SAUDI ECONOMIC AND DEVELOPMENT SECURITIES COMPANY (SEDCO CAPITAL)
(Saudi Closed Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020
with
INDEPENDENT AUDITOR'S REPORT

SAUDI ECONOMIC AND DEVELOPMENT SECURITIES COMPANY (SEDCO CAPITAL)
(A Saudi Closed Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020
(Expressed in Saudi Arabian Riyals)

KPMG

KPMG Al Fozan & Partners
Certified Public Accountants
Zahran Business Centre, 9th Floor
Prince Sultan Street
PO Box 55078
Jeddah 21534
Kingdom of Saudi Arabia

Telephone +966 12 230 3000
Fax +966 12 230 3111
Internet www.kpmg.com/sa

License No. 46/11/323 issued 11/3/1992

Independent Auditor's Report

To the Shareholders of Saudi Economic and Development Securities Company

Opinion

We have audited the consolidated financial statements of **Saudi Economic and Development Securities Company ("the Company") and its subsidiaries ("the Group")**, which comprise the consolidated statement of financial position as at December 31, 2020, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020, 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 Certified Public 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 the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 applicable requirements of the Regulations for Companies, 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.

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

Independent Auditor's Report

To the Shareholders of Saudi Economic and Development Securities Company (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 auditors' 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 auditors' 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.

Independent Auditor's Report

To the Shareholders of Saudi Economic and Development Securities Company (continued)

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

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 **Saudi Economic and Development Securities Company ("the Company") and its subsidiaries ("the Group").**

For KPMG Al Fozan & Partners
Certified Public Accountants

Nasser Ahmed Al Shutairy
License No. 454

Jeddah, Shaban 5, 1442H
Corresponding to March 18, 2021

كي بي إم جي الفوزان وشركاه
محاسبون ومراجعون قانونيون
C.R. 46 KPMG س.ت رقم: ٤٦
Certified Public Accountants
KPMG Al Fozan & Partners

SAUDI ECONOMIC AND DEVELOPMENT SECURITIES COMPANY (SEDCO CAPITAL)
(A Saudi Closed Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2020
(Expressed in Saudi Arabian Riyals)

	Notes	**2020**	2019
ASSETS			
Financial investments	*4*	**183,854,173**	131,398,047
Property and equipment	*5*	**2,051,820**	2,460,753
Intangible assets	*6*	**4,464,839**	3,636,587
Non-current assets		**190,370,832**	137,495,387
Financial investments	*4*	**59,724,777**	63,902,875
Prepayments and other current assets	*7*	**21,848,398**	12,020,278
Accounts receivable and accrued income	*8*	**65,822,696**	40,940,508
Murabaha investments at amortized cost	*9*	**--**	35,394,586
Cash and cash equivalents	*9*	**44,837,582**	102,388,027
		192,233,453	254,646,274
Assets held for sale	*10*	**3,750,000**	3,750,000
Current assets		**195,983,453**	258,396,274
Total assets		**386,354,285**	395,891,661
EQUITY AND LIABILITIES			
Equity			
Share capital	*11*	**200,000,000**	200,000,000
Statutory reserve	*12*	**20,587,799**	18,860,740
Foreign currency translation reserve		**37,344**	9,112
Retained earnings		**76,566,947**	85,406,421
Equity attributable to owners of the Company		**297,192,090**	304,276,273
Non-controlling interests	*25*	**16,183,162**	16,969,442
Total equity		**313,375,252**	321,245,715
Liabilities			
Employees' benefits	*13*	**17,499,958**	17,966,318
Non-current liabilities		**17,499,958**	17,966,318
Accounts payable, accruals and other current liabilities	*14*	**42,915,970**	46,309,361
Accrued Zakat and Tax	*18*	**12,563,105**	10,370,267
Current liabilities		**55,479,075**	56,679,628
Total liabilities		**72,979,033**	74,645,946
Total equity and liabilities		**386,354,285**	395,891,661

The accompanying notes 1 to 30 form an integral part of these consolidated financial statements

SAUDI ECONOMIC AND DEVELOPMENT SECURITIES COMPANY (SEDCO CAPITAL)
(A Saudi Closed Joint Stock Company)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended December 31, 2020
(Expressed in Saudi Arabian Riyals)

	Notes	**2020**	2019
Operating income:			
Fee from services, net	*15*	**103,720,887**	99,586,866
Income from investments	*16*	**2,499,761**	37,061,661
Total operating income		**106,220,648**	136,648,527
Operating expenses:			
Salaries and employees related expenses		**(63,271,215)**	(69,467,574)
General and administrative expenses	*17*	**(17,870,250)**	(26,713,399)
Marketing expenses		**(341,996)**	(1,856,847)
Total operating expenses		**(81,483,461)**	(98,037,820)
Net operating income		**24,737,187**	38,610,707
Other income		**412,695**	101,948
Foreign exchange (loss) / income, net		**(157,303)**	610,276
Net profit before Zakat and income-tax		**24,992,579**	39,322,931
Zakat and income-tax	*18*	**(8,133,739)**	(7,064,787)
Net profit for the year		**16,858,840**	32,258,144
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Actuarial gain / (loss) on re-measurement of employees' end of service benefits	*13*	**617,000**	(1,968,303)
Items that are or may be reclassified to profit or loss			
Net movement in exchange translation reserve		**28,232**	38,807
Total comprehensive income for the year		**17,504,072**	30,328,648
Net profit attributable to:			
Owners of the Company		**17,270,585**	27,555,810
Non-controlling interests		**(411,745)**	4,702,334
		16,858,840	32,258,144
Total comprehensive income attributable to:			
Owners of the Company		**645,232**	(1,929,496)
Non-controlling interests		**--**	--
		645,232	(1,929,496)
Basic and Diluted earning per share (expressed in SR per share)		**0.86**	1.38

The accompanying notes from 1 to 30 form an integral part of these consolidated financial statements

SAUDI ECONOMIC AND DEVELOPMENT SECURITIES COMPANY (SEDCO CAPITAL)
(A Saudi Closed Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2020
(Expressed in Saudi Arabian Riyals)

