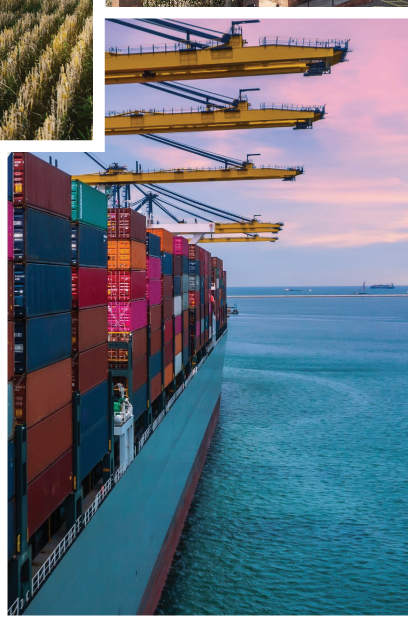
سدرة المالية
Sidra Capital

ANNUAL REPORT

BOARD OF DIRECTORS REPORT
AND CONSOLIDATED FINANCIAL STATEMENTS



2023

COMPANY OVERVIEW

Sidra Capital is an Alternative Asset Manager that provides global investment opportunities and specializes in alternative asset classes such as real estate, private finance and advisory. Headquartered in Saudi Arabia and licensed by the Saudi Arabian Capital Market Authority, Sidra Capital excels in offering tailored investment solutions.

REGULATED ENTITIES

KSA
Capital Market Authority

UAE
Dubai Financial Services Authority

Singapore
Monetary Authority of Singapore

Sidra Capital was founded in 2009, with offices in Jeddah, Riyadh, London, Dubai, and Singapore. Throughout the years, we have managed to establish a strong global presence. Our success is attributed to a responsible and prudent investment strategy that prioritizes alternative assets, which combined with our extensive network of offices, grants us unique access to global markets. This approach has consistently delivered risk-adjusted returns for our clients.

Throughout our journey, we have achieved steady growth by anticipating, adapting to, and capitalizing on evolving market conditions. Our ability to navigate change is reinforced by a robust corporate governance framework, unwavering shareholder support and an award-winning team. This steadfast commitment to excellence has been instrumental in driving our consistent growth.

Aligned with the Kingdom's Vision 2030, we remain dedicated to the principles and objectives that underpin this transformative era. Our efforts and investments are strategically directed toward supporting national goals of economic growth and diversification.

As we embark on an exciting future, we are determined in our pursuit to further strengthen our position as a leading alternative asset manager, not only within the region but also on a global scale.

KEY HIGHLIGHTS

15
Years of Business

5
Global Offices

128
Assets aquired


EDEN

KEY ACHIEVEMENTS

Over the year, we achieved significant milestones on various fronts making notable progress across our business lines and receiving a number of prestigious awards in recognition of the outstanding levels of service and products we offer. Our portfolio expanded with successful completions, and our teams strengthened with top talent.

BUSINESS HIGHLIGHTS

1. Steady growth in Assets Under Management (AUM) to SAR 15bn.
2. Notable acquisitions in real estate projects, including the development of key projects such as London Square Offices and Calais Industrial and Logistics.
3. Launched Sidra Asian Opportunities Investment I VCC, a continuation of the Sidra Income Fund strategy, focusing on commodity trade finance transactions in Asia.
4. Extended our footprint in Saudi Arabia by relocating our offices in Riyadh. Our new office is strategically situated in the prestigious King Abdullah Financial District (KAFD), a renowned hub for financial activities.
5. Due to higher interest rates in the international market, there was a decrease in transactions in our main market. As a result, the operating results for the current year have shown a decline in terms of revenue and net profit compared to the previous year.
6. Sidra Income Fund II has established a successful track record marked by multiple accolades, including the esteemed Euromoney award. With a specific focus on commodity export trades in the Asia-Pacific region, SIF II has consistently demonstrated impressive growth and performance.
7. Established Sadeen Livings Residential Development Fund, delivering uniquely designed residences consisting of 12 buildings with 128 residential units located in Jeddah, Saudi Arabia.
8. Achieved a significant milestone by completing the Saudia City advisory project through the submission of the preconcept masterplan. Additionally, we actively participated in Cityscape Global, the largest real estate event worldwide, where we presented our exceptional portfolio of real estate advisory projects and global ventures.

Saudia | Cityscape Global

OUTLOOK 2024

- Focusing on real estate development projects in Saudi Arabia.
- Developing Private Finance in Saudi Arabia.
- Continuing to look at direct and indirect financing opportunities in the Asia-Pacific region under the private finance asset class.
- Continuing to build on our US, UK, and European real estate platform.
- Growing our Investment Advisory business.

AWARDS 2023

We take pride in our achievements and accolades, which reflect our dedication to quality, innovation, and hard work. These honors serve as a testament to our commitment and inspire us to reach new heights.

International Finance Awards
Best Shari'ah Compliant Alternative Investment Firm – Saudi Arabia

Euromoney
Most Innovative Product in Saudi Arabia - Sidra Income Fund II

World Economic Magazine
Best Islamic Asset Management Firm Saudi Arabia

World Economic Magazine
Best Islamic Fund Management Firm Saudi Arabia 2023

The Asset Triple A Islamic Finance Awards
Asset Manager of the Year 2023- Saudi Arabia

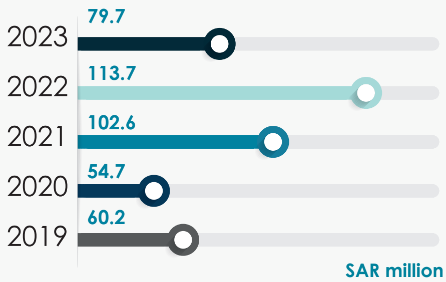
The Global Economics
Best Shariah-Compliant Alternative Investment Company

The Global Economics
Most Innovative Investment Fund – SIF II

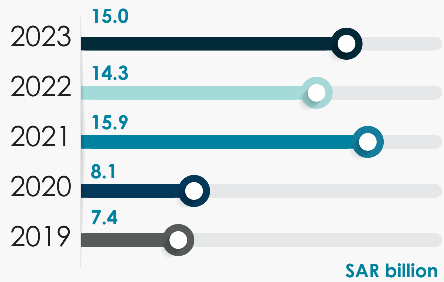
SIDRA INCOME FUND

EUROMONEY
ISLAMIC FINANCE 2023
SAUDI ARABIA
MOST INNOVATIVE PRODUCT

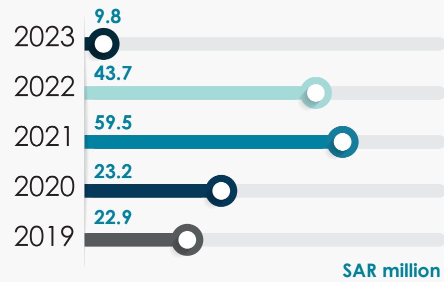
FINANCIAL HIGHLIGHTS



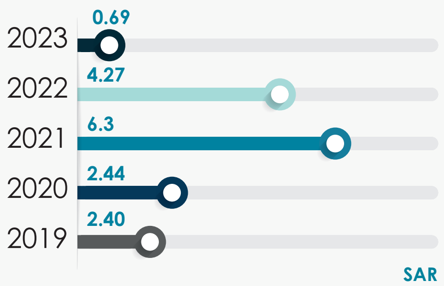
Revenue



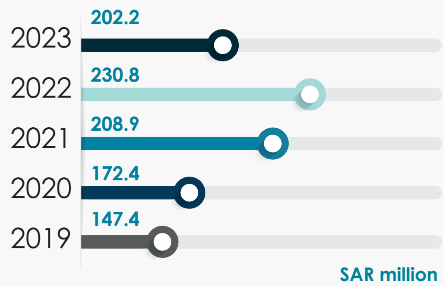
Assets Under Management



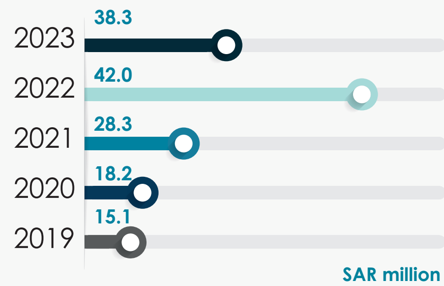
Net Income Before Zakat



Earnings Per Share



Total Assets



Total Liabilities

ASSETS UNDER MANAGEMENT SAR **15bn**

BUSINESS REVIEW

In the "Business Review" section, we will cover our investment related functions focusing on our core service categories which are Asset Management and Advisory. These two areas form the foundation of our business model, enabling us to provide comprehensive solutions to our valued clients.

OUR SERVICES

1. ASSET MANAGEMENT

1.1 REAL ESTATE

1.2 PRIVATE FINANCE

2. ADVISORY

2.1 CORPORATE FINANCE ADVISORY

2.2 INVESTMENT ADVISORY

1. ASSET MANAGEMENT

Our Asset Management services specifically target real estate and private finance products, aiming to pinpoint opportunities within these sectors that are aligned with our comprehensive strategy. The aim is to optimize the performance and value of these assets over time while taking into consideration the risk tolerance and objectives of the investor.

1.1 REAL ESTATE

Our real estate strategy focuses primarily on income-generating assets located across various geographies. We provide investors with access to best in class real estate investments across global markets.

Our real estate teams are structured as follows:

The UK Real Estate Team: Specializes in originating, structuring, managing and monitoring real estate assets in the United Kingdom (UK) and European markets.

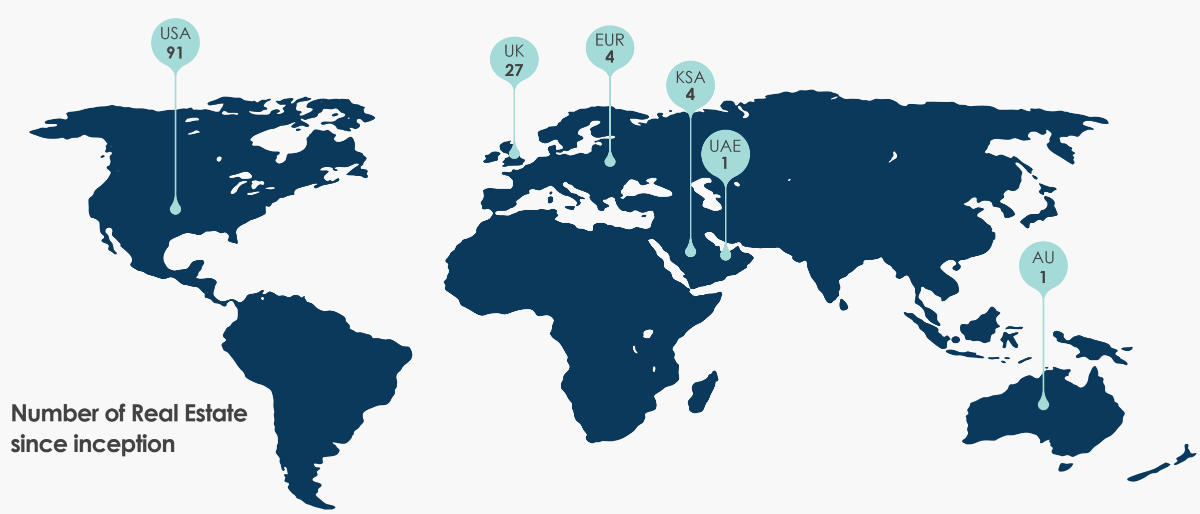
AUM 2023: 799mn GBP

The US Real Estate Team: Primarily focuses on real estate assets in the US, specifically in the industrial, student housing, and office sectors.

