ARCH CAPITAL COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

INDEPENDENT AUDITOR’S REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2023

ARCH CAPITAL COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS
As at 31 December 2023

Building a better working world

Ernst & Young Professional Services (Professional LLC)
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)
King's Road Tower, 13th Floor
King Abdul Aziz Road (Malek Road)
P.O. Box 1994
Jeddah 21441
Kingdom of Saudi Arabia
Head Office – Riyadh

C.R. No. 4030276644

Tel: +966 12 221 8400
Fax: +966 12 664 4408

ey.ksa@sa.ey.com
ey.com

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ARCH CAPITAL COMPANY

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Arch Capital Company (the "Company") and its subsidiary (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated 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 that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

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

Other Matter
The consolidated financial statements of the Group for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 30 March 2023 (corresponding to 8 Ramadhan 1444H).

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the provisions of Companies' Law and Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ARCH CAPITAL COMPANY

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

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

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ARCH CAPITAL COMPANY

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

for Ernst & Young Professional Services

Hussein Saleh Asiri
Certified Public Accountant
License No. 414

Jeddah: 21 Ramadhan 1445H
_31 March 2024G

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CR.4030276644
شركة ارنست ويونغ للخدمات المهنية
(مهنية ذات مسؤولية محدودة)
Ernst & Young Professional Services
(Professional LLC)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	Notes	***31 December 2023 SR***	*31 December 2022 SR*
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	**15,609,822**	35,660,921
Accounts receivable, Prepayments and other receivables	5	**2,770,624**	8,120,175
Due from related parties	18	**966,176**	5,477,469
Investments at fair value through profit or loss	6	**-**	23,789,845
TOTAL CURRENT ASSETS		**19,346,622**	73,048,410
NON-CURRENT ASSETS			
Investments at fair value through profit or loss	6	**15,004,110**	-
Right of use asset	7	**744,738**	273,305
Intangible assets	8	**13,868**	48,937
Property and equipment	9	**713,123**	650,313
TOTAL NON-CURRENT ASSETS		**16,475,839**	972,555
TOTAL ASSETS		**35,822,461**	74,020,965
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts payable, accruals and other liabilities	10	**2,206,120**	5,330,003
Due to related parties	18	**14,188**	78,688
Accrued Zakat	17	**460,859**	340,818
Lease liabilities	7	**284,861**	220,932
TOTAL CURRENT LIABILITIES		**2,966,028**	5,970,441
NON-CURRENT LIABILITIES			
Loan from shareholder		**-**	44,840,154
Employee benefits	11	**366,220**	205,575
Lease liabilities	7	**431,306**	55,905
TOTAL NON-CURRENT LIABILITIES		**797,526**	45,101,634
TOTAL LIABILITIES		**3,763,554**	51,072,075
SHAREHOLDERS' EQUITY			
Share capital	12	**20,000,000**	20,000,000
Statutory reserve	13	**1,194,454**	281,753
Foreign currency translation reserve		**(19,956)**	(3,856)
Retained earnings		**10,884,409**	2,670,993
TOTAL SHAREHOLDERS' EQUITY		**32,058,907**	22,948,890
TOTAL LIABILITIES AND EQUITY		**35,822,461**	74,020,965

The accompanying notes from 1 to 28 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 December 2023

	Notes	***2023 SR***	*2022 SR*
INCOME			
Fee from services, net	14	**16,385,077**	14,938,829
Income from investments at fair value through profit or loss, net	6	**770,880**	1,021,539
Income from placements and deposits		**2,559,198**	593,265
TOTAL OPERATING INCOME		**19,715,155**	16,553,633
OPERATING EXPENSES			
Cost of revenue	15	**-**	(3,991,773)
Salaries and employees related expenses		**(6,635,631)**	(5,417,969)
General and administrative expenses	16	**(3,136,255)**	(3,925,693)
TOTAL OPERATING EXPENSES		**(9,771,886)**	(13,335,435)
NET OPERATING INCOME		**9,943,269**	3,218,198
Finance cost		**(558,258)**	(339,840)
Other income		**431,368**	229,563
PROFIT BEFORE ZAKAT AND TAX		**9,816,379**	3,107,921
Zakat expenses	17	**(689,357)**	(344,967)
PROFIT FOR THE YEAR		**9,127,022**	2,762,954
OTHER COMPREHENSIVE INCOME:			
Items that will not be reclassified to profit or loss			
Re-measurement (loss) gain on employees' terminal benefits	11	**(905)**	135,213
Items that may be reclassified to profit or loss			
Exchange difference on translation of foreign operation		**(16,100)**	(3,856)
Total comprehensive loss / (income) for the year		**(17,005)**	131,357
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**9,110,017**	2,894,311
BASIC AND DILUTED EARNINGS PER SHARE		**4.564**	1.381

The accompanying notes from 1 to 28 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 December 2023

