 CAPITAL COMMITMENTS AND CONTINGENCIES

The Company, in the normal course of business, has not committed any guarantees during the year and has no outstanding guarantees from prior years. As at 31 December 2021, The Company does not have any capital commitments (31 December 2020: SR nil).

23 CAPITAL ADEQUACY

The Capital Market Authority has issued Prudential Regulations (the "Rules") dated 30 December 2012 (corresponding to 17 Safar 1434H) pursuant to Royal Decree No. M/30 dated 2/6/1424H. According to the Rules, CMA has prescribed the framework and guidance regarding the minimum regulatory capital requirement and its calculation methodology as prescribed under Pillar I. In accordance with this methodology, the Company has calculated its minimum capital required and capital adequacy ratios as follows:

	31 December 2021 SR'000	31 December 2020 SR'000
Capital base		
Tier I	**353,756**	330,876
Tier II	**14,748**	5,096
Total	**368,504**	335,972
Minimum capital		
Credit risk	**182,362**	155,672
Market risk	**9,962**	5,646
Operational risk	**7,004**	5,526
Total	**199,328**	166,844
Capital adequacy ratio	**1.85**	2.01
Surplus	**169,176**	169,128

a) The Capital Base of the Company comprises of

- Tier-1 capital consists of paid-up share capital, retained earnings, share premium (if any), reserves excluding revaluation reserves, intangibles and deferred tax asset.
- Tier-2 capital consists of subordinated loans, cumulative preference shares and revaluation reserves.

b) The minimum capital requirements for market, credit & operational risk are calculated as per the requirements specified in part 3 of the Prudential Rules issued by the CMA.

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

24 CUSTOMERS' FUNDS

The net assets under management outstanding at end of the year including mutual funds and discretionary portfolios amounted to SR 6,010,005,934 (2020: SR 3,952,629,386).

25 COMPARATIVE FIGURES

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

26 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements have been approved by the Board of Directors on 24 February 2022 (corresponding to 23 Rajab 1443H).