AUM 2023:1.1bn USD

The GCC Real Estate Team: Concentrates on real estate development projects within Saudi Arabia and the GCC region, capitalizing on the growth opportunities in the local markets.

AUM 2023:1.3bn SAR



1.1 REAL ESTATE

REAL ESTATE | UK & EUROPE

Key Highlights 2023

- Successfully acquired London Square, a multi-let office building in Guildford, UK, valued at just over £40mn. The property encompasses 133,290 sq. ft., including 3 buildings and 313 parking spaces.

- Secured the acquisition of Eurocap industrial and trade park located in Calais, northern France. The property, spanning 800,000 sq. ft., comprises 23 buildings and substantial open yard storage on a 130-acre site.

- Demonstrated portfolio growth with increased aggregate rental income over the past 12 months, despite a volatile value environment.

- Managed over £180mn in rent within the UK and Europe portfolio, achieving a 99.9% contracted rent collection performance since 2017.

- The UK and European commercial property sector experienced significant changes in values due to the impact of inflation and subsequent interest rate hikes. These rate increases led to 3-year SWAP rates reaching a peak of over 5% and 10-year Gilts approaching 5%. As a result, capital values and yields were adversely affected.

- Within the sector, three main sub-sectors emerged: Beds, Logistics, and Offices. The Office sector faced challenges in terms of perceived decline in occupancy and utilization, as well as concerns related to obsolescence in the context of the new ESG (Environmental, Social, and Governance) landscape. However contrary to initial expectations, none of these predicted downturns occurred. Instead, contrary to forecast all three sub-sectors experienced rental growth and in terms of Beds and Logistics marginal downward value pressure. Offices, however, saw their values drop by up to 20% as a result of yield expansion driven by interest rates, not income weakness.


Eurocap Calais, France


London Square, UK

1.1 REAL ESTATE

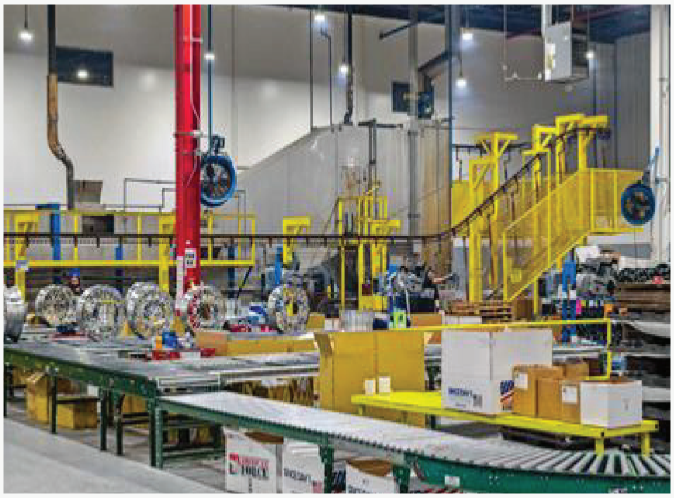
REAL ESTATE | US

Key Highlights 2023

- During 2023, Sidra Capital's US industrial real estate aggregation program (Fund) acquired a $7.5 million industrial asset in Hagerstown, Maryland state (MD). The asset, with 88,200 square feet of net leasable area on 7.2 acres of land, was leased to HBP Inc., a leading communication services provider in the mid-Atlantic region. This sale-and-leaseback transaction has a 20-year lease term. The Fund has deployed over 80% of its size, acquiring 12 assets by the end of 2023.

- The US real estate market faced challenges due to high interest rates and a recessionary environment. It is anticipated that the Fed will maintain rates for the foreseeable future, and both the Fed Committee and market watchers are predicting a couple of rate cuts towards the end of 2024.

- As commercial appraisal values declined, capitalization rates began to expand, and the availability of financing became scarce at attractive rates for real estate opportunities.



Industrial Aggregation Fund, US

1.1 REAL ESTATE

REAL ESTATE | GCC

Key Highlights 2023

- Established Sadeen Livings Residential Fund which through a collaboration with Shahla International Trading Company (The Developer) will develop 12 buildings with 148 residential units.
- Sidra Capital Real Estate Opportunities Fund (Real Estate Close-ended Fund) continued to evolve by initiating infrastructure development on a 2.95mn Sq. m. land in Abha, Saudi Arabia.
- The Sidra Capital Residential Development Fund (SRDF), a closed-ended real estate fund, has made progress with its projects. The sale of units in Jasmin 3 has commenced, and the Oash 32 project is currently under development, aiming to complete the construction of 32 villas in North Ubhor, Jeddah, Saudi Arabia.
- The real estate market in Saudi Arabia has maintained its positive momentum, with the real estate price index showing a 0.7% increase in the third quarter of 2023 compared to the same quarter in 2022. This increase can be attributed to the rise in prices of residential properties by 1.1%. However, there has been a slight decline of 0.1% in the commercial real estate sector and 0.3% in the agricultural sector, which has limited the overall increase in the general index.

صنـدوق سـدرة الماليـة و سديـن ليفينـق للتطويـر السكنـي
Sidra Capital - Sadeen Livings Residential Development

Sidra Capital Residential Development Fund
صنـــدوق ســدرة الماليـــة للتطويـــر السكنـــي

Sadeen Livings Residential Fund, KSA

SRDF- Jasmine 3, KSA

1.2 PRIVATE FINANCE

Our Private Finance strategy centers around bridging the gap between commodity suppliers and buyers. This strategy also encompasses linking market intermediaries and end users, addressing the inefficiencies in supply chains and the lack of working capital funding that impedes the seamless flow of goods along international commodity supply chains.

By focusing on this key aspect, we aim to create opportunities and provide essential financial support to enhance the efficiency and effectiveness of global commodity trading.

Key Highlights 2023

- Our Asian private finance strategy gained significant momentum in 2023 as we deployed funds into intra-Asia Pacific commodity export trades.
- The Sidra Asian Opportunities Investment I VCC has been launched as an open-ended fund based in Singapore, and regulated by the Monetary Authority of Singapore. This fund aims to generate uncorrelated returns across major asset classes and distributes income semi-annually. With a target annual return of 10.00%, it offers investors long-term growth and diversification opportunities.
- Launched the Sidra Capital Money Market Fund as a liquidity management platform for investors seeking a short-term investment horizon or as a temporary solution in preparation for deploying funds into longer-term investments.
- Sidra Income Fund II (SIF II) has demonstrated remarkable performance, surpassing its net return target of 9.00% with an impressive net return of 9.10% per annum. As a US dollar-denominated investment fund, SIF II focuses on commodity export trades in the Asia-Pacific region, consistently exhibiting growth. Its investment strategy revolves around facilitating commodity supply chain transactions through fully funded irrevocable letters of credit (LC), providing innovative solutions in the market.
- In addition to expanding our commodity trade funding strategy, we proactively explored direct financing opportunities for Asian conglomerates seeking capital for asset acquisitions and refinancing existing debts throughout the year.

6
Number of Funds

3,000
Transactions undertaken

20
Locations invested in

US$ 1.5bn
Total disbursed capital

100
Counterparties financed

2. ADVISORY

Our advisory services encompass customized solutions and expertise in both corporate and investment advisory. We focus on delivering expert support and tailored strategies to provide strategic guidance for businesses and bespoke investment recommendations. Our advisory services are divided into two distinct areas: Corporate Finance Advisory and Investment Advisory. Through these services, we aim to empower our clients with the knowledge and recommendations necessary to achieve their financial goals and drive sustained growth.

2.1 CORPORATE FINANCE ADVISORY

Our Corporate Finance and Advisory division is designed to provide flexible and innovative arranging and financial advisory solutions. We offer tailored and optimized services to support our clients in navigating the complexities of the financial landscape and unlocking growth opportunities.

Key Highlights 2023

- Sidra Capital successfully executed the Saudia City project, playing a crucial role in advising on project strategy, and masterplan conceptualization and structuring. Throughout the project, the primary objective was to maximize the client's annual revenue. In collaboration with business partners including PwC, WSP, Woods Bagot, and The Devmark Group, Sidra Capital formed a consortium that successfully submitted the preconcept masterplan, showcasing their collective expertise and commitment to delivering high-quality results.

- Advised an established holding company on pre-IPO advisory services for a subsidiary, encompassing IPO readiness, financial analysis, and strategic planning workstreams.

- Provided debt arranging services for Sidra Capital's asset management division, specifically in relation to Saudi property funds. The projected financing requirements for the period of 2023-2024 exceed SAR 900mn.

Saudia City project, Jeddah, KSA

2.2 INVESTMENT ADVISORY

Our investment advisory services cater to medium-sized investors and government-related entities. Our primary goal is to provide tailored solutions that meet the unique needs of our clients. Leveraging our extensive network of partners and investment specialists across four countries, we offer customized portfolio solutions that align with our client's investment objectives.

Key Highlights 2023

- The team's AUA (assets under advice) reached $1.9bn, encompassing all major asset classes.
  In 2023, we successfully facilitated/executed;
  o Equity manager transactions exceeding $180mn.
  o Fixed income transactions exceeding $32mn.
  o Hedge Fund transactions exceeding $57mn.

- Demonstrated a robust commitment to Private Markets, drawing over $37mn year-to-date and recently committing $50mn to a best-in-class Private Finance manager.

- Managed over $140mn in investments in Real Estate, showcasing our proficiency in this sector.

- The establishment of the Sidra Investment Oversight Committee further enhanced our internal governance.


QUEST
QUEST
QUEST

CORPORATE REVIEW

The "Corporate Review" section encompasses our human resources and Corporate Social Responsibility (CSR) efforts. We prioritize attracting, developing, and retaining top talent while fostering a diverse and inclusive work environment. Additionally, we actively engage in sustainable practices, and community involvement to fulfill our social and environmental responsibilities.

1. HUMAN RESOURCES

The HR division at Sidra Capital plays a pivotal role in managing and supporting the organization's human resources across all global offices. With a focus on nurturing and maximizing employee potential as well as recruitment and talent acquisition. Additionally, the HR division is dedicated to enhancing employee skills through comprehensive training and development programs.

Key Highlights 2023

- Launched the fourth annual Sidra Capital Graduate Training Program. Over a six-month duration, this program prepares Saudi nationals for careers in financial services and fosters the growth of seven talented individuals. Through mentorship, practical training, and exposure to various aspects of the industry, we aim to equip these graduates with the skills and knowledge needed to make meaningful contributions to the future of finance in Saudi Arabia.

- Continued investing in employee growth and development, with +2000 hours invested in training this year. By prioritizing comprehensive learning opportunities, we empower our workforce to excel in their roles and contribute to our continued success.