	Share capital SR	*Statutory reserve SR*	*Foreign currency translation reserve SR*	*Retained Earnings SR*	*Total equity SR*
Balance as at 31 December 2021	20,000,000	5,458	-	49,121	20,054,579
Profit for the year	-	-	-	2,762,954	2,762,954
Other comprehensive income for the year	-	-	(3,856)	135,213	131,357
Total comprehensive income for the year	-	-	(3,856)	2,898,167	2,894,311
Transfer to statutory reserve	-	276,295	-	(276,295)	-
Balance as at 31 December 2022	**20,000,000**	**281,753**	**(3,856)**	**2,670,993**	**22,948,890**
Profit for the year	**-**	**-**	**-**	**9,127,022**	**9,127,022**
Other comprehensive income for the year	**-**	**-**	**(16,100)**	**(905)**	**(17,005)**
Total comprehensive income for the year	**-**	**-**	**(16,100)**	**9,126,117**	**9,110,017**
Transfer to statutory reserve	**-**	**912,701**	**-**	**(912,701)**	**-**
Balance as at 31 December 2023	**20,000,000**	**1,194,454**	**(19,956)**	**10,884,409**	**32,058,907**

The accompanying notes from 1 to 28 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended 31 December 2023

	Notes	***2023*** ***SR***	*2022* *SR*
OPERATING ACTIVITIES			
Net profit before Zakat		**9,816,379**	3,107,921
Adjustments to reconcile net profit before Zakat to net cash from operating activities:			
Depreciation of property and equipment	9	**129,845**	105,305
Amortization of intangible assets	8	**21,570**	12,657
Depreciation of right of use asset	7	**311,281**	163,606
Finance cost		**558,258**	339,840
Unrealized gain on sale of investment	6	**-**	611,574
Realized gain on sale of investment at FVTPL		**(770,880)**	(1,633,113)
Employees' benefits charge for the year	11	**159,740**	222,341
		10,226,193	2,930,131
Changes in operating assets and liabilities:			
Accounts receivable, Prepayments and other current assets		**5,349,551**	(2,426,091)
Due from / to related party (net)		**4,446,793**	(5,477,469)
Accounts payable, accrued and other liabilities		**(3,123,883)**	4,393,854
Deferred income		**-**	(75,000)
Cash from / (used in) operations		**16,898,654**	(654,575)
Employees' end of service benefits paid		**-**	(4,250)
Zakat paid	17	**(569,317)**	(518,492)
Net cash generated from / (used in) operating activities		**16,329,337**	(1,177,317)
INVESTING ACTIVITIES			
Purchase of property and equipment	9	**(192,655)**	(72,188)
Investment made during the year		**(23,630,408)**	(66,121,285)
Investment disposed during the year		**33,187,023**	43,505,109
Payment of lease liability	7	**(359,829)**	(168,807)
Purchase of intangible assets	8	**13,500**	(27,000)
Net cash generated from / (used in) investing activities		**9,017,631**	(22,884,171)
FINANCING ACTIVITIES			
Loan from shareholder		**8,298,727**	44,506,356
Repayment of loan		**(53,680,694)**	-
Net cash (used in) / generated from financing activities		**(45,381,967)**	44,506,356
NET CHANGE IN CASH AND CASH EQUIVALENT		**(20,034,999)**	20,444,868
Translation effect		**(16,100)**	(3,856)
Cash and cash equivalents at the start of the year		**35,660,921**	15,219,909
CASH AND CASH EQUIVALENT AT THE END OF THE YEAR		**15,609,822**	35,660,921

The accompanying notes from 1 to 28 form an integral part of these consolidated financial statements.

1 REPORTING ENTITY

Arch Capital Company ("the Company") is a Saudi Closed Joint Stock Company registered in Jeddah under Saudi Capital Market Authority license number 20214-32 dated 25 Rabi al-awwal 1442 (November 11, 2020). The Company has been established pursuant to the approval of the Ministry of Commerce and Industry via Decree number 4030403078, dated December 29, 2020, (14-5-1442 Hijri). The Company is registered in the Kingdom of Saudi Arabia under Commercial Registration No. 4030403078 dated December 29, 2020, (14-5-1442 Hijri). The ownership structure of the Group is detailed in note 12 of these consolidated financial statements.

The principal activities of the Company include managing investments, operating funds, arranging and providing advice in securities business under the license of the Capital Market (32-2.214).

The Company's principal place of business is Jeddah at the following address:
Al Safa Street, Al Nahda District
Jeddah 23523-3165
Kingdom of Saudi Arabia

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as "the Law") came into force on 26/6/1444 H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023). The management is in process of assessing the impact of the New Companies Law and will amend its bylaws for any changes to align the Articles to the provisions of the Law. Consequently, the Company shall present the amended Articles of by-laws to the Partners in their Extraordinary/Annual General Assembly meeting for their ratification, The management is currently taking the necessary measures to make these amendments.

2.2 Basis of measurement

These consolidated financial statements are prepared under the historical cost convention, except for investment at fair value through profit or loss which are measured at fair value. For employees' defined benefit obligations, actuarial present value calculations are used.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyals (SR), which is the functional currency of the Group.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns.

2 BASIS OF PREPARATION (continued)

2.4 Basis of consolidation (continued)

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income ("OCI") are attributed to the equity holders of the Parent Company of the Group and to the non-controlling interests if any, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it 8ecognized8s the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is 8ecognized in the consolidated statement of profit or loss. Any investment retained is 8ecognized at fair value.

The financial statement of the subsidiary is prepared for the reporting period of 31st May and for consolidation purposes they prepare a special purpose financial statement as of the parent company 31st December.

Business combinations and goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. Any contingent consideration to be transferred by the acquirer will be 8ecognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value 8ecognized in the consolidated statement of profit or loss in accordance with IFRS 9.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the consolidated statement of profit or loss.