	Attributable to owners of the Company						
	Share capital	Statutory reserve	Foreign currency translation reserve	Retained earnings	Total shareholders' equity	Non-controlling interests	Total equity
Balance as at January 1, 2020	**200,000,000**	**18,860,740**	**9,112**	**85,406,421**	**304,276,273**	**16,969,442**	**321,245,715**
Net profit for the year	**--**	**--**	**--**	**17,270,585**	**17,270,585**	**(411,745)**	**16,858,840**
Other comprehensive income for the year	**--**	**--**	**28,232**	**617,000**	**645,232**	**--**	**645,232**
Total comprehensive income for the year	**--**	**--**	**28,232**	**17,887,585**	**17,915,817**	**(411,745)**	**17,504,072**
Transfer to statutory reserve	**--**	**1,727,059**	**--**	**(1,727,059)**	**--**	**--**	**--**
Disposal of investee during the year	**--**	**--**	**--**	**--**	**--**	**(374,535)**	**(374,535)**
Dividend	**--**	**--**	**--**	**(25,000,000)**	**(25,000,000)**	**--**	**(25,000,000)**
Balance as at December 31, 2020	**200,000,000**	**20,587,799**	**37,344**	**76,566,947**	**297,192,090**	**16,183,162**	**313,375,252**

The accompanying notes from 1 to 30 form an integral part of these consolidated financial statements

SAUDI ECONOMIC AND DEVELOPMENT SECURITIES COMPANY (SEDCO CAPITAL)
(A Saudi Closed Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the year ended December 31, 2020
(Expressed in Saudi Arabian Riyals)

	Attributable to owners of the Company						
	Share capital	Statutory reserve	Foreign currency translation reserve	Retained earnings	Total shareholders' equity	Non-controlling interests	Total equity
Balance as at January 1, 2019	200,000,000	16,105,159	(29,695)	112,574,495	328,649,959	12,273,330	340,923,289
Net profit for the year	--	--	--	27,555,810	27,555,810	4,702,334	32,258,144
Other comprehensive income for the year	--	--	38,807	(1,968,303)	(1,929,496)	--	(1,929,496)
Total comprehensive income for the year	--	--	38,807	25,587,507	25,626,314	4,702,334	30,328,648
Transfer to statutory reserve	--	2,755,581	--	(2,755,581)	--	--	--
Disposal of investee during the year	--	--	--	--	--	(6,222)	(6,222)
Dividend	--	--	--	(50,000,000)	(50,000,000)	--	(50,000,000)
Balance as at December 31, 2019	200,000,000	18,860,740	9,112	85,406,421	304,276,273	16,969,442	321,245,715

SAUDI ECONOMIC AND DEVELOPMENT SECURITIES COMPANY (SEDCO CAPITAL)
(A Saudi Closed Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended December 31, 2020
(Expressed in Saudi Arabian Riyals)

	Notes	**2020**	2019
Cash flow from operating activities:			
Net profit before Zakat and income tax		**24,992,579**	39,322,931
Adjustments to reconcile net profit before zakat and income tax to net cash from operating activities:			
Depreciation	*5*	**671,555**	917,169
Amortization	*6*	**26,366**	30,408
Unrealized loss / (gain) on financial investments	*16*	**1,199,539**	(27,244,276)
Realized gain on financial investments	*16*	**(509,278)**	(763,497)
(Reversal) / provision for other receivables	*7*	**(2,934,118)**	1,019,569
Provision for employees' end of service benefits	*13*	**3,074,000**	2,729,015
Loss on disposal of property and equipment		**--**	114
Changes in operating assets and liabilities:			
Accounts receivable and accrued income		**(24,882,188)**	739,474
Prepayments and other current assets		**(9,828,120)**	(2,272,870)
Accounts payable, accruals and other current liabilities		**(3,393,391)**	(19,701,150)
Net cash used in operations		**(11,583,056)**	(5,223,113)
Employees' end of service benefits paid	*13*	**(2,923,360)**	(812,000)
Zakat and income-tax paid		**(5,940,901)**	(6,133,706)
Net cash used in operating activities		**(20,447,317)**	(12,168,819)
Cash flow from investing activities:			
Investment in murabaha deposits		**35,394,586**	43,911,614
Purchase of financial investments		**(63,512,571)**	(8,030,045)
Proceeds from disposal of financial investments		**17,614,126**	25,817,119
Transactions with non-controlling interest		**(374,535)**	(6,222)
Purchase of property and equipment	*5*	**(398,348)**	(521,776)
Purchase of intangible assets	*6*	**(854,618)**	(36,421)
Net cash (used in) / generated from investing activities		**(12,131,360)**	61,134,269
Cash flow used in financing activities:			
Dividends paid		**(25,000,000)**	(50,000,000)
Net decrease in cash and cash equivalents		**(57,578,677)**	(1,034,550)
Cash and cash equivalents at the beginning of the year		**102,388,027**	103,383,770
Exchange translation adjustment		**28,232**	38,807
Cash and cash equivalents at the end of the year		**44,837,582**	102,388,027

The accompanying notes from 1 to 30 form an integral part of these consolidated financial statements

(Expressed in Saudi Riyals)

1. REPORTING ENTITY

Saudi Economic and Development Securities Company (SEDCO Capital) ("the Company") is a Saudi Closed Joint Stock Company registered in Jeddah under Commercial Registration number 4030194994 on 1 Thul-Hujja 1430 (November 18, 2009). The Company obtained the approval of the Ministry of Commerce and Industry via Decree number 328/K, dated 1 Thul-Hujja 1430 (November 18, 2009) to establish the Company.

The Company is an Authorised Person as defined in the authorised persons regulations issued by the Capital Market Authority. The principal activities of the Company are managing, arranging, advising, dealing and custody services with respect to the financial securities business as per license issued by the Capital Market Authority (CMA) number 09135-36 dated 23 Rabi'II 1430 (April 19, 2009) and number 11157-37 dated 3 Thul-Hujja 1430 (October 30, 2011).

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 Company has the following subsidiaries as at December 31, 2020:

Name of the subsidiary	**Country of incorporation**	**Effective Ownership interest (%)**	
		2020	2019
SEDCO Capital UK Limited	United Kingdom	**100%**	100%
SEDCO Capital Luxembourg S.A	Luxembourg	**100%**	100%
SEDCO Capital Cayman Limited	Cayman Island	**100%**	100%
SC Sentinel Limited	Cayman Island	**65%**	65%
Elite Flexi Saudi Equities Fund	Saudi Arabia	**100%**	96.5%

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

At the date of authorization of these consolidated financial statements, various Standards and Interpretations (including amendments thereto) were in issue but not yet effective. The management anticipates that adoption of these Standards and Interpretations in future periods will have no material impact on these consolidated financial statements (refer note 22).