- Extended our footprint in Saudi Arabia by relocating our offices in Riyadh. Our new office is strategically situated in the prestigious King Abdullah Financial District (KAFD), a renowned hub for financial activities.

TRAINING HOURS
2,899

FEMALES
44%

SAUDIAZATION
85%

NATIONALITIES
19

2. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Our CSR focuses on making a positive impact on society and the environment, reflecting our commitment to responsible corporate citizenship and the well-being of the communities we serve. Guided by our core values and a dedication to sustainability, our initiatives aim to give back and create meaningful change both internally and externally.

Key Highlights 2023

- Established the NOTHMIR Initiative as part of our CSR efforts that embody our commitment to sustainability. This social environmental program aims to make a positive impact on our community through objectives such as community education on environmental issues and promoting an eco-friendly lifestyle.
- Sidra Capital held the annual Townhall in-person meeting where employees from all offices engaged in productive brainstorming, group discussions, and shared departmental objectives, achievements, and future plans, reflecting our commitment to excellence and team motivation.
- Initiated Knowledge Sharing Sessions at Sidra Capital to foster a culture of learning and enhance employee engagement. Topics such as "Credit Cards & Save Money Knowledge" and "Get the Best out of Me" were held to empower employee's personal growth and motivation.

CORPORATE GOVERNANCE

INTRODUCTION

Sidra Capital is committed to adopting widely accepted and industry-standard corporate governance practices that align with the prevailing regulations issued by the relevant authorities in the Kingdom of Saudi Arabia. Our primary corporate governance objective is to safeguard the interests of shareholders and stakeholders by operating by the prescribed rules and regulations of the Capital Market Authority (CMA).

SHARIAH GOVERNANCE

Sidra Capital follows a clearly defined Shariah governance process to ensure its products and services are in line with Shariah principles and are actively managed by the legal team at Sidra. Their role includes liaising with the Sharia Review Bureau and the Sharia Committee of Sidra Capital for products and transaction approvals as well as providing support during the Shariah audit. The Sharia Committee uses AAOIFI standards when making any decision and discloses an annual Sharia Committee report on its website as required by the CMA.

LICENSED ACTIVITIES

Sidra Capital is licensed by the Capital Market Authority ('CMA') to conduct the following activities as a capital market institution:

- Dealing
- Managing Investments and Operating Funds
- Arranging
- Advising
- Custody

OFFICES AND SUBSIDIARY DETAILS

Jeddah, KSA	Riyadh, KSA	London, UK	Singapore	Dubai, UAE
(Headquarters)	(Branch)	(Subsidiary)	(Subsidiary)	(Subsidiary)
Al Murjanah Tower Level 3 Prince Sultan Street PO Box 118528 Jeddah 21312 Kingdom of Saudi Arabia	KAFD (King Abdullah Financial District) Building 1.09 9th floor Office Unit 2 Riyadh, KSA	48 Charles Street Mayfair London W1J 5EN United Kingdom	61 Robinson Road Level 11 Suite 2 Robinson Centre Singapore 068893	DIFC Office 403 Level 4 Gate District 3 Dubai, UAE

Sidra Capital (UK) Limited is a fully owned subsidiary company established and operating in London, UK, to enhance our existing in-house capability. The focus is on investing in the UK and European real estate markets. It has an issued and paid-up capital of £500,000, and the Company owns 100% of it.

Sidra Capital PTE. LTD is a fully owned subsidiary company operating in Singapore. It is a Registered Fund Management Company (RFMC) regulated by the Monetary Authority of Singapore (MAS) to conduct fund management activities. It primarily focuses on launching and managing private debt funds in Asia. It has an issued and paid-up capital of SGD 1,350,000.

Sidra Capital Limited is a fully owned subsidiary of the Company. It holds a Category 3c license issued by the Dubai Financial Services Authority (DFSA) and operates in the Dubai International Financial Centre (DIFC), UAE. Its primary function is to provide financial product advice and manage investments for its clients. It has a total issued and paid-up capital of USD 1,000,000.

BOARD OF DIRECTORS

The Board of Directors at Sidra Capital comprises five members, whom the shareholders elect for a three-year term; the term may be extended per the Company's bylaw. The primary role of the Board is to provide strategic guidance to the business while overseeing the company's affairs in line with its vision and objectives. The Board is also responsible for improving Sidra Capital's performance and safeguarding the interests of its shareholders and clients.

The Board's key roles encompass:

- Reviewing and providing strategic guidance on corporate strategy, including major plans such as capital expenditures, acquisitions and divestitures, risk appetite, annual budgets, business plans, and business performance.
- Monitoring and continuously improving the effectiveness of the company's governance practices.
- Ensuring the establishment of appropriate policies that align with the company's overall direction.
- Reviewing and approving the company's organizational and functional structures.
- Monitoring and managing potential conflicts of interest of Board members, senior management and shareholders including misuse of Sidra Capital's assets and abuses in related-party transactions.
- Forming Board sub-committees as required, with clearly defined tasks, rights and obligations.

BOARD MEMBERS

NAME	MEMBERSHIP CLASSIFICATION	POSITION
Hani Baothman	Non-Executive	Chairman
Ahmed Bajunaid	Independent	Vice Chairman
Abdulrahman Yousuf	Independent	Board Member
Mustafa Al-Darwish	Independent	Board Member
Riaz Cassum	Independent	Board Member

BOARD MEETING ATTENDANCE

Board meetings attendance record for the financial year ended 31 December 2023:

NAME	FIRST MEETING: 15TH OF MARCH	SECOND MEETING: 26TH OF JULY	THIRD MEETING: 29TH OF OCTOBER	FOURTH MEETING: 14TH OF DECEMBER
Hani Baothman	●	●	●	●
Ahmed Bajunaid	●	●	●	●
Abdulrahman Yousuf	●	●	●	●
Mustafa Al-Darwish	●	●	●	●
Riaz Cassum	●	●	●	●

BOARD AND DIRECTORS' MEMBERSHIPS IN OTHER COMPANIES

NAME	POSITION	NAME OF THE COMPANY
Hani Baothman	Board Member	Sidra Capital Limited (UK)
	Board Member	Sidra Capital Limited (UAE)
	Board Member	Sidra Capital PTE Limited (Singapore)
	Board Member	Retal Urban Development Company (KSA)
	Chairman	INOKS Capital Ltd
	Board Member	MBL, Modern Building Leaders
Ahmad Bajunaid	Board Member	Al Jazeera Vehicles Agencies
Abdulrahman Yousuf	Board Member	Madinah Institute for Leadership and Entrepreneurship
	Board Member	Tabah Oasis Trading Company
	Board Member	Digital Innovation Company
	Board Member	Innovative Construction Methods Company

BOARD SUB-COMMITTEES

Sidra Capital has established two Board sub-committees to support the effective execution of its responsibilities. The sub-committees play important roles, which include:

- **Advising the Board:** The sub-committees enable the Board to address complex issues more efficiently by leveraging the expertise of specialists who can focus on specific matters. They provide detailed analyses and recommendations to assist the Board in making informed decisions.
- **Subject-specific Expertise:** The sub-committees aid the Board in developing specialized knowledge related to the company's operations, particularly in areas such as financial reporting, risk management, and internal controls. This expertise enhances the Board's understanding and oversight of these critical aspects.
- **Objectivity and Independence:** By involving sub-committees, the Board promotes objectivity and independence in its decision-making process. This approach helps safeguard against potential undue influence, ensuring that Board decisions are made with the best interests of the organization and its stakeholders in mind.

SIDRA CAPITAL'S BOARD SUB-COMMITTEES

A) AUDIT & RISK COMMITTEE

The Audit & Risk Committee ('ARC') is a Board sub-committee vested with the authority to make recommendations to the Board for approval. The ARC assists the Board in fulfilling its oversight responsibilities pertaining to:

- Preparation of financial statements and other financial information generated by the company for shareholders, the public, and other stakeholders.
- Compliance with legal and regulatory requirements.
- Performance of the internal audit function.
- Proper functioning of risk management and other governance responsibilities.

ARC MEMBERS[1]

NAME	POSITION
Abdulrahman Yousuf	Chairman
Seedy Keita	Past Member
Ahmad Bajunaid	Member
Khaldon AlFakhri	Member

ARC MEETING ATTENDANCE[1]

ARC meetings attendance record for the financial year ended 31 December 2023:

NAME	FIRST MEETING: 21TH OF FEBRUARY	SECOND MEETING: 12TH OF MARCH	THIRD MEETING: 20TH OF JULY	FOURTH MEETING: 22TH OF OCTOBER	FIFTH MEETING: 29TH OF NOVEMBER
Abdulrahman Yousef	•	•	•	•	•
Ahmed Bajunaid	•	•	•	•	•
Seedy Keita	•	•			
Khaldon AlFakhri				•	•

B) NOMINATION & REMUNERATION COMMITTEE

The Nomination & Remuneration Committee ('NRC') is a Board sub-committee responsible for establishing and implementing principles and parameters related to the nomination and remuneration of Board directors and senior management. The NRC performs the following duties and responsibilities:

- Review the composition of the Board to ensure it possesses the necessary blend of skills, experience, and other qualifications required by the company and regulatory authorities to fulfill its responsibilities.
- Review and provide recommendations to the Board regarding the compensation of directors and senior management.

NRC MEMBERS[2]

NAME	POSITION
Talal Miliany	Chairman
Hani Baothman	Member
Mustafa Al Darwish	Member

1 The ARC was restructured at the Board of Directors Meeting held on July 26, 2023. The new composition added Khaldon AlFakhri in place of Seedy Keita.
2 The NRC was restructured at the Board of Directors Meeting held on July 26, 2023. The new composition added Talal Miliany and Mustafa Al Darwish in place of Ammar Farouq Zahran and Anas Mohammed Saleh Seirafi.

NRC MEETING ATTENDANCE [3]

NRC meetings attendance record for the financial year ended 31 December 2023:

NAME	MEETING HELD ON 4TH OF DECEMBER
Talal Miliany	●
Hani Baothman	●
Mustafa Al Darwish	●

BOARD MEMBERS' AND SENIOR EXECUTIVES' REMUNERATION AND COMPENSATION

The following is a detailed description of all expenses, remuneration, and salaries paid to Board members and the top five senior executives, including the Chief Executive Officer and Finance Manager, for the financial year ending December 31, 2023.

STATEMENT	EXECUTIVE BOARD MEMBERS **(SR)**	NON-EXECUTIVE BOARD MEMBERS **(SR)**	INDEPENDENT BOARD MEMBERS **(SR)**
Allowance for attendance of the board of directors' sessions	-	-	-
Allowance for attendance of the committees' sessions	-	-	-
Periodic and annual remunerations	-	400,000	800,000
Incentive plans	-	-	-
Any compensations or other in-kind benefits paid monthly or annually	-	-	-
Total (SAR)		**400,000**	**800,000**

STATEMENT	FIVE OF THE SENIOR EXECUTIVES WHO RECEIVED THE HIGHEST REMUNERATIONS AND COMPENSATIONS IN ADDITION TO THE CEO **(SR)**
Salaries and wages	5,285,487
Allowances	1,113,003
Periodic and annual remunerations	4,729,810
Incentive plans	-
Commissions	-
Any compensations or other in-kind benefits paid monthly or annually	-
Total (SAR)	**11,128,301**

THE RESULTS OF THE ANNUAL AUDIT REPORTS FOR COMPANY'S SYSTEMS AND CONTROLS IN ADDITION TO THE AUDIT AND RISK COMMITTEE'S OPINION ON THE ADEQUACY OF THE INTERNAL AUDIT SYSTEM.