2 BASIS OF PREPARATION (continued)

2.4 Basis of consolidation (continued)

Business combinations and goodwill (continued)
After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a cash-generating unit ("CGU") and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

These consolidated financial statements comprise of the financial statements of the Company and its subsidiary (together referred to as the "Group").

Subsidiary name	*Country of incorporation*	*Principal business activity*	***31 December 2023***	*31 December 2022*
			Effective ownership interest	
ARCH Capital FZE	United Arab Emirates	Rendering professional and restructuring services, trading in bonds and investing in fixed deposits	**100%**	100%

Arch Capital FZE was incorporated as limited liability free zone establishment registered with Dubai World Trade Centre Authority during the year.

2.5 Significant accounting judgements, estimates and assumptions

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and accompanying disclosures of contingent liabilities. Such judgments, estimates and assumptions 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. Actual results may differ from these estimates. Revision to accounting estimates are recognized in the period in which the estimate is revised, and any future period affected.

Critical accounting judgments and estimates
Significant areas where management has used estimates, assumptions or exercised judgments are as follows:

End of service benefits
The cost of the defined benefit plan (end of service benefits) and the present value of the end of service benefits obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are continuously and consistently reviewed.

Impairment of non-financial assets
The Group reviews the carrying amounts of non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value in use.

Non-financial assets that suffered impairment are reviewed for possible reversal of impairment at each reporting date. Impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized in the period of reversal in the consolidated statement of profit or loss and other comprehensive income.

2 BASIS OF PREPARATION (continued)

2.5 Significant accounting judgements, estimates and assumptions (continued)

Critical accounting judgments and estimates (continued)

Determination of transaction price
The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgment the Group assesses and estimates the impact of any variable consideration in the contract. In determining transaction price, the Group assesses whether the transaction price is constrained because of high susceptibility of the amount of transaction on factors which are outside the entity's control and uncertainty about the amount of consideration.

Measurement of the expected credit loss allowance
The measurement of the expected credit loss allowance for financial assets measured at amortized cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior. The Group assesses on a forward-looking basis, the expected credit losses ("ECL") associated with its financial assets carried at amortized cost and other debt instruments. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). The Group recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes,
- The time value of resources; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group measures loss allowances at an amount equal to lifetime ECL.

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

Useful life and residual value of tangible and intangible assets
The management determines the estimated useful lives of tangible and intangible assets for calculating depreciation / amortization. This estimate is determined after considering expected usage of the assets or physical wear and tear. Management reviews the residual value, depreciation / amortization method and useful lives annually and future depreciation / amortization charges are adjusted where management believes these differ from previous estimates.

Contingent Liabilities
Management frequently reviews the lawsuits raised against the Company based on a legal study prepared by the company's legal advisors. This study highlights potential risks that the Company may incur in the future.

3 MATERIAL ACCOUNTING POLICY INFORMATION

Except for what is mentioned in note 20, the accounting policies applied in these consolidated financial statements are the same as those applied in the last annual financial statements. The following is the most significant accounting policies applied by the entity:

3.1 Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current / non-current classification.

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

All other assets are classified as non-current.

Liabilities:
A liability is current when:
- It is expected to be settled in 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.

All other liabilities are classified as non-current.

3.2 Foreign currencies

Transactions in foreign currencies are initially recorded by the Group in its functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

3.3 Property and equipment

Initial recognition and measurement
Items of property and equipment are initially recognized at cost. Subsequent measurement is done at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost of an acquired item of property and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and any directly attributable cost of bringing the item to working condition for its intended use.

Parts of an item of property and equipment having varying useful lives are accounted for as separate component of property and equipment, if considered significant.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.3 Property and equipment (continued)

Subsequent expenditure
Subsequent expenditure is capitalized when it is probable that future economic benefits deriving from the cost incurred will flow to the Group and the cost of the item can be measured reliably.

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in consolidated statement of profit or loss.

De-recognition
Property and equipment are derecognized when no future economic benefits are expected from their use or upon their disposal. Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized in the consolidated statement of profit or loss.

Depreciation
Depreciation of asset begins from the month when it is available for use and ceases at the earlier of the month the asset is classified as held for sale or the month the assets is derecognized.

Depreciation is calculated on cost of items of property and equipment less their estimated residual values over their estimated useful lives using the straight-line method and is generally recognized in the consolidated statement of profit or loss. Freehold land is not depreciated. Leasehold improvements are amortized over the shorter of the estimated useful life or the remaining term of the lease.

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

Leasehold improvements	10 years
Furniture and equipment	4 – 6 years

The depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted prospectively, if required.

3.4 Intangible assets

Initial recognition and measurement
Intangible assets, other than goodwill, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

Subsequent expenditure
Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in the statement of profit or loss and other comprehensive income as incurred.

Amortization
Amortization is calculated over the cost of the asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since it most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset, The estimated useful life of intangibles is 3-4 years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.4 Intangible assets (continued)

De-recognition
An intangible asset is derecognized when no future economic benefits are expected from their use or upon their disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognized.

3.5 Financial instruments

Recognition and initial measurement
Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets
On initial recognition, a financial asset is classified as measured at:
- Amortized cost.
- Fair value through other comprehensive income ("FVOCI") – debt investment.
- FVOCI – equity investment; or
- Fair value through profit or loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets (continued)

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Group has designated its financial assets as follows:
- Investment in public equities and funds at FVTPL,
- Investment in private equities and funds at FVTPL
- Investments in mutual funds at FVTPL,
- Murabaha investment at amortized cost; and
- Sukuk investments at amortized cost.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.5 Financial instruments (continued)

Classification and subsequent measurement (continued)

Business model assessment
The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice,
- These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets,
- how the performance of the portfolio is evaluated and reported to the Group's Management,
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed,
- how managers of the business are compensated – e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected, and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on affair value basis is measured at FVTPL.