2. BASIS OF PREPARATION (continued)

2.1 Statement of compliance (continued)

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 financial investments carried at FVTPL.

b) Functional and presentation currency

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

c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at and for the year ended December 31, 2020 (note 1). 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; and
- The ability to use its power over the investee to affect its returns.

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 statement of comprehensive income 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 and to the non-controlling interests. 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 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 assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest

2. BASIS OF PREPARATION (continued)

2.1 Statement of compliance (continued)

c) Basis of consolidation (continued)

- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 Significant accounting judgements, estimates and assumptions

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and accompanying disclosures and disclosures of contingent liabilities. Such judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including obtaining professional advice and expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revision to accounting estimates are recognized in the period in which the estimate is revised and any future period affected.

(a) Critical accounting judgments and estimates

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

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

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

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

2. BASIS OF PREPARATION (continued)

(a) Critical accounting judgments and estimates (continued)

(iii) Determination of transaction price

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

(iv) Measurement of the expected credit loss allowance

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

The Group assesses on a forward-looking basis, the expected credit losses ("ECL") associated with its financial assets carried at amortised cost. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

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

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

(v) Going concern

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

(vi) Useful life and residual value of property and equipment

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

2. BASIS OF PREPARATION (continued)

(a) Critical accounting judgments and estimates (continued)

(vii) Fair value measurement

The Group measures financial instruments at fair value at each statement of financial position date. Further, the Group carries out a fair valuation exercise for its portfolio of investment properties. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

a. Current versus non-current classification

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

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

All other assets are classified as non-current.

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

All other liabilities are classified as non-current.

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 US Dollars and Great Britain Pounds.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Trade date accounting

All regular way purchases and sales of financial assets are recognized and derecognized on the trade date, i.e. the date on which 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.

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

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

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.

iii) De-recognition

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.

Leasehold improvements	10 years
Furniture, equipments and vehicle	4 – 6 years

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Intangible assets

i) Initial recognition and measurement

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

ii) Subsequent expenditure

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

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.

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. Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest 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 administrative expenses. Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in consolidated equity.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Business combinations (continued)

Upon loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of consolidated equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the consolidated statement of profit or loss and other comprehensive income. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investment or other categories of investment in accordance with the Group's relevant accounting policy.

i. *Subsidiaries*

Subsidiaries are entities which are controlled by the Group. To meet the definition of control, all three criteria must be met:

(i) the Group has power over the entity;
(ii) the Group has exposure, or rights, to variable returns from its involvement with the entity; and
(iii) the Group has the ability to use its power over the entity to affect the amount of the entity's returns.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which the control is transferred from the Group. The results of subsidiaries acquired or disposed of during the period, if any, are included in the consolidated statement of profit or loss and other comprehensive income from the date of the acquisition or up to the date of disposal, as appropriate.

ii. *Non-controlling interests (NCI)*

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in Group's interest in a subsidiary that do not result in loss of control are accounted for as equity transactions.

iii. *Transactions eliminated on consolidation*

Inter-group balances, income and expenses (except for foreign currency transaction gains or losses) arising from inter-group transactions are eliminated in full in preparing the consolidated financial statements.

iv. *Loss of control*

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in consolidated statement of profit or loss and other comprehensive income. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Financial instruments

i) Recognition and initial measurement

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

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

ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at:

- Amortized cost;
- Fair value through other comprehensive income ("FVOCI") – debt investment;
- FVOCI – equity investment; or
- FVTPL.

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

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Financial instruments (continued)

ii) Classification and subsequent measurement (continued)

The Group has designated its financial assets as follows:

- Investment in public equities and funds at FVTPL;
- Investment in private equities and funds at FVTPL;
- Investments in mutual funds at FVTPL;
- Murabaha investment at amortized cost; and
- Sukuk investments at amortized cost.

Financial assets – Business model assessment

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

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

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

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

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Financial instruments (continued)

ii) Classification and subsequent measurement (continued)

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

Financial assets – Subsequent measurement and gains and losses

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

Financial liabilities – Classification, subsequent measurement and gains and losses

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

iii) Derecognition

Financial assets

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Financial instruments (continued)

iii) Derecognition (continued)

Financial liabilities

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

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

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.

Classification of financial liabilities

The Group classifies its financial liabilities, as measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR Subsequent to initial recognition, financial liabilities are measured at amortized cost, unless they are required to be measured at fair value through profit or loss or an entity has opted to measure a liability at fair value through profit or loss.

Financial liabilities classified as FVTPL using fair value option, if any, after initial recognition, for such liabilities, changes in fair value related to changes in own credit risk are presented separately in OCI and all other fair value changes are presented in the profit and loss.

iv) Offsetting

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

v) Interest and dividend income on financial asset carried at amortized cost

Interest income
Interest income is recognized in profit or loss on the effective yield basis.

Dividend income
Dividend income is recognized when the right to receive payment is established. Dividend income is recognized in profit or loss irrespective of the classification of the corresponding financial instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for 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.

i. Dividends

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

j. Zakat and income tax

The Company and its subsidiaries are subject to Zakat in accordance with the regulations of General Authority of saudi Zakat and Income Tax (“GAZT”). 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.

k. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Employee benefits (continued)

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.

l. Provisions and contingent liabilities

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

m. Cash and cash equivalents

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

n. 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.

o. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Revenue recognition (continued)

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

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

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

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

For performance obligations, where one of the above conditions are not met, revenue is recognized at the point in time at which the performance obligation is satisfied.

The Group recognizes revenue at the point in time at which the customer obtains control of a promised asset and the entity satisfies the performance obligations.

Major sources of revenue for the group and the corresponding accounting policy in respect of revenue recognition is set out below:

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

Fee from 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

p. 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.

q. 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.

r. 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.