ARC oversees and evaluates the performance of Sidra's Internal Audit function, ensuring its operational efficiency. The committee supports the Board by improving the quality and value of the audit process. Additionally, the establishment of a separate risk management division reinforces the implementation of the three lines of defense model. This division addresses the constantly changing risk landscape and dynamic business environment.

Sidra Capital maintains an independent Internal Audit function that employs a risk-based approach in accordance with the International Standards for the Professional Practice of Internal Auditing (Standards). These standards require planning and conducting engagements to obtain reasonable assurance regarding the achievement of Sidra's objectives by assessing governance, internal controls, and risk management processes.

BDO Dr Mohamed Al-Amri & Co. conducted six divisional audit reviews annually. The findings of these reviews were presented to the ARC. The ARC ensures that the internal audit recommendations are implemented within the agreed timelines. To this end, the Company has implemented effective monitoring and follow-up measures. These measures ensure that the divisional owners take appropriate action to implement the recommendations resulting from the audit reviews.

3 The NRC was restructured at the Board of Directors Meeting held on July 26, 2023. The new composition added Talal Miliany and Mustafa Al Darwish in place of Ammar Farouq Zahran and Anas Mohammed Saleh Seirafi.

The ARC is fully committed to maintaining a robust system of internal controls. After conducting a thorough assessment, it has been determined that there are no fundamental weaknesses in Sidra Capital's internal systems and controls. As a result, the ARC believes that Sidra Capital's internal control system is well-designed and effectively implemented.

INFORMATION RELATED TO ANY RISKS FACED BY THE COMPANY AND THE POLICY FOR MANAGING AND MONITORING THESE RISKS.

Sidra Capital recognizes that risk is inherent in the investment business and that understanding the principal risks associated with each product is crucial for making well-informed decisions. All financial products carry a certain level of risk, even those considered low risk, as they involve an element of uncertainty. Different risks can occur simultaneously and potentially compound each other, leading to unpredictable effects on the value of investments. By gaining a better understanding of these risks, Sidra Capital can optimize the risk-return trade-off in its business decisions to best meet the required needs. Given the size and operations of the company, Sidra Capital has established a risk management framework to identify and manage key risks to the business. The Board, with support from sub-committees, particularly the ARC (Audit and Risk Committee), fulfils its oversight responsibility for risk management activities in accordance with industry best practices.

The company acknowledges that enterprise risks have interdependencies and cannot be managed independently. Therefore, it adopts an integrated view of risk and a concerted approach to managing risks at the entity level. The following key risks are highlighted:

A) CREDIT RISK

Credit risk is one of the most important risks that Sidra Capital faces, which is the risk that the issuer or guarantor of a product may fail to repay principal and/or interest in relation to the product, or to meet any other of its financial obligations, and therefore potentially resulting in a loss to the investor. It also incorporates Counterparty Risk, which is the risk that the counterparty may, for a variety of reasons, refuse or fail to meet its contractual obligations to the investor in a product with resulting loss to the investor. To mitigate this risk, the company has diversified its banking relationships across several Saudi and international banks with sound credit ratings. In managing & monitoring its credit risk, the company applies and sticks to the CMA Prudential rules, one of the components used to calculate minimum capital requirements.

B) MARKET RISK

Market risk is the risk that the current value of a product falls as a result of movements in market prices due, in particular due to changes in interest rates, foreign exchange rates, and equity and commodity prices such that the investor may not get back the money invested or may not make the returns anticipated. After discussions with Sidra Capital's external auditor and considering that the company does not have a trading book, the related applicable market risk is foreign exchange. The company again applies the CMA Prudential rules to manage & monitor market risk, whilst continuously assessing any hedging requirements.

C) LIQUIDITY RISK

Liquidity risk is the risk resulting from the Company's inability to fund its portfolio of assets and meet obligations at appropriate maturities. It is also the risk that when an investor chooses to sell a product, there may be no market for it and the investor may be unable to sell it at the desired time or price. It is affected by the supply and demand for that investment and indirectly by other factors, including market disruptions. The Company manages its liquidity requirements by closely monitoring its liquidity ratio.

D) OPERATIONAL RISK

Operational risk is the risk of loss resulting from systems and controls essential to the operation of the Company as well as the risk of failed internal actions of people or loss arising from external events. The company applies the CMA Prudential rules to manage and monitor operational risk. It also uses the expenditure-based approach, which adds a 25% risk charge to the previous year's level of operating expenses. Sidra Capital manages and monitors these risks on a monthly basis as part of its capital adequacy requirements, as specified by the CMA. The results are reported in Note 24 of the audited financial statements.

PENALTIES, SANCTIONS, PRECAUTIONARY MEASURES, OR PRECAUTIONARY RESTRICTIONS

Sidra Capital conducts its business in accordance with the highest standards of ethics and compliance per the relevant laws, regulations, and regulatory directives issued by the supervisory and regulatory authorities in Saudi Arabia.

In 2023, Sidra Capital did not incur any sanctions, penalties, precautionary measures, or restrictions imposed by the CMA or any other supervisory, regulatory, or judicial body.

LOANS

For the financial year ending 31 December 2023, Sidra Capital has no loans outstanding.

ARRANGEMENTS OR AGREEMENTS WHEREBY A MEMBER OF THE BOARD OF DIRECTORS OR SENIOR EXECUTIVE OF THE COMPANY HAS WAIVED ANY REMUNERATION AND COMPENSATIONS

Sidra Capital confirms that there has been no situation whereby a member of the board of directors or senior executive of the company has waived any remuneration and compensations for the financial year ending 31 December 2023.

INTERESTS, CONTRACTUAL SECURITIES AND RIGHTS BELONGING TO THE BOARD MEMBERS, SENIOR EXECUTIVES AND THEIR RELATIVES IN THE SHARES OR DEBT INSTRUMENTS OF THE COMPANY OR ANY OF ITS AFFILIATES

NAME	POSITION	INTEREST STATUS	NUMBER OF SHARES AS AT 1/1/2023	PERCENTAGE SHAREHOLDING AS AT 1/1/2023	NUMBER OF SHARES AS AT 31/12/2023	PERCENTAGE SHAREHOLDING AS AT 31/12/2023	SHARE PAR VALUE (SR)
Hani Baothman	Chairman	Indirect interest	90,000	1	90,000	1	10

TRANSACTIONS WITH RELATED PERSONS

Sidra Capital confirms that there were no transactions with related persons during the financial year that ended on December 31st, 2023.

INFORMATION RELATED TO ANY BUSINESS OR CONTRACTS TO WHICH THE COMPANY IS A PARTY, OR IN WHICH IT HAS AN INTEREST FOR ONE OF THE MEMBERS OF THE BOARD OF DIRECTORS OR FOR SENIOR EXECUTIVES OR FOR ANY PERSON RELATED TO ANY OF THEM

Sidra Capital confirms that there were no instances of business activities or contracts to which it is a party or in which it has an interest for one of the members of the board of directors or senior executives (or for a person related to any of them) during the financial year ended 31 December 2023.

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

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Sidra Capital Company ("the Company") and its subsidiaries ("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 ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered Professional Accountants ("SOCPA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with 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 unmodified opinion on those consolidated financial statements on 26 March 2023 (corresponding to 4 Ramadan 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 IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the provision on Companies' Law, 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.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SIDRA CAPITAL COMPANY(CONTINUED)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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 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 judgement and maintain professional scepticism throughout the audit. We 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, then 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.
- 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 of Sidra Capital Company ("the Company") and its subsidiaries ("the Group").

for Ernst & Young Professional Services

Abdullah Ali AlMakrami
Certified Public Accountant
License No. (476)

Jeddah: 18 Ramadhan 1445H
(28 March 2024G)

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سجل تجاري ٤٠٣٠٢٧٦٦٤٤
CR 4030276644
شركة إرنست ويونغ للخدمات المهنية
(مهنية ذات مسؤولية محدودة)
Ernst & Young Professional Services
(Professional LLC)

	NOTE	2023 SR	2022 SR
ASSETS			
NON-CURRENT ASSET			
Property and equipment	4	**3,674,781**	1,175,658
Intangible assets	5	**652,373**	104,355
Investment property	6	**5,125,000**	5,125,000
Investments	7	**120,198,543**	106,217,469
Right of use of asset	8	**6,962,838**	9,667,639
		136,613,535	122,290,121
CURRENT ASSETS			
Trade and other receivables	9	**31,931,583**	50,039,260
Prepayments	10	**3,090,874**	1,970,259
Cash and cash equivalents	11	**30,605,126**	56,505,386
		65,627,583	108,514,905
TOTAL ASSETS		**202,241,118**	230,805,026
EQUITY AND LIABILITIES			
EQUITY			
Share capital	12	**90,000,000**	90,000,000
Statutory reserve	13	**17,130,108**	16,511,336
Foreign currency translation reserve		**(48,202)**	(205,047)
Retained earnings		**56,813,533**	82,434,116
TOTAL EQUITY		**163,895,439**	188,740,405
LIABILITIES			
NON-CURRENT LIABILITY			
Employees' benefits		**13,290,502**	10,911,848
Lease liability	14	**3,303,532**	5,837,864
	15	**16,594,034**	16,749,712
CURRENT LIABILITIES			
Lease liability - current portion	15	**2,894,920**	3,106,578
Trade and other payables	16	**1,474,662**	3,901,305
Accrued expenses	17	**10,188,016**	12,665,961
Accrued zakat and income tax	18	**7,194,047**	5,641,065
		21,751,645	25,314,909
TOTAL LIABILITIES		**38,345,679**	42,064,621
TOTAL EQUITY AND LIABILITIES		**202,241,118**	230,805,026

The attached notes from 1 to 30 form an integral part of these financial statements.

	NOTE	2023 SR	2022 SR
OPERATING INCOME			
Management services		**51,313,325**	55,442,174
Arrangement and advisory services		**29,624,198**	50,541,968
Operational investments		**5,188,399**	3,701,680
Unrealized (loss) / gain on investments at FVTPL		**(6,439,849)**	4,019,556
TOTAL OPERATING INCOME		**79,686,073**	113,705,378
OPERATING EXPENSES			
Salaries and employees related expenses		**(40,676,123)**	(41,377,542)
Marketing and promotion expenses		**(1,088,635)**	(1,141,138)
General and administrative expenses	19	**(27,948,900)**	(27,852,590)
Impairment on trade receivables	9	**-**	(441,400)
TOTAL OPERATING EXPENSES		**(69,713,658)**	(70,812,670)
NET OPERATING INCOME		**9,972,415**	42,892,708
Other income		**224,314**	1,304,725
Finance cost	15	**(373,359)**	(179,887)
Foreign currency gain/(loss)	20	**(29,773)**	(361,286)
NET PROFIT BEFORE ZAKAT AND INCOME TAX		**9,793,597**	43,656,260
Zakat and income tax	18	**(3,605,881)**	(5,230,621)
NET PROFIT FOR THE YEAR		**6,187,716**	38,425,639
OTHER COMPREHENSIVE INCOME:			
Items that will not be reclassified to profit or loss:			
Actuarial (loss) / gain on re-measurement of employees' end of service benefits	14	**(1,189,527)**	(146,540)
Items that are or may be reclassified to profit or loss:			
Net movement in exchange translation reserve		**156,845**	(182,746)
		(1,032,682)	(329,286)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**5,155,034**	38,096,353
Basic and Diluted earnings per share (expressed in SR per share)	21	**0.69**	4.27

The attached notes from 1 to 30 form an integral part of these financial statements.