Financial assets (continued)
Assessment whether contractual cash flows are solely payments of principal and interest (SPPI)
For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin.

- contingent events that would change the amount or timing of cash flows,
- terms that may adjust the contractual coupon rate, including variable-rate features,
- prepayment and extension feature, and
- terms that limit the Group's claim to cash flows from specified assets (e.g., non-recourse features).

Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in consolidated statement of profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by expected credit losses, if any. Interest income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss and other comprehensive income. Any gain or loss on derecognition is recognized in consolidated statement of profit or loss.

Financial liabilities
Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss and other comprehensive income. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss and other comprehensive income. Any gain or loss on derecognition is also recognized in profit or loss. The Group has not designated any financial liabilities at FVTPL.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.5 Financial instruments (continued)

Derecognition

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

The Group enters into transactions whereby it transfers assets recognized in its consolidated statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities
The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in the statement of profit or loss and other comprehensive income.

Offsetting
Financial assets and financial liabilities are offset and reported net in the consolidated statement of financial position when there is a legally enforceable right to set off the recognized amounts and when the Group intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.6 Zakat and tax

The Company is subject to Zakat in accordance with the regulations of Zakat, Tax and Custom Authority (“ZATCA”). Zakat is charged to the consolidated statement of profit or loss. Additional Zakat and income tax liability, if any, related to prior years’ assessments are accounted for in the period in which the final assessments are finalized and recognized in the consolidated statement of profit or loss. Subsidiary registered outside the Kingdom of Saudi Arabia are subject to income tax as per applicable local regulations, which is charged to the consolidated profit or loss statement.

3.7 Employee benefits

Post-employment benefits
The Group’s net obligations in respect of defined unfunded post-employment benefit plan (“the plan”) is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and any unrecognized past service costs. The discount rate used is the market yield on government bonds at the reporting date that have maturity dates approximating the terms of the Group’s obligations. The cost of providing benefits under the defined benefits plan is determined using the projected unit credit method to determine the Group’s present value of the obligation. As at the consolidated statement of financial position date, the Group’s post-employment defined benefit plan is represented by employees’ end of service benefit plan.

Termination benefits
Termination benefits are recognized as an expense when the Group is demonstrably committed without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before retirement date, or to provide termination benefits as a result of an offer to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Group has made an offer for voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Short term benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.8 Provisions and contingent liabilities

Provisions: A provision is recognized if, as a result of a past event, the Group has a present, legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions expected to be settled after 12 months of the reporting date are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost in consolidated statement of profit or loss and other comprehensive income.

Onerous contracts: A provision for onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

Contingent liabilities: Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Group. Contingent liabilities are based on the judgment of management / independent experts and are not recognized in these consolidated financial statements but disclosed in the notes to theses consolidated financial statements. These are reviewed at the end of each reporting period and are adjusted as appropriate.

3.9 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position represents cash in hand, balances with banks and other financial assets, with original maturity of three months or less which are subject to insignificant risk of changes in their fair value.

3.10 Fiduciary assets

Assets held on behalf of or for the beneficial interest of the customers are accounted for as held in a fiduciary capacity and are not treated as assets of the Group, and accordingly, are not recognized in the consolidated financial statements. The Group maintains appropriate documentation to clearly segregate its own assets from those held in a fiduciary capacity. The details of these assets are disclosed in note 25 of the consolidated financial statements.

3.11 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue from contracts with customer when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group recognizes revenue from contracts with customers based on a five-step model as set out below:

Step 1 - Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2 - Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3 - Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4 - Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5 - Recognize revenue when (or as) the entity satisfies a performance obligation.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.11 Revenue recognition (continued)

The Group has applied constraint in determining the transaction price with respect to the performance fee it is entitled under the management agreements with its core clients due to the significant uncertainties involved in determining the performance fee, Therefore, revenue is recognized after the actual results are available to the Group.

The Group satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or

- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognized at the point in time at which the performance obligation is satisfied, The Group recognizes revenue at the point in time at which the customer obtains control of a promised asset and the entity satisfies the performance obligations.
Major sources of revenue for the group and the corresponding accounting policy in respect of revenue recognition is set out below:

Fee from asset management
Fees charged for managing investment funds and private portfolios are recognized as revenue rate ably as the services are provided, based on the applicable service contracts. Subscription fee is recognized at the time of subscription. Any performance fee is recognized in the period in which the corresponding fund or portfolio results meet (or are expected to meet) the annual pre- set targets.

Fee from services
Fee from services is recognized based on services rendered under the applicable service contracts.

3.12 Expenses

General and administrative expenses include direct and indirect costs related to operations other than salaries and marketing expenses. Allocations of common expenses between cost of sales, selling and marketing and general and administrative expenses, when required, are made on a consistent basis.

3.13 Finance income

Finance income on investments is recognized as it accrues in the consolidated statement of profit or loss and other comprehensive income, using the effective interest method.

3.14 Finance cost

Finance costs comprises of interest expenses and bank charges incurred by the Group during the year. Interest expense is recognized using the effective interest method. These are recorded as and when incurred.