(Expressed in Saudi Riyals)

4. FINANCIAL INVESTMENTS

Financial investments classified under current assets;	*Note*	**2020**	2019
FVTPL			
Investment fund – Money market	4.1	**59,724,777**	58,902,875
Amortised cost			
Sukuks		**--**	5,000,000
Total financial investment classified under current assets		**59,724,777**	63,902,875
Financial investments classified under non-current assets;			
FVTPL			
Investment funds			
- Real estate	4.1	**66,677,359**	24,841,915
- Public equity		**44,458,634**	44,559,086
Private equities – foreign		**63,173,341**	59,997,261
Public equity – local		**9,544,839**	1,999,785
Total financial investment classified under non-current assets		**183,854,173**	131,398,047
Total financial investments		**243,578,950**	195,300,922

4.1 Financial investment includes investment in SEDCO Capital RIET and Money market which are related parties amounting SAR 21,677,358 (units 2,318,434) and SAR 59,724,777 (units 545,999) respectively (2019: SAR 24,644,437 (units 2,474,341) and SAR 58,902,875 (units 545,999) respectively).

(Expressed in Saudi Riyals)

5. PROPERTY AND EQUIPMENT

Movement in property and equipment during the year ended December 31, 2020 is as follows:

	Leasehold improvements	Furniture, equipments and vehicle	Total
Cost:			
Balance at January 1, 2020	**4,887,080**	**6,233,529**	**11,120,609**
Additions	**49,693**	**348,655**	**398,348**
Disposals	**(126,787)**	**--**	**(126,787)**
Foreign exchange translation movement	**--**	**11,791**	**11,791**
Balance at December 31, 2020	**4,809,986**	**6,593,975**	**11,403,961**
Accumulated depreciation:			
Balance at January 1, 2020	**3,596,391**	**5,063,465**	**8,659,856**
Charge for the year	**214,654**	**456,901**	**671,555**
Disposals	**--**	**--**	**--**
Foreign exchange translation movement	**--**	**20,730**	**20,730**
Balance at December 31, 2020	**3,811,045**	**5,541,096**	**9,352,141**
Net book value:			
At December 31, 2020	**998,941**	**1,052,879**	**2,051,820**

Movement in property and equipment during the year ended December 31, 2019 is as follows:

	Leasehold improvements	Furniture, equipments and vehicle	Total
Cost:			
Balance at January 1, 2019	4,765,243	5,837,677	10,602,920
Additions	121,837	384,070	505,907
Disposals	--	(9,399)	(9,399)
Foreign exchange translation movement	--	21,181	21,181
Balance at December 31, 2019	4,887,080	6,233,529	11,120,609
Accumulated depreciation:			
Balance at January 1, 2019	3,114,757	4,631,903	7,746,660
Charge for the year	481,634	435,535	917,169
Disposals	--	(9,285)	(9,285)
Foreign exchange translation movement	--	5,312	5,312
Balance at December 31, 2019	3,596,391	5,063,465	8,659,856
Net book value:			
At December 31, 2019	1,290,689	1,170,064	2,460,753

(Expressed in Saudi Riyals)

6. INTANGIBLE ASSETS

Movement in intangible assets (represented by computer softwares) during the year ended December 31, 2020 is as follows:

	2020	2019
Cost:		
Balance as at January 1	**6,275,497**	6,239,076
Additions	**854,618**	36,421
Balance as at December 31	**7,130,115**	6,275,497
Accumulated amortization:		
Balance as at January 1	**2,638,910**	2,608,502
Charge for the year	**26,366**	30,408
Balance as at December 31	**2,665,276**	2,638,910
Net book value:		
At December 31	**4,464,839**	3,636,587

7. PREPAYMENTS AND OTHER CURRENT ASSETS

	2020	2019
Loan to employees	**3,104,196**	4,413,984
Prepayments and other current assets	**19,642,153**	11,438,363
Less: allowance for expected credit losses	**(897,951)**	(3,832,069)
	21,848,398	12,020,278

The movement in allowance for expected credit losses is as follows:

	2020	2019
Balance at January 1	**3,832,069**	2,812,500
(Reversal) / Charge for the year	**(2,934,118)**	1,019,569
Balance at December 31	**897,951**	3,832,069

7.1 Prepayment and Other current asset includes Payment on behalf of funds that are still being established amounting to SAR 16.63 million (2019: SAR 5.6 million) which include Payment on behalf of Related parties amounting to SAR 0.83 million (2019: SAR 0.26 million).

(Expressed in Saudi Riyals)

8. ACCOUNTS RECEIVABLE AND ACCRUED INCOME

	2020	2019
Management fee	**46,889,624**	22,570,347
Advisory fee	**15,946,979**	12,293,128
Dividends	**289,804**	108,983
Others	**3,727,006**	6,998,767
	66,853,413	41,971,225
Provision against receivables	**(1,030,717)**	(1,030,717)
	65,822,696	40,940,508

8.1 Accounts receivable and accrued income include account receivable which are due from related parties amounting to SR 23.25 million (2019: SR 14.08 million) and accrued income due from related parties amounting to SR 17.99 million (2019: SR 12.21 million).

9. CASH AND CASH EQUIVALENTS AND MURABAHA INVETSMENTS

Cash and cash equivalents at December 31, comprises of following:

	Note	**2020**	2019
Cash in hand		**29,025**	21,074
Cash at bank on current accounts		**28,306,908**	25,875,176
Murabaha investments - with original maturities of up to 3 months	9.1	**16,501,649**	76,491,777
Cash and cash equivalents		**44,837,582**	102,388,027
Murabaha investments - with original maturities of more than 3 months	9.2	--	35,394,586
Total		**44,837,582**	137,782,613

9.1 This represents deposits placed with local banks, carrying profit at 0.40% per annum with maturities up to January 25, 2021 (2019: 2.20% - 2.40% per annum with maturities up to February 20, 2020).

9.2 This represents deposits placed with local banks, carrying profit nil (2019: 2.25% - 2.30% per annum with maturities up to March 22, 2020).

10. ASSETS HELD FOR SALE

These represent investments in certain international real estate properties, acquired as part of onward sales to investment fund under Company's management or as joint interests under warehousing transactions. Subsequent to the acquisition and consistent with the investment objective, the Company has commenced the process to dispose these properties. As at the reporting date, formalities in this regard are in progress.