	CAPITAL SR	STATUTORY RESERVE SR	FOREIGN CURRENCY TRANSLATION RESERVE SR	RETAINED EARNINGS SR	TOTAL EQUITY SR
Balance as at 1 January 2022	90,000,000	12,668,772	(22,301)	77,997,581	180,644,052
Net profit for the year	-	-	-	38,425,639	38,425,639
Other comprehensive income	-	-	(182,746)	(146,540)	(329,286)
Total comprehensive income	-	-	(182,746)	38,279,099	38,096,353
Transfer to statutory reserve	-	3,842,564	-	(3,842,564)	-
Dividend	-	-	-	(30,000,000)	(30,000,000)
Balance at December 2022	90,000,000	16,511,336	(205,047)	82,434,116	188,740,405
Net profit for the year	-	-	-	**6,187,716**	**6,187,716**
Other comprehensive income	-	-	**156,845**	**(1,189,527)**	**(1,032,682)**
Total comprehensive income	-	-	**156,845**	**4,998,189**	**5,155,034**
Transfer to statutory reserve	-	**618,772**	**-**	**(618,772)**	**-**
Dividend	-	**-**	**-**	**(30,000,000)**	**(30,000,000)**
Balance at December 2023	**90,000,000**	**17,130,108**	**(48,202)**	**56,813,533**	**163,895,439**

	NOTE	2023 SR	2022 SR
OPERATING ACTIVITIES			
Profit before zakat		**9,793,597**	43,656,260
Adjustments for:			
Depreciation on property and equipment	4	**503,423**	627,081
Amortization on intangible assets	5	**90,592**	127,667
Depreciation on right of use assets	8	**2,766,766**	1,618,696
Tax on subsidiaries		**-**	156,703
Finance cost	15	**373,359**	179,887
Impairment on trade receivable	9	**-**	441,400
Fair value Loss / (gain) on investment at FVTPL		**6,439,849**	(4,019,556)
Loss / (gain) on disposal of property and equipment		**-**	181
Loss / (gain) on sale of investment		**(116,460)**	(4,035)
Employee benefits	14	**1,561,289**	5,338,601
		21,412,415	48,122,885
Net changes in operating assets and liabilities:			
Trade and other receivables			
Prepayments		**18,107,677**	(20,271,333)
Trade and other payables		**(1,120,615)**	(108,698)
Accrued expenses		**(2,426,643)**	3,881,927
		(2,477,945)	(4,061,346)
Cash generated from operating activities		**33,494,889**	27,563,435
Zakat paid	18	**(2,052,899)**	(2,503,072)
Employees' benefits paid	14	**(372,162)**	(722,070)
Net cash from / (used in) operating activities		**31,069,828**	24,338,293
INVESTING ACTIVITIES			
Investment made during the year		**(38,333,519)**	(10,660,437)
Proceeds from sale of investments		**18,029,056**	6,174,476
Additions in property and equipment	4	**(2,966,593)**	(565,499)
Additions in intangible assets	5	**(628,219)**	-
Net cash used in investing activities		**(23,899,275)**	(5,051,460)
FINANCING ACTIVITIES			
Payments for leases made during the year	15	**(3,191,969)**	(2,545,117)
Dividends paid	12	**(30,000,000)**	(30,000,000)
Net cash from / (used in) financing activities		**(33,191,969)**	(32,545,117)
Net change in cash and cash equivalents		**(26,021,416)**	(13,258,284)
Cash and cash equivalents at beginning of the period		**56,505,386**	69,942,669
Exchange translation adjustment		**121,156**	(178,999)
Cash and cash equivalents at end of the period	11	**30,605,126**	56,505,386

1. ORGANIZATION AND ACTIVITIES

Sidra Capital Company ("the Company") is a Saudi closed joint stock company registered in Jeddah, Kingdom of Saudi Arabia under Commercial Registration No. 4030187025 on February 25, 2009, corresponding to Safar 30,1430H. The Company commenced its operation as per the resolution of Ministry for Commerce and Industry, dated January 24, 2009, corresponding to Muharram 27, 1430H.

The Company's principal activities are dealing as principal, agent, underwriting, managing, arranging, advising and custody services with respect to the securities business as per the license issued by The Capital Market Authority (CMA) number 08116-37 on September 1, 2008 and renewed for the period from 1 July 2023 to 30 June 2024.

The Company's principal place of business is Jeddah.

These consolidated financial statements comprise of the financial statements of the Company and its subsidiaries (together referred to as the 'Group'). The Group has the following subsidiaries as at December 31, 2023:

NAME OF THE SUBSIDIARY	COUNTRY OF INCORPORATION	EFFECTIVE OWNERSHIP INTEREST (%)	
		2023	2022
Sidra Capital (UK) Limited	England and Wales	**100%**	100%
Sidra Capital Limited	Dubai – United Arab Emirates	**100%**	100%
Sidra Capital PTE. Limited	Singapore	**100%**	100%

2. BASIS OF PREPARATION

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

a) Basis of measurement
These consolidated financial statements have been prepared under the historical cost basis using the going concern concept and accrual basis of accounting except for financial investments carried at fair value through profit and loss (FVTPL).

b) Functional and presentation currency
Items included in these consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates (the "functional currency"). These consolidated financial statements are presented in Saudi Arabian Riyal ("SR") which is the Group's functional and presentation currency.

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

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Significant areas where management has used estimates or assumptions are as follows:

a) Useful lives and residual value of property and equipment, intangibles and right of use of asset
The Group's management determines the estimated useful lives of its property and equipment, intangibles and right of use of asset for calculating depreciation. These estimates are determined after considering the expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charges would be adjusted where the management believes the useful lives differ from previous estimates.

2. BASIS OF PREPERATION (continued)
2.2 Significant accounting estimates, judgements and assumptions (continued)

b) Impairment of non-financial assets
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group.

c) Impairment of financial assets
The Group recognizes loss allowances for expected credit loss ("ECL") on financial assets that are debt instruments and are not carried at FVTPL, at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:
• Debt investment securities that are determined to have low credit risk at the reporting date; and
• Other financial instruments on which credit risk has not increased significantly since their initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. The Group considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The key inputs into the measurement of ECL are the term structure of the following variables:
• Probability of default (PD)
• Loss given default (LGD)
• Exposure at default (EAD)

d) Employee defined benefit plan
The cost of the defined benefit plan and the present value of the 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 employee turnover rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the market yield on high quality Corporate/Government bonds. The mortality rate is based on publicly available mortality tables for the country. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates for the country.

e) Fair value measurement
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

If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

2. BASIS OF PREPERATION (continued)
2.2 Significant accounting estimates, judgements and assumptions (continued)
e) Fair value measurement (continued)

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall 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 level input that is significant to the entire measurement.

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

<u>Significant area where management has used judgements are as follow:</u>

f) Going concern
The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Further, 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, these consolidated financial statements continue to be prepared on a going concern basis.

2.3 Current versus non-current classification
Assets:
An asset is current when it is:
• Expected to be realized or intended to 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 forat 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.

2.4 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

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure.

2. BASIS OF PREPERATION (continued)

2.4 New and amended standards and interpretations (continued)

IFRS 17 Insurance Contracts (continued)

IFRS 17 replaces IFRS 4 Insurance Contracts that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, 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 amendments 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, and 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 and 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 disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single 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.

2.5 Standard issued but not yet effective

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.

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

2. BASIS OF PREPERATION (continued)

2.5 Standard issued but not yet 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 recognise 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 consolidated 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 amendments are not expected to have a material impact on the Group's consolidated financial statements.

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 Group's consolidated financial statements.

Lack of exchangeability – Amendments to IAS 21

In August 2023, the IASB issued Lack of Exchangeability (Amendments to IAS 21). The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. The amendments are not expected to have a material impact on the Group's consolidated financial statements.

2. BASIS OF PREPERATION (continued)
2.5 Standard issued but not yet effective (continued)

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28

The amendments address the conflict between IFRS 10 Financial statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. Early application of the amendments is still permitted but will need to be disclosed.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of consolidation
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

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 re-assesses 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, 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 derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in the consolidated statement of profit or loss. Any investment retained is recognised at fair value. These consolidated financial statements comprising the financial statements the Company and its subsidiaries as set out in note 1. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Basis of consolidation (continued)

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 recognised 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 recognised in the consolidated statement of profit or loss.

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 previous 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 re-assesses 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.

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.

b) Foreign currencies

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency of the subsidiaries is represented by Pound Serling, United Arab Emirates Dirhams and Singapore Dollars.

Foreign currency transactions of individual Group companies are translated into functional currency at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are retranslated into functional currency at the rates ruling at the statement of financial position dates. Any differences are taken to the consolidated statement of profit or loss.

On consolidation, the results of subsidiaries are translated into Saudi Riyals at rates approximating to those ruling when the transactions took place. All assets and liabilities of the foreign subsidiaries are translated into Saudi Riyals at the rates of exchange ruling on the statement of financial position date. Exchange differences arising on translation are recognised as other comprehensive income / (loss) in the exchange translation reserve.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as 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 and any differences are taken to the consolidated statement of profit or loss and other comprehensive income. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operations and translated at the closing rate.

c) Trade date accounting

All regular way purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

d) Property and equipment

i. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Property and equipment (continued)

Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of self-constructed assets includes the cost of materials, direct labour, and any other costs directly attributable to bringing the assets to a working condition for their intended use. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Capital work in progress, if any, is stated at cost less impairment losses, if any and represent construction / development work pertaining to the asset in progress. The cost of replacing a 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.

ii. 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 statement of profit or loss account and other comprehensive income as incurred.

Property and equipment is 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.

iv. 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 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.