3.15 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Parent by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held (if any). Diluted EPS is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held and for the effects of all dilutive potential ordinary shares.

4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of following:

	Note	***2023 SR***	*2022 SR*
Cash in hand		**3,303**	-
Cash at banks	4.1	**1,106,519**	25,515,085
Short term treasury deposits	4.2	**14,500,000**	10,145,836
		15,609,822	35,660,921

4.1 The bank balance is maintained with local banks and international banks which are rated at investment grade level. The carrying value of bank balances represent maximum exposure to credit risk on bank balances without taking into account any collateral and other credit enhancement. Moreover, none of the bank balances were credit impaired or had undergone significant increase in credit risk at the reporting date.

4.2 This comprises of treasury deposits placements with local banks with original maturity of less than three months at the profit rate of 6.15% (2022: 6.05%).

5 ACCOUNTS RECEIVABLE, PREPAYMENTS AND OTHER RECEIVABLES

	2023 SR	*2022 SR*
Management fee	**1,083,867**	130,712
Advisory fee	**886,918**	7,591,351
Prepayments	**325,473**	205,192
Accrued income	**143,130**	65,885
Loan to employees	**69,666**	63,993
Others	**261,570**	63,042
	2,770,624	8,120,175

6 INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	***2023 SR***	***2022 SR***
Investment in fund	6.1	**15,004,110**	-
Investment in bond	6.2	-	23,789,845
		15,004,110	23,789,845

6.1 During the year the Group acquired units in mutual fund through a sale purchase agreement entered with the principal unit holders for the advisory service provided.

6.2 During the year 2022, the Group invested in foreign bonds held in foreign markets through Commercial Bank.

6 INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

6.3 Presented below is the summary of the movement in investments:

	2023 ***SR***	*2022* *SR*
As at 1 January	**23,789,845**	152,130
Purchase of investments during the year	**23,630,407**	66,121,285
Proceeds from redemption on investments during the year	**(33,187,022)**	(43,505,109)
Realized gain on sale of investment	**770,880**	1,633,113
Unrealized gain on sale of investment	**-**	(611,574)
As at 31 December	**15,004,110**	23,789,845

7 RIGHT OF USE ASSETS

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the year:

	2023 ***SR***	*2022* *SR*
As at 1 January	**273,305**	173,787
Addition during the year	**782,714**	263,124
Less: depreciation for the year	**(311,281)**	(163,606)
As at 31 December	**744,738**	273,305

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2023 ***SR***	*2022* *SR*
As at 1 January	**276,837**	176,237
Addition during the year	**782,714**	263,124
Finance cost	**16,444**	6,283
Payment of principal portion of lease liabilities during the year	**(359,828)**	(168,807)
As at 31 December	**716,167**	276,837
Current	**284,861**	220,932
Non-current	**431,306**	55,905

8 INTANGIBLE ASSETS

Movement in intangible assets (represented by computer software) during the year ended 31 December is as follows:

	2023	*2022*
	SR	*SR*
Cost:		
As at 1 January	**67,500**	40,500
Addition during the year	**-**	27,000
Adjustment for the prior year	**(13,500)**	-
As at 31 December	**54,000**	67,500
Accumulated amortization:		
As at 1 January	**18,563**	5,906
Charged during the year	**21,569**	12,657
As at 31 December	**40,132**	18,563
Net carrying amount	**13,868**	48,937

9 PROPERTY AND EQUIPMENT

Movement in property and equipment during the year ended is as follows:

	Computer & electronic equipment	*Furniture*	*Leasehold improvements*	***Total***
Cost				
Balance as at 31 December 2022	**213,999**	**123,822**	**469,649**	**807,470**
Addition during the year	**42,655**	**150,000**	**-**	**192,655**
Balance as at 31 December 2023	**256,654**	**273,822**	**469,649**	**1,000,125**
Accumulated depreciation				
Balance as at 31 December 2022	**62,907**	**20,214**	**74,036**	**157,157**
Charge for the year	**59,235**	**23,645**	**46,965**	**129,845**
Balance as at 31 December 2023	**122,142**	**43,859**	**121,001**	**287,002**
Net book value as at 31 December 2023	**134,512**	**229,963**	**348,648**	**713,123**

9 PROPERTY AND EQUIPMENT (continued)

Movement in property and equipment during the year ended 31 December 2022, is as follows:

	Computer & electronic equipment	*Furniture*	*Leasehold improvements*	*Total*
Cost				
Balance as at 31 December 2021	147,241	118,392	469,649	735,282
Addition during the year	66,758	5,430	-	72,188
Balance as at 31 December 2022	213,999	123,822	469,649	807,470
Accumulated depreciation				
Balance as at 31 December 2021	17,550	6,906	27,396	51,852
Charge for the year	45,357	13,308	46,640	105,305
Balance as at 31 December 2022	62,907	20,214	74,036	157,157
Net book value as at 31 December 2022	151,092	103,608	395,613	650,313

10 ACCOUNT PAYABLE, ACCRUALS AND OTHER CURRENT LIABILITIES

Account payable, accruals and other liabilities comprises of following:

	2023 SR	*2022 SR*
Accrued remuneration BOD and committees	**901,250**	1,000,000
Staff incentives	**850,000**	-
VAT payable	**128,255**	75,836
Accrued professional fees	**125,028**	3,758,808
Accounts payable	**37,432**	442,251
Payable to GOSI	**33,244**	16,907
Others	**130,911**	36,201
	2,206,120	5,330,003

11 EMPLOYEES' BENEFITS

The Group operates an approved unfunded employees' end of service benefits plan ("EOSB") for its employees as required by the Saudi Arabian Labor Law. The amount recognized in the statement of financial position is determined as follows:

	Note	***2023 SR***	*2022 SR*
Employee end of service benefits	11.1	**366,220**	205,575

11.1 An independent actuarial exercise has been conducted by the Group as at 31 December 2023 to ensure the adequacy of provision for employees' end of service benefits in accordance with the rules stated under the Saudi Arabian Labor Law by using the Projected Unit Credit Method as required under International Accounting Standards 19 Employee Benefits.