(Expressed in Saudi Riyals)

11. SHARE CAPITAL AND DIVIDEND

The share capital of the Company amounting to SR 200 million (December 31, 2019: SR 200 million) is divided into 20,000,000 shares (December 31, 2019: 20,000,000) with nominal value of SR 10 per share.

At the balance sheet date, the share capital of the Company is divided as follows:

	2020	2019	**2020**	2019
			(Number of shares)	
Saudi Economic and Development Holding Company	**96%**	96%	**19,200,000**	19,200,000
Rushd International Real Estate Company	**1%**	1%	**200,000**	200,000
Ehkam International Real Estate Company	**1%**	1%	**200,000**	200,000
Ta'adiah for Urban Development Company	**1%**	1%	**200,000**	200,000
Ta'aki International Real Estate Company	**1%**	1%	**200,000**	200,000
	100%	100%	**20,000,000**	20,000,000

11.1 On July 12, 2020, the shareholders approved distribution of dividend amounting to SR 25 million (SR 1.25 per share), (December 31, 2019: SR 50 million (SR 2.5 per share)), which was fully paid during the year ended December 31, 2020.

12. STATUTORY RESERVE

In accordance with the Company's Bylaws and the Regulations for Companies in the Kingdom of Saudi Arabia, the Group transfers minimum 10% of the net income for the year to a statutory reserve until such reserve equals 30% of its share capital. The statutory reserve in the consolidated financial statements is the statutory reserve of the Group. This reserve currently is not available for distribution to the shareholders of the Group.

13. EMPLOYEES' BENEFITS

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

	2020	2019
Present value of defined benefit obligation	**17,499,958**	17,966,318

An independent actuarial valuation exercise has been conducted by the Group as at December 31, 2020 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.

(Expressed in Saudi Riyals)

13. EMPLOYEES' BENEFITS (continued)

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

	2020	2019
Balance as at January 1	**17,966,318**	14,081,000
Included in profit or loss		
Current service cost	**2,422,000**	1,990,015
Interest cost	**652,000**	739,000
	3,074,000	2,729,015
Included in other comprehensive income		
Actuarial (gain) / loss	**(617,000)**	1,968,303
Benefits paid	**(2,923,360)**	(812,000)
Balance as at December 31	**17,499,958**	17,966,318

Defined benefit obligation:

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

	2020	2019
Discount rate	**2.55%**	3.20%
Future salary growth	**3.00%**	3.00%
Retirement age	**60**	60
Employee turnover	**Medium**	Medium

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

The weighted-average duration of the defined benefit obligation was 37 years (December 31, 2019: 38.1 years).

(Expressed in Saudi Riyals)

13. EMPLOYEES' BENEFITS (continued)

b) Sensitivity analysis

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

	2020		2019	
	Increase	**Decrease**	Increase	Decrease
Discount rate (0.25% movement)	**(429,000)**	**429,000**	(442,000)	442,000
Future salary growth (0.25% movement)	**438,000**	**(438,000)**	454,000	(454,000)
Employee turnover (Medium to High)	**(570,000)**	**570,000**	(476,000)	476,000

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.

14. ACCOUNT PAYABLE, ACCRUALS AND OTHER CURRENT LIABILITIES

	2020	2019
Employee related expenses	**18,675,449**	24,790,509
Account payable	**1,012,561**	3,235,532
Accrued professional fees	**9,258,217**	990,479
Due to related parties (note 20)	**5,702,847**	5,539,888
Others	**8,266,896**	11,752,953
	42,915,970	46,309,361

15. FEE FROM SERVICES, NET

Following is a disaggregation of total revenue by major geographies and timing of recognition for the period ended December 31:

	2020	2019
Primary geographical markets:		
Kingdom of Saudi Arabia	**55,332,085**	53,126,705
Other geographical markets	**48,388,802**	46,460,161
Fee from services, net	**103,720,887**	99,586,866
Timing of revenue recognition:		
Point-in-time	**20,486,188**	7,978,889
Over time	**83,234,699**	91,607,977
Fee from services, net	**103,720,887**	99,586,866

(Expressed in Saudi Riyals)

15. FEE FROM SERVICES, NET (continued)

a) Contract balances:

The following table provides information about receivables and contract assets (included in accounts receivable and accrued income) from contracts with customers.

	2020	2019
Receivables	**38,588,518**	21,071,031
Contract assets	**27,234,178**	19,869,477
	65,822,696	40,940,508

b) 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.

16. INCOME FROM INVESTMENTS

	2020	2019
Special commission income from murabaha contracts	**969,245**	2,994,932
Income from Sukuk	**15,144**	199,054
Dividend income	**2,205,633**	3,906,849
Unrealized (loss) / gain on investment	**(1,199,539)**	27,244,276
Realized gain on sale of investment / assets held for sale	**509,278**	763,497
Others	**--**	1,953,053
	2,499,761	37,061,661

17. GENERAL AND ADMINISTRATIVE EXPENSES

	2020	2019
Professional and consultancy fees	**7,880,039**	6,290,776
Cross charge for shared services (note 20)	**3,882,924**	3,662,924
Rent expense	**1,822,572**	1,816,501
Computer expenses and related maintenance	**1,706,068**	1,677,137
Traveling expenses	**888,545**	2,769,753
Insurance expense	**693,666**	623,130
Depreciation (note 5)	**671,555**	917,169
Withholding tax	**562,488**	618,729
Amortization of intangible (note 6)	**26,366**	30,408
(Reversal) / allowance for expected credit losses (note 7)	**(2,934,118)**	1,019,569
Others	**2,670,145**	7,287,303
	17,870,250	26,713,399

(Expressed in Saudi Riyals)

18. ZAKAT AND TAX

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

	Note	2020	2019
Accrued Zakat	18.4	**12,477,507**	10,256,807
Accrued Tax		**85,598**	113,460
Total		**12,563,105**	10,370,267

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

	Note	2020	2019
Zakat charge	18.4	**8,000,000**	6,892,228
Tax charge		**133,739**	172,559
Total		**8,133,739**	7,064,787

18.3 Zakat charge for the year ended December 31 has been calculated on Zakat base, the components of which are as follows:

	2020	2019
Non-current assets	**190,370,832**	137,495,387
Non-current liability	**17,499,958**	17,966,318
Opening shareholders' equity	**321,245,715**	340,923,289
Net income before Zakat	**24,992,579**	39,322,931

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 December 31, is as follows:

	2020	2019
As at January 1,	**10,256,807**	9,333,754
Zakat charge for the year	**8,000,000**	6,892,228
Payments during the year	**(5,779,300)**	(5,969,175)
As at December 31,	**12,477,507**	10,256,807

18.5 Zakat status

The Company has obtained the final Zakat certificates for all the years until 2012. Zakat returns for the years 2013 to 2019 have also been submitted to GAZT, whereby, GAZT has raised an additional Zakat demand of approximately SR 1.6 million in relation to the year 2015. The Company has filed an appeal against the additional Zakat demand.