	YEARS
Leasehold improvements	Shorter of lease term or useful life of 5 years
Furniture and fixtures	10 years
Office equipment	2 – 4 years
Computer	2 – 4 years

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

e) Intangible assets

i. Initial recognition and measurement

Intangible assets that are acquired by the Group, which have finite useful lives, are recognized at cost. Subsequent measurement is done at cost less accumulated amortization and accumulated impairment losses, if any. Cost includes any directly attributable incidental expenses necessary to make the assets ready for its intended use.

ii. 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.

iii. 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 4 years.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Intangible assets (continued)

iv. 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 recognised in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognised.

f) Financial instruments

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

i. Financial assets

Initial recognition and measurement

The Group's financial assets consist of cash and bank balances, Murabaha placements, accounts receivable, investments at fair value through profit or loss due from related parties and financial liabilities consist of trade and other payables. Financial assets at initial recognition, are measured at their fair values. Subsequent measurement of a financial asset is dependent on its classification and is either at amortised cost or fair value through other comprehensive income (OCI) or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of accounts receivables that do not contain a significant financing component, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Accounts receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15 Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and profit (SPPP)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:
- Financial assets at amortised cost
- Financial assets at fair value through OCI (FVOCI)
- Financial assets at fair value through profit or loss (FVTPL)

<u>Financial assets at amortised cost (debt instruments)</u>

The Group measures financial assets at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective profit rate (EPR) method and are subject to impairment. Gains and losses are recognised in consolidated statement of profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade and other receivables.

<u>Financial assets at fair value through OCI</u>

Debt instruments

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:
- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

For debt instruments at fair value through OCI, profit income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Financial instruments (continued)

i. Financial assets (continued)

Equity instruments

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including consolidated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and profit are classified and measured at fair value through profit or loss, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss. Financial assets classified as fair value through profit or loss comprise investments in a short term discretionary portfolio and the investee entities, are acquired principally for the purpose of selling or repurchasing in the short term.

For securities that are traded in organized financial markets, the fair value is determined by reference to exchange quoted market bid prices at the close of the business on the reporting date.

For securities where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the underlying Net Asset Value (NAV) of the of the respective investee entity, which is reflective of the fair value of these securities.

Business model assessment

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

i. The stated policies and objectives for financial assets and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual profit revenue, maintaining a particular profit rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
ii. How the performance of the financial assets are evaluated and reported to the Group's management;
iii. 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;
iv. 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 in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realized.

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 Group's original expectations, the Group 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. Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessments whether contractual cash flows are solely payments of principal and profit ("SPPP" criteria)

For the purposes of this assessment, 'principal' is the fair value of the financial asset on initial recognition. 'Profit' is the consideration for the time value of money, the credit and other basic placement risk associated with the principal amount outstanding during a particular period and other basic financing costs (e.g. liquidity risk and administrative costs), along with profit margin.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Financial instruments (continued)

i. Financial assets (continued)

In assessing whether the contractual cash flows are solely payments of principal and profit, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:
i. Contingent events that would change the amount and timing of cash flows;
ii. Leverage features;
iii. Prepayment and extension terms;
iv. Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
v. Features that modify consideration of the time value of money- e.g. periodical reset of profit rates.

ii. Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, financing, payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of financing and payables, net of directly attributable transaction costs. The Group's financial liabilities include accounts payable and other liabilities.

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

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

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

Amortised cost
After initial recognition, long term payables are subsequently measured at amortised cost using the EPR method. Gains and losses as a result of unwinding of profit cost through EPR amortization process and on de-recognition of financial liabilities are recognized in the consolidated statement of profit or loss.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EPR. The EPR amortisation is included as finance costs in the consolidated statement of profit or loss.

iii. Derecognition

Financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Financial instruments (continued)

iv. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

g) Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as heldfor sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets or investment property, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognised in consolidated statement of profit or loss.

Once classified as held-for-sale, assets are no longer amortised or depreciated.

h) Dividends

Final dividends are recorded in the financial statements in the period in which they are approved by shareholders of the Group.

i) Zakat and income tax

The Company and its subsidiaries are 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 and other comprehensive income. 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 profit or loss.

Subsidiaries registered outside the Kingdom of Saudi Arabia (KSA) are subject to income tax as per applicable local regulaions, which is charged to the consolidated profit or loss statement.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid for the current year to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted at the reporting date in the jurisdictions of the respective entities within the Group.

Deferred income tax

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Zakat and income tax (continued)

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

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

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

Withholding tax

The Group companies withhold taxes on transactions with non-resident parties and on dividends paid to foreign shareholders in accordance with ZATCA regulations, which is not recognized as an expense being the obligation of the counter party on whose behalf the amounts are withheld.

j) 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.

k) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Provisions and contingent liabilities (continued)

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.

L) Cash and cash equivalents

Cash and cash equivalents in the consolidated 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.

m) Fiduciary assets

Assets held in trust or in a fiduciary capacity are not treated as assets of the Group, and accordingly, are not recognised in the consolidated financial statements.

n) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises 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: 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Revenue recognition (continued)

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 ratably 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 preset targets.

Fee from advisory services
Fee from advisory services are recognised based on services rendered under the applicable service contracts.

Rental income from properties
Rental income from properties is recognized on straight line basis over the term of the corresponding lease arrangement.

Gain on sale of real estate
The Group transfers control of underlying properties to the buyer, which is normally upon unconditional exchanging of contracts, transfer of physical possession of the asset and substantially receiving the full property value. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

o) 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.

p) Finance income and finance costs

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.

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.

q) 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. PROPERTY AND EQUIPMENT

Movement in property and equipment during the year ended 31 December 2023 is as follows:

	LEASEHOLD IMPROVEMENT SR	FURNITURE AND FIXTURES SR	OFFICE EQUIPMENT SR	COMPUTER EQUIPMENT SR	TOTAL SR
Cost					
Balance at January 2023	3,300,994	1,266,863	1,650,914	871,027	7,089,798
Additions	2,537,736	277,633	54,303	96,922	2,966,593
Disposals	-	-	-	(30,570)	(30,570)
Foreign exchange translation movement	3,144	239	9,688	20,548	33,619
Balance at 31 December 2023	**5,841,874**	**1,544,735**	**1,714,904**	**957,927**	**10,059,440**
Accumulated depreciation					
Balance at January 2023	3,016,532	783,617	1,447,534	666,457	5,914,140
Charges for the year	203,549	128,772	81,407	89,695	503,423
Disposals	-	-	-	(30,570)	(30,570)
Foreign exchange translation movement	(175)	(1,980)	(60)	(119)	(2,334)
Balance at 31 December 2023	**3,219,906**	**910,409**	**1,528,881**	**725,463**	**6,384,659**
Net book value At 31 December 2023	**2,621,968**	**634,326**	**186,023**	**232,464**	**3,674,781**

4. PROPERTY AND EQUIPMENT (continued)

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

	LEASEHOLD IMPROVEMENT SR	FURNITURE AND FIXTURES SR	OFFICE EQUIPMENT SR	COMPUTER EQUIPMENT SR	TOTAL SR
Cost					
Balance at January 2022	3,087,170	1,931,474	1,511,514	744,963	7,275,121
Additions	213,824	63,964	143,979	143,732	565,499
Disposals	--	(724,596)	(4,579)	(13,545)	(742,720)
Foreign exchange translation movement	--	(3,979)	--	(4,123)	(8,102)
Balance at December 31,2022	3,300,994	1,266,863	1,650,914	871,027	7,089,798
Accumulated depreciation					
Balance at January 2022	2,851,200	1,405,147	1,203,599	574,659	6,034,605
Charges for the year	165,332	105,616	248,333	107,800	627,081
Disposals	--	(724,596)	(4,398)	(13,545)	(742,539)
Foreign exchange translation movement	--	(2,550)	--	(2,457)	(5,007)
Balance at 31 December 2022	3,016,532	783,617	1,447,534	666,457	5,914,140
Net book value At December 31, 2022	284,462	483,246	203,380	204,570	1,175,658

5. INTANGIBLE ASSETS

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

	2023 SR	2022 SR
Cost:		
Balance as at 1 January	**689,240**	689,838
Additions	**628,219**	-
Foreign exchange translation movement	**277**	(598)
Balance as at 31 December	**1,317,736**	689,240
Accumulated amortization:		
Balance as at 1 January	**584,885**	456,671
Charge for the year	**90,592**	127,667
Foreign exchange translation movement	**(10,114)**	547
Balance as at 1 January	**665,363**	584,885
Net book value : At 31 December	**652,373**	104,355

6. INVESTMENT PROPERTY

	2023 SR	2022 SR
Cost as at 31 December	**5,125,000**	5,125,000
Carrying amount as at 31 December	**5,125,000**	5,125,000

6.1 Investment property comprises a land that is a vacant property situated in neighborhood of Al-Manarat in Jeddah in Kingdom of Saudi Arabia.

6.2 Measurement of fair Values

i. Fair Value Hierarchy

The property is located in Kingdom of Saudi Arabia. Fair value of investment property was determined by external, independent property valuers (Ejadah Saudi real estate and Abaad real estate valuation), having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The fair value has been calculated using the average market value of the property as determined by the two external valuers. Market value is the estimated amount for which as asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. Market value of the investment property have been assessed using Market approach (Sales comparable). Based on the valuation reports, the fair value of the Company's investment property amounted to SR 10.55 million (31 December 2022: SR 10 million).

6. INVESTMENT PROPERTY (continued)

6.2 Measurement of fair Values (continued)

ii. Valuation technique and significant unobservable inputs

Market comparison technique: The valuation model is based on market multiples derived from quoted prices of land comparable to the investee.

7. INVESTMENTS

	2023 SR	2022 SR
Investments at amortized cost (note 7.1)	**3,480,352**	3,570,294
Investments at FVTPL (note 7.2)	**116,718,191**	102,647,175
Balance as at 31 December	**120,198,543**	106,217,469

7.1 Investments at amortised cost:

	LOCALITY	2023 SR	2022 SR
Drakehouse (Murabaha)	UK	**1,480,352**	1,570,294
Investment in Sukuk	Saudi Arabia	**2,000,000**	2,000,000
Balance as at 31 December		**3,480,352**	3,570,294

7.2 Investments at FVTPL

	2023 SR	2022 SR
Investment in private equities (note 7.2.2 and note 7.2.4)	**51,778,501**	37,276,017
Investments in mutual funds (note 7.2.2 and note 7.2.5)	**61,163,824**	60,899,830
Investments in other venture (note 7.2.3)	**3,775,866**	4,471,328
Balance as at 31 December	**116,718,191**	102,647,175

7.2.1 Investment in private equities

	2023 SR	2022 SR
Balance as at 1 January	**37,276,017**	40,700,450
Additions during the year	**34,533,942**	3,661,684
Disposals during the year	**(15,967,009)**	(5,625,000)
Fair value adjustments for the year	**(4,064,449)**	(1,461,117)
Balance as at 31 December	**51,778,501**	37,276,017

7.2.2 Movement in Investment in mutual funds

	2023 SR	2022 SR
Balance as at 1 January	**60,899,830**	49,173,017
Additions during the year	**3,915,917**	4,998,750
Disposals during the year	**(1,883,539)**	(171,000)
Fair value adjustments for the year	**(1,768,384)**	6,899,063
Balance as at 31 December	**61,163,824**	60,899,830

7.2.3 Investments in other venture is held in the name of a related party on behalf of the Group. The Group recorded a net loss of SR 0.7 million (2022: SR 1.2 million) in respect to the investment in other venture.