11 EMPLOYEES' BENEFITS (continued)

The movement in EOSB for the year ended December 31 is as follows:

	2023	*2022*
	SR	*SR*
Balance at the start of the year	**205,575**	122,697
Included in profit or loss		
Current service cost	**146,095**	1,692
Interest cost	**13,645**	220,649
	159,740	222,341
Included in other comprehensive income		
Actuarial loss / (gain)	**905**	(135,213)
Employer contribution	**-**	(4,250)
Balance at the end of the year	**366,220**	205,575

Assumptions regarding future mortality have been based on published statistics and mortality tables. The current longevities underlying the values of the defined benefit obligation at the reporting date were as follows:

	2023	*2022*
	SR	*SR*
Discount rate (%)	**4.70%**	5.00%
Future salary growth (%)	**3.70%**	4.00%

The weighted-average duration of the defined benefit obligation is 10.13 years.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	2023	
	Increase	***Decrease***
	SR	***SR***
Discount rate (1% movement)	**701,070**	**765,978**
Future salary growth (1% movement)	**764,304**	**702,324**

	2022	
	Increase	*Decrease*
	SR	*SR*
Discount rate (1% movement)	(107,787)	140,411
Future salary growth (1% movement)	139,747	(108,003)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

12 SHARE CAPITAL

The shares of the Group were issued to and owned by the following shareholders as at 31 December 2023

	Percentage of holding	***No. of shares***	***Amount***
Mr. Ahmad Bugshan	60%	1,200,000	12,000,000
Mr. Salah Yaseen Allaf	20%	400,000	4,000,000
Nova Saudi Contracting Corporation	20%	400,000	4,000,000
	100%	2,000,000	20,000,000

12 SHARE CAPITAL (continued)

The shares of the Group were issued to and owned by the following shareholders as at 31 December 2022:

	Percentage of holding	*No. of shares*	*Amount*
Mr. Ahmad Bugshan	80%	1,600,000	16,000,000
Mr. Salah Yaseen Allaf	20%	400,000	4,000,000
	100%	2,000,000	20,000,000

13 STATUTORY RESERVE

In accordance with the Group's by-laws and the Regulations for Companies in the Kingdom of Saudi Arabia, the Group sets aside 10% of its net income from operations in Kingdom of Saudi Arabia each year as statutory reserve until such reserve equals to 30% of the share capital. This reserve is currently not available for distribution to the shareholders of the Group.

14 FEE FROM SERVICES, NET

	2023	*2022*
	SR	*SR*
Advisory fee	**12,869,904**	9,035,796
Management fee	**2,869,314**	1,406,313
Arranging and Structuring Fee	**645,859**	4,496,720
	16,385,077	14,938,829

Following is a disaggregation of total revenue by major geographies and timing of revenue recognition during the year:

	2023	*2022*
	SR	*SR*
Timing of revenue recognition		
Point-in-time	**16,385,077**	14,938,829
Geographical location		
Fee from services – KSA	**9,524,018**	1,263,636
Fee from services – UAE	**6,861,059**	13,675,193
	16,385,077	14,938,829

15 COST OF REVENUE

	2023	*2022*
	SR	*SR*
Advisory Service Charges	**-**	**3,756,600**
Third Parties & Other Service Providers	**-**	**226,250**
Others	**-**	**8,923**
	-	**3,991,773**

These costs related to investment portfolios for using outsourced services which not incurred during this year.

16 GENERAL AND ADMINISTRATIVE EXPENSES

	2023 *SR*	*2022* *SR*
Board and committees' remuneration	**1,356,962**	2,063,000
Professional and consultancy fees	**523,747**	738,126
Subscription and licensing fee	**396,404**	277,761
Depreciation of right of use asset (note 7)	**311,281**	163,606
Amortization of intangible (note 8)	**21,569**	12,657
Depreciation of property and equipment (note 9)	**129,845**	105,305
Insurance expense	**120,182**	126,603
Traveling expenses	**40,929**	67,379
Meeting expenses	**14,901**	44,074
Office management and other expenses	**220,435**	327,182
	3,136,255	3,925,693

17 ZAKAT

Zakat charge for the year has been calculated on Zakat base, the components of which are as follows:

	2023 *SR*	*2022* *SR*
Net income for the period	**9,816,379**	3,107,921
Provisions	**159,740**	222,341
Others	**30,713**	-
	10,006,832	3,330,262
Opening shareholders' equity	**22,948,890**	20,054,579
Others	**1,881,347**	290,745
Adjustment for property and equipment and other similar items	**(1,409,024)**	(771,324)
Investments	**(17,450,430)**	(9,582,015)
Zakat base	**5,970,783**	9,991,985
Zakat on Zakat base 2.578%	**404,078**	257,562
Zakat on profit 2.5%	**56,780**	83,257
Charge for the year	**460,859**	340,818
Excess charge of last year paid in current year	**228,499**	4,148

Movement in accrued zakat is as follows:

	2023 *SR*	*2022* *SR*
Balance at 01 January	**340,818**	514,343
Charge for the year	**689,357**	344,967
Payments made during the year	**(569,316)**	(518,492)
Balance at 31 December	**460,859**	340,818

The Group has submitted its zakat return for the period ended 31 December 2022 which is under the Zakat, Tax and Custom Authority ("ZATCA") review.