19. 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. The working for diluted earnings per share is not applicable to the Group.

The earnings per share calculation is given below:

	2020	2019
Profit for the year – attributable to owner of the Company	**17,270,585**	27,555,810
Weighted average number of shares outstanding	**20,000,000**	20,000,000
Profit per share (Saudi Riyals) – Basic and Diluted	**0.86**	1.38

20. RELATED PARTY TRANSACTIONS

Transactions with related parties mainly represent advisory and management services rendered to affiliates and funds under management as well as cross charge for services received from the shareholder in the ordinary course of business on mutually agreed terms and approved by the management of the Group.

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

Name	**Relationship**
Saudi Economic and Development Holding Company	Shareholder
Hagley Fund IC	Fund under management
SEDCO Capital Real Estate Income Fund I	Fund under management
SEDCO Capital Real Estate Income Fund II	Fund under management
SEDCO Capital Built to Suit Real Estate Fund I	Fund under management
SEDCO Capital Treasury Money Market Fund	Fund under management
SEDCO Capital Saudi Equities Fund I	Fund under management
SEDCO Capital REIT Fund	Fund under management
Milltrust SEDCO MENA Fund	Fund under investment management
SEDCO Capital Private Equity Global Fund IV	Fund under investment management
SEDCO Capital Core Diversified Strategies Fund	Fund under investment management
SEDCO Capital GCC Equities Fund	Fund under investment management
SEDCO Capital Europe Fund I	Fund under investment management
BMF	Affiliate
Elaf Hotels Company	Affiliate
Methak Investment Holding Company	Affiliate
Elaf for Travel and Tourism Company	Affiliate
Rushd International Real Estate Company	Affiliate
Tazweid Almaharat Company	Affiliate
Intimaa Real Estate Services Company	Affiliate
Al Jazirah Equipment Company (Autoworld)	Affiliate
Board of Directors	Key management personnel
Executive management of the Company	Key management personnel

(Expressed in Saudi Riyals)

20. RELATED PARTY TRANSACTIONS (continued)

The significant related party transactions for the year ended December 31 and balances arising there-from are as follows:

a) Transactions with key management personnel

Key management personnel of the Company comprise senior executive management and the Board of Directors. Details of the remuneration charged to the Group's consolidated statement of profit or loss and relevant balances outstanding at the year-end are as follows:

Remuneration / Other benefits

Transactions with	**Amount of transaction during the year 2020**	Amount of transaction during the year 2019	Closing balance receivable / (payable) **2020**	2019
Board of Directors	**1,500,466**	1,842,000	**--**	4,938
Executive management of the Company	**12,921,577**	13,173,324	**--**	--

b) Advisory and management services

Transactions with	**Amount of transaction during 2020**	Amount of transaction during 2019	Closing balance **2020**	2019
Saudi Economic and Development Holding Company	**39,750,356**	26,777,071	**22,951,787**	14,037,608
Methak Investment Holding Company	**7,845,084**	4,097,368	**2,962,772**	1,022,730
SEDCO Capital Real Estate Income Fund I	**--**	249,075	**--**	606,430
SEDCO Capital REIT Fund	**6,114,497**	7,920,678	**10,582,003**	5,034,512
SEDCO Capital Real Estate Income Fund II	**6,681,000**	6,741,000	**3,340,500**	3,810,870
SEDCO Capital Built to Suit Real Estate Fund I	**1,039,187**	1,871,979	**1,083,812**	649,578
BMF	**436,136**	368,220	**7,887**	241,507
Hagley Fund IC	**--**	827,162	**--**	--
Milltrust SEDCO MENA Fund	**--**	223,245	**--**	--
SEDCO Capital Treasury Money Market Fund	**1,501,876**	4,886,679	**256,066**	553,375
SEDCO Capital Saudi Equities Fund I	**1,339**	25,623	**--**	13,361
SEDCO Capital Balanced Fund	**3,004,771**	2,894,022	**--**	--
SEDCO Capital GCC Equities Fund	**81,815**	681,268	**--**	--
Private Investment Portfolio	**86,713**	40,187	**51,207**	320,672
			41,236,034	26,290,643

(Expressed in Saudi Riyals)

20. RELATED PARTY TRANSACTIONS (continued)

c) Expenses borne / payment on behalf

Transactions with	**Amount of transaction during the year 2020**	Amount of transaction during 2019	Closing balance **2020**	Closing balance 2019
Methak Investment Holding Company	**--**	118,999	**65,319**	174,153
Saudi Economic and Development Holding Company	**--**	45,233	**--**	45,233
SEDCO Capital Real Estate Income Fund II	**39,408**	3,429	**42,837**	3,429
SEDCO Capital Built to Suit Real Estate Fund I	**63,069**	2,250	**65,319**	2,250
Rushd International Real Estate Company	**--**	--	**7,500**	7,500
SEDCO Capital REIT Fund	**598,583**	25,950	**626,553**	27,950
			807,528	260,515

d) Dividend income

Transactions with	**Amount of transaction during the year 2020**	Amount of transaction during 2019	Closing balance **2020**	Closing balance 2019
SEDCO Capital Real Estate Income Fund I	--	23,821	**--**	--
Hagley Fund IC	**1,800**	--	**--**	--
SEDCO Capital REIT Fund	**1,742,549**	1,517,783	**289,804**	--
			289,804	--
Total Due from related parties balance			**42,333,366**	26,551,158

(Expressed in Saudi Riyals)