7. INVESTMENTS (continued)

7.2.4 Investment in Private Equities

	LOCALITY	PERCENTAGE OF HOLDING	2023 SR	PERCENTAGE OF HOLDING	2022 SR
Greycoat Street	UK	**1.81%**	**408,465**	1.81%	672,859
Drakehouse	UK	**7.43%**	**6,072,621**	5.58%	6,560,471
Industrial Portfolio	USA	**0.38%**	**5,526,880**	2.89%	5,941,499
Quest	Australia	**2.77%**	**47,298**	0.42%	47,007
Student Accommodation – USSA6P	USA	**2.63%**	**7,147,568**	2.77%	8,465,495
Industrial Portfolio – 30 Properties	USA	**0.19%**	**8,836,632**	2.63%	8,861,237
Arborcrest	USA	**2.01%**	**546,890**	0.19%	589,097
AIC Heartland	USA	**0.25%**	**3,765,127**	1.89%	3,555,407
10K Energy Drive	USA	**3.07%**	**177,559**	0.25%	416,566
Okmount JLL	USA	**0.38%**	**1,292,941**	3.07%	1,311,248
Blackrock	USA	**5.33%**	**4,122,257**	5.00%	855,131
London Square	UK	**14.07%**	**13,834,263**	-	-
Balance as at 31 December			**51,778,501**		37,276,017

7.2.5 Investment in Mutual Funds

	LOCALITY	PERCENTAGE OF HOLDING	2023 SR	PERCENTAGE OF HOLDING	2022 SR
Ancile Fund	Luxembourg	**2.89%**	**14,549,918**	2.43%	15,779,639
Deco Opes	Luxembourg	**0.50%**	**-**	-	-
Investcorp Gulf Institutional Private Equity Fund	USA	**5.00%**	**250,635**	0.50%	353,339
Investcorp Private Equity Fund	USA	**8.66%**	**21,997,124**	5.61%	23,207,598
Investcorp China IPO Fund	USA	**2.96%**	**1,911,128**	8.66%	1,887,516
Sidra Income Fund	Saudi Arabia	**13.58%**	**10,055,419**	3.06%	10,254,038
Sidra Residential Development Fund	Saudi Arabia	**9.19%**	**8,649,600**	17.80%	9,417,700
Sidra Asian Opportunity Fund VC	Asia		**3,750,000**	-	-
Balance as at 31 December			**61,163,824**		60,899,830

7.2.6 Investments in Private Equities represents Group's investment in private equity via equity injection and additional funding in the form of shareholder loan that does not carry a fixed repayment or return. The Group does not intend to call the additional funding in the foreseeable future. The entities have been established as part of structures for onward investment in real estate properties held for income generation and development.

7.2.7 At the reporting date, the investee funds comprise of trade finance based in Luxembourg, Saudi Arabia. As for real estate funds they are domiciled in Jersey and Cayman Island.

7.2.8 Net fair value losses during the year 2023 amounting to SR 6.5 million (2022: gain of SR 4.1 million) resulted from a fair value loss of SR 7.9 million (2022: gain of SR 5.6 million) and a gain of SR 1.5 million (2022: loss of SR 1.6 million) resulted from foreign exchange translation.

8. RIGHT OF USE OF ASSETS

	2023 SR	2022 SR
Cost:		
Balance as at 1 January	**12,317,177**	5,246,876
Additions	**6,417**	8,877,424
Terminations/modifications	**-**	(1,712,945)
Foreign exchange translation movement	**90,516**	(94,178)
Balance as at 31 December	**12,414,110**	12,317,177
Accumulated amortization:		
Balance as at 1 January	**2,649,538**	2,622,556
Charge for the year	**2,766,766**	1,618,696
Terminations/modifications	**-**	(1,506,953)
Foreign exchange translation movement	**34,968**	(84,761)
Balance as at 31 December	**5,451,272**	2,649,538
Net book value: At 31 December	**6,962,838**	9,667,639

9. TRADE AND OTHER RECEIVABLES

	2023 SR	2022 SR
Trade receivables	**817,935**	11,334,111
Due from related parties – trade receivables	**1,551,701**	411,498
Accrued income*	**22,646,224**	36,856,577
Other receivable	**9,358,345**	3,879,696
Gross trade and other receivables	**34,374,205**	52,481,882
Less: Provision for bad debts	**(2,442,622)**	(2,442,622)
Net trade and other receivables	**31,931,583**	50,039,260

* Accrued income majorly represents the balances with related parties including the mutual funds managed by the Group

Movements in the allowance for impairment in respect of trade receivables (including the specific provision against accrued income) during the year was as follows:

	2023 SR	2022 SR
Balance at the beginning of the year	**2,442,622**	2,001,222
Charge for the year	**-**	441,400
Balance at the end of the year	**2,442,622**	2,442,622

10. PREPAYMENTS

	2023 SR	2022 SR
Prepayments	**3,090,874**	1,970,259

11. CASH AND CASH EQUIVALENTS

	2023 SR	2022 SR
Cash in hand	**17,820**	18,020
Cash at bank on current account – local currency	**13,220,819**	26,768,530
Murabaha deposits	**-**	17,625,000
Cash at bank on current accounts – foreign currency	**17,366,487**	12,093,836
	30,605,126	56,505,386

11.1 During the year ended 31 December 2023, the Group incurred foreign exchange loss amounting to SR 0.030 million (2022: SR 0.143 million) on account of translation of foreign currency denominated monetary assets into Group's functional currency, including cash at bank in foreign currency accounts.

11.2 In addition to the cash at bank disclosed above, the Group has certain bank accounts wherein client money is being held in the fiduciary capacity.

12. SHARE CAPITAL

On 30 November 2021 a letter was sent to the CMA to approve the transfer of ownership of Sidra Capital from Al Murjan Group Holding Limited to the ultimate shareholders of Al Murjan Group Holding Limited. This was merely a decision of the Shareholders to simplify the structure. The CMA approved this transaction on January 2022.

As at 31 December 2023 and 31 December 2022 the share capital of the Group amounting to SR 90,000,000 (2022: SR 90,000,000) is divided into 9,000,000 shares (2022: 9,000,000 shares) of SR 10 each (2022: SR 10 each) is as follows:

	PERCENTAGE HOLDING	NO. OF SHARES	CAPITAL
Shuaa' Al Fayrooz for Trading and Services Company Limited	12.375%	1,113,750	11,137,500
Dar Tajah Global for Trading and Services Company Limited	17.325%	1,559,250	15,592,500
Dar Al Radhah Developed Company Limited	33.65%	3,028,500	30,285,000
Al Mann International for Development Company Limited	28.09%	2,528,100	25,281,000
Sheikh Abdulrahman Khalid Bin Mahfouz	6.56%	590,400	5,904,000
Sheikh Sultan Khalid Bin Mahfouz	1%	90,000	900,000
Talid Arabia Trading	1%	90,000	900,000
	100%	**9,000,000**	**90,000,000**

During the year ended 31 December 2023, the shareholders approved dividend of SR 30,000,000 (2022: SR 30,000,000) in the meeting held on 06 December 2023

13. STATUTORY RESERVE

In accordance with the Company's Articles of Association, the Group established a statutory reserve by the appropriation of 10% of net income until the reserve is equal 30% of the share capital. This reserve is not available for divided distribution.

14. EMPLOYEE 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 consolidated statement of financial position is determined as follows:

An independent actuarial vauation 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 Labour Law by using the Projected Unit Credit Method as required under International Accounting Standards 19: Employee Benefits.

	2023 SR	2022 SR
Balance at 1 January	**10,911,848**	6,148,777
Included in profit or loss		
Current service cost	**1,268,159**	1,542,921
Interest cost	**293,130**	143,555
	1,561,289	1,686,476
Included in other comprehensive income		
Actuarial loss arising from:		
- financial assumptions	**876,847**	146,540
- experience adjustments	**312,680**	-
	1,189,527	146,540
Transfer	**-**	3,652,125
Benefits paid	**(372,162)**	(722,070)
Balance at 31 December	**13,290,502**	10,911,848

14. EMPLOYEE BENEFITS (continued)

The expense is recognized in the following line items in the consolidated statement of profit or loss and other comprehensive income:

	2023 SR	2022 SR
Employee related costs	**1,561,289**	1,686,476
	1,561,289	1,686,476

The following were the principal actuarial assumptions applied at the reporting date (expressed as weighted averages).

	2023 SR	2022 SR
Financial assumptions		
Discount rate	**4.60%**	4.50%
Future salary growth/ expected rate of salary increase	**6.60%**	4.50%
Demographic assumptions		
Mortality	**0.075%**	0.075%
Retirement age	**60 years**	60 years
Turnover (age wise)	**Heavy**	Heavy

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.

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		2022	
	INCREASE	DECREASE	INCREASE	DECREASE
Discount rate (0.5% movement)	**(258,979)**	**273,769**	424,684	356,279
Future salary growth (0.5% movement)	**210,377**	**(201,609)**	356,834	424,379

As at 31 December 2023, the weighted average duration of the defined benefit obligation is 6.27 years (31 December 2022: 5.91 years).

During the year ended 31 December 2023, an independent actuarial exercise has been conducted to ensure the adequacy of provision for employees' end of service benefits in accordance with the rules stated under the Saudi Arabian Labor and Workmen Law by using the Projected Unit Credit Method as required under IAS 19.

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.

15. LEASE LIABILITY

	2023 SR	2022 SR
Lease liability – current portion	**2,894,920**	3,106,578
Lease liability – long term portion	**3,303,532**	5,837,864
Lease liability as at 31 December	**6,198,452**	8,944,442

Movement in the lease liability:

	2023 SR	2022 SR
As at 1 January	**8,944,442**	2,752,091
Additions during the year	**6,417**	8,773,482
Finance cost	**373,359**	179,887
Repayments made during the year	**(3,191,969)**	(2,545,117)
Terminations/modifications	**-**	(205,988)
Foreign exchange translation movement	**66,203**	(9,913)
As at 31 December	**6,198,452**	8,944,442

The group used a discount rate of 4.46% for lease contract.

16. TRADE AND OTHER PAYABLES

	2023 SR	2022 SR
Due to related parties (note 23)	**1,006,316**	1,539,765
Accounts payable	**468,346**	2,361,540
	1,474,662	3,901,305

17. ACCRUED EXPENSES

	2023 SR	2022 SR
Accrued staff cost	**1,256,801**	5,384,656
Other accrued expenses	**8,931,215**	7,281,303
	10,188,016	12,665,961

18. ZAKAT AND INCOME TAX

18.1 At 31 December accrued Zakat and Tax comprise the following:

	2023 SR	2022 SR
Accrued zakat	**7,194,047**	5,484,363
Accrued income tax	**-**	156,702
	7,194,047	5,641,065

18.2 Zakat and tax charge for the year comprise of the following:

	2023 SR	2022 SR
Zakat charge	**3,616,434**	5,230,621
Tax Charge	**(10,553)**	156,702
	3,605,881	5,387,323

18.3 Zakat charge for the year ended December 31 has been calculated on Zakat base, Zakat base is equity netted of by book value of long-term assets, the components of which are as follows:

	2023 SR	2022 SR
Equity	**164,651,876**	150,666,353
Opening allowances and other adjustments	**18,715,813**	14,394,122
Book value of long-term assets	**(48,516,619)**	(6,712,451)
Zakat able profit / (loss) for the year	**10,162,142**	45,956,392
Zakat base higher of adjusted net loss or Zakat base	**134,851,070**	204,304,416

Some of the aforementioned amounts have been adjusted (consistent with Zakat rules) in arriving at the Zakat charge for the year.