18 RELATED PARTY TRANSACTIONS

Related parties include the Group's shareholders, affiliated companies, and key management personnel of the Group. Transactions with related parties mainly represent advisory and management services rendered to or received from affiliates or shareholder in the ordinary course of business on mutually agreed terms and are approved by the management of the Group.

During the period, the Group transacted with the following related parties:

Name	*Relationship*
Mr. Ahmad Bugshan	Shareholder
Mr. Salah Yaseen Allaf	Shareholder
Arch Real Estate Income Generating Fund	Common shareholding

The significant related party transactions for the year and balances arising there-from are as follows:

A. Due to related party

Transactions with	*Nature of transaction*	*Transactions*		*Balance*	
		2023	*2022*	***2023***	*2022*
		SR	*SR*	***SR***	*SR*
Mr. Ahmed Bugshan	Expenses paid on behalf of Group	**-**	-	**-**	-
Mr. Salah Yaseen Allaf	Expenses paid on behalf of Group	**64,400**	-	**14,188**	78,688

B. Due from related party

Transactions with	*Nature of transaction*	*Transactions*		*Balance*	
		2023	*2022*	***2023***	*2022*
		SR	*SR*	***SR***	*SR*
Mr. Ahmed Bugshan	Expenses paid on behalf of Group				
	Portfolio Management Fee	**873,077**	-	**966,176**	-
	Structuring Fee	**-**	5,477,469	-	5,477,469

C. Loan from shareholder

Transactions with	*Nature of transaction*	*Transactions*		*Balance*	
		2023	***2022***	***2023***	***2022***
		SR	*SR*	***SR***	*SR*
Mr. Ahmed Bugshan (note 18.1)	Loan	**8,298,727**	44,506,356	-	44,506,356
	Interest	**541,812**	333,798	-	333,798
	Repayment	**(53,680,693)**	-	-	-
				-	44,840,154

18.1 Mr. Ahmed Bugshan extended a loan to the Group totaling SAR 52,828,249, pursuant to an agreement dated 22 September 2022, for the sole purpose of investment. The loan carried an interest rate of 3.00% per annum. During the year 2023, the entire principal amount of the loan, along with accrued interest, was fully repaid by the Group.

18.2 The treasury deposits as disclosed in note 25 as fiduciary assets pertains to client money of Mr. Ahmed Bugshan.

D. Compensation of key management personnel of the Group

	2023	*2022*
	SR	*SR*
Short-term employee benefits	**1,200,000**	1,589,888
Post-employment benefits	**49,992**	62,500
Non-monetary benefits	**32,062**	32,440
	1,282,054	1,684,828

19 CONTINGENCIES AND COMMITMENTS

There were no contingencies or commitments as at 31 December 2023 and 31 December 2022.

20 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 17 Insurance Contracts
IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts; IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entity that issues them, as well as certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach),
- A simplified approach (the premium allocation approach) mainly for short-duration contracts,

The new standard had no impact on the Group's consolidated financial statements.

Definition of Accounting Estimates - Amendments to IAS 8
The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's consolidated financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1, IFRS Practice Statement 2
The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

Deferred Tax related to Assets and Liabilities arising from a Transaction – Amendments to IAS 12
The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Group's consolidated financial statements.

International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12
The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The amendments had no impact on the Group's consolidated financial statements.

21 STANDARDS ISSUED BUT NOT EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted, and that fact must be disclosed. The amendments are not expected to have a material impact on the Group's financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification in addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed. The amendments are not expected to have a material impact on the Group's financial statements.

22 FAIR VALUES

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. Differences can therefore arise between the book values under the historical cost method and fair value estimates.

As at the reporting date, the fair values of the Group's financial instruments are not materially different from their carrying values.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

22 FAIR VALUES (continued)

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

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

As the Group's financial assets are compiled under the historical cost convention, except for financial assets held at fair value through profit and loss and fair value through other comprehensive income, differences can arise between the book values and fair value estimates. Management believes that the fair values of the Group's financial assets and liabilities are not materially different from their carrying values.

The following table shows the carrying amount and fair values of the financial assets and financial liabilities, including their levels and fair value hierarchy. It doesn't include fair value information for financial assets and financial liabilities not measured at fair value if the carrying value is a reasonable approximation of fair value.

	Carrying amount	***Fair Value***			
31 December 2023	**FVTPL**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value					
Investment in mutual fund	**15,004,110**	**-**	**15,004,110**	**-**	**15,004,110**

	Carrying amount	*Fair Value*			
31 December 2022	FVTPL	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
Investment in bonds	**23,789,845**	**23,789,845**	**-**	**-**	**23,789,845**

23 FINANCIAL RISK MANAGEMENT

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

Risk management framework

Risk management systems are reviewed regularly by the executive committee to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations, The audit committee oversees compliance by management with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Financial instruments carried on the statement of financial position include cash and cash equivalents, accounts and other receivables, investments, accounts payable and other current liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial asset and liability are offset, and net amounts reported in the consolidated financial statements, when the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

23 FINANCIAL RISK MANAGEMENT (Continued)

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.