20. RELATED PARTY TRANSACTIONS (continued)

e) Expenses borne / payment on behalf

Transactions with	Nature of transactions	Amount of transaction during the year 2020	Amount of transaction during the year 2019	Closing balance 2020	Closing balance 2019
Saudi Economic and Development Holding Company	Cross charge for shared services	**4,071,524**	3,801,524	**5,624,852**	419,525
	Payments made on behalf	**676,920**	23,327,050	**--**	5,028,511
Elaf Hotels Company	Accommodation services	**54,160**	70,540	**77,995**	4
Tazweid Almaharat Company	Service Agreement	**--**	6,050	**--**	--
Elaf for Travel and Tourism Company	Travel and tourism services	**609,397**	1,575,616	**--**	91,848
Intimaa Real Estate Services Company	Office rent and other services	**1,188,340**	1,630,160	**--**	--
Al Jazirah Equipment Company (Autoworld)	Transportation expenses	**2,738**	14,470	**--**	--
Due to related parties balance				**5,702,847**	5,539,888

21. CONTINGENCIES AND COMMITMENTS

Following are the details of the Group's contingencies and commitments as at December 31, 2020:

Contingencies

a) Zakat related contingencies are disclosed in note 18.

Commitments

a) Operating lease commitments

	2020
Payments under operating leases recognized as an expense during the year	**1,822,572**
Obligation under operating lease due within one year from the balance sheet date	**--**

These represent payments made under rental agreement in respect of head office, which is renewed annually.

(Expressed in Saudi Riyals)

22. PROSPECTIVE CHANGES IN ACCOUNTING POLICIES

The following is a brief on the other new IFRS and amendments to IFRS, effective for annual periods beginning on or after 1 January 2020:

Effective for annual periods beginning on or after	**Standard, amendment or interpretation**	**Summary of requirements**
1-Jun-2020	Amendments to IFRS 16: Leases for COVID-19 rent related concessions	The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.
1-Jan-22	Amendments to IAS 1 – “Classification of Liabilities as Current or Non-current”	In January 2020, 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 the amendment is not expected to have an impact on the financial statements of the Company.
1-Jan-22	Reference to the Conceptual Framework – Amendments to IFRS 3	In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations -Reference to the Conceptual Framework. The amendments are intended to replace a reference to a previous version of the IASB’s Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately.

(Expressed in Saudi Riyals)

22. PROSPECTIVE CHANGES IN ACCOUNTING POLICIES (continued)

Effective for annual periods beginning on or after	Standard, amendment or interpretation	Summary of requirements
1-Jan-22	Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.
1-Jan-22	Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a ‘directly related cost approach’.
1-Jan-22	Amendments to IFRS 9 Financial Instruments – Fees in the ’10 per cent’ test for derecognition of financial liabilities	The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. There is no similar amendment proposed for IAS 39. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment

23. FAIR VALUES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Differences can therefore arise between the book values under the historical cost method and fair value estimates.

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

a. Fair value information for financial instruments at fair value

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

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

(Expressed in Saudi Riyals)

23. FAIR VALUES (continued)

a. Fair value information for financial instruments at fair value (continued)

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

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

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

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

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

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

	Carrying amount	**Fair Value**			
December 31, 2020	**FVTPL**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value					
Money market investment funds	**59,724,777**	**--**	**59,724,777**	**--**	**59,724,777**
Real Estate investment funds	**66,677,359**	**21,677,359**	**45,000,000**	**--**	**66,677,359**
Public equity investment funds	**44,458,632**	**--**	**44,458,632**	**--**	**44,458,632**
Foreign private equities	**63,173,341**	**--**	**--**	**63,173,341**	**63,173,341**
Local public equity	**9,544,839**	**9,544,839**	**--**	**--**	**9,544,839**
	243,578,948	**31,222,198**	**149,183,409**	**63,173,341**	**243,578,948**

(Expressed in Saudi Riyals)

23. FAIR VALUES (continued)

a. Fair value information for financial instruments at fair value (continued)

	Carrying amount	Fair Value			
December 31, 2019	**FVTPL**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value					
Money market investment funds	58,902,875	--	58,902,875	--	58,902,875
Real Estate investment funds	24,841,915	24,644,437	--	197,478	24,841,915
Public equity investment funds	44,559,086	--	44,559,086	--	44,559,086
Foreign private equities	59,997,261	--	--	59,997,261	59,997,261
Local public equity	1,999,785	1,999,785	--	--	1,999,785
	190,300,922	26,644,222	103,461,961	60,194,739	190,300,922

During the year ended December 31, 2020 there were no transfers between level 1 and level 2 fair value measurements.

Movement in fair value under level 3 for the year ended is as follow:

	2020	2019
Balances as at January 1	**60,194,739**	43,426,606
Net movement in fair value	**(3,011,549)**	13,840,742
Purchases	**5,990,151**	7,520,492
Sales / distributions	**--**	(4,593,101)
Balances as at December 31	**63,173,341**	60,194,739

b. Valuation technique and significant unobservable inputs for financial instruments at fair value

The Group uses various valuation techniques for determination of fair values for financial instruments classified under levels 2 and 3 of the fair value hierarchy. These techniques and the significant unobservable inputs used therein are analyzed below. The Group utilizes fund manager reports (and appropriate discounts or haircuts where required) for the determination of fair values of private equity funds and real estate funds. The fund manager deploys various techniques (such as discounted cash flow models and multiples method, etc.) for the valuation of underlying financial instruments classified under level 2 and 3 of the respective fund's fair value hierarchy. Significant unobservable inputs embedded in the models used by the fund manager include risk adjusted discount rates, marketability and liquidity discounts and control premiums.

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.

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 executive 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 committee.

Risk management systems are reviewed regularly by the executive committee to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

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

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

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.

24. FINANCIAL RISK MANAGEMENT (continued)

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 and Great Britain Pounds. 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.

Price risk

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

Details of the Group's investment portfolio exposed to price risk, at the reporting date are disclosed in note 24 to these consolidated financial statements. As at December 31, 2020, the Group's overall exposure to price risk is limited to the fair value of those positions, whereby achange in market values/net asset values would have affected the shareholder's equity for the year by + 2.9 million / - 3.09 million SR (December 31, 2019 SR + 2.4 million / - 2.48 million).