18.4 Movement in accrued Zakat during the year ended 31 December is as follows:

	2023 SR	2022 SR
As at 1 January	**5,641,065**	2,756,814
Charge for the year	**3,605,881**	5,386,575
Payments during the year	**(2,052,899)**	(2,503,072)
Currency translation	**-**	748
As at 31 December	**7,194,047**	5,641,065

18. ZAKAT AND INCOME TAX (continued)

18.5 The Company has filed Zakat returns up to the financial year ended 31 December 2022 with the Zakat, Tax, and Customs Authority ("ZATCA"), and has obtained Zakat certificate which is valid up to 30 April 2024.

18.6 ZATCA raised assessments for the years 2015, 2016, and 2017 with additional Zakat liability of SR 1,179,772, SR 1,369,837 and SR 1,460,974, respectively. The Company filed objection against the assessments with ZATCA which were rejected, and the Company filed appeal against the ZATCA decisions with the Tax Violation and Dispute Resolution Committee (TVDRC) of the General Secretariate of Tax Committees (GSTC). The decision by TVDRC was issued partially rejecting the appeals. The Company filed appeals against TVDRC decision with the Appeal Committee for Tax Violations and Disputes Resolution (ACTVDR) of GSTC. The ACTVDR issued its decision partially agreeing with the company's appeal. The company has sought clarification from ACTVDR on the other dispute point.

18.7 For the years 2018 and 2019, ZATCA raised assessments assessing additional Zakat liability of SR 1,469,892 and SR 2,294,815 respectively. The Company filed objection against ZATCA assessments which were rejected by ZATCA. The Company filed appeal against the ZATCA rejections with the TVDRC of GSTC and is currently under review.

18.8 For the years 2020 ZATCA has raised queries and the company has submitted its response. No assessment has been issued as yet in this regard.

18.9 For year 2021 and 2022, no assessment proceedings have been initiated by ZATCA up to date.

18.10 The ZATCA issued draft withholding tax assessments for the month of January 2020, April 2020, July 2020, and October 2020 with additional withholding tax liability totaling SR 60,303. The company has agreed to settle the additional withholding tax liability.

19. GENERAL AND ADMINISTRATIVE EXPENSES

	2023 SR	2022 SR
Office Rent, Utilities and Other expenses	**2,131,770**	504,461
Consultancy	**14,287,557**	14,726,871
Depreciation (note 4 and note 8)	**3,202,450**	2,245,777
Amortization (note 5)	**90,592**	127,667
Insurance	**977,984**	1,018,634
Travelling	**2,423,607**	1,852,469
IT and internet	**1,096,402**	822,782
Board and audit committee compensations	**1,275,000**	1,300,000
Others	**2,463,538**	5,253,929
	27,948,900	27,852,590

20. FOREIGN CURRENCY GAIN / (LOSS)

During the year, the Group has recognized the foreign currency gains / (losses) on cash and cash equivalents, investments and trade and other receivables and payables.

21. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share have been computed by dividing the profit for the year attributable to the owners of the parent company by the number of shares outstanding during the year. As there are no diluted shares outstanding, basic and diluted earnings per share are identical.

The earnings per share calculation is given below:

	2023 SR	2022 SR
Profit for the year	**6,187,716**	38,425,639
Weighted average number of shares outstanding	**9,000,000**	9,000,000
Profit per share (Saudi Arabian Riyals) – Basic and Diluted	**0.69**	4.27

22. RELATED PARTY TRANSACTIONS

Transactions with the related parties mainly represent payments on behalf and loans to and from entities within the Group that are undertaken in the ordinary course of business on mutually agreed terms between the parties and approved by the management. Related parties also include the Shareholders, key management personnel and their close family members.

a) Due from related parties as at 31 December are comprised of the following:

NAME OF ENTITY	NATURE OF TRANSACTIONS	AMOUNT OF TRANSACTIONS		BALANCE AS AT	
		2023 SR	2022 SR	**2023 SR**	2022 SR
Al Murjan International Holding Company Limited	Expenses incurred on behalf of related party	**4,280,663**	3,857,316	**1,551,701**	233,539
	Revenue generated from related party	**11,250,000**	7,500,000	**-**	-
Tawazon Al-Enjaz	Management Fees	**300,000**	300,000	**-**	-
Azalea Services (PTC) LTD. British Virgin Islands	Revenue generated from related party	**11,250,000**	7,500,000	**-**	-
Al-Murjan Investment R.E. Development Co.	Revenue generated from related party	**-**	566,084	**-**	177,959
Sidra Income Fund	Management Fees	**5,936,967**	7,704,924	**2,106,960**	2,205,630
Sidra Capital Residential	Management Fees	**581,349**	575,999	**140,052**	151,126
				3,798,713	2,952,980

b) Due to related parties as at 31 December are comprised of the following:

NAME OF ENTITY	NATURE OF TRANSACTIONS	AMOUNT OF TRANSACTIONS		BALANCE AS AT	
		2023 SR	2022 SR	**2023 SR**	2022 SR
Azalea Services (PTC) LTD. British Virgin Islands	Expenses incurred on behalf of related party	**6,678,561**	4,448,558	**1,006,313**	1,539,765
Al-Murjan Investment R.E. Development Co	Office rent	**913,280**	906,231	**-**	-
Key Rent Car Company	Car rental	**91,654**	129,975	**-**	-
				1,006,313	1,539,765

c) Transactions with key management personnel

	2023 SR	2022 SR
Short term employee benefits	**12,876,261**	11,723,357
Post-employment benefits	**3,184,874**	2,918,737
	16,061,135	14,642,094

Compensation to key management personnel includes salaries and contributions to post-employment defined benefit plan.

23. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments outstanding as at 31 December 2023 (2022: nil).

24. 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.

24. FINANCIAL RISK MANAGEMENT (continued)

Risk management framework
Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies, evaluates and monitors financial risks. The most important types of risk are credit risk, currency risk and fair value and cash flow interest rate risks.

The Board of Directors has overall responsibility for establishment and oversight of the Group's risk management framework. The audit and risk committee is responsible for developing and monitoring the Group's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit and risk committee.

Risk management systems are reviewed regularly by the audit and risk 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 and risk 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 bank balances, 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.

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 is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates for its transactions principally in Saudi Riyals, US Dollars, Great Britain Pounds and Singapore Dollars. The Group's investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. Currently, such exposures are mainly related to exchange rate movements between foreign currencies against Great Britain Pounds. Such fluctuations are recorded as a separate component of shareholders' equity in the accompanying consolidated financial statements. The Group's management monitors such fluctuations and manages its effect on the consolidated financial statements accordingly. Since the Saudi Arabian Riyal is pegged to the US dollar, accordingly, the Group is not exposed to significant foreign currency risk. As for the other currencies an increase / decrease of 5% would have an impact of 1.49 million.

Price risk
The primary goal of the Group's investment in private equity securities is to hold the investments for the long term for strategic purposes. Management is assisted by external advisers in this regard. Certain investments are designated as at FVTPL because their performance is actively monitored and they are managed on a fair value basis.

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.

24. FINANCIAL RISK MANAGEMENT (continued)

Financial assets are written off when there is 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.

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 bank balances. 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 six months, except lease liabilities (see note 15). It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

25. CAPITAL MANAGEMENT

The Group objectives when managing capital are to comply with the capital requirements set by the Capital Market Authority (CMA) to safeguard the Group's ability to continue as a going concern and to maintain a strong capital base.

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

The CMA issued amendments to the Prudential Rules that came into effect on 1 April 2023 (corresponding to 10 Ramadhan 1444H). The requirements for Capital Adequacy as per the latest amendment differ from the prior requirements. Accordingly, the Company has calculated its minimum capital required and capital adequacy ratios for the year ended 2022 and the year ended 2023 as follows:

	2023 SR
Capital base:	
Tier I capital	**163,243,000**
Tier II capital	**-**
Total	**163,243,000**
Minimum capital requirement:	
Credit Risks	**548,826,000**
Market Risks	**67,019,000**
Operational Risks	**207,754,000**
Total	**823,599,000**
Surplus in Capital	**97,355,000**
Total ratio	**19.82%**

25. CAPITAL MANAGEMENT (continued)

	2022 SR
Capital base:	
Tier I capital	188,636,000
Tier II capital	-
Total	188,636,000
Minimum capital requirement:	
Credit Risks	85,207,000
Market Risks	6,096,000
Operational Risks	16,698,000
Total	108,001,000
Surplus in Capital	80,635,000
Total ratio	1.75

26. FAIR VALUE MEASUREMENT 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 takes place either:

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

Fair values of financial instruments

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

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.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value:

	CARRYING AMOUNT		FAIR VALUE			
31 DECEMBER 2023	**FVTPL**	**AMORTISED COST**	**LEVEL1 SR**	**LEVEL2 SR**	**LEVEL3 SR**	**TOTAL SR**
Financial assets						
Investments	**116,718,191**	**-**	**-**	**-**	**116,718,191**	**116,718,191**
	116,718,191	**-**	**-**	**-**	**116,718,191**	**116,718,191**

	CARRYING AMOUNT		FAIR VALUE			
31 DECEMBER 2022	FVTPL	AMORTISED COST	LEVEL1 SR	LEVEL2 SR	LEVEL3 SR	TOTAL SR
Financial assets						
Investments	102,647,175	-	-	-	102,647,175	102,647,175
	102,647,175	-	-	-	102,647,175	102,647,175

During the year ended 31 December 2023 and 2022 there were no transfers between level 1 and level 2 fair value measurements.

26. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

I. Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 3 fair values for financial instruments in the statement of financial position, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

TYPE	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS	INTER-RELATIONSHIP BETWEEN SIGNIFICANT UNOBSERVABLE INPUTS AND FAIR VALUE MEASUREMENTS
Private equities and other venture investments	Investments in private equities and other venture are carried at fair value by taking the effective holding percentage of fair value of property less any third-party loans and losses incurred by SPVs. The market value of the property calculated under discounted cash flows method: The valuation model considers the present value of the expected future payments, discounted using a risk-adjusted discount rate.	Expected future payments and discount rate	Expected future payments and discount rate
Mutual funds	The Investment in mutual funds are also carried at FVTPL and carried at NAV of the mutual fund of 31 December 2023 & 2022	Net assets of the mutual fund	The estimated fair value would increase (decrease) if: the expected cash flows were higher (lower)

27. EVENTS AFTER THE END OF THE REPORTING PERIOD

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

28. COMPARATIVE FIGURES

Certain prior year figures have been reclassified to conform to current period presentation, which are not material in nature to Group's consolidated financial statements as a whole.

29. APPROVAL OF THE FINANCIAL STATEMENTS

These consolidated financial statements have been approved by the Company's Board on 26 March 2024G, (corresponding to 16 Ramadhan 1445H).

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