Interest rate risk
Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. As at the reporting date, the Group’s exposure to interest rate risk is represented by Murabaha and held to maturity investments which bear floating interest rate. The Group manages interest rate risk by monitoring interest rate exposures and mismatches between interest bearing financial assets and liabilities on a regular basis. As at the reporting date, the Group is not exposed to significant interest rate risk.

Currency risk
Currency risk arises from the possibility that changes in foreign exchange rates will affect the value of the financial assets and liabilities denominated in foreign currencies, in case the Group does not hedge its currency exposure by means of hedging instruments. The Group’s transactions are principally in Saudi Riyal and USD.

Since the Saudi Arabian Riyal is pegged to the US dollar, accordingly, the Group is not exposed to significant foreign currency risk.

Price risk
The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group is exposed price risk with respect to financial investments carried at FVTPL. The investments are managed on an individual basis, and all buy and sell decisions are approved by the Investment Committee.

Details of the Group’s investment portfolio exposed to price risk, at the reporting date are disclosed in note 6 to these consolidated financial statements. As at 31 December 2023, the Group’s overall exposure to price risk is limited to the fair value of those positions, whereby a 1% change in market values / net asset values would have affected the shareholder’s equity for the year by + SR 150,041 / - SR 150,041 (31 December 2022 + SR 237,898 / - SR 237,898).

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group has no significant concentration of credit risk. To reduce exposure to credit risk, the Group has an approval process whereby credit limits are applied to its customers. The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period.

To assess whether there is a significant increase in credit risk the Group compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forward-looking information such as:

a. Actual or expected significant adverse changes in business,
b. Actual or expected significant changes in the operating results of the counterparty,
c. Financial or economic conditions that are expected to cause a significant change to the counterparty’s ability to meet its obligations,
d. Significant increase in credit risk on other financial instruments of the same counterparty,
e. Significant changes in the value of the collateral supporting the obligation or in the quality of the third-party guarantees or credit enhancements.

Financial assets are written off when there are no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized as income in the consolidated statement of profit or loss and other comprehensive income.

The Group measures the expected credit loss of trade receivables from individual customers based on historical trend, industry practices and the business environment in which the entity operates.

With respect to credit risk arising from the other financial assets of the Group, including bank balances and cash, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount as disclosed in the consolidated statement of financial position. The credit risk in respect of bank balances is considered by management to be insignificant, as the balances are mainly held with reputable banks in the Kingdom of Saudi Arabia.

23 FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

a) The Group's gross maximum exposure to credit risk at the reporting date is as follows:

	2023	*2022*
Financial assets		
Cash and cash equivalents	**15,609,822**	35,660,921
Accounts receivable	**2,205,891**	13,199,532
	17,815,713	48,860,453

b) Analysis of financial assets

The ageing of financial assets is as follows:

	2023				
Financial Assets	***Neither past due nor impaired***	***Past due 1–30 Days***	***Past due 31–90 Days***	***Past due over 90 days***	***Total***
Accounts receivable	**-**	**564,014**	**699,657**	**942,220**	**2,205,891**
Cash and cash equivalents	**15,609,822**	**-**	**-**	**-**	**15,609,822**
Total financial assets	**15,609,822**	**564,014**	**699,657**	**942,220**	**17,815,713**

	2022				
Financial Assets	*Neither past due nor impaired*	*Past due 1–30 Days*	*Past due 31–90 Days*	*Past due over 90 days*	*Total*
Accounts receivable	313,384	977,469	11,908,679	-	13,199,532
Cash and cash equivalents	35,660,921	-	-	-	35,660,921
Total financial assets	35,974,305	977,469	11,908,679	-	48,860,453

Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments.

The Group's approach to managing liquidity is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. For this purpose, assets are managed with liquidity in perspective, maintaining a healthy balance of cash and cash equivalents. Moreover, the maturity profile of financial assets and liabilities is monitored on a regular basis to identify mismatches. The contractual maturities of financial liabilities at the reporting date are less than twelve months except lease liabilities. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

24 CAPITAL MANAGEMENT

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

The Group's objectives when managing capital are, to comply with the capital requirements set by the CMA to safeguard the Group's ability to continue as a going concern and to maintain a strong capital base. As at 31 December 2022, the Group was in compliance with the externally imposed capital restriction.

25 FIDUCIARY ASSETS

As at the Statement of financial position date, the Company's fiduciary assets (treasury deposit) amounted to SAR 17.35 million (31 December 2022, SAR nil). At the reporting date the fiduciary assets represent treasury deposits on behalf of, and for the beneficial interest of the customer.

26 SUBSEQUENT EVENT

There are no events subsequent to the statement of financial position date which requires adjustments of or disclosure in the financial statements or notes thereto.

27 COMPERATIVE FIGURES

Certain prior year amounts have been reclassified to conform to the current year presentation. However, there was no impact of such reclassifications on the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in shareholder's equity and statement of cash flows of the Company.

28 APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved by the Group's board of directors on Ramadhan 21, 1445H, corresponding to March 31, 2024G.