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:

(Expressed in Saudi Riyals)

24. FINANCIAL RISK MANAGEMENT (continued)

a. Actual or expected significant adverse changes in business,

b. actual or expected significant changes in the operating results of the counterparty,

c. financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,

d. significant increase in credit risk on other financial instruments of the same counterparty,

e. significant changes in the value of the collateral supporting the obligation or in the quality of the third-party guarantees or credit enhancements.

Financial assets are written off when there 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.

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

	2020	2019
Financial assets		
Accounts receivable and accrued income	**65,822,696**	41,971,225
Other receivables	**15,729,677**	9,642,360
Cash and cash equivalents	**44,837,582**	102,366,953
Murabaha investments	--	35,394,586
Financial assets at amortized cost	--	5,000,000
	126,389,955	194,375,124

(Expressed in Saudi Riyals)

24. FINANCIAL RISK MANAGEMENT (continued)

b) Analysis of financial assets

At December 31, 2020, the ageing of financial assets is as follows:

	2020				
Financial Assets	**Neither past due nor impaired**	**Past due 1–30 Days**	**Past due 31–90 days**	**Past due over 90 days**	**Total**
Accounts receivable and accrued income	**33,836,710**	**11,084,579**	**765,228**	**20,136,179**	**65,822,696**
Other receivables	**15,738,884**	**--**	**--**	**--**	**15,738,884**
Cash and cash equivalents	**44,837,582**	**--**	**--**	**--**	**44,837,582**
Total financial assets	**94,413,176**	**11,084,579**	**765,228**	**20,136,179**	**126,399,162**

Concentration Risk

The maximum exposure to credit risk for trade receivables and accrued income by geographic region is as follows:

	2020	2019
Saudi Arabia	**49,380,776**	27,980,304
Great Britain	**551,887**	303,971
United States of America	**4,969,227**	9,512,152
Other Regions	**11,951,523**	4,174,798
	66,53,413	41,971,225
Less: Allowance for doubtful debts	**(1,030,717)**	(1,030,717)
	65,822,696	40,940,508

Liquidity risk

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

The Group's approach to managing liquidity is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. For this purpose, assets are managed with liquidity in perspective, maintaining a healthy balance of cash and cash equivalents. Moreover, the maturity profile of financial assets and liabilities is monitored on a regular basis to identify mismatches.

(Expressed in Saudi Riyals)

24. FINANCIAL RISK MANAGEMENT (continued)

The contractual maturities of financial liabilities at the reporting date are less than six months. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

25. NON-CONTROLLING INTEREST

The following tables summarises the information relating to SEDCO Capital Cayman as only this subsidiary has material NCI, before any intra-group eliminations;

Description	**2020**	2019
Current assets	**240,400**	54,770
Non-current assets	**63,173,341**	59,997,262
Current liabilities	**10,217,892**	3,519,375
Total Equity	**53,195,849**	56,532,657
Attributable to:		
Equity holders of Parent	**37,012,687**	39,937,322
Non-controlling Interest	**16,183,162**	16,595,335
	53,195,849	56,532,657
Summarised statement of profit or loss		
Income from investments	**(3,011,549)**	13,972,673
Expenses	**(325,388)**	(383,362)
Income for the year	**(3,336,937)**	13,589,311
Other comprehensive income	--	--
Total comprehensive (loss) / income	**(3,336,937)**	13,589,311
Attributable to:		
Equity holders of Parent	**(2,925,192)**	8,909,665
Non-controlling interest	**(411,745)**	4,679,646
	(3,336,937)	13,589,311
Summarised statement of cash flows		
Cash flow from operating activities and net increase in cash and cash equivalents	**185,230**	13,788,480

26. CAPITAL MANAGEMENT

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

During the year ended December 31, 2013, new Prudential Rules (the "rules") were introduced by the CMA pursuant to its Resolution Number 1-40-2012 dated 17/2/1434H corresponding to 30/12/2012G. The rules state that an authorised person shall continually possess a capital base which corresponds to not less than the total of the capital requirements as prescribed under Part 3 of Prudential Rules.

(Expressed in Saudi Riyals)

26. CAPITAL MANAGEMENT (continued)

	2020	2019
Capital base:		
Tier I capital	**292,689,909**	300,630,573
Tier II capital	**37,344**	9,112
Total	**292,727,253**	300,639,685
Minimum capital requirement:		
Credit Risks	**154,428,294**	80,816,691
Market Risks	**9,326,519**	16,075,735
Operational Risks	**20,909,600**	24,509,455
Total	**184,664,413**	121,401,881
Total capital ratio	**1.59**	2.48
Surplus in Capital	**108,062,708**	179,237,804

27. FIDUCIARY ASSETS

As at the balance sheet date, the Company's fiduciary assets (represented by assets under management and advisory) amounted to SAR 20.2 billion (December 31, 2019 SAR 19.6 billion).

28. IMPACT OF COVID-19

At the beginning of the year 2020, the presence of Coronavirus disease COVID-19 was confirmed, which spread worldwide, causing disturbance to business, commercial and economic activities.

However, the Company continues to consistently applying valuation policies and reflective of prevailing market conditions. In determining the investment valuations as of December 31, 2020 the company has evaluated and considered the potential impact (based on the best available information) of the uncertainties caused by the COVID-19 pandemic on each individual investment and has taken into account the economic and commercial activities.

Any changes made to valuations to estimate the overall impact of COVID-19 is subject to very high levels of uncertainty, as little reasonable and supportable forward-looking information is currently available on which to base those changes.

As with any economic forecasts, the projections and likelihoods of the occurrence are subject to a high degree of inherent uncertainty. Therefore, the actual outcomes may be significantly different from those projected. Management will continue to monitor the situation, and any changes required will be reflected in future reporting periods.

29. EVENTS AFTER THE END OF THE REPORTING PERIOD

The board of one of the subsidiaries "Flexi Saudi Equities" has decided to close the Fund with effect from 08 March 2021, which was notified to CMA through a letter dated 07 February 2021. Accordingly, the Fund Manager notified the unitholders through a letter dated 07 February 2021. Presently, the timing of the conclusion of this process will be conducted within 12 months of the reporting date.

30. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Group's Board of Directors on Shaban 3, 1442H, corresponding to March 16, 2021.